

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

***Consolidated Condensed Interim Financial Statements  
as at 30 June 2023***



## CORPORATE BODIES

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### *Board of Directors*

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

### *Board of Statutory Auditors*

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

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<b>General Manager</b>	Marco Piuri
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<b>Executive in charge of financial reporting</b>	Eugenio Giavatto
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<b>Independent Auditor</b>	PricewaterhouseCoopers S.p.A.
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Certification of the Consolidated Condensed Interim Financial Statements pursuant to Article 154-*bis* of Legislative Decree 58/98



# **MANAGEMENT REPORT TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

**as at 30 June 2023**

## **INTRODUCTION**

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

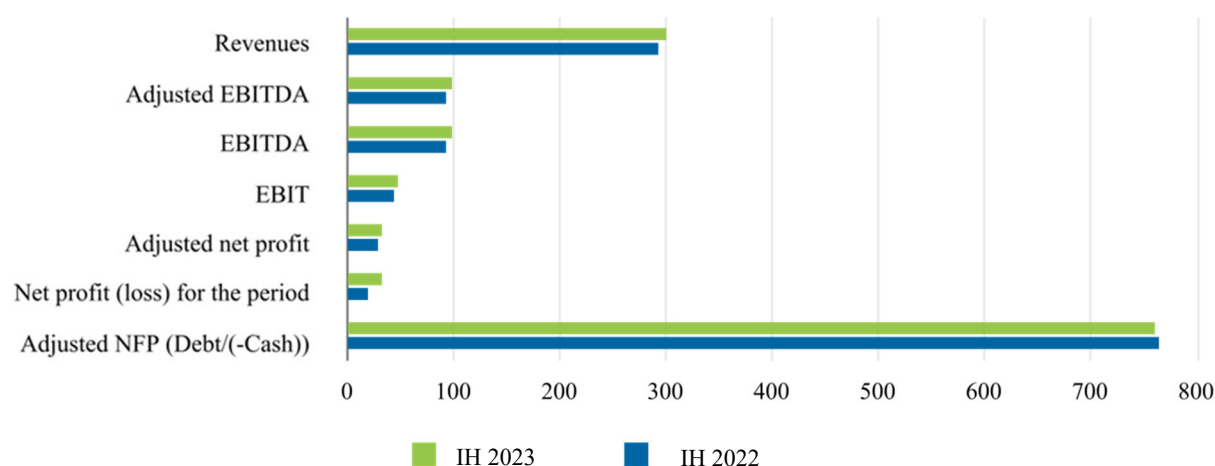
Thanks to the continuous recovery in mobility, the first half of 2023 recorded improved results compared to the same period of the previous year, fully in line with expectations, despite the continuing uncertainties related to inflation and energy price dynamics.

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

## 1 SUMMARY INDICATORS OF THE FNM GROUP CONSOLIDATED RESULTS

Amounts in EUR millions	1st Half 2023	1st Half 2022	Change	Change %
Revenues	301.6	294.0	7.6	2.6 %
Adjusted EBITDA	100.0	93.4	6.6	7.1 %
EBITDA	100.0	93.4	6.6	7.1 %
EBIT	48.5	46.0	2.5	5.4 %
Earnings before tax	42.6	43.3	(0.7)	-1.6 %
Adjusted net profit	33.8	29.8	4.0	13.4 %
Net profit/loss for the period	33.3	20.1	13.2	65.7 %
Shareholders' Equity (A)*	329.7	306.9	22.8	7.4 %
Net Financial Position (Cash) (B)*	712.3	724.6	(12.3)	-1.7 %
Adjusted Net Financial Position (Debt / (-Cash))*	761.7	766.9	(5.2)	-0.7 %
Net invested capital (A+B)*	1,042.0	1,031.5	10.5	1.0 %
Market capitalisation at 30.06*	191.4	184.6	6.8	3.7 %
Investments	208.5	386.4	(177.9)	-46.0 %

\* Comparative values relate to 31.12.2022



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









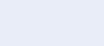
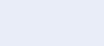















<b>Moody's</b>	
Long term	Baa3
Outlook	stable
Assignment date	25 January 2021
<b>Fitch</b>	
Long term	BBB
Outlook	stable
Assignment date	20 December 2021

<sup>1</sup> After the assignment date, the credit ratings in the table were confirmed by the rating agencies following periodic credit assessments, most recently on 19 December 2022 for Moody's and 21 October 2022 for Fitch.



## 2 GROUP STRUCTURE AND BUSINESS SEGMENTS

FNM is the leading **integrated sustainable mobility Group in Lombardy**. It is the first organisation in Italy to combine railway infrastructure management with road transport and motorway infrastructure management in order to offer an innovative model for managing mobility supply and demand that optimises flows and is **environmentally and economically sustainable**. It is one of Italy's leading non-state investors in the sector. FNM S.p.A. is a Joint-Stock Company that has been listed on the Italian Stock Exchange since 1926. The majority shareholder is Regione Lombardia, which holds a 57.57% stake.

	Companies fully consolidated	Companies valued at equity <sup>1</sup>
 <b>Ro.S.Co &amp; Services</b> <ul style="list-style-type: none"> <li>Leasing of rolling stock in the local public transport (LPT) and freight logistics sector (mainly to Trenord and DB Cargo Italia)</li> <li>Corporate services to subsidiaries and management of the real estate assets of the Group</li> <li>Development of complementary digital platforms according to MaaC paradigm</li> </ul>	 100%  100%  100%	 50%  40%  33%  40%  58%  60% 
 <b>Railway Infrastructure</b> <ul style="list-style-type: none"> <li>Management of railway infrastructure in Lombardy on the basis of the concession expiring on 31<sup>st</sup> October 2060</li> <li>Intermodal terminal management and real estate development in freight logistic sector</li> </ul>	 100%  100%  100%  100%	
 <b>Road Passenger Mobility</b> <ul style="list-style-type: none"> <li>LPT road transport in Lombardy (Province of Varese, Brescia and Como) and Veneto (Province of Verona)</li> <li>Train replacement services for Trenord</li> <li>Electric car-sharing service</li> </ul>	 100%  50%  50.3%  100%	 50%
 <b>Motorways</b> <ul style="list-style-type: none"> <li>Management of motorway infrastructure on the basis of a concession expiring in 2028</li> </ul>	 100%  100%	 36.7%  22.5%

1. Companies that manage complementary digital platforms, enabling the implementation of the EU's Mobility as a Community (MaaC) strategic paradigm. The *Snowit* and *Bikeit* brand names refer to Sportit.

2. Companies operating in the freight transport and logistics sector, today included respectively in the Ro.S.Co. & Services and Railway Infrastructure segment. Malpensa Distripark is in the start-up phase.

3. The company Nord Energia is currently in liquidation.

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

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

### 2.1 RO.S.CO. & SERVICES

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

Trenord (50% jointly owned with Trenitalia S.p.A.) is the main operator of suburban and regional rail passenger transport services in Regione Lombardia. For further details on the performance of the investee, please refer to section 2.5.

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

Trenord and DB Cargo Italia are measured with the equity method in the Consolidated Financial Statements of the FNM Group.

FNM S.p.A. also provides administrative services to its investees and manages its real estate assets.

It should be noted that in collaboration with FERROVIENORD and Trenord, FNM is engaged in the promotion of the **H2iseO project**, which aims to develop a Hydrogen Valley in Valcamonica, starting from the use of hydrogen in local public transport. The project involves the purchase of 14 hydrogen-powered trains for the Brescia-Edolo railway line to replace the current diesel-powered trains. In this regard, in December 2020, FNM contracted a Framework Agreement with Alstom for the supply of 30 bi-directional hydrogen-powered trains and signed the first Executive Contract for the first 6 trains, which are under construction: the first one will be delivered in February 2024 and, following trial runs, all trains will enter commercial service between the end of 2024 and the beginning of 2025. The other 8 trains are scheduled to enter commercial service by the first half of 2026.

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

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

The total investment is currently estimated at EUR 392.4 million and takes into account price and design updates. The railway investment amounts to EUR 362.4 million (EUR 177.6 million for plants and EUR 184.8 million for trains), of which EUR 177.3 million is funded by contributions from

Regione Lombardia (EUR 80.1 million) and NRRP (EUR 97.2 million), and EUR 70.8 million relates to the first batch of 6 trains funded through investments with FNM's own funds. The remaining EUR 114.3 million estimated for the purchase of the second batch of trains can be funded with additional public resources or alternatively with FNM's own funds. The investment for the replacement of the buses is estimated at EUR 30 million.

FNM S.p.A. also provides administrative services to its investees, manages its real estate assets and is involved, together with its subsidiary FERROVIENORD, in the development of **FILI project** dedicated to the redevelopment of FERROVIENORD's main connection centres on the Milan-Malpensa line, as better described in the Annual Financial Report as at 31 December 2022. Consistent with the 2021-2025 Strategic Plan, within the People/Community pillar, FNM is also active in the development of complementary digital platforms that, together with the transport services offered by the Group, enable the implementation of the EU's Mobility as a Community (MaaC) strategic paradigm as an enabling tool of the new digital mobility focusing on the mobility needs of communities. From this perspective, in 2020 the Group entered the digital payment services sector with the establishment of FNMPAY S.p.A. (hereinafter referred to as "**FNMPAY**"), a wholly-owned investee of FNM S.p.A., active in digital payment services to perform primarily acquiring services (payment acceptance through physical/virtual POS) focusing firstly on the Group's captive companies.

The development of the MaaC strategy includes the equity investments in Busforfun.Com S.r.l. ("**Busforfun**") and Sportit S.r.l. ("**Sportit**"). Busforfun, of which FNM S.p.A. currently holds 40% of the share capital, is a 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 green and shared transport solution. Sportit is active through two brands: Snowit is the leading marketplace for the integrated sale of on-line ski passes, ski-related services and mountain-related experiences; Bikeit, on the other hand, operates in the on-line sale of service packages for cycle tourists, customisable to the needs of individual users.

In addition, the FNM Group also extended its operations into the Information & Communication Technology sector with the joint venture NordCom, which operates both for the benefit of the FNM Group and for third parties.

The jointly controlled company NORD ENERGIA S.p.A. in liquidation and its subsidiary CMC Mesta S.A. were in liquidation as from 10 January 2023.

## 2.2 RAILWAY INFRASTRUCTURE

The Group is active in the management of railway infrastructures in Lombardy through FERROVIENORD S.p.A. (FERROVIENORD), which is entrusted with the management and maintenance of a 330 km railway network, divided between the Milan (222 km) and Iseo (108 km) branches, on the basis of the concession expiring on 31 October 2060 (the “**Concession**”), the Programme Agreement for investments (the “**Programme Agreement**”) and the Service Contract for management (the “**Service Contract**”), both expiring in 2027, entered into with 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. For further details, please refer to the Annual Financial Report as at 31 December 2022.

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

The rolling stock purchase programme being implemented on behalf of Regione Lombardia – as amended by Regional Council Resolution No. XI/7767 of 28 December 2022 – currently provides for 214 new trains to be put into service by 2025, of which 109 are already in service as of 30 June 2023, thanks to a total allocation of EUR 1.743 billion. More details on the progress of deliveries are provided in section 5.2.

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

second phase of the assignment, based on the provisions set forth in Annex 3 of the above-mentioned Resolution No. XI/7767 of 28 December 2022.

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

Malpensa Distripark S.r.l. is instead entrusted with the real estate development of the areas adjacent to the Sacconago Terminal, which is key to the management of intermodal connections in the cargo sector handled by Malpensa Intermodale.

### **2.3 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 S.r.l.<sup>2</sup> – in turn, 50% owned by FNM S.p.A.), of a Service Contract for those in the Province of Como. FNMA also operates rail-replacement services on behalf of Trenord.

LPT activities in the Provinces of Varese and Brescia are carried out under Concession, while those in the Province of Como are governed by a Service Contract; the subsidiary is operating under an extension of the original agreements and the duration has currently been extended until 31 December 2023. It should be noted that, under Regional Law No. 8 of 25 May 2021, Art. 30, Regione Lombardia approved the amendment to Art. 60 of Law No. 6/2012, postponing the deadline for bidding for the renewal of concessions/Service Contracts by 2 years after the conclusion of the state of emergency (set at 31 March 2022 under Decree Law No. 24 of 24 March 2022).

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

In Veneto, FNM is present with Azienda Trasporti Verona S.r.l. (hereinafter also referred to as “ATV”), which provides urban public transport services in the Municipalities of Verona and Legnago and extra-urban services throughout the Province of Verona on the basis of three Service Contracts, also extended until 31 December 2023. By Resolution No. 24 of the President of the Province of Verona dated 25 February 2021, the community tender for the identification of the concessionaires of Verona’s public transport services was suspended, pursuant to Art. 2 of Decree Law No. 18/2020 (converted with amendments by Law No. 27/2020), until 12 months after the conclusion of the COVID-19 state of emergency, set at 31 March 2022 on the basis of Decree Law No. 24 of 24 March 2022. At its session on 3 March 2023, the Government Body of the Verona LPT formulated an opinion in favour of revoking the above tender procedure both because the forecasts underlying the economic and financial plan prepared by the contracting authority had ceased to apply and because the Municipality of Verona, within the framework of the Steering Committee, had asked for the scope of the new assignment contract to include the management of the urban trolleybus within its territory, now nearing completion.

The methods of identifying the new concessionaire will be determined by the same contracting authorities through new formal decisions and may require a new tender to be held. Also under consideration, at the initiative of ATV, is the possibility of an extension to 31 December 2026 in application of the provisions of Art. 24, paragraph 5-*bis* of Decree Law No. 4/2022 or following the presentation of an economic and financial plan for the following years that calls for, among other things, significant investments, including partial self-financing.

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

on certain types of urban tickets (mainly the book of 10 90' tickets, which are sold at EUR 12.5 instead of EUR 13.5), against the allocation of EUR 300 thousand by the same Municipality.

Lastly, the road transport offer is complemented by the car sharing service provided by E-Vai S.r.l. (hereinafter also “**E-Vai**”) integrated with the railway service (covering 46 railway stations) and the three main airports in Lombardy. Finally, as described in the Annual Financial Report as at 31 December 2022, due to the renewal of the Service Contract with FERROVIENORD in effect from 1 January 2023, the annual consideration of EUR 1.8 million previously paid by Regione Lombardia ceased to be disbursed.

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

## **2.4 MOTORWAYS**

The FNM Group is also present in the motorway infrastructure management sector thanks to its 100% shareholding in Milano Serravalle – Milano Tangenziali S.p.A. (hereinafter, “**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 Tangenziale Ovest (western ring road) of Pavia

(A54) and the Bereguardo-Pavia Motorway Link (A53). Located at the centre of one of the main European motorway networks, the network covers 184.9 km – of which 124.1 km with three lanes – and consists of the following:

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

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

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

MISE's activities also include the management of contractual relations with sub-concessionaires, which are entrusted with the management of the 19 service areas located along the concession sections. In recent years, sub-concession agreements have been renewed for most of the service areas, entailing a shift in revenues from fixed fees to royalties. The new concessions call for a variable fee calculated on the sales of fuel and refreshment areas, plus a maintenance fee to reimburse the costs incurred by the company for maintenance activities on the common parts of the service areas (road paving, horizontal and vertical signage, guardrails, yard lighting, etc.). The new contracts establish more favourable economic conditions for MISE, especially with regard to fuel sales. In addition, as set forth during the tender, the new sub-concessionaires have planned significant modernisations of the facilities and enhancements of the services offered so as to make them more suited to the needs of motorway customers, including the installation of photovoltaic panels and charging stations for electric cars, the latter in every service area throughout the network under concession.

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



Financial Report as at 31 December 2022, it should be noted that on 27 February 2023, MISE's sale to its investee Autostrada Pedemontana Lombarda S.p.A. ("APL") of a business unit belonging to the subsidiary MISE Engineering for a consideration of EUR 1.3 million became effective.

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 22.55% of the capital), described in more detail in section 2.5.

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

With regard to the issues relating to the renewal and approval of the Economic and Financial Plan (EFP) attached to the motorway concession, and the relative impacts on tariff trends, please recall that motorway sector regulations require the EFP to be updated every five years by 30 June of the first year of the new regulatory period.

With reference to the appeal for the annulment of the measures issued by the Transport Regulatory Authority on tariffs, on 9 January 2023 the Piedmont Regional Administrative Court, by decision No. 24/2023, rejected the appeal and the additional grounds submitted by MISE. Considering that the decision of the Regional Administrative Court is based on a now consolidated orientation 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 indications of ART Resolution No. 69/2019, particularly with regard to efficiency, as well as the effects of the shifting of the tariff regulatory period to 2020-2024 (originally 2018-2022) – and the draft Additional Agreement, based on the same Resolution and the regulations that have been introduced in the area of motorway concessions. On the following 30 March, MISE forwarded to MIT the aforementioned draft Additional Agreement, including all Annexes, thus starting the regulatory approval process. The Awarding Body is proceeding with its preliminary investigation in order to forward the EFP proposal to ART, as required by the approval process.

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 makes provision for a programme of infrastructure works on the network amounting to EUR 715 million and maintenance and restoration works on the motorway

infrastructure amounting to EUR 405 million. In addition to the tariff mechanism resulting from the development of the model as set out in ART Resolution No. 69/2019, the public grants amounting to EUR 150 million also contribute to the financing of the aforementioned initiatives. In drawing up the RFP, a traffic study was used, as provided for by the ART, which does not take into account the exceptional drop in volumes resulting from the COVID-19 outbreak; while for the preparation of the EFP, traffic volumes relating to the events verified were used.

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

### **Automotive hydrogen distributors**

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

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

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

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

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

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

## **2.5 MAIN INVESTEEES MEASURED WITH THE EQUITY METHOD**

### **TRENORD**

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

The investee has a fleet of more than 400 trains leased from FNM and TRENITALIA, or made available, through FERROVIENORD, by Regione Lombardia, which enable it to operate around 2,200 trains every day.

The railway service is managed under a Service Contract for public rail transport with Regione Lombardia for the period 2015-2020, extended until 31 July 2023, under the same contractual conditions. In addition to the basic contract, Trenord manages the Service Contract – in a temporary association of companies with ATM S.p.A. – concerning services on the S5 Varese/Gallarate/Pioltello/Treviglio Line 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 Österreichische Bundes Bahn.

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

As already mentioned, the Service Contracts stipulated between Regione Lombardia, Trenord and the temporary association of companies Trenord-ATM currently in force will expire on 31 July 2023, as a result of the extension provided by Article 16 of Regional Law No. 17/2022. During the first half of 2023, technical preliminary activities continued for the definition of the new Service Contract with a duration of 10 years from 1 August 2023 to 31 July 2033. These activities, however, required further investigation, and a consequent revision, following the increase in the value of the rate of return on net invested capital (WACC) for local public passenger transport services – approved by the ART in March (Resolution No. 49/2023 of 10 March 2023) –, the value of which was taken into account when drafting the Economic and Financial Plan (EFP) and the Plan for Achieving Regulatory Objectives (PRO) documents. It was also necessary to revise the assumptions regarding the demand for mobility and to rebalance the revenue forecast determined by the end of the pandemic emergency, in light of the trend in the first months of 2023.

By Resolution of the Regional Council No. XII/300 of 15 May 2023 “*Determinations on the Economic and Financial Plan (EFP) and on the Plan for Achieving Regulatory Objectives (PRO) relating to the assignment of the regional railway service for the years 2023-2033*”, Regione Lombardia has instructed the Directorate General for Transport and Sustainable Mobility to forward the aforesaid documents to the ART – which has 60 days from receipt of the documentation to formulate any comments – and to delegate to the same Directorate the performance of the activities necessary to complete the administrative process relating to the final definition of the EFP and PRO.

Therefore, pending the new assignment of the regional railway service, at the same time as the finalisation of the EFP and the PRO and the public consultation of the Minimum Quality Conditions (CMQ) envisaged by Measure 1 of Resolution ART No. 16/2018, Regione Lombardia with Regional Government Decree No. 491 of 22 June 2023 approved a draft law to be submitted to the Regional Council containing a further extension of the current Service Contracts until the date of signing of the new Service Contract and, in any case, no later than 30 November 2023.

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

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

### **AUTOSTRADA PEDEMONTANA LOMBARDA (APL)**

Another one of MISE’s investee companies is APL: a concessionaire company for the design, construction and management of the motorway between Dalmine, Como, Varese, Valico di Gaggiolo and associated works, for a total of approximately 200 km (including junctions and associated works), of which 85 km in operation since 2015 (A and B1 sections, A59 and A60), based on a 30-year concession starting from the entry into operation of the entire motorway link.

Relations between APL and the Awarding Body (Concessioni Autostradali Lombarde S.p.A. or “CAL”) are governed by the Consolidated Agreement entered into on 1 August 2007 and the relative

Additional Agreements (Additional Agreement No. 1 entered into on 6 May 2010, Additional Agreement No. 2 entered into on 29 September 2016 and effective as of February 2020).

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

### **Sections B2, C and D**

On 5 December 2022, a contract was signed with Webuild Italia S.p.A. (lead company of the Temporary Grouping formed by Webuild Italia S.p.A., Partecipazioni Italia S.p.A and Impresa Pizzarotti & C S.p.A.) for the assignment of the executive design, safety coordination during the executive design phase and execution of the works for sections B2 and C. Meetings are still ongoing with the designers appointed by the General Contractor and with the General Contractor itself regarding the drafting of the executive project. The protracted nature of these discussions is due to the fact that, on 26 May 2023, the General Contractor requested an extension until 31 August 2023 of the delivery date of the executive project, contractually scheduled for 10 June 2023. On 26 June 2023, APL informed the General Contractor of the rejection of the request for extension, as it did not consider the grounds on which it was based to be admissible. Starting from the end of June, the General Contractor submitted some drawings of the Executive Project, allowing the start of the verification phase for the purpose of validation with the intention of reducing the time-frame for approval of the project, and in order to make up for the delay accumulated in this design phase and to be able to start the works by the end of the year 2023.

With regard to the management of the financial funding functional to the construction of the sections B2 and C, at the end of the internal approval process of the lending banks, on 24 February 2023 and on 6 April 2023, positive responses were received to the “general” consent request formulated by the Investee on 22 December 2022 (subsequently supplemented on 20 January 2023) that included, *inter alia*, the postponement of the “Long Stop Date” from 31 January 2023 to 15 December 2023 (the date from which, theoretically, the lending institutions have the right to revoke the financing lines where the conditions precedent are not satisfied) and a consistent postponement of the formal fulfilment of the formalities relating to the signing of the “Security Package”. On 5 June 2023, APL sent the lending banks a further request for consent containing a request for an extension in relation to the deadline for obtaining the Golden Power authorisation and for the signing of the security documents. In

addition, on 12 July 2023, a notice and request for consent was sent regarding: i) new litigation; ii) management and coordination of Regione Lombardia; iii) new member of the Board of Directors; iv) new contracts; v) settlement agreement with Pedelombarda regarding the contract for the construction of the Free Flow; vi) EPC contract; and vii) Additional Agreement No. 4.

With regard to the works for section D, it should be noted that the updating of the final project for the section in question was temporarily suspended, consistent with the provisions of Additional Agreement No. 2 to the Consolidated Agreement and the requests of the Awarding Body to evaluate alternatives to the final project of 2010. Following the approval of the Technical-Economic Feasibility Project on 13 July 2021, the final design of the location change of Section D (so-called “*Short Section D*”) started on 12 October 2021. It should be noted that the Final Project and the Environmental Impact Study were delivered to the Awarding Body on 30 June 2023, in order to initiate the preliminary investigation phase, at the end of which the project will be forwarded by the Awarding Body CAL to the Ministry of Infrastructure and Transport, for the start of the related approval procedure by the Interministerial Committee for Economic Planning and Sustainable Development (CIPESS).

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

As regards the main significant events that took place in the first half of the year 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 the third Additional Agreement to the Consolidated Agreement, for the 2020-2024 regulatory period. Subsequent steps are therefore needed for conclusion of the approval process and the effectiveness of Additional Agreement No. 3.

Pursuant to Article 12 of the Consolidated Agreement, during the first half of the year, the Associate requested the Awarding Body about the possibility of a revision of the EFP, believing that the conditions and reasons for the alteration of the economic-financial balance of the Concession existed. In particular, these reasons are due to: i) the exceptional increase in prices, also as a result of the war between Russia and Ukraine; as well as ii) the bidding discount offered by the General Contractor of Sections B2 and C, which was significantly lower than the one envisaged in the concession economic framework. All mitigation measures are being finalised with the Awarding Body to restore the economic-financial balance.

## TANGENZIALI ESTERNE DI MILANO (TEM)

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

The TEEM motorway route has a length of 32 km, from Melegnano (A1 Milan-Bologna Motorway) to Agrate Brianza (A4 Milan-Venice Motorway). Together with the motorway section, important work was also carried out on the ordinary provincial and municipal roads, for a total of 38 km of associated newly constructed road works and 15 km of upgraded existing roads.

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

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

TE started the preparatory activities for the definition of the new EFP for the five-year regulatory period 2024-2028. In particular, the new traffic study is being finalised, as well as the assessment of the impacts that expensive materials and the recently enacted technical regulations will have on investments and the operating costs to be included in the new EFP. A roadmap is also being defined, in agreement with the Awarding Body CAL, that will allow for an approval process that will hopefully be concluded in time for the tariff update request for the year 2024.

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It should be noted that, as a result of the valuation using the equity method, the contribution of the jointly controlled companies Trenord (and its associated company TILO), NORD ENERGIA (and its subsidiary CMC Mesta), NordCom, Omnibus Partecipazioni (and its joint venture ASF) and the associated companies DB Cargo, Busforfun.Com, SportIT, APL and TEM has no impact on the individual items of the Consolidated Statement of Financial Position and the Consolidated Income Statement, with the exception of the items “Equity investments” and “Net profit of companies measured with the equity method”, respectively.



### 3 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 Italian Stock Exchange).

The FNM stock is also present in the general indexes of Borsa Italiana (FTSE Italia All Share, FTSE Italia All Share Capped and FTSE Italia Small Cap) and is part of the FTSE Italia Viaggi e Tempo Libero (Travel and Leisure) super sector.

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

#### 3.1 THE MACROECONOMIC SCENARIO IN THE FIRST HALF OF 2023<sup>3</sup>

During the first half of 2023, the weakness of the world economy and that of international trade continued, associated with continuing geopolitical uncertainty and persistently high inflation in the major advanced economies. Despite the buoyant dynamics of services in the major economies, activity was affected by the weakening of the manufacturing cycle, which contributed to lower growth prospects for international trade and lower commodity and energy prices. The lower contribution of the energy component was matched by a decline in consumer inflation in the major industrial countries, but it is still finding it difficult to fall significantly.

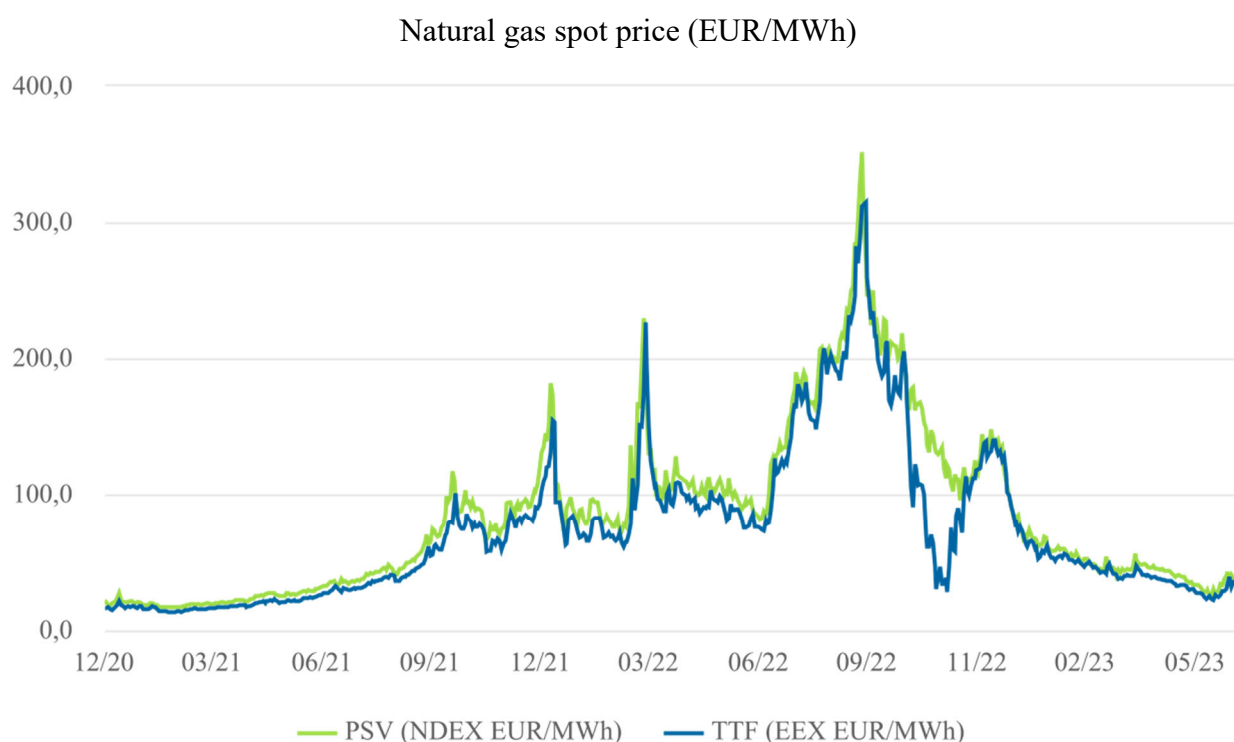
In the first quarter of 2023, the Eurozone recorded a slight contraction in GDP, as at the end of 2022; according to the latest assessments by the Bank of Italy, GDP remained virtually unchanged in the second quarter of 2023, marked by a decline in manufacturing activity that offset the recovery in services. The figure for Italy, on the other hand, was better, with GDP growth of 0.6%; growth that would come to a virtual standstill in the second quarter of 2023, held back in particular by the weakening of the global industrial cycle.

With regard to price dynamics, after the levels reached in 2022, the first half of 2023 saw a gradual reduction in global inflation, which is still far from the target values of around 2% per annum. According to ANCE data, in the records published in March 2023, the price of reinforcing bar steel increased by +6.4% compared to the same period last year, stabilising at below EUR 900/tonne, after having experienced a significant price contraction compared to the peaks of more than EUR

<sup>3</sup> Sources: Bank of Italy – Economic Bulletin No. 2-3/2023; Istat – The labour market (13 June 2023), Consumer prices (17 July 2023), The outlook for the Italian economy 2023-2024 (6 June 2023), Collective Bargaining Agreements and Contractual wages (28 April 2023); ANCE – Construction Flash No. 2/2023.

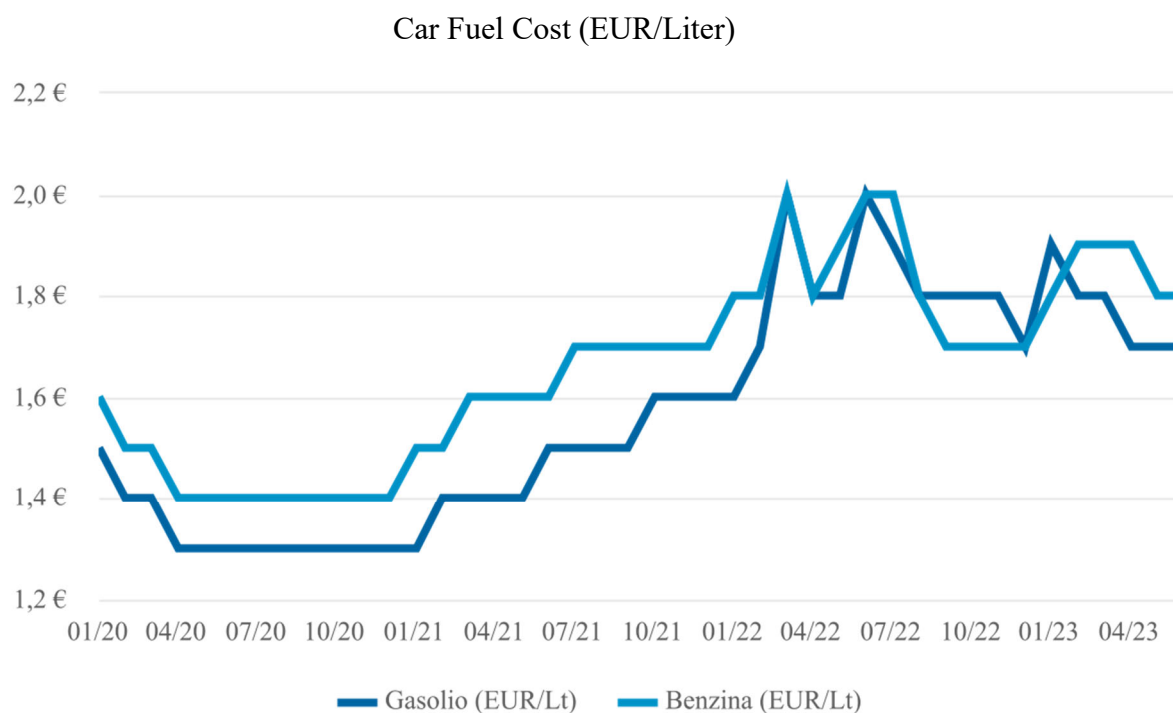
1,100/tonne reached in mid-2022, but compared to an average value of around EUR 500/tonne in the pre-pandemic period. The price of bitumen also fell sharply from around EUR 600/tonne in mid-2022, settling at EUR 400/tonne, a level similar to that recorded in September 2021.

With reference to energy price trends, the price of natural gas continued to drop, along with the price of oil, which fell further in May 2023 compared to March 2023, after a substantial rise in April (e.g. Brent, which rose from \$ 78.5/barrel in March 2023 to \$ 84.1/barrel in the following month, and \$ 75.7/barrel in May 2023). In detail, the reference natural gas price for European markets (Title Transfer Facility – TTF) fell to around EUR 30 per megawatt-hour, mainly due to lower than expected demand for natural gas, the result of a mild winter, lower household consumption and also favoured by persistently high European gas stocks. As regards the Italian market specifically, the VTP index – the main reference in Italy for defining the wholesale gas price – shows a similar trend: the average gas price was around EUR 0.35 per cubic metre in June 2023, a significant reduction compared to December 2022 (EUR 1.25 per cubic metre).



Source: FactSet

On the other hand, the price of automotive diesel was around EUR 1.7 per litre in June 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 have a major impact on construction costs, under the new Budget Law 2023, 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*”).

The trend just described continues to drive the inflation rate: in June 2023, the Harmonised Index of Consumer Prices (HICP) increased by 6.7 % year-on-year, a marked slowdown from +8.0 % in May. The year-on-year deceleration of the HICP is mainly explained by the movement in the price of energy goods, which fell from +15.2% to +10.2%.

With regard to the labour market, the latest available data on Q1 2023 show an increase in the number of employed persons (+104 thousand compared to Q4 2022) as well as hours worked (+1.3% compared to the previous quarter): the employment rate in March stood at 60.9%, while unemployment stood at 8.0%. On a trend basis, labour costs showed an increase in average hourly wages of 3.9%: the result of an increase in both wages (+3.4%) and, to a greater extent, social security

contributions (+5.4%). The steady increases in public sector renewals for the three-year period 2019-2021 accelerated the growth of contractual wages, while the modest wage dynamics observed in the industrial sector – where almost all National Collective Bargaining Agreements are in force – are associated with the limited size of the increases set by the renewals signed between 2020 and 2021 (when inflationary expectations were still very low). In the service sector, the lower wage growth is also related to the fact that more than half of the employees are waiting for the renewal of the National Collective Bargaining Agreement.

Monetary tightening by Central Banks in the major advanced economies continues with the aim of achieving an early return of inflation to the 2% target:

- on 26 July 2023, the Federal Reserve (the US Central Bank) decided to raise interest rates between 5.25% and 5.5%. The decision came after the Fed had interrupted its rate hike cycle in June, leaving rates unchanged;
- instead, the European Central Bank decided at its meeting on 27 July 2023 to continue its path of raising reference interest rates by 25 basis points. The rates are therefore in a range between 3.75% (deposit facility rate) and 4.50% (marginal lending facility rate).

### 3.2 OUTLOOK 2023

The ECB experts' projections, released in March and prepared before the financial tensions related to the collapse of some international banks, indicate a slowdown of Eurozone GDP in 2023 (to 1.0%, from 3.5% last year), which would be followed by an acceleration in 2024-25 (to 1.6% in each of the two years). Compared to last December, estimates for 2023 were revised upwards by 0.5 percentage points, reflecting both the decline in energy prices and the stronger economy in recent months. In contrast, GDP estimates for 2024-25 have been revised downwards (by an average of about 0.3 percentage points), mainly affected by the impact of monetary policy tightening.

On the other hand, the updated projections for the Italian economy published by the Bank of Italy estimate a GDP that, after an increase of nearly 4% in 2022, will slow its rate of growth over the next two years, coming to 1.2% in 2023 and 1.1% in 2024. Under the assumption of normalisation of agricultural commodity prices and natural gas prices in the coming months and stabilisation of oil prices and exchange rates, price dynamics are expected to partially decelerate in the current year. Core inflation is expected to average 4.5% in the current year, and then gradually to average 2.0% in the following years.

The latest DEF 2023 forecasts on the Italian economy for 2023 also confirm this positive trend, and as stated in the document, construction once again plays a leading role, thanks to the positive contribution expected to come from the implementation of the **National Recovery and Resilience Plan (NRRP)**. The third interim report on the NRRP was presented in May: the report analyses the Italian NRRP with respect to its composition, financing, comparison with Europe, the state of financial implementation, and the revision and introduction of the *RePowerEU* chapter and critical implementation issues, linked to objective changes such as price increases and weak administrative structures.

In this regard, 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. 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 2.1). 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

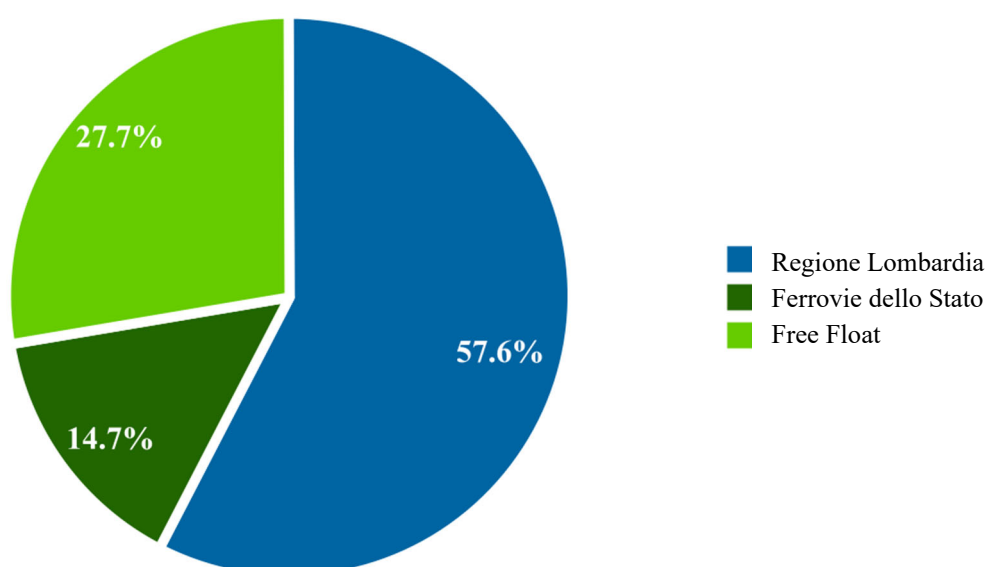
commercial transport and will be in operation by 2026. In particular, refuelling stations must meet the needs of heavy road transport such as the Brenner road axis, the east-west corridor from Turin to Trieste, and the corridors of the European TEN-T networks.

The *REPowerEU* initiative, due to the energy supply difficulties experienced by the European Union in the aftermath of the conflict in Ukraine, introduced a new regulatory framework that provides the possibility of amending the NRRPs (National Recovery and Resilience Plans) by adding a chapter 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 being drafted 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.

### 3.3 SHAREHOLDER STRUCTURE

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

At the same date, to the best of the Company’s knowledge based on the communications received in accordance with Article 120 of the Consolidated Law on Finance (“TUF”) and other available information, the shareholder structure of the Company showed the following material shareholdings:

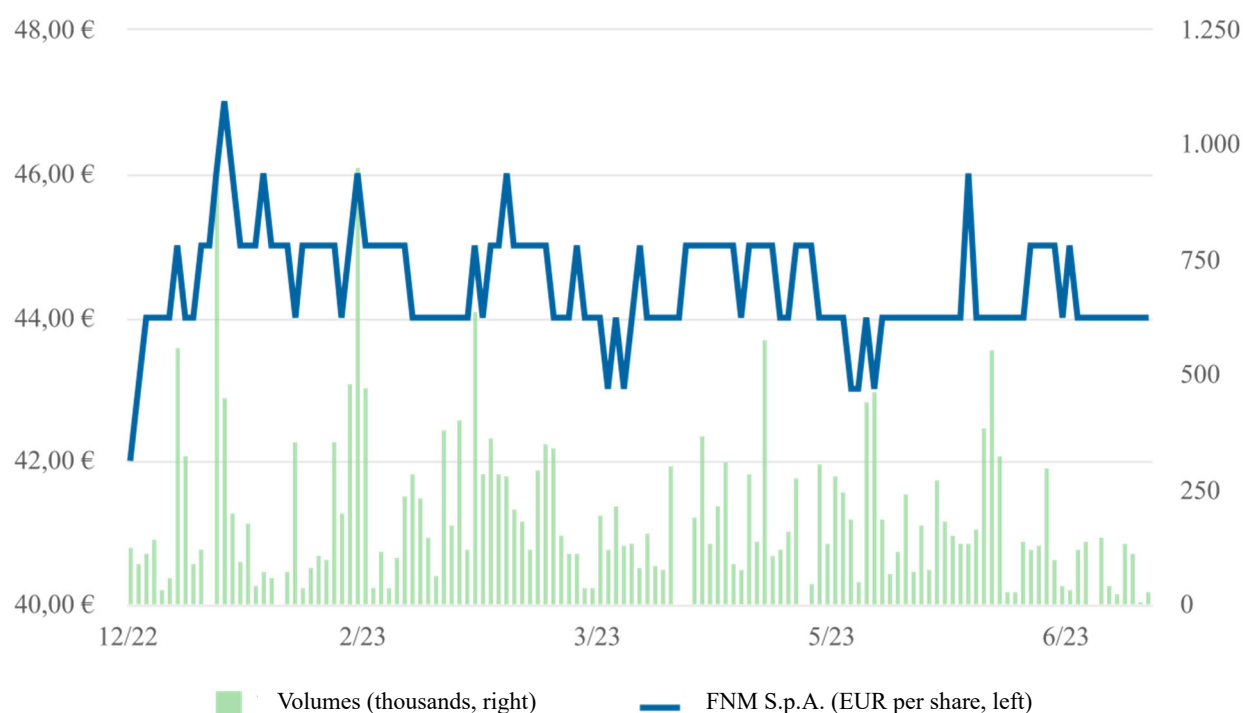


The graph shows the composition of shareholders who own stakes of over 5% of the total share capital and who have voting powers. Regione Lombardia is the majority shareholder with a 57.57% shareholding. A further 14.74% of the share capital is owned by Ferrovie dello Stato Italiane S.p.A., while the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

### 3.4 FNM STOCK PERFORMANCE

The FNM share price at 30 June 2023 was EUR 0.44, which corresponds to a market capitalisation of EUR 191.4 million, marking an increase of +3.7% compared to the end of 2022. During the period under review, share prices were characterised by reduced volatility, fluctuating between a high of EUR 0.47 and a low of EUR 0.42. Average daily trading of the shares amounted to approximately 252.8 thousand shares traded daily. A total of 32.4 million shares, or approximately 7.5% of the share capital, were exchanged during the six-month period (34.0 million shares, or approximately 8% of the share capital, in H1 2022).

The stock performance during the current period is shown below:



*Key share and stock market data for the first half of 2023*

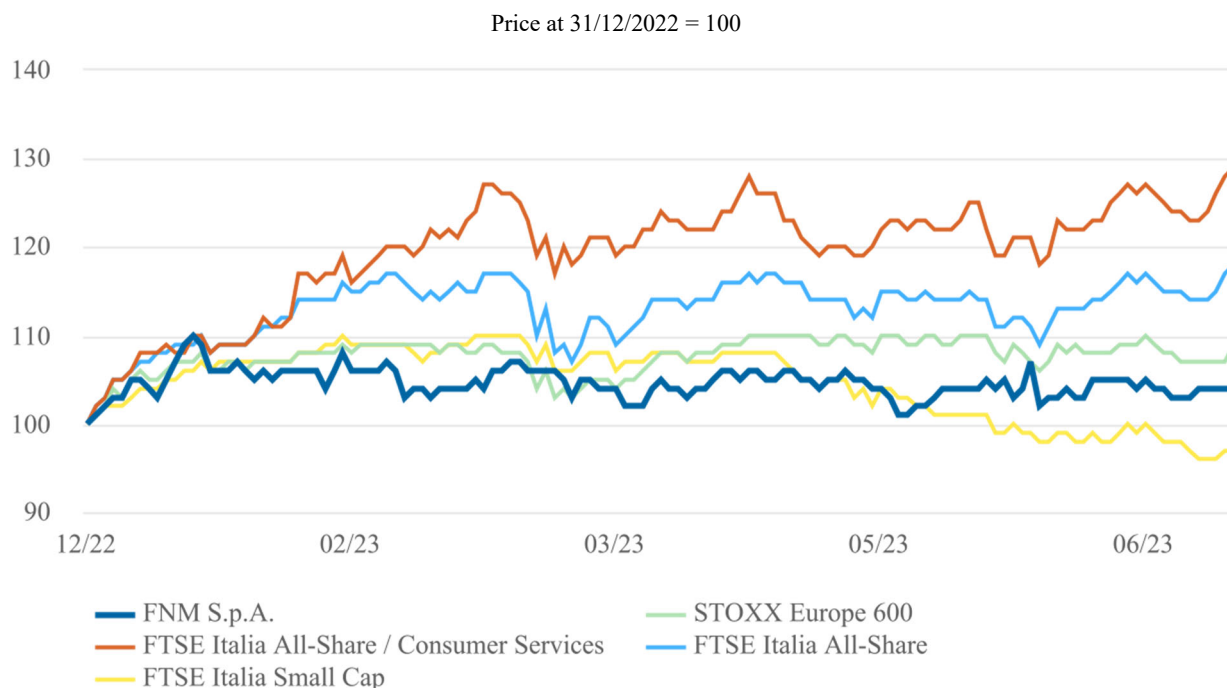
Closing price on 30/06/2023	EUR 0.44
Number of ordinary shares (million)	434.9
Market capitalisation (EUR million)	EUR 191.4
Average price	EUR 0.44
Maximum price	EUR 0.47
Minimum price	EUR 0.42
Average volumes traded (thousand)	252.8
Maximum volumes traded (thousand)	5,278.3
Minimum volumes traded (thousand)	8.6

Source: FactSet Prices

During the first quarter of 2023, conditions in the financial markets had tightened, also reflecting fears of international contagion linked to the failures of some regional banks in the US and the Credit Suisse crisis. However, conditions in international financial markets normalised in the second quarter. The yield on long-term Italian Government bonds stood at around 4.4% at the beginning of July, while the yield spread against German Government bonds narrowed to 172 basis points.

As regards the Italian financial market, in the first half of 2023, the FTSE Italia All Share rose by 17.8% since the start of the year, more than the other major Eurozone economies (Stoxx Europe 600 Index +8.7%). Small caps suffered the most, with the FTSE Italia Small Cap showing a contraction of 2.5%. During the same period, the FNM share price increased by +3.7% from EUR 0.42 per share at 31 December 2022 to EUR 0.44 per share at 30 June 2023. The FNM stock performance compared to the main reference indexes in the first half of 2023 is shown below:





Source: FactSet Prices

### 3.5 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.

## 4 CONSOLIDATED OPERATING AND FINANCIAL PERFORMANCE

### 4.1 ECONOMIC DATA SUMMARY

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

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

<i>Amounts in EUR millions</i>	1H 2023	1H 2022	Change	Change %
Revenues from sales and services	282.6	272.6	10.0	3.7 %
Other revenues and income	19.0	21.4	(2.4)	-11.2 %
<b>TOTAL REVENUES AND OTHER INCOME</b>	<b>301.6</b>	<b>294.0</b>	<b>7.6</b>	<b>2.6 %</b>
Operating costs	(119.2)	(119.3)	0.1	-0.1 %
Personnel costs	(82.4)	(81.3)	(1.1)	1.4 %
<b>ADJUSTED EBITDA</b>	<b>100.0</b>	<b>93.4</b>	<b>6.6</b>	<b>7.1 %</b>
<b>EBITDA</b>	<b>100.0</b>	<b>93.4</b>	<b>6.6</b>	<b>7.1 %</b>
Depreciation, amortisation and write-downs	(51.5)	(47.4)	(4.1)	8.6 %
<b>EBIT</b>	<b>48.5</b>	<b>46.0</b>	<b>2.5</b>	<b>5.4 %</b>
Financial income	3.5	4.1	(0.6)	-14.6 %
Financial expenses	(9.4)	(6.8)	(2.6)	38.2 %
<b>NET FINANCIAL INCOME (LOSS)</b>	<b>(5.9)</b>	<b>(2.7)</b>	<b>(3.2)</b>	<b>118.5 %</b>
<b>EARNINGS BEFORE TAX</b>	<b>42.6</b>	<b>43.3</b>	<b>(0.7)</b>	<b>-1.6 %</b>
Income taxes	(8.8)	(13.5)	4.7	-34.8 %
<b>ADJUSTED COMPREHENSIVE RESULT</b>	<b>33.8</b>	<b>29.8</b>	<b>4.0</b>	<b>13.4 %</b>
Profit/Loss of companies measured with the Equity method	(0.5)	(9.7)	9.2	-94.8 %
<b>COMPREHENSIVE RESULT</b>	<b>33.3</b>	<b>20.1</b>	<b>13.2</b>	<b>65.7 %</b>
<b>RESULT ATTRIBUTABLE TO MINORITY SHAREHOLDERS</b>	<b>(0.1)</b>	<b>(1.3)</b>	<b>1.2</b>	<b>-92.3 %</b>
<b>COMPREHENSIVE GROUP RESULT</b>	<b>33.4</b>	<b>21.4</b>	<b>12.0</b>	<b>56.1 %</b>

The **revenues from sales and services** recorded a net increase of EUR 10.0 million, i.e. approximately 3.7%, for the following reasons:

- motorway toll revenues of EUR 132.8 million (EUR 123.7 million in the first half of 2022) increased by EUR 9.1 million, or 7.4%, compared to the first half of 2022, mainly in relation to the traffic trend (+7.7%) 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 (provincial road);

- revenues from the lease of rolling stock increased by EUR 4.7 million, mainly due to higher revenues on ROCK, POP, Caravaggio and Donizetti trains, for EUR 2.9 million, on TILO trains leased to Trenord, for EUR 1.5 million;
- revenues related to design and project management for works on the railway network increased by EUR 3.8 million;
- revenues from public road transport ticketing increased by EUR 3.3 million, net of the change deriving from the deconsolidation of the company La Linea and its subsidiary Martini Bus, equal to - EUR 3.8 million, due to higher sales consistent with the growing trend in demand resulting from the recovery in the use of public transport by users;
- 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 1.8 million, equal to a 56.5% increase compared to the 2022 comparative period;
- replacement services carried out by FNMA on behalf of Trenord increased by EUR 1.9 million during the period;
- revenues from sub-contracting activities decreased by EUR 3.1 million due to the change of the scope of consolidation stemming from the exit of La Linea and its subsidiary Martini Bus;
- revenues from public contracts and grants related to the public road transport service showed a net decrease of EUR 6.7 million. The change is due to the decrease (from EUR 7.1 million in the comparative period of 2022 to EUR 0 million in the first half of 2023) in the compensatory measures related to the absence of revenues from traffic and the additional services activated in the LPT sector as a result of the COVID-19 emergency to guarantee the capacity offered during the pandemic period as a result of the regulatory limits imposed on vehicle occupancy. In addition, in the comparative period of 2022, grants to support companies operating in the tourism sector of EUR 0.4 million were recognised.

**Other revenues and income** showed a decrease of EUR 2.4 million on the comparative period of 2022, of which EUR 1.6 million attributable to lower income from the recovery of general expenses related to construction services for the renewal of rolling stock and the modernisation of railway infrastructure, in view of the greater investments than in the comparative period.

**Total revenues and other income** thus rose by 2.6% and can be broken down into the four business areas as follows:

<i>Amounts in EUR millions</i>	<b>1H 2023</b>	<b>1H 2022</b>	<b>Change</b>	<b>Chg %</b>
Ro.S.Co. & Services	42.2	38.6	3.6	9.3 %
Railway infrastructure	76.1	71.5	4.6	6.4 %
Road passenger mobility	52.2	68.7	(16.5)	-24.0 %
Motorways	144.7	133.6	11.1	8.3 %
Intercompany elisions	(13.6)	(18.4)	4.8	-26.1 %
<b>Total consolidated revenues</b>	<b>301.6</b>	<b>294.0</b>	<b>7.6</b>	<b>2.6 %</b>

Excluding from total revenues and other income the values of La Linea and Martini Bus and the share of the annual contribution for the development of car sharing for the first half of 2022 and the first 15 days of 2023 of La Linea and Martini Bus, revenues would amount to EUR 301.1 million and EUR 284.5 million respectively, marking an increase of 5.8%.

**Operating costs** recorded a net decrease of EUR 0.1 million (0.1%) for the following main reasons:

- increase in provisions for cyclical maintenance due to the entry into service of the ROCK, POP, Caravaggio, Donizetti and Colleoni trains, in the amount of EUR 2.9 million;
- increase in railway infrastructure maintenance costs of EUR 1.2 million;
- increase of EUR 1.4 million in motorway traffic-related costs (collection costs and concession fee);
- increase of EUR 1.1 million in expenses for third-party services, mainly attributable to waste disposal, and cleaning expenses;
- decrease of EUR 3.7 million in motorway infrastructure maintenance costs, net of allocations to and utilisations of the renewal provision;
- a net decrease of EUR 2.5 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 5.4 million);
- decrease in write-downs of financial assets for EUR 0.7 million.

**Personnel costs**, which increased from EUR 81.3 million to EUR 82.4 million, were substantially in line with the comparative period of 2022, due to the combined effect of higher costs deriving from the non-recognition of social security contributions for sickness costs of the National Collective Bargaining Agreement for the Railway/Tram sector workers, partially offset by the removal from the

scope of consolidation of the investee La Linea and its subsidiary Martini Bus, amounting to EUR 3.9 million.

In the absence of extraordinary operating income items, **adjusted EBITDA** and EBITDA amounted to EUR 100.0 million, an increase of 7.1% as illustrated below in the four business areas:

<i>Amounts in EUR millions</i>	<b>1H 2023</b>	<b>1H 2022</b>	<b>Change</b>	<b>Chg %</b>
Ro.S.Co. & Services	22.1	20.8	1.3	6.3 %
Railway infrastructure	4.8	8.7	(3.9)	-44.8 %
Road passenger mobility	3.1	5.0	(1.9)	-38.0 %
Motorways	70.0	58.9	11.1	18.8 %
<b>Total adjusted EBITDA</b>	<b>100.0</b>	<b>93.4</b>	<b>6.6</b>	<b>7.1 %</b>

Excluding the values of La Linea and Martini Bus and the share of the annual contribution for the development of the car sharing for the first quarter of 2022 and for the first 15 days of 2023 of La Linea and Martini Bus, adjusted EBITDA would be EUR 99.7 million in the first half of 2023 and EUR 90.5 million in the same period of 2022, an increase of 10.2%.

The item **depreciation, amortisation and write-downs** showed a net increase of EUR 4.1 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.

**EBIT** amounted to EUR 48.5 million, versus EUR 46.0 million in the first half of 2022, a net increase of EUR 2.5 million.

**Comprehensive financial income/loss** in the first half of 2023 was EUR -5.9 million compared to EUR -2.7 million in the comparable period of 2022, in relation to higher financial expenses owing to the increase in interest rates and the discount rate.

**Earnings before tax**, that do not include the profit/loss of companies measured with the Equity method, amounted to EUR 42.6 million, a decrease compared to EUR 43.3 million in the first half of 2022.

**Income taxes**, amounting to EUR 8.8 million, decreased by EUR 4.7 million compared to the first half of 2022, in relation to the benefit of EUR 1.7 million resulting from the different tax treatment of certain items following the receipt of the response to the “*interpello*” (request for a tax ruling) filed

by MISE, the refund of the tax wedge not deducted in 2008, amounting to EUR 0.7 million, and the lower taxable income of the Group.

**Adjusted comprehensive income**, before the recognition of the profit/loss of companies measured with the Equity method, went from EUR 29.8 million in the comparative period of the previous year to EUR 33.8 million.

The **profit/loss of companies measured with the Equity method** recorded a loss of EUR 0.5 million, compared to a loss of EUR 9.7 million in the first half of 2022, mainly due to the negative result of the investee Trenord S.r.l. This item is broken down as follows:

Amounts in EUR thousands	1H 2023	1H 2022	Change
Trenord S.r.l. *	(1,000)	(14,292)	13,292
Autostrada Pedemontana Lombarda	(583)	1,935	(2,518)
Tangenziali Esterne di Milano S.p.A.	(941)	(649)	(292)
NORD ENERGIA S.p.A. in liquidation**	725	1,410	(685)
DB Cargo Italia S.r.l.	1,334	1,055	279
Omnibus Partecipazioni S.r.l. ***	(1)	511	(512)
NordCom S.p.A.	296	242	54
Busforfun.Com S.r.l.	(60)	257	(317)
SportIT	(232)	(202)	(30)
<b>Profit/Loss of companies measured at Equity</b>	<b>(462)</b>	<b>(9,733)</b>	<b>9,271</b>

\* includes the result of TILO SA

\*\* includes the result of CMC MeSta SA

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

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

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

The consolidated **comprehensive income** for the first half of 2023 was a profit of EUR 33.3 million, versus a profit of EUR 20.1 million in the first half of 2022, due to the effects described above essentially deriving from the continued recovery of mobility.

## 4.2 RECLASSIFIED STATEMENT OF FINANCIAL POSITION

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

Please note that, in order to improve the representation of balance sheet trends, the Net Financial Position for funded investments includes only the funded investment items (cash and financial payables) relating to the “Programme for the purchase of Rolling Stock for the regional railway service for the years 2017-2032 and integration of supplies of the Programme for the purchase of Rolling Stock as per Regional Government Decree No. X/4177 of 16/10/2015” (hereinafter the “Rolling Stock Programme 2017-2032”), illustrated in detail in section 7.1 of the Management Report as at 31 December 2022, which should be referred to for more information. Likewise, in Net Working Capital the items “Other receivables – Rolling Stock 2017-2032”, “Receivables for funded investments – Rolling Stock 2017-2032” and “Trade payables – Rolling Stock 2017-2032”, again relating to funded investments in the renewal of rolling stock falling under the “Rolling Stock Programme 2017-2032”, have been shown separately.

Amounts in EUR millions	30/06/2023	31/12/2022	Change
Inventories	13.3	12.1	1.2
Trade receivables	177.3	153.0	24.3
Other current receivables	111.1	85.8	25.3
Current financial assets	2.0	8.9	(6.9)
Receivables for funded investments	55.6	47.6	8.0
Trade payables	(178.5)	(166.6)	(11.9)
Other current payables and current provisions	(138.3)	(147.4)	9.1
<b>Operating Net Working Capital</b>	<b>42.5</b>	<b>(6.6)</b>	<b>49.1</b>
Other receivables – Rolling Stock 2017-2032	49.0	64.0	(15.0)
Receivables for funded investments – Rolling Stock 2017-2032	192.4	201.7	(9.3)
Trade payables – Rolling Stock 2017-2032	(287.5)	(304.1)	16.6
<b>Net Working Capital – Funded Investments</b>	<b>(46.1)</b>	<b>(38.4)</b>	<b>(7.7)</b>
<b>Net Working Capital – Total</b>	<b>(3.6)</b>	<b>(45.0)</b>	<b>41.4</b>
Fixed assets	839.9	840.8	(0.9)
Equity investments	168.1	171.8	(3.7)
Non-current receivables	174.4	175.1	(0.7)
Non-current payables	(34.3)	(31.1)	(3.2)
Provisions	(102.5)	(95.0)	(7.5)
Assets and liabilities held for sale	—	14.9	(14.9)
<b>NET INVESTED CAPITAL</b>	<b>1,042.0</b>	<b>1,031.5</b>	<b>10.5</b>
<i>Equity</i>	<i>329.7</i>	<i>306.9</i>	<i>22.8</i>
<b>Adjusted Net Financial Position</b>	<b>761.7</b>	<b>766.9</b>	<b>(5.2)</b>
Net Financial Position for funded investments (cash)	(49.4)	(42.3)	(7.1)
<i>Total Net Financial Position</i>	<i>712.3</i>	<i>724.6</i>	<i>(12.3)</i>
<b>TOTAL SOURCES</b>	<b>1,042.0</b>	<b>1,031.5</b>	<b>10.5</b>

**Operating Net Working Capital**, net of changes for funded investments, increased by EUR 49.1 million as a result of the following changes:

- **trade receivables** increased by EUR 24.3 million, mainly due to the increase in: receivables for interconnection relations with motorway companies for tolls and seasonality, equal to EUR 13.0 million; receivables from the Customer of the Veneto LPT Service Contract for different collection times, equal to EUR 6.5 million; and, finally, trade receivables from related parties (gross), totalling EUR 6.5 million.

The increase in receivables from related parties is mainly determined by higher receivables, in the amount of EUR 9.4 million, related to fees invoiced to Trenord, partially offset by lower receivables for design and maintenance services for the railway infrastructure to be recharged to Regione Lombardia, in the amount of EUR 3.2 million;

- **other current receivables** increased by EUR 25.3 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 11.9 million in relation to the increase in payables for works on the railway infrastructure and for operating and maintenance activities on the motorway infrastructure and the increase in investments in modernising the railway infrastructure, partially offset by the payment of investments in cyclical maintenance carried out in previous years and in TILO rolling stock;
- **other current payables and provisions** decreased by EUR 9.1 million in connection with lower payables to the Revenue Agency for current taxes and the utilisation of provisions.

#### As concerns **Net Working Capital for Funded Investments**:

- **other receivables – Rolling Stock 2017-2032**, amounting to EUR 49.0 million, decreased by EUR 15.0 million in connection with the use of advance payments made in previous years due to the progress of orders;
- **receivables for funded investments – Rolling Stock 2017-2032** decreased by EUR 9.3 million due to the collection of grants for the period amounting to EUR 106.2 million; higher than the recognition of the portion of accrued revenues corresponding to the funded investments made, measured according to the percentage of completion for the period, amounting to EUR 96.8 million;



- **trade payables – Rolling Stock 2017-2032** decreased as a result of payments made amounting to EUR 99.2 million. These investments were paid with the available funds allocated by Regione Lombardia, excluded from the Adjusted NFP.

The item **fixed assets** comprises mainly property, plant and equipment of EUR 489.1 million, of which EUR 347.7 million pertain to rolling stock, intangible assets for EUR 332.5 million, of which EUR 325.0 million relating to the motorway infrastructure freely revertible to the Awarding Body (Ministry of Infrastructure and Transport) and EUR 18.4 million for rights of use.

The value of **equity investments** fell by EUR 3.7 million due to the dividends distributed by the investees Nord Energia in liquidation and Omnibus, amounting to EUR 3.7 million, and other changes in the Statement of Comprehensive Income, amounting to EUR 0.5 million; these effects were partially offset by the lower result for the period contributed by the companies measured with the Equity method, amounting to EUR 0.5 million.

**Non-current receivables** primarily include: contractual assets deriving from investments made in the motorway infrastructure up to 30 June 2023, but not yet recognised, for EUR 72.2 million; loans from MISE to investees for EUR 56.5 million; and net deferred tax assets of EUR 33.3 million.

**Provisions** include primarily non-current provisions related to cyclical maintenance, the motorway infrastructure renewal provision and post-employment benefits.

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

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

Amounts in EUR millions	30/06/2023	31/12/2022	Change
Liquidity	(196.7)	(194.6)	(2.1)
Current financial debt	165.4	140.6	24.8
<b>Current Net Financial Position (Debt/-Cash)</b>	<b>(31.3)</b>	<b>(54.0)</b>	<b>22.7</b>
Non-current financial debt	793.0	820.9	(27.9)
<b>Adjusted Net Financial Position</b>	<b>761.7</b>	<b>766.9</b>	<b>(5.2)</b>
Net Financial Position for funded investments (Cash)	(49.4)	(42.3)	(7.1)
<b>Net Financial Position</b>	<b>712.3</b>	<b>724.6</b>	<b>(12.3)</b>

As at 30 June 2023, the total Net Financial Position was EUR 712.3 million, compared to a balance of EUR 724.6 million as at 31 December 2022. Isolating the amount relating to funded investments (EUR 49.4 million), the adjusted Net Financial Position was EUR 761.7 million, compared to a balance of EUR 766.9 million as at 31 December 2022.

Please also note that as at 30 June 2023, the Group has liquidity headroom of EUR 100 million in uncommitted lines.

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

Amounts in EUR millions	30/06/2023	30/06/2022
EBITDA	100.0	93.4
Net Working Capital	(12.6)	(16.2)
Tax paid	(15.9)	(6.8)
Financial expenses/income paid	(3.5)	(2.4)
<b>Free cash flow from operations</b>	<b>68.0</b>	<b>68.0</b>
Gross investments paid with own funds	(27.9)	(55.8)
Motorway infrastructure investments paid with own funds	(16.2)	(23.6)
NWC for investments with own funds	(21.8)	45.2
Funded investments in railway infrastructure	(67.2)	(23.6)
NWC for funded investments for railway infrastructure	0.1	(21.7)
Public grants collected for investments with own funds	3.0	—
Public grants collected for railway infrastructure	82.0	17.2
Public grants collected for motorway infrastructure	8.9	—
<b>Cash flow generation</b>	<b>28.9</b>	<b>5.7</b>
Loan disbursement to investees	(2.0)	(0.5)
Inflow of restricted funds	6.7	—
Loan repayment by investees	6.9	—
Acquisitions	—	(8.4)
Dividends cashed-in	3.7	0.9
Financial investments	—	(4.5)
Divestments	5.5	6.3
<b>Free cash flow</b>	<b>49.7</b>	<b>(0.5)</b>
Dividends paid	(10.0)	—
<b>Cash flow</b>	<b>39.7</b>	<b>(0.5)</b>
<b>Adjusted NFP (Debt/-Cash) INITIAL 01/01</b>	<b>766.9</b>	<b>755.6</b>
Cash flow generation	(39.7)	0.5
IFRS 16 effect	1.5	2.4
Other changes in financial payables	33.0	(1.9)
<b>Total change in NFP</b>	<b>(5.2)</b>	<b>1.0</b>
<b>Adjusted NFP (Debt/-Cash) FINAL 30/06</b>	<b>761.7</b>	<b>756.6</b>

**Cash flow generation** in the period was positive for EUR 28.9 million and derives from operations, partially offset by investments paid.

The **operating cash flow** deriving from income management was a positive EUR 68.0 million, due to EBITDA of EUR 100.0 million, in part negatively affected by the change in Net Working Capital described above and the payment of taxes.

In the first half of 2023, net investments paid, both with own funds and on funded railway infrastructure, totalled EUR 39.1 million (compared to EUR 62.3 million paid in the first half of 2022).

The **cash flow** for the period, positive by EUR 39.7 million, was positively impacted by the sale of the equity investments in La Linea, and its subsidiary Martini Bus, and in NTT for EUR 5.5 million. At the same time as the sale, the investee La Linea fully repaid the loan disbursed by FNM in the amount of EUR 7.2 million and offset the balance of the giro accounts in the amount of EUR 0.3 million.

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

#### 4.3 INVESTMENTS

Investments in the period amounted to EUR 208.5 million compared to EUR 386.4 million of the comparative half of 2022.

In particular, **investments made with own funds** by the FNM Group gross of collections of the consideration for construction services accrued in the first half of 2023 totalled EUR 44.4 million, compared to EUR 79.2 million in the comparative period of the previous year, and are broken down as follows:

- investments related to the **Ro.S.Co. & Services** segment for EUR 7.8 million (EUR 40.2 million in H1 2022), mainly referring to the revamping of TAF rolling stock;
- investments classified in the **railway infrastructure** segment amounting to EUR 3.0 million (EUR 1.8 million in H1 2022);
- investments in the **Road passenger mobility** segment of EUR 17.4 million (EUR 13.6 million in H1 2022), mainly attributable to the purchase of 59 buses;
- investments in **revertible assets made on the motorway infrastructure** amounting to EUR 16.2 million (EUR 23.6 million in H1 2022) mainly related to the upgrading of S.P. 46 Rho-Monza (provincial road), extraordinary maintenance on the Po River viaduct and the start of work on upgrading the safety barriers and lighting on the A51.

The **funded investments**, gross of contributions collected and managed by the FNM Group in the first half of 2023 on behalf of Regione Lombardia, in accordance with the Programme Agreement and the Service Contract, include:

- **Investments in Railway infrastructure** of EUR 38.0 million (EUR 23.6 million in H1 2022) relating to the modernisation of railway infrastructure;
- **Investments in airport rolling stock** of EUR 29.2 million (not present in 2022);
- **Investments for the renewal of rolling stock 2017-2032** of EUR 96.8 million (EUR 283.6 million in H1 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 the first half of 2023:
  - 9 “Caravaggio” type (EMU) high-capacity trains;
  - 5 “Donizetti” type (EMU) trains;
  - 9 “Colleoni” type trains.

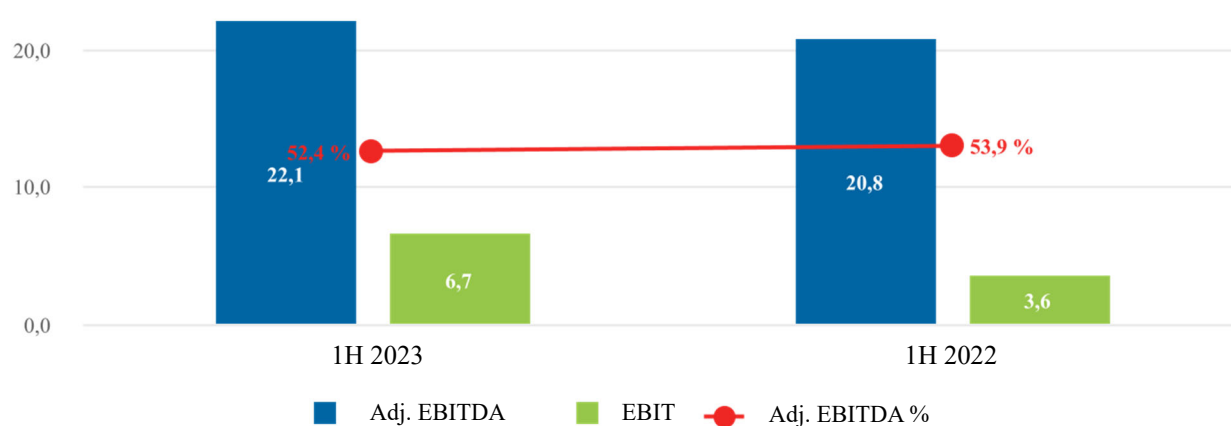
## 5 OPERATING PERFORMANCE OF BUSINESS SEGMENTS

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

Amounts in EUR millions	1H 2023						1H 2022					
	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	33.8	69.6	51.9	143.5		298.8	32.3	63.7	60.7	132.9		289.6
Intercompany revenues	8.4	3.7	0.3	1.2	(13.6)	0.0	6.3	3.4	8.0	0.7	(18.4)	0.0
Revenues from construction services net of funded investment costs	0.0	2.8	0.0	0.0		2.8	0.0	4.4	0.0	0.0		4.4
<b>Segment revenues</b>	<b>42.2</b>	<b>76.1</b>	<b>52.2</b>	<b>144.7</b>	<b>(13.6)</b>	<b>301.6</b>	<b>38.6</b>	<b>71.5</b>	<b>68.7</b>	<b>133.6</b>	<b>(18.4)</b>	<b>294.0</b>
<b>Adjusted EBITDA</b>	<b>22.1</b>	<b>4.8</b>	<b>3.1</b>	<b>70.0</b>		<b>100.0</b>	<b>20.8</b>	<b>8.7</b>	<b>5.0</b>	<b>58.9</b>		<b>93.4</b>
<i>Adjusted EBITDA %</i>	<i>22 %</i>	<i>5 %</i>	<i>3 %</i>	<i>70 %</i>			<i>22 %</i>	<i>9 %</i>	<i>5 %</i>	<i>63 %</i>		
<b>EBITDA</b>	<b>22.1</b>	<b>4.8</b>	<b>3.1</b>	<b>70.0</b>		<b>100.0</b>	<b>20.8</b>	<b>8.7</b>	<b>5.0</b>	<b>58.9</b>		<b>93.4</b>
<i>EBITDA %</i>	<i>22 %</i>	<i>5 %</i>	<i>3 %</i>	<i>70 %</i>			<i>22 %</i>	<i>9 %</i>	<i>5 %</i>	<i>63 %</i>		
<b>EBIT</b>	<b>6.7</b>	<b>3.8</b>	<b>(1.4)</b>	<b>39.4</b>		<b>48.5</b>	<b>3.6</b>	<b>7.5</b>	<b>(3.1)</b>	<b>38.0</b>		<b>46.0</b>

### 5.1 RO.S.CO & SERVICES

Amounts in EUR millions	1H 2023	1H 2022	Chg	Chg %
Lease of rolling stock	27.2	25.5	1.7	6.7 %
Other revenues	15.0	13.1	1.9	14.5 %
<b>Total revenues</b>	<b>42.2</b>	<b>38.6</b>	<b>3.6</b>	<b>9.3 %</b>
<b>Adj. EBITDA</b>	<b>22.1</b>	<b>20.8</b>	<b>1.3</b>	<b>6.3%</b>
<b>Adj. EBITDA %</b>	<b>52.4%</b>	<b>53.9%</b>		
<b>EBIT</b>	<b>6.7</b>	<b>3.6</b>	<b>3.1</b>	<b>86.1%</b>



**Revenues** for this segment amounted to EUR 42.2 million, up EUR 3.6 million compared to EUR 38.6 million in the first half of 2022. The main revenue item is represented by **lease payments for**

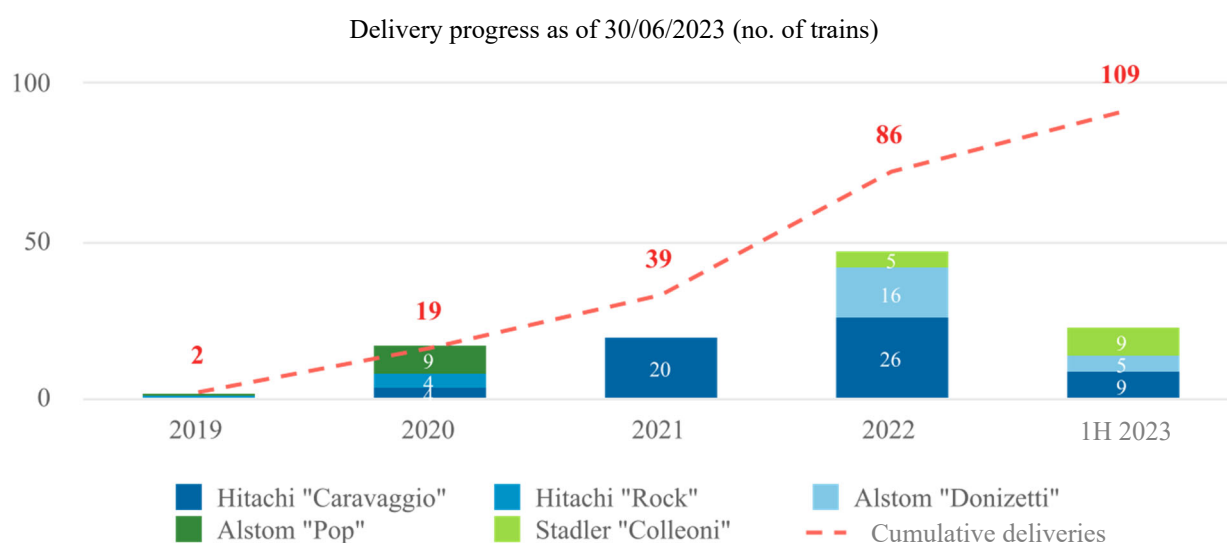
**rolling stock**, primarily to Trenord, amounting to EUR 27.2 million, up EUR 1.7 million compared to the same period of 2022, primarily thanks to higher revenues on TILO trains put into service in 2022 and the revamping of TAF trains. **Other revenues**, which include administrative services (i.e. the management of centralised corporate activities through Service Contracts with investee companies) and management of owned properties, amounted to EUR 15.0 million, up by EUR 1.9 million compared to the first half of 2022. The change is attributable in particular to higher revenues for administrative and IT services, mainly provided to MISE, and higher cost recoveries mainly due to insurance reimbursements.

**Adjusted EBITDA** for the period was EUR 22.1 million, up by EUR 1.3 million compared to the first half of 2022. The increase in revenues for the period was partially offset by higher personnel costs related, *inter alia*, to the increase in average headcount (+11 FTE), service costs, IT and communication costs, also related to the development of the H2iseO and Fili projects, against lower membership fees. Adjusted EBITDA is also affected by the start-up costs of FNMPAY, which increased compared to the first half of 2022, mainly due to higher financial intermediation and personnel costs.

## 5.2 RAILWAY INFRASTRUCTURE

*Operational data:*

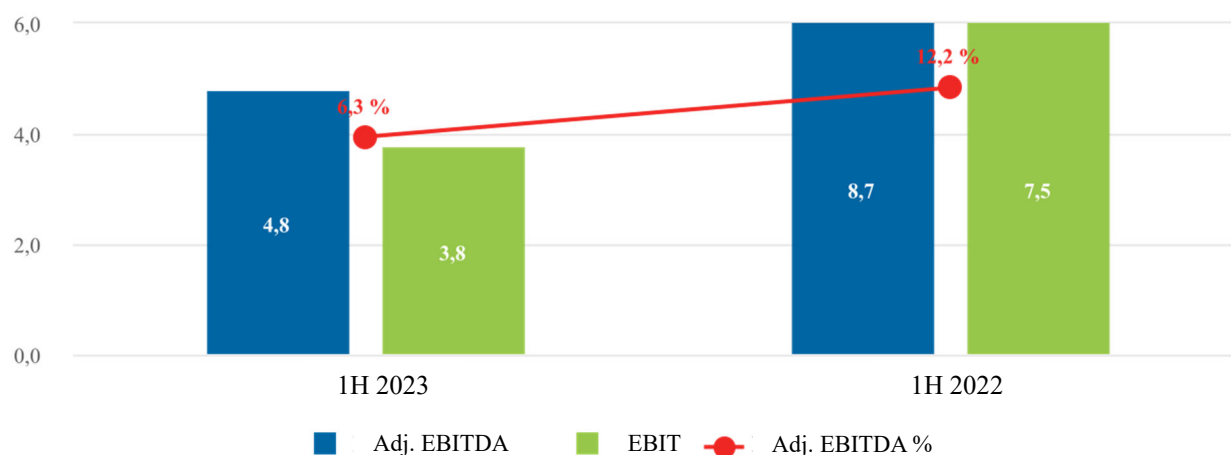
The implementation status of the rolling stock renewal programme for regional rail services for the years 2017-2032 as at 30 June 2023 is shown below:



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 30 June 2023, the 59 Caravaggio trains covered by the first and second Executive Contracts have been delivered, and deliveries of the last lot began in February 2023 with completion scheduled by November 2024. With regard to Alstom, 21 Donizetti trains related to the first Executive Contract were delivered as at 30 June 2023, with deliveries expected to be completed in April 2024. Finally, there were 14 Colleoni trains delivered by Stadler as of 30 June 2023.

*Economic performance:*

Amounts in EUR millions	1H 2023	1H 2022	Chg	Chg %
Public contracts and grants	56.5	54.3	2.2	4.1 %
Lease of rolling stock	9.9	6.9	3.0	43.5 %
Other revenues	9.7	10.3	(0.6)	-5.8 %
<b>Total revenues</b>	<b>76.1</b>	<b>71.5</b>	<b>4.6</b>	<b>6.4 %</b>
<b>Adj. EBITDA</b>	<b>4.8</b>	<b>8.7</b>	<b>-3.9</b>	<b>-44.8%</b>
<b>Adj. EBITDA %</b>	<b>6.3%</b>	<b>12.2%</b>		
<b>EBIT</b>	<b>3.8</b>	<b>7.5</b>	<b>-3.7</b>	<b>-49.3%</b>



Segment **revenues** amounted to EUR 76.1 million, up EUR 4.6 million (+6.4%) compared to EUR 71.5 million in the same period of 2022.

In particular, **revenues relating to public contracts and grants**, which include the consideration deriving from the Service Contract for infrastructure management and the Programme Agreement for the management of investments and maintenance on the network, as well as for the purchase and management of rolling stock on behalf of Regione Lombardia, and the network access fee received directly from the railway companies, amounted to EUR 56.5 million and increased by EUR 2.2 million compared to the first half of 2022. This is mainly driven by increasing network access

revenues, due to the increase in km production of the Milan Branch and the adjustment of toll rates. On the other hand, higher revenues for design activities and higher cost recoveries related to network works (railway connection Malpensa Terminal 2 – RFI line Sempione Terminal 2 in Gallarate and the new depot in Rovato for the maintenance of hydrogen trains) were partially offset by lower general expenses related to funded rolling stock, consistent with the lower progress of orders for new trains. During the period, there was also a reduction in the fees related to the renewal of the Service Contract with effect from 1 January 2023, which provides for, among other things, the discontinuation of the grant for car sharing (equal to EUR 0.9 million in the same period of 2022).

**Revenues from the lease of rolling stock**, referring to fees for the management and maintenance of rolling stock leased by Regione Lombardia to Trenord and managed by FERROVIENORD, increased by EUR 3.0 million as a result of the expansion of Regione Lombardia fleet made available to Trenord.

The **other revenues** recorded a decrease of EUR 0.6 million.

**Adjusted EBITDA** for the segment was EUR 4.8 million, down by EUR 3.9 million compared to the same period of 2022 (EUR 8.7 million). The change is mainly due to higher costs for ordinary infrastructure maintenance activities, both on the Milan branch and the Iseo branch, also incurred to cope with the damage caused by the derailment that occurred at the end of 2022, maintenance and overhaul of operating machinery and work on signalling systems. In addition, in the first half of 2023, maintenance activities were brought forward with respect to both the timing of the comparative year and the current year forecast. It should also be noted that the increase in provisions for cyclical maintenance on the fleet made available to Trenord corresponds to higher revenues from the lease of rolling stock. Finally, personnel costs also increased over the same period of the previous year due to the increase in headcount (+14 FTE) and higher redundancy costs. It should be noted that EBITDA for the first half of 2022 included a contingent asset of EUR 1.7 million related to the recovery of sickness costs for the period 2015-2018.

As far as **terminal management** is concerned, during the period revenues were essentially in line with the first half 2022 (EUR 0.7 million). EBITDA went from a loss of EUR 0.5 million to a loss of EUR 0.3 million, mainly due to lower personnel, maintenance, fuel and utility costs.



### 5.3 ROAD PASSENGER MOBILITY

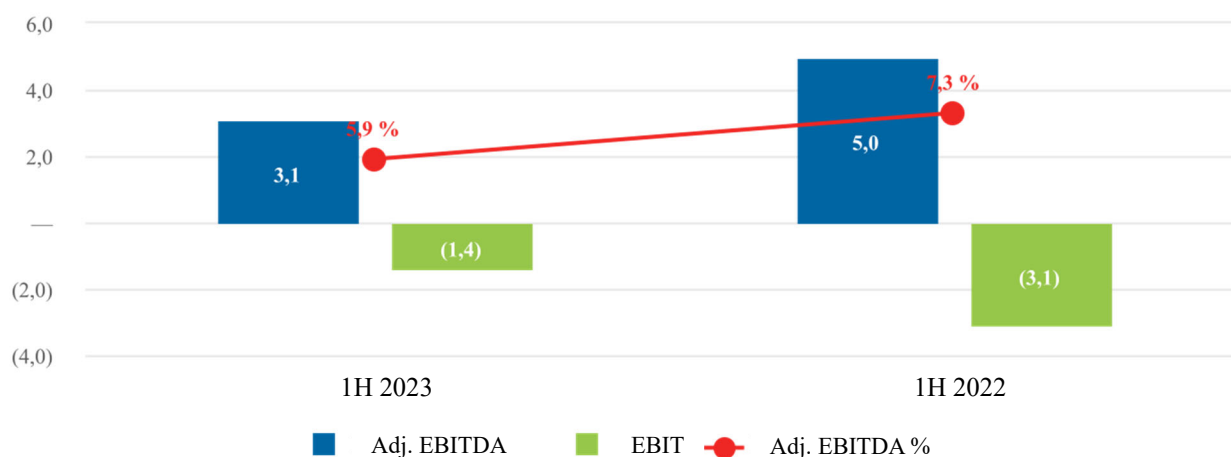
#### Operational data

Mobility indicators		1H 2023	1H 2022	Chg %	1H 2019	Chg %
<b>Passengers</b>	<b>million</b>	<b>34.8</b>	<b>28.1</b>	<b>23.8 %</b>	<b>39.5</b>	<b>-11.9 %</b>
- ATV	million	32.9	26.4	24.6 %	37.3	-11.8 %
- FNMA	million	1.9	1.7	11.8 %	2.2	-13.6 %
<b>LPT</b>	<b>mln bus/km</b>	<b>12.4</b>	<b>13.8</b>	<b>-10.1 %</b>	<b>12.6</b>	<b>-1.6 %</b>
- ATV	mln bus/km	10.0	11.3	-11.5 %	10.3	-2.9 %
- FNMA	mln bus/km	2.4	2.5	-4.0 %	2.3	4.3 %

Overall, travellers carried in the first half of 2023 totalled 34.8 million, up 23.8% from 28.1 million in the first half of 2022, but still 11.9% lower than in the same period of 2019. Local Public Transport services provided amounted to 12.4 million bus-km, down 10.1% compared to the first half of 2022 and by 1.6% compared to the first half of 2019 due to the absence of additional services required to guarantee social distancing during the pandemic period. In addition, the difficulties due to the shortage of drivers continued, requiring a reduction in the urban service provided by ATV in the period of approximately 0.4 million bus-km compared to the first half of 2022.

#### Economic performance

Amounts in EUR millions	1H 2023	1H 2022	Chg	Chg %
Public contracts and grants	25.1	31.8	(6.7)	-21.1 %
Transport services	23.9	32.6	(8.7)	-26.7 %
Other revenues	3.2	4.3	(1.1)	-25.6 %
<b>Total revenues</b>	<b>52.2</b>	<b>68.7</b>	<b>(16.5)</b>	<b>-24.0 %</b>
<b>Adj. EBITDA</b>	<b>3.1</b>	<b>5.0</b>	<b>(1.9)</b>	<b>-38.0%</b>
<b>Adj. EBITDA %</b>	<b>5.9%</b>	<b>7.3%</b>		
<b>EBIT</b>	<b>(1.4)</b>	<b>(3.1)</b>	<b>1.7</b>	<b>ns</b>



**Revenues** for the period decreased by EUR 16.5 million (-24.0%) to EUR 52.2 in the first half of 2023, compared to EUR 68.7 million in the same period of 2022. This performance was essentially attributable to the deconsolidation of La Linea and its subsidiary Martini Bus as of 16 January 2023 and the discontinuation of the public contribution to car sharing, net of which the segment would show revenues down by 1.9% to EUR 51.5 million in the first half of 2023 from EUR 52.5 million in the same period of the previous year.

In particular, **revenues from public contracts and grants** amounted to EUR 25.1 million, down by EUR 6.7 million from EUR 31.8 million in the first half of 2022 (these figures include the contributions, gross of intercompany eliminations, of EUR 0.1 million in the first half of 2023 and EUR 0.4 million in the first half of 2022, respectively). The variation takes into account the loss of contributions for additional services (amounting to EUR 4.4 million in the first half of 2022 and absent in the reporting period), which corresponds to lower sub-contracting costs of EUR 3.8 million. Revenues for the first half of 2023, on the one hand, were also affected by lower income from Service Contracts as a result of the reduction in LPT km production and, on the other hand, continued to benefit from the recognition of the tax credit on the cost of methane in the amount of EUR 0.6 million, which continued throughout the first half of 2023 (EUR 0.3 million in the first half of 2022). In the period under review, no compensation was received for lost ticketing revenue related to the pandemic period, amounting to EUR 2.7 million in the first half of 2022.

**Revenues from transport services** (ticketing, replacement services provided by FNMA on behalf of Trenord, sub-contracted activities and car sharing by E-Vai) in the period amounted to EUR 23.9 million, down EUR 8.7 million compared to EUR 32.6 million in the first half of 2022. The

performance in the period is solely attributable to the sale of La Linea and Martini Bus, whose contribution to revenues, gross of intercompany eliminations, decreased from EUR 13.7 million in the first half of 2022 to EUR 0.5 million in the reporting period, and to the non-recognition of the Regional Grant related to car sharing of EUR 0.9 million in the first six months of 2022. Excluding the aforementioned change, the aggregate would have increased by EUR 5.4 million, mainly due to higher revenues from passenger transport for EUR 3.2 million and the higher amount invoiced for rail-replacement services for EUR 1.9 million.

**Other revenues**, excluding the impact of the change in the scope of consolidation for EUR 1.1 million, were substantially stable compared to the first half of 2022, amounting to EUR 3.2 million.

**Adjusted EBITDA** for the period was EUR 3.1 million, down by EUR 1.9 million compared to the first half of 2022, mainly due to the change in the scope of consolidation (La Linea and Martini Bus had contributed EUR 2.0 million to the segment's Adjusted EBITDA in the first half of 2022, while the contribution for the same period in 2023 was EUR 0.3 million) and the absence of the contribution to car sharing provided by Regione Lombardia amounting to EUR 0.9 million in the first half of 2022. The trend on a like-for-like basis showed a positive trend attributable to a general improvement in margins, mainly due to higher revenues from transport services.

## 5.4 MOTORWAYS

### *Traffic and tariff trends*

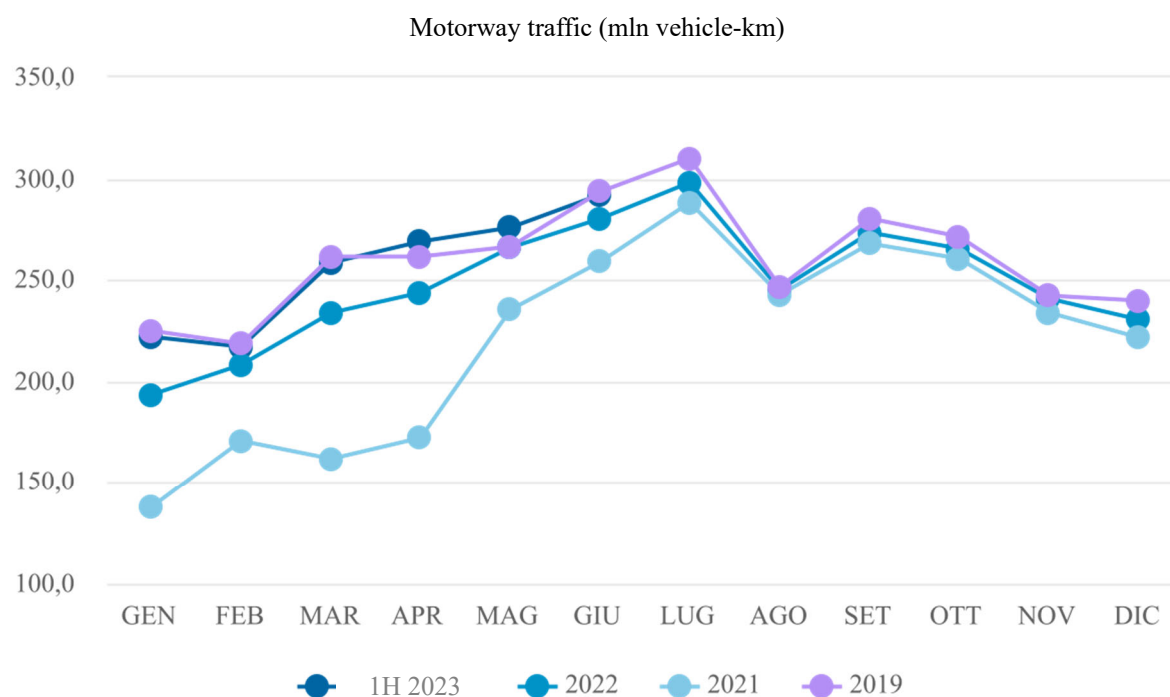
Following the opening to traffic of both carriageways of Lot 1 and Lot 2 of the redeveloped S.P. 46 Rho-Monza (provincial road) with motorway characteristics, which took place on 14 November 2022, on the following 6 December, MISE submitted a request, in compliance with the Agreements in force, to adjust the conventional distance 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.

<i>Paying traffic</i>		<i>1H 2023</i>	<i>1H 2022</i>	<i>Chg %</i>	<i>1H 2019</i>	<i>Chg %</i>
Light vehicles	mln vehicle-km	1,220.7	1,110.0	10.0 %	1,222.6	-0.2 %
Heavy vehicles	mln vehicle-km	312.9	313.9	(0.3) %	303.1	3.2 %
<b>Total</b>	<b>mln vehicle-km</b>	<b>1,533.6</b>	<b>1,423.9</b>	<b>7.7 %</b>	<b>1,525.7</b>	<b>0.5 %</b>

The increase in traffic in the first half of 2023 solidifies the trend recorded in the latter part of the previous year. The above table shows that traffic volumes were slightly higher than those recorded in the same period of 2019, on the other hand, if we analyse the trend of “normalised” traffic, i.e. without the effect of the adjustment of conventional distance, volumes are still slightly below the consolidated figures in 2019 (-0.7%).

With reference to the trend for the individual sections, it should be noted that they increased uniformly on average; the only exception is the Tangenziale Nord (northern ring road), which reflects the effect of the change in the conventional distance travelled of two kilometres since March, following the opening to traffic of the upgraded S.P. 46 Rho-Monza (provincial road). More specifically, the “normalised” change in traffic in the first half of 2023 compared to the same figure as of 30 June 2022 was 6.43%.

With regard to the breakdown between light and heavy vehicles, the figure for the former showed an increase of 10.0% compared to the same period in 2022, while for the latter there was a slight decrease of -0.3% compared to the first half of 2022 (a figure that is nevertheless 3.2% higher than the pre-pandemic figure in 2019). Analysing the “normalised” traffic trend, the breakdown between light and heavy vehicles in the first half of 2023 compared to the corresponding period of 2022 was +8.67% for light vehicles and -1.5% for heavy vehicles, respectively.

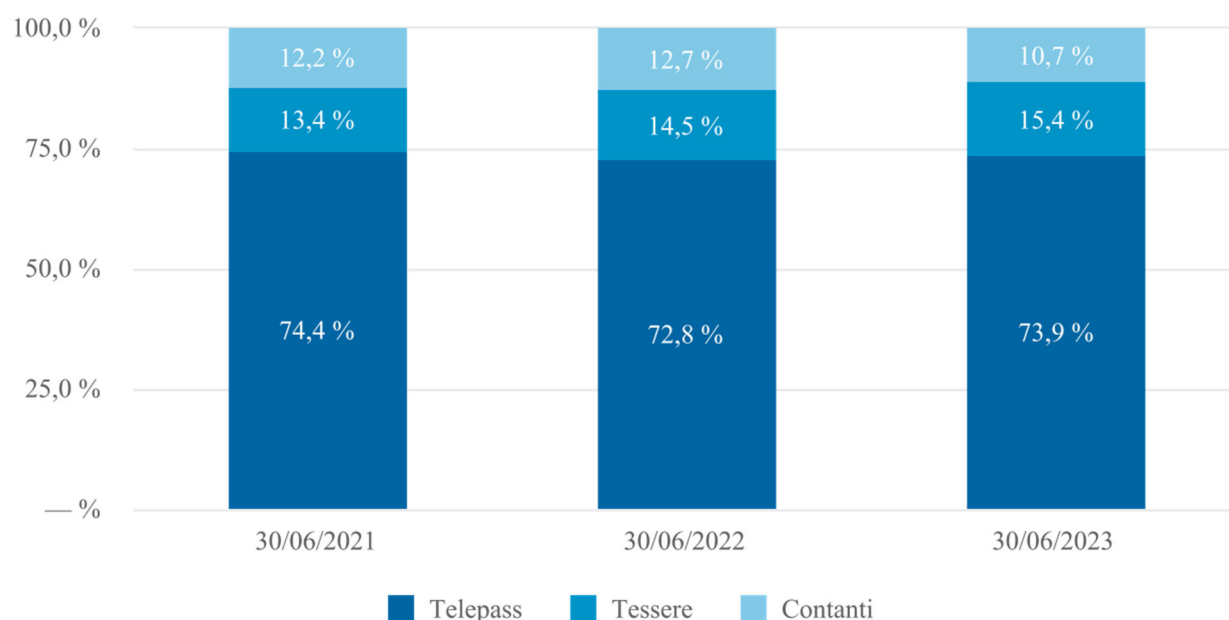


On the basis of the monthly performance of paying traffic, the significant recovery recorded in January 2023 can be attributed to the effect of the Omicron variant, which was still affecting mobility at the beginning of 2022; while the increase recorded from March is linked to the adjustment of the conventional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

In the first half of 2023, the total number of accidents recorded on the network under concession increased by 21.8% compared to the first half of 2022, due to the increase in traffic recorded on the entire network (it should be noted that most of these were micro-accidents due to the high flow of vehicles on the road). No fatal accidents were reported. The accident rate (calculated as the number of accidents per 100 million vehicle-km) for the first half of 2023 stood at 59.66 – up 6.9% from 52.74 in the corresponding period of the previous year.

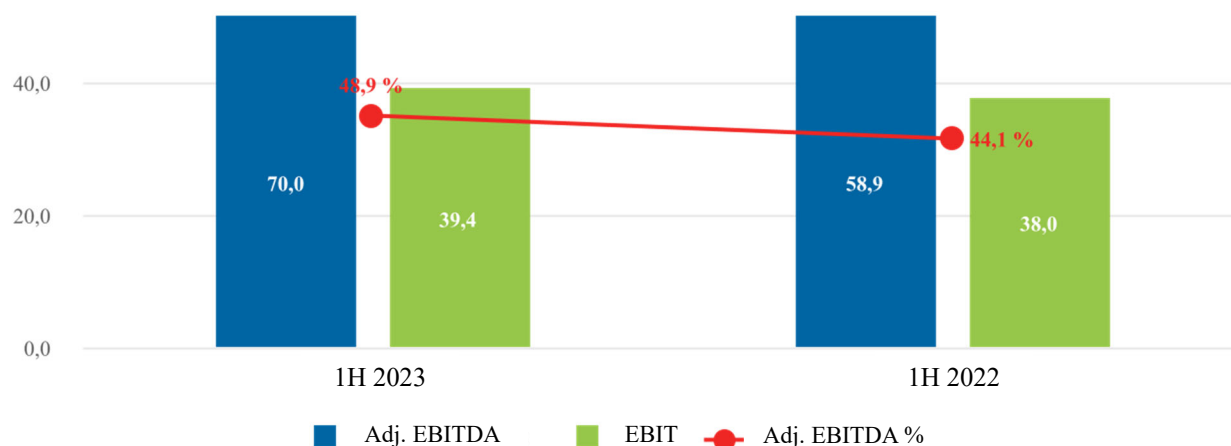
In relation to the preliminary investigation in view of the tariff adjustment for 2023, on 4 January 2023, the Awarding Body acknowledged the request formulated by MISE, pointing out that, based on Decree Law No. 198/2022, the deadline for the adjustment of motorway tariffs relating to the years 2020 and 2021 and those relating to all the years included in the new regulatory period was deferred until the definition of the procedure for updating the Economic and Financial Plans prepared in compliance with the Resolutions adopted by Transport Regulatory Authority. It therefore follows that motorway tariffs have not changed.

A steady decrease in the use of manual (cash) lanes by users and a consequent steady increase in traffic on lanes equipped with automatic toll collection systems (Telepass and cards) was also observed in the first half of 2023. The table below shows the breakdown of the different toll payment methods:



### *Economic performance*

<i>Amounts in EUR millions</i>	<i>1st HALF 2023</i>	<i>1st HALF 2022</i>	<i>Chg</i>	<i>Chg %</i>
Toll revenues	132.8	123.7	9.1	7.4 %
Other revenues	11.9	9.9	2.0	20.2 %
<b>Total revenues</b>	<b>144.7</b>	<b>133.6</b>	<b>11.1</b>	<b>8.3 %</b>
<b>Adj. EBITDA</b>	<b>70.0</b>	<b>58.9</b>	<b>11.1</b>	<b>18.8%</b>
<b>Adj. EBITDA %</b>	<b>48.4%</b>	<b>44.1%</b>		
<b>EBIT</b>	<b>39.4</b>	<b>38.0</b>	<b>1.4</b>	<b>3.7%</b>



In the first half of 2023, the Motorways segment showed **revenues** of EUR 144.7 million, up by EUR 11.1 million compared to EUR 133.6 million in the same period of 2022, mainly due to the increase in **toll revenues** (EUR +9.1 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 (provincial road).

**Other revenues** also rose (EUR +2.0 million compared with H1 2022) mainly due to higher income from service area concessions (EUR +1.8 million, or +56.4% compared with H1 2022), which benefited from the increase in sales related to traffic trends, as well as the gradual activation of new agreements with sub-concessionaires with more favourable economic conditions for MISE. In fact, during the period, two further contracts were signed in addition to the 29 already active at the end of 2022; the final batch is expected to be finalised after the summer.

**Adjusted EBITDA** for the period was EUR 70.0 million, up EUR 11.1 million on the first half of 2022, consistent with the increase in revenues. The costs for the period remained in line with those of the first six months of 2022, despite the heterogeneous trend described below.

Maintenance and restoration costs on the motorway infrastructure increased by EUR 6.7 million, mainly attributable to the renovation works on the Po Bridge, higher expenses in the area of safety at the Zerbolò integrated barrier, as well as maintenance activities on the pavement at the end of the winter season and on green areas, only partially offset by lower initiatives in the area of toll collection as the previous year was characterised by extraordinary activities on the track software and the implementation of an important automation plan. These effects were more than offset by the net movement in the renewal provision as a result of the restoration work performed and planned (higher utilisations and lower allocations), as well as by the presence in the first half of 2022 of a release of

the provision for delayed maintenance. In this regard, it should be noted that the cost of the maintenance performed includes the effect of updating the ANAS price lists: Law No. 197/2022 actually extended the application of Article 26 of Decree Law No. 50 of 17 May 2022 also to works performed until 31 December 2023, making provision for the recognition to contractors of the higher charges deriving from the application of the updated price lists in order to offset the anomalous increase in the costs of raw materials and energy recorded in the last two years.

The trend in operating costs is also attributable to higher costs related to the resumption of traffic (including collection charges and concession fees), the service activities performed by the Parent Company, higher costs related to information systems following the introduction of the new ERP (Enterprise Resource Planning), and to the adjustment of the provision for risks mainly following the notification of some tax bills for crossing charges as well as a risk on expropriation positions for occupation indemnities on the Pavia-Beregardo Motorway Link.

Labour costs decreased by EUR 0.6 million mainly due to the effect of redundancy incentives, as in the first half of 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. On the other hand, the effects of the reduction of the average workforce (-21 FTE) and the adjustment of the performance bonus offset the increase related to the renewal of the National Collective Bargaining Agreement and other variable components.

## 5.5 MAIN INVESTEE COMPANIES

### TRENORD

#### *Service performance*

		<i>1H 2023</i>	<i>1H 2022</i>	<i>Chg %</i>	<i>1H 2019</i>	<i>Chg %</i>
Passengers transported	million	93.1	74.5	25.0 %	110.2	-15.5 %

The railway service in the first half of 2023 showed an improving trend, compared to the already positive result in the first half of 2022. In fact, the recovery in the number of travellers continued in the first half of 2023, up 25.0% compared to the same period in 2022, reaching values of close to 700 thousand daily travellers on weekdays, but still 15.5% lower than in the first half of 2019 (pre-pandemic values). The difference is much smaller on public holidays, which showed a reduction of about 5%. The airport and leisure segments recorded a clear recovery, sitting at higher values than in 2019: the growth of the Malpensa Express continues, with over 14 thousand travellers to the airport



transported every day, also benefiting from the reactivation, at the end of May 2023, of the connection to Terminal 2 of Malpensa Airport, interrupted during the pandemic period.

Planned production increased and, with the timetable adjustment effective from 10 June 2023, stood at approximately 42.3 million train-km per year. A total of 2,160 trains ran on weekdays and over 1,600 on public holidays.

As far as operational performance is concerned, the 5-minute punctuality perceived by the customer (no cause excluded) stood at 84.8%, with values ranging from 85.5% to 86.4% in the months of January to April, and then declining to 83.3% in May and 82.7% in June. The downturn in the last two months of the half-year is essentially attributable to weather events: numerous days of rain (including intense rain, with flooding and line interruptions due to landslides) in May, intense heat in the second half of June, with the usual problems that afflicted older trains.

As regards the evolution of tariffs, as highlighted in the 2022 Annual Financial Report, the LPT Agency of the Milan, Monza and Brianza area, with Resolution No. 10/2022 of 26 August 2022, approved the tariff adjustment coefficients of the applicable STIBM Integrated Tariff System: the new tariffs were applied as of 9 January 2023. The Council of Regione Lombardia also approved, by Resolution No. XII/610 of 10 July 2023, the adjustment of tariffs for regional and local public transport services for 2023. According to regional Regulations, LPT tariffs must in fact be adjusted annually, starting on 1 September of the same year. Based on the mathematical calculation algorithm for the year 2023, the adjustment percentage for railway services (which takes into account both consumer price trends and penalties and bonuses linked to service cleanliness, regularity, frequency and punctuality parameters) is 4.01%; for other local public transport services it is 4.81%.

#### *Economic data summary*

<i>Amounts in EUR millions</i>	<b>1H 2023</b>	<b>1H 2022</b>	<b>Change</b>	<b>Change %</b>
Revenues from sales and services	424.8	383.3	41.5	10.8 %
Other revenues and income	12.3	4.6	7.7	n.s.
<b>TOTAL REVENUES AND OTHER INCOME</b>	<b>437.1</b>	<b>387.9</b>	<b>49.2</b>	<b>12.7 %</b>
Operating costs	(200.9)	(197.7)	(3.2)	1.6 %
Personnel costs	(146.0)	(139.1)	(6.9)	5.0 %
<b>EBITDA</b>	<b>90.2</b>	<b>51.1</b>	<b>39.1</b>	<b>76.4 %</b>
Depreciation, amortisation and write-downs	(85.6)	(81.5)	(4.0)	5.0 %
<b>EBIT</b>	<b>4.6</b>	<b>(30.4)</b>	<b>35.0</b>	<b>n.s.</b>
Net financial income (loss)	(4.2)	(0.6)	(3.6)	n.s.
<b>EARNINGS BEFORE TAX</b>	<b>0.5</b>	<b>(31.0)</b>	<b>31.4</b>	<b>n.s.</b>
Income taxes	(0.1)	2.4	(2.5)	n.s.
<b>NET COMPREHENSIVE INCOME (LOSS)</b>	<b>0.3</b>	<b>(28.6)</b>	<b>28.9</b>	<b>n.s.</b>

The first half of 2023 recorded a net profit of EUR 0.3 million, an increase of EUR 28.9 million compared to the figure for the first half of 2022 (EUR -28.6 million), due to the significant improvement in operations as a result of the recovery of mobility.

Overall, in the first half of 2023, **revenues** increased by EUR 49.2 million to EUR 437.1 million, up from EUR 387.9 million. In detail:

- **revenues from rail traffic** amounted to EUR 188.7 million, up by EUR 46.4 million compared to EUR 142.3 million in the first half of 2022. The trend is attributable to the combination of a positive volume effect and a price effect. On the one hand, there was an increase in the number of travellers transported as a result of the upturn in demand (although this is still lower than in 2019), coupled with a change in the mix of products purchased by passengers in favour of those with higher unit fares. In addition to these changes, on the fares side, the following was recorded: (i) an adjustment of ticket prices linked to inflation as described above, (ii) the – for now limited – effects of the daily validity of the ticket, which came into force in mid-May 2023, (iii) the reinforcement of control activities in stations aimed at increasing customer assistance and controlling ticket evasion thanks to a ground filter;
- **revenues from the Service Contract** amounted to EUR 218.8 million, down by EUR 4.9 million compared to the first half of 2022. The main changes relate to lower network access costs of EUR 9.2 million, mainly due to the reduction in energy costs and a slight increase in penalties of EUR 0.2 million;
- the **other revenues from sales and services** (mainly revenue from train lease to SBB and traction service on the medium- and long-distance branch) amounted to EUR 17.3 million, essentially unchanged from the first half of 2022;
- **other income** amounted to EUR 12.3 million, an increase of EUR 7.7 million compared to the first half of 2022, and included income for the so-called “*electricity bonus*”, amounting to EUR 4.5 million. No compensation for lost revenues related to the pandemic period was recorded in H1 2023, as was the case in 2022.

**Personnel costs** amounted to EUR 146.0 million (EUR 139.1 million in the first half of 2022), marking an overall increase of EUR 6.9 million. This change is mainly due to the increase in the number of staff deployed (+ 141 FTE), related to the strengthening of the mobile personnel structure, necessary to ensure the process of transition from the old fleet to the new one, guaranteeing continuity of service, as well as to the full implementation of the ground handling and control project.

**Operating costs** amounted to EUR 200.9 million, up by EUR 3.2 million compared to the first half of 2022. The main cost increases concern the lease of rolling stock (EUR +2.7 million), train paths (EUR +3.9 million), lease payments (EUR +2.0 million), commissions payable (EUR +1.7 million), replacement services (EUR +1.3 million) and insurance (EUR +1.1 million), offset by the reduction in the cost of energy for traction (EUR -9.8 million) and utilities (EUR -0.9 million).

**EBITDA** amounted to EUR 90.2 million, up by EUR 39.1 million compared to EUR 51.1 million in the first half of 2022, due to the increase in revenues, partly offset by the increase in labour and operating costs.

**Amortisation/Depreciation** of fixed assets amounted to EUR 83.7 million (EUR 82.9 million in 2022) and mainly relate to the depreciation of leased rolling stock as well as amortisation on cyclical maintenance on supplied and leased materials. The **net write-downs** amounted to EUR 1.8 million, mainly referring to the provision for doubtful receivables, which compares with write-downs of EUR 1.4 million recorded in the first half of 2022.

The value of **EBIT** was positive by EUR 4.6 million, an improvement from the value of the first half of 2022 (EUR -30.4 million).

The **net financial income (loss)** recorded a value of EUR -4.2 million compared to EUR 0.6 million in the first half of 2022, mainly due to higher interest expenses accrued on financial payables taken out for leased assets in application of IFRS 16 and interest expenses on the discounted value of the provision for post-employment benefits.

**Earnings before tax** amounted to EUR 0.5 million, up from the value of the first half of 2022 (EUR -30.9 million).

The item **income taxes** was negative for EUR 0.1 million, which compares with the positive value of EUR 2.4 million in the first half of 2022, attributable to the positive change in the profit for the period and the recognition of lower net advance tax credits.

The first half of 2023 therefore closed with a **net income** of EUR 0.3 million, an improvement over the loss of EUR 28.6 million reported in the first half of 2022.

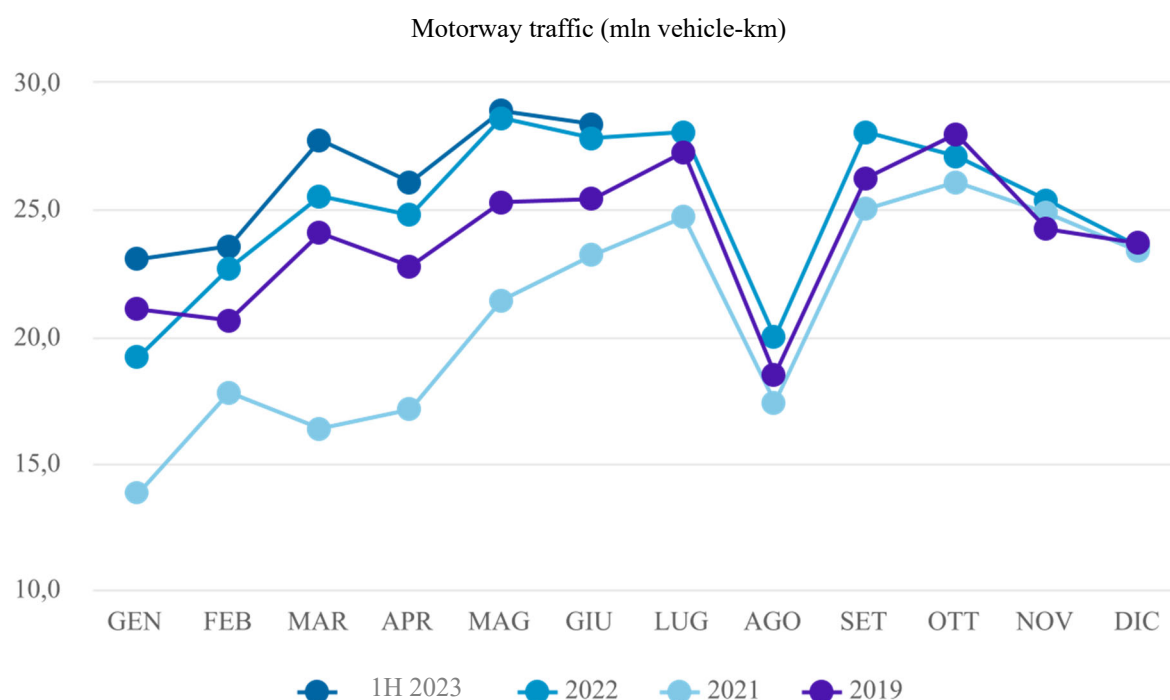
## AUTOSTRADA PEDEMONTANA LOMBARDA (APL)

### Traffic and tariff trends

Paying traffic		1H 2023	1H 2022	Chg %	1H 2019	Chg %
Light vehicles	mln vehicle-km	127.0	117.7	7.9 %	112.2	13.2 %
Heavy vehicles	mln vehicle-km	30.5	30.8	(0.9) %	26.9	13.5 %
<b>Total</b>	<b>mln vehicle-km</b>	<b>157.6</b>	<b>148.5</b>	<b>6.1 %</b>	<b>139.1</b>	<b>13.3 %</b>

The traffic recorded in the first half of 2023, as in 2022, continued to perform well, improving by 6.1% on the same period in 2022, despite the slight decrease in heavy traffic. Traffic volumes for the period were significantly higher than in the same period of 2019 (+13.3%), for both heavy traffic (+13.5%) and light traffic (+13.2%).

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



With regard to tariffs, as of 1 January 2021, no increases in motorway tariffs were granted to the Company. The recognition of the tariff adjustment was influenced, according to the approach of the

Competent Authorities, by the failure to complete the process of updating the EFP, which is still in progress, as explained in section 2.5.

In the absence of the regulatory prerequisites represented by the existence of an EFP in force, the Ministry of Infrastructure and Transport (MIT) deemed that again in 2023 it could not accept the requests to update the tariff submitted by the Company, as was the case for the years 2022 and 2021. The MIT has in any case communicated that, when the new EFP becomes effective, the recovery of any tariff adjustments accrued as of the beginning of the current regulatory period will in any event be possible. It therefore follows that motorway tariffs have not changed.

APL challenged the measure referred to in the MIT Note of 4 January 2023 whereby the request for a tariff adjustment as of 1 January 2023 was rejected, just as it also challenged the measures for the years 2022 and 2021.

The percentage of tolls not paid within the 15-day deadline was 12.3%. Given the increase in traffic in the first half of 2023, this figure showed a slight improvement compared to 12.6% in the first half of 2022. In this regard, it should be noted that the incisiveness of the debt collection actions conducted by the Investee also allowed the positive trend of collections to continue. In fact, on the basis of the debt collection activities carried out by June 2023, the percentage of unpaid tolls for the entire year 2022 decreased from 13.1% to approximately 7.1% and will decrease further when the debt collection process is completed. Notwithstanding the above, initiatives aimed at making debt collection actions more incisive and improving their performance continue in parallel.

#### *Economic data summary*

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

<i>Amounts in EUR millions</i>	<b>1H 2023</b>	<b>1H 2022</b>	<b>Change</b>	<b>Change %</b>
Toll revenues	22.0	21.0	1.0	4.8 %
Other revenues and income	2.8	2.5	0.3	12.0 %
<b>TOTAL REVENUES AND OTHER INCOME</b>	<b>24.8</b>	<b>23.5</b>	<b>1.3</b>	<b>5.5 %</b>
Operating costs	(7.9)	(7.6)	(0.3)	3.9 %
Personnel costs	(5.5)	(4.2)	(1.3)	31.0 %
<b>EBITDA</b>	<b>11.4</b>	<b>11.7</b>	<b>(0.3)</b>	<b>-2.6 %</b>
Depreciation, amortisation, provisions and write-downs	(2.7)	(3.2)	0.5	-15.6 %
<b>EBIT</b>	<b>8.7</b>	<b>8.5</b>	<b>0.2</b>	<b>2.4 %</b>
Net financial income (loss)	(13.7)	(9.6)	(4.1)	42.7 %
<b>EARNINGS BEFORE TAX</b>	<b>(5.0)</b>	<b>(1.1)</b>	<b>(3.9)</b>	<b>n.s.</b>
Income taxes	(0.4)	(0.4)	—	— %
<b>COMPREHENSIVE INCOME (LOSS)</b>	<b>(5.4)</b>	<b>(1.5)</b>	<b>(3.9)</b>	<b>n.s.</b>

In the first half of 2023, APL generated **revenues** of EUR 24.8 million, up from EUR 23.5 million in the same period of 2022, mainly due to traffic growth. As mentioned above, no increases in motorway tolls were granted to APL during the period.

The increase in revenues is, however, more than offset by the increase in operating costs, mainly attributable to higher personnel costs (EUR -1.3 million) related to the increase in the number of staff (the headcount rose from 96 in the first half of 2022 to 131 in the first half of 2023). This followed APL's desire to strengthen the structure, with a view to development, through a number of hires considered strategic, as well as to replace the secondments in place at MISE in the operational and collection customer care segments.

During the period, **EBITDA** therefore decreased to EUR 11.4 million, compared to EUR 11.7 million in the first half of 2022.

**EBIT** grew by EUR 0.2 million, amounting to EUR 8.7 million, against depreciation, amortisation and other provisions, which were down overall compared to the first half of 2022.

The investee closed the first half of 2023 with a **net loss** of EUR 5.4 million, down with respect to the result recorded in H1 2022 (loss of EUR 1.5 million), mainly as a result of the increase in net financial expenses (EUR -4.1 million) deriving from the higher interest rates on the Bridge Loan Bis and on the Shareholders' Loan at variable rate, as well as from the application of the amortised cost to the ancillary charges to the Senior Loan 1 (EUR -2.1 million), entered into at the end of August 2021, which will not be capitalised on the value of the work until the works commence.

## 6 FNM GROUP HUMAN RESOURCES

The average number of employees of the FNM Group as at 30 June 2023 was 2,565 FTE, compared to 2,573 FTE in the first half of 2022, net of the 224 FTE associated with the subsidiaries sold.

### 6.1 INDUSTRIAL RELATIONS

In the first half of 2023, trade union discussions with the Organisations active in the FNM Group led to the signing of several agreements in Group companies.

On 1 March 2023, an agreement was signed at the company FNM Autoservizi that provided for the payment of a one-off contribution as compensation 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.

On 7 March 2023, an agreement was signed involving the companies FNM, FERROVIENORD, FNM Autoservizi and Nord\_Ing regarding training, with the possibility of access to funding provided by the Bilateral Body Fonservizi.

In addition, in June, the second tranche of the pay increases provided for in the renewal of the National Collective Bargaining Agreement signed on 10 May 2022 was applied to companies applying the National Collective Bargaining Agreement for the Railway/Tram sector.

The contractual framework of welfare for the employees of Malpensa Distripark was also prepared, in anticipation of the recruitment of personnel by Malpensa Distripark.

With regard to the National Collective Bargaining Agreement for Motorway and Tunnel Companies and Consortia, during the first part of 2023, bargaining began for the preparation of the implementation of the provisions contained in the agreement signed on 15 December 2022, concerning the guidelines of the second-level supplementary agreement for the three-year period 2023-2025.

The parties discussed organisational issues related to the operational areas and retraining, as well as the consequent enhancement of certain tasks performed by operational staff who have partly changed their scope of action over the last three years. In addition, the impact of the increase in automation in the toll booth operator sector was also assessed, as well as the need for better integration among the various players operating at motorway barriers and toll booths. Similarly, the impact and commitment that the entry of 18 new staff members, drawn from the external market, will entail for the road sector has been assessed.

There were also some common observations on the issues of welfare and supplementary health insurance, in order to seek a better balance and more effective synergy between the two benefits.

Furthermore, during the first half of the year, two agreements were reached with the Company union representatives (RSA) of the national trade unions that are signatories to the sector's National Collective Bargaining Agreement, with whom the following was established: (i) the crediting in one instalment of the 2023 welfare credit, paid with the May coupon, and (ii) the agreement on the geo-positioning of the subsidiary's operating vehicles.

## **7. MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED**

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

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

Operations of the first half of 2023 did not change the risk scenarios set out in the Management Report attached to the Separate and Consolidated Financial Statements as at 31 December 2022, to which reference should be made for further details.

Particularly, with regard to the inflation risk, determined by the increase in energy and raw material prices recorded from the first quarter of 2022, following the serious uncertainties related to the conflict between Russia and Ukraine that broke out on 24 February 2022, the Group remains flexible in the effective management of variable and discretionary costs and carefully monitors the evolution of the situation in order to understand if and to what extent price increases could affect the expected results. With regard to price dynamics, after the levels reached in 2022, the first half of 2023 saw a gradual reduction in global inflation, which is still far from the target values of around 2% per annum. The operating performance in the first half of 2023 actually recorded improved results compared to the same period of the previous year, fully in line with expectations, despite the continuing uncertainties related to inflation and energy price dynamics.

The FNM Group also has limited exposure to the risk of rising interest rates, analysed in section 3.1, to which reference should be made. Thanks to the issue of the EUR 650 million fixed-rate bond maturing in October 2026, which enabled the repayment of the floating-rate Bridge Loan taken out to finance the acquisition of MISE, 86% of the Group's gross debt at 30 June 2023 is represented by fixed-rate loans. The remaining 14% of debt is represented by loans held by MISE taken out at



variable rates, for which a 125 bps increase or decrease in interest rates represents a net increase or decrease in the incidence of financial expenses on the net profit of EUR 0.6 million, net of the tax effect.

## 8. MOST RELEVANT LITIGATION AND OTHER INFORMATION

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

In relation to the status of the ongoing litigation with the supplier Cogel S.p.A. in liquidation, which was noted in the Management Report to the Financial Statements as at 31 December 2022, it should be noted that actions to protect the subsidiary's interest continue, with the monitoring of the liquidation situation of the counterparty. The dispute was decided in the third instance by the Court of Cassation's ruling No. 17453/2021, but it has been partially resumed before the Court of Appeal of Milan.

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

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

Court of Appeal also confirmed the first instance judgement to the extent in which it ordered Cogel to pay the Affori penalty and the Busto Arsizio insurance. Finally, FERROVIENORD, jointly and severally with Cogel, must pay legal fees in favour of Generali Italia S.p.A., for the total amount of EUR 25,560.00 with any additional sums as required by law and flat-rate reimbursement.

The Court of Appeal's judgement was challenged before the Court of Cassation by Generali Italia S.p.A., which asked for 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 to FERROVIENORD as a guarantee). Subsequently, Cogel also challenged the same judgement requesting with respect to FERROVIENORD the recognition of default interest pursuant to Legislative Decree No. 231/2002 for an amount of EUR 963,368.99 (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 [see point *iii*) above], the case was resumed by Ferrovienord before the Milan Court of Appeal. At the first hearing held on 3 March 2022, the parties informed the Panel that negotiations were under way for an amicable settlement of the dispute. The Court of Appeal acknowledged the negotiations and adjourned the case to the hearing on 28 September 2023 for closing arguments. Negotiations for an amicable settlement of the dispute are still ongoing.

## **Litigation with the Customs Agency**

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 Regione Lombardia 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.

In 2022, discussions were resumed with the State Attorney in charge of the case, who expressed a willingness to consider a proposal for an out-of-Court settlement of the dispute, to be submitted to the Agency for examination.

In June 2023, a proposal was submitted for an out-of-Court settlement of the dispute, which as at 2 August 2023, however, had not yet been ascertained by the other party.

## **9. SIGNIFICANT EVENTS DURING THE PERIOD**

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

**31 March 2023** – the sale of the equity investment in La Linea S.p.A., 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 (date of first closing). 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, 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.

## **10. SIGNIFICANT EVENTS AFTER 30 JUNE 2023**

No significant events occurred after 30 June 2023.

## **11. MANAGEMENT OUTLOOK**

In view of the results achieved in H1 2023, which are fully in line with expectations, the Company confirms its overall forecasts for the full year 2023.

In 2023, demand for mobility is expected to gradually recover: motorway traffic is expected to reach pre-pandemic levels, with light and heavy traffic respectively in line and higher than in 2019. By contrast, demand for local public transport will still be lower than in 2019.

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

In light of these reflections, in 2023 for the FNM Group the following are confirmed:

- revenue growth in the range of 1%-5% compared to 2022 (this growth would be in the range of 2%-7% if 2022 were considered on a like-for-like basis with 2023, i.e. if 2022 excluded the

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values of La Linea and Martini Bus and the loss of the annual contribution for the development of car sharing);

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

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

For Trenord – measured according to the Equity method – transport demand is expected to recover markedly as well compared to 2022, with a gradual recovery in volumes to pre-pandemic levels over a period of a few years. 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, 2 August 2023

The Board of Directors

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## GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE INDICATORS USED

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

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

**EBITDA:** it represents the earnings for the period before income taxes, other financial income and expenses, depreciation, amortisation and 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:

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

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

**EBIT:** it represents the earnings for the period before the income deriving from sold/disposed assets, income taxes, financial income and expenses and the profit/loss of companies measured with the Equity method.

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

**Net Invested Capital:** it is equal to the algebraic sum of Fixed Capital, which includes non-current assets and non-current liabilities (excluding the non-current financial liabilities included in the Net Financial Position), and of Net Working Capital.

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

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





***Consolidated Condensed  
Interim Financial Statements as at 30 June 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 Condensed Interim Financial  
Statements***

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30.06.2023**

<i>Amounts in EUR thousands</i>	<b>Notes</b>	<b>30/06/2023</b>	<b>31/12/2022</b>
<b><u>ASSETS</u></b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	489,054	480,501
Intangible assets	6	332,477	340,038
Right of use	7	18,376	20,233
Equity investments measured with the Equity method	8	156,965	160,690
Equity investments measured at fair value through profit or loss	8	11,141	11,141
Other financial assets measured at amortised cost	9	61,091	57,316
of which: Related Parties	9	60,090	56,316
Financial assets measured at fair value through profit or loss	10	4,331	4,324
Contractual assets	12	72,204	77,208
Deferred tax assets		33,307	32,658
Tax receivables	16	154	17
Other Assets	15	3,354	3,542
of which: Related Parties	15	7	7
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,182,454</b>	<b>1,187,668</b>
<b>CURRENT ASSETS</b>			
Inventories	13	13,308	12,109
Trade Receivables	14	177,341	152,964
of which: Related Parties	14	76,992	70,529
Other Assets	15	159,797	149,490
of which: Related Parties	15	21,503	25,566
Tax receivables	16	183	212
Other financial assets measured at amortised cost	9	1,119	1,174
of which: Related Parties	9	533	481
Financial assets measured at fair value through profit or loss	10	857	7,709
Receivables for investments in services under concession	11	247,998	249,333
of which: Related Parties	11	246,001	247,336
Cash and cash equivalents	17	246,125	236,928
<b>TOTAL CURRENT ASSETS</b>		<b>846,728</b>	<b>809,919</b>
Assets held for sale	18	—	21,966
<b>TOTAL ASSETS</b>		<b>2,029,182</b>	<b>2,019,553</b>

Amounts in EUR thousands	Notes	30/06/2023	31/12/2022
<b><u>LIABILITIES</u></b>			
Share capital		230,000	230,000
Other reserves		13,438	13,335
Reserve for indivisible profit		37,796	(22,721)
Reserve for actuarial gains/(losses)		(4,785)	(5,357)
Translation reserve		208	200
Profit/(loss) for the period		33,480	68,476
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP</b>		<b>310,137</b>	<b>283,933</b>
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING</b>		<b>19,611</b>	<b>22,980</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>19</b>	<b>329,748</b>	<b>306,913</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables to banks	20	118,662	143,681
Bond Loan	21	645,117	644,398
Financial Payables	21	12	2,197
Lease liabilities	21	15,507	18,029
	of which: Related Parties	33	20
Payables for funded investments	22	13,678	12,587
	of which: Related Parties	7,863	6,763
Other liabilities	24	34,266	31,095
	of which: Related Parties	10,705	10,075
Provisions for risks and charges	25	83,558	74,540
Post-employment benefits	26	19,000	20,410
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>929,800</b>	<b>946,937</b>
<b>CURRENT LIABILITIES</b>			
Payables to banks	20	60,076	55,070
Bond Loan	21	3,379	961
Financial Payables	21	24,727	35,679
	of which: Related Parties	20,827	30,586
Lease liabilities	21	7,846	7,746
	of which: Related Parties	43	115
Payables for funded investments	22	69,380	41,112
	of which: Related Parties	62,507	41,112
Trade payables	27	465,957	470,689
	of which: Related Parties	9,842	13,405
Payables for taxes	28	1,645	9,382
Tax payables	28	10,912	6,676
Other liabilities	29	67,985	63,722
	of which: Related Parties	20,543	17,696
Provisions for risks and charges	25	57,727	67,641
<b>TOTAL CURRENT LIABILITIES</b>		<b>769,634</b>	<b>758,678</b>
Liabilities related to assets held for sale	18	—	7,025
<b>TOT. LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,029,182</b>	<b>2,019,553</b>

## CONSOLIDATED INCOME STATEMENT – FIRST HALF OF 2023

<i>Amounts in EUR thousands</i>	Notes	1st Half 2023	1st Half 2022
Revenues from sales and services	30	276,741	259,543
of which: Related Parties	30	98,350	88,173
Revenues from construction services – IFRIC 12	32	56,667	52,823
of which: Related Parties	32	40,873	28,054
<b>TOTAL REVENUES</b>		<b>333,408</b>	<b>312,366</b>
Grants	31	5,892	13,009
of which: Related Parties	31	3,763	4,262
Other income	33	16,140	16,985
of which: Related Parties	33	4,225	3,877
<b>TOTAL REVENUES AND OTHER INCOME</b>		<b>355,440</b>	<b>342,360</b>
Raw materials, consumables and goods used	34	(15,475)	(15,270)
Service costs	35	(75,517)	(77,943)
of which: Related Parties	35	(5,351)	(5,146)
of which: non-recurring	35	—	(36)
Personnel costs	36	(82,387)	(81,258)
Depreciation, amortisation and write-downs	37	(51,478)	(47,448)
Write-down of financial assets and contractual assets	38	(569)	(1,309)
Other operating costs	39	(27,632)	(24,769)
of which: Related Parties	39	(283)	(91)
Costs of construction services – IFRIC 12	32	(53,843)	(48,419)
<b>TOTAL COSTS</b>		<b>(306,901)</b>	<b>(296,416)</b>
<b>EBIT</b>		<b>48,539</b>	<b>45,944</b>
Financial income	40	3,503	4,133
of which: Related Parties	40	1,884	1,834
Financial expenses	41	(9,482)	(6,778)
of which: Related Parties	41	(185)	(118)
<b>NET FINANCIAL INCOME</b>		<b>(5,979)</b>	<b>(2,645)</b>
Net profit of companies measured with the Equity method	42	(462)	(9,733)
<b>EARNINGS BEFORE TAX</b>		<b>42,098</b>	<b>33,566</b>
Income taxes	43	(8,754)	(13,461)
<b>NET PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>33,344</b>	<b>20,105</b>
<b>NET PROFIT FROM DISCONTINUED OPERATIONS</b>		<b>—</b>	<b>—</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>33,344</b>	<b>20,105</b>
<b>Profit/(loss) attributable to NON-CONTROLLING Interest</b>		<b>(136)</b>	<b>(1,333)</b>
<b>Profit/(loss) attributable to Parent Company Shareholders</b>		<b>33,480</b>	<b>21,438</b>
<b>Profit/(loss) attributable to NON-CONTROLLING Interest for discontinued operations</b>		<b>—</b>	<b>—</b>
<b>Profit/(loss) attributable to Parent Company Shareholders for discontinued operations</b>		<b>—</b>	<b>—</b>
<b>Earnings per share attributable to Group Shareholders</b>			
Basic earnings per share (EUR)	44	0.08	0.05
Diluted earnings per share (EUR)	44	0.08	0.05
<b>Earnings per share attributable to Group Shareholders for discontinued operations</b>			
Basic earnings per share (EUR)		—	—
Diluted earnings per share (EUR)		—	—

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – FIRST HALF OF 2023**

<i>Amounts in EUR thousands</i>	Notes	1st Half 2023	1st Half 2022
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>33,344</b>	<b>20,105</b>
<b>Other items of companies consolidated on a line-by-line basis</b>			
Post-employment benefit actuarial gain/(loss)	26	119	3,319
Tax effect	43	(32)	(929)
<b>Total items that will not be reclassified subsequently to the income statement</b>		<b>87</b>	<b>2,390</b>
Fair value measurement of derivatives	21	264	1,855
Tax effect	43	(64)	(445)
<b>Total items that may be reclassified subsequently to the income statement</b>		<b>200</b>	<b>1,410</b>
<b>Total items of companies consolidated on a line-by-line basis</b>		<b>287</b>	<b>3,800</b>
<b>Other items of companies measured with the Equity method</b>			
Post-employment benefit actuarial gain/(loss) of companies measured with the Equity		487	855
<b>Total items that will not be reclassified subsequently to the income statement</b>	<b>8</b>	<b>487</b>	<b>855</b>
Fair value measurement of derivatives		(97)	2,421
Gains/(Losses) arising from the translation of Financial Statements of foreign companies		8	40
<b>Total items that may be reclassified subsequently to the income statement</b>	<b>8</b>	<b>(89)</b>	<b>2,461</b>
<b>Total items of companies measured with the Equity method</b>		<b>398</b>	<b>3,316</b>
<b>Total Other Comprehensive Income</b>	<b>46</b>	<b>685</b>	<b>7,116</b>
<b>TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD</b>		<b>34,029</b>	<b>27,221</b>
Comprehensive profit/(loss) attributable to non-controlling interest		(134)	(851)
Comprehensive profit/(loss) attributable to Parent Company Shareholders		34,163	28,072

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>Amounts in EUR thousands</i>	Share capital	Other reserves	Indivisible Profit/Loss	Reserve for actuarial gains/losses	Translation reserve	Profit/Loss for the year	Shareholde rs' Equity attributabl e to the Group	Shareholde rs' Equity attributabl e to Non- Controlling Interest	Total Shareholde rs' Equity
<b>Balance as at 01.01.2022</b>	230,000	6,873	(63,596)	(7,478)	147	40,875	206,821	21,512	228,333
<b>Total Comprehensive Income</b>		3,829		2,765	40	21,438	28,072	(851)	27,221
Allocation of 2021 profit		—	40,875	—	—	(40,875)	—	—	—
<b>Balance as at 30.06.2022</b>	230,000	10,702	(22,721)	(4,713)	187	21,438	234,893	20,661	255,554
<b>Balance as at 31.12.2022</b>	230,000	13,335	(22,721)	(5,357)	200	68,476	283,933	22,980	306,913
<b>Total Comprehensive Income</b>		103		572	8	33,480	34,163	(134)	34,029
Allocation of 2022 profit		—	68,476	—	—	(68,476)	—	—	—
Distribution of dividends		—	(10,003)	—	—	—	(10,003)	—	(10,003)
Put Option variation		—	2,430	—	—	—	2,430	—	2,430
Change in the scope of consolidation	—	—	(386)	—	—	—	(386)	(3,235)	(3,621)
<b>Balance as at 30.06.2023</b>	230,000	13,438	37,796	(4,785)	208	33,480	310,137	19,611	329,748
Notes	19	19	19	46	46	19	19	19	19

## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in EUR thousands</i>	Notes	30/06/2023	30/06/2022
<b>Cash flow from operating activities</b>		<b>Total</b>	<b>Total</b>
Profit/Loss for the period		33,344	20,105
Income taxes	43	8,754	13,461
Net profit of companies measured with the equity method	42	462	9,733
Amortisation for the period of intangible assets	6	29,780	19,962
Amortisation for the period of property, plant and equipment	5	18,391	17,296
Amortisation of right of use	7	3,307	3,743
Impairment of intangible assets and property, plant and equipment	37	—	6,447
Provisions for risks and charges	25	17,076	19,794
Releases of provisions for risks and charges	25	(948)	(4,325)
Provision for bad debts	14	569	154
Net (gains)/losses on disposal of property, plant and equipment	33	1	(312)
Write-down of contractual assets	38	—	1,155
Releases of provision for bad debts	14	(63)	(130)
Capital grants for the period	31	(1,986)	(1,735)
Interest income	40	(3,503)	(4,133)
Interest expenses	41	9,482	6,779
<b>Cash flow from income activities</b>		<b>114,666</b>	<b>107,994</b>
Net change in the provision for post-employment benefits	26	(1,651)	(1,831)
Net change in the provision for bad debts		(192)	—
Net change in provision for risks and charges	25	(16,759)	(9,671)
Increase in trade receivables	14	(24,554)	(10,595)
Increase in inventories	13	(1,199)	(2,076)
(Increase)/Decrease in other receivables	15	1,319	(10,879)
Increase/(Decrease) in trade payables	27	6,785	(226)
Increase/(Decrease) in other liabilities		5,515	2,436
Payment of taxes		(15,893)	(6,803)
<b>Total cash flow from operating activities</b>		<b>68,037</b>	<b>68,349</b>
<b>Cash flow from/(for) investing activities</b>			
Investments in intangible assets with own funds	6	(1,200)	(1,076)
Investments in property, plant and equipment with own funds	5	(26,961)	(54,697)
Increase/(Decrease) in trade payables for investments with own funds		(16,113)	42,296
Public grants collected for investments with own funds		2,987	—
Gross investments in assets freely revertible for motorway infrastructure	6	(21,776)	(20,788)
Payment of capitalised financial expenses on motorway infrastructure	12	(142)	(425)
Public grants collected for motorway infrastructure	12	8,873	—
Gross funded rolling stock investment “Rolling Stock 2017-2032”	11	(98,956)	(103,591)
Collection of investment fee for “Rolling Stock 2017-2032”	11	106,239	156,357
Funded investments in railway infrastructure <sup>1</sup>	11	(67,091)	(45,261)
Public grants collected for railway infrastructure investment funding <sup>1</sup>	11	82,047	17,172
Disposal value of property, plant and equipment		230	455
Other changes in equity Investments	8	—	(8,400)
Dividends distributed by investees measured with the Equity method	8	3,661	900
Other changes in financial receivables		184	84
Interest income collected		1,125	454
Financial investments		—	(4,500)
Inflow of restricted funds	10	6,767	—
Loan disbursement to investee companies	9	(2,000)	(510)
Loan repayment by investee companies	9	6,938	—
Collection from the disposal of equity investments held for sale	8	—	6,313

Collection from the disposal of assets held for sale	18	5,500	—
<b>Total cash flow from investing activities</b>		<b>(9,688)</b>	<b>(15,217)</b>
<b>Cash flow from/(for) financing activities</b>			
Repayment of lease payables	21	(3,872)	(3,048)
New loans	21	5,000	—
Loan repayment	21	(25,163)	(25,307)
Interest paid		(4,650)	(2,928)
Decrease in other financial liabilities	21	(10,828)	(2,486)
Dividends paid out to FNM Shareholders	19	(10,003)	—
<b>Total cash flow for financing activities</b>		<b>(49,516)</b>	<b>(33,769)</b>
<b>Liquidity generated (+)</b>		<b>8,833</b>	<b>19,363</b>
Cash and cash equivalents at start of period	17	236,928	351,832
IFRS 9	21	364	—
Cash and cash equivalents at end of period	17	246,125	371,195
<b>Liquidity generated (+)</b>		<b>8,833</b>	<b>19,363</b>

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



**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 CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30.06.2023****NOTE 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 road passenger transport (including sustainable mobility), the management of Ro.S.Co activities as well as central activities carried out by FNM (hereafter, also the “Parent Company” or “FNM”), in addition to the management of motorway infrastructure; in particular, section 5 of the Management Report, “Operating performance of business segments”, analyses the activities carried out by the Group. Reference is made to Note 4 “Segment reporting” for a more detailed analysis of the effect on segment disclosure of consolidation with the “Equity method” of equity investments in joint ventures operating in particular in the sector of passenger rail transport, energy (consisting of the operation of the Mendrisio – Cagno power line), cargo rail transport sector and Information & Communication Technology.

The Parent 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 CONDENSED INTERIM FINANCIAL STATEMENTS**

These Consolidated Condensed Interim Financial Statements as at 30 June 2023 were prepared in accordance with Art. 154-ter of the Consolidated Law on Finance (TUF) as amended by Legislative Decree No. 195 of 6 November 2007, implementing Directive 2004/109/EC (also defined as “Transparency Directive”) and for the purpose of providing information about the operating results, financial position and cash flows of the Company and of the Group.

They were prepared in compliance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union, and they were drafted in accordance with IAS 34 – “Interim Financial Reporting”, applying the same accounting standards adopted in the drafting of the Consolidated Financial Statements as at 31 December 2022, supplemented by the standards applicable from 1 January 2023 onwards, as indicated in Note 2. The terms “IFRS” also refers to the International Accounting Standards (“IAS”) still in force, as well as to all interpretation documents issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC, formerly “IFRIC”) previously called Standing

Interpretations Committee (“SIC”). For this purpose, the Financial Statement data of the consolidated investee companies were appropriately reclassified and adjusted.

These Consolidated Condensed Interim Financial Statements contain detailed rather than summary tables, to provide a better, clearer view of the operating, capital, and financial performance during the half-year.

Also provided are the accompanying notes in accordance with the disclosure required by IAS 34 with the additions deemed useful for a clearer understanding of the Consolidated Condensed Interim Financial Statements.

The Consolidated Condensed Interim Financial Statements as at 30 June 2023 should be read together with the Consolidated Financial Statements prepared by FNM as at 31 December 2022.

In the Consolidated Condensed Interim Financial Statements, the income and cash flow (indirect method) data for the half-year are compared with those of the same half-year of the previous year. The Net Financial Position and the items of the Consolidated Statement of Financial Position as at 30 June 2023 are compared with the corresponding definitive data as at 31 December 2022.

With reference to IAS 1, the Directors confirm that in view of the Group’s outlook, capitalisation and financial position, the Group continues to operate as a going concern and the Consolidated Condensed Interim Financial Statements were prepared using the accounting standards of an operating group.

## **NOTE 2 FINANCIAL STATEMENTS, ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA**

In preparing these Consolidated Condensed Interim Financial Statements as at 30 June 2023, the accounting standards and measurement criteria used were the same as those employed to prepare the Consolidated Financial Statements as at 31 December 2022, to which reference is made for a detailed analysis.

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

Moreover, some measuring processes, in particular the most complex ones such as the determination of any impairment losses on non-current assets, are generally carried out comprehensively only when preparing the Annual Financial Statements, when all information that may be necessary is available, barring cases in which there are impairment indicators requiring an immediate assessment of any impairment. The assessments carried out for the purposes of these Consolidated Condensed Interim Financial Statements did not reveal any indicators of impairment.

In the reference half-year there were no transfers between the various levels of the fair value hierarchy used to measure the fair value of financial instruments, nor were any changes made in the classifications of the financial assets with respect to those as at 31 December 2022 (Note 47).

### **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.

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).

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 said

standard and the associated amendment did not 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 document 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 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 these amendments did not have any effects on the Consolidated Financial Statements of the Group.

### **IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union as at 30 June 2023**

At the reference date of the present Consolidated Condensed Interim Financial Statements, competent bodies of the European Union had not completed the approval process necessary to adopt the amendments and standards described below.

- On 23 January 2020, the IASB published an amendment entitled “Amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current”, 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 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 and 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.
- 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, 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 will only be 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. The Directors are currently evaluating the possible effects of the introduction of this amendment on the Group's Consolidated Financial Statements.

- 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 are currently evaluating the possible effects of the introduction of this amendment on the Group's Consolidated Financial Statements.

### NOTE 3 SCOPE OF CONSOLIDATION

The scope of consolidation includes the Financial Statements of FNM S.p.A. and its subsidiaries as at 30 June 2023.

As stated in section 2 of the Management Report, the Group scope changed compared to 31 December 2022, as:

- 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 fulfilment 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.

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

The financial statements of consolidated companies are prepared by the Boards of Directors, adjusted accordingly to align them with 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. (and its subsidiary CMC MeSta S.A.) and Omnibus Partecipazioni S.r.l. (and its subsidiary ASF Autolinee S.r.l.) with the "Equity method".

The associated companies DB Cargo Italia S.r.l., Autostrada Pedemontana Lombarda S.p.A. (hereinafter "APL"), Tangenziali Esterne di Milano S.p.A. (hereinafter "TEM"), BusForFun.com S.r.l. and Sportit S.r.l. were also measured by applying the "Equity method".

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

The economic results of joint ventures or associates are therefore recognised in the Consolidated Income Statement under the item "Net profit/loss of companies measured with the Equity method" (Note 42).

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.

## NOTE 4 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 lease of rolling stock, with an owned fleet of 71 trains and 31 locomotives, to investees operating in the Local Public Transport and freight transport sectors, (ii) the provision of administration services to its own investees and (iii) management of the Group's real estate portfolio. This segment also comprises the business sectors of the investee companies (joint ventures and associates) measured with the "Equity method", contributing to net profit/loss for the year under item "Net profit/loss of companies measured with the Equity method", the most significant of which relates to the "Rail passenger transport" activities as part of Local Public Transport carried out by the joint venture Trenord S.r.l. in Regione Lombardia. As part of this activity, the Group realised revenues from the Service Contract stipulated with 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 plants carried out on the railway infrastructure obtained under Concession from Regione Lombardia, expiring on 31 October 2060. The consideration for carrying out this activity is defined in the "Service Contract", while the "Programme Agreement" regulates the investments directed at modernising and enhancing the network – both stipulated with Regione Lombardia. The 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;
- road passenger mobility: it refers to the Local Public Transport service performed with owned bus fleets in three Provinces in Lombardy (Varese, Como and Brescia), in Veneto and in the city of Verona, in addition to the electric car sharing services in Lombardy. As part of these activities, the Group realised revenues from the sale of tickets, payments for sub-contracts, regional grants for activities carried out in the Provinces of Varese and Brescia and payments for the Service Contract in the city and Province of Verona, and in the Province of Como, and from agreements with municipal administrations and private enterprises with regard to the car sharing business;
- motorways: refers to the activity carried out by the subsidiary MISE, which is the concessionaire for the design, construction and management of the A7 Serravalle-Milan Motorway and the Milan Northern, Eastern and Western 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 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. MISE is also active in the design, as well as technical and administrative support for infrastructure investments on the motorway network through Milano Serravalle Engineering, of which it holds 100% of the share capital. Among its investee companies, the subsidiary also includes a 36.7% equity investment in its associate Autostrada Pedemontana Lombarda, the concessionaire for the design, construction and management of the motorway between Dalmine, Como, Varese, Valico di Gaggiolo and related works. APL is measured with the Equity method.

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

First half 2023	Ro.S.Co & Services	Railway infrastructure	Road passenger mobility	Motorways	Elisions	Total from continuing operations
Revenues from third parties	33,781	69,654	51,862	143,476		298,773
Intersegment sales	8,405	3,680	335	1,151	(13,571)	—
Revenues from construction services – IFRIC 12		40,873		15,794		56,667
<b>Segment revenues</b>	42,186	114,207	52,197	160,421	(13,571)	355,440
Costs to third parties	(34,771)	(63,856)	(52,514)	(101,917)		(253,058)
Intersegment purchases	(554)	(8,456)	(1,129)	(3,432)	13,571	—
Costs of construction services – IFRIC 12		(38,049)		(15,794)		(53,843)
<b>Segment costs</b>	(35,325)	(110,361)	(53,643)	(121,143)	13,571	(306,901)
<b>EBIT</b>	<b>6,861</b>	<b>3,846</b>	<b>(1,446)</b>	<b>39,278</b>		<b>48,539</b>
<b>Net financial income</b>	20,898	166	(10)	(3,633)	(23,400)	(5,979)
<b>Net profit of companies measured with the Equity method</b>	1,062			(1,524)		(462)
<b>Earnings before tax</b>	28,821	4,012	(1,456)	34,121		42,098
<b>Taxes</b>						(8,754)
<b>Result for the period from continuing operations</b>						33,344
<b>Result from discontinued operations</b>						
<b>Net profit for the period</b>						33,344



30/06/2023	Ro.S.Co & Services	Railway infrastructure	Road passenger mobility	Motorways	Other	Total
Segment assets	618,166	509,282	119,083	592,042		1,838,573
Equity investments measured with the Equity method	82,352		266	74,347		156,965
Income tax assets					33,644	33,644
Total unallocated Group assets					33,644	33,644
<b>Total assets</b>	<b>700,518</b>	<b>509,282</b>	<b>119,349</b>	<b>666,389</b>	<b>33,644</b>	<b>2,029,182</b>
Segment liabilities	748,255	554,373	69,139	326,022		1,697,789
Income tax liabilities					1,645	1,645
Other unallocated liabilities					329,748	329,748
Total unallocated Group liabilities					331,393	331,393
<b>Total liabilities</b>	<b>748,255</b>	<b>554,373</b>	<b>69,139</b>	<b>326,022</b>	<b>331,393</b>	<b>2,029,182</b>

First half 2022	Ro.S.Co & Services	Railway infrastructure	Road passenger mobility	Motorways	Elisions	Total from continuing operations
Revenues from third parties	32,265	63,609	60,749	132,914		289,537
Intersegment sales	6,308	3,411	8,013	685	(18,417)	—
Revenues from construction services – IFRIC 12		28,051		24,772		52,823
<b>Segment revenues</b>	<b>38,573</b>	<b>95,071</b>	<b>68,762</b>	<b>158,371</b>	<b>(18,417)</b>	<b>342,360</b>
Costs to third parties	(34,522)	(54,746)	(63,820)	(94,909)		(247,997)
Intersegment purchases	(453)	(9,248)	(7,997)	(719)	18,417	—
Costs of construction services – IFRIC 12		(23,647)		(24,772)		(48,419)
<b>Segment costs</b>	<b>(34,975)</b>	<b>(87,641)</b>	<b>(71,817)</b>	<b>(120,400)</b>	<b>18,417</b>	<b>(296,416)</b>
<b>EBIT</b>	<b>3,598</b>	<b>7,430</b>	<b>(3,055)</b>	<b>37,971</b>		<b>45,944</b>
<b>Net financial income</b>	<b>(3,231)</b>	<b>259</b>	<b>(285)</b>	<b>612</b>		<b>(2,645)</b>
<b>Net profit of companies measured with the Equity method</b>	<b>(11,020)</b>			<b>1,287</b>		<b>(9,733)</b>
<b>Earnings before tax</b>	<b>(10,653)</b>	<b>7,689</b>	<b>(3,340)</b>	<b>39,870</b>		<b>33,566</b>
<b>Taxes</b>						<b>(13,461)</b>
<b>Result for the period from continuing operations</b>						<b>20,105</b>
<b>Result from discontinued operations</b>						
<b>Net profit for the period</b>						<b>20,105</b>

31/12/2022	Ro.S.Co & Services	Railway infrastructure	Road passenger mobility	Motorways	Other	Total
Segment assets	563,095	526,873	111,828	602,214		1,804,010
Equity 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					<b>32,887</b>	<b>32,887</b>
<b>Total assets</b>	<b>648,276</b>	<b>526,873</b>	<b>133,335</b>	<b>678,182</b>	<b>32,887</b>	<b>2,019,553</b>
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					<b>316,295</b>	<b>316,295</b>
<b>Total liabilities</b>	<b>771,023</b>	<b>514,926</b>	<b>67,431</b>	<b>349,878</b>	<b>316,295</b>	<b>2,019,553</b>

Revenues from Regione Lombardia and Trenord accounted for 23% and 16%, respectively, and thus exceeded 10% of the Group's consolidated revenues.

In particular, revenues from Regione Lombardia, amounting to EUR 82,964 thousand, are broken down by sector as follows:

- Railway infrastructure for EUR 79,203 thousand;
- Ro.S.Co. & Services for EUR 334 thousand;
- Road passenger mobility for EUR 3,427 thousand.

Revenues from Trenord, amounting to EUR 56,186 thousand, are broken down into the various sectors as follows:

- Railway infrastructure for EUR 25,789 thousand;
- Ro.S.Co. & Services for EUR 30,197 thousand;
- Road passenger mobility for EUR 200 thousand.

The analysis by nature of revenues and costs, income and expenses, concerning sectors whose contribution to the consolidated profit/loss is recognised in "Net profit/loss of companies measured with the Equity method", is presented in Note 42, to which reference is made.

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

Transactions between sectors take place at arm's length.

**STATEMENT OF FINANCIAL POSITION****NOTE 5 PROPERTY, PLANT AND EQUIPMENT**

As at 1 January 2023, property, plant and equipment, net of relative accumulated depreciation and provisions for loans, comprised the following:

Description	01.01.2023		
	Historical cost	Accumulated depreciation	Book value
Land and buildings	48,100	(18,348)	29,752
Plant and equipment	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
<b>Total Property, plant and equipment</b>	<b>993,410</b>	<b>(512,909)</b>	<b>480,501</b>

Changes for the first half of 2023 are shown below:

Description	Land and buildings	Plant and equipment	Industrial and commercial	Other assets	Assets in the course of construction	Total
<b>Net value as at 01.01.2023</b>	<b>29,752</b>	<b>41,510</b>	<b>2,298</b>	<b>355,220</b>	<b>51,721</b>	<b>480,501</b>
Investments financed with own funds	65	7,527	474	5,674	13,221	<b>26,961</b>
Transfers gross value	2	2,718	34	3,590	(6,344)	—
Divestments: Gross Disposals	(34)	(10,686)	(14)	(72)	—	<b>(10,806)</b>
Divestments: Use of Accumulated		10,650	14	72		<b>10,736</b>
Depreciation Rates	(434)	(3,762)	(257)	(13,938)		<b>(18,391)</b>
Change in the scope of consolidation	6	46	—	1		<b>53</b>
<b>Net value as at 30.06.2023</b>	<b>29,357</b>	<b>48,003</b>	<b>2,549</b>	<b>350,547</b>	<b>58,598</b>	<b>489,054</b>

As at 30 June 2023, property, plant and equipment, net of relative accumulated depreciation and provisions for loans, comprised the following:

Description	30.06.2023		
	Historical cost	Accumulated Depreciation	Book value
Land and buildings	48,133	(18,776)	29,357
Plant and equipment	185,120	(137,117)	48,003
Industrial and commercial equipment	14,229	(11,680)	2,549
Other assets	703,485	(352,938)	350,547
Assets in the course of construction and advances	58,598		58,598
<b>Total Property, plant and equipment</b>	<b>1,009,565</b>	<b>(520,511)</b>	<b>489,054</b>

## Land and buildings

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

## Plant and equipment

Main increases in the item “Plant and equipment” (EUR 7,527 thousand) chiefly concern:

- the purchase of 15 Iveco Crossway Low Entry buses, for EUR 2,907 thousand;
- the purchase of 6 urban electric BYDs, for EUR 2,578 thousand;
- the purchase of 5 Karsan urban electric buses, for EUR 1,509 thousand;
- the purchase of 1 Iveco CBLE4 bus, for EUR 265 thousand;
- the purchase of 1 used Mercedes Benz Citaro bus, for EUR 65 thousand.

Following registration, advances paid in 2022 were also transferred from “Assets in the course of construction and advances”, relating to the purchase of:

- 5 Iveco Crossway 12mt CNG buses for extra-urban transport and associated equipment, for EUR 1,287 thousand;
- 5 Iveco CBLE4 buses, for EUR 975 thousand;
- 4 Iveco Crossway LE buses, for EUR 456 thousand.

Disposals for the period are attributable to buses, for EUR 9,498 thousand, and winter vehicles to be disposed of used for motorway infrastructure maintenance, for EUR 1,188 thousand, no longer usable and fully depreciated.

Other changes refer to depreciation rates 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 307 thousand.

## Other assets

Other assets mainly refer to rolling stock (for EUR 347,683 thousand), vehicles, furnishings and leased assets (operating leases).

The investment for the period, equal to EUR 5,674 thousand, concerns:

- for EUR 4,770 thousand, the activities of revamping e refurbishment of 5 TAF rolling stock leased to Trenord. Following the completion of modernisation activities, investments incurred in the previous year, amounting to EUR 3,149 thousand, were also transferred from “Assets in the course of construction and advances” to the category under review;
- for EUR 559 thousand, cyclical maintenance on 1 CSA rolling stock;
- for EUR 345 thousand, furniture, furnishings and office machines for Group companies.

Aside from what was commented on previously, following the completion of modernisation activities on 1 DE520 locomotive leased to DB Cargo Italia, investments incurred in the previous year,

amounting to EUR 350 thousand, were transferred from “Assets in the course of construction and advances” to the category under review.

### **Assets in the course of construction and advances**

The investments under item “Assets in the course of construction and advances”, amounting to EUR 13,221 thousand, are mainly due to the following investments:

- advances paid for the acquisition of 11 MAN – extra-urban CNG articulated vehicles and 7 MAN – urban CNG articulated vehicles (EUR 6,271 thousand) that had not yet entered into service as at 30 June 2023;
- advances paid for the acquisition of 13 used buses (EUR 2,303 thousand) that had not yet entered into service as at 30 June 2023;
- costs for the construction of new railway maintenance equipment (EUR 1,434 thousand);
- advances paid for TAF rolling stock refurbishment activities (EUR 852 thousand);
- costs incurred for the construction of the Affori underground car park (EUR 852 thousand), not yet completed at 30 June 2023;
- advances paid for design activities for the Company headquarters located in the Bovisa area of Milan (EUR 434 thousand);
- costs for extraordinary maintenance at the various depots (EUR 421 thousand);
- renovation costs of the Assago reception area (EUR 228 thousand);
- costs relating to the new electronic ticketing system (EUR 164 thousand);
- costs for the modernisation of DE520 locomotives (EUR 33 thousand).

Transfers concern the items referred to above.

Overall, Assets in the course of construction and advances as at 30 June 2023 mainly refer to advances paid:

- for the purchase of 6 hydrogen-powered electric trains (EUR 21,240 thousand);
- for TAF rolling stock revamping activities (EUR 8,596 thousand);
- for the construction of the underground car park in Affori (Euro 7,920 thousand);
- advances paid for the acquisition of 11 MAN – extra-urban CNG articulated vehicles and 7 MAN – urban CNG articulated vehicles (EUR 6,271 thousand) that had not yet entered into service as at 30 June 2023;
- for design activities for the Company headquarters located in the Bovisa area of Milan (EUR 4,000 thousand);
- for the construction of new railway maintenance equipment (EUR 3,194 thousand);
- advances paid for the acquisition of 13 new used buses (EUR 2,303 thousand);
- costs relating to the new electronic ticketing system (EUR 1,942 thousand);
- for TAF rolling stock refurbishment activities (EUR 852 thousand);
- costs for extraordinary maintenance at the various depots (EUR 676 thousand).

If Property, plant and equipment had been recognised net of relative capital grants, under the items “Other non-current liabilities” (Note 24) and “Other current liabilities” (Note 29) respectively, the

effect on the Consolidated Interim Financial Statements at 30 June 2023 would have been the following:

30.06.23	Book value	Grant	Net value less the grant
Land and buildings	29,357	(5,139)	24,218
Plant and equipment	48,003	(25,957)	22,046
Industrial and commercial equipment	2,549		2,549
Other assets	350,547	(29)	350,518
Assets in the course of construction and advances	58,598		58,598
<b>Total property, plant and equipment</b>	<b>489,054</b>	<b>(31,125)</b>	<b>457,929</b>

Management did not identify any factors indicating the need for impairment testing in order 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).

In the first half of 2023, there were 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 32.

It should be noted that the item “Property, plant and equipment” includes property investment in the amount of EUR 2,690 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.

## NOTE 6 INTANGIBLE ASSETS

As at 1 January 2023, intangible assets comprised the following:

Description	01.01.2023		
	Historical cost	Accumulated amortisation	Net value
Assets in the course of construction and advances	3,262		3,262
Other	35,876	(31,864)	4,012
Assets freely revertible – Railway infrastructure	46,140	(46,032)	108
Assets freely revertible – Motorway infrastructure	409,401	(76,745)	332,656
<b>Total intangible assets</b>	<b>494,679</b>	<b>(154,641)</b>	<b>340,038</b>

Changes for the first half of 2023 are shown below:

Description	Assets in the course of construction	Other	Assets freely revertible – Railway	Assets freely revertible – Motorway	Total
<b>Net value as at 01.01.2023</b>	<b>3,262</b>	<b>4,012</b>	<b>108</b>	<b>332,656</b>	<b>340,038</b>
Acquisitions	841	359		11,749	12,949
Transfers	(1,606)	1,606			—
Transfers from contractual assets				9,431	9,431
Amortisation rates		(1,012)	(1)	(28,767)	(29,780)
Divestments		(83)		(78)	(161)
<b>Net value as at 30.06.2023</b>	<b>2,497</b>	<b>4,882</b>	<b>107</b>	<b>324,991</b>	<b>332,477</b>

As at 30 June 2023, intangible assets therefore comprised the following:

Description	30.06.2023		
	Historical cost	Accumulated Amortisation	Book value
Assets in the course of construction and advances	2,497		2,497
Other	37,841	(32,959)	4,882
Assets freely revertible – Railway infrastructure	46,140	(46,033)	107
Assets freely revertible – Motorway infrastructure	430,503	(105,512)	324,991
<b>Total intangible assets</b>	<b>516,981</b>	<b>(184,504)</b>	<b>332,477</b>

### Assets in the course of construction and advances

The increases under item “Assets in the course of construction and advances”, amounting to EUR 841 thousand, mainly relate to the upgrade of SAP and BPC modules.

Moreover, during the first half of 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, to the upgrade of the SAP 4/HANA platform, for EUR 438 thousand, to the upgrade of SAP management software, managed by FNM and used by Trenord, for EUR 159 thousand, were transferred from the category under consideration to the item “Other”.

### Other

The increases for the half-year (EUR 359 thousand) are mainly attributable to the commissioning of the FNMPAY platform, for EUR 123 thousand, to the upgrade of SAP PM modules, managed by FNM and used by FERROVIENORD, for EUR 53 thousand, to additional SAP modules that FNM uses as part of the administrative service, for EUR 39 thousand, to additional modules of SAP management software, managed by FNM and used by Trenord S.r.l., for EUR 28 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 1 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 increases of the year refer, for EUR 11,625 thousand, to the completion of the redevelopment works of the S.P. 46 Rho-Monza (provincial road).

The most significant transfers from “Contractual assets” to “Intangible assets” for the motorway infrastructure “in operation”, amounting to EUR 9,431 thousand, mainly refer to the reclassification of extraordinary maintenance works and the structural upgrading of the Po viaduct.

Amortisation rate, equal to EUR 28,767 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.

In the first half of 2023, no internal or external indicators were identified that determined the need for impairment testing in order to verify the recoverability of the carrying amount of intangible assets.

**NOTE 7 RIGHT OF USE**

As at 1 January 2023, the item “Right of use”, recognised upon adoption of IFRS 16, was broken down as follows:

Description	01.01.2023		
	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
<b>Total right of use</b>	<b>44,707</b>	<b>(24,474)</b>	<b>20,233</b>

Changes for the first half of 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
<b>Net value as at 01.01.2023</b>	<b>134</b>	<b>13,612</b>	<b>722</b>	<b>5,765</b>	<b>20,233</b>
Acquisitions	21	98	23	1,329	1,471
Closing of contracts Historical Cost	(22)	(29)	—	(217)	(268)
Closing of contracts Fund	22	27	—	198	247
Amortisation Rates	(43)	(1,838)	(154)	(1,272)	(3,307)
<b>Net value as at 30.06.2023</b>	<b>112</b>	<b>11,870</b>	<b>591</b>	<b>5,803</b>	<b>18,376</b>

Therefore, at 30 June 2023, the item “Right of use” comprised the following:

Description	30.06.2023		
	Historical cost	Accumulated amortisation	Net value
Right of use – software	232	(120)	112
Right of use – buildings	25,803	(13,933)	11,870
Right of use – plant and equipment	7,226	(6,635)	591
Right of use – other assets	12,649	(6,846)	5,803
<b>Total right of use</b>	<b>45,910</b>	<b>(27,534)</b>	<b>18,376</b>

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 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 period is attributable to the contractual renewal with increased rent for E494 locomotives, as well as new contracts signed for cars used by the Group as operating cars or car fringe benefits.

In the first half of 2023, no internal or external indicators were identified that determined the need for impairment testing in order to verify the recoverability of the carrying amount of right of use.

## NOTE 8 EQUITY INVESTMENTS

The changes in the first half of 2023 are broken down as follows:

Description	01.01.2023 Book Value	Changes				30.06.2023 Book Value
		Increases Decreases	Operating result	Translation reserve	Other changes in the Statement of Comprehensive Income	
<b>Equity investments in joint ventures:</b>						
Trenord S.r.l.	36,738		(1,000)	8	489	36,235
NordCom S.p.A.	8,490		296		(2)	8,784
Nord Energia S.p.A. in liquidation	12,927	(2,761)	725			10,891
Omnibus Partecipazioni S.r.l.	8,143	(900)	(1)			7,242
<b>Total equity investments in joint ventures</b>	<b>66,298</b>	<b>(3,661)</b>	<b>20</b>	<b>8</b>	<b>487</b>	<b>63,152</b>
<b>Equity investments in associates:</b>						
Autostrada Pedemontana Lombarda S.p.A.	38,923		(583)			38,340
Tangenziali Esterne Milano S.p.A.	37,045	—	(941)		(97)	36,007
DB Cargo Italia S.r.l.	15,481		1,334			16,815
Sportit S.r.l.	2,229		(232)			1,997
Busforfun.com S.r.l.	448		(60)			388
Autotrasporti Pasqualini S.r.l.	181					181
Servizi Trasporti Interregionali S.p.A.	85					85
<b>Total equity investments in associates</b>	<b>94,392</b>	<b>—</b>	<b>(482)</b>	<b>—</b>	<b>(97)</b>	<b>93,813</b>
<b>Total equity investments measured with the Equity method</b>	<b>160,690</b>	<b>(3,661)</b>	<b>(462)</b>	<b>8</b>	<b>390</b>	<b>156,965</b>
<b>Other equity investments:</b>						
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
Fondazione ATV	99					99
Aeroporto Valerio Catullo di Verona Villafranca	50					50
Fap S.p.A.	39					39
Consorzio ELIO	4					4
Trasporti Brescia Nord	3					3
Cons.Autostr.Italiane Energia	2					2
Consorzio Tangenziale Engineering	2					2
STECAV	2					2
<b>Total equity investments in other companies</b>	<b>11,141</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>11,141</b>
<b>Total equity investments</b>	<b>171,831</b>	<b>(3,661)</b>	<b>(462)</b>	<b>8</b>	<b>390</b>	<b>168,106</b>

Changes in the half-year relative to “Other changes in the Statement of 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 46).

Comments are provided below on the principal assessments made on the recoverability of the amounts and the main changes during the half-year, other than recognition of the contribution to the Consolidated Condensed Interim Financial Statements determined by the realisation of the net profit/loss for the half-year and the “Other changes in the Statement of Comprehensive Income”:

#### *Trenord S.r.l.*

The item “Translation reserve”, positive for EUR 8 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 the period (equal to 0.9856) for income statement items, and the spot exchange rate at 30 June 2023 (0.9788) for assets and liabilities.

In the first half of 2023, there were no external or internal indicators that would necessitate updating the impairment test performed as at 31 December 2022.

The half-year results do not take into account grants for lost traffic revenues due to COVID in the absence of State appropriations (not present as at 30 June 2022).

It is in any event confirmed that the contractual obligations provided for in the current and extended Service Contract, also with specific reference to the provisions of European Regulation No. 1370/2007, require the economic-financial balance of the overall Service Contract entrusted to the investee to be guaranteed.

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

#### *NORD ENERGIA S.p.A. in liquidation*

On 10 January 2023, the Liquidators’ Meeting following the Shareholders’ Meeting of 20 December 2022, by deed of notary Zabban, Index No. 75184/15700, was registered at the Companies’ Register, which established the cause for dissolution, resulting from the end of the exemption period of the Merchant Line that allowed for the remunerated assignment of capacity, which took place on 9 July 2022.

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.

#### *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.

## NOTE 9 OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS MEASURED AT AMORTISED COST

This item is broken down as follows:

Description	30.06.2023		
	Non-Current	Current	Total
Bonds	1,000		1,000
Collection of tolls in transit		548	548
Other	1	38	39
<b>Other financial assets measured at amortised cost</b>	<b>1,001</b>	<b>586</b>	<b>1,587</b>
APL interest-bearing loan	52,823		52,823
Sabrom interest-bearing loan	2,800		2,800
TE interest-bearing loan	867		867
Busforfun interest-bearing loan	2,625	505	3,130
SportIT interest-bearing loan	975	27	1,002
Financial receivables for interest to related parties		47	47
(LESS) IFRS 9 Impairment Provision		(46)	(46)
<b>Other financial assets measured at amortised cost with related parties (Note 45)</b>	<b>60,090</b>	<b>533</b>	<b>60,623</b>
<b>Total</b>	<b>61,091</b>	<b>1,119</b>	<b>62,210</b>

Description	31.12.2022		
	Non-Current	Current	Total
Bonds	1,000		1,000
Collection of tolls in transit		693	693
<b>Other financial assets measured at amortised cost</b>	<b>1,000</b>	<b>693</b>	<b>1,693</b>
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)
<b>Other financial assets measured at amortised cost with related parties (Note 45)</b>	<b>56,316</b>	<b>481</b>	<b>56,797</b>
<b>Total</b>	<b>57,316</b>	<b>1,174</b>	<b>58,490</b>

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

The item “Collection of tolls in transit” is attributable to the receivable from electronic card operators for the collection of motorway tolls.

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

Following the signing of the addendum to the loan agreement by Autostrada Pedemontana Lombarda S.p.A., with the same Lenders of the Bridge Loan Bis, 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 request repayment – for any reason whatsoever, of interest or subordinated debt – until the complete extinction of the Bridge Loan Bis 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 loan was taken out.

This loan, measured at amortised cost in accordance with IFRS 9, was recorded on the initial consolidation of MISE in continuity of values with respect to MISE’s separate financial statements in accordance with the provisions of IFRS 1, i.e. at its present value determined on the basis of a discount rate, equal to 6.89%, which reflects the characteristics of the loan and which differs from the contractual interest rate (equal to the 3-month Euribor plus a spread of 357 bps stating from 1 January 2021). The change during the period of EUR 1,714 thousand related to accrued interest.

The interest-bearing loan to S.A.Bro.M. S.p.A. refers to two interest-bearing loans: a first for EUR 2,336 thousand maturing on 31 October 2019 with an extension option in favour of S.A.Bro.M. S.p.A. for a maximum of four annual renewals, currently renewed until 31 December 2023; a second for EUR 156 thousand, under the same conditions as the previous one. The total amount of EUR 2,800 thousand also includes the interest accrued at 30 June 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 by the investee. The total amount of EUR 867 thousand also includes the interest accrued from the date on which the quotas were called up to 30 June 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, totalling EUR 2,000 thousand, matures 6 years after the stipulation date. The credit facility bears interest at a floating rate of 6-month Euribor + 165 bps per annum. The agreement signed required repayment in 5 yearly instalments with the first instalment falling due on 31 December 2022. In order to support the strategic development of the investee, on 2 December 2022, the FNM Board of Directors approved, *inter alia*: (i) taking out of an additional loan in favour of Busforfun, to be disbursed in the year 2023, at an interest rate equal to the 6-month Euribor plus a spread of 4%, for EUR 2,000 thousand, repayable in 5 equal principal instalments, with the first instalment commencing on 31 December 2024; (ii) the postponement of the start date of the first instalment for the repayment of the outstanding loan from 31 December 2022 to 31 December 2023, with all other conditions remaining the same, without prejudice to the recalculation of financial expenses.

The additional loan was signed on 25 January 2023 and disbursed for EUR 1,000 thousand on 31 March 2023.

The item “Busforfun.com Loan” includes interest accrued and not yet collected in the amount of EUR 50 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 2 thousand.

#### NOTE 10 CURRENT AND NON-CURRENT FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Description	30.06.2023		
	Non-Current	Current	Total
Severance indemnities provision policies	4,331	857	5,188
<b>Financial assets measured at fair value through profit or loss</b>	<b>4,331</b>	<b>857</b>	<b>5,188</b>

Description	31.12.2022		
	Non-Current	Current	Total
Severance indemnities provision policies	4,324	942	5,266
Investments - Fideuram funds		6,767	6,767
<b>Financial assets measured at fair value through profit or loss</b>	<b>4,324</b>	<b>7,709</b>	<b>12,033</b>

The item “Severance indemnities provision policies” ” concerns the policies taken out by the subsidiary MISE for the “Employee severance indemnities”. The carrying amount represents the total receivable as at 30 June 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 resulting from the investments, the position was entirely liquidated, realising a capital gain of EUR 86 thousand.

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

## NOTE 11 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 by the subsidiary FERROVIENORD S.p.A., measured according to the completion percentage, not yet collected at the end of the reporting period.

As at 30 June 2023 and 31 December 2022, the item is broken down as follows:

Description	30.06.2023	31.12.2022
Receivables for costs incurred in the period and not collected – Funded investments	55,630	47,665
Receivables for costs incurred in the period and not collected – Rolling Stock “2017-2032 Programme”	192,368	201,668
<b>Receivables for funded investments</b>	<b>247,998</b>	<b>249,333</b>

The item “Receivables for costs incurred in the period and not collected – Rolling Stock “2017-2032 Programme” is entirely attributable to costs relating to orders under the “Programme for the purchase of Rolling Stock for the regional railway service for the years 2017-2032”.

The item “Receivables for costs incurred in the period and not collected – Funded investments” relates to orders for the maintenance of Railway infrastructure under Concession, as well as the procurement of rolling stock, not included in the “Purchase Programme 2017-2032”.

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

Description	Funded investments	Rolling Stock Programme 2017-2032	Total
<b>Receivables for funded investments – 01.01.2023</b>	<b>47,665</b>	<b>201,668</b>	<b>249,333</b>
Receivables collected during the period	(56,940)	(106,239)	(163,179)
Use of advances	(2,612)		(2,612)
Receivables for costs incurred in the period and not collected (Note 32)	67,185	96,845	164,030
Receivable for general expenses	332	94	426
<b>Receivables for funded investments – 30.06.2023</b>	<b>55,630</b>	<b>192,368</b>	<b>247,998</b>



## NOTE 12 CONTRACTUAL ASSETS

This item, amounting to EUR 72,204 thousand, includes the balance of the investments made until 30 June 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 the first half of 2023 are presented below:

Description	01.01.23	Changes in 2023			30.06.2023
		Increases	Reclassification	Decreases	
Historical cost	79,196	4,285	(9,246)	—	74,235
Financial expenses	2,543	142	(185)	—	2,500
Awarding Body fees	(4,531)	—	—	—	(4,531)
<b>Total Contractual assets</b>	<b>77,208</b>	<b>4,427</b>	<b>(9,431)</b>	<b>—</b>	<b>72,204</b>

The increase in the half-year for investments made was EUR 4,285 thousand.

The most significant changes relate to:

- extraordinary maintenance on the Po bridge viaduct amounting to EUR 3,180 thousand, subsequently reclassified to motorway infrastructure in operation;
- the start of works to upgrade the safety and lighting barriers on the A51, amounting to EUR 287 thousand;
- dynamic structure monitoring for EUR 252 thousand;
- completion of the access road to the intermodal centre of Segrate for EUR 220 thousand.

Financial expenses of EUR 142 thousand refer to interest expenses accrued on loans for motorway infrastructure works.

## NOTE 13 INVENTORIES

The next table shows how this item is broken down:

Description	30.06.2023	31.12.2022
Permanent way material	7,791	7,064
Bus spare parts	3,174	3,133
Motorway infrastructure maintenance material	2,639	2,573
Spare parts for contact lines, apparatuses, control units and telephones	1,762	1,747
Gasoil and lubricants	486	486
Other auxiliary materials	609	557
(LESS: Provision for stock obsolescence)	(3,153)	(3,451)
<b>Total</b>	<b>13,308</b>	<b>12,109</b>

This item increased by EUR 1,199 thousand, mainly due to the increase in materials used to carry out maintenance work on railway infrastructure (EUR 727 thousand).

As a result of the scrapping carried out during the period, the provision for stock obsolescence for obsolete material was utilised in the amount of EUR 298 thousand.

## NOTE 14 TRADE RECEIVABLES

Description	Current	
	30.06.2023	31.12.2022
Receivables from third parties – gross	104,656	86,559
(LESS) Provision for bad debts	(4,307)	(4,124)
<b>Trade receivables from third parties</b>	<b>100,349</b>	<b>82,435</b>
Receivables from related parties – gross	77,122	70,598
(LESS) IFRS 9 Impairment Provision	(130)	(69)
<b>Trade receivables from related parties (Note 45)</b>	<b>76,992</b>	<b>70,529</b>
<b>Total</b>	<b>177,341</b>	<b>152,964</b>

### Trade receivables from third parties

The change in trade receivables, amounting to EUR 17,914 thousand, is mainly attributable to:

- receivables for interconnection relationships with interconnected motorway companies – equal to EUR 72,531 thousand (EUR 59,491 thousand at 31 December 2022) –, the main one being Autostrade per l'Italia S.p.A., representing the receivable from users for tolls paid on a deferred basis. The increase in the period, amounting to EUR 13,040 thousand, was impacted by toll trends and the seasonality effect;

- receivables from the Province of Verona for the Service Contract in place for the city and Province of Verona, amounting to EUR 11,447 thousand (EUR 4,916 thousand at 31 December 2022).

**Trade receivables from related parties**

The increase in trade receivables from related parties – gross, amounting to EUR 6,463 thousand compared to 31 December 2022, was mainly due to higher receivables, in the amount of EUR 9,412 thousand, related to fees invoiced to Trenord for network access revenues, administrative service and IT services. This increase was partially offset by lower receivables for design services, Service Contract and railway infrastructure maintenance to be recharged to Regione Lombardia, amounting to EUR 3,234 thousand.

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-collectability of receivables existing at the end of each reporting period), approximates the carrying amount of the receivables at 30 June 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.

## NOTE 15 OTHER CURRENT AND NON-CURRENT ASSETS

This item is broken down as follows:

Description	30.06.2023		
	Non-Current	Current	Total
Receivables for advances to suppliers on work in progress (SAL) on Financed Trains		49,043	49,043
Receivables for advances to suppliers on work in progress (SAL) on Funded Investments		43,136	43,136
Receivables for grants		12,698	12,698
Receivables for advances to suppliers on work in progress (SAL) on Other Rolling Stock		9,625	9,625
Tax receivables		6,110	6,110
Receivables for advances to suppliers on work in progress (SAL) on Motorway		4,788	4,788
Receivables from INPS – sickness costs		111	111
Receivables for Government grants		1,038	1,038
Sundry assets	3,347	11,968	15,315
(LESS) Provision for bad debts		(223)	(223)
<b>Other assets from third parties</b>	<b>3,347</b>	<b>138,294</b>	<b>141,641</b>
Receivables from related parties	7	21,540	21,547
(LESS) IFRS 9 Impairment Provision		(37)	(37)
<b>Other assets from related parties (Note 45)</b>	<b>7</b>	<b>21,503</b>	<b>21,510</b>
<b>Total</b>	<b>3,354</b>	<b>159,797</b>	<b>163,151</b>

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		11,650	11,650
Tax receivables		9,829	9,829
Receivables for advances to suppliers on work in progress (SAL) on Motorway		3,725	3,725
Receivables from INPS – sickness costs		358	358
Receivables for Government grants		839	839
Sundry assets	3,535	6,791	10,326
(LESS) Provision for bad debts		(223)	(223)
<b>Other assets from third parties</b>	<b>3,535</b>	<b>123,924</b>	<b>127,459</b>
Receivables from related parties	7	25,603	25,610
(LESS) IFRS 9 Impairment Provision		(37)	(37)
<b>Other assets from related parties (Note 45)</b>	<b>7</b>	<b>25,566</b>	<b>25,573</b>
<b>Total</b>	<b>3,542</b>	<b>149,490</b>	<b>153,032</b>

### Other assets – third parties

The item “Receivables for advances to suppliers on work in progress (SAL) on Financed Trains”, amounting to EUR 49,043 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 period, amounting to EUR 14,924 thousand, relates to the utilisations in the period following progress on work orders.

The percentage of progress on work orders accrued in relation to the percentage of completion during the half-year was EUR 96,845 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 43,136 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 period mainly relates to the recognition of the advance on the “T2 – Sempione” work order, amounting to EUR 28,392 thousand.

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 2,875 thousand in relation to utilisations in the period following the progress of work orders. The percentage of progress on work orders accrued in relation to the percentage of completion in the half-year was EUR 29,137 thousand.

Receivables for grants, which increased by EUR 1,048 thousand, relate to receivables claimed from:

- the Awarding Body of the Service Contract by the subsidiary ATV for the additional services performed, for EUR 3,997 thousand (EUR 3,997 thousand at 31 December 2022);
- the Awarding Body of the Service Contract by the subsidiary ATV for contributions to be collected to cover the loss of traffic revenues resulting from the COVID-19 pandemic by the subsidiary ATV, in the amount of EUR 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 6,382 thousand (EUR 2,615 thousand at 31 December 2022);
- the Awarding Body of the Service Contract 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 4,362 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 501 thousand (EUR 972 thousand at 31 December 2022), receivables claimed from the

Revenue Agency for the tax credits recognised in 2022 deriving from the “energy tax credit” (EUR 372 thousand) and the “facades bonus” (EUR 238 thousand).

As regards the VAT receivable for which a refund has already been requested, please note that it refers to receivables recognised by the subsidiary MISE for VAT refund applications for the years 2003, 2004, 2005 and 2006, following notification by the Supreme Court of Cassation of the orders sentencing the 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. The change is justified by the higher number of contracts activated.

“Receivables from INPS – sickness costs”, amounting to EUR 111 thousand (EUR 358 thousand as at 31 December 2022), are attributable to receivables from social security institutions for the recovery of costs incurred for the provision of sickness benefits to employees, and decreased in relation to the compensation granted for the reimbursement of higher sickness costs for the years 2015-2016-2017 and 2018 in the first half of 2023.

Receivables for Government grants regard:

- EUR 936 thousand (EUR 737 thousand as at 31 December 2022) receivable from the State for the “transport bonus”; Decree Law No. 50/2022 “Aid Decree” established the transport bonus as a measure in favour of the use of public transport for commuters. The bonus provided a discount of EUR 60 on passes purchased by users who applied through a ministerial portal;
- EUR 102 thousand (EUR 102 thousand at 31 December 2022) receivable for grants relating to investments to be disbursed to cover expenses incurred by the Group in connection with infrastructure modernisation.

#### *Sundry assets*

The item “Sundry assets” includes EUR 2,507 thousand (EUR 2,076 thousand as at 31 December 2022) in advances to suppliers, EUR 4,121 thousand (EUR 2,520 thousand as at 31 December 2022) in prepayments for insurance premiums and EUR 2,089 thousand in prepayments for additional monthly salary payments already made to employees (not present as at 31 December 2022).

Specifically, prepayments include:

- prepayments for Warranty & Indemnity (W&I) insurance policies taken out to cover the Representations & Warranties contained in the sale and purchase agreement signed with Regione Lombardia for the acquisition of MISE, amounting to EUR 220 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, down by EUR 580 thousand, as well as tax receivables, in particular items related to Group VAT for EUR 87 thousand (EUR 1,167 thousand as at 31 December 2022). As at 31 December 2022, the item also included receivables for tax consolidation for EUR 507 thousand.

The item also includes receivables from Regione Lombardia for grants to be collected for investments in buses for road LPT services.

The fair value of receivables approximates the carrying amount at 30 June 2023 and 31 December 2022.

**NOTE 16 CURRENT AND NON-CURRENT TAX RECEIVABLES**

Description	30.06.2023		
	Non-Current	Current	Total
IRES (CORPORATE INCOME TAX)	154	16	170
IRAP (REGIONAL BUSINESS TAX)		167	167
<b>Tax receivables</b>	<b>154</b>	<b>183</b>	<b>337</b>

Description	31.12.2022		
	Non-Current	Current	Total
IRES (CORPORATE INCOME TAX)	17	88	105
IRAP (REGIONAL BUSINESS TAX)		124	124
<b>Tax receivables</b>	<b>17</b>	<b>212</b>	<b>229</b>

The item includes receivables from the Revenue Agency for corporate income tax (IRES) and regional business tax (IRAP) arising with the payment of the advance made in June 2023 by the investees and the Parent Company.

**NOTE 17 CASH AND CASH EQUIVALENTS**

The next table shows how this item is broken down.

Description	30.06.2023	31.12.2022
Bank and postal deposits	245,445	235,885
(LESS) Impairment IFRS 9	(329)	(693)
Cash on hand	1,009	1,736
<b>Total</b>	<b>246,125</b>	<b>236,928</b>

The breakdown of bank and postal deposits is shown below:

Bank and postal deposits	30.06.2023	31.12.2022	Changes
Bank and postal deposits in cash pooling	178,887	116,469	62,418
ATV (and its subsidiary La Linea 80)	2,476	10,474	(7,998)
MISE (and its subsidiary Milano Serravalle Engineering)	14,679	26,544	(11,865)
FERROVIENORD (accounts dedicated to RL investments)	49,403	82,398	(32,995)
<b>Total</b>	<b>245,445</b>	<b>235,885</b>	<b>9,560</b>

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 2022, 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 for the cash pooling portion only and limited to the two bank current accounts used for treasury purposes.

Since part of MISE's liquidity comes from the use of bank loans for the financial coverage of the planned investments in the Concession, the cash pooling will concern only the current accounts opened with Unicredit and BPER, which are not concerned by the funds dedicated to the payment of the investments mentioned above.

On that basis, in view of cash on bank deposits of EUR 245,445 thousand, of current payables to banks of EUR 60,076 thousand and non-current payables to banks of EUR 118,662 thousand (Note 20), the Group has payables in giro accounts – inclusive of interest – of EUR 24,727 thousand (EUR 35,555 thousand at 31 December 2022), as represented below:

Payables in giro account	30.06.2023	31.12.2022	Change
Nord Energia	14,691	20,381	(5,690)
NordCom	5,959	8,258	(2,299)
Corporate bodies	4,077	6,916	(2,839)
<b>Total (Note 21)</b>	<b>24,727</b>	<b>35,555</b>	<b>(10,828)</b>

On these giro accounts, interest income and expenses are paid at market rates (Note 21).

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 30 June 2023 amounted to EUR 49,403 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 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 period, the provision of EUR 364 thousand was released.

## NOTE 18 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.

## NOTE 19 SHAREHOLDERS' EQUITY

Description	Shareholders' Equity attributable to Majority Shareholders							Total Shareholders' Equity attributable to the Group	Shareholders' Equity attributable to Non-Controlling Interests	Total Shareholders' Equity
	Share capital	Other reserves	Reserve for fair value changes in derivatives	Indivisible Profits/Losses	Reserve for actuarial gain/loss	Translation reserve	Profit/Loss for the year			
<b>Balance as at 01.01.2022</b>	<b>230.000</b>	<b>6.873</b>	<b>-</b>	<b>(63.596)</b>	<b>(7.478)</b>	<b>147</b>	<b>40.875</b>	<b>206.821</b>	<b>21.512</b>	<b>228.333</b>
<b>Total Comprehensive Income</b>			<b>3.831</b>		<b>3.043</b>	<b>40</b>	<b>21.438</b>	<b>28.352</b>	<b>(851)</b>	<b>27.501</b>
Allocation of 2021 profit				40.875			(40.875)	-		-
<b>Balance as at 30.06.2022</b>	<b>230.000</b>	<b>6.873</b>	<b>3.831</b>	<b>(22.721)</b>	<b>(4.435)</b>	<b>187</b>	<b>21.438</b>	<b>235.173</b>	<b>20.661</b>	<b>255.834</b>
<b>Balance as at 31.12.2022</b>	<b>230.000</b>	<b>7.788</b>	<b>5.547</b>	<b>(22.721)</b>	<b>(5.357)</b>	<b>200</b>	<b>68.476</b>	<b>283.933</b>	<b>22.980</b>	<b>306.913</b>
<b>Total Comprehensive Income</b>			<b>103</b>	<b>0</b>	<b>572</b>	<b>8</b>	<b>33.480</b>	<b>34.163</b>	<b>(134)</b>	<b>34.029</b>
Allocation of 2022 profit				68.476			(68.476)	-		-
Distribution of dividends				(10.003)				(10.003)		(10.003)
Put Option variation				2.430				2.430		2.430
Change in the scope of consolidation			-	(386)		-		(386)	(3.235)	(3.621)
<b>Balance as at 30.06.2023</b>	<b>230.000</b>	<b>7.788</b>	<b>5.650</b>	<b>37.796</b>	<b>(4.785)</b>	<b>208</b>	<b>33.480</b>	<b>310.137</b>	<b>19.611</b>	<b>329.748</b>

At 30 June 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 the first half of 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%	
<b>Balance as at 01.01.2023</b>	<b>4,695</b>	<b>18,286</b>	<b>8</b>	<b>22,989</b>
Change in the scope of consolidation	(4,825)	—	1,591	(3,234)
Profit/Loss for the period	130	(265)	(11)	(146)
Reserve for Actuarial Gains/(Losses)		2	—	2
<b>Balance as at 30.06.2023</b>	<b>—</b>	<b>18,023</b>	<b>1,588</b>	<b>19,611</b>

The following is a reconciliation between the profit/loss and Shareholders' Equity of FNM S.p.A.'s Separate Financial Statements and the Group's Consolidated Financial Statements:

<i>Amounts in EUR thousands</i>	Shareholders' Equity 01.01.23	Result in first half 2022	Other result components transited directly to Shareholders' Equity	Other changes	Shareholders' Equity 30.06.23
Financial Statements of FNM S.p.A.	413,127	33,109	13	(10,003)	436,246
Derecognition of equity investments	(655,039)	—		(386)	(655,425)
Shareholders' Equity contributed by the consolidated companies	528,275	371	670		529,316
Put Option recognition	(2,430)			2,430	—
<b>FNM Group Shareholders' Equity</b>	<b>283,933</b>	<b>33,480</b>	<b>683</b>	<b>(7,959)</b>	<b>310,137</b>

The reasons underlying the difference between market capitalisation (equal to EUR 191.4 million at 30 June 2023) and Group Shareholders' Equity (equal to EUR 310.1 million at 31 December 2022) 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 free float on the market is less than 30%, as the Group's shareholder structure is 72.3% made up of stable shareholders;
3. market transactions relate to minority shareholdings, which reflect information asymmetries with respect to controlling shareholders;
4. minority shareholders could apply a significant discount to the value of unconsolidated equity investments recorded in the Group's Financial Statements, as only 11% of the recorded value distributes dividends; these equity investments therefore represent surplus assets, which do not offer remuneration to minority shareholders;
5. in the first half of 2023, a reduced average daily trading volume was recorded. It can therefore be assumed that there was no trading by institutional investors (the information traders).

As a result of these considerations, the Directors believe that the existing difference between market capitalisation and Group Shareholders' Equity cannot be considered an indicator of impairment as market capitalisation is not considered representative of the Group's recoverable amount.

## NOTE 20 CURRENT AND NON-CURRENT PAYABLES TO BANKS

Payables to banks at 30 June 2023 and 31 December 2022 are broken down as follows:

Description	30.06.2023		
	Non-Current	Current	Total
Intesa-BancoBPM-BNL-Ubibanca-Unicredit 2019	62,283	24,814	87,097
Banca Nazionale del Lavoro/Monte Paschi di Siena 2010	18,710	12,441	31,151
EIB Funding	23,468	8,415	31,883
Intesa-Banco BPM 2010	11,235	7,477	18,712
Banca BPER (EIB intermediation) 2012	2,966	1,951	4,917
BCC Roma credit facility	—	4,954	4,954
Other payables to banks for loans	—	24	24
<b>Payables to banks</b>	<b>118,662</b>	<b>60,076</b>	<b>178,738</b>

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
EIB Funding	25,131	8,364	33,495
Intesa-Banco BPM 2010	14,974	7,479	22,453
Banca BPER (EIB intermediation) 2012	3,945	1,941	5,886
Other payables to banks for loans	—	33	33
<b>Payables to banks</b>	<b>143,681</b>	<b>55,070</b>	<b>198,751</b>

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

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

Loan	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 30 June 2023, based on available data, these covenants have been met.

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

The 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.

The instalment due in the half-year, amounting to EUR 1,663 thousand, was duly repaid.

The contract makes provision, effective from the monitoring date of 31 December 2021, for the following financial covenants, calculated on the Group's Consolidated Financial Statements (Annual and Interim):

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

As at the closing date of 30 June 2023, based on available data, these covenants have been met.

In addition, during the first half of 2023, the subsidiary ATV, in order to have the liquidity to support its investment programme, obtained a credit facility from BCC Roma of EUR 5,000 thousand at the 3-month Euribor plus a spread of 0.65%.

Please also note that the Group has liquidity headroom of roughly EUR 100 million in uncommitted lines, thereby offering sufficient financial flexibility.

## NOTE 21 BOND, CURRENT AND NON-CURRENT FINANCIAL PAYABLES AND LEASE LIABILITIES

Description	30.06.2023		
	Non-Current	Current	Total
Payables to bondholders	645,117	3,379	648,496
<b>Bond Loan</b>	<b>645,117</b>	<b>3,379</b>	<b>648,496</b>

Description	31.12.2022		
	Non-Current	Current	Total
Payables to bondholders	644,398	961	645,359
<b>Bond Loan</b>	<b>644,398</b>	<b>961</b>	<b>645,359</b>

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 579 million at 30 June 2023.

Other financial liabilities are described below:

Description	30.06.2023		
	Non-Current	Current	Total
Giro account		3,900	3,900
Derivative instruments payable	12	—	12
<b>Financial payables</b>	<b>12</b>	<b>3,900</b>	<b>3,912</b>
Giro account		20,827	20,827
<b>Financial payables to related parties (Note 45)</b>	<b>—</b>	<b>20,827</b>	<b>20,827</b>
<b>Total</b>	<b>12</b>	<b>24,727</b>	<b>24,739</b>

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
<b>Financial payables</b>	<b>2,197</b>	<b>5,093</b>	<b>7,290</b>
Giro account		30,586	30,586
<b>Financial payables to related parties (Note 45)</b>	<b>—</b>	<b>30,586</b>	<b>30,586</b>
<b>Total</b>	<b>2,197</b>	<b>35,679</b>	<b>37,876</b>

The item "Giro account" with third parties refers to the cash pooling with the various Corporate Bodies: FNM Supplementary Fund for EUR 3,753 thousand (EUR 4,811 thousand as of 31 December 2022) and the FNM Company Recreational Club for EUR 147 thousand (EUR 158 thousand as of 31 December 2022).

The item “Derivative instruments payable” represents the derivatives in place at 30 June 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, whose fair value, as regards the non-current portion, was a negative EUR 12 thousand. 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 have been identified regarding the creditworthiness of the counterparty of the hedging instrument; 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 account” with related parties refers to the balance payable of the cash pooling between FNM, the joint venture investees and other related parties; specifically, with NORD ENERGIA for EUR 14,691 thousand (EUR 20,381 thousand at 31 December 2022), with NordCom for EUR 5,959 thousand (EUR 8,258 thousand at 31 December 2022), and with the FNM pension fund for EUR 177 thousand (EUR 1,946 thousand at 31 December 2022).

Lease liabilities all relate to the application of IFRS 16 and are broken down as follows:

Description	30.06.2023		
	Non-Current	Current	Total
Lease liabilities	15,474	7,803	23,277
<b>Lease liabilities</b>	<b>15,474</b>	<b>7,803</b>	<b>23,277</b>
Lease liabilities	33	43	76
<b>Lease liabilities to related parties (Note 45)</b>	<b>33</b>	<b>43</b>	<b>76</b>
<b>Total</b>	<b>15,507</b>	<b>7,846</b>	<b>23,353</b>

Description	31.12.2022		
	Non-Current	Current	Total
Lease liabilities	18,009	7,631	25,640
<b>Lease liabilities</b>	<b>18,009</b>	<b>7,631</b>	<b>25,640</b>
Lease liabilities	20	115	135
<b>Lease liabilities to related parties (Note 45)</b>	<b>20</b>	<b>115</b>	<b>135</b>
<b>Total</b>	<b>18,029</b>	<b>7,746</b>	<b>25,775</b>

The value of fees recorded in the Income Statement for low value and short term contracts amounted to EUR 1,045 thousand.

The Group is not exposed to significant future increases in the variable lease payment, as the lease agreements do not establish significant variable components.

Details of minimum future payments of finance leases by due date and reconciliation with the relative present value, equal to the payable recognised in the Financial Statements, are provided below:

Minimum future lease payments	30.06.2023	31.12.2022
Less than 1 year	7,604	8,246
2 - 5 years	16,127	17,864
Over 5 years	100	107
<b>Total</b>	<b>23,831</b>	<b>26,217</b>
Future interest expenses	(478)	(442)
<b>Present value of payables related to finance leases</b>	<b>23,353</b>	<b>25,775</b>

The present value of liabilities relative to finance leases by due date is as follows:

Present value of payables related to finance leases	30.06.2023	31.12.2022
Less than 1 year	7,820	7,734
2 - 5 years	15,435	17,941
Over 5 years	98	100
<b>Total</b>	<b>23,353</b>	<b>25,775</b>



The maturity of the non-current portion of financial liabilities, including the bond, is shown below:

Description	30.06.2023	31.12.2022
Between 1 and 2 years	7,846	7,746
Between 2 and 5 years	652,692	656,778
Over 5 years	98	100
<b>Total</b>	<b>660,636</b>	<b>664,624</b>

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

Description	30.06.2023	31.12.2022
Payables to Bondholders	0.982 %	0.982 %
Payables for leases IFRS 16	0.982% - 2.18%	0.982% - 2.18%
Payables for cash pooling	0.313%	0.090 %
Payable to Finlombarda	n/a	2.500 %

The rates for lease liabilities were determined on the basis of the marginal financing rates of the Group companies.

For the sake of full disclosure, it should be noted that during the period, “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 1,471 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 2,442 thousand.

## NOTE 22 CURRENT AND NON-CURRENT PAYABLES FOR FUNDED INVESTMENTS

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

Payables for funded investments	30.06.2023	31.12.2022
Payables to the Ministry of Transport	6,873	—
<b>Payables for funded investments</b>	<b>6,873</b>	<b>—</b>
Payables to Regione Lombardia – Programme Agreement	62,507	41,112
<b>Payables for funded investments to related parties (Note 45)</b>	<b>62,507</b>	<b>41,112</b>
<b>Total Payables for funded investments</b>	<b>69,380</b>	<b>41,112</b>

The item mainly refers to the surplus of collections obtained from Regione Lombardia or other Lenders for investments made by the Group, within the scope of the Programme Agreement for the

modernisation of the railway infrastructure or within the scope of investments on the motorway infrastructure, 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 period with respect to the uses made for the progress of work orders relating to the Programme Agreement for the Malpensa T2 – Sempione order, equal to EUR 13,188 thousand, 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 non-current payables for funded investments are shown below:

<b>Payables for funded investments</b>	<b>30.06.2023</b>	<b>31.12.2022</b>
Payables to the Ministry of Transport	5,815	5,824
<b>Payables for funded investments</b>	<b>5,815</b>	<b>5,824</b>
Payables to Regione Lombardia	7,863	6,763
<b>Payables for funded investments to related parties (Note 45)</b>	<b>7,863</b>	<b>6,763</b>
<b>Total Payables for funded investments</b>	<b>13,678</b>	<b>12,587</b>

The items “Payables to the Ministry of Transport” and “Payables to 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 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.

## NOTE 23 NET FINANCIAL POSITION

Below is the breakdown of the net financial debt according to CONSOB Information Notice No. 5/21 of 29 April 2021, which replaces CONSOB Communication No. 6064293 of July 2006, and related notes that refer data in the table to data in the Statement of Financial Position:

Description	30.06.2023	of which related parties	31.12.2022	of which related parties	Notes
A. Cash and cash equivalents	246,125	—	236,928	—	17
B. Cash equivalents	—	—	—	—	
C. Other current financial assets	—	—	—	—	
<b>D. Liquidity (A+B+C)</b>	<b>246,125</b>	<b>—</b>	<b>236,928</b>	<b>—</b>	
E. Current financial payables	(94,107)	(83,334)	(76,667)	(71,698)	20 - 21 - 22
F. Current portion of non-current financial payables	(71,301)	(43)	(63,901)	(115)	20 - 21 - 22
<b>G. Current financial debt (E+F)</b>	<b>(165,408)</b>	<b>(83,377)</b>	<b>(140,568)</b>	<b>(71,813)</b>	
<b>H. Net current financial debt (G - D)</b>	<b>80,717</b>	<b>(83,377)</b>	<b>96,360</b>	<b>(71,813)</b>	
I. Non-current financial payables	(147,859)	(7,896)	(176,494)	(6,783)	20 - 21 - 22
J. Debt instruments	(645,117)	—	(644,398)	—	21
K. Trade and other non-current payables	—	—	—	—	
<b>L. Non-current financial debt (I+J+K)</b>	<b>(792,976)</b>	<b>(7,896)</b>	<b>(820,892)</b>	<b>(6,783)</b>	
<b>M. Total Financial debt (H+L)</b>	<b>(712,259)</b>	<b>(91,273)</b>	<b>(724,532)</b>	<b>(78,596)</b>	

Current financial payables include current payables to banks of EUR 60,076 thousand (EUR 55,070 thousand at 31 December 2022) (Note 20) and to other lenders and, therefore, more specifically, the payables arising from advances paid by Regione Lombardia, the Ministry of Transport and the EU for funded investments relating to the modernisation of railway and motorway infrastructure, amounting to EUR 69,380 thousand (EUR 41,112 thousand at 31 December 2022) (Note 22), the balance of the cash pooling giro accounts with joint ventures and Corporate Bodies for a total of EUR 24,727 thousand (EUR 35,555 thousand at 31 December 2022), the lease liabilities of EUR 7,846 thousand (EUR 7,746 thousand at 31 December 2022), 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 21).

Non-current financial payables mainly include the payable for the bond issued on 20 October 2021, amounting to EUR 645,117 thousand (Note 21), non-current payables to banks of EUR 118,662 thousand (Note 20) and lease liabilities of EUR 15,507 thousand (Note 21).

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

Description	30.06.2023	of which related	31.12.2022	of which related	Notes
A. Cash and cash equivalents	196,722	—	194,649	—	17
B. Cash equivalents	—	—	—	—	
C. Other current financial assets	—	—	—	—	
<b>D. Liquidity (A+B+C)</b>	<b>196,722</b>	<b>—</b>	<b>194,649</b>	<b>—</b>	
E. Current financial payables	(94,107)	(83,334)	(76,667)	(71,698)	20 - 21 - 22
F. Current portion of non-current financial payables	(71,301)	(43)	(63,901)	(115)	20 - 21 - 22
<b>G. Current financial debt (E+F)</b>	<b>(165,408)</b>	<b>(83,377)</b>	<b>(140,568)</b>	<b>(71,813)</b>	
<b>H. Net current financial debt (G - D)</b>	<b>31,314</b>	<b>(83,377)</b>	<b>54,081</b>	<b>(71,813)</b>	
I. Non-current financial payables	(147,859)	(7,896)	(176,494)	(6,783)	20 - 21 - 22
J. Debt instruments	(645,117)	—	(644,398)	—	21
K. Trade and other non-current payables	—	—	—	—	
<b>L. Non-current financial debt (I+J+K)</b>	<b>(792,976)</b>	<b>(7,896)</b>	<b>(820,892)</b>	<b>(6,783)</b>	
<b>M. Total Financial debt (H+L) adjusted</b>	<b>(761,662)</b>	<b>(91,273)</b>	<b>(766,811)</b>	<b>(78,596)</b>	

<b>IFRIC 12 Impacts</b>					
of which – D. Liquidity	49,403		42,279		18
<b>N. Total IFRIC 12 financial debt</b>	<b>49,403</b>	<b>—</b>	<b>42,279</b>	<b>—</b>	
<b>Net financial debt (M+N)</b>	<b>(712,259)</b>	<b>(91,273)</b>	<b>(724,532)</b>	<b>(78,596)</b>	

In order to determine the adjusted NFP, the effects of the application of IFRIC 12 corresponding to the bank balances resulting from the crediting of grants from Regione Lombardia for the regional train purchase programme for the years 2017-2032 were excluded (Note 17).

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 25 for the provisions recognised in the Financial Statements, and the final commitments at 30 June 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	183,471
Funded railway infrastructure investments	104,835
Motorway infrastructure investments	121,653
Investments in rolling stock with own funds	92,219
Investments in buses	1,653
Other investments	14,760
<b>Total</b>	<b>518,591</b>

## NOTE 24 OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are broken down as follows:

Description	30.06.2023	31.12.2022
Capital grants	17,283	13,237
Other liabilities	6,278	7,783
<b>Non-current liabilities</b>	<b>23,561</b>	<b>21,020</b>
Capital grants from Regione Lombardia	10,705	10,075
<b>Non-current liabilities to related parties (Note 45)</b>	<b>10,705</b>	<b>10,075</b>
<b>Total</b>	<b>34,266</b>	<b>31,095</b>

The item “Capital grants” concerns the non-current portion of public grants received by the subsidiary ATV from the Veneto Region for the purchase of new buses for urban and extra-urban transport (EUR 16,152 thousand) 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 1,001 thousand. The change during the half-year relates to grants received by 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 period for capital grants, classified in the Statement of Cash Flows under item “Collection of grants on investments with own funds”, amounted to EUR 2,987 thousand.

The item “Other liabilities” mainly includes the non-current portion, amounting to EUR 4,269 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 885 thousand.

“Capital grants from Regione Lombardia” mainly refer to grants from Regione Lombardia for the renovation of the property in Milan, Piazza Cadorna, for EUR 3,714 thousand, and for the purchase of buses for EUR 6,837 thousand. The decrease in the period is due to the recognition of the grant in the Consolidated Income Statement, according to procedures indicated in the accounting standard.

## NOTE 25 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	Personnel	Ancillary charges for the Affori Redevelopment Programme	Other risks	Total
<b>Balance as at 01.01.2023</b>	<b>53,639</b>	<b>57,895</b>	<b>8,912</b>	<b>529</b>	<b>1,313</b>	<b>19,893</b>	<b>142,181</b>
Increases	9,883	5,592	—	—	—	1,601	17,076
Uses	(1,195)	(16,114)	(56)	(202)	—	(387)	(17,954)
Other changes	(188)	968	150	—	—	—	930
Releases	—	—	—	—	—	(948)	(948)
<b>Balance as at 30.06.2023</b>	<b>62,139</b>	<b>48,341</b>	<b>9,006</b>	<b>327</b>	<b>1,313</b>	<b>20,159</b>	<b>141,285</b>

Provisions for risks and charges have the following dates:

Description	30.06.2023	31.12.2022
Current	57,727	67,641
Non-current	83,558	74,540
<b>Total</b>	<b>141,285</b>	<b>142,181</b>

### *Cyclical maintenance*

With reference to rolling stock, owned by 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 therefore allocated provisions to cyclical maintenance of

EUR 9,883 thousand, with uses in the period amounting to EUR 1,195 thousand. The provision was discounted to present value on the basis of future use forecasts; the amount of the discounting, included in the item “Other changes”, was EUR 188 thousand.

#### *Motorway infrastructure renewal provision*

The value of the renewal provision, equal to EUR 48,341 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 9,006 thousand was estimated on the basis of information from the business plan available at the date on which these Consolidated Financial Statements were drafted. The provision for risks and charges is used to offset the cash outlays that the Group will incur to finance these investments.

#### *Personnel*

On 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 202 thousand.

#### *Ancillary charges for the Affori Integrated Intervention Programme (PII)*

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. In 2022, allocations were made to adjust the provision for EUR 170 thousand. In the first half of 2023, the estimates of the previous year were confirmed; the residual provision, therefore, amounted to EUR 1,313 thousand.

#### *Other risks*

The provision for Other risks at 30 June 2023 included:

- EUR 11,918 thousand, relating to the difference between expenses for maintenance carried out with respect to the corresponding provisions of the current MISE Economic and Financial Plan;

- EUR 142 thousand as the risk estimate from the dispute with the Customs Agency described in the Management Report, in section 8 “Most relevant litigation and other information”;
- EUR 8,099 thousand, of which EUR 1,601 thousand allocated in the period, as the risk estimate of losing litigation ongoing with third parties; EUR 387 thousand of the provision was used in the period, and EUR 948 thousand was released due to litigation that had been settled.

## NOTE 26 POST-EMPLOYMENT BENEFITS

Description	30.06.2023	31.12.2022
Present value of the post-employment benefit liability, calculated on the basis of demographic and financial	19,000	20,410
<b>Total</b>	<b>19,000</b>	<b>20,410</b>

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

Description	30.06.2023	31.12.2022
Service costs	6	273
Interest (Note 41)	360	259
<b>Total</b>	<b>366</b>	<b>532</b>

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 46).

The change in the liability relative to post-employment benefits is shown below:

Description	30.06.2023	31.12.2022
<b>Debt at the start of the year</b>	<b>20,410</b>	<b>28,011</b>
Service costs	6	273
Actuarial loss/(gain)	(119)	(2,611)
Interest cost	360	259
Uses	(1,658)	(3,870)
Transfers	1	(18)
IFRS 5 Reclassification	—	(1,634)
<b>Debt at the end of the year</b>	<b>19,000</b>	<b>20,410</b>



The following main actuarial assumptions were used:

Description	30.06.2023	31.12.2022
Discount rate	3.70	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 discount 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	0.5%	-0.5%
Post-employment benefits	18,405	19,625

## NOTE 27 TRADE PAYABLES

Trade payables are broken down as follows:

Description	30.06.2023	31.12.2022
Payables for invoices received	167,161	132,074
Payables for invoices to be received	288,954	325,210
<b>Trade payables</b>	<b>456,115</b>	<b>457,284</b>
Trade payables to related parties	9,842	13,405
<b>Trade payables to related parties (Note 45)</b>	<b>9,842</b>	<b>13,405</b>
<b>Total</b>	<b>465,957</b>	<b>470,689</b>

Trade payables decreased by EUR 4,732 thousand due to the combined effect of the following:

- trade payables for funded rolling stock renewal orders decreased by EUR 16,942 thousand;
- trade payables for investments with own funds, including investments in cyclical maintenance, decreased by EUR 16,113 thousand;

- trade payables for motorway infrastructure investments decreased by EUR 5,491 thousand;
- trade payables for investments to renew rolling stock and modernise railway infrastructure increased by EUR 26,200 thousand;
- trade payables for the operation and maintenance of the motorway infrastructure increased by EUR 6,526 thousand.

In particular, concerning the renewal of funded rolling stock, the balance included payables for invoices received for EUR 112,648 thousand (EUR 78,229 thousand at 31 December 2022) and payables for invoices to be received for EUR 174,805 thousand (EUR 226,166 thousand at 31 December 2022). As concerns the railway infrastructure modernisation projects, the balance included payables for invoices received for EUR 17,173 thousand (EUR 14,443 thousand at 31 December 2022) and payables for invoices to be received for EUR 41,303 thousand (EUR 17,831 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.

## NOTE 28 PAYABLES FOR TAXES AND DUTIES

Payables are broken down as follows:

Description	30.06.2023	31.12.2022
IRES (CORPORATE INCOME TAX)	673	8,126
IRAP (REGIONAL BUSINESS TAX)	972	1,256
<b>Payables for taxes and duties</b>	<b>1,645</b>	<b>9,382</b>
IRPEF and withholdings	4,682	4,913
VAT	6,218	1,751
Other	12	12
<b>Tax payables</b>	<b>10,912</b>	<b>6,676</b>

The liability includes the IRES and IRAP charge for the period (Note 43) net of advances paid by the investees and the Parent Company as part of tax consolidation.

The VAT item increased in connection with the higher VAT liability of the subsidiary MISE (EUR 4,299 thousand) and the subsidiary ATV (EUR 168 thousand).

## NOTE 29 OTHER CURRENT LIABILITIES

Other current liabilities are broken down as follows:

Description	30.06.2023	31.12.2022
Payables to personnel	20,037	17,788
Payables to social security agencies	11,011	8,994
Deferred income	4,783	6,288
Concession fee payable	2,917	5,593
Capital grants	2,428	1,967
Advances from customers	295	242
Agencies	148	96
Payables to the Ministry of Infrastructures and Transport		85
Other liabilities	5,823	4,973
<b>Current liabilities</b>	<b>47,442</b>	<b>46,026</b>
Payables to Joint Ventures/Associates	17,302	14,061
Capital grants from Regione Lombardia	1,011	1,202
Payable to the Pension Fund	774	1,011
Other Liabilities – Group VAT transfer	7	
Payables to Regione Lombardia	1,449	1,422
<b>Current liabilities to related parties (Note 45)</b>	<b>20,543</b>	<b>17,696</b>
<b>Total</b>	<b>67,985</b>	<b>63,722</b>

The item “Payables to personnel” increased by EUR 2,249 thousand compared to 31 December 2022, as it includes the monthly wages and bonuses to be paid during the second half of 2023. For a similar reason, the item “Payables to social security institutions” increased.

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 extra-urban) purchased by customers, also valid for the following year.

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

The item “Payables to Joint Ventures/Associates” refers to payables for services provided to the Group and to IRES advances paid to the Parent Company by joint venture investees (NordCom, Nord Energia and Omnibus).

The item “Capital grants from Regione Lombardia” mainly refers to grants from Regione Lombardia for the renovation of the property in Milan, Piazza Cadorna (EUR 295 thousand), and for the purchase of buses (EUR 715 thousand).

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

**CONSOLIDATED INCOME STATEMENT****NOTE 30 REVENUES FROM SALES AND SERVICES**

The next table shows the breakdown of this item:

Description	1st Half 2023	1st Half 2022
Income from motorway tolls	132,818	123,708
Revenues from Public Service Contract for automotive sector	20,265	20,488
Products of automotive traffic	17,482	17,910
Income from Service Area concessions	4,853	3,102
Terminal Movements Revenues	619	622
Car sharing revenues	1,054	846
Property income	197	289
Motorway maintenance services invoiced	936	1,378
Services invoiced	167	3,027
<b>Revenues from sales and services</b>	<b>178,391</b>	<b>171,370</b>
Lease of rolling stock	37,156	32,413
Railway infrastructure management Public Service Contract	31,592	31,707
Revenues from network access	12,859	11,752
Services invoiced	5,230	5,577
Rail-replacement service	4,630	2,717
Design services and railway infrastructure project management	6,639	2,876
Car sharing contribution	—	900
Motorway maintenance services invoiced	—	—
Property income	244	231
Car sharing revenues	—	—
<b>Revenues from sales and services to related parties (Note 45)</b>	<b>98,350</b>	<b>88,173</b>
<b>Total</b>	<b>276,741</b>	<b>259,543</b>

**Revenues from sales and services – third parties**

Revenues from sales and services to third parties increased by EUR 7,021 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 7.4% due to the traffic trend (+7.7% compared to 30 June 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 (provincial road). The change in tolls is also affected by the breakdown of traffic between light and heavy vehicles.

#### *Revenues from Public Service Contract for automotive sector*

Revenues showed a net decrease of EUR 223 thousand (-1.7%) in connection with the reduction in the distances travelled of the urban service in the city of Verona.

#### *Products of automotive traffic*

Revenues from road public transport services increased by EUR 3,257 thousand, net of the change deriving from the deconsolidation of La Linea and its subsidiary Martini Bus (EUR -3,807 thousand), due to higher sales consistent with the growing trend in demand resulting from the recovery in the use of public transport by users.

#### *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 for the subsidiary MISE, resulting in an increase of EUR 1,751 thousand, marking an increase of 56.45% compared to the first half of 2022.

#### *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 -3,084 thousand.

### **Revenues from sales and services – related parties**

Revenues from sales to related parties increased by EUR 10,177 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 4,723 thousand primarily following the changes commented on below:

- higher revenues on ROCK, POP, Caravaggio, Donizetti and Colleoni trains, in the amount of EUR 2,934 thousand, put into service in 2022;
- higher revenues on TILO trains, amounting to EUR 1,473 thousand.

#### *Railway infrastructure management Public Service Contract*

The consideration for the Public Service Contract for railway infrastructure management with Regione Lombardia remained essentially unchanged from 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

Contract from the infrastructure operator. The increase in revenues from network access in the period 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 by the Parent Company.

#### *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 4,630 thousand compared to EUR 2,717 thousand in the first half of 2022, due to increased extraordinary transit.

#### *Design services and railway infrastructure project management*

This item increased from EUR 2,876 thousand to EUR 6,639 thousand, and includes charge-backs to Regione Lombardia for design and project management services relating to railway infrastructure maintenance. The increase in the period relates to design activities 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 Contract, as of 1 January 2023, which no longer provides for the annual contribution for the development of car sharing.

For a more detailed analysis of revenues by business segment, please refer to section 5 “Operating performance of business segments” of the Management Report.

## **NOTE 31 GRANTS**

The next table shows the breakdown of this item:

Description	1st Half 2023	1st Half 2022
Grants for current expenses	884	508
Grants for the renewal of the National Collective Bargaining Agreement, other Regions	13	269
Other grants	1,232	835
Compensatory measures for loss of traffic revenues	—	7,135
<b>Grants</b>	<b>2,129</b>	<b>8,747</b>
Grants for current expenses – Regione Lombardia	2,420	1,914
Grants for the renewal of the National Collective Bargaining Agreement, Regione Lombardia	589	1,449
Other grants, Regione Lombardia	754	899
<b>Grants to related parties (Note 45)</b>	<b>3,763</b>	<b>4,262</b>
<b>Total</b>	<b>5,892</b>	<b>13,009</b>

*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 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 7,135 thousand.

The item “Other grants” relates to capital grants for bus investments. Net of this effect, Other grants from third parties remained substantially unchanged.

*Grants for current expenses, Regione Lombardia*

This item refers to grants from 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 two-year periods 2002-2003, 2004-2005 and 2006-2007, accrued in the first half of 2023.

This item decreased as a result of the amendment to the Service Contract for the management of the railway infrastructure, which included this amount in the basic fee of the Service Contract.

*Other grants, Regione Lombardia*

This item mainly refers to grants received for the purchase of high-frequency trains (EUR 227 thousand) and buses (EUR 359 thousand), the redevelopment of the Cadorna Station in Milan (EUR 73 thousand), to the grant, as per Regional Law No. 12/88, for the development of car parks at various stations along the Bovisa – Saronno section (EUR 61 thousand) and for the development of the “La Civiltà di Golasecca” museum (EUR 34 thousand).

**NOTE 32 REVENUES FROM CONSTRUCTION SERVICES – IFRIC 12**

The adoption of IFRIC 12 meant that investments in railway infrastructure and rolling stock, fully funded by Regione Lombardia, as well as investments in motorway infrastructure, are not shown as property, plant and equipment but in the Income Statement.

The amount of these investments in the first half of 2023 was EUR 53,843 thousand, versus EUR 48,419 thousand in the first half of 2022, and refers to railway infrastructure modernisation and enhancement work for EUR 38,049 thousand (EUR 23,647 thousand in the first half of 2022) and to motorway infrastructure work for EUR 15,794 thousand (EUR 24,772 thousand in the first half of 2022).



The item also includes income deriving from the recovery of overhead costs for work orders for both the modernisation of the railway infrastructure and the renewal of rolling stock, respectively for EUR 1,560 thousand and EUR 1,264 thousand (EUR 1,412 thousand and EUR 2,992 thousand in the first half of 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 96,845 thousand (EUR 283,578 thousand in the first half of 2022) for rolling stock of the “Programme 2017-2032” and in the amount of EUR 29,137 thousand (not present at 30 June 2022) for other types of rolling stock.

### NOTE 33 OTHER INCOME

The next table shows the breakdown of this item:

Description	1st Half 2023	1st Half 2022
Motorway infrastructure management income	2,859	2,510
Performance of services	1,841	1,856
Capitalisation of increases in internal work	1,752	—
Lease payments	1,529	1,418
Recovery of gasoil excise	1,078	886
Fines and penalties	543	508
Insurance pay-outs	511	630
Sale of warehouse materials	489	2,640
Non-recurring income	475	1,176
Recovery of costs	439	613
Capital gain on property, plant and equipment	131	349
Release of the provision for bad debts	63	130
Release of provisions for risks and charges	—	361
Other income	205	31
<b>Other Income</b>	<b>11,915</b>	<b>13,108</b>
Sundry income with related parties	4,225	3,877
<b>Other income from related parties (Note 45)</b>	<b>4,225</b>	<b>3,877</b>
<b>Total</b>	<b>16,140</b>	<b>16,985</b>

Other income decreased by EUR 845 thousand compared to the comparative six months of 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 first half of 2023 increased by EUR 349 thousand in relation to higher recoveries for work in connection with the recovery of maintenance expenses for service areas, as provided for in the new contracts in place 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 Agreement. This activity was not present in the comparison period.

*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 2,151 thousand.

*Sundry income with related parties*

This item includes services provided by the Group to joint venture companies, in line with the previous year.

**NOTE 34 RAW MATERIALS, CONSUMABLES AND GOODS USED**

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

Description	1st Half 2023	1st Half 2022
ATV S.r.l.	7,726	8,640
FERROVIENORD	4,837	2,930
FNM Autoservizi S.p.A.	2,021	2,064
MISE and MISE Engineering	822	354
Malpensa Intermodale	37	83
La Linea S.p.A.	25	927
Martini Bus	7	272
<b>Total</b>	<b>15,475</b>	<b>15,270</b>

The net change for the period, amounting to EUR 205 thousand, is attributable to the following:

- the increase in the costs of the subsidiary FERROVIENORD, equal to EUR 1,907 thousand, due to the increased use of materials for maintenance works compared to the comparative year;
- the decrease in traction 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.

With regard to ATV's costs, higher production volumes were offset by lower costs; specifically, it should be noted that:

- automotive diesel costs, amounting to EUR 3,578 thousand, decreased by EUR 437 thousand with respect to those of the first half of 2022 (EUR 4,015 thousand) as a result of the lower average cost (amounting to EUR 1.379/litre versus EUR 1.386/litre in 2022);
- automotive CNG costs, amounting to EUR 2,276 thousand, decreased by EUR 565 thousand with respect to those of the first half of 2022 (EUR 2,841 thousand) as a result of the lower average cost (amounting to EUR 0.720/m<sup>3</sup> versus EUR 0.967/m<sup>3</sup> in 2022).

As regards the costs of FNM Autoservizi, automotive diesel costs, amounting to EUR 1,753 thousand, rose by EUR 89 thousand with respect to those of the first half of 2022 (EUR 1,664 thousand) due to the higher average cost (EUR 1.46/litre compared to EUR 1.424/litre in 2022) as well as the increase in average consumption (2.53 km/litre compared to 2.41 km/litre in 2022).

## NOTE 35 SERVICE COSTS

The next table shows the breakdown of this item:

Description	1st Half 2023	1st Half 2022
Motorway infrastructure maintenance	15,905	19,616
Third-party services – Maintenance	8,378	7,187
Sundry third-party services	6,370	5,598
Utilities	6,276	6,034
Costs for sub-contracting of LPT road services	5,280	7,771
Motorway infrastructure management	4,251	4,055
Expenses for employees	3,761	3,720
Insurance	3,066	3,023
Cleaning expenses	2,540	2,237
Consulting	2,150	2,201
Commercial expenses	1,688	1,373
Supervision expenses	1,476	1,692
Third-party services – Bus maintenance	934	1,358
IT costs	1,057	898
Real estate management	749	797
Motor vehicles management	696	786
Legal and notary fees	544	748
Coordinated and continuous services	593	651
Third-party services – Maintenance of rolling stock	457	341
Provisions for risks and charges	546	58
Other charges	3,449	2,617
Costs for non-ordinary consulting services		36
<b>Service costs</b>	<b>70,166</b>	<b>72,797</b>
Service costs – related parties	5,351	5,146
<b>Service costs from related parties (Note 45)</b>	<b>5,351</b>	<b>5,146</b>
<b>Total</b>	<b>75,517</b>	<b>77,943</b>

### Service costs – third parties

Third-party service costs showed an increase of EUR 4,562 thousand, net of the change resulting from the deconsolidation of La Linea and its subsidiary Martini Bus for EUR -6,988 thousand, as compared to the first half of 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 -5,454 thousand, increased due to more additional services performed in the period, amounting to EUR 2,963 thousand;
- an increase of EUR 1,191 thousand for design, project management and safety coordination costs entrusted to third parties for railway infrastructure maintenance;
- increase in expenses for third-party services, mainly attributable to waste disposal, and cleaning expenses of EUR 1,058 thousand;
- increase of EUR 508 thousand in collection charges relating to the increase in traffic;

- higher provisions for risks and charges of EUR 488 thousand;
- increase in commercial expenses and commissions to third parties by EUR 319 thousand in relation to higher advertising expenses during the period;
- increase of EUR 276 thousand in utilities due to price increases;
- decrease of EUR 3,711 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 5,592 thousand and utilisations of the renewal provision in the amount of EUR 16,114 thousand.

The renewal provisions recognised represent the amount set aside during the period in order to ensure their consistency. The amount set aside is valued taking into account scheduled maintenance as well as the progress of the investment plan, as set forth in the Economic and Financial Plan.

The utilisation of the renewal provision represents the expenses incurred during the period for the restoration of assets under concession, included under the item “maintenance of assets under concession”, covered by the renewal provision previously set aside.

### 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 attributable to increased IT services.

## NOTE 36 PERSONNEL COSTS

The item “personnel costs” is broken down as follows:

Description	1st Half 2023	1st Half 2022
Wages and salaries	59,161	60,107
Social security contributions	17,990	15,185
Allocation to supplementary pension fund	4,068	3,954
Allocation to National Collective Labour Agreement provision	—	203
Pension liabilities	283	251
Allocation for post-employment benefit payable	6	148
Other costs	1,695	1,979
Recovery of personnel costs	(816)	(569)
<b>Total</b>	<b>82,387</b>	<b>81,258</b>

Personnel costs showed an overall net increase of EUR 1,129 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 3,895 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.

## NOTE 37 DEPRECIATION, AMORTISATION AND WRITE-DOWNS

The next table shows the breakdown of this item:

Description	1st Half 2023	1st Half 2022
Amortisation of Property, plant and equipment	18,391	17,296
Amortisation of Intangible assets	29,780	19,962
Amortisation of right of use	3,307	3,743
Write-down of Property, plant and equipment	—	233
Write-down of rights of use	—	3,500
Impairment of Goodwill	—	2,714
<b>Depreciation, amortisation and write-downs</b>	<b>51,478</b>	<b>47,448</b>

### *Amortisation of Property, plant and equipment*

This item, which increased by EUR 1,095 thousand, derives from the increase in amortisation of rolling stock due to the completion of extraordinary maintenance 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 9,735 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 the first half of 2023.

### *Write-down of Property, plant and equipment*

The amount is entirely attributable to the write-down of capitalised maintenance on trains.

### *Write-down of rights of use*

The impairment in the comparative period related to the rights of use of the CGU coinciding with the subsidiary ATV as a result of the impairment test carried out at 30 June 2023.

### *Impairment of Goodwill*

As a result of the aforementioned impairment test, the goodwill of the CGU coinciding with the subsidiary ATV was also fully written down in the comparative period.

## NOTE 38 WRITE-DOWNS OF FINANCIAL ASSETS

This item includes amounts related to provisions for bad debts, in the amount of EUR 569 thousand. In the comparative half-year of 2022, receivables relating to funded work orders were written down for EUR 154 thousand and contractual assets were written down for EUR 1,155 thousand.

## NOTE 39 OTHER OPERATING COSTS

The next table shows the breakdown of this item:

Description	1st Half 2023	1st Half 2022
Concession fee	14,491	13,549
Allocations to the provision for risks and charges	10,618	7,213
Taxes and duties	952	960
Non-recurring expenses	318	446
Fines, penalties and settlements	155	193
Capital losses on property, plant and equipment	162	35
Losses on receivables	—	1
Release of provisions for risks and charges	(659)	
Other charges	1,312	2,281
<b>Other operating costs</b>	<b>27,349</b>	<b>24,678</b>
Other operating costs	283	91
<b>Other operating costs to related parties (Note 45)</b>	<b>283</b>	<b>91</b>
<b>Total</b>	<b>27,632</b>	<b>24,769</b>

The change in other operating costs shows a net increase of EUR 2,863 thousand compared to the first half of 2022 and is analysed below.

The item “Concession fee” refers to motorway concession fees. The change for the period was EUR 942 thousand, due to the change in toll revenues and traffic trends.

### *Allocations to the provision for risks and charges*

Said item refers to provisions made for the cyclical maintenance of rolling stock (Note 25), which increased compared to the comparative period in relation to the rolling stock funded by Regione Lombardia, progressively put into service in the second half of 2022 and in the half-year under review. The following were delivered during the first half of 2023:

- 9 long configuration, “Caravaggio” type high-capacity (EMU) trains;
- 5 “Donizetti” type (EMU) trains;
- 9 “Colleoni” type trains.

*Other charges*

This item includes membership fees for EUR 873 thousand (EUR 1,312 thousand at 30 June 2022).

**NOTE 40 FINANCIAL INCOME**

Financial income accrued as shown in the following table:

Description	1st Half 2023	1st Half 2022
Current bank accounts and deposits	706	13
Income from fund discounting	188	1,774
Capital gain from disposal	32	79
Other financial income	693	433
<b>Financial income</b>	<b>1,619</b>	<b>2,299</b>
Other financial income	1,884	1,834
<b>Financial income from related parties (Note 45)</b>	<b>1,884</b>	<b>1,834</b>
<b>Total</b>	<b>3,503</b>	<b>4,133</b>

*Current bank accounts and deposits*

Financial income on current bank accounts and deposits increased by EUR 693 thousand in relation to the higher average remuneration rate, which went from 0.004% to 0.753% in 2023. This effect was partially offset by the lower cash availability in the period under review with respect to the comparative period.

*Income from fund discounting*

Income was entirely attributable to the change in the discount rate of the cyclical maintenance provision. In the comparative period, the item was entirely attributable to the discounting of the motorway infrastructure renewal provision, which resulted in a charge in the current period (Note 41).

*Capital gain from disposal*

The capital gain from the disposal to third parties relates to the sale of the equity investment in NTT, which took place on 16 January 2023. In the comparison period, the capital gain derived from the sale of the equity investment in Confederazione Autostrade S.p.A., which took place on 28 June 2022.

*Other financial income from related parties*

The item relates to the financial income resulting from the loan agreements between FNM and the investees Busforfun and SportIT, and between MISE and the investees APL, S.A.Bro.M. and Tangenziale Esterna.



## NOTE 41 FINANCIAL EXPENSES

Financial expenses accrued on:

Description	1st Half 2023	1st Half 2022
Financial expenses on loans	4,292	2,342
Financial expenses on the corporate bond	3,137	3,130
Discounting of renewal provision	1,118	509
Post-employment benefits (Note 26)	360	134
Lease agreement as lessee	341	191
Financial expenses from measurement at fair value though profit or loss	—	168
Other financial expenses	49	186
<b>Financial expenses</b>	<b>9,297</b>	<b>6,660</b>
Financial expenses to related parties	155	117
Financial expenses on giro account	30	—
Lease agreement as lessee	—	1
<b>Financial expenses to related parties (Note 45)</b>	<b>185</b>	<b>118</b>
<b>Total</b>	<b>9,482</b>	<b>6,778</b>

### *Financial expenses on loans*

The item includes financial expenses relating to:

- loan taken out by the Parent Company from the European Investment Bank, on 21 December 2017, for EUR 50 million, and calculated at the contractual interest rate equal to a fixed rate of 0.377% on the first tranche of EUR 10 million and 0.446% on the second tranche of EUR 40 million, for a total of EUR 77 thousand (EUR 96 thousand in the first half of 2022);
- loans taken out by MISE, for a total of EUR 4,215 thousand (EUR 2,246 thousand in the first half of 2022); 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 141 thousand, and the negative IRS spread relating to financial hedging contracts, amounting to EUR 138 thousand.

### *Financial expenses on the corporate bond*

This item includes the financial expenses relating to the bond loan (Note 21) 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%).

## NOTE 42 NET PROFIT/LOSS OF COMPANIES MEASURED WITH THE EQUITY METHOD

The item “profit/loss of companies measured with the Equity method” at 30 June 2023 and 30 June 2022 is broken down as follows:

Description	1st Half 2023	1st Half 2022
Trenord S.r.l. *	(1,000)	(14,292)
Autostrada Pedemontana Lombarda S.p.A.	(583)	1,935
Tangenziali Esterne di Milano S.p.A. **	(941)	(649)
NORD ENERGIA S.p.A. in liquidation ***	725	1,410
DB Cargo Italia S.r.l.	1,334	1,055
Omnibus Partecipazioni S.r.l. ***	(1)	511
NordCom S.p.A.	296	242
Busforfun.Com S.r.l.	(60)	257
Sportit S.r.l.	(232)	(202)
<b>Profit/Loss of companies measured with the Equity method</b>	<b>(462)</b>	<b>(9,733)</b>

\* includes the result of TILO SA

\*\* includes the result of Tangenziale Esterna S.p.A.

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

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

## NOTE 43 INCOME TAXES

The next table shows the breakdown of this item.

Description	1st Half 2023	1st Half 2022
Current	(9,501)	(12,920)
Prepaid/Deferred	747	(541)
<b>Total</b>	<b>(8,754)</b>	<b>(13,461)</b>

Current taxes decreased by EUR 4,707 thousand 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, amounting to EUR 665 thousand.

Reference should be made to the Notes to the 2022 Consolidated Financial Statements for the breakdown by nature of the temporary differences that give rise to the balance of the receivables for deferred tax assets, whose change in the half-year was EUR 747 thousand.

Deferred tax assets recognised directly in Equity in relation to the recognition of actuarial gains/losses and the change in the fair value of derivatives amounted to EUR 96 thousand.

#### NOTE 44 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	1st Half 2023	1st Half 2022
Profit attributable to Parent Company Shareholders in EUR	33,480,000	21,438,000
Weighted average number of shares	434,902,568	434,902,568
Basic earnings per share in EUR cents	0.08	0.05

Diluted earnings per share coincided with basic earnings per share.

#### NOTE 45 OPERATIONS WITH RELATED PARTIES

The FNM Group is controlled by 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 Regione Lombardia are reported under Related-Party Transactions, which also include the transactions with companies for which the Group has joint control and with associates, measured with the Equity method.

Transactions with Related Parties, carried out at market values, are presented below:

Description	Notes	30/06/2023			31/12/2022		
		Total	Related parties		Total	Related parties	
			Absolute value	Proportion %		Absolute value	Proportion %
<b>BALANCE SHEET</b>							
Other non-current financial assets measured at amortised cost	11	61,091	60,090	98.4 %	57,316	56,316	98.3 %
Other non-current assets	18	3,354	7	0.2 %	3,542	7	0.2 %
Trade receivables	17	177,341	76,992	43.4 %	152,964	70,529	46.1 %
Other current assets	18	159,797	21,503	13.5 %	149,490	25,566	17.1 %
Other current financial assets measured at amortised cost	11	1,119	533	47.6 %	1,174	481	41.0 %
Receivables for investments in services under concession	13	247,998	246,001	99.2 %	249,333	247,336	99.2 %
Non-current payables for funded investments	25	13,678	7,863	57.5 %	12,587	6,763	53.7 %
Lease liabilities	24	15,507	33	0.2 %	18,029	20	0.1 %
Other non-current liabilities	27	34,266	10,705	31.2 %	31,095	10,075	32.4 %
Current financial payables	24	24,727	20,827	84.2 %	35,679	30,586	85.7 %
Current payables for funded investments	25	69,380	62,507	90.1 %	41,112	41,112	100.0 %
Current lease liabilities	24	7,846	43	0.5 %	7,746	115	1.5 %
Trade payables	30	465,957	9,842	2.1 %	470,689	13,405	2.8 %
Other current liabilities	32	67,985	20,543	30.2 %	63,722	17,696	27.8 %

Description	Notes	1st Half 2023			1st Half 2022		
		Total	Related parties		Total	Related parties	
			Absolute value	Proportion %		Absolute value	Proportion %
<b>INCOME STATEMENT</b>							
Revenues from sales and services	33	276,741	98,350	35.5 %	259,543	88,173	34.0 %
Grants	34	5,892	3,763	63.9 %	13,009	4,262	32.8 %
Revenues from construction services	35	56,667	40,873	72.1 %	52,823	28,054	53.1 %
Other income	36	16,140	4,225	26.2 %	16,985	3,877	22.8 %
Service costs	38	(75,517)	(5,351)	7.1 %	(77,943)	(5,146)	6.6 %
Other operating costs	42	(27,632)	(283)	1.0 %	(24,769)	(91)	0.4 %
Financial income	43	3,503	1,884	53.8 %	4,133	1,834	44.4 %
Financial expenses	44	(9,482)	(185)	2.0 %	(6,778)	(118)	1.7 %

The “Other current receivables from related parties” refer to receivables from Regione Lombardia for investment grants, to receivables for services rendered to joint venture investees and to receivables deriving from the Group VAT (Note 15).

“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 11).

“Current financial payables to related parties” include the balance of the giro account held with joint venture investees and the Pension Fund (Note 21).

“Payables for funded investments” include payables to Regione Lombardia and other Entities relating to the surplus of collections of fees obtained for investments made by the Group, for the portion already allocated to investments and not yet offset (Note 22).

The item “Other current liabilities” refers to payables for services provided to the Group and to IRES advances paid to the Parent Company by joint venture investees, as well as to capital grants obtained from Regione Lombardia for the purchase of rolling stock and buses.

## NOTE 46 OTHER COMPREHENSIVE INCOME

Details of related items recorded in Shareholders’ Equity at 30 June 2023 and 30 June 2022 are reported below:

Description	1st Half 2023			1st Half 2022		
	Gross value	Tax (Charge)/Benefit	Net value	Gross value	Tax (Charge)/Benefit	Net value
Post-employment benefit actuarial gain/(loss)	119	(32)	87	3,319	(929)	2,390
Revaluation of fair value of derivatives	264	(64)	200	1,855	(445)	1,410
Post-employment benefit actuarial gain/(loss) of companies measured with the Equity method	487		487	855		855
Revaluation of fair value of derivatives of companies measured with the Equity method	(97)		(97)	2,421		2,421
Gains/(Losses) arising from the translation of financial statements of foreign companies	8		8	40		40
<b>Total</b>	<b>781</b>	<b>(96)</b>	<b>685</b>	<b>8,490</b>	<b>(1,374)</b>	<b>7,116</b>

### *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 26).

### *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 8).

### *Reserve for changes in fair value of derivatives*

Reference should be made to Note 21.

### *Gains/(Losses) arising from the translation of financial statements of foreign companies*

Reference should be made to Note 8.

## NOTE 47 FAIR VALUE ESTIMATE

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

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

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

<i>Amounts in EUR thousands</i>	Notes	Book value 30/06/2023	Level 1	Level 2	Level 3
<i>Financial assets measured at fair value through profit or loss</i>	8-10	11,141		0	11,141
<i>Financial derivative liabilities</i>	21	12		12	

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 measurement techniques that make reference to parameters observable on the market (i.e. “Level 2”); during the first half of 2023, there were no transfers from Level 1 to Level 2 and vice versa.

## NOTE 48 SIGNIFICANT NON-RECURRENT EVENTS AND TRANSACTIONS

In the first half of 2023, as in the comparative period 2022, there were no significant non-recurring events and transactions.

**NOTE 49 SUBSEQUENT EVENTS**

No significant events occurred after 30 June 2023.

Milan, 2 August 2023

The Board of Directors

**ANNEX 1**  
**to the NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL**  
**STATEMENTS AS AT 30.06.23**

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	35%
Trenord S.r.l.	Milan - P.le Cadorna, 14	Joint Venture	Measured with the Equity method	50%
TILO SA	Bellinzona CH - Via Portaccia, 1a	Joint Venture	Measured with the Equity method	25%
NordCom S.p.A.	Milan - P.le Cadorna, 14	Joint Venture	Measured with the Equity method	58%
NORD ENERGIA S.p.A. in liquidation	Milan - P.le Cadorna, 14	Joint Venture	Measured with the Equity method	60%
CMC MeSta SA	Bellinzona CH - Viale Officina, 10	Joint Venture	Measured with the Equity method	60%
Omnibus Partecipazioni S.r.l.	Milan - P.le Cadorna, 14	Joint Venture	Measured with the Equity method	50%
ASF Autolinee S.r.l.	Como - Via Asiago, 16/18	Joint Venture	Measured with the Equity method	24.5%
Autostrada Pedemontana Lombarda S.p.A.	Assago - Via del Bosco Rinnovato, 4/b	Associate	Measured with the Equity method	36.7%
DB Cargo Italia S.r.l.	Milan - P.le Cadorna, 14	Associate	Measured with the Equity method	40%
Busforfun.com S.r.l.	Venice - Via Botteghino, 217	Associate	Measured with the Equity method	40%
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	33.33%
Tangenziali Esterne di Milano S.p.A.	Milan - Via Fabio Filzi, 25	Associate	Measured with the Equity method	22.55%



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

1. The undersigned, Andrea Gibelli as “Chairman of the Board of Directors” and Valentina Montanari as “Executive in charge of financial reporting” of FNM S.p.A., also taking into account the provisions of art. 154-*bis*, paragraphs 3 and 4, of Legislative Decree of 24 February 1998, no. 58, attest to:
  - a) the adequacy in relation to the characteristics of the company and
  - b) the effective application of the administrative and accounting procedures for the preparation of the consolidated condensed interim financial statements during the first half of 2023.
  
2. No major issues have arisen in this respect
  
3. They also attest that:
  - a) The Consolidated condensed interim financial statements:
    - were prepared in accordance with the International Accounting Standards (IAS/IFRS) applicable in the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002, and in particular IAS 34 - Interim financial reporting;
    - correspond to the results of the accounting books and records;
    - provide a true and fair view of the economic and financial position of the issuer and of the group of companies included in the consolidation.
  - b) The management report to the consolidated condensed interim financial statements includes a reliable analysis of the references to significant events that occurred in the first six months of the year and their impact on the consolidated condensed interim financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the year. The interim management report also includes a reliable analysis of information on significant transactions with related parties.

Milan, 2 August 2023

The Chairman  
of the Board of Directors  
Andrea Gibelli

The Executive in charge of  
financial reporting  
Eugenio Giavatto

**FNM S.p.A.**

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## REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of  
FNM SpA

### Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of FNM SpA and its subsidiaries (the FNM Group) as of 30 June 2023, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated statement of cashflow and related notes. The directors of FNM Group are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the International Accounting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of FNM Group as of 30 June 2023 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 4 August 2023

PricewaterhouseCoopers SpA

*Signed by*

Riccardo Proietti  
(Partner)

*This review 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.*

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### PricewaterhouseCoopers SpA

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