



2023 ANNUAL REPORT

(Translation from the Italian original which remains the definitive version)

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FERROVIE DELLO STATO ITALIANE SPA: COMPANY OFFICERS

Board of Directors

Chairwoman	Nicoletta Giadrossi
CEO	Luigi Ferraris
Directors	Riccardo Barbieri Hermitte
	Pietro Bracco
	Alessandra Bucci
	Paola Gina Maria Schwizer
	Tommaso Tanzilli

Board of Statutory Auditors

Chairwoman	Rosalba Cotroneo
Standing Statutory Auditors	Sergio Duca
	Marino Marrazza
Alternate Statutory Auditors	Letteria Dinaro
	Francesco Tulimieri

COURT OF AUDITORS' MAGISTRATE APPOINTED TO AUDIT FERROVIE DELLO STATO ITALIANE SPA FOR THE 2023 FINANCIAL YEAR

Giovanni Coppola

OFFICER IN CHARGE OF FINANCIAL REPORTING

Marco Fossataro

INDEPENDENT AUDITORS

PricewaterhouseCoopers SpA

Letter of the Chairwoman

Dear Shareholder,

the macroeconomic environment of 2023, characterised by moderate economic growth (in Italy: GDP +0.9%), was marked by continuing geopolitical tensions worldwide, still high inflation (+5.7%, after the +8.1% recorded in 2022), and stringent monetary policies (ECB rate increased from 2.5% to 4.5%).

Nevertheless, also thanks to the support of the Italian government and other institutional stakeholders, the FS Group continued its path to growth, which had been started in previous years, recording a further increase in revenues (€14.8 billion, +8% compared to 2022), driven by operational performance and the marked recovery in the Passenger Business Segment (+11% compared to 2022) and the Freight Business Segment (+6%) in a difficult European logistics environment, improving margins at EBITDA (€2.2 billion, +1%) and EBIT (€0.3 billion, +29%) levels. Net operating profit was positive (€100 million), down from 2022 (-51%), mainly due to non-recurring items.

We made capital expenditure of €16.4 billion (+46% over 2022), a value never before recorded in the Group's history, as well as published new calls for tenders for €17 billion (counting only RFI and ANAS), and awarded new works for about €24 billion (more than 88% of the relevant tendering procedures included environmental and social criteria) that mark the Group's extraordinary effort to execute strategic works for our country. The trust that the country has shown us by entrusting us with a significant share of the funds allocated under the NRRP has been well placed: we have met all the assigned deadlines in full. In December 2023, the progress of investments with NRRP funds reached €8 billion, equal to about 30% of the resources, in line with the time schedule.

At the country system level - in a direct, indirect and induced way - we have generated an economic impact of about 1.75% of the national Added Value and an employment impact equivalent to about 400 thousand people.

The growth in size and the acceleration of the investment plan have also been supported through the weighted and sustainable use of new debt (including €1.8 billion based on ESG criteria), resulting in an increase in the NFP/Equity ratio (0.3 in 2023 against 0.2 in 2022).

The positive ratings issued by specialist credit agencies confirm that the FS Group's financial position remains solid and well balanced.

Thanks to our excellent sustainability profiles, to date one-third of our outstanding loans (about €5 billion out of a total of 15) consist of "Green Bonds," i.e., bond issues that comply with the Green Bond Principles issued by the ICMA (no. 3 new issues in 2023, with a nominal value of €1.6 billion).

In 2023, as the Business Plan became fully operational, the Group's four Business Segments (Infrastructure, Passenger, Logistics and Urban) also achieved full operation, including in terms of governance and company organisation. At an international level, the FS Group has gone from being a player with operations abroad to a company with a clear and coherent strategy, achieving major milestones.

The Infrastructure Business Segment has been a protagonist on the investment front, reaching €14 billion in capital expenditure (+52%), consisting, on the one hand, of interventions on safety, technological equipment, maintenance in efficiency and development of the railways and roads under concession, with many construction sites operating throughout the country (among the main ones in the railway sector, the Third Giovi Pass, the Naples-Bari line, the Brescia-Verona and Verona-Vicenza stretches; in the road transport sector: the State Road SS 45 Valtrebbia, the Vicenza Bypass, the State Road SS 106 Jonica, the State Road SS 18 Tirrena Inferiore, the State Road SS 176 in the Basento Valley and the State Road SS 131 Carlo Felice in Sardinia). Also noteworthy is the growth in traffic volumes on the rail network (+1.3% compared to 2022, up from pre-pandemic levels) and roads operated by Anas (+1.5%, according to the Detected Mobility Index).

With regard to the Passenger Business Segment, in 2023 we recorded an increase in passenger volumes in all segments of rail and road transport: High Speed (+54% compared to 2022, against an increase of 24% in supply, measured by train-km travelled), Intercity (+8%, against a rationalisation of service: -4% train-km), Regional transport (+3%, against an increase in train-km of 10%) and LPT (+20%, with the same number of bus-km travelled compared to the previous year).

The Passenger and Infrastructure Business Segments, for their respective areas of responsibility, are working to improve technical punctuality, which in rail passenger transport has decreased by about 1%. The Group's commitment to improving the perceived quality of service has been rewarded by the increase in all customer satisfaction indices.

Fleet renewal continued steadily: in rail transport, in particular, among the 107 new trainsets that entered service (81 in 2022, +32%), the 29 "Blues" trains, intended for regional services and particularly innovative because they are triple-fuelled (electric, diesel, and battery-powered), are of particular note.

Investments on the Logistics Business Segment (+17% compared to 2022) resulted in an increase in supply of more than 3%, which made it possible to limit the impacts of a macroeconomic framework marked by a significant drop in demand (-2% in the volume of goods transported in the Business Segment, better than the drop of 13% measured at the sector level in the EU area in the latest update provided by UIC, covering the first nine months of 2023).

In the Urban Transport Business Segment, a marked improvement in the result of operations (+€35 million) and the substantial doubling (+91%) of investments are reported, with a consequent acceleration of initiatives in the core areas of the Business Segment (real estate development, urban regeneration, implementation of intermodal and urban logistics solutions).

In terms of sustainability, which we wanted to fully integrate into our Business Plan, our ESG results are presented in the Directors' report, which incorporates non-financial information with the classification of the Group's environmentally sustainable activities according to EU standards, in view of the forthcoming adoption of the new Corporate Sustainability Reporting Directive. With an awareness of the importance of sustainability for FS and Group strategies, induction sessions were held in February 2023 for all top management in the Group, followed by executives in each Business Segment.

From an environmental perspective, we are particularly proud of the results obtained from the application of the European Taxonomy: 84.8% of our capital expenditure, 59.1% of our revenues, and 35.8% of our operating costs are "environmentally sustainable."

Despite the increase in business volumes, we have improved the key indicators on recycling, reuse and disposal of materials (sorted +7%, and recovered waste +1%) and water consumption (-4%), thus managing to contain the increase in waste production (+1.5%).

In 2023, we emitted 2.24 million tons of CO₂ equivalent, compared to 2.00 million tons in 2022, with the deviation mainly attributable to the combination of higher volumes in passenger transport, which is particularly energy-intensive, and the

worsening domestic electricity generation mix. Against this increase in absolute terms, for rail and road passenger transport, there was an improvement in specific emissions, or equivalent emissions per unit of passengers/km transported, which decreased by 11% and 15%, respectively. The plan to invest in self-generation of renewable energy from solar sources, which started in concrete terms in 2023, will lead us, by 2027, to build zero-emission PV plants that will cover about 40% of our energy needs, with direct benefits in terms of reducing our emissions.

With regard to our commitment to employees and collaborators, in 2023 the Group's growth was also reflected in the growth in the number of employees, which increased from 85,361 to 92,446 people (up 8%, in line with revenue growth). The 13,111 resources who joined, compared with 6,026 who left our Group, helped to bring about significant generational change and to reduce the gender gap at all levels of occupational classification. 27.5% of our executives are women (+2.2%), with an overall increase of 6.1% over the three-year period (comparison with the figure as of 31 December 2020), which demonstrates, in fact, the results of our commitment to gender equality issues. Training days, approaching one million, increased by a further 18.7%, continuing the growth of previous years.

In terms of our social commitment, we continued to support the Help Centers and shelters that we host in our spaces at 20 stations (one more than in 2022), as well as non-profit projects (with a social, cultural, and environmental background) carried out by non-profit entities in the spaces we grant free of charge at 464 stations (188,353 square meters of indoor spaces and 3,941,565 square meters of outdoor spaces).

In terms of governance, we continued on the path to continuous improvement of FS's system of corporate governance, internal control, and risk management, as well as the overall governance structure of the Group.

Among the most important new developments in 2023: the introduction and updating of important policies, guidelines and procedures (e.g., on: the work of the Financial Reporting Manager, negotiation activities, related-party transactions, compliance with International Economic Sanctions and Trade Compliance regulations) and, at the organisational level, the reorganisation of FS's Risk Management function, also with the enhancement of the Climate Risk Resilience department, dedicated to the analysis and fulfilment of climate change and adaptation actions.

The year 2023 also saw the start of the process to achieve ISO 37001 "Management Systems for the Prevention of Corruption" certification for FS, as well as the so-called International Compliance Program, aimed at strengthening and harmonising the Internal Control System of the Group's foreign companies.

At the board level, the conduct of a formal self-appraisal process, the first one done in the Group's history, with the involvement of a specialist independent consulting firm, confirmed the quality of the work performed and offered some insights for refinement.

In early months of 2024, we updated the Internal Control and Risk Management System Model, initiating the early transposition of the new Global Internal Audit Standards and expressly identifying "Combined Assurance" as a key element of the system, to be implemented Group-wide by the end of the year.

With the Shareholders' Meeting to approve the financial statements at 31 December 2023, the term of office expired for the Board of Directors which had been appointed on 26 May 2021.

In thanking the Shareholder, also on behalf of the entire Board of Directors, for the support shown at every opportunity, let me emphasise the profound change driven across the Group during this three-year period, in accordance with the Business Plan launched in 2022.

In recalling the terrible impact of the health emergency in 2020 and taking data at 31 December 2019 as a reference for comparison, suffice it to mention the increase in revenues (+19%), capital expenditure (+93%) and the number of employees (+10%, with 31,478 resources who joined in the three-year period, equal to more than one-third of the current number, against 20,441 exits), with firmly maintaining all the balances in terms of financial position, result of operations and cash flows. In terms of corporate governance, for the first time in its history, the FS Group has been provided with a special set of Rules governing the performance of management and coordination activities, through the definition of an overall organisational and information structure suitable for the creation of long-term sustainable value for shareholders and other relevant stakeholders. In addition, for the first time in the Company's history, the FS Board of Directors has been provided with its own rules of operation, which have become the model on the basis of which all the Boards of Directors of the main Group companies have approved similar rules, ensuring the proper functioning of collective bodies and the uniformity and consistency of the related mechanisms at the Group level.

In light of the path we have taken together, I would like to thank the Chief Executive Officer, each of the other Directors, the Statutory Auditors and the Magistrate of the Court of Auditors for their valuable contributions while respecting their respective roles. Finally, I would like to express appreciation for the dedication and professionalism found in the Women and Men of the FS Group whom I have gotten to know over this three-year period.

The FS Group is confirmed as solid and ready to continue its mission, always at the service of the sustainable growth of our country.

The Chairwoman

Nicoletta Giadrossi

The Group in short

The Ferrovie dello Stato Italiane Group's annual report

This annual report includes the consolidated and separate financial statements of Ferrovie dello Stato Italiane SpA ("FS Italiane SpA") and the directors' report, which meets the provisions of the Italian Civil Code and complies with the regulations of Legislative Decree no. 254 of 30 December 2016 applicable to non-financial information. The Directors' Report also includes the Report on corporate governance and ownership structure.

Disclaimer

This document and, in particular, the part titled "Outlook", contains forward-looking statements based on current expectations and projections of future events. By their very nature, these statements present inherent risks and uncertainties. They refer to events and depend on circumstances that might, or might not, occur or arise in the future and, as such, cannot be fully relied upon. Actual results may differ, even significantly, from the data in these statements due to myriad factors, including, but not limited to, the geopolitical turmoil, volatile and deteriorating capital and financial markets, changes in raw material and energy prices, changes in macroeconomic conditions and economic growth and other changes in business conditions, changes in legislation and the institutional context (both in Italy and abroad), difficulties in carrying out production and providing services, including restrictions to the use of the infrastructural railway/road network, the use of plants and supplies and many other risks and uncertainties, most of which are exogenous to the Group.

Key and glossary

Non-GAAP performance indicators

Below is a description of the criteria used to determine the non-GAAP performance indicators used in this report, as well as of the criteria applied to the IFRS financial statements, useful in monitoring the Group's economic and financial performance.

Gross operating profit: the difference between revenue and operating costs.

Operating profit: the sum of gross operating profit, depreciation, impairment losses (impairment gains) and provisions.

Gross operating profit margin: percentage indicator calculated as the ratio of gross operating profit to revenue.

Operating profit margin – ROS (return on sales): sales profitability indicator calculated as the ratio of operating profit to revenue.

Net operating working capital: the sum of inventories, contract assets, current and non-current trade receivables and current and non-current trade payables.

Other assets, net: the sum of assets and advances from the Ministry of Economy and Finance (MEF) for grants, other current and non-current assets and other current and non-current liabilities.

Working capital: the sum of net operating working capital and other assets, net.

Net non-current assets: the sum of property, plant and equipment, investment property, intangible assets and equity investments.

Other provisions: the sum of post-employment benefits and other employee benefits, the provision for litigation with employees and third parties, the provisions for sundry risks, deferred tax liabilities and deferred tax assets.

Net invested capital (NIC): the sum of working capital, net non-current assets, other provisions and net assets held for sale.

Net financial position (debt) (NFP/NFD): the sum between current financial liabilities, non-current financial liabilities, and related derivatives, net of cash and cash equivalents, other current financial assets, other non-current financial assets and concession assets, less of contract advances.

Net financial debt: is determined in accordance with ESMA guidance no. 39 issued on 4 March 2021, as the sum between current financial liabilities, non-current financial liabilities, and related derivatives, net of cash and cash equivalents, other current financial assets, and concession assets, less of contract advances.

Equity (E): the sum of share capital, reserves, retained earnings (losses carried forward) and the profit (loss) for the year.

Debt/equity ratio: the ratio between net financial debt and equity.

Capital expenditure: this indicator reflects the trend in Group investments of the year and includes the Group's investment programmes/projects (including investments via leases or special purpose vehicles) to support business development. These programmes/projects consist of investments in property, plant and equipment, concessions and other intangible assets, excluding financial investments (i.e., those relating to equity investment transactions). Specifically, the indicator is calculated as the algebraic sum of investments of the year/in progress in: i) property, plant and equipment, ii) intangible assets; iii) investment property; iv) change in concession work; v) trading property, net of asset acquisitions between Group companies.

Generated economic value: this indicator reveals how the Group generates wealth for its stakeholders and includes revenue from sales and services and other sundry income. It is calculated as the algebraic sum of other income, financial income,

the share of profits (losses) of equity-accounted investees and profit (loss) for the period from assets held for sale, net of tax effect.

Distributed economic value: this indicator reveals how the Group distributes the wealth it generates to stakeholders and it includes operating costs, employee remuneration, donations and other investments in the community, retained earnings and payments to financial backers and to the public administration.

Income other than directly generated economic value: includes the financial statements caption "Other income" plus financial income.

Payments to financial backers in distributed economic value: include remuneration to financial backers, including distributed dividends, borrowing costs and other forms of debt.

Payments to public bodies in distributed economic value: include taxes and duties of the year included in the captions "Income taxes" and "Other operating costs", excluding deferred taxes.

Economic impact: measures the amount of direct, indirect and induced contribution generated by the activities carried out and investments made by the FS Group to the generation of national value added, i.e., the domestic economy's exposure to the FS Group's operations and investments.

FTE jobs impact: reflects the full-time equivalent jobs created as a result of the Group's existence and operations in Italy. It includes jobs created directly as well as indirect and induced jobs.

Sustainability glossary

The following terms are frequently used in relation to Regulation (EU) 852/2020 on the establishment of a framework to facilitate sustainable investments.

Climate change adaptation: the process of adjustment to actual and expected climate change and its impacts.

Aligned activity/environmentally sustainable activity: an economic activity that is aligned with the taxonomy, i.e., that meets the requirements of article 3 of Regulation (EU) 852/2020.

Enabling activity: an economic activity that directly enables other activities to make a substantial contribution to an environmental objective;

Transitional activity: an aligned economic activity for which there is no technologically and economically feasible low-carbon alternative but that nevertheless has greenhouse gas emission levels that correspond to the best performance in the sector or industry, does not hamper the development and deployment of low-carbon alternatives and does not lead to a lock-in of carbon-intensive assets.

Eligible activity: an economic activity described in the delegated acts adopted pursuant to article 10 of Regulation (EU) 852/2020, irrespective of whether such economic activity meets one or all of the technical screening criteria in the applicable delegated acts.

DNSH (Do Not Significant Harm): the principle of not doing any significant harm to any of the environmental objectives and targets.

NGEU (Next Generation EU): a program that includes the tools to support the Member States of the European Union.

Environmentally sustainable investment: an investment in one or several economic activities that qualify as environmentally sustainable under this Regulation (EU) 852/2020.

Climate change mitigation: the process of holding the increase in the global average temperature to well below 2 °C and pursuing efforts to limit it to 1.5 °C above pre-industrial levels, as laid down in the Paris Agreement.

Turnover KPI (proportion of turnover): the proportion of turnover from products or services associated with taxonomy-aligned economic activities.

Operating expenditure KPI (proportion of OpEx): the proportion of an economic activity's OpEx which is taxonomy aligned.

Capital expenditure KPI (proportion of CapEx): the proportion of an economic activity's CapEx which is taxonomy aligned.

Turnover and CapEx associated with aligned activities financed with bonds or debt instruments (Adjusted KPI): the proportion of revenue and capital expenditure related to taxonomy-aligned activities financed with bonds or debt instruments, respectively.

SDG: (Sustainable Development Goals): set of goals that take into balanced consideration the three dimensions of sustainable development (economic, social, and ecological) and aim to end poverty, combat inequality, address climate change, and build peaceful societies that respect human rights.

Terms and acronyms of recurrent use

The following terms are frequently used in this report in relation to the company's operations.

Computerised interlocking system: electronic management system for control and signalling and station safety.

ARIS (all-relay interlocking system): this centralised system has one single button to control routes and routing and automatically shunts each individual body affected by the route.

TRA: Transport Regulatory Authority.

ATC (automatic train control): this system automatically controls the train's speed. It is the technological and functional evolution of the ATP (Automatic Train Protection). ATC systems consist of conventional and innovative signalling systems and can be based on continuous signal repetition (CSR) or continuous digital signal repetition (CDSR).

HS/HC (High Speed/High Capacity): this is the system of lines and means specifically developed for high-speed transport and the consequent high-capacity transport.

GPC (Government Programme Contract) with RFI or Anas: this is a long-term contract between the Ministry of Infrastructure and Transport ("MIT") and RFI or Anas, defining investment projects and other terms and conditions, such as network maintenance, to encourage the development of the railway system.

PSC (Public Service Contracts): these are contracts between the MIT/Ministry of Economy and Finance ("MEF") and Trenitalia SpA whereby the former reimburses the latter for the cost of public passenger transport services that could not otherwise sufficiently self-fund.

CER: Community of European Railway and Infrastructure Companies.

ICEPSD: Interministerial Committee for Economic Planning and Sustainable Development.

FEES: Fund for Energy and Environmental Services.

Main line: this is a particularly important series of railway lines in terms of traffic volumes and the transport role that it plays, as it joins major network centres or hubs.

ERA (European Railway Agency): agency establishing the mandatory requirements for European railways and builders in the form of technical interoperability specifications applicable to the European railway system. The ERA sets common safety targets, along with the related methods and common safety indicators, in compliance with Directive no. 2004/49/EC, as amended.

ERTMS (European Rail Traffic Management System): this is the system that integrates the various railway networks in the EU from a functional and operational standpoint and provides for the European Train Control System.

ETCS (European Train Control System): this is the overall network of the various national ATC.

FS or FSI or FS Italiane: Ferrovie dello Stato Italiane SpA.

FSE: Ferrovie del Sud-Est e Servizi Automobilistici Srl.

FSSU: FS Sistemi Urbani SpA.

DMI: Detected Mobility Index.

MEF: Ministry of Economy and Finance.

MIL: Mercitalia Logistics SpA.

MIR: Mercitalia Rail Srl.

MIT: Ministry of Infrastructure and Transport.

MINT: Ministry of the Interior.

Hub: a railway area that generally coincides with major metropolitan destinations presenting highly dense and relatively complex medium-size to large stations and other railway systems that are interconnected by various lines, built to manage various traffic flows and alternative routes, or service loops.

Doubling: this is the transformation of a single track to a double track.

RFI: Rete Ferroviaria Italiana SpA.

CCS/CTC (Command and control system/large network central traffic control system): this regulates traffic on the main lines and hubs, outperforming traditional centralised traffic control systems.

ICRMS: the internal control and risk management system.

TSCS (Train speed control system): this is the first functional stage of the ATC system for constant control over train speed, making it possible to activate the emergency brakes if the train exceeds the maximum speed allowed on the line or if it proceeds past stop signals.

TIS: technical interoperability specifications.

HCT: High-Capacity Trains.

TELT: Tunnel Euralpin Lyon Turin SAS.

TERALP: Terminal Alp Transit Srl.

Terminal: this is the intermodal transport infrastructure for the transfer of large load units between carriers, with or without warehouses of modest size.

Tonne-km: this is the product of tonnes transported multiplied by kilometres travelled. It is, therefore, the sum of the kilometres effectively travelled by the tonnes transported over a given period of time. It is the commercial performance indicator for freight transport.

LPT: local public transport.

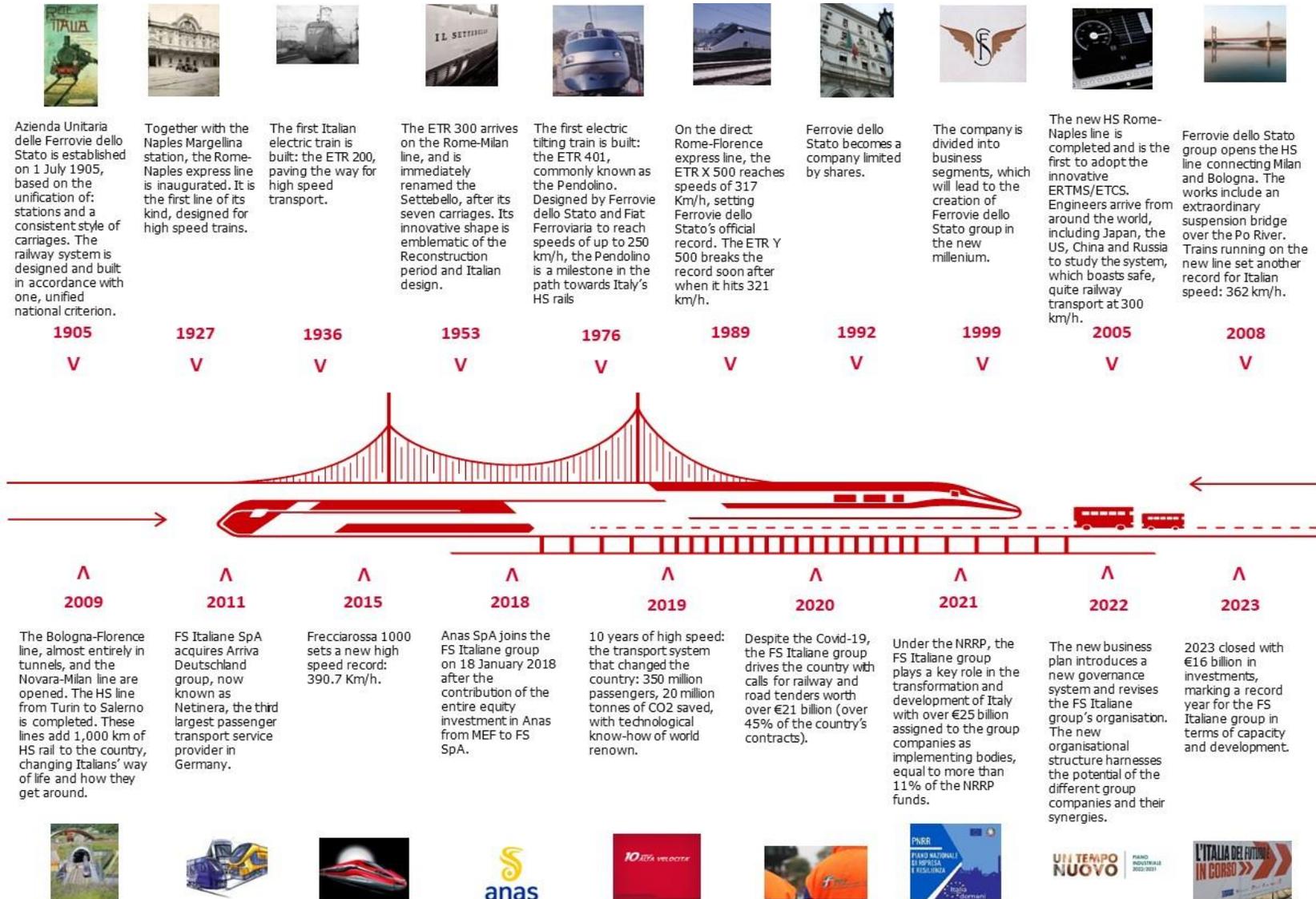
Combined transport: this is intermodal transport mainly carried out by rail, river or sea, when the initial and terminal journeys are by road. Combined transport uses specific carriages and coded lines for the sections by rail.

Intermodal transport: this is transport using two or more modes of transport (road, rail, sea or river) with the transfer of load units from one mode to another without breaking up the load, i.e., using a roadway vehicle or intermodal transport unit (containers, swap bodies and semitrailers).

Train-km (tkm): this is the number of train events per kilometre travelled. It is, therefore, the sum of kilometres travelled by all trains over a given period of time. It is the performance indicator for the railway network operator's production.

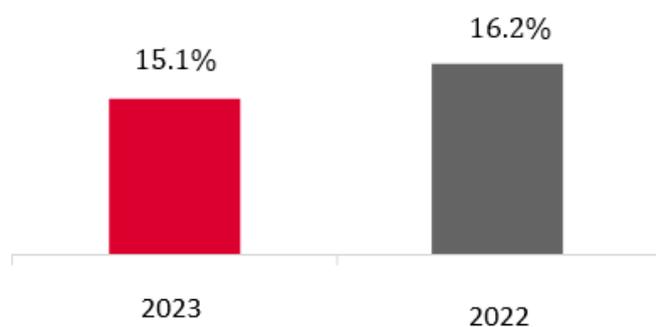
Passenger-km (pkm): this is the number of passengers multiplied by kilometres travelled. It therefore reflects the sum of kilometres effectively travelled by all transport service passengers over a given period of time (pkm). It is the commercial performance indicator for passenger transport.

The future is founded on history

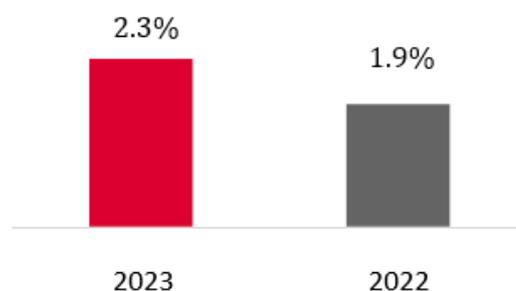


Consolidated results

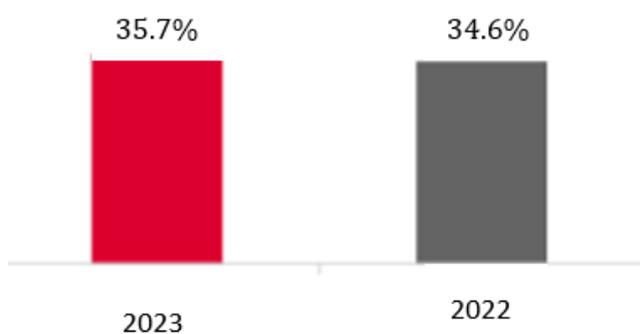
EBITDA MARGIN



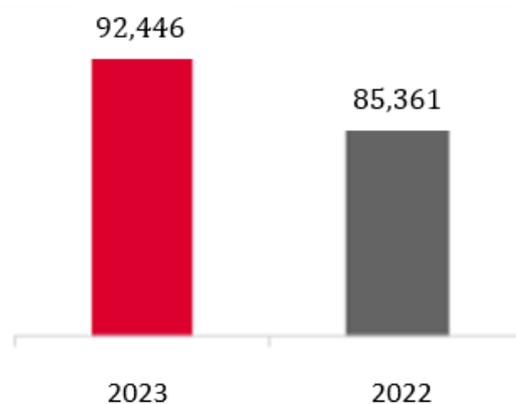
EBIT MARGIN



PERSONNEL EXPENSE/OPERATING PROFIT



EMPLOYEES



	millions of Euro			
Financial highlights	2023	2022	Change	%
Revenue	14,804	13,664	1,140	8.3
Operating costs	(12,576)	(11,452)	(1,124)	(9.8)
Gross operating profit (EBITDA)	2,228	2,212	16	0.7
Operating profit (loss) (EBIT)	338	262	76	29.1
Profit (loss) for the year	100	202	(102)	(50.7)
	31.12.2023	31.12.2022	Change	%
Net invested capital (NIC)	53,274	49,698	3,576	7.2
Equity (E)	42,089	42,068	21	0.0
Net financial debt (NFD)	11,185	7,630	3,555	46.6
NFD/E	0.27	0.18		
Investments for the year	12,590	8,115	4,475	55.1
Total cash flow generated/(used) in the year	(409)	577	(986)	(170.9)

DIRECTORS' REPORT

Consolidated non-financial statement

The directors' report of the Ferrovie dello Stato Italiane Group (the "FS Italiane Group") complies with the provisions of article 2428 of the Italian Civil Code, supplemented with specifically applicable legislation, where required, as well as with the provisions of Legislative decree no. 254 of 2016 applicable to non-financial information (NFS) and Regulation (EU) 852/2020.

Methodology for reporting non-financial information

The NFS has been prepared in compliance with the "GRI Sustainability Reporting Standards" issued by the 2021 Global Reporting Initiative (GRI) (the "Standards"). The Group has also applied these Standards in the preparation of the Sustainability Report and they are the standards applied by the majority of large Italian and international Groups to report their non-financial information. The Sustainability Report includes complementary qualitative and quantitative information in addition to that provided in the NFS. The purpose of these two documents is to meet the informational needs of the Group's stakeholders in a thorough manner. Since 2021, this information has been supplemented with the disclosures required by Regulation (EU) 852/2020, which requires entities within the scope of Directive 2014/95/EU to report revenues, costs and investments on a consolidated basis eligible and aligned under the criteria laid down in the same regulation and related delegated regulations. Sustainability information refers to Ferrovie dello Stato Italiane SpA and the companies included in the scope of line-by-line consolidation, consistently with the financial consolidation scope. Any changes in or restrictions on the reporting scope and/or specific indicators are set forth within the published documents, and do not affect the understanding of the Group's activities, performance, results and the impact it could have. To ensure comparability, quantitative information relates (where available) to the 2021-2023 three-year period. Any differences with respect to the previous NFS are due to the fine-tuning of the reporting methods and are specifically indicated. The relevant information was selected considering the various aspects of the Decree, the Group's operations and the consequent impacts. Moreover, for ease of reading, the chapters or sections that include the information of the NFS are marked with a specific symbol (DNF).

Materiality analysis

Each year, the Group updates the materiality analysis, an essential tool used to plan and manage sustainability performance and to adequately report the Group's objectives and results. The update of the methodology used in the materiality analysis in 2023 was characterised by the approach required by the GRI 3 Material Topic 2021 reporting standard, which is based on the concept of impact. The standard provides for the identification of material topics according to the most significant impacts – both positive and negative, current and potential - generated by the Company on economy, environment and people, including any impact on human rights (Impact materiality).

In 2023, the materiality analysis included 12 companies¹, covering the Group's Business Segments, involving the following steps:

1. Update of impacts² to be assessed, in connection with the Group's activities and value chain. It takes into account the business strategies and developments in the external context, as well as the involvement of company experts who oversee business activities;
2. Assessment of impacts by the Group and stakeholders, through the involvement of:

¹ Trenitalia, RFI, Anas, Polo Mercitalia, Busitalia Sita Nord, FS Sistemi Urbani, Italferr, FSE, Ferservizi, in addition to FS SpA.

² The identified impacts, about 70 (including positive, negative, actual and potential impacts), are related to the relevant issues, which are also subject to update (for more information, please refer to the "Stakeholder Engagement" section).

- Holding company functions³, in relation to the impacts inherent in their area of expertise/operations;
- operating companies that contribute to the process and hold a comprehensive view of actual and/or potential impacts in the context in which they operate;
- third-party experts, belonging to the main stakeholder categories⁴, through ad hoc interviews and an online questionnaire.

All impacts have been assessed according to their degree of significance ("severity") represented by the factors of: scale (magnitude), scope (extent, considering the entire value chain), irreparable nature of damage (valid only for negative impacts) and likelihood, in case of potential impacts;

3. Processing of results obtained from stakeholder engagement activities at the Group level, through the identification of the most significant positive and negative impacts generated (both actual and/or potential), according to their highest degree of significance⁵ for each material topic. In addition, each positive impact was analyzed according to the Group's direct and indirect contribution to the achievement of the Sustainable Development Goals (SDGs) of the UN Agenda 2030.

The table below shows the results of the analysis for each topic:

Material topic	Impact description	Impact Score
Ethical and responsible business conduct 	Effects on internal culture on compliance and legality Effects on market ESG performance Effects on the degree of stakeholder awareness on ethics and integrity issues Effects on company culture on compliance and legality and observations of the provisions of the internal control system Effects on the level of company culture on ESG values and aspects Effects on the social and economic environment of the territories in which the Group operates Effects on the level of corruption in the context of the institutions and other stakeholders with which FS operates	
Circular economy 	Pollution from waste generated Effects on the level of availability of raw materials	
Inclusion, enhancement and development of people 	Effects on the mental and physical well-being of employees Effects on employee satisfaction Effects on the inclusiveness at work Effects on professional development Effects on employee performance Work-life balance of employees Incidents of discrimination	
Sustainable, resilient and integrated infrastructure 	Effects on service continuity Effects on the connection between territories and their accessibility Effects on territorial continuity Economic activities of allied industries in the areas where the Group operates Effects on relations with reference communities in the territories targeted at infrastructure development Effects on social welfare in the areas where the Group operates Effects on the attractiveness of the territory Effects on landscape protection	

³ Compliance; Anti-corruption; Climate Risk & Resilience; Security Cooperation & Crisis Management; Occupational Safety; Development & Performance Management and People Care.

⁴ The main categories of stakeholders from which the experts interviewed were selected belong to the categories of "Civil society organisations", "Scientific community," and "Bodies and institutions".

⁵ It is defined according to a scale, consisting of four gradients, from "low to "high." The average significance of positive and negative impacts is reported for each topic.

Material topic	Impact description	Impact Score
Mitigation of climate change 	Direct effects on climate change Indirect effects on climate change Effects on climate change related to the Group's services	
Data protection and cybersecurity 	Effects on awareness and competence in handling sensitive data Effects on user and customer data protection Effects on supplier and business partner data protection Effects on employee data protection Effects on commodity data protection	
Occupational health and safety 	Effects on employee health Health effects on employees of contractor/partner firms Accidents and injuries of employees Accidents and injuries of employees of contractor/partner firms	
Transport, infrastructure and other assets safety 	Effects on the integrity of infrastructure and other assets Effects on the safety of travellers Accidents occurring to users Accidents occurring to passengers Accidents occurring to people living in and passing through the areas where rail and road infrastructure is located Accidents occurring to third parties due to non-compliance with traffic/road system rules (e.g. trespassing) Accidents occurring to people Damage to goods and property related to infrastructure safety and reliability Damage to goods and property related to safety and reliability of means of transport Accidents occurring to goods and property	
Sustainable, resilient and integrated transport systems 	Effects on modal shift Effects on traffic level on road infrastructure and accident frequency for travellers Effects on traffic level on road infrastructure and accident frequency for freight Degree of accessibility of stations (or other mobility systems versus to rail) for passengers Effects on reliability and continuity of service Degree of accessibility of stations (or other mobility systems versus rail) for freight	
Supply chain sustainability 	Effects on ESG performance of current and potential suppliers/providers Effects on the quality of services offered to users Effects on the competitiveness in the markets in which the Group is present Effects on the degree of suppliers' awareness of the importance of ESG issues Effects on the level of environmental and social safety of services offered by the Group	
Support for communities and responsible use of territories 	Effects on the historical, social and cultural heritage of the Group Effects on the welfare of communities with a view to creating new services Effects on the degree of social cohesion in target communities Effects on the social, cultural and artistic development of the community	
Environmental protection 	Effects related to land restitution, reuse and change in intended use Land consumption Air pollution (particulate matter, nitrogen oxides, odours, etc.) Vibration generated Effects on water resource availability Noise pollution Water pollution Soil pollution Effects on biodiversity (conservation/loss of biodiversity) Effects on artificial brightness in the night-time environment in large areas	

Material topic	Impact description	Impact Score
<p>Value for customers</p> 	<p>Accessibility to transport services Effects on transport solutions for customers Effects on travel experience Effects on customer satisfaction Effects on the ability to manage road traffic and the flow of passengers and goods at stations Usability of transport services Effects on the degree of customer awareness of the importance of ESG issues Effects on customer reports and complaints</p>	

The most significant generated impact was found to be related to the topic of “Sustainable, resilient and integrated transport systems”. This witnesses to the contribution that the FS Group's activities can generate about the effects on modal shift, traffic level on road infrastructure, and accident frequency for travellers and freight. Likewise, any impacts related to “Climate change mitigation”, such as any effects related to the Group's services about energy consumption and greenhouse gas emissions, maintain a high impact significance, in line with the results that emerged from the assessment of previous reporting.

The management approach to these topics⁶ is described in this report, in accordance with the Decree and the Standards adopted.

In order to make the information provided in the NFS more clearly understandable, a table reconciling the information required by the Decree and applicable to the Group with the sections of this Report is given below.

⁶ Where the Group has not yet adopted policies related to the areas covered by Legislative Decree no. 254/2016, because it does not yet deem them necessary, the Group reserves the right to adopt them in the medium to long-term. In this regard, in this report, the term Policy refers to formalised and approved documentation, whereas the terms practices or procedures are used for those that have not yet been formalised.

Bridging table pursuant to Legislative decree no. 254/2016

Areas covered by the Legislative Decree	Material topic	Annual report
		Reference
Business model, risk policy and management	Ethical and responsible business Data protection and cybersecurity	Chairwoman's letter Business model Report on corporate governance and the ownership structure The Group's economic and financial performance -Table of directly generated economic value and distributed economic value Dialogue with stakeholders Commitment to sustainable development - Approach, commitments and policies Risk factors Consolidation scope and the Group's equity investments
Environment	Sustainable, resilient and integrated infrastructure Sustainable, resilient and integrated transport systems Climate change mitigation Environmental protection Circular economy	Investments Commitment to sustainable development – Environmental sustainability
Social sphere and human rights	Sustainable, resilient and integrated infrastructure Sustainable, resilient and integrated transport systems Transport, infrastructure and other assets safety Value for customers Supply chain sustainability Support for communities and responsible use of land	Investments Commitment to sustainable development - Travel experience Sustainable supply chain Commitment to the community Travel safety Other information
Human resources	Inclusion, enhancement and development of people Occupational health and safety	Commitment to sustainable development – Human capital Other information
Fight against corruption	Ethical and responsible business	Report on corporate governance and the ownership structure Regulatory and legislative framework Risk factors

The GRI Content index is attached hereto as an integral part of this report. The references in the above table are to paragraphs of this report, as shown in the above bridging table. Furthermore, in addition to that reported in the bridging tables with the disclosures required by Legislative decree no. 254, the chapter "Classification of Group activities and based on the European taxonomy" of this report includes the information required by Regulation (EU) 852/2020.

Pursuant to article 5 of the Consob regulation adopted with Resolution no. 20267/2018, the FS Group has engaged its independent auditors, PricewaterhouseCoopers SpA (PwC SpA), responsible for performing the statutory audit, to perform a limited assurance engagement on its NFS. The report issued by PwC SpA is attached to this document.

DNF Business model

The aim of the FS Italiane Group's business model is to enhance its various forms of capital (financial, physical, human and interpersonal, intellectual and organisational, natural)⁷, organising activities and processes to create value for all stakeholders in the medium and long-term.

Like in other public utilities sectors, the Group's activities are subject to specific regulation by independent national and international authorities, in order to safeguard the correct operation of the market and customer rights.



⁷ In accordance with the IIRC – International Integrated Reporting Council framework.

INPUT

Financial capital

Resources necessary to

finance our activities:

- share capital
- debt capital (bonds, green bonds, bank loans, sustainability linked facilities)
- government grants (Government Programme Contract, EU funds, etc.)

Physical capital

Material assets necessary

to provide high quality

services:

- Resilient rail and road infrastructure and other assets (stations/workshops)
- Train/bus/ferry

Human capital and relationships

The skills, abilities and

experience of our

people and relationships

with stakeholders

Intellectual and organisational capital

Intangible assets which

contribute to creating

value:

- patents, rights, etc.
- trademarks
- organisational procedures

Natural capital

Natural resources

managed (renewable

and finite):

- energy
- soil
- water
- materials

SUSTAINABILITY



- pianificazione, valutazione e gestione degli investimenti
- debt capital market
- finanza di progetto
- finanza agevolata
- finanza sostenibile



- innovation
- organisation and administration
- planning and control
- risk management
- internationalisation

- Planning new infrastructures
- operation, monitoring and maintenance of rail and road infrastructure, other assets (stations/workshops) and the train/bus/ferry fleets
- defining intermodal transport services
- providing passenger and freight transport services (commercial services¹ and universal services²)
- monitoring and investing in travel safety

- energy management
- environmental management systems



INNOVATION



- recruiting and managing personnel
- training and development
- people care
- health and safety
- relationships with passengers, customers and suppliers
- relationships with institutions

PUTTING PEOPLE FIRST

SERVICE QUALITY

RESULTS



- ✓ regional services
- ✓ high speed services
- ✓ intermodal services
- ✓ integrated logistic services
- ✓ international services
- ✓ engineering services
- ✓ road and rail infrastructures

IMPACTS

- ✓ putting people's needs first
- ✓ people's safety
- ✓ financial performance and investments
- ✓ value creation and competitiveness for the country
- ✓ punctuality and service regularity
- ✓ digital skills and technological progress
- ✓ attractiveness and satisfaction of the group's people
- ✓ environmental sustainability



1) services performed in full commercial autonomy and without public grants

2) public transport services performed at the request of the State or the Regional Governments, which, on the basis of Service Contracts, pay the transport company fees for compliance with preset requirements (frequency, fares, performance levels and stops)

Report on corporate governance and the ownership structure

Introduction

This section of the directors' report provides a description of the key corporate governance policies that the FS Group follows and which the FS Holding company ("FS SpA"), has defined. Furthermore, this section meets the specific disclosure requirements of article 123-bis (Report on corporate governance and the ownership structure) of Legislative decree no. 58/1998 - Consolidated Finance Law with respect to the information required by paragraph 2.b⁸. In addition, this section includes the information indicated in the directive of the Ministry of Economy and Finance ("MEF") of 24 June 2013 *"regarding the adoption of the criteria and methods for the appointment of members of the Board of Directors and the remuneration policies for senior managers of companies directly or indirectly controlled by the MEF"* with respect to the request addressed to issuers of financial instruments listed on regulated markets in order to illustrate and justify the remuneration policies in place for directors with special powers in the "Report on corporate governance and in the financial statements", based on the recommendations of the Treasury Department.

The Group

FS SpA is wholly owned by the State through the sole shareholder, the "MEF", which exercises its ownership powers jointly with the Ministry of Infrastructure and Transport (the "MIT").

The corporate purpose of FS SpA is governed by article 4 of Articles of Association (also available on the Company's website). As described above, FS SpA's corporate purpose is focused on the mission assigned to the Parent Company, considering the Group's organisational structure provided for by the Industrial Plan. It consists in managing investments in companies operating in the sectors indicated in article 4 of the Articles of Association, providing general strategic guidance, defining and coordinating of the Group's business model.

Specifically, the Group's organisational structure entails the creation of four business hubs, each covering its respective business area:

- Infrastructure Business Hub (consisting of RFI SpA as Hub lead company and its subsidiaries, plus Anas SpA, Italferr SpA and the railway infrastructure part of Ferrovie del Sud Est Srl);
- Passenger Business Hub (consisting of Trenitalia SpA as Hub lead company and its subsidiaries, plus Busitalia Sita Nord Srl and the transport services part of Ferrovie del Sud Est Srl);
- Logistics Business Hub (consisting of Mercitalia Logistics SpA as Hub lead company and its subsidiaries);
- Urban Business Hub (consisting of FS Sistemi Urbani Srl as Hub lead company and its subsidiaries, plus Grandi Stazioni Immobiliare SpA⁹).

Furthermore, completing the Group structure are the companies that provide shared services (e.g., Ferservizi SpA, Fercredit SpA, FSTechnology SpA, FS Security SpA and FS International SpA), and are cross-sectional to all four hubs.

In line with its structure, the Group adopted a governance model consisting of two separate levels of direction and coordination:

- the first level, in which the parent company provides strategic guidance and financial support, by directing and coordinating the Hub lead companies and the shared service companies;
- the second level, in which the Hub lead companies provide guidance, coordination and technical-operational control over the companies in their division, by directing and coordinating them as owner or on the basis of contracts.

The corporate governance structure of FS SpA and its main subsidiaries is organised according to the traditional system: the Shareholders' Meeting appoints a Board of Directors (BoD) which is responsible for management and a Board of Statutory

⁸ FS SpA, as the Entity issuing bonds listed on regulated markets in the EU, with Italy as the originating member state, is accordingly considered to be a Public Interest Entity under article 16 of Legislative decree no. 39/2010 and is subject to the regulatory obligations in place in Italy and the country where the bonds are placed. However, FS SpA has not issued shares traded on regulated markets or multi-lateral trading systems. Accordingly, it exercises its right under article 123-bis.5 of the Consolidated Finance Law to not publish the information required by points 1 and 2 of said article, except for that required by letter b of point 2.

⁹ Under the direction and coordination agreement which is in the process of being renewed.

Auditors responsible for controls. The Shareholders' Meeting also appoints, upon the proposal of the Board of Statutory Auditors, independent auditors, responsible for performing the statutory audit. Pursuant to article 12 of Law no. 259/1958, the Court of Auditors' Magistrate, appointed to control financial management attends the meetings of the BoD and the Board of Statutory Auditors.

According to the Articles of Association, the BoD: (i) appoints the Chief Executive Officer (CEO); (ii) can delegate powers to the Chairperson, based on the shareholders' resolutions and with respect to the matters permitted by law; (iii) establishes committees responsible for investigating, consultation and proposals, where necessary; and (iv) appoints the Officer in charge of Financial Reporting (also "Financial Reporting Officer", or "FRO") as per article 154-bis of the Consolidated Finance Law.

As of 31 December 2023, FS SpA's share capital amounted to €39,204,173,802.00 and was fully paid up¹⁰.

FS SpA's corporate governance structure at the reporting date is illustrated below, referring the reader to the following sections for any details regarding the current dates of appointment and termination of office of former members of the Corporate Bodies and supervisory bodies.

¹⁰ In execution of the resolutions passed by the Extraordinary Shareholders' Meeting of FS on 29 November 2023:
- with effect from 15 January 2024, the share capital was reduced from €39,204,173,802.00 to €38,579,767,278.00;
- with effect from 25 March 2024, the share capital was reduced from €38,579,767,278.00 to €31,062,952,307.00.

SHAREHOLDERS' MEETING

BOARD OF STATUTORY AUDITORS



BOARD OF DIRECTORS



INDEPENDENT AUDITORS

PwC SpA

SUPERVISORY BODY

Maurizio Bortolotto
Chairman

Liliana Cataldi
Desirée Fondaroli

COURT OF AUDITORS' MAGISTRATE APPOINTED TO OVERSEE FINANCIAL OPERATIONS

Piergiorgio Della
Ventura

Valentina Papa
Delegate

GOVERNANCE, APPOINTMENTS AND REMUNERATION COMMITTEE

Tommaso Tanzilli
Chairman

Pietro Bracco
Alessandra Bucci

REPORTING DIRECTLY TO THE CEO

Carlo Palasciano
Villamagna
Chief International Officer

Marco Fossataro
Chief Financial Officer

Roberto Massi
Chief Security & Risk Officer

Luca Torchia
Chief Communication Officer

Massimo Bruno
Chief Corporate Affairs Officer

Roberto Tundo
Chief Technology, Innovation & Digital Officer

Guglielmo Bove
Chief Legal Officer

Adriano Mureddu
Chief Human Resources Officer

CONTROL, RISK AND SUSTAINABILITY COMMITTEE

Pietro Bracco
Chairman

Riccardo Barbieri Hermitte
Paola Gina Maria Schwizer

CHIEF AUDIT OFFICER

Sergio Romiti

OFFICER IN CHARGE OF FINANCIAL REPORTING

Marco Fossataro

Shareholders' Meeting

The Shareholders' Meeting of FS SpA, composed by the sole shareholder, the MEF, is subject to the provisions of law and the Articles of Association. In 2023, the Shareholder's Meeting was held twice in ordinary session and once in extraordinary session.

FS SpA's Board of Directors

Composition and appointment

Pursuant to article 10 by the Articles of Association, the BoD is made up of three to nine members appointed by the Shareholders' Meeting. To accept directorship and remain in office, candidates must meet the requirements of the applicable legislation, the Articles of Association and the MEF's directives. The regulation of the BoD (as per the paragraph "Roles and duties") requires that it verify compliance with these requirements after appointment and subsequently once a year. To this end, the directors (i) issue a statement certifying that they meet the requirements when they accept the candidature and the office, (ii) renew such statement each year and (iii) immediately notify the BoD of any changes that occur.

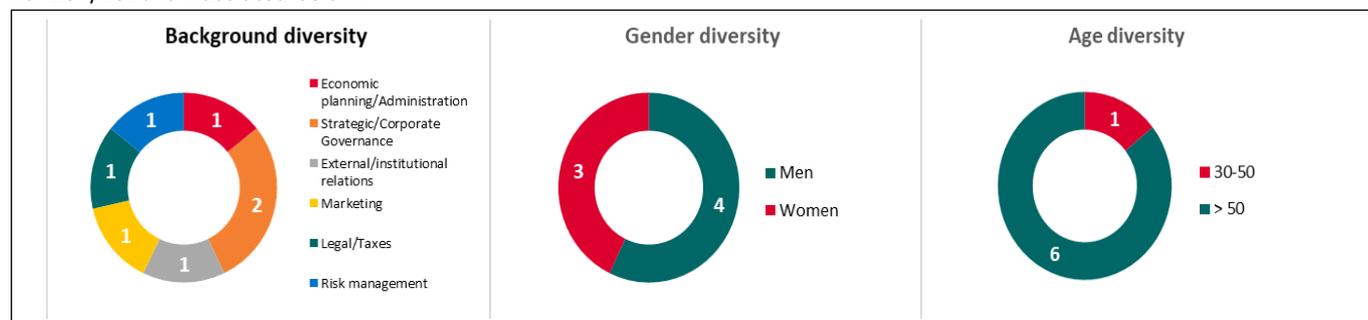
The BoD is also required to assess, with the support of the competent board committee, whether the directors also meet the independence requirement after they have been appointed and subsequently each year, based on the directors' specific statements to this effect. The independence requirement - as defined by the Corporate Governance Code for Listed Companies approved by the Corporate Governance Committee promoted by Borsa Italiana S.p.A - is applicable to FS SpA solely for the composition of the board committees.

The Articles of Association allows Directors to whom management powers of the BoD have been continuously delegated, pursuant to article 2381 paragraph 2, of the Italian Civil Code to hold the position of Director in no more than two additional Boards of Directors of companies limited by shares (excluding positions in subsidiaries or associates); while for Directors to whom such powers have not been delegated, they may hold the position of Director in no more than five additional boards of directors of companies limited by shares.

The Articles of Association also require that the composition of the BoD ensures a balance of the genders so that at least two-fifths of the members are of the gender with fewer members, without prejudice to compliance with applicable legislation. On 26 May 2021, the shareholders appointed the BoD for the 2021-2023 three-year period (until the Shareholders' Meeting is held to approve the 2023 financial statements), consisting of Nicoletta Giadrossi (Chairwoman), Luigi Ferraris (CEO), Pietro Bracco, Stefano Cuzzilla, Alessandra Bucci, Riccardo Barbieri Hermitte; the composition of the BoD was then completed with the appointment of director Paola Gina Maria Schwizer during the Shareholders' Meeting held on 6 August 2021.

During the meeting of 3 June 2021, the Board of Directors appointed Luigi Ferraris as CEO and assigned Nicoletta Giadrossi, as Chairwoman of the BoD, the specific duties described in the paragraph below. Following Stefano Cuzzilla's resignation as director as from 18 May 2023, the Shareholders' Meeting, by resolution of 30 May 2023, appointed Tommaso Tanzilli (whose term of office expires on the same date as that of the other members in office) as board member.

The diversity of board members throughout the entire reporting period, in accordance with article 10 of Legislative decree no. 254/2016 is illustrated below:



Four of the board members meet the independence requirements based on the most recent assessment conducted by the BoD during the meeting on 10 April 2024.

Roles and duties

FS SpA's management body operates as collective body in the form of the Board of Directors.

The BoD is responsible for managing the company and carrying out all operations necessary to achieve the corporate purpose. In accordance with the Articles of Association, FS SpA's BoD also resolves on certain matters otherwise reserved to the extraordinary Shareholders' Meeting's meeting (such as mergers and demergers, where provided for by law, establishing and closing branches and updating the Articles of Association to meet regulatory provisions). In accordance with article 2410 of the Italian Civil Code, FS SpA's BoD also approves bond issues.

Pursuant to the Articles of Association, the BoD delegates its duties, to the extent permitted by article 2381 of the Italian Civil Code, to one of its members (the CEO). Following the Shareholders' Meeting resolution, the BoD can delegate duties, including operating duties, to the Chairperson on the aspects that may be delegated pursuant to the law, indicated by the Shareholder, and determine their actual content.

The BoD of FS SpA, with the resolution passed on 3 June 2021, confirmed the governance structure that the company had adopted in previous terms of office, and therefore specifically indicated the matters and powers exclusively reserved to the BoD and the special duties to be assigned to the Chairperson (as authorised by the Shareholders' Meeting), so that the CEO is given all the remaining powers of administration.

In particular, in addition to the matters that cannot be delegated under law, the BoD retained exclusive responsibility for economic and strategic decisions such as defining - upon the CEO's proposal - the company's and the Group's strategic guidelines; approving the company's and the Group's annual and long-term business plans and the company's and the Group's annual budget; resolutions concerning financial transactions for amounts above a certain limit; resolutions on the purchase/sale and lease of companies and business leases, on the purchase/sale of equity investments above a certain percentage of ownership; non-recurring transactions involving the "strategic companies" that are direct subsidiaries of FS SpA and deciding how to vote at the Shareholders' Meetings' of the same companies; appointing the Boards of Directors and Boards of Statutory Auditors of the "strategic companies". For details on the reporting flows to the BoD, reference should be made to the paragraph "Meetings and functioning" further on.

The BoD has therefore entrusted the CEO with all powers to manage the company except for those assigned to the Chairperson and those that the BoD exclusively retained (in addition to the powers that cannot be delegated by law); pursuant to article 12 of the Articles of Association, the CEO also ensures that the organisational and accounting system is consistent with the nature and size of the business and reports to the BoD and to the Board of Statutory Auditors at least once every three months on the general performance of operations and outlook and on the company's and its subsidiaries' most significant transactions in terms of size or characteristics.

During the above mentioned meeting of 3 June 2021, the BoD assigned the Chairwoman - with the Shareholders' Meetings' prior authorisation of 26 May 2021 - specific duties regarding:

- representation in external and institutional relations in coordination with the CEO;
- the coordination of internal control activities, guaranteeing the liaison between the Internal Audit Department and the BoD and - jointly with the competent committee - checking and monitoring (i) the procedures to ensure that related party transactions are transparent and substantially and formally proper, and (ii) the safeguards for conflicts of interest.

The Chairperson and CEO have separate powers of representation of FS SpA pursuant to article 13 of the Articles of Association.

Meetings and functioning

➤ *BoD Regulation*

During the meeting on 6 October 2021, the BoD approved, with the prior approval of the Governance, Appointments and Remuneration Committee and considering the principles and recommendations of the Corporate Governance Code for Listed

Companies, a regulation (the "BoD Regulation") that, in line with the Articles of Association and supplementing them, establishes the operating rules for the Board of Directors and, in particular: (i) how meetings are called and minutes are taken; (ii) the procedures for the management of reporting to directors; (iii) the Board's self-assessments; and (iv) protecting the confidentiality of information.

Specifically, the Chairperson calls the meetings of FS SpA's BoD and presides over them. The BoD meets at least once every two months and, in any case, whenever the Chairperson or CEO believes a meeting is necessary or whenever most of its members or the Board of Statutory Auditors present a justified written request.

The Board met 12 times in 2023, with each meeting lasting an average of two hours and one minute and with an overall participation rate of 97.66%.

➤ *Chairperson's role and information to directors*

Under the BoD Regulation, the Chairperson, in the exercise of the duties assigned thereto by the law and the Articles of Association, promotes the best functioning of the BoD and the overall corporate governance system.

To this end, with the secretary's assistance, the Chairperson organises and coordinates the BoD's meetings, ensuring that board discussion is efficient and that the BoD resolutions are the result of useful and adequate debate with the knowledgeable, well-reasoned contribution of all members. Specifically, including through the Secretary, the Chairperson:

- a) liaises between the CEO and non-executive directors;
- b) defines, having discussed it with the CEO, the proposed calendar of BoD meetings;
- c) the calling of the BoD meetings, with a notice that contains, among other things, the list of matters to be addressed and how to participate, which must be sent at least five days before the date scheduled for the meeting (or, in urgent cases, at least two days before) to each director, standing Statutory Auditor and the Court of Auditors' Magistrate;
- d) sees that the pre-meeting updates and additional information provided during the meetings enable the directors to act in an informed manner;
- e) sees that the board committees' work is coordinated with that of the BoD;
- f) in agreement with the CEO, ensures that company and Group managers, as well as external consultants or experts, in BoD meetings to provide useful information or details on the items of the agenda;
- g) sees that all directors and Statutory Auditors, during their term of office, may participate in initiatives to provide them with adequate knowledge of the sectors in which the company and Group operate, business activities and changes therein, the principles of proper risk management and the applicable regulatory and legislative framework (i.e., board induction meetings);
- h) ensures the adequacy and transparency of the BoD's self-assessment ("board review"), with the support of the Governance, Appointments and Remuneration Committee;
- i) sees that the resolutions of the Shareholders' Meeting and the BoD are executed.

Specifically, as regards the information flows, through the Secretary, the Chairperson takes steps so that the documentation supporting the discussion of the items of the agenda is made available in advance of the date of the meeting, generally at least three days before (at least two days before if an urgent meeting is called). Where possible, the documentation is made available when the notice of call is sent.

The directors, standing Statutory Auditors and the Court of Auditors' Magistrate receive information not only to discuss the matters for resolution by the BoD but they also receive periodic reporting on the following matters (including but not limited to those below):

- the general performance of operations and outlook;
- the activities carried out by the CEO as delegated, the Group's activities with the most significant impact on the financial statements, related party transactions and atypical or unusual transactions;
- the implementation of the annual and long-term business plan;
- prior information on transactions and decisions of strategic importance for the company and/or of significant value, as defined by the BoD;

- the Chairperson's activities during the year in the performance of their duties;
- any other activity, transaction or event deemed necessary to bring to the attention of the directors and the Statutory Auditors.

The Secretary of the Board of Directors

The appointment of the secretary of the BoD is governed by the Articles of Association and the BoD Regulation, which also states its requirements and duties. Specifically, the BoD approves the appointment and revocation of the Secretary, upon the Chairperson's proposal. The term of office coincides with that of the BoD that appointed the secretary.

The Secretary must meet the requirements of professionalism, experience, and independence.

The Secretary supports the Chairperson (to which the secretary reports) and provides, with unbiased judgement, assistance and advice to the Board on any relevant aspect for the proper functioning of the corporate governance system.

Committees

The Control, Risk and Sustainability Committee and the Governance, Appointments and Remuneration Committee were established with the resolution of 16 June 2021. Their composition, functioning and duties are established in specific regulations approved by the BoD when they were set up.

➤ Control, Risk and Sustainability Committee

The members of the Control, Risk and Sustainability Committee are: Pietro Bracco (non-executive and independent), Chairman; Riccardo Barbieri Hermitte; Paola Gina Maria Schwizer, appointed by resolution of the BoD on 27 June 2023 (non-executive and independent), following resignation from Mr Cuzzilla. This Committee is responsible for supporting the BoD's evaluations and decisions with respect to:

- its approval of periodic financial and non-financial reports;
- the internal control and risk management system;
- the sustainability profile related to FS's activity and its interaction with all stakeholders.

➤ Governance, Appointments and Remuneration Committee

The members of the Governance, Appointments and Remuneration Committee are: Tommaso Tanzilli, Chairman, appointed by resolution of the BoD on 27 June 2023, following resignation from Mr Cuzzilla; Pietro Bracco; Alessandra Bucci, with non-executive and independent roles.

This Committee supports the board's evaluations and decisions regarding:

- governance (inter alia: board review; directors' independence; composition of the Group companies' Boards of Directors; the holding of several offices and the non-compete agreement);
- appointments (inter alia: co-opting directors; recruiting and naming key managers; appointing the subsidiaries' corporate bodies; succession plans for key managers);
- remuneration (inter alia: remuneration of executive directors with special duties; remuneration policy and incentives for managers; HR development policy).

Sustainability Manager

On 28 February 2023, the BoD resolved to appoint Alessandra Bucci, an independent director, as the Sustainability Manager, with the task of: i) acting as a liaison between the Control, Risk and Sustainability Committee and the BoD; ii) collaborating in the organisation of special induction sessions for the BoD; and iii) participating as permanent auditor in the meetings of the Control, Risk and Sustainability Committee dealing with the subject.

Directors' fees

Pursuant to the Articles of Association, the directors receive reimbursement for the expenses incurred in the performance of their duties. The Shareholders' Meeting may also determine an annual fee for the term of office. Furthermore, it is not permitted to pay attendance fees and there is a limit to the fees that the members of committees that advise and make proposals, where necessary, within the board, may receive (pursuant to article 2389.3 of the Italian Civil Code, the limit is set at not more than 30% of the fee resolved for the office of director).

After considering the opinion of the Board of Statutory Auditors and upon proposal of the competent Board committee, the BoD determines the amount of the fees pursuant to article 2389.3 of the Italian Civil Code that the Chairman and CEO will receive (including fees due for their position as director), considering any guidance from the Shareholders' Meeting.

For FS SpA's BoD appointed for the three year period 2021 - 2023: (i) the Shareholders' Meeting established the fees for the directors and the chairwoman of the BoD during the meeting of 26 May 2021 when the Shareholders' Meeting also recommended to the BoD the total maximum fee (including the meeting fee) for the Chairwoman permitted by article 2389, paragraph 3 of the Italian Civil Code, in the event of the assignment of powers; (ii) during the meeting on 3 June 2021, the BoD, following the Shareholders' Meeting decisions, assigned the powers for the matters authorised and determined the total amount of the fee for Ms. Giadrossi's fee as Chairwoman; (iii) during the meeting on 30 June 2021, the BoD resolved on Mr. Ferraris' fee as CEO (pursuant to article 2389.3 of the Italian Civil Code, including his fee as director). The aforementioned fee resolved upon for Mr. Ferraris includes fixed and variable components, the latter linked to the achievement of objective and specific annual targets which the BoD defined upon the proposal of the Governance, Appointments and Remuneration Committee.

In accordance with the BoD resolution of 16 June 2021, the members of the board's committees receive additional fees equal to 30% of the fees determined by the Shareholders' Meeting for directors, in accordance with the Articles of Association.

The table below, including the note, details the total annual fees approved for FS SpA's Chairwoman and CEO in office for the three year period 2021 - 2023.

Euros

CHAIRWOMAN¹¹	Annual fees for the Chairwoman
Fixed remuneration	238,000
Variable component	-
CEO¹²	Annual fees for the CEO
Fixed remuneration	645,000
Variable component	125,000

¹¹ The total annual gross fees of the Chairwoman pursuant to article 2389 of the Italian Civil Code, indicated in the table, include the fee that the Shareholder's Meeting has determined for the office of Chairwoman of the BoD (€50,000). In accordance with the clause in the Articles of Association regarding the directors' expenses for the performance of their duties, the Company provides the Chairwoman (as she is not a resident of Rome) with a flat in Rome at a monthly maximum cost of €5,000.

¹² The fixed component of total annual gross fees paid to the CEO also includes the fee that the Shareholder's Meeting has determined for the office of Director, amounting to €30,000. The variable component is to be paid upon achievement of 100% of preset company annual targets, both objective and specific, as defined by FS SpA's BoD, upon the proposal of the Governance, Appointments and Remuneration Committee, or with its approval. The amount of the annual variable component is calculated in proportion to the incentive parameters to reflect annual under/over/target performance as determined annually in the Group policies.

ESG and sustainability issues

Pursuant to article 12 of the Articles of Association, the BoD pursues the sustainable success of business activities, with the aim of creating long-term value for the benefit of shareholders, considering the interests of other stakeholders relevant to the Company. Three board induction sessions on sustainability were held during 2023.

During 2023, while also availing itself of the board committees mentioned above (one of which has specific expertise on sustainability), the BoD addressed ESG issues both in relation to specific projects and on, among others:

- the update of the Group's Industrial Plan;
- the approval of the Annual Financial Report, including the NFS pursuant to Legislative Decree no. 254/2016;
- the approval of the Sustainability Report;
- periodic reports from Internal Audit, Ethics and Reporting Committee and Supervisory Board;
- periodic Anti-Corruption reports of the disclosures on the UNI-ISO 37001:2016 certification project.

The MBO system of FS SpA and the Group's top management includes specific sustainability issues for 2023.

For more information on this issue, reference should be made to the paragraph on "Sustainability Manager" above.

Criteria and methods for the appointment of BoD members of FS SpA's direct and indirect subsidiaries

In accordance with the MEF Directives (finally including the MEF Directive of 31 January 2023) and in compliance with current legislation - FS SpA's BoD has drafted general criteria for the selection of candidates for positions on the Boards of Directors and the Boards of Statutory Auditors of the Group companies, also to create a balance of diversity on such boards. Specifically: identifying the best candidates in terms of professionalism and skills and, except for the specific corporate governance structures, to achieve an optimal mix also considering also age and gender, in the pursuit of the companies' sustainable success; valuing the in-house skills of Group employees; abstaining from appointing the directors of the Holding company, unless they have been assigned ongoing management duties within the same Holding company; establishing that remuneration is all-inclusive, with the appointed members required to return the fees.

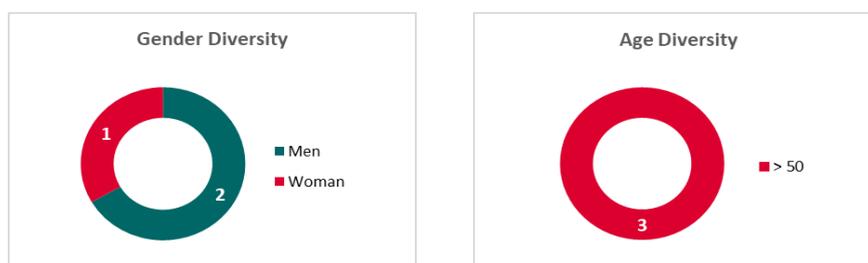
FS SpA has transposed these criteria in its internal policies and has established procedures to follow for the renewal of the corporate bodies of all FS Group companies. Furthermore, in accordance with the abovementioned Directives, for the subsidiaries indirectly controlled by the MEF, before appointing the members of its bodies, FS SpA informs the MEF of the outcome of its preliminary assessment of the quality and aptitude of the potential candidates.

Board of Statutory Auditors

In accordance with the Articles of Association, the Shareholders' Meeting appoints a board of Statutory Auditors comprised of three standing Statutory Auditors. The Shareholders' Meeting is also required to appoint two alternate Statutory Auditors. The Articles of Association explicitly require a balance of the genders on the board of Statutory Auditors, so that at least one standing Statutory Auditor and one alternate Statutory Auditor must be of the gender with fewer members, without prejudice to compliance with applicable legislation.

By resolution of the Shareholders' Meeting on 3 May 2022, the standing Statutory Auditors Rosalba Cotroneo as Chairwoman, Sergio Duca and Marino Marrazza and the alternate Statutory Auditors Letteria Dinaro and Francesco Tulimieri were appointed for the three-year period 2022, 2023 and 2024 and, in any case, until the Shareholder's Meeting for the approval of the 2024 financial statements.

The diversity of the members of the board of Statutory Auditors, in accordance with article 10 of Legislative decree no. 254/2016, is illustrated below:



Regarding competence, as resulting from the letter of appointment, a member is a manager of the MEF, and the other two have solid experience in the professional world. Both alternate Statutory Auditors are employees of the MEF. All the standing and alternate Statutory Auditors hold university degrees in economics and trade and are registered certified auditors.

The board of Statutory Auditors monitors compliance with the law, the Articles of Association and the principles of correct administration, particularly with respect to the adequacy of the parent company's organisational, administrative and accounting system and that it functions properly. When the Holding company became an entity of public interest, as previously explained, its Board of Statutory Auditors also became the "Audit Committee" pursuant to article 19 of Legislative decree no. 39/2010, responsible for supervising financial reporting, the efficiency of internal control systems, internal audit and risk management, as well as the statutory audit and, finally, the independence of the independent auditors, especially with regard to the type of any non-audit services provided to the audited company and its subsidiaries.

The Board of Statutory Auditors met 13 times in 2023, with each meeting lasting an average of two hours and eight minutes, and an average participation rate of 100%. The average participation rate of Statutory Auditors in the 12 BoD meetings of the year was 96.13%.

The internal control and risk management system

The internal control and risk management system (ICRMS) consists of the set of tools, organisational structures, standards, and rules aimed at sound, sustainable and proper business management in line with the business targets set by the Board of Directors, with an adequate process for the identification, measurement, management and monitoring of main risks, and the structuring of adequate information flows to ensure its circulation.

The ICRMS provides for three levels of control:

- level 1 controls: to ensure the correct performance of operations and an adequate response to the related risks; is a management responsibility and is performed at every level of the organisational structure and is carried out within the framework of daily operations;
- level 2 controls: to monitor the main risks and the adequacy and functioning of controls put in place for their safeguard; they are carried out by specific functions, such as Risk Management, Compliance and the Officer in charge of Financial Reporting;
- level 3 controls: to provide independent and objective assurance on the adequacy and effective functioning of the level 1 and 2 controls and, in general on the overall ICRMS; they are carried out by independent, non-operating units, such as the Internal Audit department.

The roles and responsibilities of the main parties involved in the ICRMS are described below.

Internal Audit

Internal auditing is independent and objective¹³, provides assurance and serves an advisory purpose, to improve the company's efficiency and effectiveness through a professional and systematic audit approach, aimed at assessing and improving control, risk management and Corporate Governance processes.

Within the FS Group, the head of the Internal Audit Department reports to the BoD, whose Chairperson ensures a liaison between the Internal Audit Department and the BoD. The company's Control and Risks Committee - where one has been set up - monitors the Internal Audit Department's autonomy, adequacy, efficiency and effectiveness, jointly with the BoD Chairperson.

The BoD, subject to the opinion of the Control and Risks Committee, having consulted the Board of Statutory Auditors, upon the proposal of the BoD's Chairman, and in agreement with the CEO: i) appoints the Internal Audit manager, a role in FS SpA currently held by Mr. Sergio Romiti, Chief Audit Officer; ii) approves the fixed and variable remuneration of the head of Internal Audit, in line with the company's remuneration policies; iii) approves the budget of the Internal Audit function, as part of the company's budget process, ensuring that the Internal Audit manager is provided with adequate resources to

¹³ The head of the Internal Audit function has no responsibilities in any operational area and has direct access to all information relevant to the performance of their duties.

perform the duties assigned to them. The Internal Audit structure in the FS Group provides for the Internal Audit function at FS SpA and its direct subsidiaries; in the remaining subsidiaries of the Group, the establishment of an Internal Audit function is defined in agreement by the Sub-Holding company Internal Audit function with the Internal Audit function of FS SpA, after assessing the specificities and risk profiles and according to efficiency criteria, subject to the objective of an effective supervision of the ICRMS.

In accordance with the Group's Governance Model, FS SpA's Internal Audit function performs an institutional role within the organisation, as well as a guidance, coordination, and implementation control role, in terms of methodology, on the internal audit processes adopted by the FS Group companies through:

- defining and updating the guidelines, operating models, methods and supporting IT systems, as well as monitoring and controlling whether they are properly applied;
- defining continuous improvement programmes and verifying that they are applied and are properly aligned with international standards, including through external quality reviews.

For the 2023 financial year, the Internal Audit function verified, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and suitability of the ICRMS through an audit plan, based on a structured process of analysis of the main risks, prepared by the Internal Audit manager and approved by the BoD, after consultation with the Control and Risks Committee and after hearing the Chairman, the CEO and the Board of Statutory Auditors. It also prepared periodic reports providing adequate information on its activities and forwarded them to the Chairmen of the Board of Statutory Auditors, the Control and Risk Committee, and the BoD, as well as to the CEO.

The Internal Audit Departments provide operational support to the supervisory bodies of the companies and subsidiaries without their own Internal Audit Department in the performance of the supervisory activities.

"Risk" process

On 13 July 2023, the "Risk" Governance Model was published, which, in compliance with the FS Group Governance Model, defines the roles and macro-responsibilities of the Holding Company, Hub Lead companies, Sub-Holding companies/Companies of the Group and the related system of interrelationships in risk management. The Model identifies, within the "Risk" process, three areas, each of which is overseen by a dedicated organisational unit, all operating in the Security & Risk function:

- Risk Management, within which the Holding Company performs functions of guidance and coordination of risk and opportunity management activities related to business processes, the industrial plan and the development of initiatives and projects (including abroad); in particular, it defines and updates the FS Group Risk Management Framework, which sets out the overall system of rules, tools and taxonomies adopted for risk management by all Group Companies, assigning roles and responsibilities and defining information flows to corporate and Group top management, governance and control bodies, third-party stakeholders, risk specialists and process owners.
- Risk Funding & Transfer, within which the Holding Company performs functions of guidance and coordination of the Group's risk funding and transfer activities. It collects the protection needs of subsidiaries and, considering mutuality among them, selects the best insurance solutions on the market in terms of wording and pricing. It also defines risk retention and self-financing strategies.
- Climate Risk Resilience, within which the Holding Company performs functions of guidance, coordination and monitoring of activities for the management of physical and transitional risks related to climate change and other relevant ESG risks identified in accordance with Directive (EU) 2022/2464; in particular, the Climate Risk structure sets out and updates the Climate Risk Resilience Framework, standards for the implementation of adaptation actions, also in order to ensure compliance with EU Taxonomy, and provides reporting to corporate governance and control bodies and internal stakeholders.

Anti-Corruption

The "Anti-Corruption" Governance Model, published on 30 March 2023, defines the roles and macro-responsibilities of the Holding Company, Hub Lead companies, and Group Sub-Holding companies/Companies, as well as the related system of interrelationships in anti-corruption matters.

In this area, the Holding Company's Anti-Corruption function, operating in Security & Risk:

- ensures the definition of Group strategies, guidance, policies, guidelines, and standards in the anti-corruption matter;
- oversee compliance for preventing corruption, monitoring its implementation and reporting to governance and control bodies;
- supports the Chief Security & Risk Officer in the centralised oversight of the "Anti-Corruption" Professional Family.

Data Protection Department

In accordance with Regulation (EU) 2016/679 (the General Data Protection Regulation – "GDPR"), the FS Group has set up an operating model for the protection of personal data, Guidelines and the "Personal Data Protection Management Model" Procedure no. 35 of 1 August 2023 (sc. Data Protection Framework), which lays out the fundamental data protection principles while defining the implementation roles at the FS Group companies along with the structure of macro responsibilities and information flows from and to the BoD, top management, the units involved in the development of the Data Protection Framework and those involved in the processing of personal data, to protecting personal data of individuals as much as possible. The Guidelines consist of direction and coordination measure with Group validity, which is adopted by the Hub Lead companies and other companies subject to direction and coordination by FS SpA while respecting their prerogatives of autonomy and independence.

As required by the GDPR, the Data Protection Officer (DPO) is responsible for monitoring compliance with the same GDPR and other legal provisions on the protection of personal data, and performs as a 2nd-level role within the ICRMS.

Furthermore, a Data Protection organisational chart has been defined for the FS Group, with the following key managers:

- Data Controller;
- External Data Controller;
- Data Controller Manager;
- Data Manager;
- Data Handlers.

The DPO of FS SpA is the person appointed upon the proposal of FS SpA's CEO (Data Controller), to whom the DPO reports, specifically with regard to the DPO's duties under article 39 of the GDPR. In 2022, FS SpA's CEO, approved the appointment of a DPO from outside the company as Data Protection Officer, which was renewed as from 1 January 2023.

In FS SpA there is the Data Protection Department, which is a function reporting directly to the Head of Legal Affairs, through which the latter ensures the connection between the DPO of FS SpA and the corporate organisation and performs the role of general strategic guidance and implementation coordination of the Group regarding data protection, overseeing the areas of Governance, Law & Legal Standards and Operations.

The corporate DPO is appointed by the BoD of the respective company, to which they functionally reports.

The Data Protection Manager acts as the contact person for the DPO of Hub Lead companies, the DPO of Sub-Holding companies, and the DPO of FS SpA. Moreover, the Group has implemented an IT system for the governance of processes relating to the protection of personal data.

Compliance

In 2019 FS SpA defined the "FS Italiane Group compliance model", with a description of the organisational aspects and processes regulating it.

In line with the organisational solutions adopted by the other control levels (2 and 3) of the ICRMS, a "decentralised" Group Compliance Model is designed, with the Holding Company, in the Legal Affairs area, having a Compliance structure as Group Functional Manager and Compliance structures/safeguards in the subsidiaries. This compliance model is

transposed into the internal governance systems of the Group companies, which issue their own organisational measures in this respect to apply its content to their specific business organisations. Specifically:

- the FS Compliance structure defines the Group Compliance Model, ensuring its implementation in the Holding Company with reference to the regulatory perimeter of intervention that provides for a direct oversight role, in the areas of Business & Trade Compliance and Legislative Decree no. 231/2001, and a support role to the specialist functions that oversee the areas of Anticorruption, Antitrust, Data Protection, and Sustainability. It also provides specialist and methodological support to the Compliance structures/safeguards of subsidiaries on issues related to the implementation of the Group Compliance Model;
- the Compliance structures/safeguards of the Group's subsidiaries adopt the Compliance Model according to their own organisational and business specifics, as well as the operational complexity of their work, ensuring its implementation at the corporate level, each of them with reference to the regulatory perimeter under its own competence and with reference to the phases and activities under its own responsibility, and ensuring the application of methodologies consistent with those described within the Group Compliance Model.

Furthermore, in line with the FS Group's governance model, the Head of the Compliance Department supports the Chief Legal Officer, as Group Process Owner, in steering and coordinating the "Legal & Compliance" Professional Family.

FS SpA's Officer in charge of Financial Reporting

In 2007, as per the request of the shareholder MEF, FS SpA created the position of "Officer in charge of Financial Reporting", and the position became legally mandatory in 2013 pursuant to article 154-bis of the Consolidated Finance Law when the parent subsequently issued bonds listed on the Dublin Stock Exchange¹⁴.

The position of Officer in charge of Financial Reporting of FS SpA is held by Mr. Marco Fossataro¹⁵, Chief Financial Officer. His term of office ends with the approval of the financial statements as at and for the year ending 31 December 2023.

Article 16 of FS SpA's Articles of Association establishes that: 1) the BoD appoints the Officer in charge of Financial Reporting for a period not less than the term of the BoD's office and is not to exceed six fiscal years, after obtaining the opinion of the Board of Statutory Auditors; 2) the Officer in charge of Financial Reporting must meet honourability requirements already established for the Directors and must be chosen according to criteria of professionalism and expertise from among executives having experience commensurate with the scope and complexity of the position. The powers and means for carrying out the tasks assigned to the Officer in charge of Financial Reporting, as well as the information flows and interrelationships of the FRO with corporate bodies, and control bodies and functions are formalised in the Regulation of the activities of the Financial Reporting Officer, approved by the BoD on 2 August 2023.

To reinforce and more effectively implement legislation, given the size and complexity of the FS Group, the BoD of the Holding Company has promoted the appointment of Officers in charge of Financial Reporting by its main subsidiaries, from the beginning. The following companies have appointed Officer in charge of Financial Reporting: RFI SpA, Trenitalia SpA, Anas SpA, Mercitalia Logistics SpA, Mercitalia Rail Srl, Busitalia-Sita Nord Srl, Ferservizi SpA, Fercredit SpA, FSTechnology SpA, Ferrovie del Sud Est Srl, FS Sistemi Urbani SpA and Italferr SpA.

Main characteristics of the risk management system and internal controls over financial reporting

The purpose of the ICRMS over economic and financial reporting, pursuant to article 123- bis.2.b of the Consolidated Finance Law (Report on corporate governance and the ownership structure), is to provide reasonable certainty about the reliability, accuracy and timeliness of information itself, in compliance with the provisions of the relevant accounting standards.

The Holding Company's Officer in charge of Financial Reporting defines and updates the Group's Internal Control Model over Economic and Financial Reporting (the sc. "262 Model"), according to the Group's organisational, operational and

¹⁴ As a result of this, FS SpA became a Public Interest Entity, as per Article 16 of Legislative Decree no. 39/2010, since it is a company as "Issuer of Listed Financial Instruments."

¹⁵ Appointed by the FS BoD on 27 June 2023, with the approval of the Board of Statutory Auditors, to replace Mr. Roberto Mannozi, former head of Administration, Planning & Control.

governance structure, as well as the regulatory framework (Article 154-bis et seq. of the Consolidated Finance Law) and based on the applicable international standards (CoSO Report). The Holding Company's Financial Reporting Officer therefore defines the standards for administrative/accounting procedures and the methodologies for auditing that the controls are adequate and effectively applied, provides instructions for the issuing of Certifications on internal controls over financial reporting, supervising the proper implementation of the Group's guidance. The subsidiaries' Financial Reporting Officers implement and maintain the internal controls over corporate economic and financial reporting, continuously exchanging information flows with the Holding Company's Financial Reporting Officer.

Considering the new Governance of the FS Group and with the aim of further enhancing the effectiveness and efficiency of the internal control system, the Group's 262 Model was updated (e.g., by enhancing the role of the Sub-Holding Companies' Financial Reporting Officers) and approved by the BoD of FS SpA at its meeting on 28 September 2023.

The Model is characterised by the following main aspects:

- the central role of the Process Owners/Control Owners, belonging to the various company structures, for the purpose of defining and maintaining over time an adequate internal controls system over financial reporting;
- it is "risk based" nature, whereby priorities and interventions are defined based on the 262 risk assessments;
- it is dynamic based on any changes in the business operations, organization, regulatory framework as well as the developments and best practices within the context of the ICRMS;
- it can be integrated into other control models, providing for an accurate mapping of controls on processes and the related owners aimed at preventing the risks of misreporting/fraud.

To the efficiency of the entire control system, the 262 Model is coordinated with the Group's other control models, such as, for example, the Tax Control Framework (TCF) and the Anti-Corruption Model. For this reason, 262 controls relevant to fiscal and/or anti-corruption risks are marked as such and are included in all stages of the 262 process. The 262 controls and procedures also represent safeguards for the companies' 231 Models.

As required by the new 262 Model (*Internal Control and Risk Management Model over Economic and Financial Reporting of the Ferrovie dello Stato Italiane Group*) the control process over financial reporting consists of the following stages:

(1) definition of Administrative and Accounting Guidelines, which consist of the guidelines/minimum control requirements aimed at preventing the risks of financial misreporting/fraud, and tax risks, to be complied with by all subsidiaries included in the Group's consolidation scope. They are defined for the main processes and are issued by the Holding Company's Financial Reporting Officer;

(2) definition, on an annual basis and applying specific quantitative criteria (companies' contribution measured as a percentage to specific values of aggregate financial statements), as well as any qualitative considerations, of the "relevant" in "262 specific-scope" for which application of the Model is required and, if necessary, the appointment of Financial Reporting Officer. For these companies, significant processes are identified, i.e. those that contribute to the financial statements values with amounts exceeding a specific percentage of the Aggregate Gross Profit or Aggregate Shareholders' Equity, subject to qualitative considerations. For other companies, if there is one or more significant processes, there is a selective application of the Model (so-called other relevant companies);

(3) definition, on an annual basis, by the Holding Company's staff of the Financial Reporting Officer, in collaboration with staff members of Sub-Holding Companies and other companies, of the Group Activity Plan, which describes the activities inherent in the 262 process (companies in scope, procedural coverage requirements, monitoring of controls, etc.) supporting the issuance of Certifications and the main project initiatives. The Group Activity Plan is presented to the Holding Company's BoD and to the competent corporate Boards of Directors, in case of companies with Financial Reporting Officer;

(4) process mapping (Risk & Control Assessment) refers to the detection of the processes' activities and related ownership, as well as the identification and evaluation, on impact and probability parameters, of the "262 risks" (error/fraud risks on processes over financial reporting) and related controls while also assessing multi-compliance issues (TCF, anti-corruption etc). The phase is carried out by Financial Reporting Officer/CFO staff members and the relevant Process Owners;

(5) definition of administrative and accounting procedures (PACs, *procedura amministrativo contabile*) by the Financial Reporting Officer/CFO staff members. PACs, consisting of the narrative and the control matrix, is embodied in the formal

representation of the process. The Process Owners validate the PACs by competence, and they are issued, depending on the type, by the Holding Company's Financial Reporting Officer or the company Financial Reporting Officers/CFOs. Prior to their issuance, they are subjected to a Quality Assurance (QA) activity carried out, by competence, by the Financial Reporting Officer of Holding or Sub-Holding companies in case of sub-group. In the case of Fiscal/Fiscalized PACs, QA is also carried out by the Tax Compliance Manager. Then there is also the sc. Unified PACs, which gather in a single document the controls in charge of the outsourcer of administrative services for all customer companies in scope;

(6) monitoring through Self-Assessment, i.e. the control and process owners self-certification process regarding the 262 procedures/controls have been adequately designed and are effectively applied in the relevant period, by filling out specific questionnaires that they receive through the information system. This entails the ongoing involvement of the company structures - and not only the administrative and accounting ones - to make it increasingly reliable to source the information and data used for financial reporting while also facilitating the updating of procedures;

(7) monitoring through Testing activities, i.e. tests concerning the adequacy of the design and effective operation of the controls provided for in the PACs in accordance with audit standards and methodologies under the responsibility of an Independent Team (staff members of Financial Reporting Officer/CFO of companies, Internal Audit structures, Group or third-party services companies, TCF staff for fiscal controls, synergies with the Independent Auditors). Furthermore, where applicable, the 262 Test work is integrated into the planned Audit activities (sc. Combined Assurance methodology). The Testing process consists of the following steps: 1) definition of annual Group's Independent Testing Plan, setting out the timing and teams; 2) identification of testing procedures (test scripts); 3) performance of the tests; and 4) analysis and preliminary evaluation of any weaknesses. The appointed staff members of the Holding or Sub-Holding companies' Financial Reporting Officer may conduct QA activities on the test scripts to check their compliance with the Group standards;

(8) Management of deficiencies and Action Plan is the stage where all non-conformities detected in the various 262 sub-processes are analysed and evaluated and specific actions are identified with deadlines and relevant owners. The action plans defined by the staff of the Financial Reporting Officer/CFO together with the process owners are supervised and monitored for the purpose of their effective implementation;

(9) once this process is completed, the Holding Company's Financial Reporting Officer drafts a Report on the activities performed in the period, which is submitted to the BoD's meeting for the draft financial statements approval, and issues, signing jointly with the CEO, Certifications on the separate and consolidated financial statements pursuant to article 154-bis of the Consolidated Finance Law, in compliance with the Consob's formats. Similarly, the subsidiaries' Financial Reporting Officers issue their own Certification on their financial statements jointly signed with their respective CEOs and prepare the reports for the respective BoDs. Certifications for any other companies in the 262 scope, with no Financial Reporting Officer, are issued by the CFOs with joint signature of their CEOs for internal purposes. The Model also provides the issue of internal Certifications by the CFOs and CEOs of all other subsidiaries, as well as of the Chief Officers of FS, of the Group Shared Service (as the outsourcer for administrative services) and of the Group Digital Factory (as the outsourcer for IT services). All stages of the above process are coordinated and supervised by the Holding Company's Financial Reporting Officer staff with the support, as far as indirect subsidiaries are concerned, from Sub-Holding Companies' Financial Reporting Officer staff, and are carried out with support from a dedicated information system.

The diffusion of 262 Model in the FS Group is also pursued through ongoing communication and training activities for the various parties involved, on the ICRMS over financial reporting processes.

As for relationships between the Financial Reporting Officer and the various control bodies/structures, the Regulation for the Financial Reporting Officer defines the inter-relationships and information flows. In general, the Financial Reporting Officer collaborates on an ongoing basis with the other control structures to share activities plans, the outcome of such activities and action plans to create synergies and optimise the Group's control process.

Lastly, to integrate Law no. 262/2005 Compliance Model and, more in general, to enhance the Group's ICRMS, the Group has implemented Group's Models for:

- "SoD - Segregation of Duties" to ensure that responsibilities are defined and duly assigned without functional overlapping or operational assignments that concentrate critical activities on one single operator;

- “ITGC - Information Technology General Controls” with the aim to define internal controls over IT processes to ensure the continuous and correct functioning of the corporate application systems that process the data used in financial reporting.

Tax Control Framework

FS SpA, which is sensitive to the need to ensure the promotion of a corporate culture marked by principles of honesty, fairness and compliance with tax regulations, in order to protect its reputation, has joined, along with its most important subsidiaries, Trenitalia SpA and RFI SpA, the cooperative compliance programme under Legislative Decree no. 128 of 5 August 2015.

The admission to the cooperative compliance requires the adoption, in the broader context of the corporate governance and internal control system, of an effective Tax Control Framework, which can be structured into the following areas:

- compliance risk, as the risk of failure to perform or improper performance of tax compliance;
 - interpretation risk, as the risk of misinterpretation of tax regulations;
 - tax fraud risk, as the risk of committing tax crimes of a fraudulent nature, because of relevant conduct by third parties.
- FS SpA, as the Holding Company, has, therefore, outlined and implemented a tax control framework consistent with the goals set out in the FS Group's Tax Strategy. This process is structured in the Tax Risk Control Model adopted by the FS Group. The Model is synergic with the other safeguards of the overall ICRMS of FS SpA and the FS Group and, without prejudice to its legal and functional autonomy, from a perspective of economy, integration and efficiency of the organisational process, it benefits, where applicable, from the 262 Model safeguards, as well as, as a general feature, from the other company tools of supervision provided for other control purposes.

Planning and management control system

In line with the strategic guidelines and goals that the BoD has defined, in the Administration, Finance & Control area:

- the Group's strategies department, which, from a perspective of generating economic, environmental and social value for all stakeholders, ensures the definition of strategic guidelines, positioning and the development of the Group's business;
- the Planning & Control department ensures the management of the medium- to long-term planning process for the definition of the Budget and the Group's Business Plan and monitors and checks the implementation through Control Management activities, with a specific focus on the progress of the final accounts and on the analysis of deviations, in order to identify their possible causes while promoting appropriate corrective actions and evaluating the performance of those responsible as part of the Management By Objectives model.

In addition, the Corporate Affairs Function ensures the definition of the Group's sustainability strategy, from a perspective of generating economic, environmental and social value for all stakeholders, and the development, consolidation and monitoring of related goals and targets.

Independent Auditors

On 21 March 2023, the Shareholder's Meeting of FS SpA approved the assignment of the engagement for the statutory audit of the financial statements of FS SpA, as well as of its subsidiaries, as from the 2023 financial year to PricewaterhouseCoopers SpA. In accordance with the special applicable provisions of Legislative decree no. 39/10 (article 16 and subsequent), after FS SpA became a Public Interest Entity, the term of the engagement for the statutory audit of the financial statements is nine years (2023-2031).

To preserve the independence of the Independent Auditors, in accordance with Regulation (EU) no. 537/14 and Legislative decree no. 135/2016 on statutory audit of the financial statements, there is a specific procedure, defining the principles and operating methods for the assignment of engagements in addition to statutory audit of the financial statements to independent auditors and/or entities in their network. FS SpA's Board of Statutory Auditors expresses a binding prior opinion

on whether the respective Group company should assign additional engagements to the Independent Auditors or entities in the same network.

The Court of Auditors' Magistrate appointed to oversee the financial operations of FS SpA

As from 1 January 2024, as resolved during the meeting of 8 November 2023, the Court of Auditors appointed Section President Piergiorgio Della Ventura to oversee the financial management of the parent company. The position will be held by Mr. Giovanni Coppola until the 2023 financial management control.

As resolved during the meeting of 17 January 2024, the Court named Valentina Papa as deputy Magistrate to oversee the financial operations of the Company, which had been previously held by Mr. Roberto D'Alessandro.

Other corporate governance practices

The Code of Ethics

The FS Group's Code of Ethics, updated with resolution of the Board of Directors of 28 February 2018, is a "charter of fundamental rights and responsibilities" whereby the Group establishes and clarifies its ethical and social responsibilities and commitments to all internal and external stakeholders. The FS Group's Code of Ethics, which the Group companies are required to adopt via a resolution of the respective BoDs, applies to company officers, managers, employees and everyone who, directly or indirectly, permanently or temporarily, transacts and interacts with Group companies. The Code of Ethics sets out the Group's fundamental values, establishes standards of conduct for each stakeholder category and the implementation and control model for compliance with the Code of Ethics.

The Code of Ethics is widely published on the FS Group's intranet and internet sites and compliance with its provisions is a fundamental part of employees' contractual obligations. Contracts agreed by Group companies also require third parties to comply with its principles.

Processing of corporate information

The processing of corporate information within the FS Group complies with the provisions of Regulation (EU) 569/2014 on Market Abuse (MAR).

In 2023, in accordance with current corporate procedures, activities related to the processing of corporate information, has continued. They started in 2016 with the adoption by FS SpA's Board of Directors of the "Regulation for the internal management and disclosure of insider information and the processing of confidential information" (the Insider Dealing Regulation).

In order to avoid the risk of the company being held liable for conduct by people within it or related to it, arising from the untimely or premature disclosure of data and information of a privileged and/or confidential nature, the Regulation therefore defines the principles, mandatory conduct, roles and responsibilities for the processing and management of the Group's insider and confidential information, and is directed at parties such as Directors, Statutory Auditors and employees of FS SpA and its subsidiaries, consultants, as well as all those who regularly or occasionally have access to privileged/confidential information (so called insider). In application of the Insider Dealing Regulation and in compliance with MAR, FS has put in place the above procedure, as well as has adopted, from 2018, a "Code of Ethics for the identification of insiders and the notification of transactions involving FS financial instruments undertaken by them" (the "Internal Dealing Code"), which regulates mandatory conduct, roles and responsibilities of persons, such as the members of the BoD, the standing Statutory Auditors and Chief Officers of FS Italiane SpA, as well as all other parties that were identified previously by FS SpA's CEO, that have regular access to insider information directly or indirectly relating to FS SpA, and have the power to make management decisions that affect the company's future direction and outlook. The same obligations also apply to persons closely associated with the parties referred to above.

Organisational, management and control model pursuant to Legislative decree no. 231/2001 (Models 231) and the supervisory bodies

The Guidelines for the application of Legislative decree no. 231/2001 within the FS Group of 31 October 2023, which replaced the previous procedures introduced since 2002, promote the adoption and effective implementation of organisational, management and control models to prevent unlawful acts covered by Legislative decree no. 231/2001 by the FS Group companies, and the establishment of a supervisory body vested with autonomous powers of action and control. The aforementioned Guidelines specify the criteria for the composition (either collective or single member based on the complexity of the company) and appointment of the supervisory body, as well as the requirements and causes of ineligibility, disqualification and dismissal of its members, as well as the related information flows. With reference to information flows to the supervisory body, in December 2022, FS formalised in a special procedure the roles, responsibilities, frequency and operating procedures of the process of managing these flows.

Moreover, the Guidelines, in addition to the Article of Associations of the supervisory body and the relevant section of the General Part of FS's 231 Model, establish that the supervisory body is composed of: (i) at least two members from outside the Group, one of whom - meeting the specific requirements of Legislative decree no. 231/2001 - is named Chairperson; and (ii) the head of the Internal Audit Department or of another member from outside the Group. The non-Group member who is not Chairperson may be a member of the Board of Statutory Auditors.

FS SpA's supervisory body currently consists of three external members, Maurizio Bortolotto, with the role of Chairman, Liliana Cataldi and Desirée Fondaroli and was appointed by the BoD on 20 December 2023 for a term of three years. The former supervisory body members, which remained in office until the appointment of the new ones, was composed of three external members: Prof. Rocco Blaiotta, serving as Chairman, Maurizio Bortolotto and Umberto La Commara.

FS SpA has set up the 231 Team coordinated by the Compliance Department. The 231 Team's duties include initiating, upon the supervisory body's proposal or recommendation, activities for the updating of FS SpA's 231 Model, and preparing, following the supervisory body's examination, proposed updates to the model and ensuring regular reporting to the supervisory body.

In addition, in line with best practices, during 2023 FS SpA adopted an International Compliance Program, i.e., a tool for the Group's foreign companies aimed at promoting behaviour based on the principles of loyalty, fairness, honesty and integrity through the definition of measures to prevent, mitigate and manage corporate responsibility risks, to be adopted in compliance with the relevant local regulations.

FS SpA's 231 Model¹⁶ (General Part) and the International Compliance Program are published in Italian and English on the "Ethics, Compliance and Integrity" web page of the company's website. It includes sections on the Code of Ethics, the 231 Model, the Anti-Corruption Policy, the ABC system, the Antitrust Compliance Plan, and the Whistleblowing system. Periodic training is carried out on the model.

Anti-corruption management system and policy

The FS Italiane Group acts honestly and lawfully and with fairness, according to the principle of "zero tolerance for corruption" when conducting business. In this context, it adopts an Anti-Corruption Framework, updated in 2023, which defines the architecture of the management system for the prevention of corruption across the FS Group, through:

- documents applicable at Group level: Code of Ethics and Anti-Corruption Policy;
- documents applicable at company level: organisational, management and control models pursuant to Legislative decree no. 231/2001 and Anti-Corruption Management Model¹⁷.

The Anti-Corruption Policy defines and communicates the strategy for preventing and combating corruption, establishing the anti-corruption principles and safeguards that all recipients (including third parties who have professional and/or business relationships with FS Group companies) are required to observe. The Policy is mandatory for all FS subsidiaries,

¹⁶ It should be noted that on February 2024, the updated version of 231 Model was approved by the FS Board of Directors considering the latest legislative developments and changes in the company organization related to the internal control and risk management system.

¹⁷ The Anti-Corruption Management Model was published in its first edition (2018) under the name "Anti-Bribery&Corruption management system".

both Italian and foreign, and is published on the corporate websites and intranet, as well as referred to in specific contractual clauses and/or declarations that guarantee its full knowability to third parties and require compliance.

The Anti-Corruption Management Model implements at the corporate level the strategies defined in the Anti-Corruption Policy, considering the specific legal and operational reference context: through the Model, Group companies identify, also based on targeted risk assessments, their risk areas and the related prevention, control and organisational tools.

Anti-corruption activities to be carried out during the year are planned by each Company in a timetable, which represents its commitment to the pursuit of a truly effective anti-corruption policy. The main lines of action include continuous training and communication activities¹⁸.

Any violations of the provisions of the anti-corruption rules and principles are assessed by the competent functions for the purpose of applying accountability measures.

The table below shows data on training offered throughout the Group on Anti-Corruption procedures and practices¹⁹.

GRI 205-2

Training on Anti-Corruption practices and procedures	2023	2022	2021
man/days	3,144.49	2,004.05	418.60
- managers	80.41	56.74	45.18
- junior managers	573.06	364.09	205.73
- white collars	1,969.76	1,574.54	167.69
- blue collars	521.26	8.67	-

The information in this paragraph also meets the requirements of article 3.2.f) of Legislative decree no. 254/2016.

Whistleblowing reports

The FS Group has a procedure to manage whistleblowing reports concerning the Group sent by people within the FS Group or third parties.

FS SpA adopted the procedure to manage whistleblowing reports, finally updated in 2023 in compliance with Legislative decree no. 24 of 10 March 2023 on whistleblowing, which governs, at Group level, the reception, analysis and processing of reports (including anonymous reports) on any acts committed in breach of the Code of Ethics, the 231 Model, the Anti-Corruption Policy and the Anti-Corruption Management Model and on unlawful acts or irregularities.

The Procedure ensures the protection of the confidentiality of the identity of the whistleblower and of the persons involved; furthermore, the Group is committed to applying a zero-tolerance policy against retaliation against whistleblowers.

A copy of the procedure was delivered to employees when they were hired. This procedure is published in its entirety on the company intranet and as a summary on the FS Italiane website.

FS SpA has an active IT platform to manage whistleblowing reports. This is a channel that digitally ensures the whistleblower's confidentiality and adequate information security measures. The platform may be accessed through the company website and intranet.

Antitrust Compliance Programme

The FS Group, aware of the value of competition (both at a European and national level) as a determining and strategic element of its corporate culture and policy, compliance with which constitutes one of the guiding principles of the Group's

¹⁸ In 2023, training sessions delivered in FS SpA were: the provision of two training pills (on the "Anti-Corruption Policy" and on the "Legality Protocols/Integrity Pacts"); two meetings addressed to the Anti-Corruption Professional Family on Legislative Decree no. 24/2023 on whistleblowing and on UNI-ISO 37001:2016 ("Anti-Bribery Management Systems"). An event was also held with more than 500 people from the Group who, as part of the anti-corruption certification project that will gradually involve the FS Group companies, have applied to become "Internal Auditors 37001", with speeches by the President of FS, the President of ANAC and the Chief Security & Risk Officer.

¹⁹The 2023 data in the table on training refers to the following companies: FS, RFI, Trenitalia, Anas, Blu Jet, Busitalia Campania, Busitalia Rail Service, Busitalia Sita Nord, Busitalia Veneto, Cremonesi Workshop, Fercredit, FSE, Ferservizi, FS International, FS Security, FS Sistemi Urbani, FS Technology, Grandi Stazioni Rail, Infrarail, Italcertifer, Italferr, Mercitalia Intermodal, Mercitalia Logistics, Mercitalia Rail, Mercitalia Shunting & Terminal, FS Park, Savit, Terminali Italia, Trenitalia Tper.

Code of Ethics, has commenced the updating of the existing Group Antitrust Compliance Programme, in order to make it consistent with the new Governance Model of the FS Group. The Programme is made up of a series of rules, standards of conduct and activities and is binding for all the Group companies, which are required to apply them in their respective businesses, adopting their own relevant Organisational Communications. In particular, the Antitrust Compliance Handbook and the Antitrust Code of Conduct form an integral part of the Programme, respectively describing the limits imposed by the national and European antitrust laws and setting out in a simple and clear manner the main rules of conduct to be observed by every FS Group employee to ensure full compliance with the antitrust regulations.

The implementation and updating of the programme are the responsibilities of the body established, for the parent company, by the FS Group's Antitrust Policy. This body updates the Antitrust Compliance Programme over time in response to any changes in the context and raises the awareness of FS Group personnel about antitrust issues by preparing specific training seminars.

Related Parties

FS SpA has laid down rules for Related Party Transactions with the aim of ensuring an additional safeguard to guarantee the transparency and substantive and procedural correctness of such transactions and compliance for the purposes of Law 262/05. This initiative is inspired by the principles set forth in Article 2391-bis of the Italian Civil Code, Consob Regulation No. 17221/2010, and the applicable provisions of the MAR, in compliance with International Accounting Standards and Article 2427 of the Italian Civil Code.

The aforementioned regulations consist of the following documents:

- a Group Policy and an application procedure defining the process for the identification, approval and performance of Related Party Transactions, specifying the principles, roles and responsibilities with which the corporate bodies and company departments of FS and its subsidiaries must comply to ensure the transparency and substantial and procedural fairness of the Transactions;
- the FS and Group PACs governing the administrative and accounting issues of the disclosure of Related-Party Transactions to be rendered in the preparation of the annual and half-yearly financial reports, as well as the information flows to the competent departments responsible for the preparation of the aforementioned documents, in order to ensure the adequacy and substantial correctness of the financial reporting itself.

Other committees

In terms of its internal organisational profile, FS SpA has set up other committees to steer and support its activities. Their members are appointed on a pro tempore basis from certain company departments. Among the main committees are:

- the Ethics and Reporting Committee carries out advisory activities and sets guidelines within the framework of the principles and rules of the Group's Code of Ethics, as resolved by FS SpA's BoD.
- The Capital Allocation Committee has the following duties with respect to the Group's M&As, significant investments/divestments and participation in tenders by the company units and Group companies, and gives its approval, ensuring the initiatives are consistent with the strategies/targets of the FS Group's Business Plan and their economic/financial sustainability, and monitoring the progress of transactions/initiatives.
- The Group's Equal Opportunities Committee is a bilateral, joint body established under the national collective labour agreement, which has the purpose to promote initiatives and positive actions to offer female workers organisational conditions and a distribution of duties that are more favourable, with a view to facilitating the achievement of a work/family balance. It consists of a national committee and 15 local committees.
- The Sustainability Committee set up to ensure the integration of social and environmental aspects in the Group's economic/financial strategies and promote the values and principles of sustainable development.
- The Green Bond Working Committee set up to identify new projects eligible under FS SpA's Green Bond Framework and monitoring that the individual projects continue to meet the green bond financing eligibility criteria.

In addition to the above-mentioned committees, the following are also established: the Credit Committee, the FS Group Supplier Qualification Committee, the Sponsorship and Partnership Committee, the Group Crisis Management Committee, the National Joint Committee on training for the FS Italiane Group/Pilot Committee.

Protection of human rights

The FS Italiane Group promotes the protection of human rights among its stakeholders, thus helping to create a responsible chain in accordance with the United Nations Universal Declaration of Human Rights and the International Labour Organization fundamental conventions. Specifically, the Group promotes open and inclusive workplaces, it is against any discriminating or harmful behaviour, prevents any form of irregular work and encourages policies that are supportive of personnel's well-being.

In 2017, the FS Group joined the United Nations Global Compact, undertaking to comply with the 10 human rights, labour, environmental and Anti-Corruption principles and integrate them in its business, which integrate and reinforce the Group principles previously established in the Group's Sustainability Policy issued in 2019, the Code of Ethics, the 231 Model, the ABC system and the Anti-Corruption Policy. By joining the Global Compact, the Group has formally undertaken to:

- uphold and comply with international human rights provisions;
- ensure that it is not complicit in human rights abuses.

Furthermore, in November 2023, the CEO of FS signed the United Nations network's "Businesses for People and Society" Manifesto, in which he pledged to enhance the role of the social dimension of sustainability in corporate strategies - respecting, for example, human rights and labour rights - and to generate value in supply chains.

The Group maintains its commitment to prevent human rights violations of any kind across the entire value chain through:

- the use of standard and specific contractual human rights²⁰ clauses in agreements signed with suppliers (including the requirement that suppliers sign the Group's Code of Ethics), and including a scoring criterion that rewards suppliers for their sustainability²¹;
- the pursuit of better methods for supply chain management thanks to the participation in the Responsible works with major railway companies and the preparation of the "Sustainable procurement management guidelines" to integrate the more recent national and international sustainability standards - including human rights - in the procurement of goods, services and works;
- protecting the rights of passengers with disabilities or reduced mobility through assistance services to passengers with physical, sensory, or motor disabilities at 332 stations; the organization of the service is guaranteed by the network of Blue Rooms (15 territorial Blue Rooms and the new national Blue Room) with dedicated training for the operators involved (in 2023, six training sessions were delivered to improve technical-relational skills with the involvement of about 120 resources);
- protecting the rights of disadvantaged people who seek shelter at railway stations through the network of help centers at premises of FS inside or near railway stations.

For more information, reference should be also made to the paragraph on "Commitment to sustainable development".

²⁰ In regards of the awarding of contracts and the concessions of works and services in particular, the FS Group applies "social clauses", i.e., provisions that oblige to comply with certain social and labour protection standards to promote employment stability.

²¹ In 2017 RFI SpA started the application of a scoring criterion in tenders, which includes, among evaluation requirements, the respect for human rights; this inspired the "Supply Chain Sustainable Management" project to improve the sustainability of FS Group's supplies.

The Group's financial position and performance

Introduction

For the purposes of describing its financial position and performance, the FS Group prepared reclassified financial statements (statement of financial position and income statement) in addition to those required by the IFRSs adopted by the Group. The reclassified financial statements comprise performance indicators, which management deems useful in monitoring the FS Group's performance and in presenting the financial results of the business. The methods used to calculate these indicators are those described in the previous "Key and Glossary" section.

In order to enable a better understanding of the Group's financial performance in the financial year and of the changes compared with the previous year, it was deemed appropriate to provide separate evidence of the differences in the perimeter due to the line-by-line consolidation of Intermodalidad de Levante SA, as from 25 November 2022, the acquisition of control over ODEG Ostdeutsche Eisenbahn GmbH and over its (100%) subsidiary ODIG Ostdeutsche Maintenance Company mbH, as from 11 December 2022, which were not consolidated in the 2022 income statement, and the incorporation of FS Treni Turistici Italiani Srl in 2023. For more information, reference should be made to the Note 4 of the Consolidated financial statements.

Consolidated income statement

millions of euros

	2023	2022	Change	%	Change in consolidation scope	Change on a like-for-like basis	%
REVENUE	14,804	13,664	1,140	8	(495)	645	6
OPERATING COSTS	(12,576)	(11,452)	(1,124)	(10)	501	(623)	(5)
GROSS OPERATING PROFIT (EBITDA)	2,228	2,212	16	1	6	22	1
Amortisation, depreciation, provisions and impairment losses	(1,890)	(1,950)	60	3	16	76	4
OPERATING PROFIT (LOSS) (EBIT)	338	262	76	29	22	98	37
Net financial income (expense)	(213)	(50)	(163)	(>200)	3	(160)	(>200)
PRE-TAX PROFIT (LOSS)	125	212	(87)	(41)	25	(62)	(29)
Income taxes	(25)	(10)	(15)	(156)	(15)	(30)	(>200)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	100	202	(102)	(51)	10	(92)	(46)
PROFIT (LOSS) FOR THE YEAR	100	202	(102)	(51)	10	(92)	(46)
<i>Profit (loss) for the period attributable to the owners of the parent</i>	<i>137</i>	<i>204</i>					
<i>Profit (loss) for the period attributable to non-controlling interests</i>	<i>(37)</i>	<i>(2)</i>					

The 2023 financial year ended with a **profit for the year** of €100 million compared to a profit of €202 million recorded in the previous year, showing a change of -51%.

The **gross operating profit (EBITDA)**, equal to €2,228 million, showed an increase of €16 million (+1%) which, net of effects of the change in the consolidation scope described above, would have been in any case €2,234 million.

Revenue increased by €1,140 million (+8%) as a result of the rise in Revenue from transport services for €1,088 million and Revenue from infrastructure services for €641 million. On the other hand, Other revenue from contracts with customers showed a reduction of €160 million and Other revenue and income decreased, overall, by €429 million.

Specifically, with respect to the components of **Revenue from transport services** (+€1,088 million):

- Revenue from the HS and Intercity business increased by €580 million, with the commercial service up €610 million and the Intercity service down €30 million. Revenue from the national HS business rose by €400 million (+30%), thanks to a 33% increase in demand compared with 2022, due to the removal of restrictions for Covid-19 (in force until 31 March 2022) and the recovery in demand, especially from leisure customers; in addition, another €6 million revenue was generated by Trenitalia France for the service offered on the HS Paris-Lyon and Milan-Paris stretches, as well as €204 million revenue generated by Intermodalid de Levante that was not consolidated in the comparative period, operating in the HS business between Madrid and other major Spanish cities such as Barcelona and Valencia. The Intercity business showed an increase of €86 million, equal to +25%, due to the recovery in demand volumes by about 18%. However, this increase was offset for an amount of €116 million, attributable, for €22 million, to a decrease in revenues from public service contract fees with the State and, for €95 million, to the final Decision taken by the European Commission at the end of the year, in relation to the investigation procedure concerning the public service obligation compensation that the Italian Government awarded to Trenitalia in the period from 2000 to 2014, the quantification of which entails this negative effect on revenues, in addition to financial charges recorded in the related item for €13 million²²;
- revenue from regional railway passenger transport services increased by a total amount of €381 million. The increase, which was almost entirely attributable to the Group's foreign companies (+€413 million in the German market, and +€13 million in the UK market, against a decline of about €44 million in the Greek market) benefitted from the positive effects generated by a change in the consolidation scope for €261 million. In domestic transport, the Regional business of Trenitalia recorded an increase in revenue from traffic for €183 million (+21%) compared to 2022, while revenue from service contracts with the Regions and Autonomous Provinces recorded a decrease of €189 million, mainly due to the trends in Service Contracts;
- revenue from passenger road transport increased by €70 million, of which €50 million in international transport and €20 million in national transport;
- revenue from railway freight transport posted an increase of €57 million (+7%) despite a number of events that had an adverse impact on the sector in the reporting period (strikes in Germany, Sweden and France, traffic restrictions in the Brenner Base Tunnel, works not planned on the railway infrastructure, and the flood in Emilia-Romagna).

Revenue from infrastructure services increased by €641 million compared to 2022. The change is mainly attributable to Anas (+€584 million), reflecting the trend in service and concession fees linked to road traffic, and to RFI, which recorded a €59 million increase in toll revenue as a result of the growth in traffic volumes and of the removal of discounts applied in favour of Railway Companies to cover the negative effects of the Covid-19 pandemic.

The residual decrease in **Other revenue** (-€589 million) mainly reflects the reduction in revenue from grants (-€474 million) provided in the previous year, mainly to support the sector in consequence of the effects of the Covid-19 pandemic²³, equal to zero in 2023, the decrease in revenue from electrical energy provided to non-group transport companies (-€120 million)

²² For more details, reference should be made to the paragraph on "Other information".

²³ The Group had recorded a total amount of €324 million in 2022, which included grants related to the regional business of €151.9 million, the amount of which was recognised as a deduction from Revenues from transport services; consequently, the net value of Pandemic-related Grants was €172 million in 2022.

as a result of the decrease in the price of electricity used by the Railway Companies for train traction, and a reduction in revenue from sales of land and buildings for trading (-€122 million), which were partially offset, on the other hand, by an increase in revenue from rolling stock maintenance (+€17 million), revenue from contract work in process (+€20 million), and work on behalf of third parties (+€69 million).

Operating costs stood at €12,576 million, up by €1,124 million (+10%) compared to 2022. The change in the consolidation scope had an impact consisting of higher costs recognised for €501 million in 2023 on this increase. Consequently, net of this change, the increase would be lower and equal to €623 million (+5%). Specifically:

- net personnel expense increased by €561 million (+€487 million, net of the change in the consolidation scope), mainly due to the higher personnel costs for employees resulting from both the increase in average workforce and the increase in the unit cost of labour (+€342 million), as well as higher "Accruals and releases" (+€109 million), mainly as a result of lower releases relating to the renewal of the National Labour Agreement which had characterised the comparative period (€105 million);
- other net costs increased by €563 million and, excluding €427 million due to the change in the consolidation scope, are mainly related to: (i) higher costs for raw materials and consumables (+€188 million) as a result of the combined effect of a reduction in the prices of raw materials and greater consumption; (ii) lower costs for electrical energy, fuel for traction, costs for lighting and driving force (-€422 million), which are all essentially linked to the decrease in the cost of energy; (iii) higher costs for services (+€848 million), especially maintenance due to the increase in production and traffic; (iv) greater capitalisations (-€448 million) related to the value of capitalised costs for materials, personnel, IT and transport.

The **Operating profit (EBIT) amounted to €338 million**, showing an improvement of €76 million compared to 2022 (+29%). Excluding the change in the scope of consolidation, the increase would amount to €98 million, equal to +37%.

The **Net financial expense, showing a net balance of €213 million**, showed a deterioration of €163 million compared to 2022 (€160 million, net of the change in the consolidation scope). Financial income recorded an increase of €111 million, essentially due to the positive effect of the derivatives entered into to cover loan agreements, for the considerable increase in interest rates (+€87 million); financial expense rose by €231 million, mainly for higher interest expense on bank loans and on the new bond issues; the item also includes the amount of financial charges recognised by Trenitalia following the European Commission Decision on State Aid, as mentioned above (approximately €13 million). The results of the equity-accounted companies bring to this item a decrease of €40 million.

Income taxes for the period amounted to €25 million.

In compliance with the provisions of Legislative Decree no. 254/2016, the table below shows the direct economic value generated and distributed by the FS Group, highlighting the manner in which it was redistributed to its stakeholders. The Group has continued to recognise the utmost importance of a balanced distribution of the value generated by its business to its stakeholders, which they have contributed to produce, either directly or indirectly. On the basis of an analysis of economic value distributed, the Group highlights the flow of resources directed to its employees, its suppliers of goods, services and capital, and to the Public Authorities and the communities in which it is present and operates.

GRI 201-1		millions of euros					
Statement of direct economic value generated and distributed		2023		2022		2021	
Direct economic value generated		15,047	100%	13,835	100%	12,416	100%
Revenue from sales and services		14,261		13,169		11,835	
Other income		786		666		581	
Economic value distributed		13,074	87%	11,698	85%	10,532	85%
Operating costs for materials and services		6,991		6,495		5,424	
Employee wages and benefits		5,284		4,723		4,764	
Payments to providers of capital		456		221		160	
Payments to government		343		259		184	
Economic value retained		1,973	13%	2,137	15%	1,884	15%
Amortisation, depreciation, provisions and impairment losses		1,890		1,950		1,695	
Other sundry costs and taxes		(17)		(15)		(4)	
Profit (loss) for the year		100		202		193	

The value not directly distributed by the Group (around €2 billion in 2023) amounts to 13% of the total generated, showing a slight percentage decrease compared to the previous year (15%). It substantially consists of self-financing investments through which indirectly the Group nonetheless contributes to increasing benefits to the community and stakeholders in general.

In 2023 the Ferrovie dello Stato Italiane Group generated a direct, indirect and induced economic impact of about 1.75% of domestic Value Added and an equivalent impact on employment equal to about 400 thousand units through its operations and the investments it made²⁴.

²⁴ The methodology used to calculate the equivalent economic and employment impact is founded on a national Supply & Use Table (SUT) based model developed by the FS Group in collaboration with the Regional Economic Planning Institute of Tuscany (Istituto Regionale di Programmazione Economica della Toscana, IRPET). The approach used is of the Hypothetical Extraction Method (HEM) type, as appropriately innovated to take account of the specific features of the FS Group.

Reclassified statement of financial position

	millions of euros		
	31.12.2023	31.12.2022	Change
ASSETS			
Net operating working capital	(2,125)	(949)	(1,176)
Other assets, net	4,303	781	3,522
Working capital	2,178	(168)	2,346
Net non-current assets	53,827	52,876	951
Other provisions	(2,731)	(3,010)	279
NET INVESTED CAPITAL	53,274	49,698	3,576
COVERAGE			
Net current financial (position) debt	(889)	(1,671)	782
Net non-current financial (position) debt	12,074	9,301	2,773
Net financial position	11,185	7,630	3,555
Equity	42,089	42,068	21
COVERAGE	53,274	49,698	3,576

The Group's **Net invested capital**, amounting to €53,274 million, increased by €3,576 million in 2023 as a result of the increase in **Working capital** (€2,346 million), and in **Net non-current assets** (+€951 million) and the decrease in **Other provisions** (+€279 million).

Net operating working capital, which stood at a negative amount of €2,125 million, was down by €1,176 million compared to the previous year, and was the result of opposing changes, mainly relating to:

- higher trade payables (-€1,378 million) arising in particular from: higher works performed during the year in relation to investment projects on the rail, road and freeway network (for a total of -€661 million); higher payables related to rolling stock, the purchase of shunting locomotives and the circulation of trains (-€250 million); the decision concluding the European Commission's investigation procedure for Trenitalia (-€107 million); higher costs related to the implementation of the Digital Platform common to the entire FS Group (-€69 million), as well as to the normal trends in payments for the period (-€154 million);
- higher receivables related to business partners amounting to +€364 million, mainly consisting of higher advances to suppliers (+€291 million) for works on the road network and the increase in receivables from ordinary customers (+€77 million) related in particular to the foreign Metro Riyadh contract;
- higher inventories (€205 million), mainly related to raw and consumable materials for rolling stock and infrastructure due to higher purchases than consumption (+€187 million) and the recognition of white certificates accrued against energy savings achieved (+€35 million) during the year;
- lower receivables relating to the Service Contract (SC) (-€387 million) as a combined effect of lower receivables from the Regions and higher fees accrued during the year and not yet collected from the Ministry of Economy and Finance.

Other assets, net, which amounted to €4,303 million, showed an increase of €3,522 million, which substantially arose from the combined effect of:

- higher net receivables from the Ministry of Economy and Finance (MEF), the Ministry of Infrastructure and Transport (MIT) and other Italian government bodies/administrations (+€4,105 million), for the accruals-based accounting of new grants and collections for the year, net of the change in advance payments allocated to the projects that have been started;
- an increase in net VAT receivables (+€20 million);

- lower net other receivables and payables (+€603 million), mainly related to a decrease in receivables from the Compensation Fund for the Electricity Sector (Cassa Conguaglio per il Settore Elettrico, CSEA) and a decrease in receivables from the Government for disputes related to road maintenance and construction.

Net non-current assets, which stood at €53,827 million, increased by €951 million, substantially due to:

- the increase in investments for the period, equal to €12,590 million, offset by the set-up grants recognised on an accruals basis, equal to €9,922 million and by amortisation and depreciation for the period of €1,744 million;
- disposals and divestments (-€46 million) and impairment losses (-€100 million), mostly related to higher reclamation costs and rolling stock that was found to be obsolete;
- reclassifications (+€102 million), which were made during the period and mainly related to changes in the intended use of the areas concerned;
- the increase in the value of equity investments (+€69 million), mainly due to the recognition of the investment in the Exploris DE GmbH Group.

Other provisions decreased by €279 million, attributable to: a reduction in post-employment benefits and other employee benefits (+€74 million), mainly due to the payments to outgoing personnel in the year, and the advances paid, as well as the change in actuarial gains; a reduction in other risk provisions (+€159 million) as a result of accruals for the year, equal to €517 million, against utilisations of €345 million following the settlement of various lawsuits, and the release of provisions for risks for €332 million due to lower overall requirements on some pending disputes and the favourable outcome of some cases; the change in the provision for deferred tax assets and liabilities (+€47 million) resulting from new temporary differences and the releases generated by Group companies during the year.

	millions of euros		
Net financial position	31.12.2023	31.12.2022	Change
Net current financial (position) debt	(889)	(1,671)	782
Cash pooling accounts	(233)	(1,507)	1,274
Fifteen-year grants from the MEF to be collected	(10)	(10)	
Loans and borrowings from other financial backers	11	23	(12)
Bank loans and borrowings	3,783	1,831	1,952
Bonds	456	745	(289)
Concession assets	(3,314)	(2,042)	(1,272)
Contract advances	577	482	95
Current financial liabilities	153	168	(15)
Current derivatives	(43)	(56)	13
Other	(2,269)	(1,305)	(964)
Net non-current financial (position) debt	12,074	9,301	2,773
Fifteen-year grants from the MEF to be collected	(85)	(95)	10
Loans and borrowings from other financial backers	3	10	(7)
Bank loans and borrowings	1,622	1,391	231
Bonds	9,107	7,758	1,349
Concession assets	(235)	(1,479)	1,244
Contract advances	1,220	1,362	(142)
Non-current financial liabilities	712	660	52
Non-current derivatives	(45)	(138)	93
Other	(225)	(168)	(57)
Total	11,185	7,630	3,555

The **Net financial position** showed a net debt of €11,185 million and recorded an increase of €3,555 million on 31 December 2022, essentially due to the net effect of:

- the net increase in bank loans and borrowings (+€2,183 million), mostly due to higher current and non-current funding (+€3,075 million) aimed at supporting the railway infrastructure development and modernization plan, offset by repayments in the period (-€1,016 million). In detail, in 2023 a short-term loan agreement was signed with Intesa Sanpaolo for €2 billion, two medium- to long-term loan agreements with CaixaBank for a total of €250 million and five loan agreements with BBVA, BNL BNP Paribas, BPER Banca, Crédit Agricole Corporate and Investment Bank, and UniCredit, for a total amount of €820 million expiring by 2028;
- a decrease in the cash pooling balance (+€1,274 million), which comprises the payments made by the MEF in accordance with the Programme Contract for railway infrastructure, linked to the discrepancy between the timing of collection of state resources and the related payment to suppliers, in particular works contractors;
- the increase in bonds (+€1,060 million), mainly referable to the subscription of new bonds for a total amount of €1,700 million, of which - as part of FS Green Bond Framework - a dual tranche transaction under the EMTN program for a total of €1.1 billion and a private placement issue reserved for the EIB for €500 million, as well as a private placement issue with Eurofima for €100 million, offset by repayments for the year (€692 million);
- the net increase in other financial assets and liabilities (-€964 million), mainly due to the increase in cash and cash equivalents (-€878 million) and the decrease in other financial liabilities (-€ 128 million), essentially consisting of the debt to the State referring to the advances collected for works for which the construction process has not yet been started;
- the net decrease in derivative assets (+€106 million) as a result of the fair value measurement carried out as at 31 December 2023, due to the trend in hedged rates during the reporting period;
- the decrease in advances for works to be realised (-€47 million) in relation to the share of grants already collected against works still to be carried out related to Anas SpA;
- the increase in financial liabilities for leases (+€37 million) as the net effect of the registration of new contracts, repayments and debt valuations for the year;
- the increase in financial assets for service concession arrangements (-€28 million), which was due to the net effect between the increase in receivables due and payable relating to the production output on the infrastructure operated under concession arrangements and mainly referring to roads, and the decrease due to collections in the year for refunds from the Ministries or authorities;
- the decrease in the financial receivable from the MEF (+€10 million) due to the collection of Covid-19 grants related to the railway infrastructure business.

Equity stood at €42,089 million, showing an increase of €21 million, mainly as a result of:

- the profit for the year, equal to €100 million, including the share attributable to non-controlling interests;
- the change in valuation reserves on derivatives – Cash Flow Hedge and discounting of post-employment benefits (-€100 million);
- the change linked to the share of equity attributable to non-controlling interests as a result of capital increases equal to €36 million.

Reconciliation as at 31 December 2023 and 2022

Reconciliation as at 31 December 2023 and 2022 and for the years then ended between profit (loss) for the year and equity in the separate financial statements of FS Italiane SpA and the FS Group's consolidated financial statements.

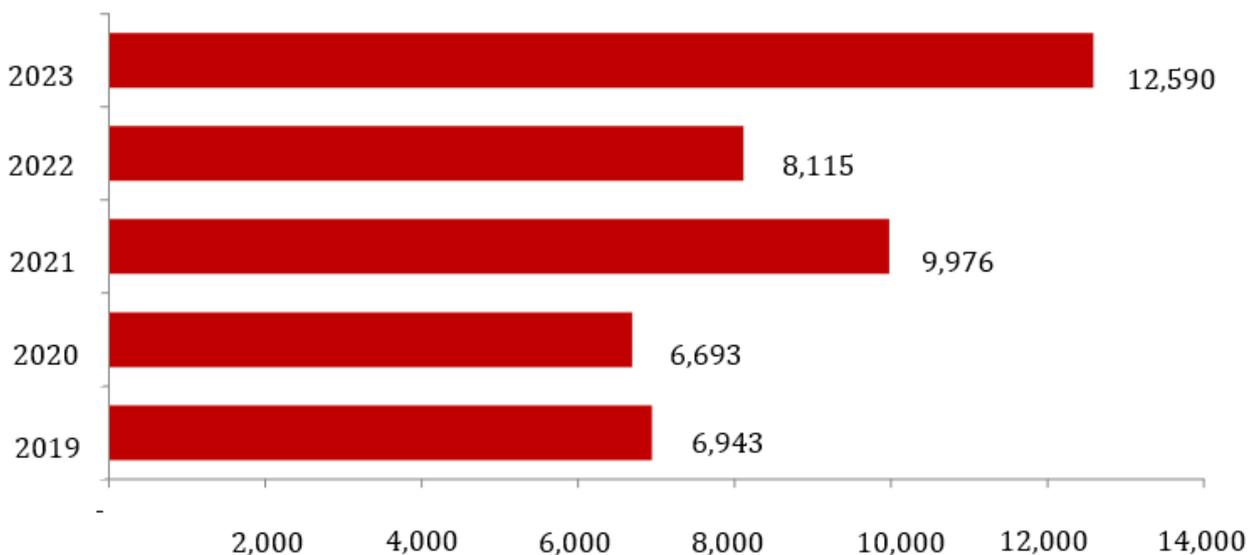
million of Euros

	31 December 2023		31 December 2022	
	Equity	Profit for the year	Equity	Profit for the year
Separate financial statements of FS Italiane SpA	40,191	201	39,991	90
Profits (losses) of consolidated investees since acquisition, net of dividends and impairment losses:				
- portion of current and previous years' profits attributable to the owners of the parent	2,447	144	2,516	390
- elimination of impairment losses on equity investments	608	141	466	174
- reversal of dividends	(4)	(257)	(4)	(239)
Total	3,051	28	2,978	325
Other consolidation adjustments:				
- equity accounting of investments in unconsolidated subsidiaries and associates	219	100	129	61
- reversal of intragroup profits	(996)	(112)	(883)	(108)
- reversal of taxes arising on tax consolidation	(130)	(80)	(44)	38
- other	(197)		(160)	(202)
Total	(1,104)	(92)	(958)	(211)
- Valuation reserves	(234)		(135)	
- Translation reserve	(4)		(3)	
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	41,900	137	41,873	204
- Equity attributable to non-controlling interests (excluding profit for the year)	226		197	
- Profit attributable to non-controlling interests	(37)	(37)	(2)	(2)
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	189	(37)	195	(2)
TOTAL CONSOLIDATED EQUITY	42,089	100	42,068	202

DNF Investments

In a global macroeconomic environment where international economy has continued to grow albeit at a moderate deceleration compared to the previous year, the FS Group has managed to give continuity to investment development actions and maintained in 2023, in line with the trend initiated since 2012, an Investment/Amortisation and Depreciation ratio which was always above 1, thus ensuring not only the replacement of capital that becomes obsolete from year to year, but also a constant growth in order to support development and renewal in the transport, infrastructure and logistics sector.

In brief, total expenditure for investments made by the Group in 2023 amounted to €12,590 million, of which €2,668 million raised through self-financing and €9,922 million from government grants, showing an increase of about 55% on the same figure at the end of 2022.



Millions of euros

The FS Group, continuing to be among the leading investors in Italy and to support development and renewal in the transport, infrastructure and logistics sector, developed and managed capital expenditure²⁵ of approximately €16,423 million in 2023 (€11,269 million in 2022, showing an increase of 46%), 99% of which were in Italy, composed as follows:

- around 86% of the accounting entries refers to the Infrastructure segment, in the context of which €10,413 million was invested in RFI's projects and €3,214 million in those of the Anas Group;
- approximately 12% of investments refers to Passenger Transport segment for projects focused on the transport of passengers by rail and road, both in Italy and abroad;
- about 1% refers to the Logistics segment for freight transport projects, both in Italy and abroad;
- around 1% is related to the Urban segment and to the companies providing Services across the Group.

For a description of the major investments made by each Business Segment in 2023, reference should be made to the chapter on the "Performance of the business segments".

²⁵ In addition to the Consolidated Investments described above, Capital Expenditure – as defined in the paragraph on "Key and Glossary" – also includes the investments accounted for in accordance with IFRIC 12 for Anas SpA and FSE SpA (for about €3.2 billion), while the remainder is comprised of the investments of the unconsolidated special-purpose entities (e.g.: TELT, BBT, etc.).

Focus on NRRP

The FS Italiane Group has a key role in the NRRP, as the Group has always contributed to the country's transformation and development. At 31 December 2023 €26.39 billion had been allocated to Group companies in connection with the NRRP and the Complementary Fund, including €26.17 billion as implementing entities of first and second level, and €0.22 billion as party responsible for the intervention.

The FS Group is interested as implementing entity in particular of: Mission 1 "Digitalisation, innovation, competitiveness and culture" in the sphere of intervention of historic trains and cultural itineraries; Mission 2 "Green revolution and ecological transition" in the sphere of intervention of the upgrade of the ferry fleet for the Messina Strait and the purchase of a hybrid ship, the renewal of the fleet of regional trains and the experimentation of hydrogen rail transport, the renewal of the bus fleet; Mission 3 "Infrastructure for sustainable mobility" in the sphere of interventions on the national railway infrastructure, on regional railways, on the monitoring and digital surveillance of artworks, on railway connections and the upgrade of the vehicle fleet; Mission 5 "Inclusion and cohesion" in the sphere of interventions for the Special Economic Zones, for the Integrated Urban Plans in the metropolitan city of Milan and for PiNQua (National Innovative Housing Quality Program). There also other projects for which the Group companies are responsible, with the implementing entity named by the extraordinary seismic safety commissioners for 2009-2016.

On top of the pipeline of projects already assigned to Group companies, there are other projects currently being explored that could potentially receive funding under the National Recovery and Resilience Plan or in the process of being formalised.

The above figures do not take into account the reshaping of the Plan that is in the process of being implemented through the expected issuance of the decrees for the allocation of funds by the MEF to the beneficiary administrations. The remodulation of the perimeter of interventions specifically includes the following main changes, on projects with RFI as the Implementing Entity: section of some lots relating to the southbound connections on the Naples-Bari line and the Palermo-Catania line; section in the northbound connections of the Trento ring road project; section of the Rome-Pescara project; remodulation of the total km with the ERTMS system; remodulation of the interventions planned for the Stations in Southern regions. Consistently with the remodulation of the perimeter of the projects in the Plan, the remodulation of the EU milestones and targets was approved.

For more information on relevant regulations, reference should be made to the chapter on "Legal and regulatory framework".

The progress of accounting operations up to December 2023 reached €8 billion, equal to about 30% of the allocated resources.

RFI's role in the success of the Plan is of primary importance, with interventions under its responsibility for a total of €24.8 billion (net of the impact of the remodulation of milestones), particularly for Mission 3 "Infrastructure for sustainable mobility", for which a total of €24.29 billion, equal to 11% of the entire Italian NRRP, has been allocated.

The infrastructure and technological projects in the railway sector consist of:

- developing the HS/HC infrastructure and speeding up the railway network for passengers and freight;
- completing the TEN-T railway corridors;
- completing the sections over mountain passes;
- strengthening hubs, major railway lines and regional networks;
- narrowing the infrastructure gap between north and south.

Specifically, RFI's work has been classified into eight sub-measures. They are detailed below in a brief summary of the progress of its main projects:

- Measure 1.1 HS railway connections with the south for passengers and freight: as a result of the remodulation, the final target of June 2026 is 119 kilometres and some lots of the Naples-Bari route, the Palermo-Catania route and the Salerno-Reggio Calabria route, all of which are currently under construction, will contribute to achieving it.
- Measure 1.2 HS lines in the north connecting it with Europe: as a result of remodulation, the final target of June 2026 is 165 kilometres and the Single Project interventions on the Genoa hub and Third Giovi Pass, Rho-Gallarate 1st phase upgrading, Milan-Pavia 1st phase upgrading, Brescia-Verona and Verona-Bivio Vicenza, all under construction, will contribute to achieving it.
- Measure 1.3 Diagonal connections: as a result of remodulation, the final target of June 2026 is 27 kilometres. In 2023, the works were handed over for the new PM228-Castelplano link, the tenders were awarded for the PM228 - Albacina doubling, and the interconnection between the new HS SA-RC line and the existing Battipaglia-Potenza line is under construction.
- Measure 1.4 Introduction of the European Rail Traffic Management System (ERTMS): as a result of remodulation, the intermediate target is 1,400 kilometres in June 2025 while the final target has been remodulated to 2,785 kilometres in June 2026. Both Framework Agreements were signed for the executive design and implementation of the ERTMS system on the lines covered by the NRRP.
- Measure 1.5 Upgrading metropolitan railway hubs and key national connections: the major interventions on strengthening the infrastructure and technology of the metropolitan hubs and main lines are in the process of being implemented.
- Measure 1.6 Upgrading regional lines: the interventions included in the measure are in the process of being implemented.
- Measure 1.7 Upgrading, electrification and improved resilience of the railways in the South: as a result of remodulation, the proposal was approved for the replacement of the milestone of final award by December 2023 of all contracts with a physical target of 150 kilometres of works completion. Finally, a final target by June 2026 of 650 kilometres was added.
- Measure 1.8 Improving railway stations in Southern Italy: as a result of remodulation, the target is 38 completed stations, including in "partial" areas of intervention by June 2026. Design activities are underway for 20 stations and work is in progress at 13 stations.
- Measure 1.9 Inter-regional connections: as a result of remodulation, a new measure has been added, which provides for the implementation of the following interventions: the speeding-up of the Orte-Falconara section, in the design phase; the speeding-up of the Battipaglia-Potenza and Milan-Genoa sections, in the construction phase; the upgrading and technological enhancement of the Palermo-Catania Historic Line, in the negotiation phase. The new measure includes two targets, an intermediate target of 70 km by December 2025 and a final target for a total of 221 km by June 2026.

Other Group companies are appointed as implementing entities of first and second level and responsible for the intervention for total funds of €1.56 billion. The main implementing entities are described below.

Trenitalia is the implementing entity for Mission 2 component 2 "Renewable energy, hydrogen, grid and sustainable mobility", with total NRRP funds of approximately €0.42 billion for the "Renewal of the bus fleet and green trains - trains' intervention line:

- renewal of the fleet of trains for regional transport: all the application contracts have been signed for the regions that have designated the company as the implementing entity, and deliveries of vehicles have begun in some regions;
- renewal of the fleet of trains for Intercity transport in the South: application contracts have been signed for 7 hybrid trains and 70 night coaches.

Anas is the implementing entity for Mission 3 "Infrastructure for sustainable mobility" and of Mission 5 "Inclusion and cohesion", with total funds (NRRP and Complementary Fund) of approximately €0.29 billion:

- Mission 3 component 1 "Monitoring and digital surveillance of artworks: all tender procedures were awarded and works were started;
- Mission 5 component 3 "Accessibility to the Gioia Tauro port": for the implementation of two projects: accessibility to the Gioia Tauro port - South side gate and Accessibility to the Gioia Tauro port - Rosarno junction.

FSE is the implementing entity for total NRRP funds of approximately €0.441 billion, of which:

- Mission 3 component 1 Measure 1.6 "Upgrading of regional lines": Infrastructural upgrade of the Bari-Taranto line; completion of TSCS/ERTMS equipment on remaining network; construction of intermodal HUBs and upgrading of 20 stations;
- Mission 2 component 2 Measure 4.4 "Upgrading of the Green Train and Bus Fleet": upgrade of the regional fleet through the purchase of four electric trains;
- Mission 2 component Measure 3.4 "Hydrogen testing for railway transport": the milestone scheduled for 31 December 2023 was postponed to 30 June 2024 on the basis of Director Decree 181/2023.

Fondazione FS is the implementing entity in Mission 1 component 3 "Tourism and culture 4.0", for a total of approximately €179 million of the Complementary Fund. Specifically, within the scope of the Complementary Fund Measure "Strategic investment plan on cultural heritage sites, buildings and natural areas": the planned investments relate to the construction of maintenance hubs, rolling stock projects, projects at museum complexes and other initiatives.

Group projects financed by government grants and transfers of public resources to the Group

The table below shows the transfers of resources from the State and other public institutions, on account of operating grants and investment, excluding the amounts resulting from the service contract for the financial year 2023.

millions of euros

	RFI	FS SpA	Trenitalia	Anas	Grandi Stazioni Rail	Ferrovie del Sud-Est	Netinera Group	Hellenic Train	Mercitalia Logistics	Mercitalia Rail	Mercitalia Intermodal	Mercitalia Shunting & Terminal	TX Group	Busitalia Group	Total
Grants related to income															
Government Programme	1,105.6									48.4					1,154.0
Contract Covid-19 grants			101.7	25.0		4.2	1.0			4.5				10.7	147.1
Other government grants	106.3			144.2	5.3						4.1	0.1	8.7		268.7
EU grants		0.2	0.6							0.4	0.2		2.3		3.7
From local public bodies			0.2								1.9			8.8	10.9
Sundry grants			3.8						0.2		2.4			7.3	13.7
Grants related to assets															
Governments grants	5,124.0	452.6	1.0	2,327.1	12.0	11.2									7,927.9
From local public bodies	100.8		235.1	243.8		117.5								20.2	717.4
From the EU	305.3			8.5				0.2							314.0
Sundry grants				42.4											42.4
Total	6,742.0	452.8	342.4	2,791.0	17.3	132.9	1.0	0.2	0.2	53.3	8.6	0.1	11.0	47.0	10,599.8

Performance of the Business Segments

The long-term strategic and industrial vision outlined in the Group Business Plan has among its main objectives: (i) provide certainty of execution of infrastructure works on schedule; (ii) encourage multimodal collective transport over private transport; (iii) increase up to double rail freight transport compared to 2019; iv) make rail and road infrastructures more sustainable, accessible, effectively integrated with each other and resilient while increasing their equipment in order to also reduce the gap between the north and south of Italy; v) increase the Group's degree of energy autonomy, covering at least 40% of its needs with self-production through renewable sources and contribute to the ecological transition in Italy in this field too.

In order to realise the strategic vision, the Plan has envisaged a major reshaping of governance and an organisational structure of the Group that aggregates FS subsidiaries into four Business Segments: Infrastructure, Passenger Transport, Logistics and Urban, each of which has its own roles and strategic objectives that are clearly defined and aimed at developing the potential of the various Group companies to the fullest and make the most of their synergies. The four Business segments play a crucial role in creating an increasingly integrated and sustainable infrastructure and mobility system serving the country and, in addition to these, the Group has Other Services, which are common to all four Business segments and facilitate them in their pursuit of the objectives set out in the Plan.

During 2023, as part of the corporate reorganisation project consistent with the Governance Model and the FS Group Business Plan described above, the following transactions were carried out:

- demerger of Trenitalia' and RFI's company protection business unit in favour of FS Security, with effect from 1 January 2023;
- demerger of RFI investment of Blufferies Srl to the benefit of Mercitalia Logistics SpA, with effect from 1 November 2023.

In line with the Group's Business Plan and IFRS 8 - Operating segments, the FS Group's performance of operations, capital expenditure and main KPIs are analysed below separately for each of the Business segments.

Infrastructure

The Infrastructure segment designs, builds, manages and maintains the infrastructure networks for rail, road and motorway transport in Italy and abroad. It is tasked with maximising industrial synergies and encouraging the specialisation of the different infrastructures while ensuring the full integration of road and rail transport, including by supporting EU and Italian programmes. The Infrastructure segment companies are Rete Ferroviaria Italiana SpA, the head of this segment, whose mission is to serve as the national railway infrastructure operator, responsible for the maintenance, use and development of the rail network and related safety systems, beside managing research and development in the field of railway transport and providing connection services to Italy's largest islands by sea, in addition to Anas SpA, which, through its subsidiaries, operates Italy's national-interest road and the national motorway networks. Italferr SpA, the Group's engineering company, also contributes to the results of this segment. The other Group companies active in the Infrastructure segment on an exclusive or incidental basis are: FSE Srl, Grandi Stazioni Rail SpA, Brenner Basis Tunnel SE, Tunnel Ferroviario del Brennero SpA (TFB) and Tunnel Euralpin Lyon Turin (TELT).

The Infrastructure segment covers in Italy an infrastructure, rail and road network of nearly 50 thousand km, distributed widely throughout Italy, ensuring connectivity and integration through the enhancement of quality and safety standards.

As at 31 December 2023, the national railway infrastructure operated by RFI, according to Ministerial Decree no. 138T of 31 October 2000, amounted to 16,832 km, and the extension of the lines, according to the classification used for the purpose of calculating the railway network usage fee, in accordance with Ministerial Decree no. 43T of 21 March 2000, is as follows:

- 6,460 km of fundamental lines with high traffic density;
- 9,422 km of complementary lines, which make up a dense network of regional connections and interconnections with main lines;
- 950 km of hub lines, which are located in major metropolitan areas.

In considering the type, double-track lines are distributed over 7,734.6 km, equal to 46% of the total while lines are electrified over 12,205 km (72.5% of the total).

The total length of tracks amounts to 24,567 km, including 1,467.2 km of HS/HC network tracks.

All network lines are equipped with one or more train speed protection systems, which make the railway infrastructure operated by RFI one of the safest in Europe. In particular, the ERTMS/ETCS system is applied on about 1,177 km of High Speed lines.

At 31 December 2023 "operational" railway companies, which were authorised to carry out rail transport activities under a license issued by ANSFISA (the National Agency for the Safety of Railways and Road and Motorway Infrastructure) or the ERA (European Railway Agency), in accordance with the 4th railway package (Directive (EU) 2016/798, implemented in Italy by Legislative Decree no. 50 of 14 May 2019), are 38 (20 for freight only, 12 for passenger only, and 6 licensed for both passenger and freight service).

During 2023, an average of more than 9,700 trains per day ran on the national rail network for a total annual volume of about 376.2 million kilometres travelled, showing an increase of about 1.3% compared to 2022.

In Italy, the FS Group operates the RFI network, as well as about 474 km of the Ferrovie del Sud Est line, which runs through the provinces of Puglia, is electrified for 82 km and almost entirely single-track, with an offer of about 3.6 million train-km during 2023.

The FS Group then operates, through its subsidiary Netinera, about 300 km of lines abroad, with 60 stations used for passenger transport service. The output achieved during 2023 was about 59 million train-km.

With regard to road infrastructure, the FS Group operates, through its subsidiary Anas, about 32,500 km of state roads, including about 1,574 km of toll-free motorways.

	2023	2022	Change	%
	millions of euros			
Revenue from sales and services	6,807	6,665	142	2.1
Other income	235	209	26	12.4
Revenue	7,042	6,874	168	2.4
Operating costs	(6,446)	(6,138)	(308)	5.0
Gross operating profit (EBITDA)	596	736	(140)	(19.0)
Operating profit (EBIT)	224	309	(85)	(27.5)
Profit for the year (attributable to owners of the parent and non-controlling interests)	85	300	(215)	(71.7)
	31.12.2023	31.12.2022	Change	
Net invested capital	39,241	35,864	3,377	
Net financial (position) debt	2,969	(586)	3,555	
Equity	36,272	36,450	(178)	

In 2023 the Infrastructure segment showed a Net profit of €85 million, down €215 million on the same figure in 2022.

Revenue amounted to €7,042 million, up by €168 million on the same period of 2022, mainly due to:

- the increase in Anas' revenue (by roughly €503 million), substantially due to higher revenue related to capital expenditure (€474 million, with a corresponding increase in costs) and higher toll revenue from motorway operators of €111 million, partly offset by lower grant revenues of €112 million;
- a decrease of €366 million in RFI's revenue and income, due to:
 - a decrease in revenue from the sale of electrical energy for train traction (down €366 million), mainly linked to the trend in energy prices (with a corresponding decrease in costs): the National Single Price (*Prezzo Unitario Nazionale*, PUN) stood at 315 €/MWh in December 2022 while it was 132 €/MWh in December 2023;
 - lower grant revenues for €178 million, mainly due to the removal of regulatory relief from Covid-19 in 2023, which had amounted to €115 million in 2022;
 - higher toll revenues (+€177 million) due to the combined effect of the gradual exit from the emergency phase that generated an increase in traffic volumes (+5.5 million train-km compared to December 2022) and the non-application in 2023 of the toll discount from which railway companies had benefited in 2022.

In 2023, **EBITDA or gross operating profit** of the Infrastructure segment came to a positive €596 million and showed a decrease of €140 million from 2022, essentially due to the reduction in RFI's EBITDA of €99 million linked to the staff recruitment plan to which must be added a deterioration in Anas' EBITDA of €68 million, chiefly for lower grants received.

The **Operating profit (EBIT)** of the Infrastructure segment came to €224 million in 2023, down €85 million on the same period of 2022. The decrease in EBITDA was partially offset by lower impairment losses of RFI compared to 2022.

Net financial expense in the period amounted to €136 million, with an increase of €133 million compared to 2022, mainly attributable to Anas due to higher write-downs of financial assets (write-down of the investment in Stretto di Messina), lower dividends from subsidiaries, and higher financial charges on debt.

Income taxes of the Segment amounted to a negative €3 million in 2023, showing an improvement of €3 million compared with 2022.

The Infrastructure segment's **capital expenditure** stood at €14,053 million in 2023 (€9,222 million in 2022), accounting for about 86% of the Group's total capital expenditure. RFI's projects accounted for €10,413 million (including €7,656 million for the Conventional/HC Network, €100 million for the HS/HC Network, and €2,658 million for net contract advances to supplier companies) and those of the Anas group for €3,214 million (including contract advances to supplier companies for €413 million).

In detail, RFI's capital expenditure (74% of total capital expenditure in the Infrastructure segment) were allocated for:

- 31% to safety, technologies and upkeep. It should be noted that an amount of €529 million (about 5% of total spending) is dedicated to interventions in cutting-edge technologies;
- 69% to interventions on routes of national interest, infrastructure development projects on the Conventional/HC network, the completion of the High-Speed Turin-Milan-Naples railway line, and major works executed for construction lots, mainly on the HS/HC Verona-Padua line, Verona-Vicenza section, and on the Milan-Verona line, Brescia-Verona section. We must also note the works executed on the Naples-Bari line and on the Third Giovi Pass section.

During 2023, RFI published 276 calls for tenders worth €9.7 billion, including €7.9 billion for works and €1.8 billion for supplies and services, and there were final awards of 264 tenders worth close to €17.5 billion, including 91 tenders worth €15.5 billion for the awarding of works.

In focusing on the main 53 infrastructure activations in 2023, 16 of them involved infrastructure developments, 28 involved the upgrading of lines, and 9 involved stations. In addition, 64 level crossings were removed.

It should also be noted that during 2023 renovation works were carried out on Tracks on 1,276 km, Switches for 879 elements, Overhead lines for Electric Traction on 203 km as part of the upkeep of rail infrastructure.

With regard to the road network operated by the Anas group, capital expenditure (23% of total capital expenditure in the Infrastructure segment) were allocated for:

- about 46% to new works;
- 48% to maintaining the efficiency of the existing road infrastructure;
- the remaining part mainly to other interventions on technological and IT equipment.

During 2023, Anas published 128 calls for tenders worth €7.5 billion, including 63 tenders worth €6.7 billion for works, and there were final awards of 129 tenders worth a total of about €6.5 billion, including 84 tenders worth €5.9 billion for the awarding of works.

The main infrastructure activations concerned the State Road SS 45 Valtrebbia, the Vicenza Bypass, the State Road SS 106 Jonica, the State Road SS 18 Tirrena Inferiore, the State Road SS 176 Basento Valley, and the State Road SS 131 Carlo Felice. It should also be noted that during 2023 Pavement renewal works were carried out on 8,152 km and Barrier replacement works on 221 km within the scope of road infrastructure maintenance works.

Passenger

The objective of the Passenger transport business segment is to create a multi-modal business offer, whose advantage is to exploit the characteristics of the various modes of transport in order to develop an integrated, affordable, reliable and sustainable transport services that are increasingly customised and respond to individual passengers' needs in accordance with the principles of environmental, social and governance sustainability.

The Passenger Transport business segment includes the FS Group companies that operate rail and road passenger transport. The Group's rail transport is mainly operated by Trenitalia SpA, the head of this business segment, whose mission is to cover the national and international passenger transport sector, including the promotion, implementation and management of initiatives and services in the field of passenger transport; this occurs through the development of an integrated offer of products/services and the operation of a comprehensive mix of distribution channels. Furthermore, the performance of this Segment is also contributed to by the Netinera group, which operates regional road and rail transport and urban mass transit in Germany; Hellenic Train, which is the incumbent company for rail passenger services in Greece (main line Athens-Thessaloniki); Trenitalia UK, which through its wholly-owned subsidiary Trenitalia c2c, operates commuter-type connections on the London-South Essex line; ILSA, which offers connections on High-Speed lines in Spain (on the three main corridors linking Madrid with Barcelona, Valencia and Seville); Trenitalia France, which operates in the High-Speed segment in France both

through cross-border Milan-Paris connections and on domestic services between Paris and Lyon; and FSE, which holds concessions for road and rail transport services in Puglia, Italy.

The Passenger Transport segment also offers road urban and medium/long-haul passenger transport, which is mainly carried out by the Group consisting of Busitalia-Sita Nord Srl and its investees (including the Dutch company QBuzz BV), in addition to the Netinera group and FSE, as mentioned above.

Rail passenger transport	2023	2022	% Change
Long-Haul transport – Market			
Passenger-Km – <i>millions</i>	20,153	13,104	53.8%
Train-Km – <i>thousands</i>	74,600	60,389	23.5%
Long-Haul transport – Universal service			
Passenger-Km – <i>millions</i>	4,436	4,092	8.4%
Train-Km – <i>thousands</i>	27,312	28,413	(3.9%)
Regional Transport			
Passenger-Km – <i>millions</i>	21,392	17,416	2.8%
Train-Km – <i>thousands</i>	216,257	196,106	10.3%

In 2023, in the rail passenger transport segment, the Passenger Business Segment's domestic and foreign offer was strengthened with new Frecciarossa train connections operated by ETR1000 fleets (in Italy, Spain and France). Overall rail passenger traffic volumes achieved by the Business Segment companies in 2023 amounted to 46 billion passenger-km (of which €36.8 billion, equal to about 80%, related to Trenitalia), showing an increase of 32.8% compared to 2022.

The long-haul services segment (Market and Universal Service), with about 24.6 billion passenger-km, showed a growth of 43% compared to 2022 (a period that was still partly affected by the pandemic emergency). The result was obtained thanks to the excellent performance of market-based services (+53.8%), in which we must note the growth in the business of both Trenitalia and ILSA with a significant contribution given by the new high-speed services activated in Spain in 2013. The Universal Service also showed growth in the volumes of passenger-km transported (+8.4% compared to 2022).

In terms of offering, the total output (Market and Universal Service) of long-haul services was about 101.9 million train-km, up by +14.8% compared to 2022, due to the increased provision of market-based services (+23.5%) while the provision of the universal service was instead slightly lower than in 2022 (-3.9%).

In regional transport, volumes transported in 2023 were about 21.4 billion passenger-km, both in Italy and abroad, up by 22.8% from the previous year, against a 10.3% increase in output compared to 2022.

Compared to 2022, which was still partially affected by the pandemic emergency, the values of demand for and supply of regional transport incorporate the effects of extending the consolidation scope to Netinera and ODEG.

Local Public Road Transport	2023	2022	% Change
Passenger-Km – <i>millions</i>	1,822	1,524	19.6%
Bus-Km – <i>thousands</i>	157,452	157,587	(0.1%)

In the rail passenger transport segment, the FS Group supports the integrated use of urban and extra-urban rail and road transport services, both in Italy and abroad, and the interchange between them.

For this purpose, the Passenger Transport Business Segment met a demand for about 1.8 billion passenger-km in 2023, up by 19.6% compared to 2022, with a supply of about 157.5 million bus-km in 2023, in line with 2022.

Maritime transport	2023	2022	% Change
Passenger-Km – millions	25	22	13.3%
Ship-Km – thousands	607	614	(1.2%)

Finally, the FS Group met a demand of about 24.8 million passenger-km in 2023, up by 13.3% compared to 2022, with a supply of about 606.8 thousand ship-km, down slightly compared to 2022, in the maritime passenger transport segment, where it ensures territorial continuity of rail services, operating sea connections between the mainland and Sicily and the inland connection on Lake Trasimeno.

	2023	2022	Change	%
millions of euros				
Revenue from sales and services	7,449	6,632	817	12.3
Other income	208	244	(36)	(14.8)
Revenue	7,657	6,876	781	11.4
Operating costs	(6,111)	(5,420)	(691)	12.7
Gross operating profit (EBITDA)	1,546	1,456	90	6.2
Operating profit (EBIT)	199	210	(11)	(5.2)
Profit for the year (attributable to the owners of the parent and non-controlling interests)	79	94	(15)	(15.9)
	31.12.2023	31.12.2022	Change	
Net invested capital	11,532	11,881	(349)	
Net financial (position) debt	8,446	8,798	(352)	
Equity	3,086	3,083	3	

In 2023 the Passenger Transport segment posted a profit for the period of €79 million, showing a decrease of €15 million from 2022, which was affected by the impacts resulting from the European Commission's final decision of €107 million to be borne by Trenitalia, as explained above. This attests to an overall recovery of revenue from traffic for all rail passenger transport businesses. It should be recalled that in 2022, because of the Covid-19 pandemic, the HS passenger transport offer was subject to limitations on saleable seats, which guaranteed travellers' distancing (with limitations at 80% until 13 March 2022), while government relief was given under the form of toll discounts by the Infrastructure Operator for about €60 million.

Revenue of the Segment amounted to €7,657 million in 203, showing an increase of €781 million compared to 2022 (+11%), mostly attributable to traffic revenue. The rail and road transport business saw an overall increase of about €1,051 million in traffic revenue, mainly related to the growth in the volumes of road passenger transport in the HS Business segment (€399 million), the Regional Business (€185 million) and the Intercity business (€86 million). The Road Passenger Transport Business showed an increase of €34 million compared to 2022 while the international component showed an increase of €347 million. The increase in demand was closely related to the easing of Covid-19 health emergency restrictions, and the strong recovery of travellers' mobility, thus strengthening the good performance recorded since the beginning of the year for leisure time/weekends, and the resumption of business travel and commuting traffic. Revenue from traffic was partly offset mainly by the reduction in revenues from grants and other operating revenues.

The **gross operating profit (EBITDA)** of the Passenger Transport segment amounted in 2023 to €1,546 million, up by €90 million on the figure in 2022. The improvement in revenue is, on the one hand, reduced by the increase in operating costs due to the larger offer, the increase in personnel costs, and, on the other hand, mitigated by lower cost for electrical energy for traction due to the abovementioned considerable reduction in the National Single Price (NSP). It should be noted that, because

of the Covid-19 pandemic, the HS Business had benefited in 2022 from government relief measures by way of the toll component B discount recognised by the Infrastructure Operator, equal to about €60 million.

The **operating profit (EBIT)** came to €199 million compared to 2022, showing a deterioration of €11 million since the improvement at the EBITDA level was absorbed by higher amortisation, depreciation and impairment losses.

Net financial expense totalled €161 million and recorded an increase of €64 million on the figure for 2022, chiefly due to the rise in interest rates on the financing facilities of Trenitalia.

Income taxes of the Segment showed an improvement of €60 million compared to 2022.

With regard to **capital expenditure**, the Passenger transport business segment absorbed about 12% of the Group's total capital expenditure, equal to €1,987.8 million (€1,828.9 million in 2022), for interventions dedicated to rail and road passenger transport, both in Italy and abroad. Specifically, Trenitalia reported capital expenditure of €1,793 million (90% of total capital expenditure in the Passenger Transport business), the Busitalia Group for €62 million and the remaining companies operating abroad for €111 million (Netinera, Trenitalia C2C, Trenitalia UK, Trenitalia France, ILSA and Hellenic Train).

In rail transport, Trenitalia allocated 58% of capital expenditure to the purchase of rolling stock, 7% to the upgrading of carriages in service, 12% to the technological upgrading of vehicles, information systems, the upkeep and development of maintenance facilities, and the remaining 23% to cyclical maintenance.

The main investment projects broken down by business area are:

- HS Passenger Transport Business (€288 million, of which about €196 million were dedicated to cyclical maintenance). Capital expenditure involved revamping activities with Rebranding of the ETR 600 fleet and the upgrading of maintenance facilities in Milan Martesana, Mestre and Naples;
- Intercity Passenger Transport Business (€168 million, of which about €91 million were dedicated to cyclical maintenance). Capital expenditure included advances (for €17.9 million) for the purchase of new hybrid trains and night carriages fully financed with NRRP funds and revamping activities with restyling works (€2 million) on Intercity carriages, with the upgrading of the fire-fighting system and the activation of the new Clima system (€20 million);
- Regional Passenger Transport Business (€1,151 million, of which approximately €122 million were dedicated to cyclical maintenance). The interventions involved the delivery of Pop (for €293 million), Rock (for €498 million) and Blues (for €168 million) trains; face-lift interventions on Commuter trains (TAF) (for €1.7 million) aimed at increasing comfort; technological upgrades on Vivalto coaches (€3.7 million) and the fire-fighting system on the Minuetto, MD coaches, Vivalto and Aln 663 fleets (€3.4 million) still in progress;
- International Passenger Transport Business (€52 million). Capital expenditure included the delivery of ETR 1000 trains (for €42 million) for ILSA's commercial service in Spain, revamping activities of the ETR1000 fleet with the homologation of an ETR1000 (€9 million) train intended to operate on French lines.

The table below shows the deliveries of major procurement projects and releases into operation of rolling stock undergoing revamping.

	no. of vehicles	
	New material	Reconditioned material
Carriages / wagons	-	80
HS/Intercity Business	-	80**
Regional		
Trains	107	15
HS/Intercity Business	-	1
HS/International Business	9	
Regional	98 *	14***

* Rock trains no. 35, Pop-trains no. 34, Blues trains no. 29

** Intercity IC no. 3; Fire prevention system in carriages no. 77

***Commuter trains TAF no. 6; Fire prevention system in Aln 663 no. 8

In the area of road transport, the Busitalia group made capital expenditure of €62 million (3% of capital expenditure in the Passenger Transport Business) in 2023, relating to the purchase of new buses for LPT services in Veneto, Umbria, Campania, and Holland, and the delivery of buses for market-based services made by Busitalia Rail Service²⁶.

Logistics

Over the ten-year term of the business plan, the Logistics segment's mission is to double the share of freight carried by rail compared to 2019 and drive the evolution of its position in the logistics chain, so that it does not merely play a role in certain segments only, but can become a genuine player in multi-modal logistics, including through partnerships.

Mercitalia Logistics SpA is the Group's main logistics company and the head of this segment. Its mission is to cover the national and international logistics and freight transport sector, including the promotion, implementation, management and sale of initiatives and services in the field of logistics, mobility and freight transport. This segment includes seven companies operating nationally and internationally, including Mercitalia Rail, the largest railway freight company in Italy and one of Europe's largest, the TX Logistik group (operating primarily in Germany, Austria, Switzerland and Denmark) and Mercitalia Intermodal, the largest combined road/rail transport company in Italy and the third largest in Europe.

Freight transport (*)	2023	2022	% Change
Tonne-Km – <i>millions</i>	21,084	21,513	(2.0%)
<i>abroad</i>	10,283	10,349	(0.6%)
Train-Km – <i>thousands</i>	43,393	42,058	3.2%
<i>Abroad</i>	19,928	17,974	10.9%

(*) It does not include the share of freight traffic developed by Hellenic Trains, equal to 211 million tonne-km (458 million tonne-km in 2022) and 504 thousand train-km (978 thousand train-km in 2022).

With regard to freight traffic, in a macroeconomic environment characterised by weak demand and geopolitical instability, FS Group companies showed, both in Italy and abroad, a slightly downward trend in 2023 compared to 2022, standing at about 21.1 billion tonne-km (-2.0%), against an output of 43.4 thousand train-km, up from the previous year. In relation to the foreign market, it should be noted that the Logistics Business Segment finalised the acquisition of the rail freight company Exploris through its subsidiary Tx Logistik, thus becoming the second largest freight operator in Germany.

²⁶ 12 diesel buses, 1 hybrid bus, 3 gas buses and 38 electric buses for services operated by Busitalia Veneto; 29 diesel buses and 65 hybrid buses for service in Umbria; 7 diesel buses for services operated by Busitalia Campania; 144 diesel buses for services in Holland made by QBuzz; and 2 buses for Busitalia Rail Service.

millions of euros

	2023	2022	Change	%
Revenue from sales and services	1,106	1,036	70	6.8
Other income	37	46	(9)	(19.6)
Revenue	1,143	1,082	61	5.6
Operating costs	(1,076)	(1,017)	(59)	5.8
Gross operating loss (EBITDA)	67	65	2	3.1
Operating loss (EBIT)	(47)	(117)	70	59.8
Profit/(Loss) for the year (attributable to the owners of the parent and non-controlling interests)	(80)	(143)	63	44.1
	31.12.2023	31.12.2022	Change	
Net invested capital	858	675	183	
Net financial (position) debt	568	649	(81)	
Equity	290	26	264	

The Logistics segment showed a Loss for the period of €80 million in 2023, showing an improvement of €63 million compared to 2022.

The segment **Revenue** amounted to €1,143 million in 2023, showing an increase compared to 2022 (+€61 million, +6%) attributable to revenue from both domestic and international freight, despite exogenous events that characterised 2023 with a consequent adverse impact on volume trends, such as landslides of transalpine crossings (Gotthard, Frejus landslide), strikes in Germany, Sweden and France, traffic restrictions in the Brenner Base Tunnel for works on the railway infrastructure, and the flood in Emilia-Romagna.

The Logistics segment showed a **gross operating profit (EBITDA)** of €67 million in 2023, up by €2 million on 2022. The growth in revenue was mainly absorbed by higher personnel and other operating costs linked to the transport performance of Mercitalia Rail and the TX Logistik group.

The **Operating loss (EBIT)** was €47 million, showing an improvement of €70 million compared to 2022, mainly due to lower impairment losses.

Net financial expense of €31 million showed a deterioration of €11 million compared to 2022.

Income taxes of the segment showed a slight improvement compared to 2022.

The Logistics Business segment developed **capital expenditure** of €181.3 million in 2023 (€155.6 million in 2022, +17%) for the continuation of the fleet renewal plan and maintenance of the locomotive and carriage operating fleet. About 42% is made by Mercitalia Rail, 21% by Mercitalia Shunting & Terminal, and 28% by subsidiary TX Logistik in Germany.

Urban

The Urban segment handles real estate operations as well as urban regeneration and intermodal transport and logistics solutions for the first and last mile of the supply chain. It focuses specifically on developing the potential of the Group's real estate assets through new partnerships and projects that contribute to urban regeneration.

As head of this segment, FS Sistemi Urbani SpA provides assets management, marketing and development services for the Group's non-core business assets. GS Immobiliare SpA and Metropark SpA also operate in this segment.

	millions of euros			
	2023	2022	Change	%
Revenue from sales and services	130	244	(114)	(46.7)
Other income	26	24	2	8.3
Revenue	156	268	(112)	(41.8)
Operating costs	(123)	(218)	95	(43.6)
Gross operating loss (EBITDA)	33	50	(17)	(34)
Operating loss (EBIT)	21	(14)	35	>200
Profit/(Loss) for the period (attributable to the owners of the parent and non-controlling interests)	15	(20)	35	175
	31.12.2023	31.12.2022	Change	
Net invested capital	1,288	1,232	56	
Net financial (position) debt	11	(382)	393	
Equity	1,277	1,614	(337)	

The Urban segment reported a Profit for the period of €15 million in 2023, showing an improvement of €35 million compared to 2022.

The **Revenue** of the Urban segment amounted to €156 million in 2023, recording a decrease of €112 million compared to 2022 (-42%), mainly attributable to lower revenue from the sales of land and buildings for trading, attributable to the sales of properties in Milan - Porta Romana carried out in 2022 (-€126 million), higher rental income (+€10 million), and higher revenue for the management of FS Park parking lots (+€6 million).

The **Gross operating profit (EBITDA)** of the Urban segment stood at €33 million in 2023, showing a deterioration of €17 million compared to 2022 due to higher operating costs.

Operating profit (EBIT) stood at €21 million, showing an improvement of €35 million compared to 2022, mainly due to lower impairment losses.

Capital expenditure in the Urban segment amounted to €48.2 million (€25.2 million in 2022) and related to the maintenance and exploitation of real estate assets owned by the FS Group.

Other services

The companies that operate in this segment are Ferservizi SpA, which manages the activities not directly related to railway operations as outsourcer for the group's main companies; Fercredit SpA, which mainly develops the credit factoring and lease business on the captive market and develops the consumer credit business for the group's employees; Italcertifer SpA, which carries out certification, assessment and testing activities on transport and infrastructure systems; FSTechnology SpA, the group's technology service provider, appointed to manage its ICT strategy.

As the group's holding company, Ferrovie dello Stato Italiane SpA steers and coordinates the companies that head each Segment and provides strategic and financial control.

millions of euros

	2023	2022	Change	%
Revenue from sales and services	790	629	161	25.6
Other income	97	27	70	259.3
Revenue	887	656	231	35.2
Operating costs	(841)	(690)	(151)	(21.9)
Gross operating loss (EBITDA)	46	(34)	80	235.3
Operating loss (EBIT)	(23)	(93)	70	75.3
Profit/(Loss) for the period (attributable to the owners of the parent and non-controlling interests)	143	(1)	144	>200
	31.12.2023	31.12.2022	Change	
Net invested capital	877	423	454	
Net financial (position) debt	(679)	(724)	45	
Equity	1,556	1,147	409	

In 2023, Other services showed a profit for the period of €143 million, with an improvement of €144 million compared to 2022. **Revenue**, equal to €887 million, reflected growth of €231 million, attributable to the higher revenue of FSTechnology for €69 million, linked to the management of applications, the change in the scope for the establishment of the new company FS Security, which became operational from January 2023 for €88 million and the release of the provision set aside in relation to disposals of assets of FS SpA for €67 million.

In 2023 the **Gross operating profit (EBITDA)** stood at €46 million, showing an improvement of €80 million compared to 2022, mainly due to the release of the provision of FS SpA.

The **Operating loss (EBIT)** amounted to €23 million, showing an improvement of €70 million compared to 2022; growth at the EBITDA level was offset by higher amortisation and depreciation of FSTechnology.

Net financial income was €103 million in 2023, up by €36 million compared to 2022.

Income taxes in December 2023 showed a positive balance of €63 million, with an increase of €38 million on 2022. This caption reflects the positive effects of the domestic tax consolidation scheme managed by the Holding company as part of its core activities.

The Group's **capital expenditure** related to Other Services amount to €153 million (€38 million in 2022) and mainly refer to the ICT projects of the FS Group.

Ferrovie dello Stato Italiane SpA's financial position and performance

Income statement

	2023	2022	Change	millions of euros %
Revenue	122	155	(33)	(21)
- Revenue from sales and services	117	145	(28)	(19)
- Other income	5	10	(5)	(50)
Operating costs	(227)	(270)	43	(16)
GROSS OPERATING LOSS (EBITDA)	(105)	(115)	10	(9)
Amortisation and depreciation	(17)	(27)	10	(37)
Net impairment losses/reversals		(50)	50	(100)
OPERATING LOSS (EBIT)	(122)	(192)	70	(36)
Net financial income	246	231	15	6
PRE-TAX PROFIT	124	39	85	>200
Income taxes	77	51	26	51
PROFIT FOR THE YEAR	201	90	111	123

The **Profit for the year** was €201 million in 2023, showing an increase on the previous year, attributable to the performance of the operating component (+€70 million), the financial component (+€15 million) and the tax component (+€26 million).

The **Gross operating margin (EBITDA)** showed an increase of €10 million, recording a percentage change of +9% due to a reduction in Revenue (-€33 million) and a decrease in Operating costs (+€43 million).

The decrease in **Revenue** was due to a reduction in revenue from property management for €42 million as a result of the lease of the business unit of the Company's real estate assets to FS Sistemi Urbani SpA, revenue from sales of properties and land for €5 million and services rendered to Group companies for €3 million, partially offset by an increase in revenue obtained from customers for €17 million.

The decrease in **Operating costs** was mainly due to the combined effect of a reduction in costs for services (-€37 million) due to lower costs incurred for the management of real estate assets for the lease of a business unit and lower costs for IT services following the disposal of IT assets and related activities to subsidiary FS Technology in June 2023, lower costs for stock of properties and land (-€15 million), which were offset by higher personnel costs (+€6 million) and other operating costs incurred during the year (€+3 million).

The improvement in **Operating profit (loss) (EBIT)** compared to €70 million posted in 2022 was due to what has been described above, strengthened by higher impairment losses recorded mainly on properties in the previous year and a reduction in amortisation and depreciation due to the disposal of IT Assets.

The improvement in **Net financial income** (+€15 million) was mainly attributable to the increase in interest for loans granted to Group companies and the income arising from the use of liquidity held with banks (+€311 million) determined by the combined effect of new Intercompany disbursements for the year and the increase in market interest rates recorded during the year, as well as to dividends distributed by subsidiaries, associates and third parties (+€12 million), against an increase in interest expense accrued on borrowings from third parties and group companies under the cash pooling scheme (-€284 million) as a result of the new funding, then reversed to Group companies and the increase in market interest rates and the increase in write-downs of equity investments of Anas SpA and FSE Srl (-€88 million). The remaining change can

be attributed to the release of a provision (+€67 million) related to a sale of equity investments that had occurred in previous years, and lower releases of the provision for risks compared to the previous period (-€5 million).

Income taxes increased by a total of €26 million compared to the prior period, mainly due to higher income from the tax consolidation scheme (€53 million) stated against higher IRES (Corporate Income) taxes transferred by Group companies and an increase in deferred tax assets and liabilities (€27 million).

Reclassified statement of financial position

	millions of euros		
	31.12.2023	31.12.2022	Change
Net operating working capital	565	446	119
Other assets, net	200	73	127
Working capital	765	519	246
Non-current assets	443	494	(51)
Equity investments	38,222	38,060	162
Net non-current assets	38,665	38,554	111
Post-employment benefits	(5)	(5)	
Other provisions	(10)	(107)	97
Post-employment benefits and other provisions	(15)	(112)	97
NET INVESTED CAPITAL	39,415	38,961	454
Net current financial position	(900)	(779)	(121)
Net non-current financial position	124	(250)	374
Net financial (position) debt	(776)	(1,029)	253
Equity	40,191	39,990	201
COVERAGE	39,415	38,961	454

Net invested capital, equal to €39,415 million, increased by €454 million during 2023, due to the increase in **Working capital** (+€246 million) and in **Net non-current assets** (+€111 million), and, to a lesser extent, the decrease in **Other provisions** (+€97 million).

Net operating working capital, equal to €565 million, showed an increase of €119 million during the year, attributable to the combined effect of the overall increase in trade receivables from Group companies and third-party customers, and trade payables to Group companies (+€126 million) and the decrease in inventories for land and buildings for trading (-€7 million).

Other assets, net, reported an increase of €127 million, resulting from a net increase in current and non-current receivables and payables (+€142 million), mainly attributable to dividends from subsidiaries, and a net decrease in VAT receivables and payables (-€10 million) and tax receivables and payables (-€5 million).

With regard to comparative data, it should be noted that, for the sake of a better presentation, the amount of €174 million, relating to "Deferred tax assets", was reclassified from "Other assets, net" to "Other provisions".

Other provisions recorded a positive change of €97 million, mainly attributable to the release of a provision for guarantees related to transactions involving the sale of equity investments that can no longer be exercised (+€67 million), and uses related to the litigation with the Tax Authorities for interest on the VAT credit (€8 million) and the tax dispute with Sita SpA

in liquidation (€3 million), as well as to the net effect of deferred tax assets and liabilities (-€19 million) and a reduction in the Provision for tax from tax consolidation scheme (+€38 million).

Net non-current assets came to €38,665 million, showing a positive change of €111 million compared to 2022, attributable to the net increase in equity investments (+€294 million), due to the capital increase in Mercitalia Logistics SpA (+€294 million) and write-downs of equity investments of Anas SpA and FSE Srl (-€131 million), and the overall decrease in investment property, intangible assets and property, plant and equipment (-€52 million) due to amortisation and depreciation and disposals made during the year.

The **Net financial position** amounted to €776 million with a decrease of €253 million compared to 31 December 2022, mainly due to:

- a total increase of -€2,440 million in loans granted to Group companies, net of repayments for the year;
- the €2,306 million increase in bank loans due to new financing amounting to €3,070 million and the €27 million increase in interest, net of repayments of -€791 million for the period;
- the €1,058 million increase in bonds, mainly due to new bond issues totalling €1,700 million and higher interest expense of €62 million, net of repayments of -€704 million;
- the increase in cash held with banks for -€878 million, mainly due to raising financial resources in December, which were still being used as at the reporting date of the financial statements, and higher receipts recognised on treasury accounts during the current period;
- the increase of €204 million in financial payables to group companies for cash pooling.

Finally, **Equity** showed an increase of €201 million due to the profit recorded in the year.

Research, development and innovation

Development activities

The Group's development activities generated investments of €18 million, mostly by RFI.

The table below details investments in technological development by investment area, with around 75% going to traffic safety technologies, 15% for innovative diagnostics and remainder for studies and testing on new components and systems and environmental and land protection.

millions of Euros

Research and development	2023			2022			Change		
	RFI	Anas	Total	RFI	Anas	Total	RFI	Anas	Total
Safety technologies	13.6	0.3	13.9	9.2	0.3	9.5	4.4	0.0	4.4
Innovative diagnostics	2.7	0.0	2.7	0.0	0.1	0.1	2.7	0.1	2.6
Studies and testing on new components and systems	1.1	0.0	1.1	2.2	0.0	2.2	(1.1)	0.0	(1.1)
Environmental friendliness	0.9	0.0	0.9	0.2	0.1	0.2	0.7	0.1	0.7
TOTAL	18.3	0.3	18.6	11.6	0.5	12.0	6.7	(0.2)	6.6

In 2023 work continued on development projects launched in previous years, including:

- technological research and development facilities with the aim of creating a centre of excellence where RFI's expertise is concentrated in all technological areas relating to railway signalling and telecommunications;
- the San Donato test circuit, RFI's site for testing the rolling stock that is to be admitted to operation; during the year, the activity was defined with the execution of civil works, fitting-out, technological systems, technologies and the buildings for the market operation activities;
- development of a coherent radar system involving the testing and supply of a system for protecting the railway equipment, with the installation of a monitoring system in real time and in all weather and lighting conditions, which provides the Central Command Station²⁷ with indications regarding the detection of landslides;
- development of RFI hardware and software platforms and work on information systems to support analytical services for traffic;
- Earthquake Early Warning (EEW), a software platform that predicts the shaking along the line; during the year, work was completed on this experimental system through the issue of the authorisation to activate the interfacing with the NVP (Normal Velocity of Propagation) systems of the HS/HC Rome-Naples line.

Research

The main projects continued in 2023 include:

- RFI Platform project: this project began in 2018 in response to the need to standardise the control devices in the station (computerised interlocking systems) and to significantly reduce the cost of implementing the ERTMS and the cost of plant maintenance;
- Unmanned Railway Vehicle (URV) project: the objective of this project is to develop a self-driving railway vehicle with a maximum speed of 200 km/h and two hours of autonomy, which can detect irregularities on the HS lines with a potential impact on infrastructure safety;
- Automatic Train Operation (ATO) over ETCS: this project is part of the URV project but its objective is to develop an automatic train operation system that meets the Shift2Rail specifications for trains operating on the network. The main expected benefits are compliance with timetable, reduction of energy absorbed by the grid, passenger comfort, and stopping accuracy;

²⁷ The Central Command Station (CCS) is the Location of an operator whose task is to organise traffic in a railway area. The CCS normally houses any equipment and systems that may support the work performed by operators.

- IoT sensors for railway infrastructure: the Smart Rail project is aimed at making the railway infrastructure “intelligent” through the application of fibre optic sensors distributed and integrated in a widespread manner on the tracks, with the aim of increasingly improving the performance of fixed track diagnostics systems and ultimately the safety of railway traffic on the entire network. On the other hand, the Low Power Switch Research Project envisages the realisation of low-power sensors dedicated to the predictive diagnostics of switches for real-time monitoring of rail points of switch shunting with miniaturised and self-powered sensors;
- Terrestrial Drone: this consists of a railway vehicle capable of performing automatic supervision along specific stretches of railway line, under interruption, for monitoring and controlling whether the railway track is clear following maintenance activities and/or works, before traffic is restored.

Finally, at an international level, work was completed on the “Diagnostic Integrated Networks of Satellite and 5G (DINoS5G)” project, achieving the objective of integrating 5G and satellite technologies to develop predictive maintenance systems, capable of processing a very large number of signals in real time, both from sensors installed widely on the rail network and from measurement systems installed on board diagnostic trains.

Innovation

During 2023, the Group focused on the development of a strategic model for innovation equipped with tools that simplify the ways in which it relates and interacts with third-party entities in an effective manner, making relations more agile while also complying with company procedures.

In particular, new collaboration arrangements were promoted, which were developed to make the ecosystem operational and ready to act on Group innovation:

- register of startups, whose registration is free and online. The aim is to bring more fragile and less structured companies, such as start-ups and/or innovative SMEs, into the register of suppliers. The register was created after careful benchmarking and proactive listening and surveying of the needs inside and outside the Group;
- application form, which allows start-ups to submit a spontaneous application enriched with details and due diligence elements that enable a preliminary assessment to be made according to a new analytical scheme, consistent with well-established market standards;
- technical consultations, the aim of which is to reduce the time required for technical discussions with enterprises, universities, bodies and organisations. In this way, the Group monitors and benchmarks innovative solutions that are potentially ready for more demanding, enterprise-scale projects;
- Group Framework Agreement for Innovation, which allows subsidiaries to reduce the time needed for engagement and concluding contracts through procedures that allow all the necessary checks upstream with essential functions such as Legal Affairs, DPO, Compliance, Sustainability, etc., and simplified contracts, designed for experimentation with innovative entities, even small ones.

In addition to the above, there is a further tool, also introduced last year, for the protection of intellectual property and the intellectual property competence centre, which makes it possible to create a space in which it is possible to share experience and expertise, protecting the economic and business interests of businesses through appropriate schemes for negotiating exploitation rights. The intellectual property competence centre acts on initiatives aimed at enhancing a portfolio of inventions to be patented and provides support in the negotiation of industrial exploitation rights of Intellectual Property to Group companies.

In 2023, too, there was confirmation of the importance of FS's oversight of the innovation ecosystem through interaction with its key players, like startup Incubators and Accelerators, Advisors, Observatories and Research Centres.

There were numerous Open Innovation initiatives in 2023: 7 Challenges; 12 Proofs of Concept (POCs); 1 Proof of Value (POV); 7 Accelerations; 2 vertical cases of scouting.

Specifically, the Challenges addressed the topics of improving the safety and protecting health of workers (Safety 2023), sustainable, smart and integrated mobility (Officine Mezzogiorno 2023), the optimisation of operations (OPT4RAIL 2023), or the search for new solutions capable of solving problems of collective interest (Digithon 2023, Open Italy 2023 and BYI Lazio Innova 2023).

The POCs explored innovative solutions to improve transport and infrastructure safety, such as hands-free check-in/out, infrastructure defect monitoring through image analysis, hybrid IoT accumulators on site. They also evaluated tools to increase customer satisfaction and operational efficiency, including the use of AI and data analytics for web and "Store" listening, predictive climate analytics, office automation, micro-crime monitoring and movement flows, and improving customer service for train delay resolution.

The Acceleration Programmes completed covered:

- AI-based software to ensure safety in industrial areas through the use of video analysis and image detection to detect dangerous situations in real time;
- worker safety by detecting the proper use of PPE by workers along the different areas of a railway yard through the implementation of computer vision (AI) software;
- intelligent visual detection products powered by Computer Vision and machine learning to support operators in better managing hazards and implementing safety and well-being of people using the highest standards of privacy and ethics;
- AI applications that make CCTV cameras intelligent and efficient;
- social networks to help people meet and organise trips and outings.

In terms of in-house initiatives, work was completed in 2023 on the third edition of "Innovate", which is a Group-wide corporate entrepreneurship programme, which involved the workers, including its international subsidiaries, who were asked to submit ideas on the following issues:

- connectivity, automation and Internet of Things,
- energy, fuels and new materials, and
- customer experience.

At the end of the Idea Generation phase, over 500 FS Group colleagues had submitted 216 ideas, and 10 were selected for the dedicated Boot Camp, the first of two project selection phases which identified 5 projects for the accelerator, at the end of which a winning project will be selected.

Context and focus on FS Italiane Group

Macroeconomic context

Against a backdrop of heightened geo-political tensions, mainly stemming from the continuing war in Ukraine and the new armed conflict that began in the Gaza Strip in October 2023, high inflation, albeit with a downward trend, and unfavourable financial conditions for households and businesses, the world economy continued to grow during 2023, moderately decelerating from the previous year. However, according to the latest economic data²⁸, the situation is very heterogeneous among the major economies: in the United States, signs of a prospective slowdown are beginning to appear; in China, no factors are emerging to revive growth, and Europe is struggling to recover from the stagnation that has characterised it for one year now.

Inflationary pressures generated by the price of natural gas continued to abate, despite a brief period of volatility due to tensions in the Middle East: thanks to high storage levels and abundant supply, the price at the end of December 2023 was, on the decline, just above €30/mwh²⁹. Crude oil (Brent) prices rose again in the summer months, exceeding \$90 per barrel, following the announcement of production cuts by Saudi Arabia and Russia and increased demand for oil from the travel and transportation sector. In the latter part of 2023, in the face of expected declining international demand and with U.S. oil production at record highs, Brent was trading below \$80 per barrel, despite further announcements of cuts by OPEC.

Inflation has been falling across the board³⁰ as a result of falling energy commodity prices from last year's peaks, but the core component is following a more gradual path of return. Against this backdrop, the Federal Reserve and the European Central Bank have reaffirmed their close surveillance of price trends, keeping monetary policy rates unchanged, even at the end of 2023, placed at the maximums, with the prospect of a possible reduction around mid 2024.

In considering this scenario, according to Prometeia estimates, growth in global GDP came to +3.1% in 2023 compared to 2022 while the trend in world trade appeared to be slightly downward (-0.6%). Growth projections for 2024 suggest another decline in the global GDP growth rate (+2.6%), with industrialised nations slowing the most (+1.1%), compared to emerging countries (+3.6%).

In the United States, with the decisive contribution of household consumption and residential property investment, GDP accelerated strongly in the third quarter (+1.3% over the previous quarter). The slowdown in China's economy enabled a strengthening of the U.S. position in the global context, with the dollar strengthening against major currencies, reflecting significant capital inflows.

In China, the third quarter stunned on a positive note with GDP growth of +1.3% cyclically. This trend is largely attributable to household consumption, although it was largely affected by the statistical effect related to weakness throughout 2022, rather than a real change in preferences. The outlook is for more moderate growth than in pre-pandemic years, with more downside than upside risks, especially when incorporating geopolitical considerations that result in trade barriers.

In the Eurozone, weakness, which until mid 2023 seemed to characterise Germany in particular, spread to other countries in the second half of the year, leading to substantial stagnation. The annual comparison of European countries shows the growth in economy in Italy (+0.7%) coming in second to Spain (+2.4%) and France (+0.8%), but slightly higher than the EU average (+0.5%). Weakness in the German economy stands out (-0.2%).

²⁸ Source: Prometeia macroeconomic data, December 2023.

²⁹ Values refer to the reference natural gas price for European markets (Title Transfer Facility, TTF).

³⁰ According to the most recent Prometeia estimates, in 2023, the harmonised index of consumer prices (HICP) for the Eurozone showed inflation of 5.4% (8.4% in 2022) while the HICP for the US showed price increases of 4.1% (8% in 2022).

Against the backdrop of slowing global growth, since the positive effects of resuming operations after the pandemic and the consolidation of the negative effects of inflation and restrictive monetary policies have worn off, the Italian economy has been virtually at a standstill for the past year. Considering the main aggregates of domestic demand, gross fixed investments and imports have stagnated, but noteworthy, particularly in the summer months, are the good performance of exports, despite the weakness of the international cycle and of Germany, and the resilience of household spending. Although high inflation has continued to cut purchasing power, durable goods and services in fact continue to drag consumption. In 2023, Italian GDP growth came to +0.9 on the previous year. The consumer price index for all of Italy, which was moderate during the second half of the year, showed growth of +5.7% on 2022.

Market performance

After the health crisis, the recovery in mobility levels that began in 2021 and continued in 2022 was further strengthened during 2023. However, the recent Isfort report on the mobility of Italians³¹ shows that mobility demand volumes are settling at somewhat lower levels than pre-pandemic levels, on the one hand because the exogenous factors of strong influence on mobility dynamics have not yet really worn off, and on the other hand because the jolts in energy product prices in Europe have had a strong impact on household costs and in the transport sector in general. Beyond the myth of incessant demand expansion, Isfort's data also show that the trend in people's travel over the past 20 years has tended to decline (-11.7%), mainly due to the average aging of the population. Confirming what was already highlighted in 2022, the report shows that in 2023, post-Covid modal repositioning is still penalising local public transport (-3% on 2019) and rewarding the use of private vehicles (+3.1% on 2019).

An analysis of data on the mobility of the local population and tourists during 2023³² shows that the "mobile" population is about 38 million people (nearly 75% of the reference population) and that each traveller makes an average of 2.58 trips per day (indicatively, a primary round trip and, in some cases, an additional trip), for a total distance travelled of about 50 km/day (19 km per trip).

2023 was a year of clear recovery for the Italian auto market, partly due to overcoming critical production issues in previous years. Registrations in 2023 grew by 19% over 2022, although a gap of -18.3% on 2019 remains. The increase also involved electric cars (+34.5% on 2019), which brought their share of the total to 4.2%, compared to 3.7% in 2022, a figure still significantly far from that of major European countries³³. In the road transport sector, the automatic statistical traffic detection system "PANAMA", operated by ANAS, recorded growth of around 1.5% in the DMI (Detected Mobility Index) for all vehicles compared to 2022. With regard to heavy vehicle transit, the increase compared to 2022 was smaller (+0.6%). The data released on Italian motorways operated under concession (source: AISCAT – Associazione Italiana Società Concessionarie Autostrade e Trafori) shows, in 2023, 86.7 billion vehicle-km travelled on Italian toll motorways, up 3.8%, on 2022. This positive trend involved in particular light vehicles (+4.7% on 2022), compared to heavy vehicles (+1% on 2022).

With regard to the airline passenger sector, based on data from Eurocontrol³⁴, in 2023 total flights on the European network were 10.2 million, up 10% on 2022 and equal to 92% of the level achieved in 2019. The countries with the greatest recovery were Turkey, the United Kingdom and Italy. Passengers carried in Italy in 2023 (source: Assaeroporti) were over 197 million,

³¹ Isfort, 20th Report on the mobility of Italians, November 2023.

³² Data processed by the FS Research Centre of the FS Group, by using Big Data of one of the major telephone operators.

³³ According to data of ACEA (European Automobile Manufacturers' Association) the market share of electric cars in Europe was equal to 14.6% in 2022.

³⁴ Eurocontrol, European Aviation Overview, January 2024.

an all-time record for Italian airports, up 19.8% on 2022 and higher even than the pre-Covid year of 2019 (+2.1%). The result was achieved largely due to the full recovery of the international sector.

The trend is slightly declining in the cargo sector: the 2023 figure for tons transported shows a decrease of 1.3%³⁵ on 2022 with about 65% of freight transiting through the Malpensa hub, which therefore retains its national leadership.

During 2023, weak demand and world trade hurt the outlook for the maritime container market, particularly in Europe and the Mediterranean, due to the reduction in EU-Russia trade since the start of the war in Ukraine. The latest available data, for the first nine months of 2023, confirm for the West Ligurian Sea ports (Genoa, Savona and Vado Ligure) the slowdown phase, with a 2.5% decline on 2022, in terms of TEU handled. The figure for the port of La Spezia declined sharply, with a decrease of 9.4% on 2022. The 2023 figures for Adriatic ports also show a slowdown in container handling at the ports of Venice (-8%), Ravenna (-5%) and Trieste (-2.9%).

As for the cruise industry, the research and consulting firm Risposte Turismo, estimated a 48% growth on 2022, with a record number of 13.8 million passengers handled.

Traffic of main European railway companies

In the context of the European railway system, the revision of the Trans-European Transport Network (the TEN-T corridors) standards and the adoption of the "Greening Freight" package on combined freight transport emerged as major issues in 2023.

The TEN-T network aims to create a single European transport space by establishing a network of railways, roads, inland waterways and short sea routes through ports and terminals across the EU. In 2023, the Presidency of the Council of the European Union and negotiators from the European Parliament reached an agreement to revise the rules of the TEN-T Network that confirms the overall ambition to develop a coherent, connected and high-quality transport infrastructure throughout the EU. The development of the Network will take place in three phases: until 2030 for the core network, until 2040 for the extended core network, and until 2050 for the comprehensive network. According to the text, this should translate into fully electrified railways for the core TEN-T network, with passenger trains of at least 160 km/h and freight trains of 100 km/h, capable of crossing internal EU borders in less than 25 minutes on average while by 2040 there should be a move to a single traffic management system.

As part of efforts to make freight transport more sustainable and efficient, the European Commission presented a proposal that aims to improve the competitiveness of intermodal freight transport by complementing the Greening Freight package adopted in July 2023. One of the planned measures is the exemption from temporary traffic bans, such as weekend driving bans for combined transport. It also sets a competitiveness target for Member States to reduce the average door-to-door cost of combined transport operations by at least 10% within seven years.

According to provisional data released by the UIC (Union Internationale des Chemins de Fer), in the first nine months of 2023, passenger traffic volumes in the EU showed clear growth on the same period of 2022 (+12.6% vs January-September 2022). This trend is in line with levels of mobility being fully stabilised, was mostly due to the excellent performance of FS, RENFE, DB and SNCF, SNCF which, in the first nine months of 2023, saw growth in passenger-km volumes of +38.7%, +17.6%, +8% and +5.1%, respectively, on the same period of 2022.

³⁵ Source: Assaeroporti, the change is net of postal services. The overall change is -1.6% on 2022.

As for freight traffic, based on the last update released by the UIC for January to September 2023, tonne-km transported in the EU showed a decrease (-13%) on the same period of 2022. The worst performance was among most European railway companies, particularly the German DB (-12.2%), the French SNCF EF (-22.4%) and the Polish PKP (-14.3%) while FS figures remained substantially stable (-0.7%).

Legislative and regulatory framework

Infrastructure

RFI, for the effects deriving from the **Concession Deed signed in 2000** between the MIT and FS, exclusively represents the Sole Manager of the national railway infrastructure and is therefore obliged to implement the plans defined with the Government regarding investments for infrastructure development and network maintenance activities. The scheme entrusted with regulating the economic and financial issues of the concession relationship is the Programme Contract, as provided for in Legislative Decree no. 112 of 15 July 2012, which transposed Directive 2012/34/EU, as amended.

Government Programme Contract – Investments (GPC-I) is aimed at regulating the sustainable planning of infrastructure investments related to safety and compliance with legal obligations, technologies for circulation and efficiency improvement, interventions to increase the performance of existing lines, and interventions for the construction of new railway works to modernise and develop the network. The **GPC-I 2022-2026**, which followed the new procedure provided for in Decree Law no. 152/2021, was approved by ICEPSD by resolution no. 25 published in the Official Gazette on 9 November 2022 and concluded its authorisation process with the signing between MIT and RFI on 20 December 2022.

The **GPC -I** allocates additional contractual resources of roughly €13 billion, which will finance investments or improving the performance and accessibility of the service railway.

During the year, the **2023 Update of GPC-I 2022-2026** was approved by supplementary deed signed between RFI and MIT on 9 June 2023 and with the issuance of MIT/MEF Decree no. 289 on 14 November 2023.

The resources subject to contracting in the 2023 update relate to a net increase of approximately €5.5 billion. In addition, a remodulation of resources amounting to €2.5 billion was made in the 2023 update of the Contract, with design and implementation scheduling to be contracted no earlier than the first half of 2024 to address emerging financial needs.

Government Programme Contract – Services (GPC-S) governs the financing of routine and non-routine maintenance activities of the Network, aimed at ensuring the usability of the network under conditions of safety and reliability, as well as the financing of other operating charges related to railway operations (traffic, safety, security, rail navigation) and assistance services to Passengers with Reduced Mobility (PRM). The **GPC-S 2022-2026** was approved by the ICEPSD by resolution no. 24 published in the Official Gazette on 9 November 2022 and concluded its authorisation process with the signing between MIT and RFI in December 2022.

It **GPC-S** makes provision for about €1.1 billion per year for operations and routine maintenance and about €2.2 billion per year for work on account of investment in non-routine maintenance. Furthermore, the main key element of this Contract is the transfer of a set of projects from the GPC-I to the new GPC-S, as they are closely related to recurring routine maintenance operations. These projects concern safety, and they were transferred to ensure a more efficient and effective planning and implementation.

During the year, the **2023 Update of the GPC-S 2022-2026** was approved by a supplementary deed signed between RFI and MIT on 9 June 2023 and the issuance of MIT/MEF Decree no. 292 on 14 November 2023.

The Update incorporated an increase in financial resources of €2.8 billion to cover non-routine programs and €5.7 million for the performance of the passenger maritime connection service carried out in the period from 1 October 2022 to 30 September 2023 on the section between Reggio Calabria and Messina.

Anas, under the terms of the **Deed of Concession signed in 2002** with the MIT, is responsible for operating the road and highway network of national interest and related maintenance. The **Government Programme Contract (GPC)** entered into between the MIT and Anas governs the use of the resources assigned to Anas for the development of infrastructure and to deliver services in relation to the network under concession. In particular, the contract governs:

- the construction, maintenance and operation of the toll-free road and motorway network, directly operated by Anas and the related services;
- the financing of the activities;
- service level agreements, works schedule, penalties and methods for verification by the Ministry.

The Government Programme Contract 2016-2020 was extended for 2021-2022. During the meeting on 27 December 2022, the ICEPSD approved the Additional Deed to the GPC 2016-2020 between the MIT and Anas, establishing the allocation of the resources under Article 1, paragraph 397, of Law no. 234 of 2021 (2022 Budget Act), totalling €4.5 billion.

At its meeting on 21 March 2024, the ICEPSD approved, with requirements, the proposed MIT-Anas GPC 2021-2025. With regard to funding, it is planned to allocate within the new GPC the resources from the 2023 Budget Act (€2.25 billion) and 2024 Budget Act (€3.75 billion).

"Expenditure on services," as shown in the GPC, takes on a forecasting character and the related activities will be modulated during the year and will be covered by the usual planning and financing schemes. The latter provision was subjected, in the ICEPSD approval phase, to a requirement that postpones the definition of the coverage of activities to a subsequent discussion between MIT and Anas aimed at setting out the level of services to be rendered by Anas and the quantification of the related compensatory grants. This has been reflected in the plan through a remodulation of the forecast of costs for services for the years 2024, 2025 and subsequent years under the plan.

FSE, under the terms of the **service contract** signed with the Puglia Regional Government in 2009, is responsible for operating more than 470 kilometres of rail infrastructure. In order to acknowledge the need to ensure the ongoing operation and the safety and efficiency of the regional railway networks and ensure the implementation of the infrastructure investments already launched and to be launched, the Puglia regional government approved, by Regional Council Resolution no. 324 of 11 March 2022, an "Additional Deed" with validity and effectiveness until 31 December 2026 to the original service contract, already extended by regional council resolution no. 2254/2021.

Regulatory Measures

The following is a summary of the main European, national and regulatory measures that occurred during the year and had a significant impact on the Infrastructure Business Segment.

On 13 September 2023, **Regulation (EU) 2023/1804 of the European Parliament and of the Council on the deployment of alternative fuels infrastructure** entered into force, which repeals the AFIR Directive 2014/94/EU and sets mandatory minimum targets for the deployment of publicly accessible charging and refuelling infrastructure for road vehicles, onshore aviation, and shipping at the quayside and along TEN-T networks in order to provide policy guidance to make additions to national strategic frameworks. The Regulation also includes guidance regarding railways with the aim of encouraging a shift from diesel trains to various available technologies, including direct electrification or battery-powered trains and hydrogen applications.

On 7 February 2024, **Regulation (EU) 2024/573 of the European Parliament and of the Council on fluorinated greenhouse gases** entered into force. It provides for a complete ban on the placing on the market of products and equipment containing hydrofluorocarbons (HFCs) gases to 2050 for several categories, except for exemptions related to product safety reasons. Indeed, the Global Warming Potential (GWP) related to such gases is believed to be higher than that of carbon.

Decree Law no. 13 of 24 February 2023, bearing "Emergency measures for the implementation of the NRRP and the NCP (National Complementary Plan), as well as for the implementation of cohesion policies and common agricultural policy" (NRRP DL), which was converted, with amendments, into Law no. 41 of 21 April 2023, provided for a series of simplifications regarding the operation of the Technical Committee **for Environmental Impact Audit EIA and SEA** and the NRRP-INECP (Integrated National Energy and Climate Plan) Technical Committee, the procedures for the implementation of the **rail interventions under commissioning**, the awarding of NRRP and NCP public contracts and related administrative procedures, the **implementation of the Technical-Economic Feasibility Project (TEFP) for the commissioned railroad works that are not fully financed**, the activities related to the **Jubilee of the Catholic Church 2025, regarding Anas interventions**.

The **Decree Law no. 104 of 10 August 2023** bearing "**Urgent provisions for the protection of users, in the field of economic and financial activities and strategic investments" (Omnibus Decree)**, provides for a measure to cover the increased charges related to interventions financed by the NRRP entrusted to general contractors by the FS Group companies from the Fund for the continuation of public works, as well as the provision that, for the construction of the **Third Giovi Pass**, the implementing entity is authorised to negotiate with the general contractor, even notwithstanding specific contractual clauses, amendments to contracts resulting from the transposition of legislative provisions or technical specifications that have arisen or from force majeure events or geological contingencies in the maximum expenditure limit of €700 million, including €422 million for the year 2023 and €278 million, for the year 2024.

On the subject of boosting investment, **Decree Law no. 124 of 19 September 2023**, bearing "**Urgent provisions on cohesion policies, for the revival of economy in the areas of Southern Italy, as well as on immigration" (Southern Italy Relaunch Decree)**, converted with amendments into Law no. 162 of 13 November 2023, provides for the reshaping of the governance and process of **programming of the resources of the Development and Cohesion Fund (DCF) for the period 2021-2027**, provides within the first half of each financial year and for each financing agreement an advance of up to 10% of the planned resources, reduced by the amount of the advances of previous years that have not resulted in payments, and provides for ongoing feeding of the monitoring system, through which the possibility of defunding is admitted in case of non-compliance with the annual spending schedule. Finally, the measure provides that, in order to achieve the objectives of the NRRP and NCP and support the issuance of bonds that companies provide for public contracts and the disbursement of contractual advances, **SACE may use risk mitigation tools and techniques and make use of reinsurers and counter-guarantors in the private market**, with respect to guarantees issued by 31 December 2023.

Decree Law no. 145 of 18 October 2023 bearing "**Urgent measures on economic and tax matters, in favour of local entities, to protect labour and for unavoidable needs**", converted with amendments into Law no. 191 of 15 December 2023, provides for a **cash advance** of €1 billion to meet the needs for the year 2023 **for RFI investments**.

Law no. 213 of 30 December 2023, "State budget for the financial year 2024 and multi-year budget for the three-year period 2024-2026" establishes, until 31 December 2029, **a new guarantee measure** at market conditions and managed by **SACE SpA** in favour of companies, aimed at supporting infrastructure and production investments made in Italy. The Law also allocates a total of €9.31 billion for the period 2024-2032, in order to enable the approval by the ICEPSD by the year 2024 of the final project of the **Bridge over the Strait of Messina**, authorises the expenditure of a total of €825 million (for €350 million covered by a defunding of the Adriatic railway line) to enable the coverage of expensive materials for the works of the **Third Giovi Pass**, provides funding of €100 million to the **Central Umbrian Railway** (€50

million in both 2025 and 2026) and refines the **Anas programme contract 2021-2025** by €535 million for the year 2027 and €110 million for the year 2028. It also provides for the appointment of an Extraordinary Commissioner to accelerate the implementation of interventions to upgrade and speed up the **Adriatic railway line**, as well as the establishment of a Fund in the MEF's forecast budget with allocations of €75 million in the year 2024, €305 million in the year 2025 and €8 million in the year 2026 for the planning and implementation of works and interventions functional to the **Jubilee 2025**, which will be subsequently distributed by the Extraordinary Commissioner. It then provides for the extension until 31 December 2024, of the operations of the **Fund for the continuation of public works**, which is refinanced for €200 million in the year 2024 and €100 million in the year 2025, to cover the costs of expensive materials.

Finally, in the tabular part (Section II) of the Law there are the following refinancing:

- allocation of new resources, for **GPC RFI**, for about **€3.2 billion** (from 2024 to 2038);
- allocation of new resources, for **GPC Anas**, for about **€3.1 billion** (from 2026 to 2038).

Decree Law no. 215 of 30 December 2023 bearing "**Urgent provisions on regulatory deadlines**", converted with amendments into Law no. 18 of 23 February 2024, provides for the extension of expiring deadlines. Specifically, on the subject of public investment, it extends to 30 June 2024 the possibility of applying simplification measures on administrative procedures and the awarding of public contracts for interventions financed in whole or in part with NRRP and NCP resources. It also **reorganises the financing mechanism for investment activities under Anas GPC**. Specifically, it limits the provision of the 9% share of the appropriation allocated to the implementation of the intervention for investment activities only for the years 2022 and 2023 and provides, as of 2024, for the payment of investment charges, including design expenses, in the share of 12.5%, with the clarification that any resources remaining from the reporting of expenses actually incurred for these charges would remain in the availability of Anas. Finally, it provides for the extension for a further year (i.e. throughout 2024) of the applicability of the transitional provision that regulates - for interventions included among the strategic infrastructures already included in the approved planning instruments and for which the EIA procedure was already initiated as of 19 April 2016 - the approval of variants to be made to the final project.

Decree Law no. 5 of 19 January 2024 bearing "**Urgent provisions for the implementation of infrastructure interventions related to the Italian presidency of the G7**", converted with amendments into Law no. 30 of 13 March 2024, provides for the appointment of an Extraordinary Commissioner in order to speed up procedures and activities related to infrastructure functional to the G7. In particular, it is provided that the negotiated procedure without publication of a call for tenders (Article 76 of the Public Contracts Code) will be applied to public contracts of works, services and supplies to be awarded by the Government Commissioner for contracts above the thresholds of European relevance, on the basis of a justification that gives account, for individual interventions, of the reasons of urgency and the need to derogate from the ordinary tender procedure, for reasons strictly related to the timeframe for their implementation within the timeframe necessary to ensure the operations of the structures supporting the Italian presidency of the G7. It is also envisaged that for contracts under negotiated procedure relating to safety interventions of the road infrastructure of the state network, the selection of economic operators by the Government Commissioner may also take place within the framework agreements (Article 59 of Legislative Decree no. 36/2023) concluded by Anas and still effective on the date of awarding.

Decree Law no. 10 of 5 February 2024 bearing "**Urgent provisions on the governance and interventions under the competence of "Infrastrutture Milano Cortina 2020-2026 SpA"**", under consideration by Parliament for conversion into law, **authorises in favour of Anas the expenditure of €17.73 million for the year 2032 and €25 million for each of the years 2033 and 2034** to cover the charges related to the maintenance and safety of the road

network, also in order to ensure the overall accessibility of the territories affected by the sporting events at the Winter Olympic and Paralympic Games Milan Cortina 2026.

Decree Law no. 19 of 2 March 2024 bearing "**Additional urgent Provisions for the implementation of the NRRP**", under consideration by Parliament for conversion into law, lays down numerous rules on the impact for the Infrastructure Business Segment. In particular, it stipulates that, in order to enable the timely implementation of the NRRP interventions and the achievement of the related objectives within the stipulated deadlines, the extent of the **initial advances that can be disbursed in favour of the implementing entities is normally equal to 30%** of the allocated grant, without prejudice to any higher percentages provided for by specific provisions of law. In addition, it provides that, pending the update of the MIT/RFI GPC-I, the **sources of financing for the rail interventions included in measure M3C1 of the NRRP should be remodulated** to allow for their immediate implementation. The measure refers the remodulation to a MIT decree to be issued within 60 days of the measure's entry into force, which will also provide for a reconnaissance of the national resources that become available as a result of the remodulation of the NRRP for measures under MIT's responsibility to be finalised as part of the update of the GPC-I for the year 2024. Finally, in the area of simplifications, it provides for the possibility, in order to facilitate the timely implementation of interventions no longer included in the NRRP, characterised by an advanced state of planning, that the rules already provided for interventions financed with NRRP resources be allowed to be applied, and also extends the application of the rules on interventions to those no longer financed in whole or in part from NRRP resources.

Strait of Messina Bridge

With regard to the Strait of Messina Bridge - for which the Budget Law 2023 had already provided for the resumption of design and construction activities - **Decree Law no. 35 of 31 March 2023** bearing "**Urgent provisions for the construction of the stable link between Sicily and Calabria**" (**Strait of Messina Bridge Decree**), converted into Law no. 58 of 26 May 2023, regulates the new structure of **Stretto di Messina SpA**, which provides for the participation of RFI, Anas, the Regional Governments of Sicily and Calabria, as well as, in an amount of not less than 51%, the MEF, and provides for some provisions on the design and on the revival of old contracts entered into by the company.

Subsequently, **Decree Law no. 104 of 10 August 2023** bearing "**Urgent provisions to protect users, on economic and financial activities and strategic investments**" (**Omnibus Decree**), converted with amendments into Law no. 136 of 9 October 2023, provided that the MEF, in agreement with the MIT, would underwrite, by 31 December 2023, a **capital increase in Stretto di Messina SpA** reserved for it, totalling €370 million, with the subscription price of the shares of the capital increase determined on the basis of a sworn appraisal report issued by one or more persons of appropriate experience and professional qualification appointed by the MEF. For more details regarding the investment in Stretto di Messina SpA, please refer to Note 4. Change in the scope of consolidation and extraordinary transactions.

Autostrada dei Parchi

Decree Law no. 145 of 18 October 2023 bearing "**Urgent measures on economic and tax matters, in favour of local entities, to protect labour and for non-deferrable needs**", converted with amendments into Law no. 191 of 15 December 2023, provides for the **reinstatement of Autostrada dei Parchi in the concession of the A24 and A25 highway network**. The concession is reinstated to the extent of the original contract restated taking into account the period under the operation of Anas. This act is made conditional on the waiver of any pending claims or judgments and, likewise, on the commitment to take over the concession in the de facto and de jure state in which the highway infrastructure, properties and intangible assets necessary for operation and maintenance are located. It also provides for

the determination of the amount to be paid by MIT to Anas within the resources allocated for the financing of the Anas GPC under Law no. 197 of 29 December 2022, without new or increased charges for public finance.

Passenger

The Italian domestic rail passenger transport market (medium and long-distance) has been fully liberalised since 2001, subject to reciprocity conditions in the case of foreign-based companies and their subsidiaries (Law no. 388 of 23 December 2000). In the European sphere, however, the liberalisation process was concluded only in December 2020, with the adoption by the European Union of Directive (EU) 2016/2370 (Fourth Railway Package), which granted all railway companies the right of access to the railway infrastructure for the operation of the aforementioned services.

High-Speed passenger transport services are, therefore, now subject to market rules and provided in Italy currently by two operators (Trenitalia SpA and Nuovo Trasporto Viaggiatori SpA), which compete with each other to profitably serve the demand for transport.

Rail transport services subject to "public service obligations" are, on the other hand, delivered through the public service contract, concluded by the State (for medium- and long-distance services) and by the Regional Governments (for LPT services), in order to guarantee transport services adequate to social and spatial planning needs, which the railway company, if it considered its own commercial interest, would not perform.

Regulation (EC) 1370/2007 (as amended by Regulation (EU) 2016/2338) establishes the criteria by which a public authority can provide public service obligations, identifying competitive bidding as the ordinary way of awarding service contracts (for rail service contracts, a transitional period was provided for, which ended in December 2023), with some specific exceptions (i.e.: in-house, emergency measure in case of service interruption, etc.).

With regard to road passenger transport, long-distance service (i.e., involving at least three regions) was fully deregulated in January 2014; for LPT - also governed by the aforementioned Regulation (EC) 1370/2007 - the general principle of awarding service contracts by tender applies.

The Transport Regulatory Authority (TRA), established in 2011, was given - among other things - the powers to ensure full contestability of the market and protection of passenger rights by road and rail. With specific reference to the LPT sector, the Authority has adopted a set of measures that serve as a "regulatory framework" for Regional Governments and local authorities on the awarding of services.

Trenitalia holds a contract related to passenger rail transport services of national interest (Intercity day and night services), subject to the public service obligation regime. This Service Contract has a 10-year term (from 1 January 2017 to 31 December 2026) and includes the network of medium/long-distance connections between medium and large urban centers. Trenitalia also holds 20 service contracts for regional rail transport services, which are also subject to the public service obligation regime. These service contracts have terms between 9 and 15 years and include metropolitan, regional and supra-regional services in Italy's Regions and Autonomous Provinces, with the exception of Lombardy (where Trenitalia operates with Trenord) and Emilia Romagna (where Trenitalia operates with Trenitalia Tper). Trenitalia is also present in some European countries through its subsidiaries.

Netinera operates in **Germany** and holds 18 contracts for passenger rail transport services and 2 contracts for LPT services. The total term of transport contracts is generally between eight and twelve years for old contracts in the rail sector and between ten and twenty-two years for new contracts. The longest transport contract expires in 2038.

Hellenic Train operates in **Greece** and holds a contract related to passenger rail transportation services subject to the public service obligation regime. This Service Contract has a ten-year term as from 14 April 2022 and covers the entire Greek state rail network.

Trenitalia C2C operates in **the United Kingdom** and holds a service contract to operate passenger rail services between London Fenchurch Street and Shoeburyness in Essex. During 2023, the contract was extended until 20 July 2025. After the United Kingdom's exit from the European Union (Brexit), the Public Service Obligations service is governed by "STATUTORY INSTRUMENTS 2023 No. 1369," with provisions that are largely equivalent to Regulation (EC) 1370/2007.

Busitalia provides LPT services in Veneto (Province of Rovigo and Padua), Umbria (entire region) and Campania (Province of Salerno), governed by 21 service contracts, 7 of which through majority interests in consortium companies (contracts in force in the Umbria region); in 2019, following the award of a tender procedure, the company confirmed its presence in the Padua area until 2030. Busitalia is also present in the Netherlands through its subsidiary **Qbuzz**, delivering LPT services in the areas of Groningen Drenthe (until December 2029), Utrecht (until December 2025) and DMG (until December 2033), governed by as many contracts. During 2023 Qbuzz was awarded two additional new concessions in the areas (Zuid Holland Nord and Fryslan).

FSE holds two service contracts with the Puglia Regional Government, one related to rail transport that was renewed in June 2023 with effect from 1 July 2023 to 31 December 2032, and the other related to car service, the last extension of which was made by the Regional Council's Resolution DGR of 1 July 2023 with effect from 31 March 2023 until 31 December 2026.

Regulatory Measures

The following is a summary of the main legislative measures, of a European, national and regulatory nature, which occurred during the year and had a significant impact on the Passenger Business Segment.

Regarding the issue of **Covid compensation to the LPT, Law no. 197 of 29 December 2022**, bearing the "**Government budget for 2023 and the three-year budget for 2023-2025**" provided for the refinancing of the Fund set up under Article 200 of Decree Law no. 34 of 2020 (Relaunch Decree) and the authorisation of the expenditure of €100 million for 2023 and €250 million for 2024 to compensate regional and local public passenger transport service operators under a public service obligation, for the negative effects in terms of reduced revenues as a result of the outbreak of the Covid-19 pandemic. This Fund was then further refinanced by €500 million for 2023 under **Decree-Law no. 145 of 18 October 2023** bearing "**Urgent measures on economic and tax matters, in favour of local entities, to protect labour and for unavoidable needs**", converted with amendments into Law no. 191 of 15 December 2023. In implementation of Decree Law no. 145/2023, **MIT/MEF Interministerial Decree no. 336 of 18 December 2023** was issued, which provides for the distribution and allocation of €392 million to Regions, Autonomous Provinces and regional public transport companies that fall under state jurisdiction. On 27 December 2023, **MIT Director Decree no. 468** committing and paying the above sum was also issued.

In addition, two **Interministerial Decrees no. 418 of 28 December 2022, and no. 128 of 15 May 2023** were issued regarding the **grants** allocated for the increase in costs, the purchase of electricity and fuel to power the vehicles intended for LPT and regional, lake, maritime or rail transport.

Again in relation to the issue of grants, **Decree Law no. 5 of 14 January 2023** bearing "**Emergency provisions on the transparency of fuel prices and strengthening of the Antitrust authority's control powers to monitor prices, with support for the use of public transport**", converted with amendments into Law no. 23 of 10 March 2023, established a fund of €100 million for 2023 in the budget of the Ministry of Labour and Social Policies to provide vouchers (which are in the beneficiary's name and non-transferable) for the purchase of passes for local, regional and inter-regional public transport or for national railway transport services on the part of individuals (Transport Bonus). This fund was increased by €12 million by **Decree Law no. 131 of 29 September 2023** bearing "**Urgent measures on energy, interventions to support purchasing power and to protect savings**", converted with amendments into Law no. 169 of 27 November 2023, as well as by an additional €35 million by **Decree Law no. 145 of 18 October 2023** bearing "**Urgent measures on economic and tax matters, in favour of local entities, to protect labour and for non-deferrable needs**," converted with amendments into Law no. 191 of 15 December 2023.

As for the **National LPT Fund**, **Decree Law no. 104 of 10 August 2023** bearing "**Urgent provisions for the protection of users, in the field of economic and financial activities and strategic investments**" (**Omnibus Decree**), converted with amendments into Law no. 136 of 9 October 2023, provides for the modification of some distribution criteria.

By **Resolution no. 45/2023**, the **TRA** concluded the procedure – started under Resolution 226/2022 – relating to the examination of the economic balance of the public service contract between the Liguria Regional Government and Trenitalia SpA in relation to the new Milan-Nice railway services operated by SNCF Voyages Italia Srl for the years 2024-2027. Specifically, the TRA granted SNCF Voyages Italia the right of access to the national railway infrastructure, pursuant to Implementing Regulation (EU) 2018/1795, for the operation of passenger rail transport services on the aforementioned Milan-Nice route.

By **Resolution no. 49/2023**, the TRA set the rate of return on net invested capital (NIC), to a differentiated extent for road and rail LPT services. The rate of return on NIC has been set for the period from 12 March 2023 to 11 March 2024 at 7.45% for rail transport (compared to 5.86% in the previous period) and 7.26% for road transport (compared to 5.52% in the previous period). This rate (per-tax real WACC) must be applied as the reasonable profit margin when preparing the simulated economic and financial plan for the assignment of service contracts and when contracts are revisited, with the consequent updating of the economic and financial plan.

By **Resolution no. 113/2023**, the **TRA** initiated proceedings against Trenitalia for the possible adoption of a sanctioning measure, for non-compliance with Resolution no. 106/2018 ("Measures concerning the minimum content of the specific rights that users of rail transport services subject to public service obligations may demand from operators of rail services and infrastructure"). Specifically, Trenitalia was being challenged for failing to notify users, who had purchased a ticket for a regional train via the web, of the necessary information regarding the cancellation of the regional train, via mobile phone number or e-mail. As a result of the proceedings, an administrative penalty of up to 10% of turnover could be imposed on Trenitalia. As part of the said proceeding, Trenitalia submitted a proposal for commitments, which was declared admissible by the Authority under **Resolution no. 171/2023** and submitted for public consultation.

By **Resolution no. 186/2023**, the **TRA** initiated a proceeding aimed at determining whether the economic balance of the public service contract between MIT, MEF and Trenitalia, relating to intercity services for the years 2017-2026, would be jeopardised by the performance by Longitude Holding Srl, of the new passenger rail services on the Rome-Reggio

Calabria, Turin-Milan-Lecce, Turin-Milan-Reggio Calabria and Rome-Venice routes. These proceedings were concluded with **Resolution no. 33/2024**, by which the TRA granted Longitude Holding Srl the right of access to the national railway infrastructure to carry out passenger rail transport service on the above-mentioned routes.

Logistics

The rail freight market is characterised by a well-established regime of "competition in the market", multiple operators competing with each other to profitably serve the demand for transport. Liberalisation has, in fact, been underway in Italy since 2001 and in the Euro-unified framework since 2007.

In order to enable optimal use of the international freight network and improve its interoperability, the European Union has laid down rules for the establishment and organisation of international rail corridors (Regulation (EU) No. 913/2010).

The TRA has regulated – also in execution of the provisions of the Fourth Railway Package (Directive 2012/34/EU) - procedures and criteria to be followed to ensure fair and non-discriminatory access to services provided in rail freight stations, railway sidings, maintenance centers and on port rail infrastructure.

The national regulatory framework provides for some forms of support of direct interest to Mercitalia Logistics and its subsidiaries. In particular, the so-called Ferrobonus measure under Article 1, paragraph 648, of Law no. 208/2015 and the incentive to rail freight companies under Article 1, paragraph 294, of Law no. 190/2014, aimed at boosting demand for rail freight services. In addition, the NRRP National Complementary Plan (NCP) referred to in Decree Law no. 59/2021 provided grants for the purchase of rolling stock by enterprises in the freight rail transport sector of interest to the Business Segment.

Regulatory Measures

The following is a summary of the main legislative measures, of a European, national and regulatory nature, which occurred during the year and which have a significant impact on the Logistics Business Segment.

On 17 July 2023 the European Commission adopted **Decision (case SA.64726)** whereby it authorised the measure to promote the **renewal of rolling stock dedicated to rail freight transport**. The total budget of €125 million is allocated partly (€115 million, allocated under NCP to NRRP) for the purchase of wagons and locomotives, and partly (€10 million, from another budget line) for the scrapping of rail vehicles. The aid - provided at the national level by the NCP to the NRRP (Decree Law no. 59/2021) and Decree Law no. 50/2017 - was declared to be compliant with Article 93 of the TFEU, granted to meet transport coordination needs.

On the subject of **grants to railway companies for rail freight transport, Interministerial Decree no. 64 of 20 March 2023** was issued, which regulates how such grants will be allocated for rail freight transport carried out **in the years from 2023-2027**.

Urban

The companies making up the Urban Transport Business Segment operate in handling real estate activities and handling urban regeneration, intermodal solutions, and logistics in urban areas at the first and last mile of the supply chain.

Regulatory Measures

As far as it is of interest to the Urban Transport Business Segment, it should be noted that, in relation to the issue of urban regeneration, **Decree Law no. 176 of 18 November 2022**, bearing **"Emergency relief measures in the energy and public finance sector" (Aid-quater Decree)**, which was converted, with amendments, into Law no. 6 of 13 January 2023, established in the Ministry of the Interior's budget an **urban regeneration investment fund** for municipalities with

populations of under 15,000 residents, with total resources of €235 million for 2025 and 2026, and the provision for a ministerial decree to identify the criteria for allocating the fund and how the resources are to be used.

Decree Law no. 19 of 2 March 2024 bearing "**Additional urgent provisions for the implementation of the NRRP**", which is being considered by Parliament for conversion into law, **lays down rules of interest to the Urban Transport Business Segment**. In particular, it rearranges the financial resources allocated by the NRRP-bis Decree Law (Decree Law no. 152/2021) to the implementation of integrated urban plans by metropolitan cities, providing that these will be financed for €1.5 billion from the resources released by the NRRP review, rather than from the Revolving Fund for the implementation of the Next Generation EU-Italy.

Regulatory measures of cross-cutting interest to the FS Group

The following is a summary of the main European, national and regulatory measures that occurred during the year and of significant cross-cutting relevance across the Group.

Focus on NRRP

The pandemic and consequent economic crisis have led the EU to coordinate its response both economically, with the suspension of the Stability Pact and the massive economic relief packages approved by the various member states, and structurally, most notably with the launch of the **Next Generation EU** (NGEU) recovery package in late May 2020. The vast quantity of resources allocated to ushering in a new era of growth, investments and reforms totals €750 billion, with subsidies constituting over half, €390 billion. Specifically, NGEU consists of two instruments for member states: **React EU**, which was designed for the shorter term (2021-2022) to help member states in the initial stage of their economic recovery, with €14 billion assigned to Italy, and the **NRRP**, which covers a six-year period from 2021 to 2026, with funds allocated to Italy, before its review, equal to €191.5 billion.

This includes the 2023 legislative measures on energy, both with regard to the establishment of the EU greenhouse gas emission allowance trading scheme and with regard to the **REPowerEU Plan**, the European Commission's plan with measures to reduce dependence on non-EU fossil fuels. Specifically, with the entry into force of **Directive (EU) 2023/959 of the European Parliament and of the Council of 10 May 2023** amending Directive 2003/87/EC, the goal of climate neutrality in the transport sector and in all sectors of the economy by 2050 at the latest was pursued and the European Union's binding target of domestic reduction of net greenhouse gas emissions by at least 55% compared to 1990 levels and by 2030 was consolidated.

To this end, **Regulation (EU) 2023/435 of the European Parliament and of the Council of 27 February 2023 amending Regulation (EU) 2021/241** governs **the inclusion of chapters dedicated to the REPowerEU plan within NRRP** aimed at increasing the share of sustainable and renewable energy in the energy mix by addressing energy infrastructure bottlenecks. This standard was added to by the publication of the European Commission's communication on **interpretative guidelines for the definition of the NRRPs in the context of REPowerEU**, which set out the legal basis for amending the NRRPs adopted and define the preparation, content and information required within the REPowerEU Chapter.

On 7 August 2023, Italy submitted the amended NRRP to the European Commission, which also includes the REPowerEU Chapter. Following the Commission's favourable opinion, the **Implementing Decision of the Council of the European Union** was issued on 8 December 2023, amending the Implementing Decision of 13 July 2021, on the approval of the **assessment of the NRRP for Italy** and providing for the increase of resources for Italy from €191.6 billion to €194.4 billion.

The Council of Ministers, based on instructions received from the European Union, approved **Decree Law no. 19/2024**, on "**Urgent provisions aimed at ensuring the implementation of the NRRP.**" The measure adjusts, through authorisation and expenditure reductions, the funding provided for in the NRRP and NCP following the ECOFIN decision of 8 December 2023. It also provides, by 31 March 2024, for the preparation of a report by the MEF and the Ministry of European Affairs giving an account of NCP investments for which legally binding obligations (LBOs) have occurred as of the date of entry into force of this decree. Thereafter, one or more Prime Minister Decrees (DPCMs) are planned to defund interventions without LBOs.

The revision of the NRRP involved on the one hand the revisiting of investment lines in terms of amounts and projects, and on the other hand the inclusion of a new mission, namely **mission 7 related to REPowerEU**.

This amendment brought in absolute terms an increase in the European budget of the Italian Plan of €2.8 billion, associated with the non-refundable grants allocated to Italy for the financing of the REPowerEU Chapter. These grants, therefore, increase in total from €69 billion to €71.8 billion.

On the other hand, the amount of €122.6 billion in loans planned to be disbursed to Italy as part of the implementation of the NRRP remains unchanged.

Following this remodulation, the funds allocated to Italy total €239 billion between NRRP, React EU and Complementary Fund. Of these, €194.4 billion from NRRP, €30.6 billion from Complementary Fund and €14 billion from React EU. To date, funds allocated to Italy consist of 7 missions:

- Mission 1: Digitalisation, innovation, competitiveness and culture (€51.7 billion);
- Mission 2: Green revolution and ecological transition (€66.8 billion);
- Mission 3: Infrastructure for sustainable mobility (€29.8 billion);
- Mission 4: Education and research (€33.2 billion);
- Mission 5: Inclusion and cohesion (€26.0 billion);
- Mission 6: Health (€20.3 billion);
- Mission 7: REPowerEU (€11.2 billion).

The missions of interest to the FS Group are 1, 2, 3 and 5. Please refer to the chapter on "Investments" for more details regarding the Group's projects under the NRRP.

With regard to the governance of the NRRP, the aforementioned **Decree Law no. 13 of 24 February 2023** bearing "**Urgent measures for the implementation of the NRRP and the NCP, as well as for the implementation of cohesion policies and common agricultural policy**", converted, with amendments, into Law no. 41 of 21 April 2023, is an update of the previous Decree Law no. 77/2021 regarding the "Governance of the National Recovery and Resilience Plan and the first measures to strengthen administrative structures and accelerate and streamline procedures", converted by conversion law no. 108 of 29 July 2021. Specifically, the new Decree Law fast-tracks the implementation of the NRRP and the NCP, including through a revision of the Governance system. The Governance model updated on the basis of these decrees provides for:

- a command centre within the Prime Minister's office and under the direction of the delegated Minister, acting as the body that provides political guidance, which coordinates and drives the implementation of the NRRP projects; the command centre is supported in its functions by a new mission unit, which will also be the national liaison for the implementation of the NRRP;
- a general inspectorate set up with the government's General Accounting Office (MEF) at general governance level. This general inspectorate is responsible for operationally coordinating the implementation, financial management and

monitoring of the NRRP, controlling and reporting to the European Union and managing the Next Generation EU-Italy revolving fund;

- the involvement of the central government administrations that own the projects (e.g., the MIT, the Ministry of Culture, the regional authorities, etc.) and that coordinate the life cycle of the source of funding (management, monitoring, reporting, control and communication) and have the right to identify an oversight mission unit to liaise both the Prime Minister's command centre and with the general inspectorate set up with the MEF.

Technical Specifications for Interoperability

On 10 August 2023, the **package of Implementing Regulations on Technical Specifications for Interoperability (TSIs)** was approved, and subsequently entered into force in September, covering the entire railway sector, including implementing measures on traffic operation and management subsystems (OPE TSI), numerous technical and safety requirements for the railway physical infrastructure (Megapack TSI), on the control and command and signalling subsystems of the railway system (CCS TSI), and the implementing decision on the European Register of Infrastructure (RINF).

Allocation of a €30 million grant for the implementation of interventions to improve the environmental sustainability of railway connections

By **Decision dated 8 May 2023 (case SA.102422)**, the European Commission authorised the Italian non-repayable grant measure for the electrification of railway connections, declaring it compatible with Article 93 of the TFEU, as it was granted to meet transport coordination needs. As is well known, at the national level the measure was provided for by the NCP to the NRRP (Decree Law no. 59/2021), with a total budget of €30 million to be disbursed in favour of the owners of certain railway sidings dedicated to freight transport, in order to carry out eco-efficiency and electrification interventions.

The Commission approves €300 million Italian scheme to support rail network interoperability

By **Decision dated 26 May 2023 (Case SA. 102707)**, the European Commission authorised the Italian non-repayable grant measure in favour of passenger and freight railway undertakings, totalling €300 million, intended for the implementation of the ERTMS subsystem on board railway vehicles. The measure - provided for at the national level under Decree Law no. 121/2021 - was declared compatible with Article 93 of TFEU and covers all vehicles circulating on the national rail network with reference to both services subject to public service obligation and those rendered under the open access regime.

Provisions on the installation of renewable energy plants

As part of the Group's commitment to promoting the **production of energy from renewable sources**, a regulation of significant importance was that introduced under **Decree Law no. 13 of 24 February 2023**, which was converted, with amendments, into Law no. 41 of 21 April 2023, which established that the high-voltage barriers that are directly necessary for the powering of the railway network's electric substations may be used by FS SpA or by its subsidiaries to connect renewable-source energy production plants. The aforementioned measure also introduced some simplifications for the installation of PV systems in suitable areas, including those in the availability of the FS Group.

New Public Contracts Code

Another measure with significant impact on the entire Group is **Decree Law no. 36 of 31 March 2023, "Public Contracts Code in implementation of Article 1, no. 78, of Law of 21 June 2022, providing for delegated powers to the Government regarding public contracts."** The measure became effective as from 1 July 2023 and re-established all public procurement regulations.

Budget Law 2024: new insurance obligation for catastrophic risks

Law no. 213 of 30 December 2023, "State budget for the financial year 2024 and multi-year budget for the three-year period 2024-2026", provides for various rules of interest to the Group. As a general matter, it stipulates the obligation for companies with registered offices or permanent establishments in Italy, which are required to enrol in the relevant Register, to enter into insurance contracts by 31 December 2024, to cover any damage to land and buildings, plant and machinery, and industrial and commercial equipment, which are directly caused by natural disasters such as earthquakes, floods, landslides, and flooding.

Occupational safety

In the field of **occupational safety in the railway sector**, with particular regard to train drivers, **Law no. 214 of 30 December 2023, "Annual market and competition law 2022,"** amends and makes additions to Article 45 of Legislative Decree no. 81 of 2008, regarding occupational safety, by providing for an explicit reference to compliance with European legislation on safety and interoperability of rail transport and the preparation by railway infrastructure managers and railway companies, in coordination with public emergency services, of an intervention plan bearing the operational modalities of qualified rescue along the rail network, including the transport of injured persons.

Rail tunnel safety

Another year-end measure impacting the Group is **Decree Law no. 215 of 30 December 2023** bearing "**Urgent measures on regulatory deadlines.**" The measure, converted with amendments into Law no. 18 of 23 February 2024, provides for the extension of expiring terms. In particular, it extends to 31 December 2024, the deadline for the **adaptation of rolling stock in the field of tunnel safety**, pending the issuance of guidelines aimed at ensuring an adequate level of railway safety through specific technical requirements for prevention and protection, as well as setting out the timeframe for compliance with these requirements on the part of operators and railway companies.

Review of criteria for determining rail infrastructure tolls and fees for services provided thereon

By **Resolution no. 95/2023, the TRA** approved the revision of the criteria for determining tolls for access to and use of rail infrastructure and fees for services provided thereon, previously established under Resolution no. 96/2015. The object of the regulatory act is the new 5-year regulatory period: 2024-2028 for the national infrastructure manager (RFI), and 2025/2029 for the managers of interconnected regional infrastructure (including FSE Srl). Subsequently, by **Resolution no. 187/2023**, the Authority pointed out some non-conformities of the 2024-2028 tariff proposal submitted by RFI with respect to the criteria set forth in the aforementioned Resolution no. 95/2023. The Authority, therefore, instructed RFI to make any necessary change to resolve non-conformities and transmit the new proposal, which was also declared to be non-compliant under **Resolution no. 38/2024**. The TRA has, therefore, instructed RFI to transmit - by 30 June 2024 - another new tariff proposal and adopt on a transitional basis, for 2025, the tariff levels applied in 2024, as increased by the programmed inflation rate. With regard to Rail Freight Hubs, Shunting Yards, Sheltering and Storage, Washing Tracks, Preheating and Parking services, the TRA has instructed RFI to apply tariff increases for the year 2025 equal to 50% of the increases provided for that year in RFI's proposal.

Special Tariff Scheme for traction energy

With regard to the Special Tariff Scheme for traction energy supplied by RFI on the traditional network (3 kV), the **Regulatory Authority for Energy, Networks and the Environment (ARERA)**, introduced, by **Resolution no. 618/2023/R/COM**, a new procedure for the new regulatory period 2024-2027, aimed at stabilising the cost of electricity that provides for a modulation of the advance payment of the monthly compensatory allowance, in case of excessive variations in the price of the energy raw material, with the same overall resources disbursed in the medium term. The mentioned measure also recognises self-generation among RFI's sources of supply, stipulating that ARERA will establish the procedures for reporting on energy consumed by RFI under the special tariff scheme.

Main events

New bond issues serving the FS Group's investments

The Group's funding of investments continued during 2023, mainly through the issuance of new bonds, including:

- a dual tranche transaction under the EMTN Programme for a total of €1.1 billion dedicated to financing Eligible Green Projects in accordance with the FS Green Bond Framework. Specifically, proceeds make it possible to finance both the purchase of new trains and the maintenance of Trenitalia's rolling stock, as well as any investment for the completion of RFI's Turin-Milan-Naples high-speed network;
- a private placement issue reserved for the EIB for €500 million under the EMTN Programme, to finance Trenitalia's purchase of 102 new electric trains, again within the scope of Eligible Green Projects in accordance with the FS Green Bond Framework;
- a €100 million private placement issue with Eurofima, aimed at the purchase of trains aligned with the criteria of the European Taxonomy and that contribute positively to environmental and social sustainability by promoting the modal shift to rail.

During 2023 FS Italiane also expanded the maximum ceiling of the EMTN Bond Issuance Program to €12 billion compared to the previous €9 billion.

In addition to bond instruments, in November FS finalised a series of bank loans with some of the FS Group's major banking counterparties for a total of €820 million, including a €100 million green loan taken out with BBVA and intended to finance investments in the HS network.

For more details, reference should be made to the Note 35 of the Consolidated Financial Statements.

Anas - Strada dei Parchi

The dispute that was brought by Strada dei Parchi (SdP) following the withdrawal from the concession in the operation of the A24-A25 motorway section was settled by Decree Law no. 145 of 18 October 2023, converted with amendments into Law no. 191 of 15 December 2023, which reinstated SdP in the concession until the natural expiration of the "Single Agreement." As from 1 January 2024, SdP therefore officially resumed operation of the A24 and A25 motorways, after about 18 months of provisional management by Anas SpA. For more details, reference should be made to the chapter "Legislative and regulatory framework."

Train accident in Greece

On the night of 28 February 2023, a train accident occurred between a passenger train and a freight train at Tempi in central Greece, on the route between Athens and Thessaloniki. A total of 57 people lost their lives and 164 were injured. At the time of the accident, 351 people were on board the passenger train, including 342 passengers, 7 employees of Hellenic Trains and 2 employees of the company operating the restaurant car while two crew members were on the freight train. At present the competent authorities are carrying out their investigations. For more details, reference should be made to the chapter on "Other information".

Brandizzo train accident

On 30 August 2023, along the Turin-Milan railway line near the Brandizzo station, a train not in commercial service ran over 5 workers of a subcontractor undertaking maintenance work on the infrastructure, causing their deaths. For more details, reference should be made to the chapter "Other information".

Qbuzz: new contracts for public transport in the Netherlands

Qbuzz, a Dutch Passenger Hub company controlled by Busitalia and the third largest public transport operator in the Netherlands, was awarded in July 2023 a 15-year concession worth €1.8 billion for LPT services in the metropolitan area in the Randstad between Amsterdam, Rotterdam and The Hague, and in October 2023 a 10-year concession worth €1 billion for LPT services in the province of Fryslan in the north of the Netherlands.

Euro-Commercial Paper programme and short-term ratings from S&P and Fitch

On 27 October 2023, FS Italiane finalised the implementation of its Euro-Commercial Paper Programme (ECP Programme), with a term of three years and a maximum total amount of up to €2 billion, thus further expanding the number of financial instruments available to the FS Group for short-term borrowing. The commercial papers covered by the issue will be offered exclusively to institutional investors, with a minimum unit face value of €100 thousand or an equivalent amount in another currency. Crédit Agricole Corporate and Investment Bank and ING act as Arrangers. Barclays, BofA Securities, Crédit Agricole Corporate and Investment Bank, Intesa Sanpaolo (IMI CIB Division), ING and Société Générale act as Dealers.

The ECP Programme has been given an "A-2" Rating by S&P and "F2" by Fitch, and concurrently, FS has also been given a short-term rating for the first time, which is "A-2" by S&P and "F2" by Fitch.

Fitch rating confirmed

On 8 November 2023 Fitch issued its annual assessment of FS Italiane SpA's credit rating, confirming its "BBB" Long-Term Issuer Default Rating of FS Italiane. The rating of the Programme and of the EMTN bonds issued by FS were also confirmed at "BBB". Fitch also confirmed the parent's Standalone Credit Profile (SACP) at "bbb", with stable outlook, in line with that of the Italian Republic.

Memorandum of Understanding between FS Group and MSC Group

On 15 November 2023 a Memorandum of Understanding was signed by Mercitalia Logistics and MSC to develop intermodality between sea and rail transport. The agreement provides for the creation of a NewCo, controlled by Mercitalia Logistics (51%) and invested in by MEDLOG (49%), a company of the MSC Group, with the purpose of designing, building and operating new freight terminals within the sites of the two Groups in Italy, expanding the network of freight logistics between ports in Italy and the rest of Europe.

Standard and Poor's rating confirmed

On 20 November 2023 Standard and Poor's issued its annual assessment of FS Italiane SpA's credit rating, confirming its "BBB" Long-Term Issuer Default Rating. The rating of the Programme and of the EMTN bonds issued by FS were also confirmed at "BBB". Standard and Poor's also confirmed the parent's Standalone Credit Profile (SACP) at "bbb+", a higher notch than that of the Italian Republic. The outlook remains stable, in line with that of the Italian Republic.

Intercompany real estate business reorganisation

On 29 November 2023, as part of the project for the intercompany reorganisation of the ownership and management of real estate assets which are not functional to the operation of railway or transport, the FS Extraordinary Shareholders' Meeting approved the proposal for demerger pursuant to Article 2506.1 of the Italian Civil Code by assigning FS's real estate business unit to a newly-established company Nuova Sistemi Urbani SpA, which is wholly owned by FS, subject to management and coordination by FS Sistemi Urbani, the Sector Parent Company in the Urban Transport segment. The

demerger entails in FS's accounting records a reduction in the share capital by €624,406,524, and the simultaneous appropriation of a capital reserve of the same amount, as a contra-entry of the equity investment in the beneficiary company obtained as a result of the transfer of the demerged complex. As reported in Note 50 "Events after the reporting date" of the Consolidated Financial Statements to which reference should be made, the demerger became effective in January 2024; in addition, February 2024 saw the approval of the plan for the merger of the new Sistemi Urbani by incorporation into FS Sistemi Urbani.

Remodulation of FS's shareholders' equity

On 29 November 2023 FS Shareholders' Meeting approved the proposal to reduce the share capital pursuant to Article 2445 of the Italian Civil Code in order to make FS's capital structure more flexible, for a total amount of €7,516,814,972, to be appropriated as to €6,141,221,496 to the legal reserve due to its saturation and as to €1,375,593,476 to the available reserve. This remodulation, which keeps the amount of FS equity unchanged, will become enforceable, after the statutory deadline, in 2024 (for more details, reference should be made to Note 50 "Events after the reporting date" of the Consolidated Financial Statements).

TX Logistik acquires the German Exploris Group

On 5 December 2023, TX Logistik AG, a subsidiary of Mercitalia Logistics, the parent company of the FS Group's Logistics Business Segment, finalised the acquisition of Exploris Deutschland Holding GmbH Hamburg ("Exploris"), a European rail freight company, thus becoming the second largest rail freight operator in Germany. After a preliminary contract was signed last July, the transaction was finalised following clearance from the competent Antitrust authorities.

Sale of former Milan rail freight hubs Farini and San Cristoforo

The highest bidder, the Unicredit, Hines and Prelios grouping, was identified on 21 December 2023, for the sale of the decommissioned Farini and San Cristoforo rail freight hubs, launched by FS Sistemi Urbani, the lead company of the FS Group's Urban Transport Business Segment. The price under the selected bid amounts to €500 million. The finalisation of the company will take place on 29 March 2024, following the conclusion of the administrative and approval processes according to tender procedure (for more information, reference should be made to Note 50 "Events after the reporting date" of the Consolidated Financial Statements).

Stretto di Messina SpA

During 2023, various legislative measures followed one another (see the chapter on the "Legal and regulatory framework"), aimed at enabling the construction of the Bridge over the Strait of Messina and the related rail and road connection works, which involved both Stretto di Messina SpA - in which the FS Group holds an interest through its subsidiaries RFI and Anas - in its operational and economic organisation, and the FS Group's role and co-interest in that company. In particular, on 1 April 2023, the company's liquidation status was revoked and at the same time the concession agreement was reactivated with the MIT; on 30 November, the company's Extraordinary Shareholders' Meeting resolved the share capital increase reserved for the MEF, for a total of €370 million, which was executed on 27 December, following which the shareholding structure was redefined as follows: MEF 55.162%, Anas 36.699%, RFI 5.829%, and the Regional Governments of Sicily and Calabria 1.155% each. For more details regarding the stake in Stretto di Messina SpA, please refer to Note 4. Change in the scope of consolidation and extraordinary transactions.

Stakeholder engagement

The ongoing management of relationships with its stakeholders, through a programmatic and proactive approach that uses various tools to engage stakeholders, is a key priority for FS. This approach is intended to guide the Group's strategic choices, since it firmly believes that understanding their expectations and satisfying their interests guarantee the effective creation of long-lasting value.

At the same time as the process of updating the materiality analysis³⁶, the mapping of stakeholder categories with which the Group interacts directly and indirectly was reviewed, including with the support of the operating companies involved in the process. In accordance with the international AA1000-Stakeholder Engagement Standard (SES), eleven categories were identified, as represented below.

Main categories of stakeholders and respective channels of communication and modes of involvement³⁷



Stakeholder relevance at the corporate level was then assigned through a rating made on a scale of one to five based on the following parameters:

- **Dependence**, the importance of the relationship to the stakeholder, expressed in terms of direct or indirect dependence on FS Group activities, products or services;

³⁶ For additional information, reference should be made to the paragraph "Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016– Methodology for reporting non-financial information".

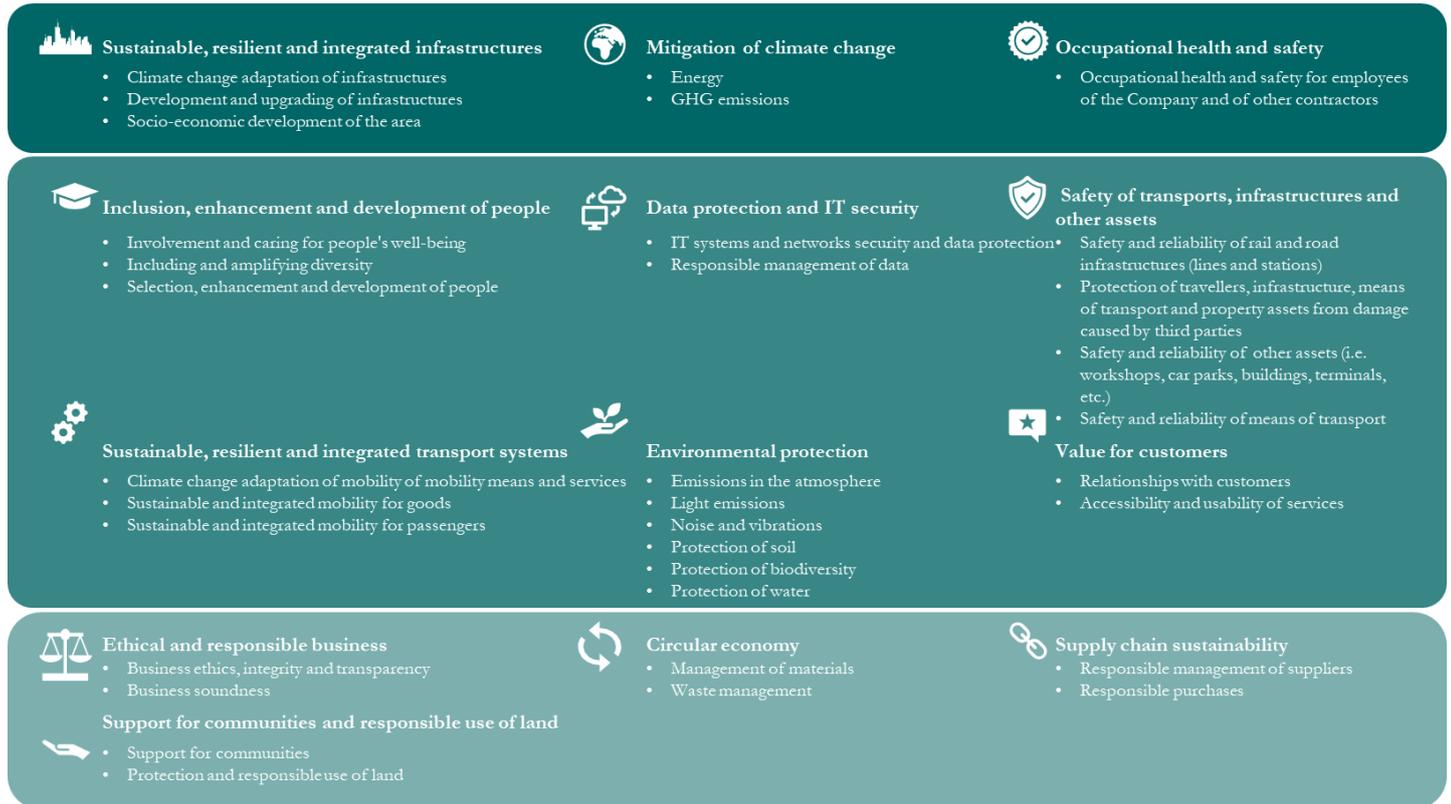
³⁷ The main changes made in the process of updating stakeholder categories with respect to the FY2022 reporting are: "FS People and Trade Unions" was split, given the different modes of engagement for the two categories; "Customers and Passengers" was changed to "Customers and Travellers," in order to also enclose users transiting road and rail infrastructure; "Shareholders" was changed to "Shareholders and Grantors" to better identify the role of Ministries with respect to infrastructure; "Suppliers", previously found in "Suppliers and Business Partners," has been given a stand-alone value while the "Business Partner" core has been enriched to "Business Competitors, Partners and Market Players." In addition, the category of "Scientific Community" was added while "Civil Society and Local Communities" was named "Civil society organisations."

- **Influence**, the importance of the relationship to the FS Group, in terms of the stakeholder's influence on the decision-making, strategic and operational process;
- **Urgency**, temporal dimension of the relationship i.e. how much immediate attention the stakeholder requires from the Group, with regard to financial, economic, social and environmental issues.

The analysis carried out at the Group level revealed the need for collaboration with the "Suppliers" stakeholder, which confirms the Group's commitment to a path aimed at improving their environmental and social performance. Also with regard to the "Human Resources" stakeholder category, the analysis demonstrates the role of its people as a key player in the Group's strategy, in line with the business management model that aims to ensure their well-being and growth through communication, training, development and caring activities addressed to all organisational levels.

In order to gather, moreover, the **perceived prioritisation of material topics**, some of the many listening initiatives carried out during the year by the different functions of Holding and Group companies were mapped and enhanced, including: customer satisfaction surveys, questionnaires from sustainability rating agencies, customer complaints, institutional relations, and industry studies and surveys. In addition, to enrich the analysis and make it more complete, proper consideration was given to any information collected through the Datamaran platform, which analyses the main laws and directives in all countries where FS operates, and reports published by other peers and comparables in the European and international arena. The results, shown below in aggregated form, indicate the increasing degree of relevance of Level I and Level II topics. The data aggregation methodology took into account: relevance, size and organisational weight with respect to the type of business in which the company operates in addition to the number of stakeholders involved.

Relevance of topics (1st-2nd level)³⁸



Key: The colour intensity in the picture denotes the topic's level of relevance to external stakeholders, from low (light background) to high (dark background).

The Just Transition in the transport sector

Italy is committed to contributing to the EU climate goals to achieve climate neutrality by 2050. In order to meet these goals and take advantage of the many growth opportunities offered by the development of a decarbonised economy, the country will face many challenges. The transport sector is at the center of these challenges.

One of them, certainly among the most important and strategic, which the European Union summarizes in the phrase "just transition," is that of a transition to a low-carbon economy that is fair and equitable, so as to ensure that no one is left behind.

Given the FS Group's key role in promoting the country's sustainable growth and given the enormous potential offered by the rail service with a view to environmental and social sustainability, the Group launched, with the collaboration of the Foundation for Sustainable Development, the project on "The Just Transition in the transport sector" with the aim of promoting a reflection on the social and distributional impacts related to the adoption of climate change mitigation and adaptation measures.

Within the framework of this initiative, FS organised two workshops involving a selection of stakeholders representing various categories, such as Bodies and Institutions, the Scientific Community and Civil Society Organisations, in order to initiate as plural and shared discussion as possible on the topic of just transition in the transport sector, particularly of its most significant and problematic issues, to gather ideas, views, and experiences related to the topic and on the role that the FS Group can play in this perspective. The project sets as an end point the drafting of a Report that will be presented publicly during 2024.

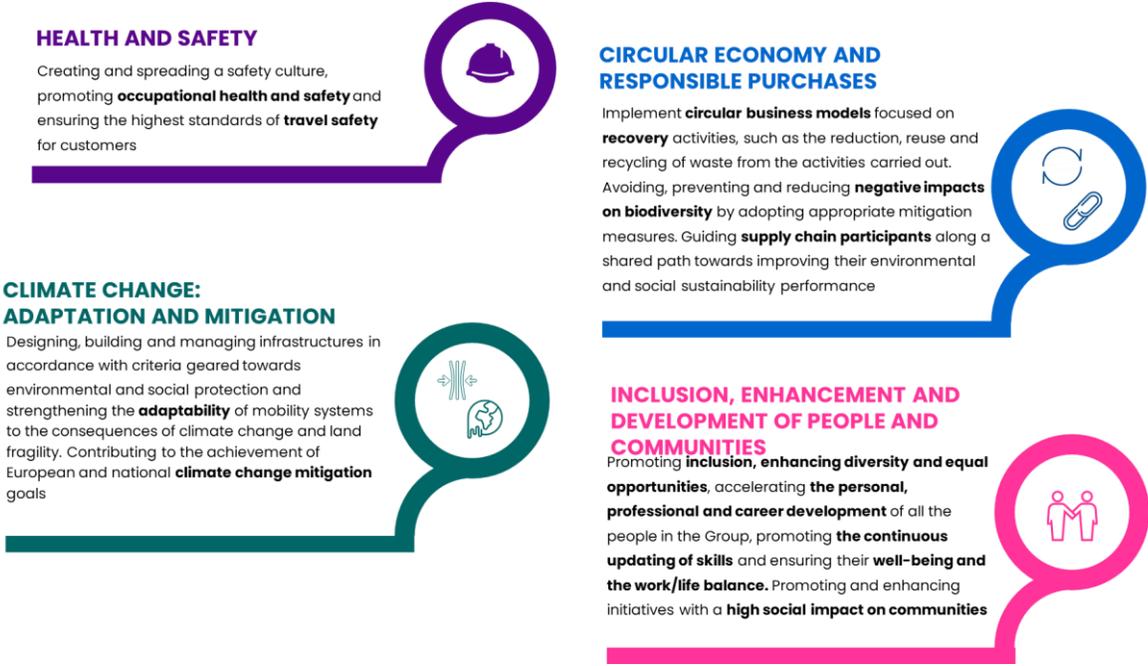
³⁸ During 2023, the tree of material topics underwent changes from the previous financial year, specifically: "People's safety: values, technology and culture" was split into "Occupational health and safety" and "Safety of transport, infrastructure and other assets"; "Circular economy and responsible purchases" was split; "Innovation, digitalisation and cybersecurity" was remodeled into "Data protection and cybersecurity" while "Innovation and digitalisation" was eliminated, as they were considered cross-business tools; "Design of infrastructure and responsible use of the land" has been changed to "Support for communities and responsible use of the land", thus including the topic of "Support for communities", which stood alone in the previous reporting; "Resilient infrastructure and mobility systems" has been split into "Sustainable, resilient and integrated infrastructure" and "Sustainable, resilient and integrated infrastructure transport systems."

Commitment to sustainable development

Approach, commitment and practices

The FS Italiane Group's ten-year Industrial Plan will accelerate its commitment to serving the country in the development of a **sustainable mobility and integrated logistics ecosystem** that can count on interconnected and resilient infrastructure. The Plan moves from the **17 Sustainable Development Goals (SDGs)** set by the United Nations, through Regulation (EU) 2020/852 "Taxonomy," to and beyond the NRRPs and related regulations.

The structure of the Plan is structured into the following **four priority areas**:



Ambition levels:

Fatal occupational injuries by employees **trending to zero** by the Plan frame
Leader in Europe for travel safety



Net Zero by 2040 (Scope 1+2+3)
≈2.6 TWh self-produced from photovoltaic sources – 40% of the electricity needed

-50% of CO₂ emissions (scope 1 and 2) by 2030 (baseline 2019)

-30% of CO₂ emissions (scope 3) by 2030 (baseline 2019)

Over 50 million tons of CO₂ avoided* in ten years thanks to the rail and buses (about 50% due to the increase in railway traffic on 2021)



100% of suppliers will be screened according to ESG criteria **from 2026**
≈ 100% special waste sent for recovery by 2031

100% of projects with a sustainability, stakeholder engagement and carbon footprint study

2.3 million square metres of green space in urban planning projects

12,000 trees and bushes planted as part of projects on stations



32.4% of managers will be women by 2026 and 37.2% by 2032

Continuous development of the Group's human capital



* Emissions avoided – emission difference of the FS Group Transport vs road Transport, calculated comparing the emissions deriving from the use of collective transport means of the FS Group for rail and road transport of passengers and rail freight transport, with the emissions estimated simulating the use of private cars and heavy commercial vehicles

The Group has also made itself accountable to all internal and external stakeholders through the Code of Conduct, which establishes the rights and obligations of company officers, management, employees, freelancers, business partners, suppliers and everyone dealing with the Group. The Group has also demonstrated this in the commitments it made in the 2019 Sustainability Policy, and by joining the UN Global Compact network. Added to this is the signing of the Manifesto Business for People and Society, an initiative promoted by the local Global Compact network, whereby the Group commits to promoting corporate practices that contribute to the well-being of workers, consumers and communities. The manifesto crystallises a Group approach built around people and society, to which **corporate welfare policies** for the well-being of workers, support for **social sustainability projects** in local communities, and the dissemination of a **culture of inclusion, respect for diversity and equity** bear witness, including through the issuance of a policy that firmly reaffirms the added value for FS of integrating and implementing the Diversity, Equality & Inclusion culture.

Environmental sustainability

The FS Italiane Group's environmental policy and strategies are part of the industrial plan and are geared towards reducing the transport sector's environmental footprint. This approach is based on two pillars:

- maximising the environmental benefits of collective and rail transport by moving people and freight towards more sustainable modes of transport, and
- minimising the negative environmental impacts, thanks to the rational use of natural resources across the supply chain and the transition of processes and activities from a perspective focused on the complete life cycle of the products and services.

Transport, and especially rail transport, the FS Italiane Group's core business, is the starting point for this approach. It is one of the most efficient and environmentally friendly modes of transport with the smallest impact on the land, and it is the linchpin of passenger and freight transport today and tomorrow. This linchpin is essential for the development of an entire integrated mobility system serving people across the country and in cities.

The industrial plan has accentuated the Group's commitment to pursuing environmental sustainability, with both actions to improve infrastructure and mobility services and by devoting utmost importance to environmental and energy issues, allocating substantial investments in the self-production of energy from renewable sources.

The four business segments – infrastructure, passenger, logistics and urban transport – are the drivers that the FS Italiane Group intends to harness to create an integrated, low-environmental impact transport system. The key concepts underlying the FS Italiane Group companies' actions will be designing and operating innovating and efficient collective rail, sea and road transport services and enhancing urban areas through the sustainable regeneration of cities.

The Group is actively involved in protecting the environment, and its processes and activities are analysed to improve their environmental performance, holding the value of natural capital in the highest regard and devoting particular attention to greenhouse gas and polluting emissions, energy and water consumption and soil protection.

This commitment to environmental issues is also evidenced by two significant achievements in the past 12 months. In July 2023, the FS Group obtained certification attesting to the quality of its inventory and methodology for calculating CO₂ emissions, in accordance with ISO 14064-1:2018. Emission quantity values for 2022 and 2019 were certified, the latter serving as the baseline year for evaluating emission reduction targets. Both values were considered according to both location-based and market-based approaches, with a level of assurance for the emissions inventory defined as reasonable.

In addition, in January 2024, the FS Group obtained Approval letters from Science Based Target Initiative (SBTi). SBTi is one of the leading international reference bodies for supporting the setting of environmental sustainability goals aligned with the Paris Agreements. The FS Group's emission reduction targets are:

- in the long term: Net Zero to 2040, i.e. -90% emissions 2040 compared to 2019 baseline and commitment to neutralisation of residual emissions;
- in the short to medium term: -50% Scope 1+2 emissions and -30% Scope 3 emissions to 2030 compared to the 2019 baseline.

The FS Group Industrial Plan has placed special attention on climate issues and, by enriching the medium- and long-term outlook with initiatives and roadmaps, intends to align with the scenario capable of containing global temperature increases to +1.5° C over the long term. Aligning with this scenario, which has been identified by the IPCC (International Panel on Climate Change) to contain the risk of irreversible damage due to climate change and not make the ability to adapt to new climate scenarios too onerous, testifies to the FS Group's commitment and ambition in combating climate change.

Energy and emissions

Energy consumption is one of the largest components of the FS Italiane Group's environmental impact.

The Group's energy consumption in 2023, of 28,510 TJ³⁹, is up 5.1% on the previous year, mainly due to the extension of the analysis perimeter to four Group companies (Busitalia Rail Service, Mercitalia Intermodal, ILSA, FS Park). Specifically, the Group's electricity consumption was on the rise by 7.7%, as a result of increases in electricity for railway traction (+9.8%) and lighting (+1.0%). Electricity consumption accounts in fact for the lion's share of total consumption, about 75.4% of total, mainly absorbed by railway traction (82% of total electricity consumption), whose environmental impact is mitigated by the large expanse of electrified network for transport service operation (over 72% of the RFI network is electrified). The impact of the consumption of electricity for uses other than railway traction is marked by the purchase of Guarantees of Origin (GO) for energy produced from renewable sources: in 2023, the Group companies purchased Guarantees of Origin for roughly 66.6% of the electricity for these uses (compared to 61.2% in 2021 and 64.6% in 2022).

Diesel consumption accounts for nearly all other energy consumption (roughly 20.2% of the total), while natural gas (3.4%), biodiesel (0.6%) and other sources (0.4%) make up the rest.

³⁹ A joule is the International System (SI) unit of measurement of energy, work and heat. One terajoule (TJ) equals 1,000 gigajoules and one gigajoule equals one billion joules.

GRI 302-1

Terajoules

Energy consumed by source (*)	2023	2022(***)	2021(***)
Electricity for railway traction	17,709	16,131	14,947
Electricity for other uses	2,544	2,589	2,505
Electricity for roads and tunnels	1,277	1,265	1,245
Diesel	5,753	5,688	6,144
Natural gas	956	1,125	1,397
Biodiesel	165	240	229
Other (**)	106	101	87
Total energy consumed within the FS Italiane Group	28,510	27,139	26,554
of which %:			
<i>Passenger</i>	<i>68.1%</i>	<i>66.4%</i>	<i>66.5%</i>
<i>Infrastructure</i>	<i>22.6%</i>	<i>23.9%</i>	<i>23.6%</i>
<i>Logistics</i>	<i>9.1%</i>	<i>9.5%</i>	<i>9.7%</i>
<i>Urban transport</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>
<i>Other services</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>

(*) Internal processing in accordance with the reference guidelines. The conversion factors used refer to year "n-2" and are: National Inventory Report - Italian Greenhouse Gas Inventory 1990-2021 (Istituto Superiore per la Protezione e la Ricerca Ambientale - ISPRA), 2023; Energy Statistics Manual (International Energy Agency - IEA), 2005; Fiche 330 (Union Internationale des Chemins de fer - UIC), 2008; Conversion factors (Department for Environment, Food & Rural Affairs - DEFRA UK), 2021; JEC Well-to-Tank report v5 (Joint Research Center - JRC), 2020.

(**) District heating, district cooling, fuel oil, petrol, LPG, hydrogen, pellets and solar thermal energy

(***) The data "electricity for railway traction," "diesel," "natural gas," and "other" were adjusted during 2023 following a refinement of the data collection process and calculation methodology.

The Passenger companies account for more than two-thirds of the energy consumed, while the Infrastructure and Logistics business segments use the remainder.

Energy consumption translates into direct and indirect greenhouse gas emissions: in 2023, 2.24 million tonnes of CO₂ equivalent⁴⁰ were emitted compared to 2.00 million tonnes in 2022. This deviation can be attributed to the extension of the organisational (entry of new companies into the FS Group) and operational perimeter (addition of fugitive and land use change emissions), the worsening of the electricity generation mix, and the increase in rail travel (particularly for passenger transport).

⁴⁰ CO₂ equivalent (CO₂e) is a necessary unit of measure to express in a standardised manner the impact of various greenhouse gases on the climate. In addition to the main greenhouse gas (CO₂), it includes methane gas (CH₄), nitrous oxide (N₂O) and hydrochlorofluorocarbons (HFCs) generated by anthropic activities.

Greenhouse gas emissions (GHG) of the FS Italiane Group FS ^{1 2 3}	2023	2022 ⁴	2021 ⁴
Total direct GHG emissions (Scope 1)	0.60	0.51	0.56
Total indirect GHG emissions from energy consumption (Scope 2)	1.64	1.49	1.51
Total greenhouse gas emissions (GHG) of the FS Italiane Group (Scope 1 + Scope 2)	2.24	2.00	2.07
<i>of which %:</i>			
<i>Passenger</i>	66.7%	66.3%	66.5%
<i>Infrastructure</i>	23.5%	23.4%	22.9%
<i>Logistics</i>	9.6%	10.1%	10.4%
<i>Urban</i>	0.1%	0.1%	0.1%
<i>Other services</i>	0.1%	0.1%	0.1%
Other indirect emissions (Scope 3)	5.12	4.07	3.94

1. Location-based calculation approach is used to calculate emissions in accordance with the "GHG Protocol Corporate Accounting and Reporting Standard". The conversion factors used refer to year "n-2". The conversion factor sources are National Inventory Report - Italian Greenhouse Gas Inventory 1990-2021 (NIR), Common Reporting Format (CRF) (Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA), 2023), SINAnet - Rete del Sistema Informativo Italy Ambientale - *Fattori di emissione per le sorgenti di combustione stazionarie in Italy* (Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA), 2021), ISPRA_Fattori emissione produzione e consumo elettricit , DEFRA UK - Conversion factors, Frank S. et Al, Documentation for estimating LULUCF emissions / removals and mitigation potentials with GLOBIOM/G4M, 2020

2. The 100-year Global Warming Potential (GWP) of CH₄ (29.8), N₂O (273) and of other greenhouse gases was used to calculate tonnes of CO₂ equivalents. These factors are given in the Sixth Assessment Report *Climate Change Working Group I Contribution to the Sixth Assessment Report of the Intergovernmental Panel (IPCC)*. Figures in 2022 and 2021 are based on the values of the GWP of the Fifth Assessment Report of IPCC.

3. Scope 1 – Emissions from the direct combustion of fossil fuels, purchased for heating, power and heat generation, and fuelling transportation vehicles; sources of emissions classified as Scope 1 are generally owned and controlled directly by the organization.

Scope 2 – Emissions from the production of energy drawn and consumed by the organization for electrical equipment, heating and lighting within the buildings; the organization is indirectly responsible for emissions generated by the supplier for the production of the required electrical and thermal energy.

Scope 3 – Emissions from the organization's value chain impacts generated by upstream and downstream activities, other than direct and indirect greenhouse gas emissions from energy consumption. Scope 3 includes significant emissions that the organization can quantify and influence. The value of emissions for the FS Group corresponds to the sum of the following categories indicated in the GHG Protocol: purchased goods and services (categories 1 and 2), fuel- and energy-related activities (category 3), waste generated in operations (category 5), business travel (category 6), employee commuting (category 7), use of goods and services by third parties (category 11) and downstream leased assets (13).

4 Data for "indirect GHG emissions from energy consumption (Scope 2)" and "other indirect emissions (scope 3)" were adjusted during 2023 following a refinement of the data collection process and calculation methodology.

Land development and protection

Sustainable infrastructure makes a concrete contribution to global development strategies that aim to decarbonise and more generally reduce impacts on the environment, address social and territorial inequalities through greater cohesion and integration, create new connections, and improve the quality of life for the community.

Placing highly complex engineering projects in the land, such as railway and roadway infrastructure, requires an integrated assessment of the environmental, social and economic impacts and of related impacts over the infrastructure's entire life cycle. For a sustainable development of the intervention, the pivotal elements are represented in the territorialisation of the work, the identification of specific environmental indicators, the involvement of stakeholders from the earliest stages of design, the evaluation of environmental, economic and social objectives, environmental monitoring and communication tools. On the subject of territorialisation, Italferr seeks design solutions addressed to the compatibility of the work with the state of the places for the insertion of the work in the territory.

Archaeological studies and explorations are carried out prior to the design stage. The results of these studies and activities enable the competent local archaeological superintendent to express an opinion on the studied projects and dictate instructions for construction stage.

In order to minimise the impacts of the work in the phase of both construction (e.g. worksite and tracks for work vehicles) and operation of new infrastructure and in the upgrading of existing infrastructure, mitigation measures are envisaged which are aimed at reducing the environmental impact, such as for example: treatment of work site water; reducing air pollution caused by dust and particulates by using particulate filter systems and green barriers, the adoption by the firms involved of a work site Environmental Management System in order to carefully manage relevant environmental aspects; reduction of the speed of

operating vehicles to reduce the risk of running over wildlife and the disturbance related to noise emissions; replanting of plant species in adjacent areas; securing of the electrical network with insulating sheaths to reduce the risk of electrocution of birds; affixing of coloured spheres and spirals of electrical cables to increase the visibility of the same for birdlife, landscaping and naturalistic engineering of road embankments and tunnel portals, maintenance of connectivity of areas affected by the presence of linear infrastructure through ecoducts and wildlife underpasses in order to avoid habitat fragmentation.

Using sustainability indicators, the analyses have shown the benefits of infrastructural projects in terms of economic, environmental, social and tourism development, without any critical downsides, thanks to, among other things, the specific characteristics of the areas affected by the projects. Specific attention is paid to projects that directly or indirectly involved protected areas (e.g., IBA - Important Bird Areas, Protected Natural Areas included in the Official EUAP List by the MASE, Natura 2000 Network, etc.).

With regard to the contribution of railway infrastructure to climate change mitigation, specific assessments considering the environmental objectives as per the EU Taxonomy Regulation (EU) 852/2020 for the application of the Do No Significant Harm (DNSH) principle are carried out as part of the design. In support of the environmental objectives proposed by the Taxonomy, for projects for which a potential impact is assessed, such as to deem it appropriate to start an Environmental Impact Assessment (EIA) procedure, or those financed by NRRP/NCP, specific assessments of climate vulnerability and risk are carried out with the identification, if necessary, of specific design solutions for adaptation to the current and future climate. In addition, for those projects that envisage the Environmental Site Project, an analysis is carried out of the constraints of the site areas, such as hydraulic, hydrogeological, geomorphological, etc., while in those that envisage the Environmental Impact Study, the project is also analysed with reference to the National Strategy for Adaptation to Climate Change.

More generally, where applicable, all projects are complete with the analysis of any geological, geomorphological and hydraulic risks, in accordance with state, regional and local planning instruments.

In the construction of the infrastructure, the FS Italiane Group acts as the customer and contracts the work out to third party companies, mainly assigning the Group companies a technical role and, as needed and according to the specific contractual structure, works management and/or supervision.

The main environmental impacts of this stage are illustrated in the tables below. Any deviations from the data of previous reporting years are due to the different sample of construction sites taken as a reference as well as the progress of the work carried out.

GRI 301-1			
tonnes			
Materials used by weight or volume	2023	2022	2021
Non-renewable materials	11,546,107	7,793,118	6,909,546
Earth – procurement	79,104	51,937	205,401
Concrete	5,725,598	4,679,316	4,473,439
Inert material	5,484,010	2,875,035	1,973,892
Steel for railway superstructure	2,387	115	2,216
Steel for railway technology systems	5,703	5,786	2,792
CAP sleepers	12,880	1,821	37,550
Iron	235,880	178,879	213,875
Aluminium	75	29	73
Copper	470	200	308
Renewable materials	11,359,176	9,933,588	8,088,261
Earth – reuse	6,408,985	4,720,860	2,400,368
Earth - reuse through environmental redevelopment	4,950,191	5,212,728	5,687,893

GRI 301-2

Recycled raw materials (sites)*	2023	2022	2021
Percentage of materials used that are recycled input materials	49.6%	56.0%	53.9%
Percentage of earth reused	99.3%	99.5%	97.5%

* Values refer to the percentage of renewable materials (Land - reuse, land - reuse environmental upgrades) out of total raw materials used (non-renewable and renewable)

GRI 303-3

mega-litres

Water withdrawn by source (work sites)	2023	2022	2021
Civil use	543	256	130
from aqueducts	537	256	129
from underground water (water table and sources)	6	0	1
from bodies of water	0	0	0
Industrial use	2,308	2,196	1,886
from aqueducts	292	197	448
from underground water (water table and sources)	1,724	1,769	1,357
from bodies of water	292	230	81
Total water withdrawn by work sites	2,851	2,452	2,016

GRI 303-4

mega-litres

Water discharge by quality and destination (work sites)	2023	2022	2021
Domestic wastewater	534	252	125
sent to sewers	430	151	40
sent elsewhere	104	101	85
Industrial wastewater	2,083	1,564	975
sent to sewers	199	123	12
- <i>water treated beforehand</i>	100%	100%	100%
sent elsewhere	1,884	1,441	963
- <i>water treated beforehand</i>	100%	100.0%	98.7%
Total wastewater	2,617	1,816	1,100

GRI 306-3

tonnes

Waste produced by type (work sites)	2023	2022	2021
Non-hazardous special waste	1,723,672	1,491,834	1,462,731
Hazardous special waste	85,401	44,412	20,268
Total waste produced	1,809,073	1,536,246	1,482,999

GRI 306-5

tonnes

Waste sent for treatment (work sites)	2023	2022	2021
Non-hazardous special waste sent for treatment	1,581,474	1,377,729	1,378,751
<i>sent for recycling</i>	94.4%	92.4%	82.0%
<i>sent for disposal</i>	5.6%	7.6%	18.0%
Hazardous special waste sent for treatment	54,363	37,591	12,754
<i>sent for recycling</i>	69.7%	86.3%	40.4%
<i>sent for disposal</i>	30.3%	13.7%	59.6%
Total waste sent for treatment	1,635,837	1,415,320	1,391,505

The development of transport infrastructures plays a delicate role with respect to biodiversity, as it can cause the transformation, deterioration or subtraction of the habitat, the fragmentation of ecosystems, an increase in mortality for certain species, and any other negative repercussions related to disturbance to the activities and biological phases (feeding, reproduction, resting) of species.

The development of infrastructure with respect for biodiversity includes the following actions:

- prevention: abstaining from building unnecessary infrastructures and limit the involvement of protected areas;
- mitigation: minimising the impacts in the appropriate ways in the phase of operation (underpasses, overpasses, fencing and sound barriers);
- offsetting: restoring the overall balance of biodiversity lost due to the construction of the infrastructure by re-establishing ecosystems through the recreation of alternative habitats elsewhere.

The FS Italiane Group is aware of the complexity and the fragility of the ecosystems where it conducts its activities and, for this reason, gives top priority to safeguarding biodiversity.

The table below provides, by way of example, a summary of highlights of those projects in progress in 2023, under which infrastructural works directly affect protected sites.

GRI 304-1

Operating sites that directly involve protected areas (2023)						
Operating site	Geographical area where the protected area is located	Protected area	Type of protection	New area/project falling in the protected site ⁴¹ (km ²)	Activity	Value of biodiversity (operating site)
Elimination of the Level Crossing at km 223+027 in the municipality of Crotone (KR)	Calabria	ZPS - IT9320302 Marchesato and Fiume Neto	Rete Natura 2000	0.00585	Road infrastructure cat. F1	Farming context. No habitat of Community interest.
New HS/HC Line Salerno – Reggio Calabria (Romagnano – Buonabitacolo and Buonabitacolo - Praia)	Campania Basilicata	ZSC - IT8050022 Montagne di Casalbuono ZSC - IT9210265 Valle del Noce	Rete Natura 2000	- ⁴²	Railway infrastructure	Rocky substrate. The project does not involve the elimination of habitats of Community interest or of species of Community interest.
Electrification of the Cagliari – Oristano Railway Line	Sardinia	ZSC ITB030033 Stagno Pauli Majori di Oristano ZPS -ITB034005 Stagno Pauli Majori Permanently Protected Wildlife Reserve – Pauli Maggiore Natural Reserve Pauli Majori Ramsar Area Stagno di Pauli Majori IBA218 Sinis and Stagni di Oristano	Rete Natura 2000	-	Railway infrastructure	Habitat 1150 Habitat 1310 Habitat 1410 Habitat 1420 Habitat 3170* Habitat 92D0 Fauna: 45 bird species protected under Annex I of Directive 2009/147/EC (ex. Moustached Warbler, Common Kingfisher, Tawny Pipit, Purple Heron, Squacco Heron, Ferruginous Duck, Eurasian Bittern, Stone-Curlew, etc.)
S.S. 685 delle Tre Valli Umbre – track amendment and adaptation of the type C2 section from km 49+300 to km 51+500	Umbria	ZSC -IT5210046 Valnerina	Rete Natura 2000	0.00002	Road infrastructure Cat. C2	Habitat 91E0 Habitat 9340
Rationalisation of the road system in S. Giovanni Rotondo and construction of the connecting rod from San Giovanni Rotondo to Foggia – 4th Functional Section - S.S. 693 SVV in the Gargano area - S.S. 89 Garganica - Connection Vico del Gargano - Mattinata Section Vico del Gargano - Vieste	Puglia	Gargano National Park ZSC - IT9110004 Umbra Forest ZSC - IT9110016 Marzini Pine Forest ZPS - IT911039 Gargano Promontory IBA 203 the Gargano Headland and Humid Zones of the Capitanata area	Rete Natura 2000 EUAP - Elenco Ufficiale delle Aree naturali Protette (Official List of Natural Protected Areas)	0.18	Road infrastructure	Habitat 9540 Habitat 6220

⁴¹ Area within the protected site permanently affected by the construction of the work.

⁴² Affected sites are traversed by the work in a natural tunnel.

Operating sites that directly involve protected areas (2023)						
Operating site	Geographical area where the protected area is located	Protected area	Type of protection	New area/project falling in the protected site ⁴¹ (km ²)	Activity	Value of biodiversity (operating site)
PZ138 - PZ139 - Murgia-Pollino Mid Link. stretch Gioia del Colle - Matera - Ferrandina - Pisticci and Matera by-pass	Puglia	SIC e ZPS IT9120007 – High Murgia IBA 135 - Murge	Rete Natura 2000 IBA - IBA Important Bird Areas	0.00659	Road infrastructure Cat. C1	Habitat 62A0
BA291 - S.S. 100 in Gioia del Colle functional completion and works to secure S.S. 100, between km 44+500 and 52+600 (San Basilio).	Puglia	SIC e ZPS IT9120007 – High Murgia SIC -IT9130005 – South-East Murgia EUAP0894 – Natural Regional Park Terra delle Gravine IBA 135 - Murge	Rete Natura 2000 EUAP - Elenco Ufficiale delle Aree naturali Protette (Official List of Natural Protected Areas) IBA - IBA Important Bird Areas	0.05959	Road infrastructure	Habitat 6210* Habitat 62A0 Habitat 8210 Habitat 8310 Habitat 9250 Habitat 6310 Habitat 6220* Habitat 9340
E45- Road Hub of Perugia. Piano-Collestrada Stretch.	Umbria	ZSC - IT5210025 Ansa degli Ornari ZSC - IT5210077 Boschi a farnetto di Collestrada	Rete Natura 2000	- ⁴³	Road infrastructure	No habitat of Community interest.
Variation of the State Road S.S. 115 Sud Occidentale Sicula from the Birgi exit on the A29 motorway towards the link to state road S.S. 115 at km 48+000 around Mazara del Vallo	Sicily	ZSC - ITA010014 Sciare di Marsala	Rete Natura 2000	0.041	Road infrastructure cat. C1	Habitat 5330 Habitat 6220
State Road S.S. 4 Salaria - Trisungo-Acquasanta section: 2nd lot from Km 155+400 (Valgarizia tunnel) at km 159+000	Marche	SIC - IT5340006 Acquasanta Holm-Oak Grove SIC - IT5340018 Tronto River between Favalanziata and Acquasanta	Rete Natura 2000	0.00094	Road infrastructure cat. C1	Habitat 91AA Habitat 92A0 Habitat 9340 Habitat 91E0
SS 675 - Umbro Laziale – Infrastructure System for the connection between the Civitavecchia Port with the Orte intermodal hub. Monte Romano est - Civitavecchia section – 1st Section Monte Romano est - Tarquinia	Lazio	ZPS - IT6030005 Tolfetano-Cerite-Manziate district	Rete Natura 2000	0.0008	Road infrastructure cat. B	ND
S.S. 389 Villanova – Lanusei – Tortoli Stretch Junction Villagrande Lot – Arzana exit from Km 51+100,00 of S.S. 389 Variation at Km 177+930.00 of S.S. 389	Sardinia	ZSC - ITB022215 Riu Sicaferba	Rete Natura 2000	0.005	Road infrastructure cat. C1	Habitat 5330 Habitat 91E0

⁴³ Affected sites are traversed by the work in a natural tunnel.

Waste management

The FS Group promotes the transition to a circular economy, and takes steps to adopt business models that are geared towards the prevention and reduction of waste⁴⁴, the reuse of assets that are still usable and the recycling of waste and to ensure that its contractors and, where possible, the entire value chain adopt these models as well. Sustainable procurement and the continuous improvement of waste cycle management are top priorities for the Group and objectives in the industrial plan for all Group companies.

More than 95% of all waste generated by the Group, by weight, derives from industrial, construction, demolition and excavation activities - mainly ferrous and non-ferrous materials, discarded equipment, waste from the train toilets, demolition debris, excavated earth and rocks, wood sleepers and gravel from the railway embankments - and only a small part is urban waste (both unsorted waste and the recyclable waste resulting from sorted waste collection). Approximately 84% of urban waste results from waste collection at stations, i.e., waste produced by third parties in public areas.

A slight increase was recorded in special waste in 2023 compared to the previous year; this increase is also related to the extension of the perimeter of the Group companies involved⁴⁵. As regards, on the other hand, the collection of urban waste taken in charge at stations, the last two years have confirmed a stable trend in terms of quantities collected and a positive and marked increase of seven percentage points in urban waste sent for sorting compared to the 2022 figure.

Also noteworthy is the reduction in the production of urban waste generated by office work and the concomitant increase in the proportion of waste sent for sorting of around 42%.

The Infrastructure business segment accounts for approximately 79% of the Group's waste, followed by Passenger with 18%. This waste is due to the indispensable maintenance of the road and rail network infrastructure and the maintenance and operation of vehicles.

GRI 306-3				tonnes
Waste produced by type (Group)*	2023	2022(**)	2021	
Urban waste	2,859	6,054	7,190	
<i>sorted waste</i>	42.2%	35.5%	30.6%	
Urban waste at stations	14,742	14,821	10,439	
<i>sorted waste</i>	37.7%	30.7%	30.9%	
Non-hazardous special waste	269,294	267,990	323,465	
<i>sent for recycling</i>	96.2%	95.3%	96.0%	
Hazardous special waste	59,423	51,853	60,660	
<i>sent for recycling</i>	97.1%	95.7%	93.2%	
Total waste produced	345,861	340,718	401,754	
of which %:				
<i>Passenger</i>	17.87%	16.89%	14.93%	
<i>Infrastructure</i>	78.51%	79.42%	78.41%	
<i>Logistics</i>	3.53%	3.60%	6.59%	
<i>Urban</i>	0.05%	0.04%	0.03%	
<i>Other Services</i>	0.04%	0.05%	0.04%	

(*)The amount of special waste produced is calculated based on the amounts reported in the waste identification formulations. The amounts related to urban waste are based on the waste's weight on a scale or the average weight of bags of waste produced

(**) Data for "special non-hazardous waste" were adjusted during 2023 following a refinement of the data collection process and calculation methodology.

As for waste transported, the Logistics business segment handled 1,571,805 tonnes of waste across borders and 257,428 tonnes nationally in 2023.

⁴⁴ Waste is classified by origin as special and urban waste. Special waste is generated by industry and crafts, construction and demolition, commercial activities and services and is considered either hazardous or non-hazardous based on the concentration of dangerous substances that it contains or the categories provided for by lawmakers. Urban waste is domestic waste or other non-hazardous waste generated by other non-domestic activities (e.g., offices, canteens, etc.), which is similar to domestic waste and, therefore, can be recycled or disposed of in plants that were originally designed to treat urban waste.

⁴⁵ In 2021 Ataf was also considered. From 2023 perimeter was joined by: Busitalia Rail Service, Issa, Mercitalia Intermodal, FS Park.

Water management

The efficient use of water resources, the treatment of wastewater, the protection of water quality, controls and grid management are some of the main activities performed by the FS Italiane Group companies on the topic of water resources.

The type of core business operations of the FS Group means that water consumption is not as significant as in other sectors. However, the volumes of water used amount to 16,109 thousand litres, comparable to the average annual consumption of an Italian provincial capital with approximately 200,000 inhabitants. The prevailing use is for civil use, approximately 84% of total withdrawals, and is for toilets and drinking fountains at stations for public use, toilets in offices and factories, canteens and to replenish the tanks for toilets on board trains. Industrial uses, about 16% of total withdrawals, are mainly intended for internal cleaning and sanitising of vehicles, external washing of means of transport and components, and technological processes at industrial sites.

The Group companies hold frequent awareness campaigns to inform passengers, customers at stations, suppliers and workers about the responsible use of this resource and, with respect to industrial use, these campaigns focus above all on reducing consumption, increasing the reuse of water and the effective collection and treatment of wastewater⁴⁶. In 2023, the trend in reducing water consumption continued, due to the attention that the Group has been paying to this issue for years, which is becoming more and more pressing, also as a consequence of the ongoing climate change. The reduction was recorded substantially in the segment of water for civil use. The analysis of water withdrawals shows that approximately 81% of the total amount of water consumed by the Group was withdrawn by the Infrastructure business segment entities in 2023.

GRI 303-3		mega-liters		
Water withdrawn by use and source (Group)	2023	2022 ^(**)	2021 ^(**)	
Civil use*	13,520	14,236	14,690	
- from aqueducts	8,465	8,109	8,471	
- from underground water (water table and sources)	5,012	6,075	6,170	
- from bodies of water	43	52	49	
Industrial use	2,590	2,545	2,403	
- from aqueducts	1,585	1,637	1,501	
- from underground water (water table and sources)	965	871	859	
- from bodies of water	40	37	43	
Total water withdrawn by the Group	16,110	16,781	17,093	
of which %:				
<i>Passenger</i>	<i>17.68%</i>	<i>17.80%</i>	<i>16.25%</i>	
<i>Infrastructure</i>	<i>80.98%</i>	<i>80.72%</i>	<i>82.22%</i>	
<i>Logistics</i>	<i>0.60%</i>	<i>0.73%</i>	<i>0.80%</i>	
<i>Urban</i>	<i>0.66%</i>	<i>0.58%</i>	<i>0.58%</i>	
<i>Other services</i>	<i>0.08%</i>	<i>0.17%</i>	<i>0.15%</i>	

* includes withdrawals for civil use in stations.

(**) Data for water withdrawn "for civil use" and for "industrial use" were adjusted during 2023 following a refinement of the data collection process and calculation methodology.

⁴⁶ Water withdrawn for industrial use undergoes a different treatment (chemical-physical) from that for civil use (biological treatment), considering the specific characteristics of the pollutants.

GRI 303-4

mega-liters

Water discharge by quality and destination (Group)*	2023	2022(**)	2021
Wastewater sent to sewers	13,506	14,883	15,308
<i>% of water treated beforehand</i>	<i>7.8%</i>	<i>8.00%</i>	<i>8.90%</i>
Wastewater sent elsewhere	1,013	789	870
<i>% of water treated beforehand</i>	<i>16.0%</i>	<i>25.40%</i>	<i>25.70%</i>
Total wastewater discharged by the Group	14,519⁴⁷	15,672	16,178
of which %:			
<i>Passenger</i>	<i>13.85%</i>	<i>13.87%</i>	<i>13.07%</i>
<i>Infrastructure</i>	<i>84.98%</i>	<i>84.96%</i>	<i>85.47%</i>
<i>Logistics</i>	<i>0.35%</i>	<i>0.37%</i>	<i>0.69%</i>
<i>Urban</i>	<i>0.73%</i>	<i>0.62%</i>	<i>0.61%</i>
<i>Other services</i>	<i>0.09%</i>	<i>0.18%</i>	<i>0.16%</i>

(*) Discharge resulting from the Group use is mainly classified as domestic wastewater (in 2023, domestic wastewater accounted for roughly 89% of total wastewater). This water is discharged by being sent to the municipal sewage system in accordance with the requirements of Legislative decree no. 152/2006.

(**) Data for "wastewater discharged to sewer," were adjusted during 2023 following refinement of the data collection process and calculation methodology.

As water risk is progressively becoming a global challenge requiring urgent attention⁴⁸, the Group has rolled out, as from the 2022 reporting, monitoring of the volumes of water it withdraws and discharges in water-stressed areas according to the instructions provided by the World Resources Institute. The analysis shows that more than 70% of the total withdrawal required to meet the Group's needs takes place in water-stressed areas and is mainly attributable to the activities and services performed by the Companies of the Passenger and Infrastructure business segments.

Hazardous substance management

The Group companies' industrial, work site and transport operations could cause accidental spills of liquids containing potentially dangerous substances, in emergency conditions. In 2023 there were eight significant spills⁴⁹ in Italy, with an estimated total volume of approximately 280 m³, mainly related to the release of hazardous substances on railway lines on the part of rail freight companies, and diesel for traction on the part of vehicles using the road infrastructure network. These accidental spills were mostly contained and absorbed immediately (thanks to the adoption of procedures for the management of environmental emergencies and periodic simulations prepared and conducted in the scope of the implemented environmental management systems) and, where necessary, were subject to environmental reclamation by a specialised firm.

Management of noise pollution

The Group companies endeavour to prevent and reduce their acoustic impact, specifically in the design and operation of infrastructure and by using innovative technological solutions implemented on new rolling stock and new buses.

cumulative km

Acoustic barriers built	2023	2022	2021
Total	693	687	675
Rail	487	482	475
Road	206	205	200

⁴⁷ The difference between the volumes of water withdrawn and discharged is mainly related to the disposal of wastewater generated as liquid and non-liquid waste through the drainage system.

⁴⁸ The World Meteorological Organization (WMO) has officially confirmed that 2023 was the warmest year on record. Six major international datasets used to monitor global temperatures and consolidated by the WMO show that the annual global mean temperature was 1.45 ± 0.12°C above pre-industrial levels (1850-1900) in 2023. Global temperatures in every month between June and December set new monthly records. July and August were the two warmest months on record. Source: WMO press release of 12 January 2024.

⁴⁹ The total volume of spills of hazardous liquid substances (e.g., fuel, liquid waste, etc.) is considered with an estimated value related to the amount disposed of as waste.

The travel experience

To offer quality services to passengers and industrial customers, the FS Group has had a monitoring process for customer care in place for some time, based on the parameters established in the “service charters”, and customer satisfaction surveys to analyse the expectations and satisfaction levels of passengers and customers.



Infrastructure

The Infrastructure segment includes:

- railway network/stations;
- road and motorway network.

With regard to the **railway network and the stations**, the Group monitors the objectives set out in the Service Charter. With regard to the perceived quality objectives, which are linked to the percentage of passengers satisfied (scores of 6 to 9) with the services offered at stations, the 2023 customer satisfaction survey results show substantially stable values compared to last year.

Railway network/stations	2023 result	2022 result	Change (percentage points)
Indicator			
Travel comfort in station areas (overall perception of the station)	98.3%	98.7%	-0.4
Modal integration (perception of ease and convenience of arrival at the station)	97.8%	98.1%	-0.3
Security at the station (overall perception of security)	94.8%	95.5%	-0.7

The percentage of passengers satisfied (scores of 6 to 9) with the services offered at stations is monitored by RFI's market observatory by conducting more than 180,000 interviews with departing passengers at the 760 stations in the network where 94% of all passengers transit.

For a better understanding of the 2023 results, the percentage of fully satisfied passengers (scores of 7 to 9) should be considered although it is not used in the Service Charter. Even in this case, the overall station quality is more or less stable (90.5%, -0.3% on 2022) while security increases, from 80.8% in 2022 to 83.4% recorded in 2023 (+2.6%), thanks to the excellent performance recorded at the stations of the RFI network (81.6%, +3.4%).

The Group monitors the targets established in the Service Charter for the **roadway and motorway network**.

The customer satisfaction survey carried out to collect feedback on the opinions and satisfaction of customers who contacted the customer care office showed a satisfaction score of 7.6 out of 10 (for the first nine months of the year).

Railway passenger transport

Railway passenger transport can be split into two main areas:

- medium and long-haul transport;
- regional transport.

Italy⁵⁰

Trenitalia

Train traffic is monitored in real time and, in the event of critical events, the crew on board is notified in order to inform customers. The output of the key service elements (punctuality, traffic irregularities, etc.) is analysed each day and discussed in periodic meetings, where necessary, even with the infrastructure operator, to address recurring issues (e.g., the schedule, employee and rolling stock shifts) to achieve continuous improvement.

With respect to **punctuality**, the regional service confirmed in 2023 a % of trains arriving within 5' of the scheduled time exceeding 90% and in line with last year's performance. In analysing Freccie and Intercity trains, both types of service showed a slight deterioration in performance.

Punctuality in Italy*	2023	2022	Change (percentage points)
(figures updated at January 2024)			
Commercial services (Freccie) <i>% of trains arriving within 10 minutes of the scheduled time</i>	75.5%	77.0%	-1.5
Universal service (Day and Night Intercity) <i>% of trains arriving within 15 minutes of the scheduled time</i>	85.0%	86.2%	-1.2
Regional service <i>% of trains arriving within 5 minutes of the scheduled time</i>	92.0%	92.2%	-0.2

* All trains arriving after the indicated time limit are considered as late (no exceptions).

Perceived quality is measured through periodic surveys of passengers aged 14 years and up about their experience on trains managed by the Group (medium/long haul⁵¹ and short haul journeys and local/regional transport⁵²). Surveys are conducted using face-to-face and telephone interviews⁵³.

In 2023, 98.7% of medium- and long-haul passengers were satisfied with the "overall journey", an improvement of 1% on 2022. Overall, all the main aspects improved on the previous year.

Medium and long haul	2023	2022	Change (percentage points)
Overall journey*	98.7%	97.7%	+1.0
Cleanliness	98.1%	96.4%	+1.7
Punctuality	94.4%	92.5%	+1.9
Comfort	98.4%	97.4%	+1.0

* Satisfaction with the "overall journey" refers to the entire travel experience (door-to-door).

The **regional** transport survey results also show higher customer satisfaction. 91.9% of passengers were satisfied with the "overall journey", up 0.1% on 2022. Overall, all the main aspects improved on the previous year, particularly "comfort" and "cleaning".

Regional	2023	2022	Change (percentage points)
Overall journey*	91.9%	91.8%	+0.1
Cleanliness	82.8%	82.2%	+0.6
Punctuality	83.7%	83.5%	+0.2
Comfort	93.0%	92.5%	+0.5

* Satisfaction with the "overall journey" refers to the entire travel experience (door-to-door).

⁵⁰ The railway passenger transport scope includes the services offered by Trenitalia and Ferrovie del Sud-Est.

⁵¹ Surveys are conducted once every two months for a total of six surveys per year and entail 5,800 interviews with a sample of passengers selected using a probability-based procedure in connection with three different aspects: traffic, station and brand.

⁵² Surveys are conducted every two months for a total of six surveys per year and entail 8,870 interviews. Such a high number of interviews makes it possible to survey passengers travelling on the 35 main regional railway lines throughout all of Italy.

⁵³ Face-to-face interviews were carried out at the station at a train's departure/arrival. Telephone interviews using CATIs (computer assisted telephone interview) are conducted through call-backs to interviewees two/three days after the journey. The score for each variable considered in the survey is on a scale of one to nine, where one corresponds with the lowest level of satisfaction and nine with the highest. Passengers who report a satisfaction rate equal to or greater than six are considered satisfied.

Ferrovie del Sud-Est e Servizi Automobilistici (FSE)

FSE monitors and reports on the quality targets set out in the service charter to strive for constant improvement. Customer satisfaction is monitored through sample questionnaires. Customers score each variable on a scale of one to nine, where a score of nine means they are fully satisfied and one means they are not satisfied at all. A score of seven means the passenger is satisfied with the variable.

In 2023, 77.4% of the respondents said they were satisfied overall with the railway transport service.

United Kingdom

The FS Italiane Group operates in the UK through Trenitalia C2C Ltd, which offers passenger transport services between London and Essex. Surveys were carried out in 2023 through "Wavelength", which gathered 1,578 responses, showing a constant trend with regard to customer satisfaction, which stood at a score of 78/100.

Greece

Hellenic Train measures passenger satisfaction quarterly (e.g., surveys and mystery customers). An independent entity carries out the analysis. The sample analysed amounted to 2,000 passengers (including all business segments: long haul, interurban, regional transport). In 2023, the value relating to customer satisfaction (amounting as a whole to 59.4%, declining by approximately 16.5 p.p. compared to the 2022 value (75.9%). The figures, relating to the 2023 third quarter analysis, are affected by the railway accident that occurred in February, which led to service interruptions by Hellenic Train, due to problems attributable to the railway network manager (a company outside the FS Group); various initiatives are currently underway by Hellenic Train's management, aimed at recovering expected service quality levels.

Germany

To monitor punctuality and passenger satisfaction, the Netinera Group uses a methodology established by the Public Transport Authority on a regional basis and on the basis of the type of service offered. Accordingly, Group and company indicators are not available.

France

In 2023, 96% of customers using the services offered by the FS Group in France, through Trenitalia France, were satisfied, with 49% of them giving the highest score (9/9), compared to 36% in 2022. Travellers declare that they would "recommend Trenitalia" and that they would "repeat the travel experience offered", dimensions of analysis that recorded significant values in the 2023 customer survey (8.3/9).

Spain

Since 25 November 2022, the Group has also been active in Spain, through ILSA, a subsidiary of Trenitalia. Customer surveys are carried out through an online survey in which travellers are asked to give a score from 1 to 10 to different dimensions of analysis (journey satisfaction, waiting, experience on board the train, etc.). The 2023 data recorded a Net Promoter Score (NPS)⁵⁴ of 62.4%.

⁵⁴ The Net Promoter Score is an index that measures the willingness of customers to recommend a company's products or services to others. The index is calculated by subtracting the percentage of "detractor" customers (those who gave a rating of 6 or less) from the percentage of "promoter" customers (those who gave a rating of 9 or 10).

Road passenger transport

Italy⁵⁵

Busitalia – Sita Nord and subsidiaries

Customer satisfaction targets are reported in the various service charters prepared on a regional, provincial and municipal basis and separately for the urban and suburban services.

In 2023, the criteria used for monitoring punctuality data were updated, aimed at detecting departing and no longer arriving journeys, making it impossible to compare values with those recorded in previous years. The data collected using the new methodology record approximately 98% of departing journeys on time for urban services and 98.8% for non-urban services.

Customer satisfaction monitoring continued in 2023⁵⁶. Field surveys were used for this purpose, i.e., directly interviewing customers while they are using the services to gather satisfaction data in real time. Thus, the surveys were carried out via face-to-face interviews for both urban and suburban services. The sampling was stratified by customer pool and line, with random extraction of statistics.

In addition to socio-behavioural data, the survey gathered data on customer satisfaction, using a score of one to ten. Customer satisfaction is gauged on both the service overall and individual aspects of the service.

Passenger urban road transport	2023	2022	Change (percentage points)
Overall score	91.5%	91.0%	+0.5
Service regularity and organisation	81.9%	80.5%	+1.4
Cleanliness	82.0%	81.5%	+0.5
Comfort	83.8%	82.3%	+1.5
Passenger suburban road transport	2023	2022	Change (percentage points)
Overall score	88.7%	88.6%	+0.1
Service regularity and organisation	79.8%	77.0%	+2.8
Cleanliness	79.1%	78.6%	+0.5
Comfort	84.4%	83.5%	+0.9

Ferrovie del Sud-Est e Servizi Automobilistici (FSE).

With regard to the road transport services operated by FSE, the percentage of overall satisfied customers in 2023 (measured using the same methodology as described above for the rail service but with a satisfaction level starting at 6) was 82.3% of respondents.

The Netherlands

The "OV Barometer" is used nationally to measure passenger satisfaction for Qbuzz BV, for all routes and operators⁵⁷. In 2022, Qbuzz scored 7.8 out of 10 for the LPT services offered in the Utrecht area, while in the Groningen-Drenthe and DMG (Drechtsteden-Molenlanden-Gorinchem) areas the value was 7.9/10. The 2023 survey has not yet been published at the reporting date of this document.

⁵⁵ The road passenger transport scope includes the LPT services offered by the Busitalia group companies and FSE.

⁵⁶ The customer satisfaction surveys covered the urban and suburban road services operated by Busitalia and its subsidiaries and the railway service operated in Umbria. In addition, data was gathered on customers' satisfaction with the replacement services offered by Busitalia Rail Service, the waterway navigation services on Trasimeno Lake and, to a lesser extent, the transport service in Tuscany to and from The Mall. The findings of the LPT surveys conducted in May and November were consolidated, weighting the figures for each individual pool by the corresponding number of transported passengers.

⁵⁷ "OV-Klantbarometer" is the name of the national survey conducted by an independent party to gather feedback from public transport passengers (urban and regional). Passengers may score the various aspects of the service. The survey is conducted quarterly on buses, trams, underground trains, regional trains and ships in most of the areas covered by public transport service operators.

Freight transport

Customer centrality is a fundamental value for all companies in the Logistics business segment and, to measure the level of satisfaction with the services offered, a Customer Satisfaction survey is conducted⁵⁸ via an online questionnaire which is organised so that customers can score the essential aspects of the service on a scale of one to ten.

Sustainable supply chain

The FS Italiane Group companies conduct negotiations in accordance with the antitrust principles in the EU Treaty and the “FS Italiane Group companies negotiations guidelines”.

The Group’s relationships with suppliers (including external contractors, consultants, intermediaries, sub-contractors, sub-suppliers and, in general, all parties in the supply chain) and business partners are based on upholding the principles of honesty, integrity, impartiality and sustainability.

As reiterated in the Code of Ethics, all our actions and conduct are characterised by the greatest honesty and we only operate with reliable, honourable individuals and companies of good repute.

Responsible management of the Group’s supply chain begins with the inclusion of rules (labour and social security laws with the application of national labour agreements, occupational health and safety, Code of Ethics, etc.) in standard contractual clauses and continues, in certain instances as part of the Group companies’ management systems, with a process to improve the environmental and social performance of their suppliers.

In line with the rules of the Public Contracts Code (Legislative decree no. 36/2023), suppliers are vetted on the basis of assessments relating to quality, price and other corporate pre-requisites (the supplier’s location and nationality are not part of the vetting criteria). Based on the sustainable procurement guidelines issued by the parent, the Group companies include sustainability criteria in their purchasing procedures based on the materiality of the environmental and social aspects applicable to the main categories of goods, for example:

- having environmental, social, health and safety and quality certifications (e.g., ISO 14001, ISO 9001, ISO 45001, etc.);
- the use of ecological materials and product certification (e.g., Ecolabel, Blauer Engel, etc.);
- energy efficiency and the procurement and use of energy from renewable sources;
- measures for the protection of health and safety in the workplace;
- amplifying diversity and inclusion (e.g., % of women in project teams).

The Group awarded contracts worth over €26.5 billion in 2023 (of which more than 88% was awarded by including environmental and social criteria).

In 2023, the Group companies paid suppliers over €20.4 billion. Of this amount, roughly 69% was for the performance of contracts and 89% was paid to suppliers based in Italy.

⁵⁸ The customer satisfaction survey was not carried out in 2023.

GRI 2-6

Percentage of expenses for direct local suppliers ⁵⁹	Unit of measure	2023	2022	2021
Italy	%	89	88	91
Abroad	%	11	12	9

The monitoring of the environmental and social impacts of the supply chain continued in 2023 through the administration of an online survey to the strategic suppliers of the Group's companies, and the launch of the first ESG assessment activities carried out on the new ESGeo⁶⁰ IT platform - implemented as part of the Sustainable Procurement and Supply Chain Management Project - which from 2024 will represent the FS Group's only tool for assessing, monitoring and responsibly managing its supply chain.

In addition, the Group assessed 762 suppliers (6.6% or 50, of which were new suppliers assessed for the first time in 2023), based on the environmental and social criteria provided by the EcoVadis monitoring platform.

The industrial plan requires that, starting in 2026, each supplier is assessed through the ESGeo IT platform, in order to obtain its own ESG Rating valid for the FS Group.

Human capital

The number of Group employees went from 85,361 at 31 December 2022 to 92,446 at 31 December 2023, with a net increase of 7,085. The Group moved forward with its generational change project, hiring 13,111 new employees (including 963 new employees due to ODEG in the Netinera Group joining the scope of consolidation) while 6,026 left the Group companies. The average number of employees increased (+6,400).

GRI 2-7	Units
NO. OF EMPLOYEES AT 31.12.2022	85,361
Incoming	13,111
Outgoing	(6,026)
NO. OF EMPLOYEES AT 31.12.2023	92,446
2022 AVERAGE	82,998
2023 AVERAGE	89,398

The presence of women is growing steadily, with an incidence of about 21% in 2023 (20% in 2022 and 19% in 2021), in line with the Group's objectives and actions to reduce the gender gap.

⁵⁹ The percentages for 2022 and 2021 were adjusted during 2023 following a refinement of the calculation methodology.

⁶⁰ In 2023, 35 strategic suppliers of major companies responded, 27 on the online survey and 8 on the ESGeo platform, respectively.

GRI 405-1

Units

Breakdown of personnel by gender and professional level	2023		2022		2021	
	no.	%	no.	%	no.	%
Managers	1,162	1.3%	1,070	1.3%	998	1.2%
- women	320		271		237	
- men	842		799		761	
Junior managers	13,871	15.0%	12,936	15.2%	12,285	15.0%
- women	3,475		3,091		2,743	
- men	10,396		9,845		9,542	
White collars	45,420	49.1%	41,692	48.8%	39,934	48.8%
- women	12,687		11,141		10,386	
- men	32,733		30,551		29,548	
Blue collars	31,993	34.6%	29,663	34.8%	28,689	35.0%
- women	2,688		2,528		2,261	
- men	29,305		27,135		26,428	
Total workforce (at 31 December)	92,446	100.0%	85,361	100.0%	81,906	100.0%
- women	19,170	20.7%	17,031	20.0%	15,627	19.1%
- men	73,276	79.3%	68,330	80.0%	66,279	80.9%
Average number of the year	89,398		82,998		81,365	

The total number of the Group employees at 31 December 2023, compared with the two previous year ends and broken down by region, shows the highest concentration in Italy, with a slight increase in personnel abroad (around 13%).

GRI 2-7/405-1

Units

Personnel by region	2023		2022		2021	
	no.	%	no.	%	no.	%
Personnel by region	92,446		85,361		81,906	
Italy	80,778	87.4%	75,281	88.2%	72,577	88.6%
- North	30,600	37.9%	29,144	38.7%	28,724	39.6%
- Centre	26,337	32.6%	23,944	31.8%	22,675	31.2%
- South and islands	23,841	29.5%	22,193	29.5%	21,178	29.2%
Abroad	11,668	12.6%	10,080	11.8%	9,329	11.4%

The total number of the Group employees at 31 December 2023, compared with the two previous year ends and broken down by age and professional level, is given below:

GRI 405-1

Units

Breakdown of personnel by age and professional level	Managers			Junior managers			White collars			Blue collars		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Total no.	1,162	1,070	998	13,871	12,936	12,285	45,420	41,692	39,934	31,993	29,663	28,689
% under 20 years	0%	0%	0%	0%	0%	0%	1%	1%	1%	1%	1%	1%
% between 1 and 30 years	0%	0%	0%	5%	4%	3%	27%	26%	24%	30%	28%	25%
% between 31 and 40 years	5%	5%	4%	21%	18%	16%	27%	25%	25%	21%	21%	21%
% between 41 and 50 years	36%	37%	40%	31%	32%	32%	21%	21%	21%	18%	19%	20%
% between 51 and 60 years	46%	46%	44%	29%	30%	34%	17%	18%	21%	21%	22%	25%
% over 60 years	12%	12%	12%	14%	16%	16%	7%	9%	9%	9%	10%	8%

There were 13,111 new hires at 31 December 2023, as shown below in the breakdown by gender and contract type, compared to the two previous year ends:

GRI 401-1

Units

Employees by contract type and gender	2023		2022		2021	
	no.	%	no.	%	no.	%
Total	12,148^(*)		9,317		8,680	
apprenticeship	4,045	33.3%	3,296	35.4%	3,121	36.0%
- women	763		718		620	
- men	3,282		2,578		2,501	
fixed-term	2,219	18.3%	2,469	26.5%	1,969	22.7%
- women	452		470		374	
- men	1,767		1,999		1,595	
permanent	5,870	48.3%	3,520	37.8%	3,572	41.2%
- women	1,680		978		809	
- men	4,190		2,542		2,763	
other contracts	14	0.1%	32	0.3%	18	0.2%
- women	1		0		4	
- men	13		32		14	

(*)The change in the consolidation scope led to a net increase of 963 employees of (ODEG – Netinera Group)

The tables below provide additional detailed information on the amount of personnel, new hires and termination of employment in the reporting period⁶¹.

GRI 2-7

Units

Employees by contract type and region	2023			2022			2021		
	Permanent	Fixed-term	Other	Permanent	Fixed-term	Other	Permanent	Fixed-term	Other
North	28,004	13		26,748	2		26,354	3	
Centre	22,741	19	1	19,499	15	1	18,424		5
South and islands	19,527	38	1	18,010	48		17,246		33
Abroad	281	1		274		2	235		1
Total	70,553	70	3	64,531	65	3	62,259	41	1
Total employees	70,626			64,599			62,301		

GRI 2-7

Units

Employees by contract type and gender	2023			2022			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Permanent	14,119	56,434	70,553	12,608	51,923	64,531	11,700	50,556	62,256
Fixed-term	25	45	70	7	58	65	1	43	44
Other		3	3		3	3		1	1
Total	14,144	56,482	70,626	12,615	51,984	64,599	11,701	50,600	62,301

GRI 2-7

Units

Employees by type of employment and gender	2023			2022			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Full time	13,689	56,251	69,940	12,221	51,838	64,059	11,296	50,446	61,742
Part time	455	228	683	394	143	537	405	153	558
Other		3	3		3	3		1	1
Total	14,144	56,482	70,626	12,615	51,984	64,599	11,701	50,600	62,301

The Group's commitment to investing in young people continued in 2023, with 65.5% of new hires in the 21-30 age group.

⁶¹ The data refer to the following companies: FS SpA, RFI, Trenitalia, Ferservizi, Italferr, FS Sistemi Urbani, Mercitalia Logistics, Mercitalia Rail, Mercitalia Intermodal, Busitalia Sita-Nord, Busitalia Veneto, Busitalia Rail Service, Busitalia Campania, Grandi Stazioni Rail, Grandi Stazioni Immobiliare, Terminali Italia, Italcertifer, FSTechnology, FS Security, Cremonesi Workshop, FS International and FSE. The total number of employees in this scope of analysis is 70,626, approximately 76.4% of the group's total workforce.

GRI 401-1

Units

Hires by age	2023		2022		2021	
	no.	%	no.	%	no.	%
Under 20 years	747	9.2%	623	10.5%	579	9.8%
- women	117		112		83	
- men	630		511		496	
Between 21 and 30 years	5,320	65.5%	3,971	67.2%	3,864	65.6%
- women	1,228		985		884	
- men	4,092		2,986		2,980	
Between 31 and 40 years	1,418	17.5%	840	14.2%	939	15.9%
- women	390		245		203	
- men	1,028		595		736	
Between 41 and 50 years	469	5.8%	328	5.5%	343	5.8%
- women	112		68		69	
- men	357		260		274	
Between 51 and 60 years	149	1.8%	122	2.1%	141	2.4%
- women	22		14		14	
- men	127		108		127	
Over 60 years	22	0.3%	26	0.4%	23	0.4%
- women	2		1			
- men	20		25		23	
Total hires by age	8,125		5,910		5,889	

GRI 401-1

Units

Hires by region	2023		2022		2021	
	no.	%	no.	%	no.	%
Italy	8,056	99%	5,804	98%	5,794	98%
- North	2,741	34%	2,030	35%	2,358	41%
- Centre	2,946	37%	2,016	35%	1,610	28%
- South and islands	2,369	29%	1,758	30%	1,826	32%
Abroad	69	1%	106	2%	95	2%
Total hires by region	8,125		5,910		5,889	

GRI 401-1

Units

Outgoing employees by age	2023		2022		2021	
	n.	%	n.	%	n.	%
Under 20 years	39	1.2%	21	0.6%	9	0.2%
- women	5		2		4	
- men	34		19		5	
Between 21 and 30 years	471	14.1%	421	11.7%	285	6.7%
- women	83		76		57	
- men	388		345		228	
Between 31 and 40 years	370	11.1%	285	7.9%	226	5.3%
- women	82		58		41	
- men	288		227		185	
Between 41 and 50 years	180	5.4%	159	4.4%	130	3.1%
- women	32		16		13	
- men	148		143		117	
Between 51 and 60 years	378	11.3%	610	16.9%	852	20.1%
- women	34		66		69	
- men	344		544		783	
Over 60 years	1,899	56.9%	2,116	58.6%	2,742	64.6%
- women	237		287		326	
- men	1,662		1,829		2,416	
Total outgoing employees by age	3,337		3,612		4,244	

GRI 401-1

Units

Outgoing employees by region	2023		2022		2021	
	no.	%	no.	%	no.	%
Italy	3,268	98%	3,542	98%	4,217	99%
- North	1,415	43%	1,602	45%	1,861	44%
- Centre	869	27%	874	25%	971	23%
- South and islands	984	30%	1,066	30%	1,385	33%
Abroad	69	2%	70	2%	27	1%
Outgoing employees by region	3,337		3,612		4,244	

The absenteeism rate was 8.0% in 2023, compared to 9.3% in 2022 and 7.9% in 2021.

Turnover (GRI 401-1):

by age	2023	2022	2021	by gender	2023	2022	2021	by region	2023	2022	2021
% Total	16.8	15.1	16.6	% Total	16.8	15.1	16.6	% Total	16.8	15.1	16.6
% under 20 years	1.1	1.0	1.0	%Women	3.4	3.1	2.9	%Italy	16.6	14.8	16.4
% between 1 and 30 years	8.5	7.0	6.8	%Men	13.3	12	13.7	- %North	6.1	5.8	6.9
% between 31 and 40 years	2.6	1.8	1.9					- %Centre	5.6	4.6	4.2
% between 41 and 50 years	0.9	0.8	0.8					- %South and islands	4.9	4.5	5.3
% between 51 and 60 years	0.8	1.2	1.6					%Abroad	0.2	0.3	0.2
% over 60 years	2.8	3.4	4.5								

The turnover rate, in line with the trend of recent years, increased slightly (+1.7 percentage points), against the overall growth of the Group's workforce.

Updates to the national labour agreement applied to the FS Italiane Group

Employees are covered by national collective bargaining agreements⁶². The agreement for nearly all the Group's non-managerial personnel is that for the mobility/rail sector⁶³, supplemented by the Group's employment contract of 22 March 2022.

In 2023, various trade union agreements were signed relating to the FS Italiane Group companies, which provided for specific interventions on performance bonuses, ticket restaurant meal vouchers and work life balance.

Training

The Group's training volumes grew by 19% in 2023 compared to 2022 in terms of man/days. A total of 968,428 man/days were in fact delivered which mainly concerned training for the Group's university graduates, the development of managerial skills, including at an international level, and soft skills, as well as professional training on core or cross-sectional issues, and training in sustainability issues, reflecting and supporting the importance that the Group's industrial plan places on sustainability goals, technical-professional areas so that trainees learn and maintain the technical skills and certifications typical of their operating duties.

During the year the Group continued to invest significantly in advancing digital learning to drive the development of know-how in various areas of expertise. Digital training saw a strong surge both in terms of hours of training delivered (180,622 hours of training on e-learning platforms, an increase of about 224% on 2022) on increasingly heterogeneous topics and content thanks to the implementation of new e-learning platforms, and in terms of the number of learners trained by the Group (31,943 learners, an increase of 87% on 2022).

⁶² The scope of analysis refers to the companies, already mentioned in the note at the beginning of the chapter, which account for more than 76% of the Group's total workforce.

⁶³ The other national collective bargaining agreements applied are: the agreement for bus, rail, tram and ship workers (Mobility-LPT) applied by Busitalia - Sita Nord, Busitalia Campania, Busitalia Rail Service, Busitalia Veneto and Ferrovie del Sud Est; hat for the logistics, freight transport and shipping sector, applied by Mercitalia Intermodal; and that for the service sector, applied by GS Rail e GS Immobiliare.

Furthermore, 30,344 man-days of training were provided to non-Group personnel belonging to supplier companies in order to ensure compliance with consistent standards of expertise and safety.

The total cost of training days solely for employees amounted to €10.2 million, up 25.7% on 2022 due to the increase in training provided. Funding for training generated revenue of over €4.5 million.

GRI 404-1		man-days		
man-days of training by professional level and gender*	2023	2022	2021	
Total training days	968,427,93	815,613.18	659,530.07	
Managers	3,971.53	3,661.80	3,442.01	
- <i>women</i>	1,328.25	1,138.04	1,084.84	
- <i>men</i>	2,643.28	2,523.76	2,357.16	
Junior managers	65,909.21	52,182.77	47,395.18	
- <i>women</i>	14,859.63	10,043.70	9,085.47	
- <i>men</i>	51,049.59	42,139.07	38,309.71	
White collars	420,616.72	400,370.34	325,645.88	
- <i>women</i>	128,265.47	111,107.46	89,984.72	
- <i>men</i>	292,351.25	289,262.88	235,661.16	
Blue collars	477,930.47	359,398.27	283,047.00	
- <i>women</i>	10,044.16	9,662.22	8,525.00	
- <i>men</i>	467,886.31	349,736.05	274,522.00	
Total women	154,497.50	131,951.42	108,680.03	
Total men	813,930.43	683,661.76	550,850.03	
average days of training per employee	14.94	13.42	11.13	

* The scope of analysis includes: FS, RFI, Trenitalia, Busitalia - Sita Nord, Ferservizi, Italferr, FS Sistemi Urbani, Mercitalia Logistics, Mercitalia Rail, FS Technology, FS international e FS Security, Anas, Blu Jet, Busitalia Campania, Busitalia Rail Service, Busitalia Veneto, Cremonesi Workshop, Fercredit, Ferrovie Sud Est e Sa, Grandi Stazioni Rail, Infrarail, Italcertifer, Mercitalia Intermodal, Mercitalia Shunt&Terminal, FS Park and Terminali Italia

Recruitment

In 2023, the Group ramped up its commitment, with significant volumes of new hires, in all recruitment activities, upholding the principles of meritocracy, transparency and equal opportunities. In particular, in order to redefine the Group's positioning as an employer, in the area of external market research, the selection process was geared towards digitalisation and finding and testing innovative solutions with the aim of strengthening talent attraction and recruitment on all targets, digital channels were managed to promote professional opportunities, and the first entirely social campaign was launched, designed for a specific target of young high school and university graduates.

Furthermore, there was the activation of numerous job posting campaigns for the Group in promoting the diversification of professionals and developing human resources within the Group.

The Group has over 70 agreements and partnerships with academic, training and research bodies for work experience arrangements, university and post-graduate theses under the NRRP and strategic business projects.

HR Development & performance management

In 2023, the Group further focused its commitment and energy towards the evolution of the Governance Model in accordance with the Industrial Plan. The People Strategy of the year was therefore geared towards supporting the new organisation centred on the four Business Segments that draw a long-term strategic and industrial vision and are linked to specific enabling factors designed to enhance the specificity of all Group Companies.

In this context, one should read the commitment that the Group is pursuing with respect to the cross-sector development of People in a planning and preparatory perspective for the challenges of the future, and in particular development programmes designed and implemented to generate value, both for the company through a system that enables the continuous evolution of

know-how and managerial skills, and for People through a system that constantly offers learning opportunities and the enhancement of their own characteristics and skills; the project aimed at ensuring succession in strategic positions, which has involved not only the assessment of personnel performance but also the definition of succession Tables for the entire managerial population of the FS Group; the community created to share ideas, information and documents in real time and to improve communication and collaboration on issues relating to management development and widespread leadership and the cooperation and collaboration on issues related to management development and widespread leadership and the initiative aimed at generating networking experiences and developing innovation skills.

People Care

In 2023, projects were carried out to support the Group's people and reinforce Corporate Social Responsibility, with an approach focused on maximising the reach and value of the activities for company caring initiatives, Social Policies, Diversity & Inclusion and Engagement, which the unit promotes for everyone. The main topics covered in the Group's various initiatives were: physical, psychological and relational well-being of personnel, gender equity and elimination of gender-based violence, interculturalism and onboarding of people with disabilities.

With regard to gender equality and LGBT+, it should be noted that, starting from 2023, FS's annual performance is measured according to the criteria of the Women's Empowerment Principles, signed by the Group in 2020 and according to the criteria of the association PARKS - free and equal, of which FS is a member. In addition, the pre-assessment process for obtaining the Gender Equality Certification has been started.

As part of FS's adhesion to the United Nations Global Compact (GCUN) office, the Group has contributed to the drafting of the manual providing instructions for drafting a corporate policy on diversity and inclusion, published and circulated to all members of the GCUN office, and has signed the Manifesto Business for People and Society, reaffirming our Group's commitment to continuous progress in the advancement of the UN 2030 Agenda, with specific reference to the social dimension.

Finally, the new Help Centres in Grosseto and Viareggio were activated in 2023, bringing the total number of the network to the current 20 Help Centres.

Occupational health and safety

The Group intends to confirm its position among the leading industrial companies in the area of health and safety, with the ambition of pursuing the goal of zero accidents at work in the long term through a programme of continuous performance improvement.

During 2023, Group companies continued to develop the projects envisaged under the FS-Inail Protocol, signed by the parties in 2022. In particular, the main initiatives concern: experimentation of technological, innovative and organisational solutions in the realisation of infrastructural works; collaboration in the field of health and occupational medicine on training, risk assessment and the application of digital solutions; realisation of a conference for the sharing and dissemination of best practices for prevention with the involvement of other industrial companies, the Scuola Superiore Sant'Anna of Pisa and the Trade Unions. The table below shows an analysis of accident events, applied from 2023.

GRI 403-9

	2023 ⁽⁵⁾
Recordable work accident rate ⁽¹⁾	11.69
Work accident rate with serious consequences (excluding deaths) ⁽²⁾	1.96
Rate of deaths resulting from work accidents (3)	0.09
Number of recordable work accidents	1,588
Number of work accidents with serious consequences (excluding deaths)	266
Number of deaths resulting from work accidents	12
Number of average hours worked ⁽⁴⁾	135,896,669

(1) Ratio between the number of recordable accidents (assessed as the number of all accidents with a total duration of more than or equal to 1 day of prognosis) and the number of hours worked (assessed as a function of the average number of employees and the estimated average hours worked by each employee).

(2) Ratio of the number of accidents with serious consequences, excluding deaths (assessed as the number of accidents with a total duration of more than or equal to 40 days of prognosis) to the number of hours worked (assessed as a function of the average number of employees and the estimated average hours worked by each employee).

(3) Ratio of the number of deaths resulting from occupational injuries to the number of hours worked (assessed by average staff size and estimated average hours worked by each employee).

(4) The number of hours worked is calculated according to the average staff size and the estimated average hours worked by each employee.

(5) The data refer to the accident indicators of the following companies: FS, Trenitalia, RFI, Ferservizi, Italferr, FS Sistemi Urbani, Fercredit, Italcertifer, Ferrovie del Sud Est, Anas, FS Technology, FS Security, FS International, FS Saudi, FS USA, Terminali Italia, Grandi Stazioni Rail, Trenitalia France, Trenitalia C2C, Hellenic Train, Netinera, ILSA, Cremonesi Workshop, Mercitalia Logistics, Mercitalia Rail, Mercitalia Intermodal, TX Logistik, Mercitalia Shunting & Terminal, Busitalia Sita Nord, Savit, Busitalia Rail Service, Busitalia Veneto, Busitalia Campania, Firenze City Sightseeing, Qbuzz, Grandi Stazioni Immobiliare. The perimeter represents 99.4% of the total, a result achieved in 2023 thanks to a project aimed at structuring a centralised collection process in the medium to long term for data in the field of occupational health and safety; 2022 and 2021 data are, therefore, not available.

The table below shows the figures for 2023 and the comparison with those of the two previous years, taking into account the figures for accidents compensated by the insurer INAIL (in the process of being settled for 2023).

GRI 403-9	units		
Injuries indemnified by INAIL ⁽¹⁾	2023 ⁽²⁾	2022	2021
Injuries in the workplace	765	655	909
- women	118	106	132
- men	647	549	777
Fatal injuries	3	3	2
- women	1		
- men	2	3	2
Serious injuries in the workplace ⁽³⁾	210	181	274
- women	26	28	33
- men	184	153	241
Injuries in transit	189	153	236
- women	44	39	39
- men	145	114	197
Frequency - overall ⁽⁴⁾	10.7	9.63	15.28
- women	7.78	7.93	12.03
- men	11.04	10.05	16.02
Severity - overall ⁽⁵⁾	559	415	591

(1) Data include the following companies: FS Italiane, RFI, Trenitalia, Ferservizi, Italferr, FS Sistemi Urbani, Italcertifer, Mercitalia Logistics, Mercitalia Rail, Busitalia - Sita Nord, Anas and FS Technology (the latter two companies were not present in 2021).

(2) INAIL figures for 2023 are partially consolidated, since investigations by the competent authorities were ongoing at the reporting date of this document.

(3) Serious accidents are defined as those for which the days of absence are more than 40.

(4) Frequency: [no. of occupational injuries/average number of employees] *1000 employees calculated according to the European standard ESAW.

(5) Severity: [number of days lost/average number]*1,000 employees;

The Group has always devoted utmost attention to raising contractors' awareness and the importance of safety at railway infrastructure sites and holding them accountable for site safety.

The main safety indicators are reported below. These data do not include all the contractor firms of the Group but refer to sites for civil and technological contracts in which Italferr is involved as works manager/coordinator during performance and for the contracts for new HS/HC lines awarded to general contractors in which Italferr provides works management and safety oversight.

The data also refer to general contracts in which Italferr provides oversight for both works management and safety. For more details on events occurring to contractor personnel as a result of major railway accidents, please refer to the paragraph on "Other Information".

GRI 403-9			units
Injuries to employees of contractors¹	2023	2022	2021
Injuries	182	174	202
<i>fatalities</i>	<i>1</i>	<i>1</i>	<i>0</i>
Accident rate of employees of contractors¹	2023	2022	2021
Frequency rate ²	11.08	13.19	18.09
Severity rate ³	1.02	1.34	0.77
Hours worked	16,330,372	13,119,750	11,167,470

1 The data refer to sites for civil and technological contracts in which Italferr is involved as works manager/coordinator during performance and for the contracts for new HS/HC lines awarded to general contractors in which Italferr provides works management and safety oversight. The data also refer to general contracts in which Italferr provides oversight for both works management and safety.

2 Frequency rate: [number injuries/hours worked]*1.000.000.

Hours worked are calculated by multiplying the number of daily working hours (conventionally 8h/day) by the number of man days for blue collar workers.

3 Severity rate: [(days of prognosis + conventional days for the fatalities)/hours worked]*1.000.

Conventional days for fatalities are calculated by multiplying the number of fatalities by 7,500. Hours worked are calculated by multiplying the number of daily working hours (conventionally 8h/day) by the number of man days of blue collars.

In 2023, the frequency rate was lower than that recorded in 2022 (F= 13.19), as was the severity rate (S= 1.34).

The number of hours worked increased by approximately 24% in 2023, a clear sign of the ongoing investments in the railway sector and the Group's commitment to continue updating the country's railway infrastructure network as much by laying new sections as by equipping existing sections with last-generation technologies.

Alongside this increase in the number of hours worked, there was a reduction in the frequency rate despite the increase in injuries in absolute values (182 recorded against 174 in 2022).

Commitment to the community

The FS Group is ontologically dedicated to shortening the physical gaps between the various areas of the country, enabling the mobility of citizens and goods.

The fact of Identifying remedies and instruments for preventing the social gaps that exist in the various territories and that historically find in the railway areas a point of concentration, constitutes for the Group a socially qualifying activity, as well as a servant and complementary to its core business.

The expertise gained by the Group in the reception and management of the discomfort of the fragile population, present in the areas of the country's main stations, and in the identification of cultural and tourist factors to be valorised, is characterised by measurable qualitative and quantitative short and long term spin-offs and by the variety of interventions such as

- concession of spaces for the reception and inclusion of disadvantaged persons;
- co-design activities with local players for the reuse of real estate and disused railway lines;
- activities to stimulate the emergence of tourist and cultural routes.

Concession of spaces for the reception and inclusion of disadvantaged persons: Help Centres and Reception Centres

There are basically two possibilities for the concession of spaces for the reception and inclusion of disadvantaged persons: Help Centres and Reception Centres. Both initiatives are structured in networks capable of connecting the various locations and are

characterised by the Group's ability to select people in accordance with the characteristics of the local area, granting them full autonomy but requiring monitoring and effective restitution in terms of inclusion of the subjects treated.

The **Help Centres**, in particular, find convergence in the National Observatory of Solidarity in Italian Stations, which is a project of the Social Policies Sector of FS implemented in partnership with ANCI (National Association of Italian Municipalities) and the Social Cooperative Europe Consulting.

The help centres, which offer different types of assistance according to the socio-economic characteristics of the local context, the available space, the composition of the partnership networks and the legal form of the help centre operators, refer to five macro-areas: primary needs such as food and medical care, night shelter, day shelter, assistance and admittance office.

During 2023, in particular, the network also dedicated itself to accompanying pathways for socio-occupational inclusion; specifically, together with the start-up Ridaje, 12 people in a state of fragility were identified among the guests of the Help Centre of Roma Termini in order to train them as green operators for the care of the areas of Piazza Ragusa and Porta Maggiore for a period of 12 months. At the end of the year at least two of these operators will be hired by Cooperatives that take care of the city green areas.

The concession, as gratuitous loan for use, to Municipalities or third sector bodies of spaces and buildings inside or in the immediate vicinity of stations allows the generation of socio-economic value, especially in terms of "multiplier effect" of resources. In addition to the areas granted, which amount to 4,639 square metres, there is an allocation of approximately €125,000 for the running costs of the buildings. The evaluation of the socio-economic value generated was the subject of a study by the European Research Institute on Cooperative and Social Enterprises (EURICSE). The study, which adopts the Impact Value Chain methodology, will offer an economic and financial reading of the work of the Help Centres in terms of savings generated for the community, knowledge sharing, data interoperability and employment generated. At present, there are 20 Help Centers operating through the country, at



the stations of Rome, Milan, Florence, Genoa, Naples, Catania, Foggia, Chivasso, Pescara, Bari, Turin, Messina, Bologna, Reggio Calabria, Brescia, Cagliari, Pisa, Grosseto, Viareggio and Rovereto, the last three opened recently.

In addition to the **Help Centres**, there are several reception centres inside railway premises and managed by large social associations, particularly in Rome and Milan: the 'Don Luigi Di Liegro' Caritas Hostel in Rome; the 'Rifugio Caritas' Centre in Milan; the 'Binario 95' Day Centre in Rome; the Arca onlus Project in Milan; the 'Pedro Arrupe' Centre in Rome, for asylum seekers and political refugees, managed by the Centro Astalli Association, active since 2002, based in the premises of the former Ferrotel at Roma Smistamento.

These are multi-functional facilities for offering support, opportunities to socialise and spend time together and assistance to all users. They offer cultural, educational, recreational and sports activities, in addition to occupational therapy, all meant to encourage social integration.

A total surface area of 7,964 square metres has been granted on free loan for social activities in welcome centres.

A total surface area of 12,603 square metres was granted on free loan for social activities in 2023.

Co-design activities with local players for reuse of decommissioned real estate assets and railway lines

As envisaged in the Industrial Plan, the Group set up an ad hoc business unit to contribute to the realisation of increasingly green, smart and people-friendly cities, through FS Sistemi Urbani, the lead company of the Urban Transport business segment

In this way, assets that are not functional to the core business, i.e. real estate that includes areas that cannot be used for commercial purposes (portions of unmanned stations, former cellar houses and other buildings), have been earmarked for social, cultural and environmental activities, in particular for the enhancement of the territory and for services for the benefit of citizens.

There are 464 stations with spaces under concession - in agreement with institutions, local authorities and associations - approximately 188,353 square metres; as regards yards outside stations and/or land, approximately 3,941,565 square metres have been granted by the Group. In addition, space has been granted to the Shoah Museum foundation for social and cultural activities on a symbolic basis (7,000 square metres at Milano Centrale).

The institutions, local authorities and non-profit organizations involved undertake to maintain the spaces allocated to them and at the same time to provide services to the community, thus contributing to making the unmanned stations and other Group real estate covered by the agreements safer and more lively.

With the same approach, it is intended to enhance, in agreement with local players, idle railway lines that can potentially be used for social purposes and soft mobility and span approximately 1,177 kilometres. At present, roughly 546 kilometres of idle lines have been converted into tourist lines, cycling paths and greenways.

Another initiative to use the Group's railway assets for social purposes has involved using railway routes for historic/tourist train journeys (185 kilometres). This reuse preserves the infrastructure's function as a railway and the role of secondary lines, for which there is little demand for commercial transport.

Activities to stimulate the emergence of tourist and cultural routes

Lastly, the Group, through collaboration with the Civita Foundation⁶⁴, is experimenting with financing local socio-cultural initiatives. In particular, the Group has allocated €36 thousand for the co-financing of cultural initiatives capable of raising at least a quarter of the budget through local crowdfunding activities. Services sector organisations interested in financing their projects entered their proposals on a crowdfunding platform called "*Produzioni dal Basso*" and a jury selected 6 projects, 3 for the Calabria Region and 3 for the Sicily Region. The selected projects, 40% of which are financed by donations and the remaining 60% by the FS Group, are carried out in areas where the Group's significant investments are concentrated and are aimed at enhancing the artistic and cultural heritage, also for tourism purposes, favouring social inclusion, the cultural participation of disadvantaged people and the accessibility to the cultural heritage also of fragile people, those with disabilities or reduced mobility. Moreover, one year after the implementation of the projects, the Civita Foundation will carry out an assessment of the socio-economic impact generated.

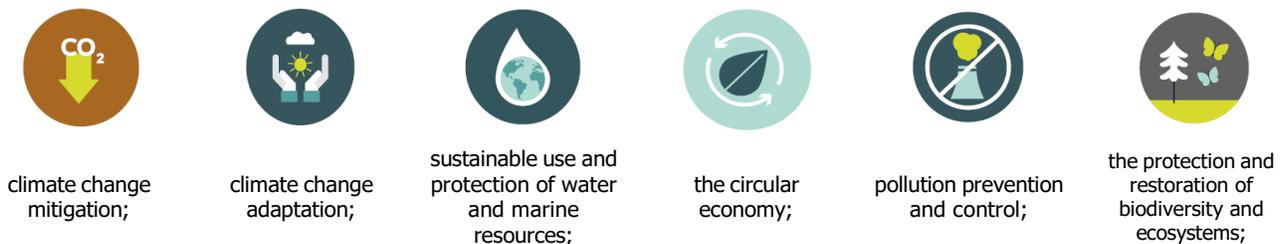
⁶⁴ The Civita Foundation has been structuring, for more than 40 years, opportunities for co-designing initiatives with a high social, cultural and economic impact between the business world and cultural entities.

Classification of the Group activities according to the European taxonomy

This section describes the FS Italiane Group’s activities in light of the classification of economic activities provided for in Regulation (EU) 2020/852 and related delegated acts⁶⁵ (the “EU Taxonomy”).

The Taxonomy establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable and applies to, inter alia, the undertakings that currently fall within the scope of application of the Non-Financial Reporting Directive (Directive 2014/95/EU), transposed into Italian law with Legislative decree no. 254/2016, which will be replaced by the new Corporate Sustainability Reporting Directive (CSRD) as from reporting periods ending 31 December 2024.

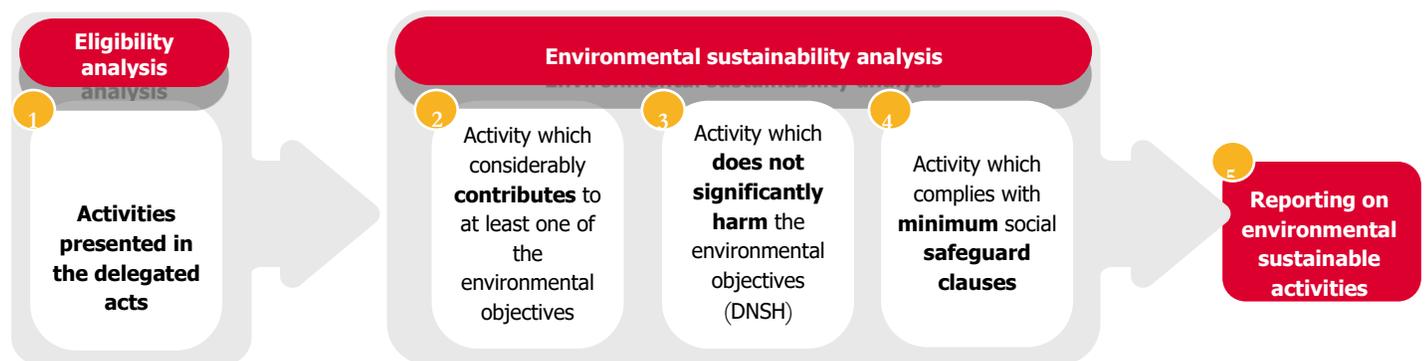
Specifically, Regulation (EU) 2020/852 defines an environmentally sustainable economic activity as one that substantially contributes to at least one of these six environmental objectives:



and, at the same time:

- does no significant harm to any of the environmental objectives (DNSH);
- is carried out in compliance with the minimum safeguards.

During 2023, each FS Group company, consolidated on a line-by-line basis, through a bottom-up process, identified and reported on its taxonomic activities. The screening process followed is shown in the chart below:



⁶⁵ Delegated Regulation (EU) 2021/2139, Climate Delegated Act; Delegated Regulation (EU) 2021/2178, Disclosure Delegated Act; Delegated Regulation (EU) 2022/1214, Complementary Climate Delegated Act; Delegated Regulation (EU) 2023/2485; Delegated Regulation (EU) 2023/2486.Environmental Delegated Act.

1) Eligibility analysis

Each Group company analysed its eligible activities to verify whether their activities correspond to those listed and described in delegated Regulations.

Below is the table of eligible activities identified for the Group and per business segment, broken down with respect to the Delegated Regulations

Eligible activities	Business segment			
Climate Delegated Act				
3. Manufacturing activities				
3.3. Manufacture of low carbon technologies for transport				
6. Transport				
6.1. Passenger interurban rail transport				
6.2. Freight rail transport				
6.3. Urban and suburban transport, road passenger transport				
6.6. Freight transport services by road				
6.7. Passenger transport by internal waterway				
6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities				
6.11. Sea and coastal passenger water transport				
6.13. Infrastructure for personal mobility, cycling logistics				
6.14. Infrastructure for rail transport				
6.15. Infrastructure enabling low-carbon road transport and public transport				
7. Construction and real estate				
7.2. Renovation of existing buildings				
7.3. Installation, maintenance and repair of energy efficiency equipment				
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)				
7.6. Installation, maintenance and repair of renewable energy technologies				
7.7. Acquisition and ownership of buildings				
Environmental Delegated Act ⁶⁶				
3. Construction and real estate				
3.4. Road and motorway maintenance				



Infrastructure



Passenger



Logistics



Urban

⁶⁶ Pursuant to Article 5 of Delegated Regulation (EU) 2023/2486, amending Delegated Regulation (EU) 2021/2178, non-financial corporations are only required to report the share of economic activities eligible and ineligible for taxonomy under the Environmental Delegated Act.

2) Substantial Contribution Analysis

Each company then, for each eligible activity, verified the capacity to make a substantial contribution to the achievement of one or more objectives, mitigation or adaptation, distinguishing between transition activities and enabling activities.

3) Verification of the principle of not causing significant damage to other objectives (Do No Significantly Harm - DNSH)

To verify compliance with the DNSH principle, the Group has identified for each economic activity, based on its substantial contribution to the mitigation and adaptation targets, a checklist of documentation and elements that constitute sufficient evidence of a lack of negative impacts on the other environmental objectives, such as:

- management systems and certifications (ISO14001, ISO50001, etc.);
- climate risk analyses and asset vulnerability assessments;
- environmental impact assessments;
- environmental product declarations (EPD);
- minimum environmental criteria (MEC) and/or other sustainability criteria included in negotiation procedures and contracts;
- waste management procedures;
- measurement of the carbon footprint.

4) Compliance with minimum safeguards

With respect to compliance with the minimum safeguards, the FS Italiane Group guarantees and promotes the protection of human rights in the framework of the United Nations' Universal Declaration of Human Rights and the International Labour Organisation's fundamental conventions.

The Group's approach in relation to the criteria defined in the Regulation is described below:

Minimum criteria	
Human rights	In 2017, the Group joined the United Nations Global Compact, undertaking to comply with the 10 human rights, labour, environmental and Anti-Corruption principles and integrate them in its business. These principles integrate and reinforce the Group principles previously established in the Group's sustainability policy, (Issued in 2019), on which the Group's actions are based, respect for human rights and the commitment to creating a responsible chain stand out. This commitment was confirmed in the Code of Ethics (which guides the Group in its relationships with stakeholders).
Corruption	In conducting business we are guided by the principles of integrity, ethics and zero tolerance for corruption. As a further consolidation of this commitment, since 2017 we have voluntarily equipped ourselves with a unique self-regulatory tool for the prevention of corruption, Anti-Corruption Framework.
Tax strategy	In 2019, the Tax Strategy of Ferrovie dello Stato Italiane and the Group was issued as the cornerstone of FS's broader fiscal risk control system, Tax Control Framework or TCF.
Legal competition	In 2019, the Group's Antitrust Policy was issued, the result of the Antitrust Compliance Program developed to further implement antitrust prevention safeguards and to expand the dissemination of competition culture within Group companies and among all personnel.

The overall analysis carried out by Group companies led to the identification of the following environmentally sustainable activities:

Business segments	Taxonomy activity	Technical screening criteria
 Infrastructure	6.13. Infrastructure for personal mobility, cycle logistics	<ul style="list-style-type: none"> ✓ substantial contribution to mitigation: the infrastructure built or operated is used for personal mobility or cycling: pavements, cycle paths and pedestrian islands, electric and hydrogen refuelling stations for personal mobility equipment ✓ DNSH compliance with applicable environmental targets: adaptation, circular economy, water resources, pollution and biodiversity ✓ compliance with minimum safeguards
	6.14 Infrastructure for rail transport	<ul style="list-style-type: none"> ✓ substantial contribution to mitigation and to adaptation: design, construction, modernisation, operation and maintenance of an electrified railway infrastructure ✓ DNSH compliance with applicable environmental targets: adaptation, circular economy, water resources, pollution and biodiversity ✓ compliance with minimum safeguards
	6.15 Infrastructure enabling low-carbon road transport and public transport	<ul style="list-style-type: none"> ✓ substantial contribution to mitigation and to adaptation: the infrastructure is dedicated to zero CO₂ emission vehicles: electric charging points ✓ DNSH compliance with applicable environmental targets: mitigation, adaptation, circular economy, water resources, pollution and biodiversity ✓ compliance with minimum safeguards
 Passenger	3.3. Manufacture of low carbon technologies for transport	<ul style="list-style-type: none"> ✓ substantial contribution to mitigation: repair, maintenance and retrofitting of low-carbon road passenger vehicles in urban and suburban areas ✓ DNSH compliance with applicable environmental targets: adaptation, circular economy, water resources, pollution and biodiversity ✓ compliance with minimum safeguards
	6.1. Passenger interurban rail transport	<ul style="list-style-type: none"> ✓ substantial contribution to mitigation and to adaptation: electric trains with zero direct (tailpipe)_{CO2} emissions or bimodal (hybrids) trains ✓ DNSH compliance with applicable environmental targets: mitigation, adaptation, circular economy and pollution ✓ compliance with minimum safeguards
	6.3 Urban and suburban transport, road passenger transport	<ul style="list-style-type: none"> ✓ substantial contribution to mitigation: urban and suburban electric passenger transport services with direct zero (tailpipe) CO₂ emissions or with EURO VI engine (until 31 December 2025) ✓ DNSH compliance with applicable environmental targets: adaptation, circular economy and pollution ✓ compliance with minimum safeguards
	6.6 Freight transport services by road	<ul style="list-style-type: none"> ✓ substantial contribution to mitigation: road haulage services with vehicles with direct zero (tailpipe) CO₂ emissions, or vehicles classified as 'zero-emission/low-emission heavy-duty vehicles'⁶⁷

⁶⁷ Pursuant to (EU) Regulation 2019/1242.

Business segments	Taxonomy activity	Technical screening criteria
		<ul style="list-style-type: none"> ✓ DNSH compliance with applicable environmental targets: adaptation, circular economy and pollution ✓ compliance with minimum safeguards
 Logistics	6.2 Freight rail transport	<ul style="list-style-type: none"> ✓ substantial contribution to the mitigation: electric trains with zero direct (tailpipe) CO₂ emissions or bimodal (hybrids) trains ✓ DNSH compliance with applicable environmental targets: adaptation, circular economy and pollution ✓ compliance with minimum safeguards
	6.14 Infrastructure for rail transport	<ul style="list-style-type: none"> ✓ substantial contribution to mitigation: the infrastructure and facilities are used for the transhipment of goods between modes: infrastructure and terminal superstructure for loading, unloading and transhipment of goods ✓ DNSH compliance with applicable environmental targets: adaptation, circular economy, water resources, pollution and biodiversity ✓ compliance with minimum safeguards
 Urban	6.14 Infrastructure for rail transport	<ul style="list-style-type: none"> ✓ substantial contribution to mitigation: the infrastructure and facilities are used to transfer passengers from other modes to rail ✓ DNSH compliance with applicable environmental targets: adaptation, circular economy, water resources, pollution and biodiversity ✓ compliance with minimum safeguards
	7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	<ul style="list-style-type: none"> ✓ substantial contribution to mitigation: Installation, maintenance and repair of charging stations for electric vehicles in buildings ✓ DNSH compliance with applicable environmental targets: adaptation ✓ compliance with minimum safeguards

Also contributing, on a residual basis, to the eco-sustainability of the Group's activities are the installation, maintenance and repair of renewable energy technologies, classifiable under activity 7.6 of the Climate Delegated Act.

Activities related to the real estate management of assets that are not functional to railway operations (e.g. properties for sale, offices, buildings, etc.), although eligible, do not pass the technical screening criteria set out in the Regulation.

The activities carried out by the Group's other companies, which concern, for example, cross-sector services and those of an administrative, financial, security, transport system and infrastructure certification nature, and the enhancement and care of historical heritage, were not considered eligible.

As of 2023, the activities carried out by Anas and related to the maintenance of the road and motorway network have been considered eligible under the Environmental Delegated Act⁶⁸ and the analysis of the technical screening criteria defined to assess their eco-sustainability has been initiated.

⁶⁸ Pursuant to Article 5 of Delegated Regulation (EU) 2023/2486, amending Delegated Regulation (EU) 2021/2178, non-financial enterprises are only required to report the share of economic activities that are eligible and ineligible for taxonomy under the Environmental Delegated Act.

5) Reporting

In 2023, the degree of alignment of the FS Italiane Group's economic activities with the EU Taxonomy, considering their substantial contribution to the climate change mitigation and adaptation objectives and compliance with both the DNSH principle to the other environmental objectives and the minimum safeguards, is illustrated in the tables below:

		2023		2022		Changes	
		€ millions	%	€ millions	%	€ millions	%
TURNOVER KPI	Non-eligible portion	4,272	28.9	3,784	27.7	488	1.2
	Eligible portion	10,532	71.1	9,880	72.3	652	(1.2)
	<i>of which environmentally sustainable</i>	8,744	59.1	8,274	60.6	470	(1.5)
	Total	14,804		13,664		1,140	8.3
OPEX KPI	Non-eligible portion	3,251	55.7	2,394	47.6	857	8.1
	Eligible portion	2,590	44.3	2,634	52.4	(44)	(8.0)
	<i>of which environmentally sustainable</i>	2,091	35.8	2,236	44.5	(145)	(8.7)
	Total	5,841		5,028		813	16.2
CAPEX KPI	Non-eligible portion	687	5.5	295	3.6	392	1.9
	Eligible portion	11,903	94.5	7,821	96.4	4,082	(1.9)
	<i>of which environmentally sustainable</i>	10,676	84.8	6,830	84.2	3,846	0.6
	Total	12,590		8,115		4,475	55.2

The percentage changes of the indicators in the taxonomy show a trend overall in line with the 2022 statement, with deviations of less than 4 p.p. for Turnover and CapEx, and a deviation of about 8 p.p. for OpEx.

In analysing absolute values, on the other hand, there is a general increase for all taxonomic KPIs in 2023, both in terms of balance sheet values and in terms of the relative allowable and eco-sustainable portions (with the exception of eco-sustainable OpEx, which decreased by about €145 million).

In particular, the Group's CapEx increased by around 55% compared to 2022, with over €3.8 billion more green investments than in the previous year. This figure - to be analysed in the broader context of the eco-sustainable investments that the Group plans to implement over the Industrial Plan period, amounting to more than 80% of all investments planned over the next decade - confirms the Group's commitment to offering green and resilient mobility solutions, capable of reducing carbon emissions in the transport sector, while adapting to extreme events caused by climate change.

Below is an analysis, for each taxonomic KPI, of the contribution that each business segment makes to the Group's eco-sustainable share⁶⁹.

		Values %		
Environmentally sustainable turnover		2023	2022	Change
	Infrastructure	11.8	13.9	(2.1)
	Passenger	41.6	40.9	0.7
	Logistics	5.7	5.8	(0.1)
	Urban			
TOTAL GROUP		59.1	60.6	(1.5)

		Values %		
Environmentally sustainable OpEx		2023	2022	Change
	Infrastructure	17.6	25.4	(7.8)
	Passenger	15.7	17.0	(1.3)
	Logistics	2.5	2.1	0.4
	Urban			
TOTAL GROUP		35.8	44.5	(8.7)

		Values%		
Environmentally sustainable CapEx		2023	2022	Change
	Infrastructure	70.5	64.7	5.7
	Passenger	13.6	18.1	(4.5)
	Logistics	0.7	1.2	(0.5)
	Urban			
TOTAL GROUP		84.8	84.2	0.6

An analysis of the contributions of the Business Segments to the Group's consolidated values shows an important increase in the share of eco-sustainable CapEx, both in absolute and relative terms, mainly due to the green investments implemented on electrified railway infrastructure, by the Infrastructure Business Segment (+€3.6 billion on 2022), and the fleet renewal campaigns of the Passenger Business Segment.

⁶⁹ Taxonomic activities across multiple Group companies have been included in the most relevant Business Segment.

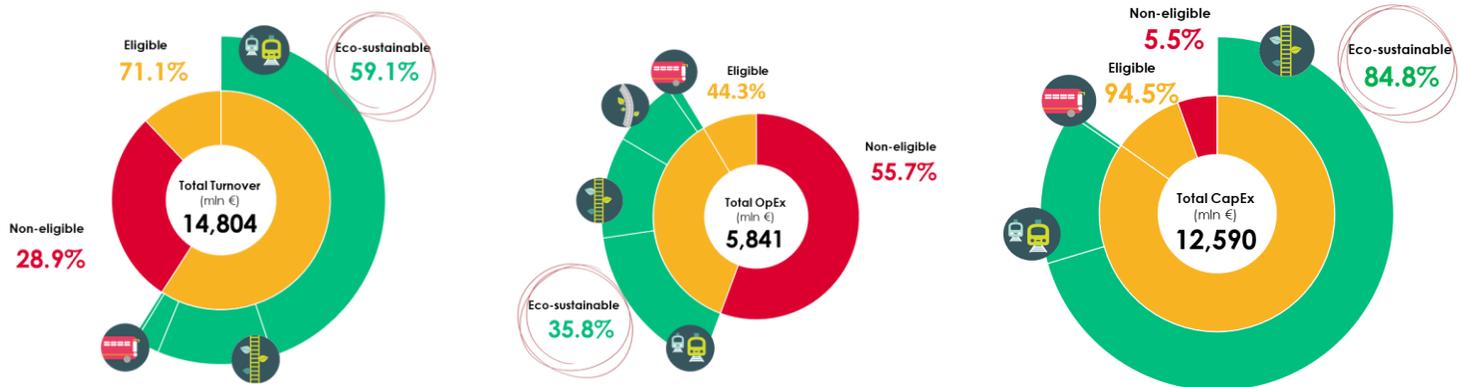
Below is an analysis of the 2023 values for the following types of relevant activities:



In 2023, approximately 60% of the Group revenue is generated from environmentally sustainable activities, with rail passenger and freight transport activities (44.9%, +2 p.p. on 2022) and railway infrastructure operation (11.4%, -2.1 p.p. on 2022) contributing the most to this percentage. Road transport contributes approximately 2.4%, and road infrastructure and real estate activities contributing residually with approximately 0.4%.

With regard to the operating costs defined in Annex I of the Delegated Act Art. 8, about 35.8% is attributable to environmentally sustainable activities. The activities relating to railway infrastructure and rail transport contribute 10.6% and 17.1% respectively (compared to 18.7% and 17.4% last year), road infrastructure accounts for about 7% (+0.3 p.p. on 2022), road transport for 1.1% (-0.5 p.p. on 2022) and, residually, real estate activities also contribute.

Approximately 84.8% of the Group's capital expenditure is for investments in environmentally sustainable activities, demonstrating its commitment to developing a sustainable mobility system. In detail, 70.5% of aligned capital expenditure relates to the operation of the railway infrastructure (+€3.6 billion on 2022), while approximately 13.9% relates to railway transport and the remainder (roughly 0.4%) relates to road transport and real estate activities. If we also consider Anas SpA's capital expenditure contributing to climate change adaptation (falling within the scope of IFRIC 12), the portion of environmentally friendly capital expenditure would increase by approximately €408 million.



Turnover KPI ¹	Year 2023			Substantial contribution criteria						DNSH Criteria						Minimum safeguard guarantees	Proportion of turnover aligned to (A.1) or eligible for (A.2) the taxonomy, year n-1	Enabling activity category	Category of transitional activity	Portion funded through bonds or debt securities (%)				
	Code	Turnover	Share	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity									
Economic activities		€mln	%													%	A	T						
A Taxonomy-eligible activities																								
A.1 Eligible and eco-sustainable activities																								
3.3 Manufacture of low carbon technologies for transport	CCM 3.3	3	0.0%	Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.01%	A			0.0%
6.1 Passenger interurban rail transport	CCM 6.1	5,809	39.2%	Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	37.15%		T		30.1%
6.2 Freight rail transport	CCM 6.2	839	5.7%	Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	5.78%				12.1%
6.3 Urban and suburban transport, road passenger transport	CCM 6.3	353	2.4%	Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	3.73%		T		0.0%
6.6 Freight transport services by road	CCM 6.6	0	0.0%	Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%				0.0%
6.7 Inland passenger water transport	CCM 6.7	0	0.0%	Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%				0.0%
6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	0	0.0%	Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%				0.0%
6.11 Sea and coastal passenger water transport	CCM 6.11	0	0.0%	Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%				0.0%
6.12 Retrofitting of sea and coastal freight and passenger water transport	CCM 6.12	0	0.0%	Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%				0.0%
6.13. Infrastructure for personal mobility, cycle logistics	CCM 6.13	0	0.0%	Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%				0.0%
6.14 Infrastructure for rail transport	CCM 6.14	1,685	11.4%	Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	13.49%	A			0.1%
6.15 Infrastructure enabling low carbon emission road transport and public transport	CCM 6.15	55	0.4%	Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.39%				0.0%
7.2 Renovation of existing buildings	CCM 7.2	0	0.0%	Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%		T		0.0%
7.3 Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0	0.0%	Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%	A			0.0%
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0	0.0%	Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%				0.0%
7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0	0.0%	Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%	A			0.0%
7.7 Acquisition and ownership of buildings	CCM 7.7	0	0.0%	Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%				0.0%
Turnover of eco-sustainable activities (aligned with the taxonomy) (A.1)		8,744	59.1%	59.1%						Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	60.6%				21.2%
of which enabling		1,743	11.8%	11.8%						Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	13.9%	A			
of which transition		247	1.7%	1.7%						Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	2.6%		T		
A.2 Taxonomy-eligible but not eco-sustainable activities (activities non-aligned with the taxonomy)																								
3.3 Manufacture of low carbon technologies for transport	CCM 3.3	0	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM											0.00%				0.00%
3.4 Maintenance of roads and motorways ²	CE 3.4	24	0.2%	N/AM	N/AM	N/AM	N/AM	No	N/AM											0.00%				0.00%
6.1 Passenger interurban rail transport	CCM 6.1	1,033	7.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM											7.19%				7.19%
6.2 Freight rail transport	CCM 6.2	52	0.3%	No	N/AM	N/AM	N/AM	N/AM	N/AM											0.50%				0.50%
6.3 Urban and suburban transport, road passenger transport	CCM 6.3	291	2.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM											0.96%				0.96%
6.6 Freight transport services by road	CCM 6.6	1	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM											0.01%				0.01%
6.7 Inland passenger water transport	CCM 6.7	2	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM											0.01%				0.01%

6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	30	0.2%	No	N/AM	N/AM	N/AM	N/AM	N/AM	0.20%
6.11 Sea and coastal passenger water transport	CCM 6.11	3	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM	0.02%
6.12 Retrofitting of sea and coastal freight and passenger water transport	CCM 6.12	0	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM	0.00%
6.13. Infrastructure for personal mobility, cycle logistics	CCM 6.13	0	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM	0.00%
6.14 Infrastructure for rail transport	CCM 6.14	270	1.8%	No	N/AM	N/AM	N/AM	N/AM	N/AM	2.12%
6.15 Infrastructure enabling low carbon emission road transport and public transport	CCM 6.15	0	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM	0.00%
7.2 Renovation of existing buildings	CCM 7.2	2	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM	0.01%
7.3 Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM	0.00%
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM	0.00%
7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM	0.00%
7.7 Acquisition and ownership of buildings	CCM 7.7	80	0.5%	No	N/AM	N/AM	N/AM	N/AM	N/AM	0.75%
Turnover of taxonomy-eligible but not eco-sustainable activities (activities non-aligned with the taxonomy) (A.2)		1,788	12.1%	11.9%						0.2%
A Turnover of taxonomy-eligible activities (A.1 + A.2)		10,532	71.1%	71.0%						0.2%
B Taxonomy non-eligible activities										
Turnover of taxonomy non-eligible activities		4,272	28.9%							
Total		14,804	100%							

¹The turnover KPI was calculated as the ratio between the proportion of revenue from products or services associated with taxonomy-aligned economic activities to total consolidated revenue ("Revenue and income" in the consolidated financial statements). Turnover was allocated the different activities in the KPI numerator by directly associating, where possible or using drivers, every figurative revenue item to one or more activities in the Taxonomy, without counting of any items twice.

The numerator of the turnover KPI does not include revenue from products and services associated with the economic activities aligned with the climate change objectives.

² Only an eligibility analysis under the Environmental Act is required for the activity.

	% Value	
	Share of turnover/Total turnover	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM – climate change mitigation	59.1%	71.0%
CCA- climate change adaptation	0.0%	0.0%
CE – circular economy	0.0%	0.2%
Total	59.1%	71.1%

OpEx KPI ¹	Year 2023				Substantial contribution criteria						DNSH Criteria						Minimum safeguard guarantees	Proportion of OpEx aligned to (A.1) or eligible for (A.2) the taxonomy, year n-1	Enabling activity category	Category of transitional activity
	Code	OpEx	Share	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity					
		€mln	%																	
Economic activities																				
A Taxonomy-eligible activities																				
A.1 Eligible and eco-sustainable activities																				
3.3 Manufacture of low carbon technologies for transport	CCM 3.3	10	0.2%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.17%	A	
6.1 Passenger interurban rail transport	CCM 6.1	852	14.6%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	15.30%		T
6.2 Freight rail transport	CCM 6.2	149	2.5%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	2.15%		
6.3 Urban and suburban transport, road passenger transport	CCM 6.3	54	0.9%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	1.48%		T
6.6 Freight transport services by road	CCM 6.6	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%		
6.7 Inland passenger water transport	CCM 6.7	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%		
6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%		
6.11 Sea and coastal passenger water transport	CCM 6.11	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%		
6.12 Retrofitting of sea and coastal freight and passenger water transport	CCM 6.12	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%		
6.13. Infrastructure for personal mobility, cycle logistics	CCM 6.13	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%		
6.14 Infrastructure for rail transport	CCM 6.14/CCA 6.14	618	10.6%	Yes	Yes	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	18.70%	A	
6.15 Infrastructure enabling low carbon emission road transport and public transport	CCM 6.15/CCA 6.15	408	7.0%	Yes	Yes	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	6.67%		
7.2 Renovation of existing buildings	CCM 7.2	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%		T
7.3 Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%	A	
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%		
7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%	A	
7.7 Acquisition and ownership of buildings	CCM 7.7	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%		
Operating expenses of eco-sustainable activities (taxonomy-aligned) (A.1)		2,091	35.8%	29.0%	6.8%					Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	44.5%		
Of which enabling		639	10.9%	10.9%	0%					Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	20.0%	A	
Of which transitional		25	0.4%	0.4%						Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	1.0%		T
A.2 Taxonomy-eligible but not eco-sustainable activities (activities non-aligned with the taxonomy)																				
3.3 Manufacture of low carbon technologies for transport	CCM 3.3	0	0.0%	No	No	N/AM	N/AM	N/AM	N/AM											
3.4 Maintenance of roads and motorways ²	CE 3.4	24	0.4%	N/AM	N/AM	N/AM	N/AM	No	N/AM											
6.1 Passenger interurban rail transport	CCM 6.1	120	2.0%	No	No	N/AM	N/AM	N/AM	N/AM											
6.2 Freight rail transport	CCM 6.2	24	0.4%	No	No	N/AM	N/AM	N/AM	N/AM											
6.3 Urban and suburban transport, road passenger transport	CCM 6.3	70	1.2%	No	No	N/AM	N/AM	N/AM	N/AM											
6.6 Freight transport services by road	CCM 6.6	0	0.0%	No	No	N/AM	N/AM	N/AM	N/AM											
6.7 Inland passenger water transport	CCM 6.7	0	0.0%	No	No	N/AM	N/AM	N/AM	N/AM											
6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	36	0.6%	No	No	N/AM	N/AM	N/AM	N/AM											
6.11 Sea and coastal passenger water transport	CCM 6.11	5	0.1%	No	No	N/AM	N/AM	N/AM	N/AM											
6.12 Retrofitting of sea and coastal freight and passenger water transport	CCM 6.12	0	0.0%	No	No	N/AM	N/AM	N/AM	N/AM											

Economic activities	Code	Year 2023		Substantial contribution criteria						DNSH Criteria						Minimum safeguard assessment	Proportion of CapEx aligned to (A.1) or eligible for (A.2) the taxonomy, year n-1	Enabling activity category	Category of transitional activity	Portion funded through bonds or debt securities (%)	
		CapEx	Quota	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity						
		€mln	%																		%
A Taxonomy-eligible activities																					
A.1 Eligible and eco-sustainable activities																					
3.3 Manufacture of low carbon technologies for transport	CCM 3.3	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%	A		0.0%
6.1 Passenger interurban rail transport	CCM 6.1/CCA 6.1	1,672	13.3%	Yes	Yes	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	17.74%		T	96.9%
6.2 Freight rail transport	CCM 6.2	83	0.7%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	1.24%			0.0%
6.3 Urban and suburban transport, road passenger transport	CCM 6.3	46	0.4%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.40%		T	0.0%
6.6 Freight transport services by road	CCM 6.6	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%			0.0%
6.7 Inland passenger water transport	CCM 6.7	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%			0.0%
6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%			0.0%
6.11 Sea and coastal passenger water transport	CCM 6.11	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%			0.0%
6.12 Retrofitting of sea and coastal freight and passenger water transport	CCM 6.12	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%			0.0%
6.13. Infrastructure for personal mobility, cycle logistics	CCM 6.13	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%			0.0%
6.14 Infrastructure for rail transport	CCM 6.14/CCA 6.14	8,873	70.5%	Yes	Yes	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	64.75%	A		0.9%
6.15 Infrastructure enabling low carbon emission road transport and public transport	CCM 6.15	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%			0.0%
7.2 Renovation of existing buildings	CCM 7.2	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%		T	0.0%
7.3 Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	2	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.04%	A		0.0%
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%			0.0%
7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%	A		0.0%
7.7 Acquisition and ownership of buildings	CCM 7.7	0	0.0%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%			0.0%
CapEx of eco-sustainable activities (taxonomy-aligned) (A.1)		10,676	84.8%	82.3%	2.5%					Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	84.2%			16.0%
Of which enabling		8,599	68.3%	68.3%	0%					Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	62.0%	A		
Of which transitional		190	1.5%	1.5%						Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.7%		T	
A.2 Taxonomy-eligible but not eco-sustainable activities (activities non-aligned with the taxonomy)																					
3.3 Manufacture of low carbon technologies for transport	CCM 3.3	0	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM									0.00%			
3.4 Maintenance of roads and motorways ²	CE 3.4	0	0.0%	N/AM	N/AM	N/AM	N/AM	No	N/AM									0.00%			
6.1 Passenger interurban rail transport	CCM 6.1	67	0.5%	No	N/AM	N/AM	N/AM	N/AM	N/AM									2.81%			
6.2 Freight rail transport	CCM 6.2	0	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM									0.00%			
6.3 Urban and suburban transport, road passenger transport	CCM 6.3	21	0.2%	No	N/AM	N/AM	N/AM	N/AM	N/AM									0.14%			
6.6 Freight transport services by road	CCM 6.6	1	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM									0.00%			
6.7 Inland passenger water transport	CCM 6.7	0	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM									0.00%			
6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	27	0.2%	No	N/AM	N/AM	N/AM	N/AM	N/AM									0.02%			
6.11 Sea and coastal passenger water transport	CCM 6.11	0	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM									0.01%			
6.12 Retrofitting of sea and coastal freight and passenger water transport	CCM 6.12	0	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM									0.00%			
6.13. Infrastructure for personal mobility, cycle logistics	CCM 6.13	0	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM									0.00%			
6.14 Infrastructure for rail transport	CCM 6.14	1,061	8.4%	No	N/AM	N/AM	N/AM	N/AM	N/AM									9.09%			
6.15 Infrastructure enabling low carbon emission road transport and public transport	CCM 6.15	0	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM									0.00%			
7.2 Renovation of existing buildings	CCM 7.2	5	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM									0.11%			
7.3 Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM									0.01%			
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM									0.00%			
7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0	0.0%	No	N/AM	N/AM	N/AM	N/AM	N/AM									0.00%			
7.7 Acquisition and ownership of buildings	CCM 7.7	44	0.4%	No	N/AM	N/AM	N/AM	N/AM	N/AM									0.02%			
CapEx of taxonomy-eligible but not eco-sustainable activities (activities non-aligned with the taxonomy) (A.2)		1,228	9.7%	9.7%					0.0%									12.2%			
A CapEx of taxonomy-eligible activities (A.1 + A.2)		11,903	94.5%	92.0%	2.5%				0.0%									96.4%			
B Taxonomy non-eligible activities																					
CapEx of taxonomy non-eligible activities		687	5.5%																		

Total	12,590	100%
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¹ The CapEx KPI was calculated as the ratio of capital expenditure as per Regulation 852, as described below, incurred for the aligned activities to the total increases in capital expenditure as per Regulation 852 in the consolidated financial statements. The capital expenditure as per Regulation 852 to include in the CapEx KPI was first established in the Delegated Regulation, and refers to the gross increases in property, plant and equipment and intangible assets in the year, before amortisation and depreciation, impairment losses and any revaluations, including those resulting from restatements and impairment. Capital Expenditure being reported for the purposes of the CapEx KPI has been accounted for according to IAS 16 "Property, plant and equipment"; IAS 38 "Intangible assets"; IAS 40 "Investment property" for the fair value model (not applicable to the FS Group); IAS 40 "Investment property" for the cost model; IAS 41 "Agriculture" (not applicable to the FS Group); IFRS 16 "Leases". The denominator includes increases due to business combinations (none for the FS Italiane Group in 2022). Capital expenditure was allocated to the different activities in the numerator of the KPI by directly associating, where possible or using drivers, every figurative CapEx item to one or more activities in the Taxonomy, without counting any items twice.

² Only an eligibility analysis under the Environmental Act is required for the activity.

	% Value	
	Share of CapEx/Total CapEx	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM – climate change mitigation	82.3%	92.0%
CCA- climate change adaptation	2.5%	2.5%
CE – circular economy	0.0%	0.0%
Total	84.8%	94.5%



Risk factors

Risk management framework and Governance

The Group's risk management activities, which form an integral part of the ICRMS, are carried out in accordance with the rules and methodologies set out in the specific Framework, inspired by the Corporate Governance Code and national and international best practices, including the UNI ISO 31000:2018 standard "Risk Management - Principles and Guidelines" and the "COSO Enterprise Risk Management Framework - Integrating with Strategy and Performance".

The Risk Management organisational unit of FS, operating within the Security & Risk area, ensures the direction and coordination of the relative activities carried out by the companies of the Group, through the definition of strategies and policies, of which it also guarantees the monitoring, implementation control and reporting to the corporate governance and control bodies and to the internal stakeholders, with particular reference to the Risk and Sustainability Control Committee. The corporate Risk Management organisational units implement the strategies, guidelines and policies defined by the Holding Company, ensuring the monitoring of the risks of the company to which they belong. The functions of the Sector Parent Companies also coordinate and verify the implementation of the Framework within the reference business segment. The risk approach adopted envisages that risk analyses are conducted by the corporate Risk Management function, together with the process managers concerned, in a differentiated manner depending on the characteristics of the activity being assessed:

- enterprise risk management, concerning all aspects of corporate operations;
- strategic risk management, concerning strategic planning and operational programming;
- international & project risk management, concerning project initiatives and capital allocation, also abroad.

In continuity with the past, in 2023 the main Group companies carried out a control self risk assessment campaign focused on operational and business risks and one dedicated to the identification of top risks & opportunities on the strategic objectives of the Industrial Plan, with methodological coordination by the Holding company.

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Risk catalogue

In carrying out its risk management activities, the FS Group adopts the following taxonomy divided into 4 macro-categories (Strategic, Operational, Compliance, ESG) that group together specific types of risk:

		Market	Risks arising from market developments that may impair or reduce the ability to create added value and profitability
		Macroeconomic	Risks describing macroeconomic shocks that may affect a country, a continent or have global repercussions
		Financial	Risks involving unexpected variability of investments (exchange rate, interest rate, liquidity)
		International	Risks arising from the Group's initiatives in international contexts
		Infrastructure & Means	Risks with negative effects on the management and development of the rail and road network and infrastructure as well as the rail, bus, and ferry fleets
		Technology, Digital & Cyber	Risks related to the digital transition process, development and management of IT systems, also in relation to cyber crime events
		Procurement	Supply chain risks (supplier qualification, negotiation process, contract management)
		People and Organisation	Risks arising from lack of in-house expertise, inadequate training programmes, inadequate turnover planning process and ineffective recruitment and retention policies
		Safety	Risks related to environmental protection, occupational safety and operational safety
		Regulatory	Risks involving adverse changes in the regulatory framework within which the Group and its Companies operate and risks of violations of international and/or national laws and regulations
		Legal and Contractual	Risk of breach of contract and litigation management
		Environmental	Risks related to climate change and policies for the transition to a low-carbon economy
		Social and protection of human rights	Risks related to social tensions and lack of or reduced respect for human rights
		Ethics	Risks arising from intentional misconduct or corrupt behaviour by persons inside or outside the Group, in order to obtain an improper or illegal advantage

The main events to which the FS Group is potentially exposed and an indication of the main management actions adopted are briefly and not exhaustively represented below, with the clarification that, based on the Governance model adopted by FS, the risk analyses relating to health and safety (including those provided for by Legislative Decree no. 81/2008, as amended and supplemented), the safety of the infrastructures, transport and traffic, as well as the technical-operating and environmental regulatory compliance, fall for all purposes within the full and exclusive sphere of decision-making, management and operational autonomy of the individual Group companies and of the persons in charge, in accordance with the laws and regulations in force. For further details on these issues, please refer to the dedicated paragraphs.



Strategic risks

	Risks	Management actions	Opportunities
Market	<ul style="list-style-type: none"> • Crisis in business-relevant sectors or customers • - Increased competitiveness and new entrants • Changing or evolving customer habits and needs 	<ul style="list-style-type: none"> • Customer retention activities through the improvement of the quality of service offered, dynamic pricing policies, differentiated marketing actions by segments and technological investments for the integration of sales channels • Strengthening and modernization of the fleet including through rationalization of the maintenance and sales network 	<ul style="list-style-type: none"> • Legislative and market orientation toward environmentally sustainable mobility • Growth in tourism, leisure and bleisure travel • Industrial re-shoring and near-shoring
Macroeconomic	<ul style="list-style-type: none"> • Inflationary scenario and price increases • Commodity and raw material price volatility • Unfavorable macroeconomic environment • Geopolitical instability and conflicts • Health and social emergencies 	<ul style="list-style-type: none"> • Continuous monitoring of trends in key macroeconomic indicators and commodity and energy price trends • - Energy efficiency of both fleet and industrial facilities including through self-generation of renewable energy • Search for insurance coverage and stipulation of contractual clauses (fuel surcharge) 	
Financial ⁷⁰	<ul style="list-style-type: none"> • Dependence on government grants • Failure to meet obligations by clients or counterparties to a financial instrument • Difficulty in meeting obligations associated with financial liabilities • Fluctuation in interest rates and exchange rates 	<ul style="list-style-type: none"> • Definition of minimum requirements for financial counterparties • - Due diligence of new relevant customers • - Monitoring cash flow, financing, and liquidity needs • - Opening dedicated credit lines • Hedging transactions through derivative instruments 	
International	<ul style="list-style-type: none"> • Exposure of foreign invested capital to political, social and economic changes (Country Risk) • - Increased competitiveness (European open access market from December 2020 and mandatory tendering on all European public transport service segments from January 2024) 	<ul style="list-style-type: none"> • Country attractiveness model and target countries • Centralization of the international business steering and coordination function • Capital Allocation Procedures • Continuous monitoring of the geo-political framework 	<ul style="list-style-type: none"> • Export of expertise (e.g., engineering, consulting and certification services) • Development of transport services in European markets

⁷⁰ The examination of risks and consequent actions is supplemented, merely for the financial risk component, by the broader disclosure provided in Note 43 to the consolidated financial statements.



Operational risks

	Risks	Management actions	Opportunities
Infrastructure & means	<ul style="list-style-type: none"> • Critical issues/delays in the implementation of infrastructure works • - Failure/obsolescence of facilities and technologies supporting rail and road infrastructure • - Infrastructure performance and connectivity gaps • - Intentional acts (physical or logical) to damage and/or destroy company assets • - Fleet obsolescence/unavailability • Temporary unavailability of infrastructure • • • 	<ul style="list-style-type: none"> • Whole-life asset management model • Risk-based approach (project risk management) • FS-NRRP control room • Fleet renewal • Capacity enhancement of the rail network and enhancement of stations and related services • Monitoring of physical, economic and financial performance of infrastructure interventions • Advanced diagnostics and predictive maintenance • Strengthening of security and video surveillance systems 	
Technology, Digital & Cyber	<ul style="list-style-type: none"> • Excessive concentration of essential services on digital platforms • - Critical issues in managing obsolescence of technology and digital architecture and infrastructure • - New cyber vulnerabilities related to the introduction of new systems/platforms • - Obsolescence/inadequacy/unavailability of technology and digital tools • - Failure to leverage enterprise data for business uses • - Increased numerosity and sophistication of cyber attacks • - Loss of confidentiality, integrity or availability of data 	<ul style="list-style-type: none"> • Distribution of essential services across multiple digital platforms • - Updating technological and organizational "up-to-date" measures • - Definition of crisis management procedures • - Activation of Enterprise Data Management methodologies and solutions • - Strengthening of the Cyber Security Operation Center (C-SOC) • - Adoption of Group common platform • Training and awareness initiatives 	New digital (Artificial Intelligence) and technological tools (Quantum Computing)
Procurement	<ul style="list-style-type: none"> • Criticality in the availability of goods/services in the marketplace • Inadequacy of contractors/general contractors and/or technical subjects • Inadequate definition of needs for goods, services and works 	<ul style="list-style-type: none"> • Supplier qualification system and vendor rating (including "ESG rating") • Definition of governance and procedures • Periodic monitoring of the procurement plan and any related updating of the requirements plan • Definition of flexible contractual instruments • Insourcing of critical processes 	
People and Organisation ⁷¹	<ul style="list-style-type: none"> • Specialized skills that are difficult to find in the marketplace • Loss of key personnel • Staff motivation, sense of belonging and worklife balance • Remuneration policies and compensation system • Critical issues in the area of labor relations • Staff understaffing • 	<ul style="list-style-type: none"> • Talent Performance Development System • Remuneration, training and job diversification policies • Development and optimization of tools and methodologies to support selection and training processes • Diversity&Inclusion plan and interventions to support the Group's internal people (internal caring, social policies, engagement) • Signing of agreements and understandings related to work organization • Strengthening of recruitment plan 	Increased attractiveness of the Group in the labor market

⁷¹ The examination of risks and consequent actions is supplemented by the broader disclosure provided in Chapter on Human Capital of this Directors' Report on operations.



Compliance risks

	Risks	Management actions	Opportunities
Regulatory	<ul style="list-style-type: none"> Changes in national and international standards and regulations Non-compliance with national and international legislation/regulations/standards 	<ul style="list-style-type: none"> Monitoring of legislative and regulatory developments Talks with public bodies and other national and international stakeholders Definition, implementation and monitoring of compliance programs Training/information initiatives 	
Legal and contractual	<ul style="list-style-type: none"> Breaches of contract Contracts not in line with current regulations/procedures Disputes with suppliers, customers, staff or third-party entities 	<ul style="list-style-type: none"> Monitoring litigation developments Accounting provisions for litigation losses 	



ESG risks

	Risks	Management actions	Opportunities
Environmental	<ul style="list-style-type: none"> Acute and chronic physical climate hazards Transitional climate risks Incomplete information for establishing adaptation plans 	<ul style="list-style-type: none"> Vulnerability assessment of assets and territories Real-time monitoring of climate phenomena, assets and territories Planning of asset-specific adaptation interventions Design and implementation of natively climate-resilient assets Scenario analysis for assessing business impacts and resilience 	Access to funds through sustainable finance instruments
Social issue and protection of human rights	<ul style="list-style-type: none"> Discriminatory practices Critical issues with internal and external stakeholders 	<ul style="list-style-type: none"> Group Code of Ethics Internal and external training, information and communication campaigns Diversity&Inclusion initiatives Stakeholder engagement initiatives 	Increased attractiveness of the Group in the labor market
Ethics	<ul style="list-style-type: none"> Bribery, fraud and/or collusive arrangements between employees and counterparties, both public and private 	<ul style="list-style-type: none"> Code of Ethics and Group Anti-Corruption Policy Corporate management and control models Adherence to the United Nations Global Compact Internal and external training, information and communication campaigns Signing of conventions, protocols and agreements with institutional Authorities/Bodies Monitoring implementation of NRRP works 	

Travel safety

Creating the technological, organisational and information conditions to eliminate the risk of accidents and dangers to the safety of passengers, caused by the journey itself and the means of transport used, is a priority and a strategic factor for the FS Group. To this end, the highest safety standards are pursued, through technologies for the movement of trains, buses and cars, the maintenance of infrastructure, both rail and road, and protection in stations and on board trains and buses.

The technology adopted by RFI and Trenitalia is among the most advanced in the world, placing the FS Group at the top of international statistics in this field.

In terms of train traffic safety, the equipment and systems used on the Italian railway network are diversified and integrated with each other according to the characteristics of the lines and the type of traffic on them (passenger or freight; long, medium or short distance), ensuring:

- traffic management in stations, junctions and other service locations, allowing safe operation of switches, signals, etc., in relation to the tracks assigned to each train;
- the spacing out of trains, allowing the safe distance between one train and another on the lines to be maintained at all times;
- the protection of train movements;
- the supervision and remote control of circulation;
- the protection of traffic at intersections with the road network (level crossings);
- the acquisition and transfer of trackside and on-board information.

In particular, the Italian railways were among the first in Europe to adopt the level 2 European Rail Traffic Management System/European Train Control System (ERTMS/ETCS) on the new lines of the High Speed/High Capacity network. The system - based on a European standard - allows trains from different countries to run seamlessly on all European lines that are equipped with it and is capable of guaranteeing the safe movement of trains with the adoption of state-of-the-art functions and technologies, which represent some of the most significant innovations introduced in the railway signalling system.

Partly thanks to the resources made available by the NRRP, during 2023, RFI accelerated the programme to implement this technology, increasing the number of kilometres of line equipped with ETRMS from 878 to 1.177 kilometres.

The access of a railway undertaking to the railway infrastructure to carry out freight, passenger or traction-only services is permitted if it holds a Single Safety Certificate, which provides evidence that the railway undertaking has put in place its own safety management system and is able to operate safely in the intended area of operation. In 2023, Trenitalia confirmed its commitment to safe operation, obtaining from the European Railway Agency (ERA) an update to the Single Safety Certificate, with the extension of the operating area on the network of the Infrastructure Manager FSE, an "interoperable" network with RFI, with reference to the part not yet included in the previous Certificate.

The safe operation of the road network is also a primary objective for Anas, which has activated an experimental programme called SHM (Structural Health Monitoring) for the structural monitoring of some of its works of art (bridges and viaducts), using sensors. During 2023, also thanks to access to the Complementary Fund connected to the NRRP, work continued on the installation of sensors, aimed at providing a diagnosis of the structure's state of health and an estimate of the risk associated with any degradation process identified.

In EU countries, railway accidents are monitored by the European Railway Agency ("ERA"), the regulatory body established with EC Directive 2004/881 to create a borderless European railway space, increase the interoperability of railway systems and develop a common culture of railway safety. To monitor accidents, the ERA refers to the regulations of EC Directive no. 2004/49 and EU Directive no. 2014/88. In Italy, the body with responsibility for the entire national railway network, which performs the duties under EC Directive 2004/49 is the ANSFISA (national agency for the safety of the railways and road and motorway infrastructure).

The overview of railway accidents on the national railway infrastructure operated by RFI SpA is based on a preliminary analysis of provisional data. There were 104 accidents in 2023, detailed as follows:

- 5 train collisions, compared to 6 in 2022;
- 2 derailments, as in 2022;
- 5 level crossings accidents, including pedestrians on closed crossing, compared to 13 in the previous year;
- 84 serious accidents to people caused by moving rolling stock, compared to 69 in the previous year. This type of accident includes: people falling from moving railway vehicles (either passengers or railway personnel) and people being hit by vehicles (railway personnel and third parties);
- 7 accidents which, as they do not fall into any of the other categories, are classified as "other", compared to 6 in 2022;
- 1 accident due to a fire involving rolling stock with consequences, as in 2022.

With regard to the accident that occurred in Brandizzo in 2023, and its consequences for the people involved, please refer to the chapter on "Other Information".

In 2023, there was an increase in the number of serious accidents compared to 2022. This was due to the "Accidents to people caused by moving rolling stock" (+15), which however includes possible suicides/suicide attempts that the authorities have not yet declared to be such. This type of event was the cause of 81% of all accidents.

Introduction

This section details the most significant criminal proceedings and proceedings before the most important national and EU authorities, which underwent significant developments during the year, as well as newly reported proceedings. Please refer to the previous annual financial reports for the proceedings that took place over time.

Up to the date of preparation of this report, no information had arisen that would indicate that the companies, including FS Italiane SpA, or the Group are exposed to contingent liabilities or losses of any amount, different than those disclosed in Note 44 - Contingent assets and contingent liabilities of the consolidated financial statements.

Furthermore, litigation and significant proceedings pending for which, where the relevant conditions are met, accruals have been made to specific provisions for risks and charges, are detailed in the notes to the financial statements, to which reference should be made.

Criminal proceedings pursuant to Legislative decree no. 231/01

Anas: Criminal proceedings no. 3518/2009 in the general register of crimes relate to Anas SpA following the fatal accident in the construction of the "S. Angelo" tunnel at the work site for the upgrading of the A2 motorway at Km 47+800, an employee of the company performing the work suffered serious injuries on 18 March 2009 leading to his death at Salerno hospital on 20 April 2009. Anas SpA was charged pursuant to articles 5.1.B) and 25-septies.2 of Legislative decree no. 231/01 in connection with the crime under article 589.2 of the Italian Criminal Code. At the hearing of 6 June 2023, the Public Prosecutor filed a request for acquittal in relation to the positions of the Anas employees, as well as Anas itself as a defendant pursuant to Legislative Decree no. 231/01. At the hearing of 27 February 2024, the Court of Salerno issued a ruling of acquittal for all the defendants and the company.

RFI: Criminal proceedings no. 1430/2014 in the general register of crimes brought by the Public Prosecutor Office at the Court of Gela regarding the incident in which three maintenance workers of RFI SpA were fatally hit by a regional train from Gela heading towards Caltanissetta in 2014. The Appellate Proceedings before the Caltanissetta Court of Appeal, were settled by a ruling on 10 May 2023, confirming the acquittal of the company and of the executives and employees acquitted in the first instance, as well as the conviction of the Central Operations Manager; an acquittal ruling was also issued for the head of their section, who had been convicted in the first instance. There were no appeals; therefore, the judgment is to be considered final.

RFI: Criminal proceedings no. 4309/2023 in the general register of crimes. On Wednesday, 30 August 2023, at approximately 11.50 p.m., along the Turin-Milan railway line, near the Brandizzo station, a train not in commercial service ran over 5 workers of a subcontractor carrying out maintenance work on the infrastructure, causing their death. The Ivrea Public Prosecutor's Office filed criminal proceedings against four legal entities and 11 natural persons. The companies RFI SpA, SiGiFer Srl (subcontractor), CLF SpA and UNIFERR Srl (contracting companies) are under investigation for the administrative offence referred to in Article 25-septies of Legislative Decree 231/01. With regard to natural persons, the RFI employee in charge of the interruption and the site manager of SiGiFer Srl are under investigation for the crimes of murder (Article 575 of the Italian Criminal Code) and railway disaster (Article 430 of the Italian Criminal Code). In addition, a manager and an employee of RFI and representatives of SiGiFer Srl, CLF SpA and UNIFERR Srl are under investigation for the crimes of multiple culpable homicide with violation of the regulations on the prevention of accidents at work (art.

589, paragraphs I, II and V of the Italian Criminal Code) and of culpable railway disaster (art. 449 of the Italian Criminal Code). The criminal proceedings are at the preliminary investigation stage.

Other significant criminal court proceedings

FS/RFI/Trenitalia/MIL: Criminal proceedings no. 6305/2009 in the general register of crimes. With respect to criminal proceedings brought by the Public Prosecutor's office at the Court of Lucca, relating to the railway accident in Viareggio in 2009, on 15 January 2024 the second proceedings were concluded - before the Third Criminal Division of the Court of Cassation -, which had been brought following the appeals filed by the defences of the natural persons and companies liable under civil law still involved in the trial, against the judgment issued by the Court of Appeal of Florence, as judge of referral, at the hearing filed on 20 September 2022. The Supreme Court issued the operative part of the judgment, substantially confirming the criminal and civil liability already declared during the trial. In detail: (i) in partially upholding the appeals, the judgment issued by the Court of Appeal of Florence on referral was annulled, limited to the extent of the reduction of the sentence due to the general extenuating circumstances in respect of almost all the defendants, including - insofar as the Group is concerned - the former CEOs of FS, RFI and Cargo Chemical (now MIL) and the other 9 defendants relating to companies outside the Group, with referral for a new trial on this point to another division of the Court of Appeal of Florence and rejecting the remainder of the appeals; (ii) the appeal of the pro tempore CEO of Trenitalia was instead rejected in its entirety, for whom the sentence of 4 years, 2 months and 20 days imprisonment, already in the course of execution, has therefore become final; (iii) the appeals of the companies liable under civil law were likewise rejected; (iv) the Board sentenced the defendants and the civil defendants, jointly and severally, to pay the court costs in favour of the civil parties that had been brought before the Court and finally rejected the appeal of the civil party Medicina Democratica.

FSE: Criminal proceedings no. 4153/2016 in the general register of crimes at the Bari Court were commenced by the Public Prosecutor's Office against FSE Srl's former sole director and other persons. The allegations relate to several instances of document, corporate company and fraudulent bankruptcy which put the company in distress and resulted in the need for FSE Srl to access the procedure for a composition with creditors. FSE Srl and FS Italiane SpA have also joined the proceedings as aggrieved parties. The Court of Bari, at the outcome of the hearing of 01 March 2024, sentenced the company's former Chief Executive Officer to ten years' imprisonment, in addition to accessory penalties, as well as an immediately enforceable provisional payment of €1 million in favour of FSE. Four other defendants (two former FSE executives and two individuals from outside the company) were also sentenced to prison terms ranging from two years to four years and six months, in addition to accessory penalties. The Court also ordered the confiscation of all amounts seized from the convicted persons and the companies related to one of them. All of the above-mentioned defendants were jointly and severally sentenced to pay damages in favour of the civil parties formed: FSE Srl, MIT and Regione Puglia, to be settled separately, to pay the costs of the proceedings, as well as to pay the costs of establishment and defence incurred by the civil parties, including FSE and FS. On the other hand, the remaining defendants, persons external to the company who had been charged with aiding and abetting as extraneous parties in the crime of distractive/dissipative asset bankruptcy, were acquitted. During the preliminary hearing, two matters were removed from the main proceedings no. 4153/2016 in the general register – Bari Public Prosecutor for alleged nullity. Accordingly, the proceedings against the aforesaid defendants (no. 6463/2018 in the general register with the preliminary investigation judge) were removed and arguments are being heard.

FSE: Criminal proceedings no. 8790/2016 in the general register of crimes with the Public Prosecutor's Office at the Lecce Court relate to vehicular manslaughter (article 589 bis of the Italian Criminal Code) and road personal injuries (article 590 bis of the Italian Criminal Code) against an employee of FSE Srl in relation to the accident that occurred in 2016 while the employee was driving the company's public bus. The company and the insurance company were summoned as the parties liable for damages. On 5 June 2019, the judge acquitted the defendant and consequently dismissed any liability on FSE Srl's part because the event is not a crime. On 4 October 2023 the Court of Appeal of Lecce upheld the first instance acquittal judgment, rejecting the civil plaintiff's appeal and sentencing him to pay the costs of the trial. The civil plaintiff appealed against the Court of Appeal's judgment before the Supreme Court.

RFI: Criminal proceedings no. 524/2020 in the general register of crimes with the Public Prosecutor's Office at the Lodi Court related to the derailment of the HS train 9595 in Livraga on 6 February 2020 as a result of which two train drivers lost their lives: on 3 July 2023, the hearing for the abridged procedure and the preliminary hearing were held at the same time. In relation to the position of the three RFI employees charged, who had requested to be tried under the abridged procedure, the Preliminary Hearing Judge (i) sentenced the two maintenance workers to three years' imprisonment for the crimes of negligent railway disaster and manslaughter; (ii) acquitted the Head of the Maintenance Unit; (iii) declared that there was no need to proceed against all three defendants for the crime of negligent personal injury due to lack of a complaint. With regard to the ordinary procedure, following the preliminary hearing, the Preliminary Hearing Judge acquitted all the defendants for the crime of culpable personal injuries for lack of a complaint, and ordered the former CEO pro tempore (as well as several top management positions at Alstom) not to proceed for the crimes of culpable railway disaster and culpable homicide, while the then Production Manager and four other Alstom employees were indicted. A trial is currently pending.

HELLENIC TRAIN: Criminal proceedings on the accident at Tempì. On the night of 28 February 2023, a train accident occurred between a passenger train (hired by Hellenic Train and owned by the publicly-owned company Gaiase) and a freight train at Tempì in central Greece, on the route between Athens and Thessaloniki. A total of 57 people lost their lives and 164 were injured. At the time of the accident, 351 people were on board the passenger train, including 342 passengers, seven employees of Hellenic Trains and two employees of the company operating the restaurant car, while two crew members were on the freight train. Investigations by the competent authorities are currently underway. The Chief Executive Officer and the Technical Director of Hellenic Trains were formally charged by the Public Prosecutor's Office of Larissa, which retains competence to hear the criminal proceedings related to the accident, with the offences of culpable homicide and culpable personal injury (in the serious and slight form) for the alleged failure to activate the GSMR communication system on board the train, although the relevant system had not been approved by the competent authority (RAS) and the network operator (OSE) had not issued the necessary regulatory documentation for the use of the devices.

Proceedings before national and community authorities

FS/FSE: Appeal concerning the transfer to FS SpA of the quota in FSE Srl. Pending appeal for the reform of judgment no. 6417/2017 whereby the Lazio regional administrative court rejected the appeal filed by Arriva Italia Srl, Ferrotramviaria SpA and COTRAP to repeal MIT decree no. 248/2016 which identified FS Italiane SpA as the party to receive the investment in FSE Srl which, at the time, was held by MIT, thereby confirming its lawfulness.

The case is pending before the Council of State, following a referral to the Court of Justice of the European Union, in the matter of state aid, for the assessment of the allocation of the sum of €70 million in favour of FSE and the transfer of the shareholding in FSE from MIT to FS without tender procedures and without consideration. As part of the appeal proceedings, a verification was ordered and the parties filed technical notes, as well as defence and rebuttal briefs. On 29 November 2023, FS and FSE filed an application for referral (which was also joined by MIT) in which it was acknowledged that on 24 November 2023, the European Commission had adopted a decision on a case history similar to the subject matter of the case, concluding that no State aid was involved. The Council of State reserved the right to decide on the application for referral or, if rejected, on the merits of the case. Pending the development of the litigation, the Company, having met all the conditions set forth in the Decree, took action by periodically requesting the Ministry for the disbursement of the sums allocated by Law No. 208/2015, but the Ministry has never disbursed such sums, deeming it appropriate to wait for the settlement of the litigation. However, in order to ensure business continuity and pending the disbursement of the allocation by the MIT, recourse was made to a loan of the same amount granted by the shareholder FS on 19 December 2018 (Bridge Loan) with exclusive allocation to the liabilities and needs of the infrastructure segment.

RFI/Trenitalia/MIR: K2 Discount. This dispute refers to the application of the "K2 Discount" - introduced by Ministerial decree no. 44/T of 22 March 2000 and consisting of a temporary discount on the fee to use the railway infrastructure provided that the conditions for a single train driver are not met - in which the MIT had ordered could not be applied as there were no government grants in the Ministerial decree no. 92/T of 11 July 2007. Following the lawsuit by several railway companies, the Council of State definitively nullified Ministerial decree no. 92/T with ruling no. 1110/2013. Trenitalia has brought a civil action before the Rome Civil Court in order to have RFI SpA pay the amounts due for the "K2 Discount" following the annulment of Ministerial decree no. 92/T of 11 July 2007. Mercitalia Rail Srl appeared in court. On 1 March 2023, the Court of Rome, in its decision no. 3460/2023, ordered RFI to pay €144.5 million, plus interest, in favour of Trenitalia, and €91.3 million, plus interest, in favour of Mercitalia Rail, and rejected the application for indemnity submitted by RFI against MIT and MEF. On 28 July 2023, RFI filed an appeal against the aforementioned decision of the Court of Rome, with a simultaneous application for a stay of the same. Trenitalia and Mercitalia Rail as well as MIT and MEF entered an appearance. With an order filed on 22 February 2024, the Court of Appeal granted the petition to suspend the enforceability of the first instance judgment submitted by RFI.

Appeals against TRA decision no. 70/2014. With judgment no. 157/2021, the Piedmont Regional Administrative Court rejected the appeal filed by RFI against the TRA Resolution no. 33/2016 closing the sanctioning procedure initiated with Resolution no. 64/2015, relating to the non-compliance with certain provisions of Resolution no. 70/2014 (in particular on the remodulation of the penalty-franchise system for failure to contract or use train paths by railway companies). On 17 May 2021, RFI appealed to the Council of State against the aforementioned ruling. With judgment no. 1562/2024, published on 16 February 2024, the Council of State rejected the appeal brought by RFI, confirming the overall penalty of €30,000 imposed by TRA with Resolution no. 33/2016, deeming RFI's complaints to be unfounded. The appeal promoted by Italo-NTV against the judgement of the Regional Administrative Tribunal (TAR) no. 1239/2017, which rejected its original appeal against Resolution TRA no. 70/2014, was also finalised, with the Council of State's decision of 24 July 2023, in the face of Italo-NTV's waiver due to lack of interest in the continuation.

RFI/Trenitalia: Appeals relating to TRA decision no. 43/2019. Decision no. 43/2019, completed the procedure commenced with decision no. 138/2017 relating to compliance with the Piedmont regional administrative court rulings nos. 1097 and 1098 of 2017 concerning the revision of RFI SpA's fees. Decision no. 43/2019 was appealed before the Piedmont regional administrative court by Group of freight railway companies and by Trenitalia SpA. As for the appeal lodged by the

freight railway companies, it was rejected by the Regional Administrative Court of Piedmont, with judgment no. 979/2023, at the outcome of the verification that confirmed the correct operation of RFI, while the appeal filed by Trenitalia had already been rejected by the same Regional Administrative Court of Piedmont with judgment no. 1136/2021, because it was considered unfounded. As for the appeal lodged by the freight railway companies, the appeal was rejected following the hearing held on 8 February 2024. The ruling confirmed the legitimacy of the contested resolutions, stating that rulings nos. 1097-1098/2017 are effective only in favour of the parties to the proceedings and that, therefore, the extension of the adjustments for the period prior to 1 January 2019 should be recognised only in favour of the freight companies that took part in the aforementioned proceedings.

RFI: Appeals relating to TRA decisions no. 126 and 127/2023. With TRA Resolutions No. 126 and No. 127 of 27 July 2023, the Authority concluded the sanctioning procedure initiated with Resolution No. 147/2022 for the violation of Article 23, paragraph 3, of Legislative Decree No. 112/2015 concerning the Network Information Prospectus (PIR) for the year 2023. Specifically, RFI was accused of having entered into framework agreements having as their object capacities exceeding the threshold of 85% of the total related to each section and for each time slot provided for in the above-mentioned provision of the RIP. RFI challenged the above-mentioned provisions before the Regional Administrative Court of Piedmont; the case is still pending.

RFI: Appeals against ARERA and CSEA. On 11 July 2022, RFI filed an appeal with the Lombardy Regional Administrative Court (TAR) against ARERA and Cassa per i Servizi Energetici e Ambientali (CSEA) in order to challenge ARERA's note dated May 11, 2022, in which it is stated that the Special Tariff Scheme, which RFI holds pursuant to Presidential Decree No. 730/1963, is limited to traction energy, considering, on the contrary, that energy so-called "for uses other than traction" is excluded from the said Scheme. In the meantime, on 28 December 2022, CSEA, independently offset the amount paid to RFI for the period 2015-2019 as compensation for uses other than traction on the compensation payment related to traction energy. RFI proceeded in February 2023 to file an interlocutory application in the existing appeal as well as an additional appeal on additional grounds against CSEA and ARERA. By judgment No. 2874/2023, the Lombardy Regional Administrative Court rejected RFI's defenses. RFI appealed the judgment before the Council of State.

Trenitalia: Antitrust proceedings A551. In the measure dated 19 July 2022, the Antitrust Authority began proceedings against Trenitalia SpA for an alleged violation of article 102 of the TFUE regarding abuse of a dominant position for conduct relating to the sale of regional and/or Intercity services that are financed with government grants in relation to Frecce/HS services. In the course of the proceedings, Trenitalia SpA proposed a set of commitments pursuant to article 14-ter of Law no. 287/1990, to remove any antitrust concerns that had arisen during the start of the proceedings. By order no. 30610 of 18 April 2023, served on 3 May 2023, the Authority decided to accept the commitments proposed by Trenitalia and to close the proceedings without assessment of a violation.

RFI/Trenitalia/MIL: European Commission Decision 7891/2023 - Case SA 32179/2014. On 24 November 2023, the European Commission adopted the final decision of the formal investigation procedure initiated in 2014, in relation to some transactions of intra-group transfer of properties ("asset allocation") carried out between 2007 and 2011 by RFI in favour of Trenitalia and FS Logistica (now MIL). In particular, the Commission found that these transfers did not qualify as state aid, as they were in line with EU law and decision-making practice and did not confer any selective advantage to the aforementioned companies under Article 107 TFEU. The text of the decision is being published.

Trenitalia: European Commission Decision 8017/2023 - Case SA 32953/2014. On 24 November 2023, the European Commission adopted the final decision of the formal investigation procedure initiated in 2014, concerning the compensation for public service obligations in the freight sector awarded by Italy to Trenitalia in the period 2000-2014, under three consecutive service contracts. The European Commission ruled that these compensations were compatible with state aid rules, with the exception of the compensation granted for certain services rendered between 4 December 2012 and 31 December 2014. The amount of incompatible aid was quantified as approximately €95 million plus interest.

FSE: Appeal vs. award of rail public transport service contract. On 26 June 2023, appeal No. 753/2023 was served on FSE and the Apulia Region, brought by a rail transport company that brought an action before the Apulia Regional Administrative Court seeking the annulment of the acts of direct award in favour of FSE of the rail public transport service contract, with an expected duration from 1 July 2023 to 31 December 2032. With subsequent additional grounds, notified on 28 July 2023, D.G.R. No. 917 of 30 June 2023 was also challenged, by which the Apulia Region ascertained the fulfilment of the last condition suspending the effectiveness of the award ordered in favour of FSE on the basis of the resolutions no. 411/23 and no. 2182/20, and approved the Draft Service Contract. Awaiting Judgment.

The Holding Company's treasury shares

At 31 December 2023, FS Italiane SpA neither owns treasury shares directly or through trustees or nominees nor has it acquired or sold treasury shares directly or through trustees or nominees in 2023.

Related party transactions

Transactions between FS Italiane SpA and the Group companies and their transactions with other related parties are carried out correctly in terms of substance and to the parties' mutual financial benefit based on normal market conditions which are defined with the assistance of independent experts, when necessary.

The shared objective of intraGroup transactions is to promote efficiency and, therefore, create value for the entire Group. To this end, in line with FS Italiane Group's industrial plan, a more rational reallocation of Group assets and resources is underway, to enable each company to focus on its core business, to improve the use of assets not directly related to the core activities of the Group companies, transferring these activities to specialised entities, including through demergers and contributions, and to increase intraGroup synergies. These processes and transactions are carried out in accordance with sector regulations, the Italian Civil Code and tax laws, in line with the guidelines issued by the relevant ministries and the Group's administrative/accounting procedures and considering the specific characteristics of the activities performed by many Group companies.

Assets and liabilities, income and expense arising on transactions during the year with parents and other Group companies and information on related party transactions are presented in the notes to the separate and consolidated financial statements, to which reference should be made.

Outlook

The macroeconomic framework is characterised by strong growth in consumption and services related to the mobility of people, despite the strong instability related to the evolution of the conflict in Ukraine and the crisis in the Middle East, which is showing repercussions on the transits of maritime transport logistics in the Suez Canal.

The Eurozone projections foresee an increase in GDP in 2024 of 1.4% (2023 equal to 0.8%), with an inflation rate of 2.6% (2023 equal to 5.7%), while Italy is expected to see an increase in GDP of 1.1% (2023 equal to +0.9%) and an inflation rate of 2.4% (2023 equal to 6.5%). Estimates for the coming years on GDP and inflation projections seem to avert a recessionary scenario and foresee inflation returning towards the ECB's target of 2%.

In this macroeconomic context, the FS Group recorded a total recovery in mobility in 2023, with peaks above the pre-pandemic period, with an acceleration in the recovery of demand in all transport business segments and, at the same time, has strengthened the role at the centre of the mobility ecosystem, with the aim of enabling a system of resilient infrastructure, sustainable mobility and integrated logistics, including in relation to the impact of Climate Change, thus creating value for the country.

The ten-year industrial plan has been updated in light of the results achieved and the new transport scenario, which charts a course to make the Group a more effective force in the domestic mobility system, making it more sustainable and integrated and encouraging a modal rebalancing in favour of the green transition and social sustainability, the enabling factors being technological and digital innovation and people, alongside all stakeholders.

Projected economic values for 2024 consolidate the positive results of 2023 by bringing an increase in revenues driven by the Business Segments, including the Passenger one, which forecasts growth in demand volumes from the domestic market in all its Business segments despite the entry into Italy of French and Spanish competitors, mainly in the HS and Regional Transport business segments, as well as the growing supply of long-distance road operators.

In terms of investment, the FS Group, with the Infrastructure business segment, confirms the positive trend already recorded in 2023, with double-digit incremental output in 2024. In this respect, the railway sector and in particular the FS Group is a leading player in the definition and implementation of the NRRP, with specific regard to the investments in Mission 3 "Infrastructure for sustainable mobility", 80% of which are directed at developing and strengthening the national and regional railway network.

With reference to the objectives and mission of the FS Group, the Passenger business segment expects to develop an integrated offer through sales channels that will bring a greater possibility of increasing market share in areas not served by rail, to encourage the modal shift towards collective transport by achieving levels of sustainability along the entire supply chain, and to propose an offer of services for quality, sustainable tourism that is attentive to rediscovering the riches of the Italian territory; the Infrastructure business segment envisages an evolution over the span of the plan with the objectives of accompanying the supply chain by guaranteeing timing and quality of investments and targeting the objectives of the NRRP and, at the same time, developing and integrating rail and road infrastructures with a view to green transformation, digital technology and improving their reliability; the Logistics business segment plans to consolidate and expand along the value chain through partnerships with major players in the contiguous logistics world in the domestic and European markets by developing an integrated and sustainable logistics offer; the Urban Transport Business Segment aims at green urban regeneration, contributing to decarbonisation and urban intermodal integration to boost passenger modal shift.

Internationally, the FS Italiane Group aims to be a multi-domestic company by increasing its presence, thanks to increasing liberalisation, and generating further value, in the countries where it is already present (France, Spain, Germany, Greece, the Netherlands, and the United Kingdom), configuring itself as a European mobility operator with the launch of the new cross-border connections in Europe, pursuing the "big ticket" opportunity by developing its role as a technological leader in the non-EU sphere and exporting its know-how across new borders (from Eastern Europe to the Balkans and the Eastern Mediterranean).

As a cross-cutting and priority objective, together with the objectives of the business segments, the FS Group aims to increase the degree of energy autonomy through the production of energy from renewable sources, energy efficiency interventions, development of innovative solutions (e.g. energy storage, smart/microgrid, etc.), in order to support part of the energy needs of the Group companies, thus contributing to ecological transition.

Ferrovie dello Stato Italiane SpA, which closed the 2023 financial year with a profit, will continue working on its tasks of managing and coordinating the Group processes to support the pursuit of its strategic vision.

Annex: GRI Content Index

The bridging table below matches the identified material topics, the associated GRI topic and the related reporting boundary. The actual or potential impacts, either internal or external to the Group's boundary, of each GRI aspect related to the identified material topics have been considered.

MATERIAL TOPICS FOR THE FS ITALIANE GROUP	INTERNAL BOUNDARY	EXTERNAL BOUNDARY	GRI STANDARDS AND DISCLOSURES	NOTES	
Environmental protection Circular economy	Ferrovie dello Stato Italiane	Supply chain	Materials Water and effluents Waste Environmental compliance	GRI 301 GRI 303 GRI 306 GRI2-27	For the external boundary, the assessment of impacts relates to work site* and supplier assessment activities
Climate change mitigation	Ferrovie dello Stato Italiane Group	Supply chain	Energy Emissions	GRI 302 GRI 305	For the external boundary, the assessment of impacts relates to work site * and supplier assessment activities and complies with the GHG protocol guidelines (see "The Corporate Value Chain (Scope 3) Accounting and Reporting Standard"), based on the volume of invoices issued by the suppliers to FS Italiane Group companies during the year
Ethical and responsible business Data protection and cybersecurity	Ferrovie dello Stato Italiane Group	Supply chain The country	Economic performance Anti – corruption Anti-competitive behavior Taxes Security practices Customer privacy Public policy Socioeconomic compliance	GRI 2 GRI 201 GRI 205 GRI 206 GRI 207 GRI 410 GRI 418 GRI 415	
Sustainable supply chain	Ferrovie dello Stato Italiane Group	Supply chain	Procurement practices Supplier environmental assessment Non-discrimination Freedom of association and collective bargaining Child labour Forced or compulsory labour Human rights assessment Supplier social assessment	GRI 204 GRI 308 GRI 406 GRI 407 GRI 408 GRI 409 GRI 412 GRI 414	
Value for customers Support for communities and responsible use of the land	Ferrovie dello Stato Italiane Group	Customers The country	Local communities Approach to stakeholder engagement	GRI 413 GRI 2	

MATERIAL TOPICS FOR THE FS ITALIANE GROUP	INTERNAL BOUNDARY	EXTERNAL BOUNDARY	GRI STANDARDS AND DISCLOSURES	NOTES
Occupational health and safety Safety of transport, infrastructure and other assets	FS Italiane Group Employees	<i>Customers' supply chain</i>	Occupational health and safety Customer health and safety	GRI 403 GRI 416 For the supply chain, the assessment of impacts relates to work site * and supplier assessment activities. For customers, events refer to the national infrastructure operated by RFI.
Inclusion, enhancement and development of people	FS Italiane Group Employees		Employment Labour/management relations Training and education Diversity and equal opportunity Non-discrimination	GRI 401 GRI 402 GRI 404 GRI 405 GRI 406
Sustainable, resilient and integrated infrastructure Sustainable, resilient and integrated transport systems	Ferrovie dello Stato Italiane Group	<i>Customers' supply chain</i> The country	-	-

*The data refer to sites for civil and technological contracts in which Italferr is involved as works manager/coordinator during performance and for the contracts for new HS/HC lines awarded to general contractors in which Italferr provides works management and safety oversight. The data also refer to general contracts in which Italferr provides oversight for both works management and safety.

GRI Content Index

GRI INDICATORS		CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16)	COMMENTS/DIRECT ANSWERS
GRI 2: General disclosures			
The organization and its reporting practices			
2-1	Organizational details	<ul style="list-style-type: none"> ✓ The Group in short ✓ Report on corporate governance and the ownership structure ✓ Segment economic performance ✓ Context and focus on the Ferrovie dello Stato Italiane Group - Market performance and focus on the Ferrovie dello Stato Italiane Group ✓ Notes - Ferrovie dello Stato Italiane Group's business and structure of the consolidated financial statements ✓ Annexes – Consolidation scope and the Group's equity investments 	
2-2	Entities included in the organization's sustainability reporting	<ul style="list-style-type: none"> ✓ Annexes – Consolidation scope and the Group's equity investments 	
2-3	Reporting period, frequency and contact point		<p>The reporting period is 2023. The reporting cycle is one year. Email: rappertosostenibilita@fsitaliane.it Fax: 06 644102077</p>
2-4	Restatements of information	<ul style="list-style-type: none"> ✓ Directors' report and non-financial information – Consolidated non- financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information 	<p>Any restatements and reclassifications are indicated in this document.</p>
2-5	External assurance	<ul style="list-style-type: none"> ✓ Directors' report and non-financial information – Consolidated non- financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information 	
Activities and workers			
2-6	Activities, value chain and other business relationships	<ul style="list-style-type: none"> ✓ The Group in short ✓ Business model ✓ Segment economic performance ✓ Context and focus on the Ferrovie dello Stato Italiane Group - Market performance and focus on the Ferrovie dello Stato Italiane Group ✓ Commitment to sustainable development <ul style="list-style-type: none"> ✓ Human capital ✓ Sustainable supply chain ✓ Annexes – Consolidation scope and the Group's equity investments 	<p>There were no significant changes in the organization and supply chain in 2023.</p>
2-7	Employees	<ul style="list-style-type: none"> ✓ Commitment to sustainable development <ul style="list-style-type: none"> ✓ Human capital 	<p>The Group's significant activities are carried out by employees. There were no significant changes in the workforce in 2023. Some information required by the standard does not include all Group Companies due to lack of necessary data. The following are the companies included in the scope: FS SpA, RFI, Trenitalia, Ferservizi, Italferr, FS Sistemi Urbani, Mercitalia</p>

GRI INDICATORS		CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16)	COMMENTS/DIRECT ANSWERS
			Logistics, Mercitalia Rail, Mercitalia Intermodal, Busitalia Sita-Nord, Busitalia Veneto, Busitalia Rail Service, Busitalia Campania, Grandi Stazioni Rail, Grandi Stazioni Immobiliare, Terminali Italia, Italcertifer, FS Technology, FS Security, Cremonesi Workshop, FS International and FSE. The total number of employees in this scope of analysis is 70,626, approximately 76.4% of the group's total workforce. An in-depth analysis is underway to structure a data collection process for next year.
2-8	Workers who are not employees		In 2023, the number of temporary workers is 244. The reduced scope for the 2023 data covers the following companies: Ferrovie dello Stato Italiane, Busitalia Sita Nord, Busitalia Rail Service Srl, Busitalia Veneto, Ferrovie del Sud Est e SA, Ferservizi, Fondazione FS, FS Park, FS Security, FS Technology, Infrarail, Italferr, Mercitalia Shunting & Terminal, RFI, Savit, Terminali Italia and Trenitalia.
Governance			
2-9	Governance structure and composition	✓ Report on corporate governance and the ownership structure	In the reporting period (2023), FS Italiane SpA's Board of Directors consisted of seven directors: the chairwoman, a CEO (a man) with extensive management duties, and five non-executive and independent directors (two women and three men) as determined by said board based on the representations and information provided by the above directors and taking into account - although there is no formal obligation - the provisions of the Code of conduct for listed companies approved by Borsa Italiana. The members of FS Italiane SpA's Board of Directors in office from 26 May 2021, did not hold any other offices in Group bodies during the reporting period (until 31 December 2022). They held a total of 72, other offices and other types of commitments outside the Group during the year, 17 of which entailed corporate positions in companies, while the remaining mainly consisted of positions/commitments with other entities, including universities, academic organizations, trade associations, non-profits and local organizations. There are no non-controlling investors or Groups of shareholders.
2-10	Nomination and selection of the highest governance body	✓ Report on corporate governance and the ownership structure: FS Italiane SpA's Board of Directors	
2-11	Chair of the highest governance body	✓ Report on corporate governance and the ownership structure: FS Italiane SpA's Board of Directors	
2-12	Role of the highest governance body in overseeing the management of impacts	✓ Report on corporate governance and the ownership structure	
2-13	Delegation of responsibility for managing impacts	✓ Report on corporate governance and the ownership structure	
2-14	Role of the highest governance body in sustainability reporting	✓ Report on corporate governance and the ownership structure	
2-15	Conflicts of interest		In relation to the matter of Directors' interests, the applicable provisions are laid down under Articles 2391 and 2390 of the Italian Civil Code, as well as those under the Rules of FS BoD approved at the meeting of 6 October 2021. The latter in particular provide that: - the Directors who, pursuant to Article 2391 of the Italian Civil Code, have an interest on their own behalf or on behalf of third parties in a transaction submitted to the Board's examination must promptly and exhaustively inform the Board about the existence of such interest and the related circumstances. The Directors themselves shall abstain from the relevant

GRI INDICATORS		CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16)	COMMENTS/DIRECT ANSWERS
			resolutions, and also from taking part in the discussion, when there are special needs referred to the evaluation and decision of those concerned; - the Directors, upon acceptance of candidacy and office and thereafter on an annual basis, shall also make a declaration in relation to the provisions of Article 2390 of the Italian Civil Code regarding the prohibition on competition for directors. The application of the aforementioned provision of law in addition to the activities of Ferrovie dello Stato SpA also refers to the activities in the rail and road transport sectors of the Group companies of which Ferrovie dello Stato SpA is the holding company. In addition, the members of the Corporate Bodies of all Group companies are required to be inspired by the values and contents of the FS Group Code of Ethics.
2-16	Communication of critical concerns	✓ Report on corporate governance and the ownership structure	
2-17	Collective knowledge of the highest governance body	✓ FS Italiane SpA's Board of Directors	
2-18	Evaluation of the performance of the highest governance body	✓ Report on corporate governance and the ownership structure	
2-19	Remuneration policies	✓ Report on corporate governance and the ownership structure	
2-20	Process to determine remuneration	✓ Report on corporate governance and the ownership structure	
2-21	Annual total compensation ratio		The ratio of the highest-paid individual's annual compensation to the median of all employees' annual wages and salaries is 19.17. There is no increase in the salary of the highest-paid individual from the previous year.
2-22	Statement on sustainable development strategy	✓ Chairwoman's letter ✓ Commitment to sustainable development ✓ Approach, commitment and practices	
2-23	Policy commitments	✓ Report on corporate governance and the ownership structure – Additional information on corporate governance o ✓ Commitment to sustainable development ✓ Approach, commitment and practices ✓ Sustainable supply chain	https://www.fsitaliane.it/content/fsitaliane/it/il-gruppo-fs/governance/il-codice-etico-.html
2-24	Embedding policy commitments	✓ Commitment to sustainable development	
2-25	Process to remediate negative impacts	✓ Commitment to sustainable development ✓ Report on corporate governance and the ownership structure ✓ Risk factors ✓ Travel safety ✓ Research, development and innovation ✓ Stakeholder engagement	
2-26	Mechanisms for seeking advice and raising concerns	✓ Report on corporate governance and the ownership structure	
2-27	Compliance with laws and regulations	✓ Context and focus on FS Italiane Group - Transport Authority ("TRA") regulations ✓ Other information ✓ Commitment to sustainable development ✓ Human capital	In 2023, the main Group companies' most significant disputes in terms of potential financial costs related to: - Requests for classification to higher positions; - Requests for acknowledgement of subordinated employment relationships submitted to companies alleging breach of current regulations prohibiting fraud in provision of labour;

GRI INDICATORS		CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16)	COMMENTS/DIRECT ANSWERS
			<ul style="list-style-type: none"> - Joint obligation; - Recruitment contracts in the maritime sector: conversion of fixed-term and/or voyage employment contracts into permanent employment contracts; - Asbestos; - Remuneration of weekdays; - Dispute about apprenticeship contracts; - Rest periods pursuant to EC Regulation 561/2006; - Dispute about damage compensation.
2-28	Membership associations	✓ Stakeholder engagement	
Stakeholder engagement			
2-29	Approach to stakeholder engagement	✓ Stakeholder engagement	
2-30	Collective bargaining agreements	<ul style="list-style-type: none"> ✓ Commitment to sustainable development ✓ Human capital 	
GRI 3: Material topics			
3-1	Process to determine material topics	✓ Directors' report and non-financial information – Consolidated non- financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information	
3-2	List of material topics	✓ Directors' report and non-financial information – Consolidated non- financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information	Any restatements and reclassifications are indicated in this document.
3-3	Management of material topics	<ul style="list-style-type: none"> ✓ Directors' report and non-financial information – Consolidated non- financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information ✓ Report on corporate governance and the ownership structure – The internal control and risk management system ✓ Commitment to sustainable development <ul style="list-style-type: none"> ✓ Approach, commitment and practices ✓ Environmental sustainability ✓ The travel experience ✓ Sustainable supply chain ✓ Human capital ✓ Commitment to the community 	The Group assesses and manages the economic, environmental and social risks using an approach based on the prudence principle.
GRI 200: Economic			
GRI 201: Economic performance			
201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> ✓ Introduction – Income statement ✓ The Group's financial position and performance 	
201-2	Financial implications and other risks and opportunities due to climate change	✓ Risk factors	
GRI 203: Indirect economic impacts			

GRI INDICATORS		CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16)	COMMENTS/DIRECT ANSWERS
203-1	Infrastructure investments and services supported	✓ Investments	
203-2	Significant indirect economic impacts	✓ Investments	
GRI 204: Procurement practices			
204-1	Proportion of spending on local suppliers	✓ Commitment to sustainable development ✓ Sustainable supply chain	
GRI 205: Anti-corruption			
205-2	Communication and training about anti-corruption policies and procedures	✓ Report on corporate governance and the ownership structure	
205-3	Confirmed incidents of corruption and actions taken	✓ Other information	
GRI 206: Anti-competitive behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	✓ Context and focus on FS Italiane Group - Transport Authority ("TRA") regulations ✓ Other information	All employees and directors of the Group companies operate strictly in compliance with the limits imposed by antitrust law and carefully observe the requirements set out in the antitrust compliance handbook and the antitrust code of conduct consisting of an operating manual/guide that summarises, for quick and immediate reference, the main rules of conduct when one of the following circumstances is identified or has to be dealt with: (i) possible initiatives in violation of anti-trust regulations, (ii) investigations of the antitrust authority, (iii) the management of competitive procedures as a contractor.
GRI 300: Environmental			
GRI 301: Materials			
301-1	Materials used by weight or volume	✓ Commitment to sustainable development ✓ Environmental sustainability	
301-2	Recycled input materials used	✓ Commitment to sustainable development ✓ Environmental sustainability	
GRI 302: Energy			
302-1	Energy consumption within the organization	✓ Commitment to sustainable development ✓ Environmental sustainability	
GRI 303: Water and effluents			
303-1	Interactions with water as a shared resource	✓ Commitment to sustainable development ✓ Environmental sustainability	
303-2	Management of water discharge-related impacts	✓ Commitment to sustainable development ✓ Environmental sustainability	
303-3	Water withdrawal	✓ Commitment to sustainable development ✓ Environmental sustainability	
303-4	Water discharge	✓ Commitment to sustainable development ✓ Environmental sustainability	
GRI 304: Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	✓ Commitment to sustainable development ✓ Environmental sustainability	
GRI 305: Emissions			
305-1	Direct (Scope 1) GHG emissions	✓ Commitment to sustainable development	

GRI INDICATORS		CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16)	COMMENTS/DIRECT ANSWERS
		✓ Environmental sustainability	
305-2	Energy indirect (Scope 2) GHG emissions	✓ Commitment to sustainable development ✓ Environmental sustainability	
305-3	Other indirect (Scope 3) GHG emissions	✓ Commitment to sustainable development ✓ Environmental sustainability	
GRI 306: Waste			
306-1	Waste generation and significant waste-related impacts	✓ Commitment to sustainable development ✓ Environmental sustainability	
306-2	Management of significant waste-related impacts	✓ Commitment to sustainable development ✓ Environmental sustainability	
306-3	Waste generated	✓ Commitment to sustainable development ✓ Environmental sustainability	
306-4	Waste diverted from disposal	✓ Commitment to sustainable development ✓ Environmental sustainability	
306-5	Waste directed to disposal	✓ Commitment to sustainable development ✓ Environmental sustainability	
GRI 308: Supplier environmental assessment			
308-1	New suppliers that were screened using environmental criteria	✓ Commitment to sustainable development ✓ Sustainable supply chain	
GRI 400: Social			
GRI 401: Employment			
401-1	New employee hires and employee turnover	✓ Commitment to sustainable development ✓ Human capital	The following formula was used to calculate employee turnover: $\frac{[(\text{incoming} + \text{outgoing}) / \text{average number of employees}] * 100}{100}$ <p>With respect to the breakdown of personnel by age Group, a more detailed representation than required by the standard was used as it was considered more meaningful.</p> <p>Some information required by the standard does not include all Group Companies due to lack of necessary data. The following are the companies included in the scope: FS SpA, RFI, Trenitalia, Ferservizi, Italferr, FS Sistemi Urbani, Mercitalia Logistics, Mercitalia Rail, Mercitalia Intermodal, Busitalia Sita-Nord, Busitalia Veneto, Busitalia Rail Service, Busitalia Campania, Grandi Stazioni Rail, Grandi Stazioni Immobiliare, Terminali Italia, Italcertifer, FSTechnology, FS Security, Cremonesi Workshop, FS International and FSE. The total number of employees in this scope of analysis is 70,626, approximately 76.4% of the group's total workforce. An in-depth analysis is underway to structure a data collection process for the coming year.</p>
GRI 403: Occupational health and safety (2018)			
403-1	Occupational health and safety management system	✓ Commitment to sustainable development ✓ Human capital	FS SpA and major companies* in the Group have certified Management Systems. *RFI, Trenitalia, Mercitalia Logistics, Italferr, Busitalia Sita-Nord, Ferservizi, FSE. Anas is working on obtaining the certification.
403-2	Hazard identification, risk assessment, and incident investigation	✓ Commitment to sustainable development ✓ Human capital ✓ Other information	The employers identified within each Group company are responsible for preparing the occupational health and safety system risk assessment document required by Legislative decree no. 81/08, which contains an assessment of all risks and the necessary actions to minimize them. It is an essential part of the occupational safety management systems that the Group companies have implemented and which they use to provide workers with the tools needed to report and manage any dangerous situations and to define corrective actions

GRI INDICATORS		CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16)	COMMENTS/DIRECT ANSWERS
			following any incidents for the continuous improvement of the system.
403-3	Occupational health services	<ul style="list-style-type: none"> ✓ Commitment to sustainable development ✓ Human capital 	
403-4	Worker participation, consultation, and communication on occupational health and safety	<ul style="list-style-type: none"> ✓ Commitment to sustainable development ✓ Human capital 	The Group has formal agreements in place with the trade unions protecting health and safety, to promote projects that foster a culture of safety and prevention among workers by constantly updating employee training and through the introduction of new equipment and new technologies.
403-5	Worker training on occupational health and safety	<ul style="list-style-type: none"> ✓ Commitment to sustainable development ✓ Human capital 	<p>Furthermore, occupational health and safety training was provided in the year.</p> <p>The main courses related to:</p> <ul style="list-style-type: none"> • Health and safety for workers; • Health and safety for managers; • Fire prevention; • First aid; • Supervisors, Prevention and Protection Service Officers; • smart working; • aggression prevention and management.
403-6	Promotion of employee health	<ul style="list-style-type: none"> ✓ Commitment to sustainable development ✓ Human capital 	<p>1) Work was concluded on the secondary breast cancer prevention campaign for the Group's female employees in Bari, Cagliari, Naples, Palermo, Reggio Calabria and Salerno. The eight-day campaign consists of free mammograms to promote early diagnosis. The other remaining 5 stages were carried out over 7 days in 2023: 462 mammography and ultrasound services delivered.</p> <p>2) 17 seminar webinars were held by nutritionists, nutrition psychologists, and psychotherapists dedicated to promoting proper eating styles, prevention of eating disorders, healthy sleep-related habits, and addiction prevention (smoking, technologies, toxic relationships). The appointments totalled 6,154 registrants from all companies in the Group.</p>
403-9	Work-related injuries	<ul style="list-style-type: none"> ✓ Commitment to sustainable development ✓ Human capital ✓ Other information 	<p>The employers identified within each Group company are responsible for preparing the occupational health and safety system risk assessment document required by Legislative decree no. 81, which contains an assessment of all risks and the necessary actions to minimize them. It is an essential part of the occupational safety management systems that the Group companies have implemented and which they use to provide workers with the tools needed to report and manage any dangerous situations and to define corrective actions following any incidents for the continuous improvement of the system.</p> <p>With regard to injuries related to non-employee workers whose activities and/or workplace are under the control of the organization, the data do not include all the Group's contracting firms, but refer to sites for civil and technological contracts in which Italferr is involved as works manager/coordinator during performance and for the contracts for new HS/HC lines awarded to general contractors in which Italferr provides works management and safety oversight. The data also refer to general contracts in which Italferr provides oversight for both works management and safety.</p> <p>The other information required by the standard, is currently not available due to the lack of the necessary data. In this respect, an in-depth analysis is underway to structure a data collection process in the next year.</p>
GRI 404: Training and education			
404-1	Average hours of training per year per employee	<ul style="list-style-type: none"> ✓ Commitment to sustainable development ✓ Human capital 	<p>The data on the hours of training per year are in man-days (an average of 7.60 hours per day).</p> <p>The reporting boundary does not cover all Group companies due to lack of necessary data. The following are the companies included in the perimeter: FS, RFI, Trenitalia, Busitalia - Sita Nord, Ferservizi, Italferr, FS Sistemi Urbani, Mercitalia</p>

GRI INDICATORS		CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16)	COMMENTS/DIRECT ANSWERS
			Logistics, Mercitalia Rail, FS Technology, FS international e FS Security, Anas, Blu Jet, Busitalia Campania, Busitalia Rail Service, Busitalia Veneto, Cremonesi Workshop, Fercredit, Ferrovie Sud Est e Sa, Grandi Stazioni Rail, Infrarail, Italcertifer, Mercitalia Intermodal, Mercitalia Shunt&Terminal, FS Park and Terminali Italia.
GRI 405: Diversity and equal opportunity			
405-1	Diversity of governance bodies and employees	<ul style="list-style-type: none"> ✓ Commitment to sustainable development ✓ Human capital ✓ Report on corporate governance and the ownership structure - FS Italiane SpA's Board of Directors - Composition and appointment 	The Group is compliant with current regulations regarding protected group of people. With respect to the breakdown of personnel by age Group, a more detailed representation than required by the standard was used as it was considered more meaningful.
GRI 406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken		There were no incidents of discrimination in 2023.
GRI 407: Freedom of association and collective bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<ul style="list-style-type: none"> ✓ Commitment to sustainable development ✓ Human capital ✓ Sustainable supply chain 	There are no risks to the freedom of association and bargaining within the FS Italiane Group. The Group has established a system of relationships with the trade unions based on information and bargaining at various national and local levels with trade union representatives (national and local offices, unit representatives and company representatives). In addition, the FS Italiane Group applies all inter- confederation agreements, including those on trade union representation. All Group contracts require the full acceptance of the Code of Ethics. There are no suppliers or activities in which the right to freedom of association and collective bargaining is exposed to significant risk.
GRI 408: Child labour			
408-1	Operations and suppliers at significant risk for incidents of child labour	<ul style="list-style-type: none"> ✓ Commitment to sustainable development ✓ Sustainable supply chain 	All Group contracts require the full acceptance of the Code of Ethics. There are no suppliers or activities with significant risk of child labour.
GRI 409: Forced or compulsory labour			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	<ul style="list-style-type: none"> ✓ Commitment to sustainable development ✓ Sustainable supply chain 	All Group contracts require the full acceptance of the Code of Ethics. There are no suppliers or activities with significant risk of forced labour.
GRI 412: Human rights assessment			
412-3	Significant investment agreements and contracts with human rights clauses or that underwent human rights screening	<ul style="list-style-type: none"> ✓ Commitment to sustainable development ✓ Sustainable supply chain 	<p>The Ferrovie dello Stato Italiane Group makes its purchases in accordance with the EU Directives, as implemented in the Procurement Code, and its own "Rules for the Negotiating Activities of Group Companies."</p> <p>Suppliers are selected according to assessments related to quality, price and other requirements of business utility (location and nationality of the supplier are not among the selection criteria".</p> <p>Standard contract clauses included in contracts include requiring the contractor to comply with:</p> <ul style="list-style-type: none"> • labour and social security laws with application of collective labour agreements; • obligations regarding occupational health and safety; • the regulations contained in the "Group Code of Ethics." <p>To date, no agreements and/or contracts have been formalized with the inclusion of specific human rights clauses or that are subject to the evaluation of the effective implementation of human rights protection policies.</p> <p>The Group joined the UN's Global Compact network, undertaking to comply with the 10 human rights, labour, environmental and anti-corruption principles and integrate</p>

GRI INDICATORS		CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16)	COMMENTS/DIRECT ANSWERS
			them in its business. On 16 April 2019, FS Italiane SpA's Board of Directors approved the Group's sustainability policy based on the SDGs and the principles of the UN Global Compact.
GRI 414: Supplier social assessment			
414-1	New suppliers that were screened using social criteria	<ul style="list-style-type: none"> ✓ Commitment to sustainable development ✓ Sustainable supply chain 	It should be noted that full acceptance of the Code of Ethics is required for all Group contracts.
GRI 415: Public policy			
415-1	Political contributions		The Group does not make any direct or indirect contributions to political parties, movements, committees and political and trade union organizations, or to their members and candidates, except for those due under specific regulations. The relations with political and trade union parties, movements, committees and organizations are maintained exclusively by the formally-delegated corporate functions (article 5.5 of the FS Italiane Group's code of ethics).
GRI 416: Customer health and safety			
416-1	Assessment of the health and safety impacts of product and service categories	<ul style="list-style-type: none"> ✓ Travel safety ✓ Other information 	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.	<ul style="list-style-type: none"> ✓ Other information 	Incidents of non-compliance relate to the national infrastructure RFI and not concern other services delivered by the Group, The other information required by the standard is currently not available due to the lack of the necessary data. In this respect, an in-depth analysis is underway to structure a data collection process in the next year.
GRI 418: Customer privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		In 2023, there were nine data breaches within the scope customer privacy and losses of customer data.



Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree 254/2016 and article 5 of Consob regulation adopted with resolution no. 20267 of January 2018

To the Board of Directors of
Ferrovie dello Stato Italiane SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (hereinafter the "Decree") and article 5, paragraph 1 g), of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Ferrovie dello Stato Italiane SpA and its subsidiaries (hereinafter the "Ferrovie dello Stato Italiane Group" or the "Group") for the year ended 31 December 2023 prepared in accordance with article 4 of the Decree, presented in the specific section of the Directors' report and approved by the Board of Directors on 10 April 2024 (hereinafter "NFS").

Our review does not extend to the information set out in the section titled "Classification of the Group activities according to the European taxonomy" of the Group's NFS, required by article 8 of Regulation (EU) 2020/852.

Responsibilities of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the Global Reporting Initiative Sustainability Reporting Standards defined by the GRI - Global Reporting Initiative (the "GRI Standards"), which they identified as the reporting standards.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary for an understanding of the Group's activities, development, performance and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for identifying and managing the risks generated and/or faced by the latter.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40124 Via Luigi Carlo Farini 12 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311



The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In the period this engagement refers to our firm applied International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintained a comprehensive system of quality control including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

Our responsibility is to express a limited assurance conclusion, based on the procedures we have performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our engagement in accordance with *International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. That standard requires that we plan and perform procedures to obtain limited assurance about whether the NFS is free from material misstatement. Therefore, the procedures performed were less in extent than for a reasonable assurance engagement conducted in accordance with ISAE 3000 Revised and, consequently, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and included inquiries, mainly of personnel of the Company responsible for the preparation of the information presented in the NFS, inspections of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

- 1 Analysis of the relevant matters reported in the NFS in relation to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
- 2 Analysis and assessment of the criteria used to identify the consolidation perimeter, in order to assess their compliance with the Decree;

3 Comparison of the financial information reported in the NFS with the information reported in the consolidated financial statements of the Ferrovie dello Stato Italiane Group;

4 Understanding of the following matters:

- Business and organisational model of the Group with reference to the management of the matters specified in article 3 of the Decree;
- Policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
- Key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under item 5 a) below.

5 Understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In detail, we held meetings and interviews with the management of Ferrovie dello Stato Italiane SpA and with the personnel of Reti Ferroviarie Italiane SpA, Netinera Deutschland GmbH, Intermodalidad de Levante SA, Anas SpA, Grandi Stazioni Rail SpA, Trenitalia SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS. Moreover, for material information, considering the activities and characteristics of the Group:

- at a parent level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the following companies, Reti Ferroviarie Italiane SpA, Netinera Deutschland GmbH, Intermodalidad de Levante SA, Anas SpA, Grandi Stazioni Rail SpA, Trenitalia SpA, which we selected on the basis of their activities, their contribution to the key performance indicators at a consolidated level and their location, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the indicators.



Limited Assurance Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the NFS of the Ferrovie dello Stato Italiane Group for the year ended 31 December 2023 is not prepared, in all significant respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Our conclusion above does not extend to the information set out in the paragraph titled “Classification of the Group activities according to the European taxonomy” of the Group’s NFS required by article 8 of Regulation (EU) 2020/852.

Other matters

The NFS for the year ended 31 December 2022, the information of which is presented as comparatives, was the subject of a limited assurance engagement by another auditor, who expressed an unqualified conclusion thereon on 28 April 2023.

Rome, 24 April 2024

PricewaterhouseCoopers SpA

Signed by

Luigi Necci
(Partner)

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

Consolidated financial statements of the Ferrovie dello Stato Italiane
Group at 31 December 2023



Consolidated financial statements

Consolidated income statement

millions of Euros

	Notes	2023	2022
Revenue		14,804	13,664
Revenue from sales and services	8	14,261	13,169
Other income	9	543	495
Operating costs		(14,466)	(13,402)
Personnel expense	10	(5,284)	(4,723)
Raw materials, consumables, supplies and goods	11	(1,607)	(1,852)
Services	12	(7,570)	(6,340)
Other operating costs	13	(265)	(239)
Internal work capitalised	14	2,150	1,702
Amortisation and depreciation, provisions and impairment losses	15	(1,890)	(1,950)
Operating profit		338	262
Net financial income (expense)		(213)	(50)
Financial income	16	220	108
Financial expense	17	(456)	(221)
Share of profits of equity-accounted investees	18	23	63
Pre-tax profit		125	212
Income taxes	19	(25)	(10)
Profit from discontinued operations, net of taxes			
Profit from discontinued operations, net of taxes			
Profit for the year (attributable to the owners of the parent and non-controlling interests)		100	202
<i>Profit for the year attributable to the owners of the parent</i>		137	204
<i>Profit for the year attributable to non-controlling interests</i>		(37)	(2)

Consolidated statement of comprehensive income

millions of Euros

	Notes	2023	2022
Profit for the year (attributable to the owners of the parent and non-controlling interests)		100	202
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net actuarial gains	33	(6)	95
of which: equity-accounted investees			1
Items reclassified to profit or loss	33	4	4
Items that will or may be reclassified to profit or loss:			
Cash flow hedges - effective portion of changes in fair value	33	(97)	188
of which: equity-accounted investees		(5)	26
Net exchange gains	33	(1)	4
Other comprehensive income (expense)		(100)	291
Comprehensive income (attributable to the owners of the parent and non-controlling interests)		-	493
<i>Comprehensive income attributable to:</i>			
Owners of the parent		37	495
<i>Non-controlling interests</i>		(37)	(2)

* Net of the tax effect, where applicable

Consolidated statement of financial position

millions of Euros

	Notes	31.12.2023	31.12.2022
Assets			
Non-current assets			
Property, plant and equipment	20	49,326	48,405
Investment property	22	1,399	1,403
Intangible assets	23	1,798	1,833
Equity-accounted investments	25	1,217	833
Service concession assets	26	235	1,479
Financial assets (including derivatives)	27	628	1,546
Deferred tax assets	24	98	88
Trade receivables	28	4	5
Other assets	29	7,584	6,197
Total		62,289	61,789
Current assets			
Inventories	30	2,487	2,282
Service concession assets	26	3,314	2,042
Financial assets (including derivatives)	27	693	226
Cash and cash equivalents	31	2,295	2,691
Tax assets	32	105	97
Trade receivables	28	2,797	3,092
Other assets	29	5,735	4,080
Total		17,426	14,510
Total assets		79,715	76,299
Total equity and liabilities			
Equity			
Share capital	33	39,204	39,204
Reserves	33	(166)	(71)
Retained earnings	33	2,725	2,536
Profit for the year	33	137	204
Equity attributable to the owners of the parent	33	41,900	41,873
Profit/(Loss) attributable to non-controlling interests	34	(37)	(2)
Share capital and reserves attributable to non-controlling interests	34	226	197
Non-controlling interests	34	189	195
Total		42,089	42,068
Liabilities			
Non-current liabilities			
Loans and borrowings	35	10,732	9,159
Employee benefits	36	683	756
Provisions for risks and charges	37	1,937	2,130
Contract advances	38	1,220	1,362
Financial liabilities (including derivatives)	39	903	1,410
Deferred tax liabilities	24	151	187
Trade payables	40	15	6
Other liabilities	41	1,897	1,713
Total		17,538	16,723
Current liabilities			
Loans and borrowings and current portion of non-current loans and borrowings	35	4,250	2,599
Current portion of provisions for risks and charges	37	58	25
Contract advances	38	577	482
Financial liabilities (including derivatives)	39	580	201
Tax liabilities	42	26	11
Trade payables	40	8,995	7,626
Other liabilities	41	5,602	6,564
Total		20,088	17,508
Total liabilities		37,626	34,231
Total equity and liabilities		79,715	76,299

Consolidated statement of changes in equity (Notes 33 and 34)

millions of Euros

Equity	Reserves							Profit/(Loss) for the year	Equity attributable to the owners of the parent	Equity attributable to non- controlling interests	Total equity
	Share capital	Legal reserve	Translation reserve	Hedging reserve	Actuarial reserve	Total reserves	Retained earnings				
Balance at 1 January 2022	39,204	67	(7)	(1)	(422)	(363)	2,350	194	41,385	161	41,546
Profit/(Loss) for the year								204	204	(2)	202
Net gains/(losses) recognised directly in equity			4	192	95	291			291		291
Total comprehensive income/(expense)			4	192	95	291		204	495	(2)	493
Allocation of profit for the previous year							194	(194)			
Dividend distribution										(2)	(2)
Capital increase (share capital decrease)										21	21
Change in consolidation scope				1		1	(10)		(9)	19	10
Other changes							2		2	(2)	
Balance at 31 December 2022	39,204	67	(3)	192	(327)	(71)	2,536	204	41,873	195	42,068
Balance at 1 January 2023	39,204	67	(3)	192	(327)	(71)	2,536	204	41,873	195	42,068
Profit/(Loss) for the year								137	137	(37)	100
Net gains/(losses) recognised directly in equity			(1)	(93)	(6)	(100)			(100)		(100)
Total comprehensive income/(expense)			(1)	(93)	(6)	(100)		137	37	(37)	
Allocation of profit for the previous year		4				4	200	(204)			
Dividend distribution							(5)		(5)	(4)	(9)
Capital increase (share capital decrease)										36	36
Change in consolidation scope							(1)		(1)		(1)
Other changes							(4)		(4)	(1)	(5)
Balance at 31 December 2023	39,204	71	(4)	99	(333)	(167)	2,726	137	41,900	189	42,089

Consolidated Statement of cash flows

millions of Euros

	Notes	2023	2022
Profit for the year		100	202
Income taxes	19	25	10
Net financial expense	16-17	236	113
Amortisation and depreciation	15	1,744	1,655
Share of profits/(losses) of equity-accounted investees	18	(23)	(63)
Accruals to provisions and impairment losses	15-37	663	489
Net gains on sales		(184)	(108)
Change in inventories	30	(203)	(11)
Change in trade receivables	28	300	(130)
Change in trade payables	40	1,360	1,113
Change in other liabilities	41	(732)	1,183
Change in other assets	29	(3,099)	(346)
Utilisation of the provisions for risks and charges	37	(689)	(605)
Payment of employee benefits	36	(131)	(225)
Financial income collected/(financial expense paid)	16-17	(174)	(73)
Income taxes paid, net of reimbursed tax assets	19	(20)	(1)
Net cash flows generated from/(used) in operating activities		(827)	3,218
Increases in property, plant and equipment	20	(12,197)	(7,580)
Increases in investment property	22	(15)	(41)
Increases in intangible assets	23	(243)	(312)
Increases in equity investments	25	(655)	(429)
Investments, before grants		(13,110)	(8,361)
Grants for property, plant and equipment	20	9,922	5,952
Grants for equity investments	25	592	426
Grants		10,514	6,379
Decreases in property, plant and equipment	20	222	141
Decreases in investment property	22	3	7
Decreases in intangible assets	23	5	1
Decreases in equity investments and profit-sharing arrangements	25	19	13
Decreases		250	162
Net cash flows generated from/(used in) investing activities		(2,346)	(1,820)
Finance lease payments	21	(230)	(235)
Disbursement (repayment) of non-current loans	35	1,610	395
Disbursement (repayment) of current loans	35	1,600	(359)
Change in service concession assets/liabilities	26	(246)	(256)
Grants relating to assets (for loans)	27	10	(105)
Change in financial assets	27	(2)	(297)
Change in financial liabilities	39	3	30
Dividends	33-34	(9)	(3)
Changes in equity and cash from non-recur. trans.	33-34	28	6
Net cash flows generated from/(used in) financing activities		2,764	(824)
Total cash flows		(409)	577
Opening cash and cash equivalents		2,685	2,108
Closing cash and cash equivalents		2,276	2,685
of which intraGroup current account		19	6

Notes to the consolidated financial statements

1. Ferrovie dello Stato Italiane Group's business and structure of the consolidated financial statements

Ferrovie dello Stato Italiane SpA (the "company" or "FS Italiane SpA") was set up in accordance with Italian law and is based in Italy. Its registered office is in Piazza della Croce Rossa 1, Rome.

The Holding company and its subsidiaries ("Ferrovie dello Stato Italiane Group", "FS Group" or the "Group") provide passenger transport, freight transport and logistics services, both in Italy and abroad and manage an extensive railway and road network. FS Italiane Group's structure is shown in Annex 5.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS (which include the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect at the reporting date ("IFRS"). Specifically, the Group consistently applies the IFRS to all periods presented in these financial statements.

The consolidated financial statements have been prepared and presented in Euro, which is the FS Italiane Group's functional currency, i.e., the currency of the primary economic environment in which the FS Italiane Group operates. All amounts included in the financial statements and the tables and comments of the following notes are expressed in millions of Euros.

The financial statements format applied and the related classification criteria adopted by the FS Italiane Group in accordance with the options provided for in IAS 1 Presentation of financial statements are set out below:

- the statement of financial position has been prepared by classifying assets and liabilities as "current/non-current";
- the income statement has been prepared by classifying operating costs by nature;
- the statement of comprehensive income includes the profit for the year, as well as any other changes in equity captions, specifically actuarial gains or losses on employee benefits, fair value gains or losses on hedging instruments and gains and losses on the translation of the financial statements of foreign operations;
- the statement of cash flows has been prepared by reporting cash flows arising from operating activities using the indirect method.

These consolidated financial statements have been prepared on a going-concern basis, as the directors established that there are no financial or operational indicators or any other indications of critical issues with respect to the FS Group's ability to meet its obligations in the foreseeable future and, specifically, in the next twelve months. Reference should be made to the note to "Financial and operational risk management" for a description of the FS Group's financial risk management procedures, including those applicable to the liquidity risk.

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets and liabilities, including derivatives, which are measured at fair value.

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements, except for that set out below in respect of the newly-applied accounting policies. The reclassifications of certain captions in the year to better present the Group's financial position, also affected the prior year corresponding balances.

On 10 April 2024, the directors approved the separate financial statements at 31 December 2023 and their submission to the shareholder pursuant to article 2429 of the Italian Civil Code. These consolidated financial statements will be

subsequently presented for the shareholder's approval within the terms set by law and will be filed within the terms established by article 2435 of the Italian Civil Code. The shareholder is entitled to make changes to these consolidated financial statements. For the purposes of IAS 10.17, the directors authorised these consolidated financial statements for issue on 10 April 2024, which is the date when they approved them.

PwC SpA was assigned the engagement to carry out the statutory audit for the 2023-2031 period pursuant to Legislative decree no. 39/2010.

3. Consolidation scope

The consolidation policies applied by the FS Italiane Group to define the consolidation scope and, specifically, subsidiaries, joint arrangements and associates, and the related consolidation criteria, are described below.

i) Subsidiaries

The consolidated financial statements comprise the financial statements of the parent and those of the companies directly and indirectly controlled by the parent, from the date it gains control until the date when control ceases. Control can be exercised through direct or indirect holding of the majority of voting rights or through the right to variable returns from its involvement with the investees and the ability to affect those returns through its power over the investee, including regardless of shareholding relationships. The existence of potential voting rights exercisable at the reporting date is considered when determining control.

When non-controlling interests are acquired, goodwill is recognised only to the extent that it is attributable to the parent. Non-controlling interests are calculated based on the percentage of investment held by third parties in the identifiable net assets of the acquiree.

With respect to business combinations achieved in stages, when control is acquired, the previously held equity interest in the acquiree is remeasured at fair value, recognising the resulting gain or loss, if any, in profit or loss.

When non-controlling interests are acquired, once control is obtained, the positive difference between the acquisition cost and the carrying amount of the non-controlling interests acquired is recognised as a decrease in the parent's equity. Conversely, when control over an entity is retained despite the sale of a portion of equity interests, the difference between the consideration received and the carrying amount of the portions transferred is recognised directly as an increase in equity.

The Group recognises business combinations under common control, which are not covered by IFRS 3 or other standards, in accordance with IAS 8 in order to reliably and fairly present the transaction in accordance with OPI 1 (Assirevi's preliminary guidance on the IFRS).

The reporting date of the financial statements of subsidiaries, joint arrangements and associates included in the consolidation scope is 31 December, which is the reporting date of the consolidated financial statements. These financial statements have been specifically prepared and approved by the Boards of Directors of each company and duly adjusted, where necessary, to comply with the accounting policies of the FS Italiane Group.

Subsidiaries have been consolidated as follows:

- the assets and liabilities, income and expense of these companies are consolidated on a line-by-line basis, allocating, where necessary, the relevant portion of equity and profit or loss for the year to non-controlling interests. Equity and profit or loss for the year attributable to non-controlling interests are presented separately in consolidated equity and the consolidated income statement;

- business combinations of entities not under common control, whereby control of an entity is acquired, are recognised using the purchase method. The acquisition cost is the acquisition-date fair value of transferred assets, liabilities assumed and equity instruments issued. Identifiable acquired assets and identifiable assumed liabilities are recognised at their acquisition-date fair value. If positive, the difference between the acquisition cost and the fair value of identifiable acquired assets and identifiable assumed liabilities is recognised under intangible assets as goodwill; if negative, after having remeasured the fair values of the above assets and liabilities and the acquisition cost, said difference is recognised directly in profit or loss, as income. When the fair value of the identifiable acquired assets and identifiable assumed liabilities assets can only be determined provisionally, the business combination is recognised using such provisional amounts. Any adjustments related to the completion of the measurement process are recognised within twelve months of the acquisition date, recalculating comparative figures;
- profits and losses, including the related tax effects, from transactions among consolidated companies and not yet realised with third parties, are eliminated, except for unrealised losses when the transaction reflects an impairment loss on the transferred asset. Assets and liabilities and costs and revenue are also eliminated, as well as financial income and expense;
- with respect to the acquisition of non-controlling interests in companies already controlled, any difference between the acquisition cost and the related portion of the acquiree's equity is recognised in equity.

All subsidiaries are consolidated from the date the Group acquires control and are excluded from the consolidation scope on the date the Group no longer retains control. Non-operating companies are also excluded from consolidation. Please refer to Appendix 4 for the list of unconsolidated companies.

ii) Joint arrangements and associates

Joint arrangements can be classified as joint operations or joint ventures based on the underlying rights and contractual obligations. Specifically: (i) a joint operation is a joint arrangement whereby the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement. In this case, individual assets and liabilities and the related costs and revenue are recognised in the financial statements of the parties based on their individual rights and obligations, regardless of the interest held; (ii) a joint venture is a joint arrangement whereby the parties have rights to the net assets of the arrangement.

Associates are those companies over which the FS Italiane Group exercises significant influence, being the power to govern the financial and operating policies of the investee, without having control or joint control thereof. When assessing the existence of significant influence, potential substantive voting rights are considered.

Interests in joint ventures and associates are initially recognised at cost and subsequently measured using the equity method, whereby:

- the carrying amount of interests in joint ventures and associates is aligned to their equity, adjusted, where necessary, to comply with the accounting policies of the FS Italiane Group; it includes the greater amounts allocated to assets and liabilities and goodwill, if any, identified upon acquisition;
- the associates' profits or losses attributable to the FS Italiane Group are recognised from the date significant influence begins to the moment it ceases, while those of joint ventures from the date the rights to the net assets of the arrangement begin to the moment they cease. If, because of the losses incurred, the companies have a net deficit, the carrying amount of the investment is eliminated and any excess amount pertaining to the FS Italiane Group, where the latter is committed to fulfil the investee's legal or constructive obligations, or to cover their losses, is recognised in a specific provision. The statement of comprehensive income items of equity-accounted investees are recognised in specific equity reserves;

- unrealised profits and losses on transactions between the parent/subsidiaries and the equity-accounted investee are eliminated based on the amount of the interest held by the FS Italiane Group in the investee. Unrealised losses are eliminated, except for impairment losses.

Interests in joint operations are accounted for by recognising the assets/liabilities and the costs/revenue related to the arrangement based on the relevant rights/obligations, regardless of the interest held.

Subsidiaries, joint arrangements and associates, whose consolidation or recognition in the consolidated financial statements using the equity method does not generate significant effects on the Group's financial position and results of operations, are excluded from the consolidation scope and recognised at fair value, where available, or at cost, net of any impairment losses.

4. Change in consolidation scope and non-recurring transactions

Changes in the scope of consolidation and extraordinary transactions during the period are shown below.

On 1 January 2023, the partial demerger was finalised to allocate the "Security and Corporate Protection" branches of Trenitalia SpA and RFI SpA to FS Security SpA, thus making the latter operational and therefore included in the scope of consolidation.

In their extraordinary meeting of 2 February 2023, the shareholders of Tunnel Ferroviario del Brennero - Società di partecipazioni SpA approved a further capital increase up to €150 million, to be carried out by 31 December 2023, by issuing new ordinary shares to be offered as an option to shareholders. During the year, thanks to RFI SpA's capital payments totalling €142 million, the FS Italiane Group obtained control of 90.71% of the share capital, also considering the subscriptions by the other shareholders.

On 12 April 2023 FS Italian Railways Thailand Ltd was wound up.

On 23 May 2023, Trenitalia SpA established FS Treni Turistici Italiani Srl. The company's corporate purpose is the operation and sale of passenger rail transport services directed at the tourism promotion of territories, including through the operation of tourist and historical trains. The company started operations in December 2023 and was therefore included in the scope of consolidation as at that date.

On 23 June 2023, the Shareholders' Meeting of AIE SpA resolved that the company be dissolved and put into liquidation, and the company is therefore excluded from the scope of consolidation as of that date.

On 23 August 2023, Autobus Sippel GmbH, NETINERA Immobilien GmbH and Südbrandenburger Nahverkehrs GmbH were merged by incorporation into the wholly-owned parent company Netinera Deutschland GmbH with retroactive effect to 1 January 2023.

On 25 September 2023, TX Logistik AG acquired a stake in Ziel Terminal GmbH in Duisburg, equal to 25.1% of the share capital, at a price of €3.5 million.

On 30 November 2023, a closing was signed by TX Logistik AG regarding the acquisition of the entire Exploris Deutschland Group, at a total acquisition price of €55 million plus an Earn Out, not yet quantified, subject to the achievement of the group's results in financial years 2023 to 2025. The group, which operates in the Logistics sector, consists of the holding company Exploris Deutschland Holding GmbH and 15 subsidiaries based in various countries of the European Union (Germany, Poland, Czech Republic, Belgium, Netherlands, Austria, Switzerland). The acquisition was carried out in order to strengthen the Logistics Business Segment's presence in Europe, the target market of the business, as both the business and the geographical area of operation are entirely complementary to that of the Business Segment.

It should be noted that in view of the difficulty of having the Exploris Group's final figures as of 31 December 2023, according to the time limits for preparing the FS Group's Financial Report 2023, Exploris Deutschland Holding GmbH and its subsidiaries have not been included in the scope of consolidation. The shareholding in Exploris Deutschland Holding GmbH, held by TX Logistik AG, is stated among financial assets, at acquisition cost.

On 21 December 2023, Mercitalia Shunting & Terminal Srl acquired control over Eurogateway Srl and therefore as of that date the company, previously consolidated by using the equity method, is included in the scope of consolidation on a line-by-line basis. The total price paid for the acquisition of control of the company was €2 million, substantially equal to the value of the net assets identified.

With regard to Stretto di Messina SpA (hereinafter SdM), during the year several regulatory acts were enacted which changed its operational and economic dimension, for which please refer to the sections "Facts of the Year" and "Regulatory Developments" of the Report on Operations.

In particular, it should be noted that during October 2023, SdM received the Appraisal Report of the Appraiser appointed by the MEF. The appraisal estimates the economic value of SdM with reference to 31 December 2022, the date of the last financial statements prepared by SdM before the subsequent regulatory amendments and subsequent revocation of liquidation that took place during 2023. In the absence of the EFP, the economic value was estimated by using the simple equity method and thus considering only the present value of assets and liabilities on the balance sheet. The appraiser quantified at €85.3 million, the value of the corporate assets recorded in the balance sheet which must be considered to be non-functional for the restart of the work and as such to be adjusted as not recoverable. SdM prepared a Statement of Assets and Liabilities as of 31 August 2023, in accordance with the capital increase transactions provided for by law, in which the write-down of the aforementioned capitalised costs deemed no longer recoverable was recorded (of which €78 million pertaining to the FS Group, accounted for in the 2023 financial statements, under "Share of profits/(losses) of equity investments accounted for at equity).

On 30 November 2023, the Extraordinary Shareholders' Meeting of SdM resolved to carry out the Capital Increase for consideration reserved for the MEF, which resulted in, among other things, in compliance with the provisions laid down in Article 1, paragraph 1, of Law no. 1158 of 17 December 1971 (as amended and supplemented) and Article 2, paragraph 3, of Decree Law no. 35/2023 (as amended and supplemented), to the issuance of 91,358,024 new shares at a unit price of Euro 4.05 each, subscribed by the MEF on 27 December 2023 for a total amount of Euro 370 million. As a result of this transaction, the FS Group, through its subsidiaries ANAS and RFI, owns 42.528% of the share capital.

After taking account of the regulatory framework represented above, and having assessed the elements supporting the company investment relationship, Stretto di Messina SpA was included in the scope of consolidation, as an associate, and valued at equity in compliance with IAS 28.

In order to only highlight the economic changes for the period related to business performance in the comments to the income statement, the effects arising from the change in the scope of consolidation, referring, for the 2023 financial year, to the line-by-line consolidation of Intermodalidad de Levante SA (consolidated as from 1 December 2022), the acquisition of control over ODEG Ostdeutsche Eisenbahn GmbH and its subsidiary ODIG Ostdeutsche Maintenance Company mbH (consolidated as of 31 December 2022), and the entry of FS Treni Turistici Italiani Srl into the scope of consolidation (consolidated as of 1 December 2023) have been shown in a separate column in the explanatory notes.

5. Translation of foreign operations' financial statements

The financial statements of subsidiaries, joint arrangements and associates have been prepared using their functional currency, being the currency of the primary economic environment in which they operate. Foreign operations' financial statements expressed in a functional currency other than the Euro are translated as follows:

- assets and liabilities are translated using closing rates;
- goodwill and fair value adjustments related to the acquisition of a foreign operation are considered as assets and liabilities of the foreign operation and translated using closing rates;
- revenue and expense are translated at the average exchange rate of the year;
- the translation reserve, recognised under consolidated equity captions, includes both exchange gains and losses arising from the translation of amounts, using rates other than closing rates, and those arising from the translation of opening equity applying a rate other than the closing rate. This reserve is released to profit or loss when the related equity investment is sold.

The following exchange rates were applied to translate the financial statements of foreign operations prepared in a functional currency other than the Euro:

Euros	Average exchange rate for		Closing rate at 31 December	
	2023	2022	2023	2022
Swiss franc	0.97	1.00	0.93	0.98
Pound sterling	0.87	0.85	0.87	0.89
Danish krone	7.45	7.44	7.45	7.44
Swedish krona	11.47	10.62	11.10	11.12
Serbian dinar	117.25	117.42	116.98	117.32
Saudi riyal	4.05	3.94	4.14	4.00
Turkish lira	24.95	17.29	32.65	19.96

Translation of foreign currency amounts

Any transactions in a currency other than the functional currency are recognised at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in a currency other than the Euro are subsequently adjusted at the closing rate. Non-monetary assets and liabilities denominated in a currency other than the Euro are recognised at historical cost using the exchange rate prevailing at the date of initial recognition. Exchange differences are taken to profit or loss.

6. Accounting policies

As of 1 January 2023, the Group adopted amendments to IAS 1, which impacted the disclosure of accounting standards. In detail, these amendments provide for the disclosure of “relevant” accounting standards instead of “significant” ones. Although the amendments did not result in any changes in accounting standards, they did have an effect on their disclosure in some cases. The relevant information on accounting standards and policies applied to the preparation of these consolidated financial statements is provided below.

Property, plant and equipment

General criteria

Property, plant and equipment are recognised at purchase or production cost, net of accumulated depreciation and impairment losses, if any.

Depreciation is charged on a monthly straight-line basis using rates that reflect the assets’ useful life. When the depreciable asset comprises separately identifiable items with a useful life that is significantly different from that of the other items comprising the asset, depreciation is charged separately using the component approach. In application of this criterion, rolling stock was broken down into similar clusters based on the relevant technology level.

Class	Depreciation rate	Useful life
Rolling stock		
- Components to be reconditioned	20%	5 years
- Wearing components	20%	5 years
- Restyling/Safety of driving material	8%	12.5 years
- Restyling/Safety of hauled stock/Full train	10%	10 years
- Base component	3.3% - 4.3%	23-30 years
- Capitalised second-level maintenance	20%-33%	3-5 years
- Value increasing maintenance (large revamping interventions)	5.5%	18 years

Rete Ferroviaria Italiana - RFI SpA’s calculation of depreciation of property, plant and equipment

Depreciation is calculated on a straight-line basis at variable rates based on train-km production volumes (in compliance with Article 1, paragraph 87, of Law no. 266 of 23 December 2005). Specifically, depreciation is calculated by applying the ratio of quantities generated in the year to total production expected throughout the Concession term to the depreciable cost of the infrastructure at the reporting date. In relation to the infrastructure, the circumstance in which future investments limited to those which guarantee a sufficient efficiency and security level of the infrastructure equal to that of the current year (maintenance and renewals), are considered when determining the infrastructure’s total production capacity, as they are fully covered by grants and are fully financed by the government. Consequently, they contribute to confirming the infrastructure’s current production over the term of the concession, its useful life, and because of this profile, have an impact on the calculation of the depreciation rate.

Property, plant and equipment which, together with intangible assets and investment property, make up the railway infrastructure, comprise seven lines as shown in the table below.

For each line, RFI SpA uses the number of train-km actually sold during the year and resulting from the company’s specific monitoring system, as the indicator of the quantity generated during the year.

The depreciation rates applied in 2023 and 2022 are as follows:

Line	Production indicator	
	2023	2022
HS/HC NETWORK	2.62%	2.40%
Traditional network		
Po Plain line and international transits	2.47%	2.40%
North Tyrrhenian line and branch lines	2.54%	2.40%
Backbone and branch lines	2.45%	2.40%
South Tyrrhenian line	2.48%	2.40%
Adriatic line and Apennines lines	2.52%	2.40%
Secondary network	2.47%	2.40%

The useful life of property, plant and equipment and their residual value are updated, where necessary, at least at each reporting date. Land is depreciated to the extent related to site reclamation costs. Property, plant and equipment are derecognised when they are sold or when no future economic benefit is expected to arise from use; any gain or loss (calculated as the difference between the sale price, less costs to sell, and the carrying amount) is recognised in profit or loss in the year the asset is derecognised.

The depreciation rates used by the FS Italiane Group for the other categories of property, plant and equipment are as follows:

Class	Depreciation rate
Land and Building	2% - 20%
Plant and machinery	5% - 10%
Industrial and commercial equipment	8% - 25%
Other assets	8% - 25%

Leased assets

At the inception date of the lease and, subsequently, the Group reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed, recognising the right-of-use asset (Right of Use or RoU) and the lease liability in accordance with IFRS 16.

The right-of-use asset is depreciated on a straight-line basis over the entire term of the contract, unless the contract provides for the transfer of ownership at the end of the lease or the cost of the lease reflects the fact that the purchase option will be exercised. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are calculated using the same depreciation requirements as those for the relevant intangible assets or property, plant and equipment.

The Group does not recognise right-of-use assets and lease liabilities for short-term leases (i.e., those with a term of 12 months or less) or leases for low-value assets (i.e., assets that, when new, are equal to €10,000 or less. The Group recognises the lease payments associated with these types of leases as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

With regard to leases signed before 1 January 2019 (the FS Italiane Group's initial application date for IFRS 16 Leases, in accordance with the requirements of the standard), the Group has decided to adopt the practical expedient provided for in the transitional provisions of the standard.

Investment property

Investment property is property held to earn rentals and/or for capital appreciation rather than for sale in the ordinary course of business. Furthermore, investment property is not used in the production or supply of goods or services or for administrative purposes. The accounting policies applied to recognise this caption comply with those applied to "Property, plant and equipment" described earlier.

When a development project for the future sale of a property begins, the property is reclassified to inventories following its change in use. The carrying amount at the date of change in use is the property's cost for subsequent accounting under inventories and depreciation ceases.

Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance, that can be controlled and can generate future economic benefits. They are recognised at purchase and/or production cost, including any directly-attributable expenses incurred to make the asset available for use, net of accumulated amortisation (except for intangible assets with an indefinite useful life) and impairment losses, if any. Interest expense, if any, that accrues during and for the development of intangible assets, is considered part of the purchase cost. Amortisation begins when the asset is available for use and is charged on a straight-line basis over its estimated useful life.

Service concession arrangements

Service concession arrangements, where the grantor is a public sector entity and the operator is a private sector entity (public-to-private) fall under the scope of IFRIC 12 only when the requirements for service regulation and control of the residual interest are met. This interpretation is applied when the infrastructure is essential to provide the public with services and the arrangement establishes that the grantor:

- controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- controls - through ownership or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

The Group does not recognise infrastructure for concessions under the scope of IFRIC 12 as property, plant and equipment but rather recognises at fair value either alternatively or jointly:

- the intangible asset, if the operator has the right to charge users of the public service for the construction or upgrading of the infrastructure;
- the financial asset when its construction or upgrade generate an unconditional contractual right to receive cash from or at the direction of the grantor and the grantor has little, if any, discretion to avoid payment.

The operator recognises revenue and costs in line with the contractual terms and the stage of completion. Revenue from the prices paid by users continues to be recognised in line with that set out in the subsequent paragraph on revenue recognition. Any intangible assets are amortised over the concession term using a method that reflects the estimated consumption of the economic benefits embedded in the right and the manner of consumption. Accordingly, amortisation is calculated considering the concession term. Provisions for concession commitments include accruals made for the operator's obligation to restore the infrastructure to a specified condition or replace the infrastructure to return it to its normal state of use. They are made when the concession arrangement includes these obligations and the grantor does not receive additional financial benefits.

Impairment losses on intangible assets and property, plant and equipment

For the purpose of impairment testing, when the recoverable amount of an individual asset cannot be calculated, the Group identifies the smallest group of assets that generates cash inflows largely independent of those from other assets or groups of assets (CGUs). Within the Group, CGUs have been identified as the normal perspective for Management's analysis of earnings, operations and control of business performance.

The subdivision into CGUs includes all of the Group's operating activities, excluding equity investments not allocated to CGUs, which are subject to a specific Impairment Test.

As a rule, each subsidiary is treated as a single CGU.

a) Intangible assets and property, plant and equipment with a finite useful life

At each reporting date, a test is carried out to check if there is any indicator (internal and/or external) which suggests that property, plant and equipment and intangible assets have reported an impairment loss.

If any such indicator exists, the Group estimates the recoverable amount of the asset, recognising the impairment loss in profit or loss.

b) Goodwill and intangible assets not yet available for use

The recoverable amount of goodwill and intangible assets not yet available for use is tested for impairment every year or more frequently if there is an indication that the asset may be impaired.

Financial instruments

Classification and measurement of trade receivables, current assets and financial assets

The Group's financial assets are classified and measured considering both the business model used to manage such assets and the characteristics of their cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group performs SPPI (Solely Payment of Principal and Interest) tests on each instrument to determine whether these contractual cash flows are solely payments of principal and interest (in which case the SPPI test is passed).

Financial assets are classified in one of the following categories at initial recognition:

- a) at amortised cost (AC): in this category, financial instruments are initially recognised at fair value, inclusive of transaction costs, and subsequently measured at amortised cost. Interest, calculated using the effective interest method, impairment losses (impairment gains), exchange gains (losses) and gains (losses) on derecognition are recognised in profit or loss;
- b) at fair value through other comprehensive income (FVOCI): in this category, the financial assets are initially measured at fair value, inclusive of transaction costs. Interest (calculated using the effective interest method), impairment losses (impairment gains), exchange gains (losses) and gains (losses) on derecognition are recognised in profit or loss. Other fair value gains or losses are recognised in OCI. Upon derecognition, all cumulative gains or losses previously recognised in OCI will be reclassified to profit or loss;
- c) at fair value through profit or loss (FVTPL): in this category, financial instruments are initially and subsequently measured at fair value. Transaction costs and fair value gains and losses are recognised in profit or loss.

With regard to other current assets for each class of financial assets and liabilities, the fair value of the class of financial assets and liabilities is disclosed so that it can be compared with its carrying amount. However, fair value may not be disclosed, in compliance with paragraph 29 of IFRS 7, for the following cases: when the carrying amount is a reasonable approximation of fair value (e.g., for cash and cash equivalents, receivables, and short-term trade payables), a contract that contains a discretionary participation feature (as described in IFRS 4 Insurance Contracts), when the fair value of that feature cannot be measured reliably, or for lease liabilities.

Classification and measurement of loans and borrowings, trade payables and other financial liabilities

Loans and borrowings, trade payables and other financial liabilities are initially recognised at fair value, net of directly-attributable costs, and are subsequently measured at amortised cost, applying the effective interest method. When there is a change in the estimated expected cash flows, the carrying amount of the liabilities is recalculated to reflect this change on the basis of the present value of the new expected cash flows and of the effective internal rate as initially determined. Loans and borrowings, trade receivables and other financial liabilities are classified under current liabilities, except for those with a contractual term of more than twelve months after the reporting date and those for which the Group has an unconditional right to defer their settlement for at least twelve months after the reporting date. Loans and borrowings, trade receivables and other financial liabilities are derecognised when repaid and when the Group has transferred all risks and charges related to the instrument.

Classification and measurement of derivatives

The Group has opted to continue applying hedge accounting to derivatives, as permitted by IAS 39 until the IASB completes the macro-hedging project to simplify the accounting treatment of hedges.

The Group uses derivatives as part of its hedging strategies to mitigate the risk of fair value gains or losses on recognised assets or liabilities or firm commitments (fair value hedges) or changes in cash flows expected from firm commitments or highly probable transactions (cash flow hedges). The effectiveness of hedges is documented and tested since the inception of the transaction which is periodically (at least at each annual or interim reporting date) measured by comparing the fair value gains or losses on the hedge to those on the hedged item (dollar offset ratio) or, with respect to more complex financial instruments, which to date are not used by the Group, through statistical analyses based on risk changes.

Subsequent measurement: impairment losses

The Group applies the expected credit loss (ECL) model to determine impairment losses.

Loss allowances are measured using the general deterioration method and the simplified approach. When the general deterioration method applies, financial instruments are classified into three stages based on the deterioration of credit quality between initial recognition and the measurement date.

In order to identify the methodological approach to be applied to the assets that are in the scope of the impairment requirements and, specifically, the correct probability of default, the Group defined a conventional cluster segmentation based on counterparty and credit risk:

- Public Administration: all loans and receivables with the government, regions, provinces, municipalities, the EU or related bodies;
- IntraGroup: all loans and receivables with subsidiaries;
- Deposits: all deposits with banks;
- Amounts from third parties: loans and receivables other than those above, with non-financial companies, producers and consumers.

Furthermore, the Group opted to apply the low credit risk exemption allowed by IFRS 9 to assets other than trade receivables with Investment Grade rating between AAA and BBB-. Accordingly, there is no stage allocation: in fact these assets are directly allocated to Stage 1 with a one-year provision.

The impairment of financial assets is calculated based on public providers' information to determine the probability of default (PD), applying a loss given default which is in line with the scenario analysed as part of the most comparable competitors and considering the supervisory bodies' recommendations for entities with listed financial instruments. The exposure at

default usually coincides with the carrying amount of the financial asset, except when lifetime ECL apply, in which case the repayment plan and instalments of the loan asset at the maturity dates are considered.

Fair value measurement

The fair value of instruments not quoted on an active market is determined using financial valuation techniques: specifically, the fair value of interest rate swaps is measured by discounting expected cash flows, while that of currency forwards considers closing rates and the expected differentials of the relevant currencies. Financial assets and financial liabilities measured at fair value are classified using the following three levels of the fair value hierarchy, based on the relevance of the inputs used to determine fair value. Specifically:

- Level 1: financial assets and financial liabilities whose fair value is calculated based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: financial assets and financial liabilities whose fair value is calculated based on inputs other than quoted prices included within Level 1 that are observable directly or indirectly;
- Level 3: financial assets and financial liabilities whose fair value is calculated based on unobservable inputs.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and available bank deposits and any other forms of short-term investment, with an initial maturity of three months or less, net of impairment losses calculated in accordance with IFRS 9. At the reporting date, current account overdrafts are classified in the consolidated statement of financial position as loans and borrowings under current liabilities.

Inventories

Inventories are recognised at the lower of purchase and/or production cost and net realisable value. Cost is calculated using the weighted average cost method.

This item also includes:

- Properties held for trading are recognised at the lower of purchase cost and fair value, calculated by an independent appraiser. They are recognised net of the allowance for inventory write-down, while costs that enhance the assets are capitalised. The write-down is reversed in subsequent years if the reasons therefor cease to exist.
- White Certificates (also known as TEEs - Energy Efficiency Certificates) recognised by Gestore dei Servizi Energetici (GSE) against the achievement of energy savings through the application of efficient technologies and systems. In the period of time between the time when the right to the title is acquired by providing the service and the time when the TEEs are actually disbursed as a result of the certification process on the part of GSE, revenues from TEEs are recognised on an accruals basis - and recorded among inventories until their subsequent sale - based on the best estimate of the number of expected TEEs, in proportion to the actual or estimated future savings in Tons of Oil Equivalent ("TOE"). They are valued at the weighted average market value for the energy year (as defined by the energy services operator) available on the reporting date. When the sale is then actually realised, any adjustment from the best estimate made is recognised.

Employee benefits

Short-term benefits comprise wages, salaries, related social security contributions, holidays paid and incentives paid out in the form of bonuses payable in the twelve months after the reporting date. These benefits are accounted for as personnel expense components in the period in which the employees provide their service.

Post-employment benefits and other employee benefits

The companies of the FS Italiane Group have both defined benefit and defined contribution plans in place.

the FS Italiane Group manages a defined benefit plan that consists of post-employment benefits (Italian "TFR"). Italian companies are required to accrue a provision pursuant to article 2120 of the Italian Civil Code, which is treated as deferred remuneration and is based on employees' duration of service and the remuneration they receive during that time. Starting from 1 January 2007, Law no. 296 of 27 December 2006 (the "2007 Finance Act") and subsequent decrees and regulations introduced significant amendments to TFR regulations, including the employees' right to choose to transfer the TFR being accrued either to supplementary pension funds or to the "Treasury Fund" managed by INPS (the Italian Social Security Institute). Consequently, the obligation to INPS and the contributions paid into supplementary pension funds are now treated, pursuant to IAS 19 Employee benefits, as defined contribution plans, while the amounts recognised under post-employment benefits at 1 January 2007 are still treated as defined benefit plans.

Some FS Italiane Group companies also have a defined benefit pension plan in place, the "Free Travel Card" (Carta di Libera Circolazione, CLC) that gives current and retired employees and their relatives, the right to use – free of charge or, in some cases, for an admission fee – the trains managed by Trenitalia. Consequently, a provision is recognised which reflects the discounted charge for retired employees entitled to benefits, and the benefits accrued for employees in force to be disbursed at the end of the employment. This provision is determined by an independent actuary by using the projected unit credit method. Actuarial gains and losses are fully recognised in equity in the relevant year, taking account of the related deferred tax effect. The same accounting treatment is applied to the Free Travel Card benefits and the effects arising from actuarial gains and losses as for post-employment benefits.

Provisions for risks and charges

Provisions for risks and charges are recognised to cover specific liabilities that are certain or probable, but whose amount and/or due date is unknown at the reporting date. A provision is recognised when there is a present obligation (legal or constructive), as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation. The discount rate used to determine the present value of the liability reflects current market values and considers the risk specific to each liability.

Risks for which a liability is only possible are disclosed in the specific section on contingent liabilities without accruing any provisions.

Revenue from contracts with customers

Initial recognition and subsequent measurement

In accordance with IFRS 15, revenue from contracts with customers is recognised when the performance obligations set forth in the contract are fulfilled and control of the goods and services is then transferred to the customer, in an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. The consideration may include fixed amounts, variable amounts, or both of them; the consideration may vary as a result of, for example, reductions, discounts, refunds (including those for delays/cancellations in the performance of the PO(s)), incentives, rewards, penalties (Variable Consideration). It may also vary upon the occurrence or non-occurrence of a future event. The presence of a

variable component may be explicitly provided for in the contract or may be inferred from customary business practices, published policies, specific company statements, or any other facts or circumstances indicating the company's intention to grant the customer a change on price. The variable component of the consideration is included in the consideration only if it is highly probable that there will not be in the future, when the uncertainty associated with the variable consideration is resolved, a significant downward adjustment to the amount of revenue recognised related to that component.

The Group assesses whether the goods or services subject to the performance obligation will be transferred to the customer over a period of time or at a point in time:

- Revenues from sales of goods, are recognised at the time when control of the good is transferred to the buyer (at a point in time);
- Revenue from services is recognised based on the inputs used to satisfy the obligation up to the reporting date, compared to the total inputs assumed to satisfy the entire obligation. When the inputs are distributed consistently over time, the Group recognises the corresponding revenue on a straight-line basis. In some circumstances, when the Group is unable to reasonably measure the outcome of a performance obligation, revenue is recognised only to the extent of the costs incurred. Since the customer makes use of the benefits concurrently with the transfer of the benefits and the cost incurred provides a true view of the percentage of completion of the service, revenue recognition takes place over a period of time and the evaluation of progress is done using the input-based method (cost-to-cost method).

In cases where the contractual mechanism includes:

- a variable amount (e.g., discounts, refunds), the amount of consideration to which it is expected to be entitled is estimated by using the expected value or most probable amount method;
- a significant financial component, revenue is adjusted unless there is a time period of less than 12 months between the time of transfer of the good/service and the time of payment;
- costs of obtaining and fulfilling the contract (e.g., sales commissions), such costs are capitalised only when they are directly related to the contract, allow new and increased resources for future fulfillment, and are expected to be recovered.

The nature and timing of performance obligations and the significant terms for the satisfaction of performance obligations are summarised below for the Group's main contracts with customers.

a) Revenue from transport services

Revenue from transport services arises from passenger and freight transport in Italy and abroad. This caption includes revenue from commercial services (e.g., high speed services) and public service contract fees (MIT, the regions, etc.).

Revenue from rail/road transport services is governed by the General terms of transport applicable to several types of services: regional or long haul throughout Italy. The contract with customers generally coincides with their ticket which also grants access to a number of services (e.g., transport, lounge, complementary drink, wi-fi, etc.). These services are considered as a single performance obligation which customers may benefit from, except for reward points.

Revenue from freight services, both rail and road, are on the other hand governed by specific contracts with the customer usually with forecasts for delivery of goods free at destination. Freight transport services are governed by standard contracts which substantially provide for the obligation to transport the goods to destination.

Revenue is recognised from the moment the customer starts using the service. In the case of partial services (delays, cancellations, etc.), the current terms and conditions provide for reimbursements and bonuses which are recognised as a direct adjustment to revenue. During the year, the Group companies offer discounts and promotions to enhance customer loyalty. Reward points, which entitle customers to buy the Group's products in the future, qualify as a performance obligation and their amount has never been significant. Revenue is recognised as the reward points are redeemed or expired. Because of the nature of the business, amounts are collected in advance. However, the timing of this advance does not have a significant impact.

Since customers enjoy the benefits at the time of their transfer, revenue is recognised over time for all performance obligations identified above.

Revenue from the rail transport services governed by the long-term service contracts signed with the regions, autonomous provinces and the ministries (MIT and MEF) for local and national rail transport services covered by a public service arrangement, and also includes regional services and day and night intercity trains.

Each year, for all Service Contracts, deviations are calculated between the projected net result reported in the economic and financial plan (EFP) and the net result in the preliminary results. These deviations, quantified for each contract, are stated as a debit or credit of the Group against the counterparties. In fact, Service Contracts provide for the Group's right to have the EFP rebalanced at the end of the relevant contract term, or in intermediate periods in advance in case of agreements with the counterparty itself. The difference between the EFP net result and the estimated final net result is calculated on homogeneous data, revised by the Group in order to take into account any non-recurring, which were not provided for in the EFP. Adjustments to receivables/payables arising from discussions with counterparties are recognised as revenue in the year in which the information becomes available.

The transport services are performance obligations. Revenue is recognised on an accruals basis in accordance with the contract. If the contractually-agreed services are not provided in the agreed quantities (e.g., cancellations), the contract provides for adjustments to the consideration. It also provides for penalties when quality targets (delays, cleanliness, etc.) are not met. In this respect, an estimate is made and an accrual is recognised in the risk provision to be used when the adjustments are finalised. Since customers enjoy the benefits at the time of their transfer, revenue is recognised over time.

b) Revenue from infrastructure services

Revenue from infrastructure services related to the rail/road/motorway infrastructure arises from management of this infrastructure. This caption includes revenue from fees, service concession arrangements and, to a lesser extent, revenue from ferrying services. This is the amount paid by railway companies to use the train paths necessary to carry out the long and short haul domestic passenger rail transport and for freight transport. Therefore, only one performance obligation exists. Revenue is recognised over time based on contract amounts; every quarter, it is adjusted to reflect the actual number of trains in operation. This figure is calculated for each train by pricing the train paths under the contract and those actually used by each railway company. With respect to road infrastructure, tolls are the amount paid by third-party companies assigned road and motorway construction, operation and maintenance under specific concession arrangements. A single performance obligation is identified. The price is set by the law and is equal to a percentage of the net proceeds from tolls received from operators. The revenue is recognised over time.

Government grants

Government grants, when formally assigned and, in any case, when the right to their disbursement is deemed definitive as it is reasonably certain that the FS Italiane Group will comply with any conditions attached to the grant and that the grants will be received, are recognised on an accruals basis in direct correlation with the costs incurred.

a) Grants related to assets

They refer to amounts paid by the government and other public authorities to the FS Italiane Group for the implementation of initiatives aimed at the construction, reconditioning and expansion of property, plant and equipment. They are recognised as a direct reduction in the cost of the assets to which they refer and decrease the depreciation rates.

b) Grants related to income

They refer to amounts paid by the government or other public authorities to the FS Group to offset costs and charges incurred. They are recognised under "Revenue from sales and services" and "Other income", as a positive component of income.

Dividends

Dividends from investee companies, which are not included in the scope of consolidation, are recognised in profit or loss when the shareholders' right to receive payment thereof arises. The latter usually coincides with the shareholders' resolution approving dividend distribution.

Dividends distributed to FS Italiane SpA's shareholders are presented as a change in equity and recognised under liabilities when their distribution is approved by the shareholders.

Income taxes

Current taxes are calculated based on estimated taxable profit and in accordance with ruling tax legislation.

Deferred tax assets, related to prior tax losses, are recognised when it is probable that future taxable profit will be available against which these losses can be recovered. Deferred tax assets and liabilities are calculated using the tax rates that are expected to be applied in the years in which the differences will be realised or settled.

Deferred tax assets and liabilities are offset when they are levied by the same tax authorities, there is a legally enforceable right to set off the recognised amounts and settlement on a net basis is expected. Deferred tax assets and liabilities are shown separately in case of different timing of realisation of the underlying assets to which they relate.

Taxes other than income taxes, such as indirect taxes and duties, are included in profit or loss under "Other operating costs".

New standards

First-time adoption of standards, amendments and interpretations

The following new standards are effective for annual periods beginning on after 1 January 2023.

Amendments to IAS 1 Presentation of financial statements and IFRS practice statement 2: disclosure of accounting policies and Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors: definition of accounting estimates

On 12 February 2021, the IASB issued amendments to the following standards:

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates - Amendments to IAS 8.

The amendments improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements and distinguish changes in accounting estimates from changes in accounting policies.

The application of the aforementioned changes, where applicable and due to their nature, did not result in any significant impacts on this Report.

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)

On 7 May 2021, the IASB issued amendments to IAS 12 Income taxes clarifying how companies should account for deferred tax on certain transactions such as leases and decommissioning obligations.

The application of the aforementioned changes, where applicable and due to their nature, did not result in any significant impacts on this Report.

Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information

The new standard for accounting for insurance contracts, endorsed by Regulation (EU) 2021/2036 of the European Commission, replaces the interim standard IFRS 4. The objective of the new standard is to ensure that an entity provides relevant information that gives a true view of the rights and obligations arising from insurance contracts issued. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The new standard also includes presentation and disclosure requirements to improve comparability among entities in this industry.

The new standard has not resulted in any significant impacts on this Report.

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules

On 23 May 2023, the IASB published an amendment to IAS 12, which introduces a temporary exception to the recognition of deferred taxes related to the application of the provisions of Pillar Two published by the OECD.

Companies can apply the exception immediately, but disclosure requirements are prescribed for financial years beginning on or after 1 January 2023. " For an assessment of the impact of the new amendment on this report, reference should be made to Note 19 of the consolidated financial statements, "Current and Deferred Tax Assets and Liabilities for the Year".

Standards, amendments and interpretations recently endorsed by the European Union not yet applied Lease liability in a sale and leaseback (Amendments to IFRS 16)

On 22 September 2022, the IASB issued Lease liability in a sale and leaseback (Amendments to IFRS 16) which clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements of IFRS 15 to be accounted for as a sale. These amendments are effective from 1 January 2024 and the assessment is being carried out for any impact their application might have on the financial statements.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-Current

On 23 January 2020, the IASB issued amendments to IAS 1 Presentation of financial statements: classification of liabilities as current or non-current which clarify how to classify payables and other liabilities as current or non-current. The amendments were initially meant to go into force as from 1 January 2022, but the IASB postponed the effective date to 1 January 2024 with the issue of a second document on 15 June 2020. Subsequently, on 31 October 2022 the IASB published an additional amendment on "Non-current Liabilities with Covenants (Amendments to IAS 1)" to clarify how conditions that an entity must meet within 12 months of the balance sheet date affect the classification of a liability. These amendments are effective from 1 January 2024, and an assessment of any impact their application might have on the financial statements is underway.

Standards, amendments and interpretations not yet endorsed by the European Union

For those newly-issued amendments, standards and interpretations that have not completed the process for endorsement by the European Union, but which deal with matters currently or potentially present in the FS Group, the assessment of the possible impacts that their application could determine on the financial statements is underway, taking into consideration

the effective date of their effectiveness. In particular, these include:

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

On 25 May 2023, an amendment to IAS 7 was published by the IASB, which aims to add disclosure requirements and guidance within existing disclosure requirements by requiring entities to provide qualitative and quantitative information on supplier financing arrangements. These amendments are effective from 1 January 2024.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

On 15 August 2023, an amendment to IAS 21 was published by the IASB with the aim of specifying when a currency is exchangeable into another currency, how to determine the exchange rate when a currency is not exchangeable into another currency, and in the latter case the information to be provided. These amendments will become effective from 1 January 2025.

Use of estimates and judgements

In preparing the consolidated financial statements, the directors applied standards and methods, which in some circumstances rely on difficult and subjective valuations and estimates based on past experience and on assumptions that are considered reasonable and realistic at a given time. Therefore, the actual amounts of certain financial statements captions calculated according to the above estimates and assumptions may differ in the future, even materially, from those reported in the consolidated financial statements, because of the uncertainty that characterises the assumptions and conditions on which the estimates are based - including, at present, the geopolitical tensions due to the diplomatic and military crisis between the Russian Federation and Ukraine, the exacerbation of the crisis in the Middle East, the weakening of China's economy and the supply disruptions along the value chains, which may trigger scenarios with varied and diverse effects. Estimates and assumptions are reviewed periodically and the effects of any changes are recognised in profit or loss when they affect the year only. If the revision affects both current and future years, the change is recognised in the year the revision is made and in the related future years.

Therefore, actual results may differ, even materially, from these estimates following possible changes in the factors considered in their determination.

The following accounting policies require the most subjectivity from the directors in the preparation of estimates and would have a material impact on the financial figures if there were a change in the conditions underlying the assumptions used:

i) Impairment losses - non-financial assets

Property, plant and equipment and intangible assets with a finite life are tested for impairment. Impairment losses are recognised when there is evidence that it will be difficult to recover the related carrying amount through the use or sale of the asset. Impairment tests require the directors to make subjective valuations based on the information available within the FS Group and in the market, as well as from past experience. Furthermore, when a potential impairment loss exists, the Group calculates such loss using suitable valuation techniques. The correct identification of impairment indicators and the estimates for calculating them depend on factors that may vary over time, thus affecting valuations and estimates made by the directors.

ii) Impairment losses - financial assets

According to the Group's impairment model, an expected loss is the sum of the expected losses that result from possible default events on a financial instrument over a specific time horizon; this results in the recognition of a loss using both past and present figures and forward looking information. The estimate of expected losses, especially when the financial assets

are deteriorated or show objective evidence of impairment, requires the directors to make subjective valuations based on the information available within the Group (e.g. the financial asset's estimated cash flows) and in the market, as well as from past experience. The correct identification of impairment indicators and the estimates for calculating them depend on factors that may vary over time, thus affecting valuations and estimates made by the directors.

iii) Extension/termination options in leases

Leases that contain extension/termination options require the directors to, at the inception of the lease, to assess whether it is reasonably certain to exercise an extension option or not to exercise a termination option, upon occurrence of either a significant event or a significant change in circumstances that is within the Group's control. The assessment of extension options may require the directors to make subjective judgements based on the information available at the assessment date and past experience.

iv) Amortisation and depreciation

Amortisation and depreciation are a significant cost for the Group. The cost of property, plant and equipment and intangible assets with a finite useful life and of investment property is depreciated and amortised, respectively, over the estimated useful lives of the assets, except for RFI SpA which applies the production unit.

Calculating the amortisation/depreciation of these assets entails a complex accounting estimate that is, by its nature, subjective, as it is influenced by a number of factors, including:

- the estimated production volumes expressed as train-km for the railway infrastructure (for further details, see the paragraph on "RFI SpA's calculation of depreciation of property, plant and equipment");
- the identification of each component of rolling stock with a significant cost in proportion to the total cost of the item to be depreciated separately (component approach) and the estimated useful life (for further details, see the paragraph "Property, plant and equipment – General criteria");
- the estimated residual value. In accordance with IAS 16, 38 and 40, the depreciable cost of the railway infrastructure and rolling stock is calculated by subtracting their residual value. The residual value of an asset is the estimated amount that an entity could obtain at the time of disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of the concession or the useful life of the rolling stock. The subsidiaries RFI (which operates the railway infrastructure) and Trenitalia (which owns the rolling stock), periodically review the residual value of assets and measure their recoverability using the best information available at that date. Periodic updates may cause changes in the depreciation rate for future years;
- the impacts of any changes to the regulatory framework.

The directors determine the useful lives of the Group's assets when the assets are purchased. They are based on past experience for similar assets, market conditions and forecasts concerning future events that may have an impact on the useful life. Therefore, the actual economic life may differ from the estimated useful life. The FS Group assesses any technological and sector changes to update residual useful lives on a regular basis. These updates may entail a change in the amortisation and depreciation period and in the amortisation and depreciation rates of future years.

v) Provisions for risks and charges

Provisions are accrued against legal and tax risks which represent the risk of a negative outcome. The recognised provisions relating to these risks reflect the best estimate made by the directors at the reporting date. This estimate entails the adoption of assumptions that depend on factors which may vary over time and which may have significant effects compared to the current estimates made by the directors for the preparation of the FS Italiane Group's financial statements.

vi) Taxes

Deferred tax assets are recognised based on the income expected in future years. The valuation of any expected income for the purposes of the recognition of deferred taxes depends on factors that may vary over time and determine significant effects on the measurement of deferred tax assets.

vii) Fair value of derivatives

The fair value of derivatives that are not quoted on active markets is measured using valuation techniques. The FS Group applies valuation techniques that use inputs that can be observed in the market, either directly or indirectly, at the reporting date, and that are connected to the assets and liabilities being measured. Even if the estimates of the above fair values are considered reasonable, any possible changes in the estimate factors on which the calculation of the aforesaid amounts is based may generate different valuations.

7. Reporting by operating segment

The financial highlights of the Group's operating segments for 2023 and 2022 are shown below. For more information regarding the identification of operating segments for the Group, please refer to the Report on Operations.

millions of Euros

2023	Infrastructure	Passenger	Logistics	Urban	Other services	Adjustments and inter-segment eliminations	Ferrovie dello Stato Italiane Group
Revenue from third parties	5,851	7,412	976	93	132	4	14,468
Inter-segment revenue	1,191	245	167	63	755	(2,085)	336
Revenue	7,042	7,657	1,143	156	887	(2,081)	14,804
Operating costs	(6,446)	(6,111)	(1,076)	(123)	(841)	2,021	(12,576)
Gross operating profit (loss)	596	1,546	67	33	46	(60)	2,228
Amortisation and depreciation, provisions and impairment losses	(372)	(1,347)	(114)	(12)	(69)	24	(1,890)
Operating profit (loss)	224	199	(47)	21	(23)	(36)	338
Net financial income (expense)	(136)	(161)	(31)	7	103	5	(213)
Income taxes	(3)	41	(2)	(13)	63	(111)	(25)
Segment profit (loss) (attributable to the owners of the parent and non-controlling interests)	85	79	(80)	15	143	(142)	100

millions of Euros

31.12.2023	Infrastructure	Passenger	Logistics	Urban	Other services	Adjustments and inter-segment eliminations	Ferrovie dello Stato Italiane Group
Working capital	1,736	(758)	(12)	620	668	(76)	2,178
Net non-current assets of which: equity-accounted investees	39,177	12,854	994	648	308	(154)	53,827
Other provisions	1,000	211	6				1,217
Net assets held for sale	(1,672)	(564)	(124)	20	(99)	(292)	(2,731)
Net invested capital	39,241	11,532	858	1,288	877	(522)	53,274
Net financial position (debt)	2,969	8,446	568	11	(679)	(130)	11,185
Equity	36,272	3,086	290	1,277	1,556	(392)	42,089

millions of Euros

2022	Infrastructure	Passenger	Logistics	Urban	Other services	Adjustments and inter-segment eliminations	Ferrovie dello Stato Italiane Group
Revenue from third parties	5,490	6,618	931	211	43	1	13,294
Inter-segment revenue	1,384	258	151	57	613	(2,093)	370
Revenue	6,874	6,876	1,082	268	656	(2,092)	13,664
Operating costs	(6,138)	(5,420)	(1,017)	(218)	(690)	2,031	(11,452)
Gross operating profit (loss)	736	1,456	65	50	(34)	(61)	2,212
Amortisation and depreciation, provisions and impairment losses	(427)	(1,246)	(182)	(64)	(59)	28	(1,950)
Operating profit (loss)	309	210	(117)	(14)	(93)	(33)	262
Net financial income (expense)	(3)	(97)	(20)		67	3	(50)
Income taxes	(6)	(19)	(6)	(6)	25	2	(10)
Segment profit (loss) (attributable to the owners of the parent and non-controlling interests)	300	94	(143)	(20)	(1)	(28)	202

millions of Euros

31.12.2022	Infrastructure	Passenger	Logistics	Urban	Other services	Adjustments and inter-segment eliminations	Ferrovie dello Stato Italiane Group
Working capital	(1,210)	95	(10)	594	428	(65)	(168)
Net non-current assets	39,003	12,389	813	619	190	(138)	52,876
<i>of which: equity-accounted investees</i>	657	174	3			(1)	833
Other provisions	(1,929)	(603)	(128)	19	(195)	(174)	(3,010)
Net assets held for sale							
Net invested capital	35,864	11,881	675	1,232	423	(377)	49,698
Net financial position (debt)	(586)	8,798	649	(382)	(724)	(125)	7,630
Equity	36,450	3,083	26	1,614	1,147	(252)	42,068

Reference should be made to the directors' report for information on the performance of the individual segments.

8. Revenue from sales and services (€14,261 million)

millions of Euros

	2023	2022	Change	Change in consolidation scope	Change on a like-for-like basis
Revenue from transport services	7,948	6,860	1,088	(466)	622
Passenger traffic products	4,244	3,188	1,056	(288)	768
Freight traffic products	898	841	57		57
Commercial revenue	5,142	4,029	1,113	(288)	825
Public service contracts and other contracts	340	478	(138)		(138)
Fees from the regions	2,466	2,353	113	(178)	(65)
Service contract fees	2,806	2,831	(25)	(178)	(203)
Revenue from infrastructure services	4,244	3,603	641		641
Other service revenue	437	618	(181)	(10)	(191)
Revenue from contract work in progress	51	30	21		21
Total revenue from contracts with customers	12,680	11,111	1,569	(476)	1,093
Other revenue	1,581	2,058	(477)	(3)	(480)
Total	14,261	13,169	1,092	(479)	613

Revenue from contracts with customers rose by €1,093 million, net of the effects of the change in the consolidation scope (€476 million).

Revenue from passenger traffic products grew by €768 million, essentially as a result of the changes in the following business areas:

- medium- and long-haul transport (+€492 million), which grew in domestic transport (+€486 million), including both commercial services (+€400 million) and the universal services (+€86 million), and transport abroad (+€6 million). The change in the domestic sphere can be attributed to an increase in demand volumes on the HS business (+33.4%), as well as a full recovery in demand volumes (+17.5%) on the InterCity business, while the change in the international sphere basically refers to the growth of the HS business on the Milan-Paris and Paris-Lyon routes;

- regional transport revenue increased by a total of €246 million as a result of the growth in the domestic (+€183 million) and foreign markets (+€63 million), of which +€18 million in UK, +€72 million in Germany and -€27 million in Greece. This increase is substantially related, both domestically and internationally, to the increase in travelers, particularly on weekends and holidays, as well as the full elimination of restrictions that had characterised part of the previous comparison period;
- revenue from road transport increased (+€30 million, of which +€15 million in the domestic market and +€15 million abroad, mainly due to the Dutch market), substantially due to higher revenues from Local Public Transport service, also related to the total recovery of traffic compared to 2022.

Revenue from freight traffic products increased by €57 million, mostly as a result of the growth recorded on domestic markets (+€51 million), mainly related to the increased freight traffic relating to the Automotive supply chain (+€26 million), Cargo (+€18 million) and Chemical products (+€8 million).

Revenue from public service contracts, net of the effect of changes in the area (+€178 million), decreased by a total of €203 million, as a result of the following:

- a decrease in revenue from public service contracts (-€138 million) attributable to:
 - lower revenue from Service contracts with the Government (€-22 million), as a result of sharing fee reductions related to the 1st regulatory period 2017-2021 with the commissioning entities, as well as the allocation of estimated penalty liabilities for the 2023 financial year;
 - a decrease in revenue from foreign markets for €22 million (of which -€17 million in Greece and -5 million in the United Kingdom);
 - lower revenue from Service contracts (€95 million) as a result of the European Commission's final decision in relation to the formal investigation procedure initiated in 2014, concerning the compensation for public service obligations in the freight sector awarded by Italy to Trenitalia in the period 2000-2014, under three consecutive service contracts. The European Commission determined the compatibility of said compensation with the rules on State Aid;
- a decrease in Revenue from Contracts with Regions (-€65 million) attributable to:
 - lower revenues from Service Contract with Regions due to the effect of their rebalancing mechanism, correlated to the trend in traffic revenues (-€189 million);
 - higher revenues in foreign markets of €113 million (of which, +€78 million in Germany, €+35 million in the Dutch market), mainly attributable to new contracts signed at the end of the previous year.

The table below gives a breakdown of fees for public service contracts with the government:

	millions of Euros		
	2023	2022	Changes
Rate and service obligations: for passenger transport	216	333	(117)
Total	216	333	(117)

Revenue from infrastructure services increased by €641 million mainly as a result of the following:

- higher revenues from road and motorway infrastructure for €584 million, substantially attributable to the rise in work on the network under concession during the year (+€474 million), the integration of the annual fee (+€20 million) from the increase in motorway traffic compared to the previous year, as well as an increase in tolls (+€77 million) and royalties (+€8 million) connected to Anas' temporary management of the A24 and A25 motorways as of 1 August 2022 until 31 December 2023, pursuant to Law no. 108 of 5 August 2022;
- higher toll revenues on rail infrastructure (+€59 million), attributable to the trend in traffic volumes circulated on the HS segment and residually on the InterCity and Regional segments.

The €191 million decrease in other service revenue, net of the effects of the change in the area for €10 million, was mainly attributable to:

- lower revenue from land and buildings held for trading, due to lower sales in 2023 compared to the previous year (-€122 million);
- lower revenue from services to railway companies and traffic-related services for €147 million, as a result of a reduced cost of electricity compared to the previous year (-€107 million), despite the greater volume of train-km travelled, and lower revenue recorded on the German market (-€38 million) connected with revenue adjustments relating to previous years;
- an increase in revenue from processing on behalf of third parties (+€69 million), mainly attributable to the construction work on the Roma Lido railway, correlated to related costs;
- an increase in revenue from sundry services (+€10 million), essentially due to the rise in actual revenue on the Riyadh metro contract (+€19 million), as a result of the signing of the Amicable Settlement, which resulted in a benefit on the whole-life margin of the contract, offset by lower site and gallery revenues of €9 million, resulting from the restatement of contracts with telephone operators.

The €20 million decrease in revenue from contract work in progress is essentially due to the different progress of contract work between 2023 and 2022.

	2023	2022	Change	Change in consolidation scope	Change on a like-for-like basis
Leases	136	126	10		10
Recharging of condominium expenses and income tax	33	33			
Sale of advertising spaces	12	11	1		1
Revenue from property management	181	170	11		11
Revenue from white certificates	60	55	5		5
Sundry revenue	112	132	(20)	(2)	(22)
Revenue from grants	1,228	1,701	(473)	(1)	(474)
Total	1,581	2,058	(477)	(3)	(480)

The €480 million decrease in **other revenue**, net of the effects of the change in the consolidation scope (€3 million), is essentially due to the reduction in revenue from grants (-€474 million) to which must be added lower revenue from rental of rolling stock (-€23 million), higher revenue from property management (+€11 million), and higher revenues from the recognition of white certificates (or energy efficiency certificates; +€5 million) earned through energy savings.

The decrease in revenue from grants (-€474 million), is mainly attributable to:

- lower grants from Covid-19, which had characterised part of the previous comparison period, in support of the railway infrastructure (-€130 million), the domestic (-€110 million) and international (-€28 million) rail transport

sector, the road transport sector (-€40 million, substantially attributable to the Dutch market, and the freight railway transport services not subject to public service obligations (-€16 million);

- the reduction in the grants for the railway infrastructure (-€48 million), related to lower government grants allocated by the MEF under the CdP (-€54 million), which were offset by higher provisions regarding extraordinary grants, in the form of tax credits, for the purchase of electricity and natural gas (€6 million);
- lower net grants in support of road and motorway infrastructure (-€114 million).

REVENUE BROKEN DOWN UNDER IFRS 15

In the table below, revenue from contracts with customers is broken down by geographical segment, product line and moment of recognition:

millions of Euros

	Transport		Logistics		Infrastructure		Real estate		Other services		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Geographical segment												
Italy	5,350	4,962	722	523	4,504	3,920	17	144	49	37	10,642	9,586
Europe	1,731	1,125	124	221	9	9					1,864	1,355
Non-EU	59	39	72	103	33	24			10	3	174	169
Total revenue from contracts with customers	7,140	6,126	918	847	4,546	3,953	17	144	59	40	12,680	11,110
Moment of recognition												
At a point in time	582	292	289	46	181	70	8	129	1	(4)	1,061	533
Over time	6,558	5,834	629	801	4,365	3,883	9	15	58	44	11,619	10,577
Total revenue from contracts with customers	7,140	6,126	918	847	4,546	3,953	17	144	59	40	12,680	11,110
Total other revenue from sales and services	251	426	38	58	1,238	1,524	54	52	(1)	(1)	1,581	2,059
Total revenue from sales and services	7,391	6,552	956	905	5,784	5,477	71	196	59	39	14,261	13,169

CONTRACT ASSETS AND LIABILITIES

The table below provides information about contract assets and liabilities:

millions of Euros

	31.12.2023	31.12.2022
Contract assets classified under current/non-current trade receivables	1,411	1,757
Contract assets classified under other current assets/non-current assets	0	0
Other assets not included in the above categories	3,545	3,514
Contract assets	1,266	1,320
Contract liabilities	(480)	(140)

BREAKDOWN OF CHANGES IN CONTRACT ASSETS AND LIABILITIES

The table below shows the significant changes in contract assets and liabilities for the year:

millions of Euros		
31.12.2023		
	Contract assets	Contract liabilities
Balance at 1 January 2023	1,320	(140)
Revenue recognised during the year which was included in the opening balance of contract liabilities		155
Increases in contract liabilities, net of the amounts recognised during the year		(486)
Reclassifications from contract assets recognised at the beginning of the year	(415)	
Increases in contract assets due to the provision of services	428	(9)
Increases in contract assets due to changes in the assessment of the percentage of completion		
Business combinations		
Other changes	(67)	
Balance at 31 December 2023	1,266	(480)

9. Other income (€543 million)

Net of the effects of the change in the consolidation scope (-€15 million), this caption increased by a total of €33 million, mainly as a result of the recognition of the release, for €67 million, of the provision set aside for guarantees, which can no longer be exercised, related to asset disposals, offset by lower withholdings on travel tickets, insurance refunds and contractual penalties to suppliers related to the passenger business segment (-€27 million), and lower contingent assets related to the infrastructure business segment (-€6 million).

10. Personnel expense (€5,284 million)

This caption may be analysed as follows:

millions of Euros					
	2023	2022	Change	Change in consolidation scope	Change on a like-for-like basis
Wages and salaries	3,854	3,525	329	(61)	268
Social security charges	956	856	100	(7)	93
Other expense for employees	26	58	(32)	(1)	(33)
Post-employment benefits	219	204	15		15
Post-employment benefits/Free Travel Card service costs		1	(1)		(1)
Accruals and releases	24	(85)	109		109
Employees	5,079	4,559	520	(69)	451
Wages and salaries	16	8	8	1	9
Social security charges					
Other costs	4	(1)	5	(4)	1
Consultants and freelancers	20	7	13	(3)	10
Other costs	185	157	28	(2)	26
Total	5,284	4,723	561	(74)	487

Net of the effects of the change in the consolidation scope (€74 million), personnel expense increased by a total of €487 million.

Specifically, the €268 million increase in wages and salaries and €93 million in Social security charges is mainly attributable to average growth (+7.7%) in workforce (FTE), as well as the rise in per-head labour costs following the renewal of the contract and the increase in ancillary remuneration.

The €109 million increase in accruals and releases is essentially due to lower releases (+€105 million), relating to the renewal of the National Collective Labour Agreement, which had characterised the previous period.

The table below gives a breakdown of the FS Italiane Group's average number of employees by category:

	2023	2022	Changes
Managers	1,123	1,029	94
Junior managers	13,315	12,528	787
Other	74,960	69,441	5,519
TOTAL	89,398	82,998	6,400

11. Raw materials, consumables, supplies and goods (€1,607 million)

	2023	2022	Change	Change in consolidation scope	Change on a like-for-like basis
Raw materials and consumables	1,132	940	192	(4)	188
Electrical energy and fuel for traction	308	602	(294)	(55)	(349)
Lighting and driving force	123	196	(73)		(73)
Change in land and buildings held for trading	16	112	(96)		(96)
Accruals and releases	28	2	26		26
Total	1,607	1,852	(245)	(59)	(304)

Net of the effects of the change in the consolidation scope (€59 million), raw materials, consumables, supplies and goods decreased by a total of €304 million, essentially as a result of the following:

- an increase in raw materials and consumables (€188 million), mainly due to the combined effect of higher consumption of materials on investment projects (+€205 million) and on account of operations (+€57 million), as well as linked to an increased production of frogs, switches, glued insulation joints and equipment by the national workshops (Bari, Pontassieve and Bologna plants) (-€37 million), partly offset by a reduction in the price of raw materials for the purchase of materials in inventory (-€55 million);
- a decrease in the costs of electrical energy and fuel for traction (-€349 million) and lighting and driving force (-€73 million) due to the significant decline in the cost of electricity during the period under examination.

The decrease in the change in land and buildings held for trading (-€96 million) is essentially due to lower sales made in 2023 compared to 2022.

12. Services (€7,570 million)

This caption can be analysed as follows:

millions of Euros

	2023	2022	Change	Change in consolidation scope	Change on a like-for-like basis
Other transport-related services	167	135	32	(11)	21
Tolls	611	325	286	(251)	35
Shunting services	28	24	4		4
Freight transport services	355	346	9		9
Accruals/releases for transport services					
Transport services	1,161	829	332	(262)	70
Contracted services and work	101	59	42	(14)	28
Cleaning and other contracted services	520	512	8	(32)	(24)
Maintenance and repair of intangible assets and property, plant and equipment	1,084	956	128		128
Accruals/releases for maintenance	12	3	9	(9)	
Ordinary maintenance on the road and motorway network	328	327	1		1
Maintenance, cleaning and other contracted services	2,045	1,857	188	(55)	133
Property services and utilities	123	152	(29)	(1)	(30)
Administrative and IT services	449	416	33	(2)	31
Administrative and IT and advertising expense	78	67	11	(8)	3
Costs for new works and extraordinary maintenance of the road and motorway network	2,645	2,221	424		424
Use of third-party assets	138	122	16	(7)	9
Professional services and consultancies	77	62	15	(2)	13
Prize competitions and fees to other railway companies	6	5	1		1
Insurance	88	92	(4)	(4)	(8)
Sleeping carriages and catering	157	126	31	(7)	24
Agency fees	86	61	25	(12)	13
Engineering services	85	74	11		11
Other costs for services, accruals/releases	6	(38)	44		44
Other	426	294	132	(5)	127
Other sundry services	931	676	255	(30)	225
Total	7,570	6,340	1,230	(365)	865

Net of the effects of the change in the consolidation scope (€365 million), services increased by €865 million, essentially as a result of the combination of following factors:

- higher costs for transport-related services (+€70 mainly due to the fees and commissions paid to foreign railways (+€15 million), access fees on the foreign market (+€35 million), and costs for freight transport services (+€9 million);
- higher costs for new works and non-recurring maintenance of the road and motorway network (+€424 million), closely related to the increase in revenue from infrastructure services;
- higher costs for maintenance, cleaning and other contracted services (+€133 million), due to higher maintenance and repair of rolling stock and movable assets, ordinary maintenance planned on the line and numerous interventions for natural disasters that became necessary due to adverse weather conditions (+€128 million), higher costs for services and contract services to third parties (+€28 million), mainly due to the construction work on the Rome-Lido section, offset by the reduction in cleaning costs mainly related to the termination of the extraordinary sanitisation contracts signed for the Covid-19 emergency (-€24 million);

- lower property services and utility costs (-€30 million), mainly due to the drop in gas and electricity prices compared to 2022;
- higher costs incurred for IT services and hardware and software maintenance services (+€31 million) as a consequence of the IT project services provided with specific regard to cyber security;
- higher costs for on-board train catering services (+€24 million) following an increase in travellers;
- higher agency fees (+€13 million) in connection with the increase in revenue from the sale of tickets;
- higher costs for engineering services (+€11 million) due to the increased production for the year;
- higher accruals (+€44 million) for court and out-of-court disputes related to works on state highways (+€15 million) and disputes with third-party suppliers (+€25 million);
- higher costs related to temporary operation of the A24 - A25 highways (+€49 million);
- higher cost incurred for works on the regional network (+€47 million) as per the agreements entered into with Local entities.

13. Other operating costs (€265 million)

	millions of Euros				
	2023	2022	Change	Change in consolidation scope	Change on a like-for-like basis
Other costs	127	116	11	(1)	10
Losses	1	5	(4)		(4)
Accruals and releases	35	14	21		21
Local taxes and duties	102	104	(2)	(2)	(4)
Total	265	239	26	(3)	23

Net of the effects of the change in the consolidation scope (€3 million), other operating costs increased by €23 million, essentially as a result of greater accruals set aside for onerous contracts (€21 million) referring to the German company metronom Eisenbahngesellschaft mbH, in the Netinera group.

14. Internal work capitalised (€2,150 million)

Internal work capitalised mainly refers to the cost of materials, personnel expense, IT and transport services capitalised in 2023 for work on the infrastructure, maintenance increasing the value of rolling stock at FS Italiane Group workshops and technological upgrades. This caption amounts to €2,150 million (€1,702 million at 31 December 2022), of which Other costs for €1,153 million and Materials for €998 million, and is up by €448 million on the previous year, mainly attributable to higher uses of materials for investments in NRRP (€205 million), higher indirect charges and the use of personnel for interventions carried out on rail infrastructure (€137 million), higher uses of materials for value-increasing maintenance on rolling stock (€59 million), higher design, work site maintenance and monitoring costs (€33 million), and higher projects for digital investments (€11 million).

15. Amortisation and depreciation, provisions and impairment losses (€1,950 million)

This caption may be analysed as follows:

	millions of Euros				
	2023	2022	Change	Change in consolidation scope	Change on a like-for-like basis
Amortisation	263	260	3	(3)	
Depreciation	1,481	1,395	86	(13)	73
Impairment losses on intangible assets	3	8	(5)		(5)
Impairment losses on property, plant and equipment	97	132	(35)		(35)
Adjustments and impairment gains on financial assets	48	185	(137)		(137)
Impairment losses on cash and cash equivalents	(1)		(1)		(1)
Provisions	(1)	(30)	29		29
Total	1,890	1,950	(60)	(16)	(76)

Net of the effects of the change in the consolidation scope (€16 million), this caption decreased by €76 million due to the opposing effect of the following factors:

- higher depreciation of property, plant and equipment (€73 million), mainly related to the effect of higher investments on the maintenance work on the rolling stock fleet, plants and major assets that came into operation during the year;
- lower write-downs made on assets compared to the previous year (€40 million); the write-downs made during the year essentially refer to the higher reclamation costs incurred for the disposal of material containing asbestos as a result of the continuation of the process of decommissioning of rolling stock that has become obsolete both technically and commercially (€74 million), work in progress on the rail infrastructure (€18 million), as well as goodwill (€2.5 million) relating to Busitalia Campania SpA as a result of the impairment test carried out during the year, for details of which see Note 23. Intangible assets;
- lower value adjustments to financial assets, amounting to €137 million: value adjustments and writebacks on financial assets for the year are mainly due to the application of IFRS 9;
- lower releases, amounting to €29 million, related to the provision for income and employment assistance.

16. Financial income (€220 million)

	millions of Euros				
	2023	2022	Change	Change in consolidation scope	Change on a like-for-like basis
Financial income from non- current loans and securities	8	11	(3)		(3)
Financial income from derivatives	99	12	87		87
Other financial income	102	83	19	(1)	18
Exchange gains	11	2	9		9
Total	220	108	112	(1)	111

Net of the change in the consolidation scope (€1 million), this caption increased by €111 million, essentially as the effect of the following factors:

- an increase in financial income from derivatives (+€87 million), attributable to the substantial growth recorded in interest rates compared to the previous comparative period, which entailed a positive effect on hedging derivatives entered into on financing agreements;
- a total increase of €9 million in foreign exchange gains caused by the foreign currency transactions carried out by the Group;
- the €18 million increase in other financial income as a net result of the following:
 - higher financial income related to monetary revaluations (+€4 million), attributable in particular to interest income concerning Resolution TRA 88/2021 and the recovery of interest income on receivables for grants under Law 166/2002 related to the 2005/2006 period (+€3 million);
 - higher interest income from factoring and consumer credit activities (+€11 million);
 - higher interest income resulting from the combined effect of higher deposits held, also related to the recovery of the business of Group companies, and the rate effect, which increased significantly compared to the previous comparison period (+€24 million);
 - lower financial income compared to the previous year in which extraordinary income was recorded, related to an allocation of retained earnings in the ten-year period 2007-2017, following a settlement agreement reached in December 2022 (-€31 million).

17. Financial expense (€456 million)

	millions of Euros				
	2023	2022	Change	Change in consolidation scope	Change on a like-for-like basis
Interest on financial liabilities	393	140	253	(2)	251
Financial expense on employee benefits	26	25	1		1
Financial expense on derivatives	8	5	3		3
Financial expense on leases	35	24	11	(3)	8
Impairment losses on financial assets	7	1	6		6
Exchange loss	7	9	(2)		(2)
Accruals/releases	(20)	17	(37)	1	(36)
Total	456	221	235	(4)	231

Net of the change in the consolidation scope (€4 million), the €231 million increase is essentially due to the following:

- the €251 million increase in interest on financial liabilities, due to i) higher interest on EMTN and Eurofima Series bonds, bank loans and bank and postal current accounts (+€223 million), related to the joint effect of new bond and loan subscriptions (respectively +€1.061 million and +€2.182 million compared to 31 December 2022) and of the increase in interest rates compared to the previous comparison period (Euribor +3%), and ii) higher financial expenses due to the recovery of the state aid found to be incompatible in the period 2000-2014, which entailed, in addition to the impact already mentioned in the section "Revenues from sales and services," the recognition of the related interest expense of €13 million;
- lower net provisions (-€36 million), substantially attributable to the assessment carried out on the investment in Stretto di Messina SpA, following its exit from the state of liquidation and the new corporate structure, which led to

a release of the related provision for risks amounting to €49 million, offset by higher net provisions following the release of the appraisal requested by the MEF;

- the €6 million increase in impairment losses on financial assets, substantially attributable to write-downs made following the continuation of the Russia-Ukraine conflict;
- higher financial expense on leases (+€8 million);
- the €2 million decrease in exchange losses on foreign currency transactions carried out by the Group.

18. Share of profits/(losses) of equity-accounted investees (€23 million)

This caption, which shows the net balance of the profits and losses of the Group's associates and jointly controlled companies recognised using the equity method, amounts to €23 million, down by €40 million on the previous year mainly as a consequence of the results achieved by the following investees: Concessioni Autostradali Venete CAV SpA (+€9 million), Sital SpA (+€6 million), Autostrada Asti-Cuneo SpA (-€4 million) and Trenord Srl (+€14 million), Trenitalia Tper Scarl (+€16 million), as well as of the consolidation of Stretto di Messina SpA at equity (-€79 million).

For additional information, reference should be made to Note 26 Equity-accounted investments and Note 4 Changes in consolidation scope and extraordinary transactions.

19. Income taxes

Income taxes may be analysed as follows:

	2023	2022	Change	Change in consolidation scope	Change on a like-for-like basis
IRAP	32	18	14		14
IRES	2	5	(3)		(3)
Foreign current taxes	8	4	4	(2)	2
Deferred taxes		(8)	8		8
Foreign deferred taxes	(18)	(6)	(12)	17	5
Accruals/releases for taxes					
Adjustments to prior year income taxes	1	(3)	4		4
Total	25	10	15	15	30

Net of the effects of the change in the consolidation scope (€15 million), this caption increased by €30 million essentially as a result of the recognition of higher IRAP tax (€14 million) during the year, linked to the increase in taxable income, and as a result of the lower release of net deferred taxes (€13 million).

The Group's IRES is net of the Income from the tax consolidation scheme of €97 million recognised on the tax losses transferred to the Group over the years and used during the year, as their subsequent remuneration was not deemed probable. For more details on the income from tax consolidation, please refer to Note 14 "Income Taxes for the Year" to the financial statements of FS SpA.

In 2023, deferred tax assets and liabilities, including foreign ones, amount to -€18 million. For additional information about changes in deferred taxes, reference should be made to Note 25 Deferred tax assets and deferred tax liabilities.

Disclosure regarding the "Pillar 2" regulations

The international context

The BEPS Action Plan launched by the OECD in 2013 and divided into 15 actions envisaged various interventions to restyle international taxation standards while also contemplating a project aimed at studying new digital business models and the adequacy with respect to them of the existing principles of territorial linkage (Action 1).

On this point, the work carried out under the Inclusive Framework identified two pillars under which to implement, on the basis of a common consensus, new national regulations, i.e., Pillar 1 and Pillar 2. While the former reallocates taxable matter of multinational groups in the jurisdictions of their outlet markets, the latter, with the aim of limiting tax competition between states implemented through the "race to the bottom" of corporate income tax rates, imposes on companies and groups (with more than €750 million in turnover) a minimum tax burden of 15% in each of the jurisdictions in which they operate.

Work on the implementation of Pillar 1 by the OECD is still in progress while for Pillar 2 an agreement has already been achieved to adopt the relevant provisions "during" 2023.

The European regulatory framework

With Directive (EU) 2022/2523 of 14 December 2022, the EU Council adopted the Pillar 2 rules into European law, requiring their application in Member States for tax periods beginning after 31 December 2023.

The Italian regulatory framework

Legislative Decree no. 209 of 27 December 2023, implementing the tax reform on international taxation, transposed the aforementioned Directive (EU) 2022/2523 with effect from financial years beginning on or after 3 December 2023.

In order to ensure a minimum level of taxation of multinational or domestic groups of companies, in accordance with the common approach shared at the international level on the basis of the OECD guidelines and, more specifically, the statutory provisions of the aforementioned Directive (EU) 2022/2523, the aforementioned legislative decree provides that any supplementary "Pillar 2" taxation will be levied through:

- the domestic minimum tax (QMDTT), payable in relation to enterprises of a multinational or domestic group located in Italy and subject to low taxation there;
- the supplementary minimum tax (IIR), payable by parent companies located in Italy of multinational or domestic groups in relation to enterprises subject to low taxation that are part of the group;
- the supplementary minimum tax (UTPR), payable by one or more enterprises of a multinational group located in Italy in relation to foreign enterprises forming part of the group subject to low taxation when the equivalent supplementary minimum tax in other countries has not been applied, either in whole or in part.

The process of compliance with the new Pillar 2 regulations by the Ferrovie group

Since the beginning of 2023, the Ferrovie group has been promptly taking action in order to assess any possible impact of Pillar 2 regulations in the jurisdictions of establishment and ensure the proper fulfillment of the regulatory obligations effective from 1 January 2024.

For the group, the new provisions shall apply as from the next financial year, i.e. 2024.

In this regard, based on the data available for 2022, work commenced on a project that covers the following areas of investigation:

- analysis of group deferred taxation having relevance for Pillar 2 purposes;
- analysis of the Group's corporate structure and classification of identified entities according to Pillar 2 requirements (UPE, POPE, MOCE, CE, Excluded entities, Investment entities, JV, CFC, PE, Flow through entities and Hybrid entities);
- classification and location of the various group entities among the jurisdictions of establishment;
- identification of the data points necessary for the application of the Pillar 2 regulations applicable to the group and preparatory to the "data calculation" phase:
 - o for the purposes of Transitional Safe Harbours (TSH);
 - o for the purposes of the GloBE rules "*in full operation*";
- GAP Analysis for the purposes of both TSH and GloBE rules "*in full operation*" and identification of remedial plans;
- Monitoring of regulatory developments.

At the time of year-end, activities related to the first three areas of investigation were still ongoing, and at the same time, work commenced on the process of retrieving data for subsequent financial years (2023 and 2024).

It is not therefore possible to provide quantitative indications of what the theoretical impact of the new regulations on the group would have been, had they been implemented as early as the 2023 financial year.

20. Property, plant and equipment (€49,326 million)

The opening and closing balances of property, plant and equipment and changes therein are shown in the table below. The assets' estimated useful lives did not change during the year.

millions of Euros

	Land, buildings, railway and port infrastructure	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	total
Historical cost	113,418	23,500	1,471	1,486	27,215	167,090
Depreciation and impairment losses	(24,775)	(12,971)	(633)	(983)	(1,577)	(40,939)
Grants	(55,841)	(1,274)	(625)	(220)	(21,142)	(79,102)
Balance at 31.12.2021	32,802	9,255	213	283	4,496	47,049
Investments	49	209	12	21	7,472	7,763
Placement in service	4,178	1,841	134	38	(6,191)	
Depreciation	(181)	(1,133)	(21)	(51)		(1,386)
Impairment losses		(60)			(1)	(61)
Non-recurring transactions						
Change in consolidation area	10	115	2	2	5	134
Exchange differences		(1)				(1)
Disposals and divestments	(4)	(29)	(1)			(34)
Increases and placement in service of subsidised assets during the year	(4,039)	(178)	(126)	(31)	(1,577)	(5,951)
Other reclassifications	(49)	47	1	4	877	881
Total changes	(36)	811	1	(17)	586	1,344
Historical cost	117,592	24,771	1,616	1,576	29,316	174,871
Depreciation and impairment losses	(24,889)	(13,254)	(650)	(1,018)	(1,584)	(41,395)
Grants	(59,926)	(1,451)	(752)	(292)	(22,650)	(85,071)
Balance at 31.12.2022	32,777	10,066	214	266	5,082	48,405
Investments	85	136	13	15	12,083	12,332
Placement in service	3,316	1,685	51	82	(5,134)	
Depreciation	(184)	(1,215)	(21)	(48)		(1,468)
Impairment losses		(15)		(3)	(79)	(97)
Non-recurring transactions			1	2		3
Change in consolidation area			(1)			(1)
Disposals and divestments	(3)	(26)		(2)	(7)	(38)
Increases and placement in service of subsidised assets during the year	(3,233)	(261)	(44)	(43)	(6,341)	(9,922)
Other reclassifications	(42)	82	2	2	68	112
Total changes	(61)	386	1	5	590	921
Historical cost	120,909	25,644	1,678	1,650	36,329	186,210
Depreciation and impairment losses	(25,039)	(13,495)	(667)	(1,047)	(1,664)	(41,912)
Grants	(63,154)	(1,697)	(796)	(332)	(28,993)	(94,972)
Balance at 31.12.2023	32,716	10,452	215	271	5,672	49,326

The increase in investments recognised as assets under construction and payments on account (€12,083 million) is mainly due to:

- the costs incurred to complete high speed network infrastructures and to design and construct HS/HC and traditional network facilities in progress (€10,145 million);
- the costs incurred to purchase, revamp and redevelop rolling stock, particularly to continue updating both the high-speed fleet, with the delivery of 9 ETR 1000 trains relating to ILSA's commercial service in Spain - and the regional transport fleet, with the delivery of 98 trains, including 34 "New Pop", 35 "Rock" and 29 "Blues" trains (€1,025 million);
- maintenance increasing the value of rolling stock and revamping/restyling of rolling stock (€555 million);
- the costs incurred to update plant, workshop buildings and technical equipment (€165 million);
- rolling stock maintenance and scheduled infrastructure maintenance in the German market (€ 25 million);
- the capitalisation of internal and external costs mainly related to designs works covered by Law no. 443/2001, and for the redevelopment and accessibility of stations, in addition to non-routine maintenance (€19 million);
- investments for the construction of a new ferry (€17 million);
- investments for work in progress for revamping locomotives and terminals (€10 million);
- the costs incurred to purchase new buses in Italy (€43 million) and abroad (€9 million);
- the capitalisation of costs incurred for routine maintenance on freight rolling stock (€66 million).

The placement in service of land, buildings, railway and port infrastructure refers to the railway infrastructure (€3,296 million), non-routine maintenance and upgrading of rolling stock maintenance workshops (€10 million) and the works carried out at stations under Law no. 443/2001 (€10 million). The placement in service of plant and machinery principally relates to new locomotives and new buses (€1,621 million), cyclical overhauls on freight wagons and locomotives (€29 million), ferries (€5 million), diagnostic rolling stock (€13 million), and non-routine maintenance of real estate assets, as well as enhancement of real estate complexes related to large railway stations (€9 million).

Impairment losses in property, plant and equipment mainly relate to fixed assets under construction and advances related to higher remediation costs for the disposal of asbestos- material initially capitalised on specific assets and rolling stock that proved to be obsolete both technically and commercially (€74 million) and to work in progress on railway infrastructure (€15 million).

The reclassifications in the year mainly refer to areas whose use was changed in the year and therefore reclassified to property, plant and machinery, intangible assets, investment property and inventories to give a true and fair view.

Government grants

During the year, in line with the progress of work on property, plant and equipment, intangible assets and investment property, the following grants related to assets, totalling €9,922 million, were disbursed. They may be analysed as follows:

- €8,626 million related to the advances for grants from the MEF and the MIT for investments in the railway infrastructure;
- €229 million related to grants from the regional authorities for the purchase of rolling stock;
- €8 million related to work in progress concerning complementary works for stations, approved as part of the strategic infrastructure programme (Law no. 443/2001), the Agreement on interventions for the redevelopment and accessibility of large railway stations referred to in Law of 11 December 2016, and the grant for energy redevelopment under Law 296/2006 (Ecobonus) following the rationalisation and efficiency intervention of the heating system at Milano Centrale station;
- €16 million for electronic and Bus Ticketing;
- other grants (€1,043 million) mainly related to the European Union and local bodies.

At 31 December 2023, there were no mortgages or privileges on property, plant and equipment, except for part of Trenitalia SpA's rolling stock worth €1,635 million, which was pledged to Eurofima SA to secure non-current loans and borrowings agreed through the parent.

We must note the existence of contractual constraints, with an average term of 12 years, imposed on grants received in connection with the investments implemented, mainly for the renewal and expansion of the bus fleet, for a total of €12 million.

21. Right-of-use assets (€874 million)

The table below shows changes in right-of-use assets in the year.

millions of Euros

	Rights of use on land, buildings, railway and port infrastructure	Rights of use on plant and machinery	Rights of use on industrial and commercial equipment	Rights of use on Other assets	Rights of use on Assets under construction and payments in account	Total
Historical cost	189	856	3	50		1,098
Depreciation and impairment losses	(49)	(299)	(1)	(25)		(374)
Balance at 31.12.2021	140	557	2	25		724
Investments	37	141	2	4		184
Depreciation	(28)	(125)	(2)	(11)		(166)
Exchange differences		(1)				(1)
Remeasurement and contract termination	3	(26)		1		(22)
Total changes	13	104		(6)		111
Historical cost	210	1,002	4	47		1,263
Depreciation and impairment losses	(57)	(341)	(2)	(28)		(428)
Balance at 31.12.2022	153	661	2	19		835
Investments	74	38		4		116
Depreciation	(28)	(142)	(1)	(9)		(180)
Change in consolidation area			(1)			(1)
Remeasurement and contract termination	28	75	1			104
Total changes	74	(29)	(1)	(5)		39
Historical cost	287	929	2	35		1,253
Depreciation and impairment losses	(60)	(297)	(1)	(21)		(379)
Balance at 31.12.2023	227	632	1	14		874

At the reporting date, right-of-use assets amounted to €874 million, up by €39 million on the previous year-end (2022: €835 million). The increase is mainly attributable to the ordinary trend of the new contracts (€116 million), depreciation (€180 million), as well as remeasurements and contract termination (€104 million).

Lease liabilities and the related changes of the year are shown below.

millions of Euros

Changes in lease liabilities	2023
Opening balance	828
Recognition of new right-of-use assets	128
Recognition of financial expense	34
Payments	(230)
Other changes	105
Closing balance	865

At the reporting date, lease liabilities amounted to €865 million, up by €37 million compared to €828 million at 31 December 2022. The increase is due to new investments (€128 million), the recognition of financial expense (€34 million) and payments made during the year (€230 million). The other changes amount to €105 million and relate to the above-mentioned remeasurements and early contract terminations.

The following table shows the impacts on profit or loss.

millions of Euros

Impacts on profit or loss	2023
Depreciation of right-of-use assets	180
Interest expense on lease liabilities	34
Lease liabilities outside the scope of IFRS 16	142
Total impacts on profit or loss	356

The table below includes an ageing analysis of payments to be received in future years for assets that the Group has given under operating lease:

	millions of Euros						
	Within one year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
Undiscounted payments to be received for operating leases	172	171	173	179	181	1,139	2,014

Finally, there are no extension options on leases that the Group reasonably expects to exercise.

22. Investment property (€1,399 million)

The following table shows the opening and closing balances of investment property at 31 December 2023 and 2022.

	millions of Euros	
	Land	Buildings
Historical cost	2,210	1,683
Grants	(20)	(272)
Accumulated depreciation		(563)
Loss allowance	(1,326)	(235)
Balance at 1.1.2021	864	613
Changes of the year		
Acquisitions/Increases	22	19
Reclassifications	(2)	(17)
Depreciation		(9)
Impairment losses	(55)	(15)
Disposals and divestments	(6)	(1)
Total changes	(40)	(23)
Historical cost	2,204	1,602
Grants	(24)	(210)
Accumulated depreciation		(550)
Loss allowance	(1,363)	(256)
Balance at 1.1.2022	817	586
Changes of the year		
Acquisitions/Increases		15
Reclassifications	(2)	(1)
Depreciation		(13)
Disposals and divestments	(2)	(1)
Total changes	(4)	
Historical cost	2,198	1,610
Grants	(24)	(215)
Accumulated depreciation		(555)
Loss allowance	(1,361)	(254)
Balance at 1.1.2023	813	586

Investment property includes land and buildings not used in operations and measured at cost, areas to be enhanced and several buildings, workshops and properties leased to third parties.

The reclassifications of the year of both land and buildings are mainly due to a change in the use of certain areas and a better representation thereof under property, plant and equipment and inventories.

23. Intangible assets (€1,798 million)

millions of Euros

	Develop. expens.	Industrial pat. and intellect. property rights	Concess., licen., trademrks and similar rights	Assets under develop. and payments on accounts	Concessions assets	Other	Goodwill	Total
Historical costs	143	5	1,804	757	1,930	31	190	4,860
Amortisation and impairment losses	(98)	(4)	(1,033)	(7)	(672)	(12)	(81)	(1,907)
Grants	(25)		(349)	(19)				(393)
Balance at 1.1.2022	20	1	422	731	1,258	19	109	2,560
Investments			11	298	2			311
Placement in service			98	(111)	13			
Amortisation	(1)		(128)		(125)	(6)		(260)
Disposals and divestments			(1)					(1)
Non-recurring transactions	1		4			65	9	79
Impairment losses				(1)			(7)	(8)
Increases in grants			(25)	25				
Other reclassifications			(1)	(848)		1		(847)
Total changes			(41)	(637)	(110)	60	2	(726)
Historical costs	144	5	1,886	111	1,945	127	199	4,387
Amortisation and impairment losses	(99)	(4)	(1,131)		(797)	(48)	(88)	(2,137)
Grants	(25)		(374)	(18)				(417)
Balance at 1.1.2022	20	1	381	93	1,148	79	111	1,833
Investments			16	224	1		2	243
Placement in service			232	(242)	8	2		
Amortisation	(1)		(129)		(123)	(10)		(263)
Disposals and divestments			(4)	(1)				(5)
Impairment losses					(1)		(2)	(3)
Increases in grants			(84)	84				
Reclassifications			1	(8)				(7)
Total changes	(1)		32	57	(115)	(8)		(35)
Historical costs	144	5	2,035	167	1,955	108	201	4,615
Amortisation and impairment losses	(98)	(4)	(1,173)		(922)	(37)	(90)	(2,324)
Grants	(27)		(449)	(17)				(493)
Balance at 1.1.2023	19	1	413	150	1,033	71	111	1,798

Concession assets include €894 million related to Anas SpA's concession.

For additional information about the initial recognition and subsequent measurement of the concession, reference should be made to the previous Annual Financial Reports. Below are the changes of the year.

On 30 December 2023, Decree Law no. 215 of 30 December 2023 was published in the Official Gazette no. 303, by which it was specified that the time schedule of investment charges at 9% applies only to the economic frameworks approved from 1 January 2022 to 31 December 2023, and that, "As from 1 January 2024, the investment charges referred to in the first sentence of paragraph 3-bis, including the costs of designing the interventions, are paid to ANAS SpA to the extent not exceeding 12.5% of the total appropriation allocated to the implementation of the intervention with the exclusion of expenses provided for by other provisions of law or regulations or included in the approved project economic framework. Within the aforementioned percentage limit, any resources remaining with respect to the expenses actually incurred by ANAS SpA and verified by the Ministry of Infrastructure and Transport on the basis of the results of cost accounting, remain available to the company."

Following these provisions, the CIPESS, at its meeting on 21 March 2024, approved, with requirements, the proposed MIT-ANAS 2021-2025 Program Contract, specifying that "the completion of the approval process of the 2021-2025 Program Contract constitutes a prerequisite act for the subsequent updating of the Economic and Financial Plan (EFP) and the

execution of the new Agreement in compliance with the regulatory provisions referred to in the subject matter (Art. 1, paragraphs 1018 [and 1019] of Law No. 296/2006. Art. 2, paragraphs sexes/sexiesdecies, Decree-Law No. 121/2021 converted into Law No. 156/2021, ed.)" All these innovative factual elements, compared to the previous legal and regulatory framework, appear to reinforce the company's approach of being able to implement the case provided for in Law 296/2006 and, therefore, at present, it is considered appropriate to consider the extension of the Concession term to the 2052 financial year. Therefore, cash flows over that time horizon were considered, based on information available as of the date.

Based on the above, at the reporting date, the "Regulatory" Net Invested Capital, closely related to the cash flows generated by the management of the concession, was tested for recoverability (Impairment test) prepared on the basis of the cash flows of the Anas 2024-2033 Business Plan, with a time horizon to 2052, approved by the BoD on 27 March 2024. The Plan is based on the items of information provided in the 2021-2025 Programme Contract and related requirements, as well as ANAS's legitimate qualified expectation to have the adjustment to the Concession term, which is currently due to expire on 31 December 2032, recognised until 2052.

Specifically, the value configuration used to determine the recoverable value of the cash-generating unit is the "value in use," calculated, in this case, by using cash flow projections based on the Plan's financial forecasts, considered for an explicit period up to 2052, on the basis of the above considerations. For the purpose of determining the recoverable value, an estimate of the discounted residual value (terminal value) was also included, based on the assumption that it is equal to the Regulatory Net Invested Capital at the end of the Concession.

The CGU's expected cash flows were discounted based on a "regulatory" discount rate ("WACC") of 2.8%, which was deemed adequate to discount these cash flows. The WACC applied to discount the cash flows was weighted based on the weight that "core" and "non-core" corporate services have at the level of cumulative EBITDA from 2024 to 2052, considering the cost of regulatory debt and market WACC.

The impairment test did not reveal any impairment loss on the Concession and the Net Invested Capital to be recognised in the financial statements. After taking account of the key assumptions reported above, the sensitivity analysis with respect to the discount rate (WACC +0.5%), other things being equal, would not result in the recognition of an impairment loss. It is specified that the break-even WACC is 4.3%.

If any possible and future developments should lead to considerations and results different from the expected ones, the carrying value of the concession could be reduced on the basis of the cash flows expressed by a reworked EFP accordingly.

The concession is amortised systematically over the term of the current concession (i.e., until 2032) and, consequently, the amortisation charge of the year amounts to €99 million.

Investments in assets under development and payments on account and placement in service refer to the software development and implementation costs, measures to improve the efficiency of production processes and the increase in the efficiency and streamlining of sales channels for the Group's business.

Impairment testing

In accordance with IAS 36 – Impairment of assets, impairment tests were performed on goodwill and non-current assets with an indefinite useful life or on other non-current assets where necessary (i.e., if there were trigger events). The recoverability assessment was conducted on a cash generating unit ("CGU")-by-cash generating unit ("CGU") or CGU group level to which the goodwill was allocated.

Specifically, in addition to that highlighted in the above paragraph, the impairment test in 2023 involved the recognised goodwill arising from the acquisitions of Netinera Deutschland GmbH Group, and that arising from Mercitalia Logistics SpA,

Busitalia - Sita Nord Srl, Busitalia Campania SpA, Cremonesi Workshop and Hellenic Train, each representing an independent cash-generating unit (CGU).

With respect to these CGUs, the test was carried out using 2023 forecast figures and the amounts included in the latest industrial plan (2024-2033) approved by their management.

With respect to the various CGUs mentioned above, the test was carried out by comparing net invested capital with the recoverable amount of each CGU, being the higher of a CGU's fair value and its value in use. The terminal value was estimated on the basis of the best assumptions made by management (Perpetuity or CIN depending on the peculiarities of the business to which the CGU refers), using growth rates similar to those included in the long-term forecasts of the inflation rate (1.0%-1.7%). The discount rate used is the weighted average cost of capital ("WACC") for each CGU. The application of the financial method to determine the recoverable value and the subsequent comparison with the respective book values involved, mainly, for each CGU subject to impairment test, the estimation of the post-tax WACC, the value of the operating flows inferred from the Business Plans approved by the Boards of Directors, the terminal value, and the growth rate used to project the flows beyond the horizon of the approved plan.

The table below provides information on the main values in relation to the impairment test of goodwill allocated to the group of CGUs referable to the scope of Group activities:

CGU	Goodwill (millions of Euros)	Discount rate (WACC)	Growth Rate
Netinera Deutschland	87	6.40%	1.50%
Busitalia- CGU Umbria	11	6.23%	
Busitalia Campania		6.25%	
Cremonesi Workshop	7	7.83%	1.00%
Hellenic Train	2	5.70%	

The tests showed that Busitalia Campania goodwill was impaired by €2 million. Consequently, this goodwill was written off.

Except for the results of the test that led to the non-recoverability of previously-recognised goodwill, which therefore showed a recoverable amount in line with the carrying amount of the related CGU, net of the aforesaid goodwill, and, consequently, any change in the input parameters could affect recoverability, the sensitivity analysis applied to the discount rate and the growth rate (+/- 50 basis points) showed no significant effects on the outcome of the assessments made.

24. Deferred tax assets (€98 million) and deferred tax liabilities (€151 million)

The table below summarises deferred tax assets and liabilities.

	millions of Euros	
	31.12.2023	31.12.2022
Gross deferred tax liabilities	427	485
Deferred tax assets that can be offset	(276)	(298)
Deferred tax liabilities	151	187
Deferred tax assets net of the loss allowance	374	386
Deferred tax liabilities that can be offset	(276)	(298)
Deferred tax assets	98	88

In the current financial year, deferred tax assets and liabilities were classified differently and shown as a net amount. For the purpose of better comparability, the previous year's figures have also been reclassified accordingly.

The table below shows deferred tax assets and deferred tax liabilities at 31 December 2023 and changes of the year due to the main temporary differences.

	millions of Euros				
	31.12.2022	Incr. (decr.) through profit or loss	Incr. (decr.) through OCI	Other changes	31.12.2023
Deferred tax assets	386	(12)			374
Assets	106	2			108
Inventories	55	(4)			51
Provisions	37	(6)			31
Tax losses	35	(5)			30
Financial instruments					
Post-employment benefits	3	1			4
Financial assets and financial liabilities - IFRS 16	121	(17)			104
Other	29	17			46
Deferred tax liabilities	485	(30)	(28)		427
Assets	240	(4)			236
Inventories	46	(1)			45
Provisions	2	2			4
Financial instruments	50		(28)		22
Post-employment benefits	6	(2)			4
Financial assets and financial liabilities - IFRS 16	112	(5)			107
Other	29	(20)			9

The changes in the year reflect new temporary differences and releases by the Group companies in the year.

25. Equity-accounted investments (€1,217 million)

The following table gives a breakdown of the carrying amount of equity investments at 31 December 2023, together with the percentage of investment and the related carrying amount, net of callable shares, with prior year corresponding figures.

The table of amounts of equity investments under review, grouped by category, and their changes during 2023 is shown below:

millions of Euros

	Closing balance at 31.12.2022	% of investment	Decrease due to dividends	Change in the consolidation scope	Income statement impact	Other	Closing balance at 31.12.2023	% of investment
Investments in joint arrangements								
B.B.T. SE SpA	156	50				10	166	50
Concessionari Autostradali Venete CAV SpA	101	50			20		121	50
Trenitalia TPER Scarl*	3	70			15		18	70
Trenord Srl	34	50			10		44	50
TELT Sas	95	50					95	50
Verkehrsbetriebe Osthannover GmbH*	2	57					2	57
Other**	10		(1)		2	(2)	9	
Investments in associates								
Autostrada Asti-Cuneo SpA	31	35			4		35	35
Ferrovie Nord Milano SpA	40	15	(1)		13		52	15
Metro 5 SpA	79	37			7	(4)	82	37
Quadrante Europa Terminal Gate SpA	7	50				2	9	50
SITMB SpA								
Società Italiana per il Traforo del Monte Bianco	68	32	(3)		6		71	32
Sitaf	195	32			20	(1)	214	32
Stretto di Messina SpA		95		365	(78)		287	43
Other**	12		(7)	4	4	(1)	12	
Total	833		(12)	369	23	4	1,217	

* Despite holding more than half of the related voting rights, the Group does not control this entity in accordance with an agreement entered into with the other shareholders.

** "Other" investments in associates and joint arrangements include similar situations which are not broken down as they are not significant.

"Other" investments in associates essentially refer to TFB SpA's subscription of BBT SE's share capital (€150 million), which was partially offset by the grants related to assets from the MEF to RFI SpA under chapter 7122 for financial investments (€140 million). These amounts were recognised as an adjustment to the carrying amount of the investment.

With respect to investments in joint arrangements, TELT Sas carried out a €453 million capital increase, fully offset by the increase in the grants related to assets disbursed by the MIT in connection with the financial investments under chapter 7532.

For details regarding Stretto di Messina SpA, please refer to Note "4. Changes in the scope of consolidation and extraordinary transactions."

The income statement impact mainly refers to the profits/losses for 2023.

Investments in joint arrangements

The following financial information is provided about the most significant investments in joint arrangements. The following tables also include a reconciliation between the investment's summarised financial information, for the year shown in the table, and its consolidated carrying amount.

	millions of Euros							
	Trenord Srl		TELT Sas		BT SE		Concessioni Autostradali Venete CAV SpA	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
% of investment	50%	50%	50%	50%	50%	50%	50%	50%
Current assets	357	329	604	297	329	219	91	159
Non-current assets	951	475	3,152	2,497	3,977	3,558	596	569
Current liabilities	(568)	(595)	(581)	(299)	(203)	(263)	(92)	(103)
Non-current liabilities	(641)	(129)	(3,174)	(2,494)	(1,595)	(1,316)	(348)	(424)
Equity	99	80	1	1	2,508	2,198	247	201
Equity attributable to the owners of the parent	49	40			1,254	1,099	124	101
Carrying amount of the equity investment *	44	34	95	95	166	156	121	101
Revenue	897	832	13	16	24	24	185	87
Profit/(Loss) for the year	19	(9)	-	-	-	-	31	9
Dividends received from the Group								

*Reclassification of the governments grants related to assets disbursed to the former parent RFI SpA up to 2006 and reclassified in accordance with the Group's accounting policies (as per IAS 20.27). These grants are used to finance the studies and preliminary works for the construction of the international section of the Turin-Lyon railway line. They are not presented in equity in accordance with French GAAP.

Investments in associates

The tables below summarise the economic and financial information on investments in associates held by the Group, which are considered individually material. They also include a reconciliation between the summarised financial information, the reporting period of which is indicated in the table header, and the consolidated book value of the individual investment.

millions of Euros

	Sitaf Group		Ferrovie Nord Milano Group		Metro 5 SpA		Autostrada Asti-Cuneo SpA		Stretto di Messina	SITMB SpA Società Italiana per il Traforo del Monte Bianco	
	31.12.2023	31.12.2022	30.09.2023	30.09.2022	31.12.2023	31.12.2022	31.12.2022	30.06.2022	30.11.2023	30.06.2023	30.06.2022
% of investment	32%	32%	15%	15%	37%	37%	35%	35%	43%	32%	32%
Current assets	204	191	858	927	117	107	102	124	515	182	217
Non-current assets	1,724	1,642	1,165	1,168	601	626	146	125	227	381	376
Current liabilities	(175)	(268)	(742)	(840)	(90)	(89)	(38)	(52)	(64)	(177)	(194)
Non-current liabilities	(1,178)	(1,050)	(930)	(982)	(417)	(442)	(111)	(110)	(5)	(166)	(188)
Equity	575	515	351	273	211	202	99	87	673	220	211
Equity attributable to the owners of the parent	183	163	52	40	77	74	35	31	286	71	68
Elimination of gain on business unit contribution	31	32			5	5					
Other adjustments									1		
Carrying amount of the equity investment	214	195	52	40	82	79	35	31	287	71	68
Revenue	411	354	538	513	33	25	166	82		33	30
Profit (Loss) for the year	68	43	54	37	20	22	26	14	(84)	6	5
Dividends received from the Group			1								

26. Service concession assets – current and non-current (€3,549 million)

Service concession assets - current and non-current, total €3,549 million (the current portion amounts to €3,314 m million) and relate to the production output generated on the infrastructure under concession, mainly motorways, whose reimbursement by the relevant ministries or bodies is pending. At 31 December 2022, this caption amounted to €3,521 million (current portion: €2,042 million).

The amount, shown net of the IFRS 9 loss allowance (€96 million), substantially comprises the costs incurred by Anas SpA, whose reporting and claim for reimbursement has already been submitted to the competent ministries and bodies, and those incurred by said company which will be recognised in the future as they refer to production completed, but not yet paid to contractors. The provision increased by a net €1 million, following the elimination of potential impairment losses on certain concession assets with local authorities.

The €28 million increase on 2022 is mainly due to the net effect of the production output of the year (€1,985 million) and the collections and reclassifications of the year (€1,927 million) and, for the remaining portion, to the delta of the discounting effect between the two periods.

Service concession financial assets are discounted using a 4.1% rate, which reflects the current borrowing costs of Anas SpA's loans. The discounted effect is taken to profit or loss as cost.

27. Financial assets (including derivatives) (€1,320 million)

The following table gives a breakdown of financial assets at the 2023 and 2022 year ends:

	millions of Euros								
	Carrying amount								
	31.12.2023			31.12.2022			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Hedging derivatives	63	45	108	167	56	223	(104)	(11)	(115)
Other equity investments	135		135	406		406	(271)		(271)
Securities and loans	44		44	51		51	(7)		(7)
Fifteen-year grants from the MEF	85	10	95	95	10	105	(10)		(10)
Loans	356	19	375	349	12	361	7	7	14
Receivables from MIT L.191/2023 (ex art. 7 L. 178/02)		768	768	755		755	(755)	768	13
Other loans		123	123		156	156		(33)	(33)
Gross financial assets	683	965	1,648	1,823	234	2,057	(1,140)	731	(409)
Loss allowance	(56)	(272)	(328)	(276)	(9)	(285)	220	(263)	(43)
Total financial assets	627	693	1,320	1,547	225	1,772	(920)	468	(452)

This caption fell by €452 million mainly as a result of the changes described below.

Following the fair value measurement carried out at 31 December 2023, hedging derivatives increased by €115 million, due to the trend in hedged rates during the reporting period. For more details on hedging operations, see the section on risk management.

Securities and loans decreased by €7 million, mainly due to a net effect of the increase relating to the recognition of the units in investment funds subscribed during the year (+€10 million), offset by the decreases linked to the Russia-Ukraine conflict (-€13 million), and the repayments of loans made to associates or JVs (-€4 million).

The fifteen-year grants from the MEF, equal to €95 million, consist of the discounted amount due in connection with the grants provided for by article 25.1 of Decree law no. 4 of 27 January 2022, converted by Law no. 25 of 28 March 2022, as relief for the effects of Covid-19 and linked to the railway infrastructure business. The recognised amount represents the discounting of the long-term expenditure commitment (€10 million for each of the years from 2022 to 2034) and showed a decrease compared to 2022 as a result of the collection for the year.

The receivable from the MIT L.191/2023 - Concessions under Article 7 L.178/02 amounts to €768 million, and includes the credit position that the Group claimed from Strada dei Parchi, reclassified towards the MIT, following Law 191 of 2023, paragraph 3 of Article 14-bis, which established that the MIT proceeds directly to ANAS for the settlement of the receivables the latter claims from Strada dei Parchi, "with the consequent extinction of the related obligations borne by the concessionaire."

Other loans and loans, which decreased by a total of €19 million, essentially include changes in short-term deposits agreed with the former Central Guarantee Fund and cash that is unavailable as a result of foreclosures.

Other equity investments, which include the fair value of non-controlling interests, i.e., equity investments over which control or significant influence is no longer held, amount to €135 million and decreased by €271 million, mainly as a result of the exit of Stretto di Messina SpA (-€367 million) from the state of liquidation, the recognition of the investment in AIE SpA in liquidation (+€49 million), following it being put into liquidation as from 27 June 2023 and the recognition of the investment in the Exploris DE GmbH Group (+55 million). For further details on the transactions described above, see Note

4. Change in scope of consolidation and extraordinary transactions.

millions of Euros

	Value at	% of investment	Value at	% of investment
	31.12.2023		31.12.2022	
Stretto di Messina SpA	0		367	95
Eurofima	15	14	15	14
Other	120		24	
Gross other equity investments	135		406	
Loss allowance	53		9	
Total other equity investments	82		397	

The loss allowance amounted to €328 million at 31 December 2023 and mainly includes the estimated potential impairment of the above-mentioned loan with MIT (former Strada dei Parchi - €268 million) and the equity investment in AIE SpA in liquidation (€49 million).

28. Current and non-current trade receivables (€2,801 million)

millions of Euros

	31.12.2023			31.12.2022			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Ordinary customers	3	1,892	1,895	3	1,815	1,818		77	77
Government authorities and other public authorities	1	242	243	2	206	208	(1)	36	35
Public service contracts:									
- regions		497	497		882	882		(385)	(385)
- government		406	406		386	386		20	20
Group companies		263	263		311	311		(48)	(48)
Contract assets for contract work in progress		249	249		233	233		16	16
Other trade receivables		59	59		43	43		16	16
Gross trade receivables	4	3,608	3,612	5	3,876	3,881	(1)	(268)	(269)
Loss allowance		(811)	(811)		(784)	(784)		(27)	(27)
Total trade receivables	4	2,797	2,801	5	3,092	3,097	(1)	(295)	(296)

Current and non-current trade receivables net of the loss allowance amount to €2,801 million, down €296 million on the previous year end.

Those from ordinary customers are up €77 mainly due to the following factors: i) the increase in amounts due from ordinary customers connected with the Riyadh Metro contract abroad and funded training (+€95 million); ii) the decrease in amounts due from ordinary customers in the rail transport sector, in particular as a result of the collection of penalties receivable from a supplier of rolling stock (-€27 million); iii) the decrease in amounts due from domestic and foreign third-party railway companies for their use of the railway infrastructure (-€44 million); iv) amounts collected from energy services and telephone operators (-€23 million); v) and finally the normal performance of receipts for the period (+€76 million).

Amounts due under service contracts show an overall decrease of €365 million, due to a reduction in receivables from Regions (-€385 million) as a result of the trend in the performance and rebalancing of Service Contracts, as well as to the portion of the year not yet collected from the MEF (+€20 million).

Amounts due from Group companies decreased by €48 million, mainly as a result of reporting credit notes for Energy from associated companies Tper (-€8 million) and Trenord (-€7 million), as well as the signing of the 2020-2022 tariff revenue sharing agreement by which the three-year period of regional services was adjusted with billing and compensation of the same to the associated companies Tper (-€10 million) and Trenord (-€16 million).

Contract assets for contract work in progress of €249 million reflect the gross amount due from customers for work in progress on contracts for which it incurred costs, plus recorded profits (and less recorded losses), exceeding progress billing. The increase in the year (+€16 million) is substantially due to the rise in the costs incurred for works on roads that are not under concession, pending reimbursement by the granting Ministry (+€53 million), offset by the decrease in progress billing based on the progress of work on the railway infrastructure (-€38 million).

The following table gives a breakdown of non-current and current trade receivables, including contract assets for contract work in progress, by geographical segment:

	millions of Euros		
	31.12.2023	31.12.2022	Changes
Italy	3,117	3,616	(499)
Eurozone countries	283	199	84
United Kingdom	13	20	(7)
Other European countries (non-Euro EU)	12	7	5
Other non-EU European countries	27	15	12
United States			
Other countries	160	24	136
Total	3,612	3,881	(269)

The following table gives a breakdown of non-current and current trade receivables, including contract assets for contract work in progress, by geographical segment divided into business segments:

	millions of Euros						
31.12.2023	Passenger	Logistics	Infrastructure	Urban	Other	Disposals and adjustments	Ferrovie dello Stato Italiane Group
Italy	1,637	368	1,414	92	760	(1,154)	3,117
Eurozone countries	232	32	11		4	4	283
United Kingdom	13				4	(4)	13
Other European countries (non-Euro EU)	9	3					12
Other non-EU European countries	13	7	4		3		27
United States							
Other countries			10		150		160
Total	1,904	410	1,439	92	921	(1,154)	3,612

	millions of Euros						
31.12.2022	Passenger	Logistics	Infrastructure	Urban	Other	Disposals and adjustments	Ferrovie dello Stato Italiane Group
Italy	2,146	311	1,586	94	644	(1,165)	3,616
Eurozone countries	165	30	6		8	(10)	199
United Kingdom	20				4	(4)	20
Other European countries (non-Euro EU)	1	5	1				7
Other non-EU European countries	1	9	5				15
United States							
Other countries		1	9		16	(2)	24
Total	2,333	356	1,607	94	672	(1,181)	3,881

29. Other non-current and current assets (€13,319 million)

	31.12.2023			31.12.2022			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Other assets from Group companies		3	3	10	36	46	(10)	(33)	(43)
VAT assets	6	67	73	24	38	62	(18)	29	11
MEF	4,713	1,886	6,599	3,045	639	3,684	1,668	1,247	2,915
MIT	2,331	1,303	3,634	2,360	993	3,353	(29)	310	281
Grants related to assets from the EU, other Ministries		97	97		96	96		1	1
Government for litigation	484		484	704		704	(220)		(220)
Other government authorities	23	654	677	24	838	862	(1)	(184)	(185)
Sundry assets and prepayments and accrued income	36	1,933	1,969	41	1,628	1,669	(5)	305	300
Gross other assets	7,593	5,943	13,536	6,208	4,268	10,476	1,385	1,675	3,060
Loss allowance	(9)	(208)	(217)	(11)	(188)	(199)	2	(20)	(18)
Total other assets	7,584	5,735	13,319	6,197	4,080	10,277	1,387	1,655	3,042

The assets with the MEF and the MIT, totalling €10,233 million, are mainly related to:

- grants earmarked for FS Italiane SpA (€2,294 million) for the Tunnel Euralpin Lyon Turin - TELF of which €254 million recognised in 2023;
- MIT grants earmarked for FSE Srl to ensure its business continuity (€70 million) pursuant to article 1.867 of Law no. 208 of 28 December 2015 (the "2016 Stability Act");
- MIT grants earmarked for Grandi Stazioni Rail SpA for the "Grandi Stazioni" scheme and to redevelop and improve the safety and accessibility of large railway stations and enhancing interchange between the rail and other transport systems (€45 million);
- grants earmarked for RFI SpA (€7,212 million);
- one-time grants disbursed by the MEF and the MIT in favour of the FS Italiane Group for the epidemiological emergency caused by Covid-19 (€612 million), of which €567 million related to prior years and €45 million recognised in 2023.

The table below shows the changes in total grants (including the portion related to the epidemiological emergency):

Grants in favour of the FS Group	31.12.2022	Increases	Decreases	Other changes	31.12.2023
Grants related to income:					
MEF	327	1,109	(1,276)		160
MIT	520	144	(212)	20	472
Total grants related to income	847	1,253	(1,488)	20	632
Grants related to assets:					
MEF	3,357	7,893	(4,811)		6,439
MIT	2,763	670	(324)	(17)	3,092
Total grants related to assets	6,120	8,563	(5,135)	(17)	9,531
Capital injections:					
MIT	70				70
Total grants to the FS Italiane Group	7,037	9,816	(6,623)	3	10,233

Grants related to income

The following were recognised in 2023:

- €1,106 million from the MEF, mainly in relation to the Government Programme Contract. These amounts were granted using the chapter 1541 funds according to the allocations in the 2023 Budget Act (Law no. 197 of 29 December 2022 n). The amounts were all collected during the year;
- €102 million from the MIT relating to the grant for freight for 2023 (100 million), the funds allocated for passenger transport in the Messina Strait (€2 million);
- additional €3 million from the MEF related to measures to combat the epidemiological emergency from COVID-19 as a result of the recognition of reversal on grants previously stated by Anas SpA;
- additional €42 million from the MIT relating to grants earmarked for Group companies to deal with the Covid-19 epidemiological emergency as described in detail in this section. During the year, €96million was collected from the MIT.

Grants related to assets

The following grants were recognised in 2023:

- € 7,893 million from the MEF, mainly in relation to the Government Programme Contract. These amounts were granted for investments and extraordinary maintenance to develop and update railway infrastructure, as established by the 2013 Stability Act, the 2023 Budget Act, Decree law no. 59/2021 (converted with Law no. 108/2021) and refinanced under the 2015 Stability Act. This caption also includes the additional allocations for operating plans 4, 9, 11, and 15;
- €416 million from the MIT related to assets to renew the fleet, buses and green ships, for works on railway bypasses, infrastructure works planned in view of the Milan-Cortina 2026 Winter Olympics (upgrades, elimination of level crossings and modernisation of stations) and for the fund for the price adjustment of construction materials.

During the year, €6,623 million was collected in total.

The grants related to assets recognised as amounts due from the MEF and the MIT as per the Government Programme Contract mostly refer to work not yet performed. Accordingly, they have a balancing entry in liabilities under payments on account.

Grants related to assets from the EU, other Ministries and other of €97 million include grants received from the European Union, other Ministries and other bodies.

The amounts from the government for disputes of €484 million cover disputes in connection with works on road infrastructure that are deemed probable and relate to projects financed by grants for which, unlike investments against a consideration, the risk of additional costs no longer lies with Anas SpA. The €220 million decrease refers to the settlement of disputes financed with savings realised under previous programme contracts (-€269 million), partially offset by an adjustment following the annual estimate of the dispute.

Amounts due from other government authorities decreased by €185 million on the previous year, mainly due to a decrease in the amounts from Cassa per i Servizi Energetici e Ambientali (CSEA, energy, gas and water settlement fund) (-€233 million), partially offset by greater amounts Hellenic Train SA (+€28 million) claims against the Greek Ministry of Transport linked to delays in financial settlement.

Sundry assets and prepayments and accrued income rose by €300 million on 2022 mainly due to higher advances to suppliers (+€291 million), relating to local bodies for road network works.

The following table gives a breakdown of other non-current and current assets by geographical segment:

	millions of Euros		
	31.12.2023	31.12.2022	Changes
Italy	13,175	10,144	3,031
Eurozone countries	325	290	35
United Kingdom	17	29	(12)
Other European countries (non-Euro EU)	8	1	7
Other non-EU European countries	7	6	1
Other countries	4	6	(2)
Total	13,536	10,476	3,060

The following table gives a breakdown of other non-current and current assets by geographical segment divided into business segments:

	millions of Euros						
31.12.2023	Passenger	Logistics	Infrastructure	Urban	Other	Disposals and adjustments	Ferrovie dello Stato Italiane Group
Italy	621	102	10,269	1	2,612	430	13,175
Eurozone countries	313	5	3		4		325
United Kingdom	17						17
Other European countries (non-Euro EU)	7	1					8
Other non-EU European countries	1	3	3				7
United States							
Other countries			4				4
Total	959	111	10,279	1	2,616	430	13,536

	millions of Euros						
31.12.2022	Passenger	Logistics	Infrastructure	Urban	Other	Disposals and adjustments	Ferrovie dello Stato Italiane Group
Italy	654	90	7,487	15	2,155	255	10,144
Eurozone countries	256	10	2		22		290
United Kingdom	28						29
Other European countries (non-Euro EU)		1					1
Other non-EU European countries		3	3				6
United States							
Other countries			5				6
Total	938	104	7,497	15	2,177	255	10,476

30. Inventories (€2,487 million)

This caption can be analysed as follows:

	millions of Euros		
	31.12.2023	31.12.2022	Changes
Raw materials, consumables and supplies	1,905	1,718	187
Work in progress and semi-finished products	4	2	2
Finished products and goods		1	(1)
Retired assets to be sold	1	1	
Land and buildings held for trading	928	944	(16)
White certificates	90	55	35
Gross inventories	2,929	2,721	208
Loss allowance	(442)	(439)	(3)
Total inventories	2,487	2,282	205

Raw materials, consumables and supplies comprise the inventories to be used in investments, superstructure material, electrical systems, navigation equipment and maintenance materials. The €187 million increase is mainly the combined effect of higher purchases, and the corresponding consumption, of rolling stock and materials for infrastructure (+€222 million), partly offset by the spare part and component disposal/scraping campaign (-€23 million) and accruals to the provisions for write-downs (-€26 million).

Land and buildings held for trading refer to the properties held by the Group which will be sold. The €16 million decrease is mainly due to the sales of the year (-€8 million), including those relating to the Milano Lambrate, Massa, the former Large Repairs Workshop at Firenze Porta al Prato (fulfillment), Firenze Leopolda (road) and Belluno.

White certificates comprise the energy efficiency certificates accrued by Group companies at the reporting date following the achievement of energy savings through the application of technologies and efficient systems (+€35 million), showing an increase compared to the previous year as a result of the recognition of white certificates accrued in the year (+€63 million), net of their sale (-€28 million).

31. Cash and cash equivalents (€2,295 million)

They can be analysed as follows:

	millions of Euros		
	31.12.2023	31.12.2022	Changes
Bank and postal accounts	1,965	1,082	883
Cheques			
Cash and cash on hand	98	103	(5)
Cash pooling accounts	233	1,507	(1,274)
Gross balance	2,296	2,692	(396)
Loss allowance	(1)	(1)	
Total cash and cash equivalents	2,295	2,691	(396)

The €396 million decrease in this caption at 31 December 2023 is due to the net effect of the decrease recognised in the year on cash pooling accounts (€1,274 million). These include the payments made by the MEF as part of the Government Programme Contract and those for other EC grants, and the increase in bank and postal accounts (€883 million) relating to the companies' cash pooling scheme.

For a breakdown of the changes in the balance, reference should be made to the statement of cash flows.

32. Tax assets (€105 million)

Tax assets amount to € 105 million at 31 December 2023 (31 December 2022: €97 million) and relate to prior year income tax assets and foreign withholding taxes.

33. Equity attributable to the owners of the parent (€41,900 million)

Changes in the main equity captions in 2023 and 2022 are shown in the statement of changes in equity.

Share capital

At 31 December 2023, the parent's share capital, fully subscribed and paid up by the sole shareholder, the MEF, was made up of 39,204,173,802 ordinary shares, with a par value of €1 each, for a total of €39,204 million.

Legal reserve

The legal reserve amounts to €71 million, up by €4 million following the allocation of the amount provided for in Article 2430 of the Italian Civil Code out of the profit for 2022.

Translation reserve

The translation reserve is negative by €4 million and reflects the changes in exchange rates during the year (-€1 million).

Hedging reserve

The hedging reserve includes the effective portion of the cumulative net change in the fair value of cash flow hedges relating to transactions that have not yet arisen and the portion of the accumulated reserve with previous financial instruments in relation to which, in 2012, the counterparties exercised the contractually-permitted early termination option. At 31 December 2023, this reserve was positive by €98 million (€192 million at 31 December 2022), essentially due to the fair value measurement of hedging instruments at the reporting date (decrease of €98 million) and the release of the portion of the year following the above-mentioned early termination of contracts (increase of €4 million).

Actuarial reserve

The actuarial reserve, which includes the effects of actuarial gains and losses on post-employment benefits and the Free Travel Card, is a negative €333 million at the reporting date (31 December 2022: negative by €327 million).

Retained earnings

Retained earnings of €2,726 million substantially refer to the retained earnings and losses carried forward of the consolidated companies and prior year consolidation adjustments.

Other comprehensive income (net of the tax effect)

The statement of comprehensive income, to which reference should be made, shows other comprehensive income net of the tax effect.

34. Non-controlling interests (€189 million)

The following table shows the financial highlights of each subsidiary with significant non-controlling interests for the Group, before intraGroup eliminations. Consequently, these figures match the information provided by these companies in their financial statements.

millions of Euros

	Grandi Stazioni Immobiliare SpA	Intermodalità de Levante SA*	Terminal Alptransit Srl	Mercitalia Intermodal SpA	Tunnel Ferroviario del Brennero SpA	Other subsidiaries which are individually immaterial	Eliminations / Adjustments	Total
Balances at 31.12.2023								
Non-controlling interest (%)	40%	55%	42%	46.72%	9.28%			
Current assets	8	46	8	55	58			
Non-current assets	47	740	17	65	1,260			
Current liabilities	(21)	(92)	(5)	(89)				
Non-current liabilities	(1)	(702)		(13)				
Net assets	33	(8)	20	18	1,318			
Net assets pertaining to non-controlling interests	13	3	8	9	122	34		189
Revenue	6	213		202				
Loss for the year		(79)		(8)	1			
Other comprehensive income								
Comprehensive expense		(79)		(8)	1			
Profit (loss) attributable to non-controlling interests		(36)		(3)		2		(37)
Other comprehensive income attributable to non-controlling interests								
Net cash flow from operating activities	3	(4)		5	1			
Net cash flow from investing activities		(6)	(3)	(5)	(150)			
Net cash flow from financing activities		5	5	(5)	150			
Total net cash flow for the year	3	(5)	2	(5)	1			
Dividends paid to non-controlling interests								

* Consolidated on a line-by-line basis in the financial statements of the FS Italiane Group in view of the agreements signed by the shareholders for its operation.

millions of Euros

	Grandi Stazioni Immobiliare SpA	Intermodalidad de Levante SA	Terminal Alptransit Srl	Mercitalia Intermodal SpA	Tunnel Ferroviario del Brennero SpA	Other subsidiaries which are individually immaterial	Eliminations / Adjustments	Total
Balances at 31.12.2023								
Non-controlling interest (%)	40%	55%	42%	46.72%	9.66%			
Current assets	6	32	4	67	58			
Non-current assets	49	414	18	71	1.110			
Current liabilities	(21)	(28)	(7)	(97)				
Non-current liabilities	(1)	(392)		(15)				
Net assets	33	26	15	26	1.168			
Net assets pertaining to non-controlling interests	13	14	6	12	113	36	1	195
Revenue	7	4		212				
Loss for the year	(1)	(9)	(1)	(4)				
Other comprehensive income								
Comprehensive expense	(1)	(9)	(1)	(4)				
Profit (loss) attributable to non-controlling interests		(5)		(1)		4		(2)
Other comprehensive income attributable to non-controlling interests								
Total net cash flows for the year	(4)	18	3		50			
Dividends paid to non-controlling interests								

The balance of €189 million at 31 December 2023, shows a €6 million decrease on the previous year end (€195 million), mainly due to the capital increases and/or share premium reserve of Tunnel Ferroviario del Brennero – Società di Partecipazioni SpA (€9 million), Terminal Alptransit (€2 million) and Intermodalidad de Levante SA (€25 million), the dividends paid by ATAF and Cremonesi Workshop (-€3 million) and the loss for the year (-€37 million).

35. Non-current and current loans and borrowings (€14,982 million)

This caption totals €14,982 million and can be analysed as follows:

millions of Euros			
Non-current loans and borrowings, net of the current portion	Carrying amount		
	31.12.2023	31.12.2022	Changes
Bonds	9,107	7,758	1,349
Bank loans and borrowings	1,622	1,391	231
Loans and borrowings from other financial backers	3	10	(7)
Total	10,732	9,159	1,573

millions of Euros			
Current loans and borrowings and current portion of non-current loans and borrowings	Carrying amount		
	31.12.2023	31.12.2022	Changes
Bonds (current portion)	456	745	(289)
Bank loans and borrowings (current portion)	3,783	1,831	1,952
Loans and borrowings from other financial backers (current)	11	23	(12)
Total	4,250	2,599	1,651
Total loans and borrowings	14,982	11,758	3,224

“Bonds” at 31 December 2023 comprise:

- fourteen bonds with a nominal amount of €2,115 million upon issue, and a carrying amount (residual debt + accrued interest) of €2,132 million, issued by the parent and fully subscribed by the Swiss investee, Eurofima SA (private placement). The aim of these bonds is to finance rolling stock. Repayment will take place in one instalment at the maturity date. Coupons accrue every six months at the variable interest rate for all fourteen bonds. They are not listed on “official markets”, domestic or foreign stock exchanges, cannot be traded and will remain in Eurofima’s financial statements as the sole holder. They may be analysed as follows:

millions of Euros						
EUROFIMA series	Currency	Date of issue	Nominal interest rate	Amount of the issue	Carrying amount at 31.12.2023	Date of maturity
13	€	15/05/2006	6M Euribor + Spread	190	191	15/05/2026
14	€	15/05/2006	6M Euribor + Spread	100	101	15/05/2026
15	€	23/04/2007	6M Euribor + Spread	129	130	30/03/2027
16	€	19/04/2007	6M Euribor + Spread	116	117	15/05/2026
18	€	22/05/2007	6M Euribor + Spread	122	123	22/05/2024
19	€	22/05/2007	6M Euribor + Spread	66	66	30/03/2027
26	€	20/12/2012	6M Euribor + Spread	43	43	08/07/2025
27	€	19/12/2019	6M Euribor + Spread	200	202	10/10/2034
28	€	02/04/2020	6M Euribor + Spread	200	202	10/10/2034
29	€	30/06/2020	6M Euribor + Spread	200	201	20/05/2030
30	€	31/07/2020	6M Euribor + Spread	240	242	10/10/2034
31	€	19/04/2021	6M Euribor + Spread	250	252	23/04/2041
32	€	07/06/2022	6M Euribor + Spread	160	162	10/10/2034
33	€	16/06/2023	6M Euribor + Spread	100	100	16/06/2033
Total				2,115	2,132	

- eighteen bonds related to the Euro Medium Term Notes Programme placed by FS Italiane SpA on the Dublin Stock Exchange with a nominal amount of €7,430 million and a carrying amount (residual debt + accrued interest) of €7,450 million, as described below. Specifically, tranches 10, 17, 18, 19, 20, 21, 22 and 23 are green bonds issued as part of

the Green Bond Framework set up by FS Italiane SpA in 2017 and tranches 3, 8, 14, 18, 19 and 23 are private placements entirely subscribed by the European Investment Bank. For more details regarding the targets to be achieved, the current status and their impacts, please refer to what is described in the section "New bond issues to serve FS Group investments" in the Report on Operations.

millions of Euros

EUROFIMA series	Currency	Date of issue	Amount of the issue	Carrying amount at 31.12.2023	Coupon	Date of maturity
3	€	12/01/2016	300	300	6M Euribor + 1.15%	31/12/2025
5	€	25/07/2016	50	50	1.65%	25/07/2031
6	€	28/06/2017	1,000	1007	1.50%	27/06/2025
8	€	21/12/2017	100	100	6M Euribor + 0.78%	21/12/2025
9	€	26/03/2018	200	203	6M Euribor + 0.982%	26/03/2030
10	€	09/07/2019	700	704	1.13%	09/07/2026
11	€	07/08/2019	100	100	1.04%	07/08/2029
12	€	23/12/2019	140	140	6M Euribor + 0.90%	23/12/2029
13	€	23/12/2019	190	190	6M Euribor + 0.52%	23/06/2024
14*	€	31/07/2020	150	115	6M Euribor + 1.23%	31/07/2032
15	€	04/12/2020	250	250	0.64%	04/12/2030
17	€	25/03/2021	1,000	999	0.38%	25/03/2028
18*	€	23/12/2021	350	339	6M Euribor + 0.62%	23/12/2038
19*	€	20/07/2022	200	205	6M Euribor + 1.35%	20/07/2039
20	€	14/09/2022	1,100	1126	3.75%	14/04/2027
21	€	23/05/2023	600	612	4.13%	23/05/2029
22	€	23/05/2023	500	509	4.50%	23/05/2033
23*	€	14/12/2023	500	501	6M Euribor + 1.60%	14/12/2040
Total			7,430	7,450		

* amortising repayment plan.

This caption decreased as a result of the periodic measurement of the FVH, which, during the year, generated a differential of €20 million.

In 2023, the amount of bonds (both current and non-current) increased by €1,061 million, substantially due to the new bond issues under the Euro Medium Term Notes Programme (EMTN) for a total of €1,600 million in nominal value (Series 21 – €600 million, Series 22 – €500 million and Series 23 – €500 million) and the new floating-rate private placement bond issue finalised in June with Eurofima (Series 33 - €100 million), offset by redemptions for the period made during the year, totaling €692 million.

Bank loans and borrowings (current / non-current) increased by €2,182 million in 2023, mainly as the combined and opposing effect of the following:

- an increase as a result of new underwriting of €3.075 million, represented below: i) the execution of the short-term loan agreement with Intesa Sanpaolo (+€2,000 million), in order to increase the FS Group's financial resources in support of the railway infrastructure development and modernisation plan; ii) the execution of the loan agreement with CaixaBank SA (+€250 million); and iii) an increase in loans with BNL, Unicredit, BPER, BBVA, Credit Agricole and BPM totaling €825 million;
- a decrease due to redemptions for the period for €1,016 million, financed by BEI, Intesa Sanpaolo, Unicredit and BPM;

- an increase in current account overdrafts to meet the short- term cash requirements for €126 million;
- a decrease relating to factoring transactions on the part of the Group for €20 million.

Loans and borrowings from other financial backers (both current and non-current) decreased by €19 million, mainly as a result of the repayment of the loan to Cassa Depositi e Prestiti (CDP).

The table below analyses net financial debt at the reporting date compared to that at 31 December 2022, in line with ESMA guidance no. 39 issued on 4 March 2021 applicable as of 5 May 2021 and Consob warning notice no. 5/2021 dated 29 April 2021, and reconciled with the net financial debt prepared in accordance with the Group's presentation approach.

		millions of Euros		
		31.12.2023	31.12.2022	Change
A)	Cash	2,294	2,678	(384)
B)	Cash equivalents	1	13	(12)
C)	Other current financial assets	641	165	476
D)	Liquidity (A + B + C)	2,936	2,856	80
E)	Current financial debt (including debt instruments and excluding the current portion of non-current financial debt)	4,322	1,976	2,346
F)	Current portion of non-current financial debt	463	768	(305)
G)	Current financial debt (E+F)	4,785	2,744	2,041
H)	Net current financial debt (G-D)	1,849	(112)	1,961
I)	Non-current financial debt (excluding the current portion and debt instruments)	11,570	10,401	1,169
J)	Debt instruments			
K)	Trade payables and other non-current liabilities			
L)	Non-current financial debt	11,570	10,401	1,169
M)	Total financial debt as per ESMA guidance (H+L)	13,419	10,289	3,130
N)	Concession assets and contract advances	1,752	1,677	75
	<i>of which: current portion</i>	<i>2,737</i>	<i>1,560</i>	<i>1,177</i>
O)	Non-current loans and securities	482	982	(500)
P)	Total net financial debt (M-N-O)	11,185	7,630	3,555

In accordance with the amendments to IAS 7, the reconciliation between the total changes in financial assets and liabilities broken down by monetary and non-monetary items is given below:

		millions of Euros					
Cash flows generated by/(used in) financing activities	31.12.2022	Monetary items		Non-monetary items			31.12.2023
		(statement of cash flows)	Change in consolidated on scope	Effects of IFRS 16	Hedging reserve	Other	
Cash and cash equivalents	(2,691)	396					(2,295)
Disbursement and repayment of current and non-current loans	11,758	3,210	(12)			26	14,982
Change in other financial assets	(1,370)	42	(19)		122	(7)	(1,232)
Change in other financial liabilities	1,610	(226)		220		(121)	1,483
Change in service concession assets/liabilities	(1,677)	(246)				170	(1,753)
Total	7,630	3,176	(31)	220	122	68	11,185

36. Post-employment benefits and other employee benefits (Free Travel Card) (€683 million)

	millions of Euros	
	2023	2022
Present value of post-employment benefit obligations	630	698
Present value of Free Travel Card obligations	43	43
Present value of other employee benefit obligations	10	15
Total present value of obligations	683	756

Changes in the present value of liabilities for defined benefit obligations are shown in the table below.

	millions of Euros	
	2023	2022
Defined benefit obligations at 1 January	756	1.030
Service costs	1	1
Interest cost (*)	26	24
Actuarial (gains) losses recognised in equity	6	(95)
of which: from changes in demographic assumptions		(1)
of which: from changes in financial assumptions	16	(143)
of which: based on past experience	(10)	49
Advances, utilisations and other changes	(106)	(204)
Total defined benefit obligations	683	756

(*) through profit or loss

Actuarial assumptions

The main assumptions for the actuarial estimate process are described below:

	2023	2022
Discount rate (post-employment benefits)	2.96%	3.57%
Discount rate (Free Travel Card)	3.17%	3.77%
Annual increase rate of post-employment benefits	3.00%	3.23%
Inflation rate (post-employment benefits)	2.00%	2.30%
Inflation rate (Free Travel Card)	2.00%	2.30%
Expected turnover rate for employees - post-employment benefits	3.37%	3.38%
Expected turnover rate for employees - Free Travel Card	3.06%	3.07%
Expected rate of advances	1.96%	1.96%
Probability of death	RG48 mortality rate published by the General Accounting Office	
Disability	INPS tables broken down by gender and age	
Retirement age	100% upon meeting the compulsory general insurance requirements	

The following sensitivity analysis shows the effects that would have been recorded in terms of changes in the present value of liabilities for defined benefit obligations, following reasonably possible changes in actuarial assumptions.

The last table shows the average duration of the defined benefit obligations and the disbursements provided by the plan.

millions of Euros

	Post-employment benefits	Free Travel Card	Other employee benefits
Inflation rate +0.25%	643	45	13
Inflation rate -0.25%	632	43	(3)
Discount rate +0.25%	629	43	(4)
Discount rate -0.25%	647	45	13
Turnover rate +1%	639		
Turnover rate -1%	637		
Plan duration	6	19	9
Payment - first year	102	4	4
Payment - second year	76	4	2
Payment - third year	71	4	1
Payment - fourth year	29	3	1
Payment - fifth year	70	3	1

37. Provisions for risks and charges (€1,995 million)

The opening and the closing balances of, and changes in, the provisions for risks and charges for 2023 are given below, indicating the current and non-current portions.

millions of Euros

Provision for risks and charges	31.12.2022	Accruals	Utilisations and other changes	Release of excess provisions	31.12.2023
Tax provision	12		(1)		11
Litigation with employees	76	26	(21)	(2)	79
Litigation with third parties	1,465	356	(271)	(189)	1,361
Reclamation	79		(1)		78
Bilateral fund for income assistance	97				97
Leaving incentives	21		(10)		11
Provision for losses on assets	17	2	20		39
Contractual risks	168	87	(30)	(28)	197
Other sundry provisions	220	46	(31)	(113)	122
Total provisions for risks and charges	2,155	517	(345)	(332)	1,995
Of which: current portion	25	11	23	(1)	58
Of which: non-current portion	2,130	506	(368)	(331)	1,937

The provision for litigation with employees, which covers the probable charges arising from pending disputes and cases brought before the competent courts in respect of economic and career claims and compensation for occupational illness, amounts to €79 million. In 2023, a total of €26 million was accrued. A total of €21 million was used to cover the social security contribution charges and costs related to disputes with personnel €2 million was released.

The provisions for litigation with third parties of €1,361 million were accrued to cover probable charges arising from the pending disputes with suppliers for subcontracting, services and supplies, the potential dispute for suppliers' claims and the charges prudently provided for probable disputes with the regions and the government about the quality of the transport services rendered as part of the public service contracts. These provisions, with several income statement balancing entries and the caption amounts due from the government for litigation, as shown in note 29 - Other current and non-current assets, were adjusted by approximately €356 million in the year; specifically, they were used to settle disputes with an unfavourable outcome for the Group and pay penalties to customers and the regions (approximately 271 million), and

released to reflect the smaller needs related to some pending disputes and the favourable outcome of some disputes (roughly €189 million).

The provision accrued to cover the charges related to the reclamation of polluted sites and the enhancement of works to be sold amounts to €78 million. €1 million was used during the year to cover the reclamation charges incurred.

The bilateral fund for income assistance, set up for income and employment assistance, amounts to €97 million and has not recorded any change compared to the previous year.

Other provisions of approximately €122 million include accruals mainly for maintenance, workshop expense, contractual obligations and expense related to buildings held for trading and disputes with agents. During the year, the Group accrued €46 million for probable future risks and charges. It also used €31 million, essentially to cover the charges incurred for contractual obligations, and released €113 million to profit or loss due to smaller-than-expected requirements for pending contractual disputes, including the release, for €67 million, of the provision set aside for guarantees, which can no longer be exercised, linked to disposals of assets and for €49 million, of the provision to cover charges connected with the winding-up of Stretto di Messina.

38. Contract advances -- non-current and current (€1,797 million)

Contract advances - non-current and current, totalling €1,797 million (current portion: €577 million), refer to the portion of grants already collected for works still to be performed related to Anas SpA (31 December 2022: €1,748 million and current portion: €482 million).

This caption mainly comprises advances on prior year grants, such as the residual amounts pursuant to article 7 of Law no. 178/2002, 2003-2005 capital injections, former FAS and development and cohesion funds, which were not required to be reported prior to collection. The advances relate to works not yet performed and scheduled over the next few years and works in progress which resulted in bidding discounts and economies pending their utilisation in the work or their use in other programmes, after discussion with the competent ministries. The caption also includes extraordinary maintenance yet to be performed and financed using the portion of revenue from fee integration as per article 19.9 bis of Law no. 102/09, which was deferred until 2016 (€66 million).

The €49 million increase on the previous year end is essentially due to new advances received, net of reclassifications (€560 million), the increase in the reversal of prior year discounting (net of prior year discounting) (-€29 million), and the decrease in prior year advances due to the production of the year, net of collections (-€482 million).

39. Other non-current and current financial liabilities (including derivatives) (€1,483 million)

millions of Euros

	Carrying amount								
	31.12.2023			31.12.2022			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Financial liabilities									
Hedging derivatives	19	2	21	28		28	(9)	2	(7)
Lease liabilities	712	153	865	660	168	828	52	(15)	37
Other financial liabilities	172	425	597	722	33	755	(550)	392	(158)
Total financial liabilities	903	580	1,483	1,410	201	1.611	(507)	379	(128)

Hedging derivatives essentially reflect the fair value of derivatives recognised under liabilities classified as hedges. Specifically, based on the nature of the risks hedged, the Group has cash flow and fair value hedging relationships. Following the measurement carried out at 31 December 2023, this caption decreased by €7 million, mainly due to the trend in interest rates during the year.

Lease liabilities amount to €865 million and are up by €37 million on the previous year end. For additional information, reference should be made to note 22. Right-of-use assets.

The €158 million decrease in other financial liabilities is mainly due to the decrease in payables to the Government (-€170 million), which consist of the value of advance payments collected for works not yet carried out, for which, in the absence of specific planning, execution is not certain.

Fair value measurement

The hedging derivatives included in the Group's portfolio are OTC and fall under Level 2 of the fair value hierarchy. Financial instruments have been measured at fair value using financial models based on market standards. Specifically, this entailed:

- determining the net present value of future flows for swaps;
- calculating option contracts (cap and collar) using market value calculation models.

The inputs used to feed the above models reflect observable market parameters which are available with the main financial info providers.

Specifically, the swap vs. 3M Euribor curve figures were used, as well as those related to the swap vs. 6M Euribor curve, the Basis USD vs. EUR and the Basis USD vs GBP curves, the 6M LIBOR GBP post-cessation (fallback rate), the Euro interest rate volatility curve and the credit default swap (CDS) curve of the parties to the derivative contract, which reflect the input widely accepted by market operators to calculate non-performance risk. This risk is calculated using adequate financial valuation techniques and models which include, inter alia, the following factors: i) the risk exposure, being the potential mark-to-market exposure throughout the life of the financial instrument and ii) adequate CDS curves to reflect their probabilities of default (PD).

40. Non-current and current trade payables (€9,010 million)

They can be analysed as follows:

millions of Euros

	31.12.2023			31.12.2022			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Suppliers	10	8,503	8,513	2	7,270	7,272	8	1,233	1,241
Advances	5	171	176	4	107	111	1	64	65
Group companies		270	270		224	224		46	46
Contract liabilities for contract work in progress		51	51		25	25		26	26
Total trade payables	15	8,995	9,010	6	7,626	7,632	9	1,369	1,378

The rise in amounts due to suppliers (+€1,241 million) is mainly due to the greater works performed in the previous year on the HS/HC and conventional network (+€402 million) and the road and motorway network (+€259 million), the renegotiation of supply contracts with the main suppliers of rolling stock and the purchase of shunting locomotives (+€185 million), the recognition of a payable to the Government following the European Commission's decision for the incompatibility of some compensations received from the transport sector for public service obligations in the freight business segment (€107 million), the payment of higher costs relating to the provision of services and investments for the construction of the Common Platform (+€69 million), the rise in the amounts due from the operator of the Greek railway infrastructure (+€46 million) and from the Greek lessors of rolling stock (+€19 million), and the ordinary settlement trend for the year (+€154 million).

The increase in "Advances" (+€65 million) essentially concerns the amounts collected against the foreign Metro Riyadh contract.

The item Trade payables to Group companies includes payables to companies consolidated using the equity method and, in particular, to the companies TPER and Trenord, for tickets pertaining to these companies sold by Trenitalia. The €56 million increase on the previous year end is mainly due to higher sales of tickets linked to an increase in passenger traffic.

41. Other non-current and current liabilities (€7,499 million)

They can be analysed as follows:

millions of Euros

	31.12.2023			31.12.2022			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Advances for grants	1,786	3,272	5,058	1,588	4,336	5,924	198	(1,064)	(866)
Social security charges payable	6	333	339	12	304	316	(6)	29	23
VAT liabilities	0	6	6	0	15	15	0	(9)	(9)
Other liabilities with Group companies	0	66	66	0	54	54	0	12	12
Other liabilities and accrued expenses and deferred income	105	1,925	2,030	113	1,855	1,968	(8)	70	62
Total other liabilities	1,897	5,602	7,499	1,713	6,564	8,277	184	(962)	(778)

Advances for grants are mainly related to:

- additional accruals (€2,294 million) for FS Italiane SpA in connection with the Tunnel Euralpin Lyon Turin Sas – TELT Sas project, as already described in the note to Other non-current and current assets to which reference should be made;
- the advances recognised by RFI SpA on the grants related to assets from the government (MEF and MIT), the EU and other bodies, for infrastructural investments (€2,534 million);
- the advances recognised by Trenitalia SpA against operating grants under the Relaunch Decree Law, amounting to €90 million and set-up grants in relation to the EU CEF Transport 2022 call for tenders for the installation of ERTMS on board trains of the HS Spain and Intercity Italy fleets amounting to €29 million;
- the advances recognised by GS Rail SpA against set-up grants allocated by the State (MIT) for the "Grandi Stazioni" Program and for the upgrading, safety and accessibility of large railway stations and for the enhancement of interchange between the railway system and other transport systems amounting to €41 million;
- the advances recognised by FSE Srl for grants received from the Puglia Regional Government in relation to investment projects financed with EU/domestic funds equal to €62 million.

The table below shows the changes in advances for grants related to the FS Italiane Group:

	millions of Euros				
	31.12.2022	Increases	Decreases	Other changes	31.12.2023
Advances for grants:					
- MEF	1,216	7,901	(8,026)	(140)	951
- MIT	3,667	560	(631)	(17)	3,579
- European Regional Development Fund	3	111	(107)		7
- Trans-European Network	59	4	(22)		41
- National recovery and resilience plan	580		(580)		
- Other	399	419	(338)		480
Total advances for grants	5,924	8,995	(9,704)	(157)	5,058

The increases in advances for grants from the MEF and the MIT include the new amounts related to grants allocated during the year, as described in the notes to other non-current and current assets and Financial assets.

The decrease in advances refer to the recognition of grants under property, plant and equipment, intangible assets and equity investments to which reference should be made for additional information.

The other changes refer to the net decrease (€140 million) related to the capital increase of Tunnel Ferroviario del Brennero SpA, as better described in the note to equity investments, to which reference should be made for further details and for - €17 million to the rescheduling of funding related to the urban redevelopment project of Piazza dei Cinquecento and the areas adjacent to Roma Termini Station.

Other liabilities and accrued expenses and deferred income of €2,030 million include amounts due to personnel (€460 million), guarantee deposits (€115 million), amounts due to operators (€210 million), tax liabilities (€145 million), accrued expenses and deferred income (€249 million) and other sundry liabilities (€851 million).

42. Tax liabilities (€26 million)

The balance at 2023 year end, equal to €26 million (€11 million at 2022 year-end), includes €20 million due by the Group companies included in the tax consolidation scheme, for IRAP purposes, and by the other Group companies not included in the scheme, for IRES and IRAP purposes, as well as €6 million related to the income taxes of foreign companies.

43. Financial and operational risk management

The FS Italiane Group is exposed to the following risks arising from the use of financial instruments:

- credit risk;
- liquidity risk;
- market risk, specifically, interest rate and currency risks.

This section provides information on the Group's exposure to each of the risks listed above, the objectives, policies and processes for the management of these risks and the methods used to assess them, as well as capital management. These consolidated financial statements also include additional quantitative information.

The FS Italiane Group's risk management focuses on the volatility of financial markets and is aimed at minimising potential undesired effects on its financial position and results of operations.

Financial assets and financial liabilities measured in accordance with IFRS 9 may be analysed as follows:

	millions of Euros	
	2023	2022
Trade receivables at amortised cost	2,801	3,097
Cash and cash equivalents at amortised cost	2,295	2,691
Other assets at amortised cost	13,215	10,175
Service concession assets at amortised cost	3,549	3,521
Other financial assets:	1,321	1,772
- <i>At amortised cost</i>	1,119	1,152
- <i>Derivatives at FVOCI</i>	109	223
- <i>Derivatives at FVTPL</i>		
- <i>Other assets measured at FVOCI</i>		
- <i>Other assets measured at FVTPL</i>	92	397
Total financial assets (*)	23,181	21,256
Loans and borrowings at amortised cost	14,982	11,758
Trade payables at amortised cost	9,010	7,632
Other liabilities at amortised cost	7,348	8,114
Contract advances at amortised cost	1,797	1,844
Other financial liabilities:	1,483	1,611
- <i>At amortised cost</i>	1,462	1,582
- <i>Derivatives at FVOCI</i>	2	1
- <i>Derivatives at FVTPL</i>	19	28
- <i>Other liabilities measured at FVOCI</i>		
- <i>Other liabilities measured at FVTPL</i>		
Total financial liabilities (*)	34,620	30,959

(*)Does not include all tax assets and liabilities

To complete financial risk information, the table below gives a reconciliation between financial assets and liabilities as reported in the consolidated statement of financial position and the categories of financial assets and liabilities identified pursuant to IFRS 7. The figures shown in the statement of financial position match the financial assets and liabilities identified pursuant to IFRS 7, net of tax assets and equity investments. Furthermore, financial assets and liabilities include the respective hedging derivatives.

Credit risk

Credit risk is the risk that a customer or one of the counterparties of a financial instrument may cause a financial loss by not meeting an obligation. It mainly arises from trade receivables, loans with the public administration, derivatives and the financial investments of the FS Italiane Group.

With regard to credit risk deriving from investing activities, the Group applies a liquidity investment policy which is centrally managed by the parent and which defines:

- the minimum requirements of the financing counterparty in terms of creditworthiness and the related concentration thresholds; and
- the types of financial products that can be used.

With respect to the derivatives used for hedging purposes and which can potentially generate credit exposure to counterparties, the Group applies specific policies that define concentration thresholds by counterparty and credit rating.

With respect to the assessment of customers' credit risk, each Group company manages and analyses the risk of all new significant customers, regularly checks their commercial and financial exposure and monitors the collection of receivables from the public administration within the contractually agreed timeframe.

The following tables show the FS Italiane Group's exposure to credit risk at 31 December 2023, compared with that at 31 December 2022. **For information about the gross balance and the loss allowance, reference should be made to the notes to the relevant captions.**

millions of Euros					
	31.12.2023				
	Public administration	Third party customers	Financial institutions	Group companies	Total
Trade receivables	1,030	1,719		61	2,810
Other current and non- current assets	11,360	1,796		2	13,158
Financial assets	3,644	711	426	1	4,782
Cash and cash equivalents			2,197		2,197
Total financial assets (*)	16,034	4,226	2,623	64	22,947

(*)Does not include prepayments and accrued income, tax assets, cash in hand and equity investments

millions of Euros					
	31.12.2022				
	Public administration	Third party customers	Financial institutions	Group companies	Total
Trade receivables	1,364	1,658		75	3,097
Other current and non- current assets	8,553	1,563		3	10,119
Financial assets	3,626	720	537	13	4,896
Cash and cash equivalents			2,588		2,588
Total financial assets (*)	13,543	3,941	3,125	91	20,700

(*)Does not include prepayments and accrued income, tax assets, cash in hand and equity investments

A significant portion of trade receivables and loan assets relates to government and public authorities, such as the MEF and the regions.

The amount of financial assets whose recoverability is uncertain is negligible. However, an adequate loss allowance was accrued in this respect.

The maximum exposure to credit risk, broken down by counterparty and past due brackets, at 31 December 2022 is shown below:

millions of Euros

31.12.2023						
	Not past due	Past due by				Total
		0-180	180-360	360-720	More than 720 days	
Public administration (gross)	15,071	53	96	342	829	16,391
Loss allowance	(121)	(5)	(6)	(2)	(223)	(357)
Public administration (net)	14,950	48	90	340	606	16,034
Third party customers (gross)	3,980	368	88	130	705	5,271
Loss allowance	(327)	(34)	(10)	(23)	(651)	(1,045)
Third party customers (net)	3,653	334	78	107	54	4,226
Financial institutions (gross)	2,579	25	20		1	2,625
Loss allowance	(1)					(1)
Financial institutions (net)	2,578	25	20			2,623
Group companies (gross)	52	4	3		5	64
Loss allowance						
Group companies (net)	52	4	3		5	64
Total financial assets	21,233	411	191	447	665	22,947

millions of Euros

31.12.2022						
	Not past due	Past due by				Total
		0-180	180-360	360-720	More than 720 days	
Public administration (gross)	11,966	131	69	885	804	13,855
Loss allowance	(105)		(1)	(9)	(197)	(312)
Public administration (net)	11,861	131	68	876	607	13,543
Third party customers (gross)	3,755	209	142	90	779	4,975
Loss allowance	(319)	(20)	(13)	(20)	(662)	(1,034)
Third party customers (net)	3,436	189	129	70	117	3,941
Financial institutions (gross)	3,109	6	8	2	1	3,126
Loss allowance	(1)					(1)
Financial institutions (net)	3,108	6	8	2	1	3,125
Group companies (gross)	77	4	5	6	5	97
Loss allowance				(6)		(6)
Group companies (net)	77	4	5		5	91
Total financial assets	18,482	330	210	948	730	20,700

The total exposure and the impairment of each category was reclassified by risk class at 31 December 2023, as per the Standard & Poor's rating, shown below:

	31.12.2023				
	FVTPL	FVOCI		Amortised cost	
		12-months expected credit losses	12-months expected credit losses	Lifetime - not impaired	Lifetime - impaired
from AAA to BBB-		108	9,132	9,856	348
from BB to BB+	1		2,588	70	157
from B to CCC			14	823	429
from CC to C			8	769	47
D					
Gross carrying amount	1	108	11,742	11,518	981
Loss allowance			(48)	(608)	(747)
Carrying amount	1	108	11,694	10,910	234

	31.12.2022				
	FVTPL	FVOCI	Amortised cost		
		12-months expected credit losses	12-months expected credit losses	Lifetime - not impaired	Lifetime - impaired
from AAA to BBB-		221	9,509	7,402	311
from BB to BB+			2,149	810	567
from B to CCC			21	182	66
from CC to C			14	755	47
D					
Gross carrying amount		221	11,693	9,149	991
Loss allowance			(45)	(589)	(720)
Carrying amount		221	11,648	8,560	271

Changes in the loss allowance may be analysed as follows.

	31.12.2023			
	12-months expected credit losses	Lifetime-not impaired	Lifetime-impaired	Total
Balance at 1 January 2023	45	589	720	1,354
Net impairment loss	10	20	66	96
Transfer to lifetime - impaired				
Transfer to lifetime - not impaired				
Change in consolidation area	(6)			(6)
Repaid financial assets	(1)	(1)	(18)	(20)
New assets acquired	2	4	9	15
Utilisation of the allowance	(2)	(4)	(30)	(36)
Balance at 31 December 2023	48	608	747	1,403

Liquidity risk

Liquidity risk is the risk that an entity may have difficulties in complying with the obligations associated with financial liabilities to be settled by delivering cash or another financial asset. Cash flows, cash requirements and the liquidity of Group companies are generally monitored and centrally managed by the division of Finance & Investor Relations at the Holding Company, to ensure efficient and effective management of financial resources.

The parent adopts asset liability management techniques in collecting debt and loan principal from the Group companies.

The Group's objective is the prudent management of the liquidity risk arising from ordinary operations.

In order to meet potential and temporary cash requirements, the parent agreed a revolving and committed sustainability linked back-up facility (€3 billion) for general purposes expiring on 25 June 2024.

In February 2024 the BoD of FS resolved to start the necessary activities for the three-year renewal of the facility due to expire, for a maximum amount of €3.5 billion.

Furthermore, the Group has various uncommitted credit lines granted by banks.

The following tables show the due dates of contractual cash flows and financial liabilities at 31 December 2023 and 2022, including interest to be paid:

millions of Euros

31 December 2023	6 months or less	6-12 months	1-2 years	2-5 years	After 5 years	Total
Non-derivative financial liabilities						
Bonds	624	1,180	1,077	4,246	3,827	10,954
Bank loans and borrowings	3,527	345	253	1,162	339	5,626
Loans and borrowings from other financial backers	6					6
Loans and borrowings from Group companies						
Other loans	(5)	6			3	4
Finance lease liabilities	61	111	117	345	331	965
Non-derivative financial liabilities	4,257	2,026	1,447	5,753	4,668	18,151
Trade payables	4,324	4,547	16	1		8,888
Derivative financial liabilities	2					2
Total financial liabilities	8,583	6,573	1,463	5,754	4,668	27,041

millions of Euros

31 December 2022	6 months or less	6-12 months	1-2 years	2-5 years	After 5 years	Total
Non-derivative financial liabilities						
Bonds	87	788	566	4,461	3,945	9,847
Bank loans and borrowings	1,538	329	917	272	312	3,368
Loans and borrowings from other financial backers	6	6	6	7	3	28
Loans and borrowings from Group companies						
Other loans						
Financial liabilities	28	8		1	718	755
Finance lease liabilities	68	114	78	292	370	922
Non-derivative financial liabilities	1,727	1,245	1,567	5,033	5,348	14,920
Trade payables	3,396	4,099	18	12		7,525
Derivative financial liabilities						
Total financial liabilities	5,123	5,344	1,585	5,045	5,348	22,445

The contractual flows from variable-rate loans have been calculated using the forward rates estimated at the reporting date. The amounts include both principal and interest.

The following table shows the repayments of financial liabilities within one year, 1-2 years, 2-5 years and after five years.

millions of Euros

31 December 2023	Carrying amount	Within one year	1-5 years	After 5 years
Bonds	9,563	1,461	4,728	3,374
Bank loans and borrowings	5,405	3,782	1,301	322
Loans and borrowings from other financial backers	14	12		2
Loans and borrowings from Group companies				
Financial liabilities	597	428		169
Lease liabilities	865	152	409	304
Non-derivative financial liabilities	16,444	5,835	6,438	4,171
Trade payables	9,010	8,994	16	

millions of Euros

31 December 2022	Carrying amount	Within one year	1-5 years	After 5 years
Bonds	8,503	717	4,335	3,451
Bank loans and borrowings	3,222	1,813	1,120	289
Loans and borrowings from other financial backers	33	23	7	3
Loans and borrowings from Group companies				
Financial liabilities	755	36		719
Lease liabilities	828	166	328	334
Non-derivative financial liabilities	13,341	2,755	5,790	4,796
Trade payables	7,633	7,599	34	

Non-derivative financial liabilities due within six months mostly consist of trade payables for HS/HC contracts and works which are mainly repaid through government grants. The residual part is repaid using cash flows from operations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate following changes in market prices, due to changes in exchange rates, interest rates or prices of equity instruments.

As part of its operations, the Group is exposed to several market risks, specifically interest rate risk and, to a lesser extent, currency risk. The objective of market risk management is to manage and keep the Group companies' exposure to these risks within acceptable levels, while optimising returns on investments. The Group uses hedging transactions to manage the volatility of the results.

Interest rate risk

The Group is mainly exposed to interest rate risk relating to non-current loans indexed to variable rates. The Group companies which are mainly exposed to this risk (including Trenitalia and RFI) decided to enter into hedging transactions based on specific risk management policies approved by the relevant Boards of Directors in coordination with the FS Holding Company.

Despite the various customisations due to the financial and business characteristics of each company, the common objective of the applied policies is to limit cash flow fluctuations in financing transactions in place and, where possible, to exploit the opportunities to optimise borrowing costs offered by the indexing of variable-rate debt.

In accordance with the above policies, the Group only uses plain vanillas, such as interest rate swaps, interest rate collars and interest rate caps.

The Group may also be exposed to the risk of changes in the fair value, linked to fluctuations in interest rates, of financial instruments recorded in the balance sheet. To this end, the Group has in place hedges through Interest Rate Swaps aimed at optimising and balancing portfolios of financial assets and liabilities.

The table below shows variable and fixed rate loans and borrowings.

	millions of Euros					
	Carrying amount	Contractual cash flows	Current portion	1 - 2 years	2 - 5 years	after 5 years
Variable rate	8,180	9,106	3,527	1,155	1,594	2,830
Fixed rate	8,264	9,045	2,756	292	4,159	1,838
Balance at 31 December 2023	16,444	18,151	6,283	1,447	5,753	4,668
Variable rate	6,030	7,491	1,809	1,359	1,630	2,693
Fixed rate	7,311	7,429	1,163	208	3,403	2,655
Balance at 31 December 2022	13,341	14,920	2,972	1,567	5,033	5,348

The table below shows the impact of variable and fixed rate loans and borrowings, before and after hedging derivatives, which convert variable rates into fixed rates, i.e., which hedge against rises in variable rates beyond the maximum levels defined.

	31.12.2023	31.12.2022
Before hedging with derivatives		
Variable rate	50%	45%
Fixed rate	50%	55%
After hedging with derivatives		
Variable rate	34%	22%
Hedged variable rate	1%	8%
Fixed rate	64%	70%

The following sensitivity analysis shows the effects that would have been recorded in terms of changes in interest expense had an increase or a decrease of 50 basis points in the Euribor interest rates affected loans in 2023.

	millions of Euros	
	+ 50 bps	- 50 bps
Greater/(lower) interest expense on variable-rate debt	34	(29)
Net cash flow from hedges	(16)	17
Total	18	(12)

The following sensitivity analysis shows the effects of an increase or decrease of 50 basis points in the swap rates curve recognised at the reporting date on the fair value of hedging derivatives:

	millions of Euros	
	Shift + 50 bps	Shift - 50 bps
Fair value of hedging derivatives	22	(22)
Total	22	(22)

A table is also reported below, which shows, for cash flow hedges and by risk category, the change in value of the hedged item used as the basis for reporting hedge ineffectiveness during the year:

	31.12.2023	31.12.2022
Change in value, since inception of hedge, related to the risk component stated in hedge accounting	93	216
Change in the value of the hedged item used to determine hedge ineffectiveness	93	218

Potential sources of ineffectiveness of cash flow hedging relationships for the Group may arise from a potential mismatch in the characteristics of the hedging instrument from that of the hedged item or from the effect of the credit risk component on changes in the value of the hedging instrument and the hedged item.

In any case, there is no ineffectiveness of hedging relationships in place or expired in the year 2023 in both cash flow hedges and fair value hedges.

Currency risk

The Group is mainly active in Italy. Therefore, the risk arising from the different currencies in which it operates is limited and substantially relates to the contracts agreed by Italferr.

The intraGroup loan to Trenitalia UK Ltd (GBP60 million) was subject to rescheduling and extension during 2023. On that occasion the previous deadline of 31 December 2023 was postponed to 31 December 2024. Currency forward hedging the currency risk were agreed in respect of FS Italiane SpA's intraGroup loan to Trenitalia UK Ltd.

Capital management

The FS Italiane Group's main objective with respect to capital risk management is to safeguard its ability to continue as a going concern, while ensuring returns for shareholders and benefits for the other stakeholders. The FS Italiane Group also intends to maintain an optimal capital structure in order to reduce the cost of debt.

44. Contingent assets and contingent liabilities

The FS Italiane Group is a party in civil and administrative proceedings and legal actions related to its normal business activities. In addition to the provisions already set up in the consolidated financial statements, the Group may incur additional liabilities, currently deemed improbable and/or unquantifiable. The main contingent assets and liabilities are described below.

RFI/COSIAC Group. In 2011, Gruppo COSIAC SpA brought a legal action before the Rome Civil Court claiming compensation for damage (roughly €1 billion) following the alleged violation of rules of integrity, impartiality and good faith in the performance of the integrated service concession for the laying of double tracks on the Tommaso Natale – Carini railway line, and the connection to the Punta Raisi airport. For details of successive appeals over time, please refer to previous annual financial reports. By Judgment No. 5698/2023, the Court rejected the appeal brought by the COSIAC Group and ordered it to pay the costs of the litigation in favour of RFI. Against this judgment, COSIAC SpA appealed to the Court of Cassation. RFI entered an appearance by filing a counter-appeal on 19 December 2023.

Anas and Presidency of the Council of Ministers/Consorzio As.co.sa.. The claim submitted by Consorzio As.co.sa before the Court of Naples with a writ of summons served on 5 July 2019, amounting to about €247 million, concerns the return of an amount equal to the economic equivalent of the work carried out (€247 million) as part of the construction of the road link road between the main road and the support road. This claim follows the termination for Anas' non-performance of the agreement signed in 1981. With ruling no. 11464 of 30 September 2013, the Court of Naples, having confirmed Anas's liability, declared the termination of the agreement and ordered Anas to pay, for various reasons, for about €12 million, already paid. Anas filed an appeal, but the Court of Appeal also confirmed the termination of the agreement, ordering Anas to pay damages. The proceedings are now pending before the Court of Cassation.

Anas and MINT/Alessandro Patanè Consulting. On 15 November 2019, Alessandro Patanè Consulting served a writ of summons against the Ministry of the Interior and Anas for undue use of the Vergilius system management software, unlawfully - according to the counterparty - obtained by Autostrade, requesting an order to pay €21 million and/or whatever will be deemed by law. Anas entered an appearance, calling Autostrade SpA and Autostrade Tech SpA in court, which in turn challenged Patanè's claims. In 2021 the court suspended the proceedings pursuant to Article 295 of the Civil Code due to prejudice against two other proceedings pending between Patanè and third parties for the same object. The plaintiff, during 2020, changed the petitem to €396 million plus additional charges.

Anas – MIT - MEF/SALT SpA. By a writ of summons served on 28 September 2021, the concessionaire SALT SpA sued Anas, the MIT and the MEF before the Civil Court of Florence, seeking a determination of liability for their failure to fulfil their obligations under the 1999 and 2009 Agreements. These charges amount in total to approximately €712.9 million. With respect to this amount, the operator requested that the respondent administrations be sanctioned jointly and severally, given the joint nature of the concession; however, only a part (€32.7 million) is attributed directly to Anas SpA. At the hearing on 14 March 2023, the court granted the time limits under Article 183, paragraph 6, of the Italian Code of Civil Procedure for the clarification of claims and exceptions. At present the proceedings are suspended for negotiations between SALT and MIT to revise the concession.

Anas/Strada dei Parchi. Following the takeover - provided for by Law No. 191 of 15 December 2023 - of Strada dei Parchi in place of Anas in the concession of the A24-A25 Motorway sections, the legal proceedings pending with Anas and reported in the previous Financial Reports have been discontinued in compliance with the requirements of the aforementioned regulations. For more details, please refer to the "Legal and Regulatory Framework" section in the Report on Operations.

Trenitalia – Civil proceedings no. 43504/2022. Trenitalia is sued before the Court of Rome for an order on the grounds of "qualified social contact" liability, referring to the EU Official Journal tender No. 2018/S 048-106383 of 9 March 2018, quantified in damages suffered by way of loss of profit and emergent damage in an amount not less than a total of €24.8 million.

DLB (wholly owned by NETINERA)/DB Netz AG. Proceedings against German rail infrastructure provider DB Netz AG () in which DLB challenges excessive infrastructure access costs during the period of use from 1 December 2009 to 31 December 2010, demanding restitution of a total of €54.6 million, plus interest. Judgment favorable to DLB before the Federal Court of Justice (BGH). DB Netz AG has filed an appeal to the Federal Constitutional Court (BVerfG). The proceedings are suspended following the 1 September 2022 referral to the European Court of Justice for a preliminary ruling on the German regulator's supervisory powers over the Infrastructure Manager's decisions on the fees to be paid by the RCs.

45. Audit fees

Pursuant to article 37 of Legislative decree no. 39/2010 and letter 16-bis of article 2427 of the Italian Civil Code, in 2023, the total fees due to the independent auditors and their network companies amount to €4,331 thousand and include the fees paid for non-audit services (€914 thousand).

Type of services	Parent Company's auditor			Parent Company's auditor network			Total		
	Parent	Subsidiaries	Ferrovie dello Stato Italiane Group	Parent	Subsidiaries	Ferrovie dello Stato Italiane Group	Parent	Subsidiaries	Ferrovie dello Stato Italiane Group
Audit services	438	2.290	2.728		404	404	439	2.695	3.134
Assurance services	73	541	614				73	541	614
Other services	58	17	75	150	360	510	207	376	583
Total fees	569	2.848	3.417	150	764	914	719	3.612	4.331

46. Directors' and Statutory Auditors' fees

The following fees were paid to directors and Statutory Auditors for the performance of their duties:

	thousands of euros		
	2023	2022	Change
Directors	1,209	1,212	(3)
Statutory Auditors	100	116	(16)
TOTAL	1,309	1,328	(19)

Directors' fees include the amounts envisaged for the positions of Chairman and chief executive officer, as well as any amounts envisaged for the remaining board members. In addition to the above fees, the external members of the supervisory body received €105 thousand (2022: €109 thousand). The fees to the representatives of the MEF (directors and Statutory Auditors) are transferred to such Ministry when the related parties are employees thereof.

47. Related parties

Related parties were identified in accordance with IAS 24.

Transactions with key managers

The general conditions that govern transactions with key managers and the parties related to them are not more favourable than those applied, or that could have been reasonably applied, to similar transactions with managers other than key managers associated with the same entities at market conditions.

Key managers' fees are as follows:

	millions of Euros	
	2023	2022
Short-term benefits	12	29
Post-employment benefits	1	2
Termination benefits		1
Total	13	32

The benefits relate to the fees paid to the above parties. In addition to short-term benefits of €12 million paid out in 2023, down from 2022 due to a change in the scope of persons identified with strategic responsibilities under the FS Group's Related Parties Regulation, a variable portion is to be paid in 2024, for an amount not exceeding €3.4 million (€7.6 million in 2022).

During the year, the key managers did not carry out any transactions, directly or through close family members, with the FS Italiane Group, Group companies or other related parties.

Related party transactions

The main transactions between FS Italiane Group and its related parties, which were all carried out on an arm's length basis, are described below.

Trade and other transactions

	millions of Euros				
	Assets	Liabilities	Guarantees	Revenue	Costs
Enel Group	13	94	20	4	118
Eni Group	3	5		8	31
Leonardo Group		3			7
Invitalia Group		2		1	3
Cassa Depositi e Prestiti Group	35	664	4,085	496	345
GSE Group		(87)		1	669
Poste Italiane Group	1	1		1	5
SO.G.I.N. Group	1	1		2	
IPZS					2
EUROFER		16			27
PREVINDAI		5			9
Other pension funds	4	13			45
Other related parties	30	5	1	65	32
Total	87	722	4,106	580	1,293

Financial transactions

	millions of Euros				
	Assets	Liabilities	Guarantees	Income	Expense
Enel Group				8	
Cassa Depositi e Prestiti Group			6		5
Poste Italiane Group	3			9	
Total	3	6	6	8	5

The nature of the main transactions with non-Group parties is described below.

Assets with the Enel Group and Eni Group mainly refer to lease payments and material transport costs, while liabilities relate to sundry utility payments.

Liabilities with the Leonardo Group mainly refer to sundry maintenance (rolling stock, lines, software) and the purchase of materials.

Liabilities with the GSE Group mainly relate to the purchasing of electrical energy for train traction.

Assets with the Cassa Depositi e Prestiti Group mainly relate to lease and easement payments for land, while liabilities relate to loans and borrowings and electrical energy with Terna SpA.

Assets with the Poste Italiane Group mainly relate to lease payments, while liabilities principally relate to postal charges.

48. Guarantees and commitments

Guarantees given mainly refer to:

- collateral on Trenitalia SpA's rolling stock, issued by the parent in favour of Eurofima SA, guaranteeing non-current loans and borrowings granted through FS Italiane SpA (the liability with Eurofima SA at 31 December 2023 amounts to €2,115 million);
- bank guarantees issued on behalf of Trenitalia SpA, including in connection with the service contracts signed with the regions (approx. €261 million);
- a comfort letter (€420 million) issued for the 2004 loan from OPI (now Intesa Sanpaolo) granted to Trenitalia SpA;
- parent guarantees issued on behalf of RFI SpA and in favour of Terna SpA for the service contract governing electrical energy dispatching by withdrawal points which feed rail traction and for other uses (€24.2 million), a direct guarantee in favour of GSE SpA (for procurement of electricity on the open market) for an amount of €150 million, parent and bank guarantees issued on behalf of RFI SpA and in favour of Areti SpA, e-distribuzione SpA, Unareti SpA, Inrete Distribuzione Energia SpA and Edyna Srl for contracts regulating energy transport services for rail traction and other uses (approximately €12.3 million), and other direct and bank guarantees issued on behalf of RFI SpA (for a total of €33 million);
- parent and bank guarantees as part of projects abroad, issued mainly on behalf of Trenitalia c2c Ltd (approximately €12 million), Trenitalia UK Ltd (€13.6 million), Italferr SpA (€ 3.8 million), Hellenic Train SA (€3.1 million), Qbuzz BV (€41.7 million), TX Logistik AG (€67.5 million) and Netinera Deutschland GmbH €275 million);
- other direct and bank guarantees issued on behalf of the Group Companies for a total amount of approx. €184 million (of which, in particular, €49.7 million for the Busitalia business segment and €67 million for the Freight business segment);
- direct guarantees issued on behalf of Group companies to the tax authorities for a total amount of approx. €44 million (of which €10.2 million on behalf of Trenitalia SpA and €15.7 million on behalf of FS Technology SpA);
- bank guarantees issued on behalf of the parent: projects abroad include a bank counter-guarantee for an amount corresponding to €45.6 million and relating to the performance bond issued in favour of the Royal Commission for Riyadh City (RCRC);
- bank sureties issued to other parties such as bid bonds, performance bonds and advance payment bonds;
- sureties issued in favour of third parties by Anas (€27 million), of which €16.5 million related to the contracts in Algeria, Lybia and Georgia, and €8 million in favour of Enel SpA as compensation for direct and indirect damage caused by the performance of works and bank and insurance sureties for €2.5 million, mainly on behalf of public bodies;
- a corporate guarantee issued on behalf of AIE SpA in liquidation from 23 June 2023 on the part of Anas SpA in favour of Simest, regarding the contract in Russia, for a total of €2.5 million.

For additional information about the parent's guarantees and commitments issued on behalf of Group companies, reference should be made note 40 of the notes to the separate financial statements.

49. Information pursuant to Law no. 124/2017

Reference should be made to Annex 6 for the information required by article 1.125 of Law no. 124/2017 about consolidated Italian investees, as shown in the financial statements of such investees.

50. Events after the reporting date

Intercompany reorganisation of the real estate business

In accordance with the resolution of FS's Extraordinary Shareholders' Meeting of 29 November 2023, on 10 January 2024, a deed of demerger by spin-off was entered into pursuant to Article 2506.1 of the Italian Civil Code, involving part of FS's assets with assignment to a newly-established beneficiary company named Nuova Sistemi Urbani SpA, with effect from 15 January 2024. As a result of this transaction - which in any case does not result in changes in FS's equity - the new share capital is €38,579,767,278. For more information, reference should be made to the chapter on "Main events" in the Report on Operations.

Transfer of bank loans to Nuova Sistemi Urbani

On 15 January 2024, as part of the assignment of FS's real estate business to Nuova Sistemi Urbani, two bank loans signed with Caixa and Intesa Sanpaolo totaling €200 million and maturing in December 2024, previously held by FS Holding, were also transferred. To cover the obligations of Nuova Sistemi Urbani in relation to the transferred loans, FS Holding issued two Parent Company Financial Guarantees, on behalf of Nuova Sistemi Urbani and in favour of the two banks, for a total of €213 million.

Remodulation of FS's shareholders' equity

On 25 March 2024 there was the finalisation of the full remodulation of FS's shareholders' equity as resolved upon by the Shareholders' Meeting on 29 November 2023. Specifically, after the legal terms had expired, the voluntary reduction of FS's share capital from €38,579,767,278 (as the amount already resulting from the finalisation of the intercompany reorganisation transaction of FS's real estate business) to €31,062,952,307 was carried out, with a simultaneous increase in the legal reserve (up to saturation) and the capital reserve for amounts that still maintain the amount of FS's shareholders' equity unchanged.

For more information, reference should be made to the chapter on "Main events" in the Report on Operations.

Acquisition of Italia Loyalty shareholding

On 28 March 2024, there was the finalisation of the transfer from Alitalia to Trenitalia of 100% of the share capital of Italia Loyalty. As a result of the transaction, Trenitalia will have at its disposal a database with more than 6.2 million people - the members of Alitalia's MilleMiglia program - to whom it will address communications, news, and offers.

Finalisation of the sale of the former Milanese railway yards Farini and San Cristoforo

On 29 March 2024, there was the finalisation of the sale of the decommissioned Farini and San Cristoforo railway yards from FS Sistemi Urbani to REDEUS Fund - a closed-end real estate alternative investment fund managed by Prelios SGR SpA. The amount of the sale is €489.5 million.

Annexes

Consolidation scope and the Group's equity investments

1. PARENT AND LIST OF SUBSIDIARIES

Parent

	Registered office	Country	Share capital	Currency	Sector	Investor	Investment %
Ferrovie dello Stato Italiane SpA	Rome	Italy	39,204,173,802		Other services	MEF	100.00

Subsidiaries

	Registered office	Country	Share capital	Currency	Sector	Investor	Investment %
Ataf Gestioni Srl	Florence	Italy	5,927,480	€	Passenger	Busitalia - Sita Nord Srl	70.00
Anas SpA	Rome	Italy	2,269,892,000	€	Infrastructure	FS Italiane SpA	100.00
Blu Jet Srl	Messina	Italy	200,000	€	Infrastructure	Rete Ferroviaria Italiana - RFI SpA	100.00
Bluferrries Srl	Messina	Italy	20,100,000	€	Logistics	Mercitalia Logistics SpA	100.00
Busitalia - Sita Nord Srl	Rome	Italy	73,000,000	€	Passenger	Fs Italiane SpA	100.00
Busitalia Campania SpA	Salerno	Italy	5,900,000	€	Passenger	Busitalia - Sita Nord Srl	100.00
Busitalia Rail Service Srl	Rome	Italy	3,497,788	€	Passenger	Busitalia - Sita Nord Srl	100.00
Busitalia Veneto SpA	Padua	Italy a	20,500,000	€	Passenger	Busitalia - Sita Nord Srl	78.78
Cremonesi workshop Srl	Brescia	Italy	100,000	€	Infrastructure	Italferr SpA	80.00
Die Länderbahn CZ s.r.o.	Ústi nad Labem	Czech Republic	500,000	CZK	Passenger	Die Länderbahn GmbH DLB	100.00
Die Länderbahn GmbH DLB (formerly Vogtlandbahn-GmbH)	Viechtach	Germany	1,022,584	€	Passenger	Regentalbahn GmbH	100.00
erixx GmbH	Celle	Germany	25,000	€	Passenger	Osthannoversche Eisenbahnen Aktiengesellschaft	87.51
erixx Holstein GmbH	Lübeck	Germany	25,000	€	Passenger	Osthannoversche Eisenbahnen Aktiengesellschaft	87.51
Eurogateway Srl	Genoa	Italy	600,000	€	Logistics	Mercitalia Shunting & Terminal	100.00
Fercredit SpA	Rome	Italy	32,500,000	€	Other services	Fs Italiane SpA	100.00
Ferrovie del Sud Est e Servizi Automobilistici Srl	Bari	Italy	4,682,830	€	Passenger	Fs Italiane SpA	100.00
Ferservizi SpA	Rome	Italy	8,170,000	€	Other services	Fs Italiane SpA	100.00
Firenze City Sightseeing Srl	Florence	Italy	200,000	€	Passenger	Ataf Gestioni Srl	42.00
FS International SpA	Rome	Italy	6,830,000	€	Other services	FS Italiane SpA	100.00
FS Park SpA	Rome	Italy	3,016,463	€	Urban	FS Sistemi Urbani SpA	100.00
FS Security SpA	Rome	Italy	500,000	€	Other services	FS Italiane SpA	100.00
FS Treni Turistici Italiani Srl	Rome	Italy	2,000,000	€	Passenger	Trenitalia SpA	100.00
FS Sistemi Urbani SpA	Rome	Italy	532,783,501	€	Urban	Fs Italiane SpA	100.00
FSI Saudi Arabia for Land Transport LLC	Riyadh	Saudi Arabia	10,030,000	€	Other services	FS Italiane SpA	100.00
FSTechnology SpA	Rome	Italy	27,578,244	€	Other services	FS Italiane SpA	100.00
Grandi Stazioni Immobiliare SpA	Rome	Italy	4,000,000	€	Urban	Fs Italiane SpA	60.00
Grandi Stazioni Rail SpA	Rome	Italy	4,304,201	€	Infrastructure	Rete Ferroviaria Italiana - RFI SpA	100.00
Hellenic Train - Railway Company SA - formerly TrainOSE SA	Athen	Greece	34,406,509	€	Passenger	Trenitalia SpA	100.00
Infrarail Srl	Florence	Italy	5,500,000	€	Infrastructure	Rete Ferroviaria Italiana - RFI SpA	100.00
Infrastructure Engineering Services doo Beograd	Belgrade	Serbia	39,626,684	€	Infrastructure	Italferr SpA	100.00

Intermodalidad de Levante SA	Valencia	Spain	2,070,000	€	Passenger	Trenitalia SpA	45.00
Italcertifer SpA	Florence	Italy	480,000	€	Other services	Fs Italiane SpA	55.67
Italferr SpA	Rome	Italy	14,186,000	€	Infrastructure	Fs Italiane SpA	100.00
Mercitalia Intermodal SpA	Milan	Italy	7,000,000	€	Logistics	Mercitalia Logistics SpA	53.28
Mercitalia Logistics SpA	Rome	Italy	385,294,666	€	Logistics	Fs Italiane SpA	100.00
Mercitalia Rail Srl	Rome	Italy	164,884,293	€	Logistics	Mercitalia Logistics SpA	100.00
Mercitalia Shunting & Terminal Srl	Genoa	Italy	5,000,000	€	Logistics	Mercitalia Logistics SpA	100.00
metronom Eisenbahngesellschaft mbH	Uelzen	Germany	500,000	€	Passenger	NiedersachsenBahn GmbH & Co. KG	74.76
Neißeverkehr GmbH	Forst	Germany	1,074,000	€	Passenger	Prignitzer Eisenbahngesellschaft mbH	80.00
NETINERA Bachstein GmbH	Celle	Germany	150,000	€	Passenger	NETINERA Deutschland GmbH	100.00
NETINERA Deutschland GmbH	Viechtach	Germany	1,025,000	€	Passenger	Trenitalia SpA	100.00
NiedersachsenBahn GmbH & Co. KG	Celle	Germany	100,000	€	Passenger	Osthannoversche Eisenbahnen Aktiengesellschaft	87.51
NiedersachsenBahn Verwaltungsgesellschaft mbH	Celle	Germany	25,000	€	Passenger	Osthannoversche Eisenbahnen Aktiengesellschaft	52.50
ODEG Ostdeutsche Eisenbahngesellschaft mbH	Parchim	Germany	500,000	€	Passenger	Prignitzer Eisenbahngesellschaft mbH	50.00
ODIG Ostdeutsche Instandhaltungsgesellschaft mbH	Eberswalde	Germany	250,000	€	Passenger	ODEG Ostdeutsche Eisenbahngesellschaft mbH	50.00
Osthannoversche Eisenbahnen Aktiengesellschaft	Celle	Germany	21,034,037	€	Passenger	NETINERA Bachstein GmbH	87.51
Prignitzer Eisenbahngesellschaft mbH	Berlin	Germany	200,000	€	Passenger	NETINERA Deutschland GmbH	100.00
Qbuzz BV	Amersfoort	The Netherlands	400,000	€	Passenger	Busitalia - Sita Nord Srl	100.00
Qbuzz Groningen-Utrecht BV	Amersfoort	The Netherlands	18,000	€	Passenger	Qbuzz BV	100.00
Qbuzz Mobility Service BV	Utrecht	The Netherlands	18,000	€	Passenger	Busitalia - Sita Nord Srl	100.00
Qbuzz Multimodaal BV	Amersfoort	The Netherlands	100	€	Passenger	Qbuzz BV	100.00
Qbuzz Taxi BV	Amersfoort	The Netherlands	100	€	Passenger	Qbuzz BV	100.00
Quadrilatero Marche-Umbria SpA	Rome	Italy	50,000,000	€	Infrastructure	Anas SpA	92.38
Regentalbahn GmbH	Viechtach	Germany	2,444,152	€	Passenger	NETINERA Deutschland GmbH	100.00
Rete Ferroviaria Italiana - RFI SpA	Rome	Italy	31,528,425,068	€	Infrastructure	Fs Italiane SpA	100.00
Rom Rail Transport Srl	Bucharest	Romania	385,943	€	Logistics	Mercitalia Rail Srl	93.00
Savit Srl	Terni	Italy	1,000,000	€	Passenger	Busitalia - Sita Nord Srl	100.00
sei mobil on demand GmbH	Sendenhorst	Germany	25,000	€	Passenger	sei mobil Verkehrsgesellschaft GmbH	100.00
sei mobil Verkehrsgesellschaft mbH	Sendenhorst	Germany	26,000	€	Passenger	Verkehrsbetriebe Bils GmbH	100.00
Terminal Alptransit Srl	Milan	Italy	19,500,000	€	Logistics	Mercitalia Logistics SpA	58.00
Terminali Italia Srl	Rome	Italy	7,345,686	€	Infrastructure	Rete Ferroviaria Italiana - RFI SpA	100.00
Trenitalia c2c Limited	London	United Kingdom	100,000	GBP	Passenger	Trenitalia UK Limited	100.00
Trenitalia France SAS – formerly Thello SAS	Paris	France	1,500,000	€	Passenger	Trenitalia SpA	100.00
Trenitalia SpA	Rome	Italy	1,607,137,500	€	Passenger	Fs Italiane SpA	100.00
Trenitalia UK Limited	London	United Kingdom	13,000,100	GBP	Passenger	Trenitalia SpA	100.00
Tunnel Ferroviario del Brennero - Società di partecipazioni SpA	Rome	Italy - Austria	1,315,790,910	€	Infrastructure	Rete Ferroviaria Italiana - RFI SpA	90.72
TX Consulting GmbH	Troisdorf	Germany	25,000	€	Logistics	TX Logistik AG	100.00
TX Logistik A/S	Padborg	Denmark	500,000	CKK	Logistics	TX Logistik AG	100.00
TX Logistik AB	Helsingborg	Sweden	2,240,238	SEK	Logistics	TX Logistik AG	100.00

TX Logistik AG	Troisdorf	Germany	55,079,070	€	Logistics	Mercitalia Logistics SpA	100.00
TX Logistik GmbH	Basel	Switzerland	50,000	CHF	Logistics	TX Logistik AG	100.00
TX Logistik Transalpine GmbH	Schwechat	Austria	35,000	€	Logistics	TX Logistik AG	100.00
TX Service Management GmbH	Troisdorf	Germany	50,000	€	Logistics	TX Logistik AG	100.00
Verkehrstriebe Bils GmbH	Sendenhorst	Germany	25,000	€	Passenger	NETINERA Deutschland GmbH	100.00
vlexx GmbH	Mainz	Germany	25,000	€	Passenger	Regentalbahn GmbH	100.00

2. LIST OF JOINT VENTURES

Joint arrangements

	Registered office	Country	Share capital	Currency	Sector	Investor	Investment %
Berchtesgardener Land Bahn GmbH	Freilassing	Germany	25,000	€	Passenger	Die Länderbahn GmbH DLB	50.00
Concessioni Autostradali Venete - CAV SpA	Venice	Italy	2,000,000	€	Infrastructure	Anas SpA	50.00
Galleria di base del Brennero – Brenner Basistunnel BBT SE	Bolzano	Italy - Austria	10,240,000	€	Infrastructure	Tunnel Ferroviario del Brennero SpA	45.35
Kraftverkehr - GMBH - KVG Lüneburg	Lüneburg	Germany	25,565	€	Passenger	KVG Stade GmbH & Co. KG	31.02
Kraftverkehr Celle Stadt und Land GmbH	Celle	Germany	1,099,300	€	Passenger	Verkehrsbetriebe Osthannover GmbH	27.42
KVG Stade GmbH & Co. KG	Stade	Germany	4,600,000	€	Passenger	Verkehrsbetriebe Osthannover GmbH	31.02
KVG Stade Verwaltungs GmbH	Stade	Germany	25,000	€	Passenger	Verkehrsbetriebe Osthannover GmbH	26.97
Operation Alliance OPS Co	Riyadh	Saudi Arabia	100,000	SAR	Infrastructure	FSI Saudi Arabia for Land Transport LLC	50.00
SWS Italferr Adi Ortakligi	Ankara	Turkey	1,000	TRL	Infrastructure	Italfer SpA	50.00
Trenitalia TPER Scarl	Bologna	Italy	11,000,000	€	Passenger	Trenitalia SpA	70.00
Trenord Srl	Milan	Italy	76,120,000	€	Passenger	Trenitalia SpA	50.00
Tunnel Euralpin Lyon Turin - TELT SaS (formerly Lyon-Turin Ferroviarie - LTF Sas)	Le Bourget du Lac	Italy - France	1,000,000	€	Infrastructure	FS Italiane SpA	50.00
Verkehrsbetriebe Osthannover GmbH	Celle	Germany	600,000	€	Passenger	Osthannoversche Eisenbahnen AG	44.95

3. LIST OF ASSOCIATES

Associates

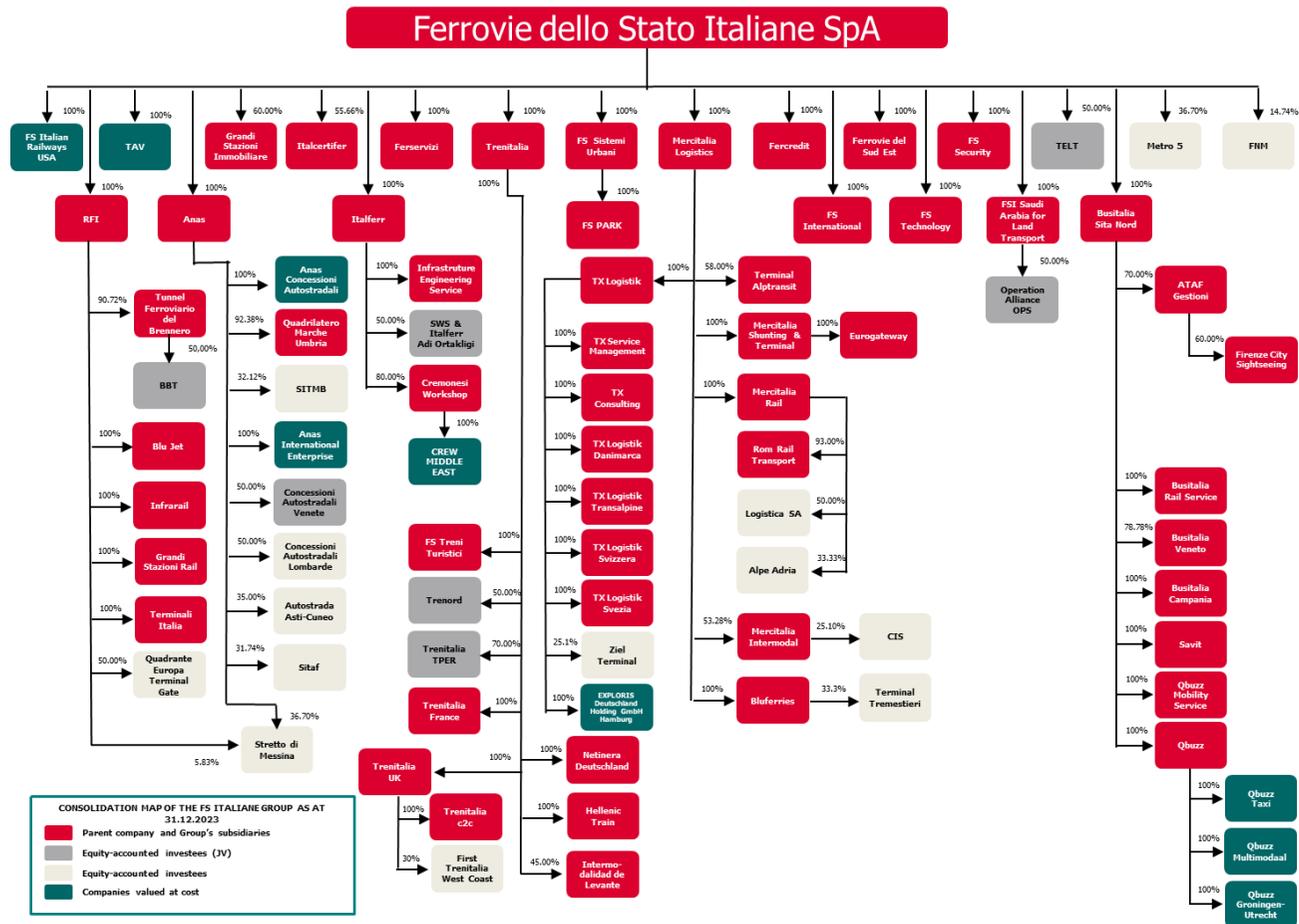
	Registered office	Country	Share capital	Currency	Sector	Investor	Investment %
Alpe Adria SpA	Trieste	Italy	120,000	€	Logistics	Mercitalia Rail Srl	33.33
Autostrada Asti - Cuneo SpA	Rome	Italy	50,000,000	€	Infrastructure	Anas SpA	35.00
CeBus GmbH & Co. KG	Celle	Germany	25,000	€	Passenger	Kraftverkehr Celle Stadt und Land GmbH Celler Straßenbahngesellschaft mbH	9.46
CeBus Verwaltungsgesellschaft mbH	Celle	Germany	25,000	€	Passenger	Kraftverkehr Celle Stadt und Land GmbH Celler Straßenbahngesellschaft mbH	9.43
Celler Straßenbahngesellschaft mbH	Celle	Germany	572,680	€	Passenger	Kraftverkehr Celle Stadt und Land GmbH	9.52
Cesar Information Services - CIS Srl	Brussels	Belgium	100,000	€	Logistics	Mercitalia Intermodal SpA	13.37
Concessioni Autostradali Lombarde - CAL SpA	Milan	Italy	4,000,000	€	Infrastructure	Anas SpA	50.00
EVG Euregio - Verkehrsgesellschaft mbH & Co. KG	Münster	Germany	84,000	€	Passenger	Verkehrsbetriebe Bils GmbH	29.67
EVG Euregio Verwaltungs- und Beteiligungs GmbH	Münster	Germany	36,000	€	Passenger	Verkehrsbetriebe Bils GmbH	29.67
First Trenitalia West Coast Limited	London	United Kingdom	100	€	Passenger	Trenitalia UK Limited	30.00
FNM SpA (formerly Ferrovie Nord Milano SpA)	Milan	Italy	230,000,000	€	Passenger	Fs Italiane SpA	14.74
Hafen Lüneburg GmbH	Lüneburg	Germany	1,750,000	€	Passenger	Osthannoversche Eisenbahnen AG	26.25
Logistica SA	Levallois	France	37,000	€	Logistics	Mercitalia Rail Srl	50.00
METRO 5 SpA	Milan	Italy	53,300,000	€	Passenger	Fs Italiane SpA	36.70
Quadrante Europa Terminal Gate SpA	Verona	Italy	20,476,000	€	Infrastructure	Rete Ferroviaria Italiana - RFI SpA	50.00
Società Italiana Autostradale del Frejus - SITAF SpA	Susa	Italy	65,016,000	€	Infrastructure	Anas SpA	31.74
Società Italiana per il Traforo del Monte Bianco SpA	Prè Saint Didier	Italy	198,749,000	€	Infrastructure	Anas SpA	32.12
Stretto di Messina SpA	Rome	Italy	672,527,489	€	Infrastructure	Anas SpA Rete Ferroviaria Italiana - RFI SpA	36.70 5.83
Terminal Tremestieri Srl	Messina	Italy	78,363	€	Infrastructure	Blufferries Srl	33.33
Ziel Terminal GmbH	Duisburg	Germany	1,000,000	€	Logistics	TX Logistik AG	25.10

4. LIST OF OTHER UNCONSOLIDATED EQUITY INVESTMENTS

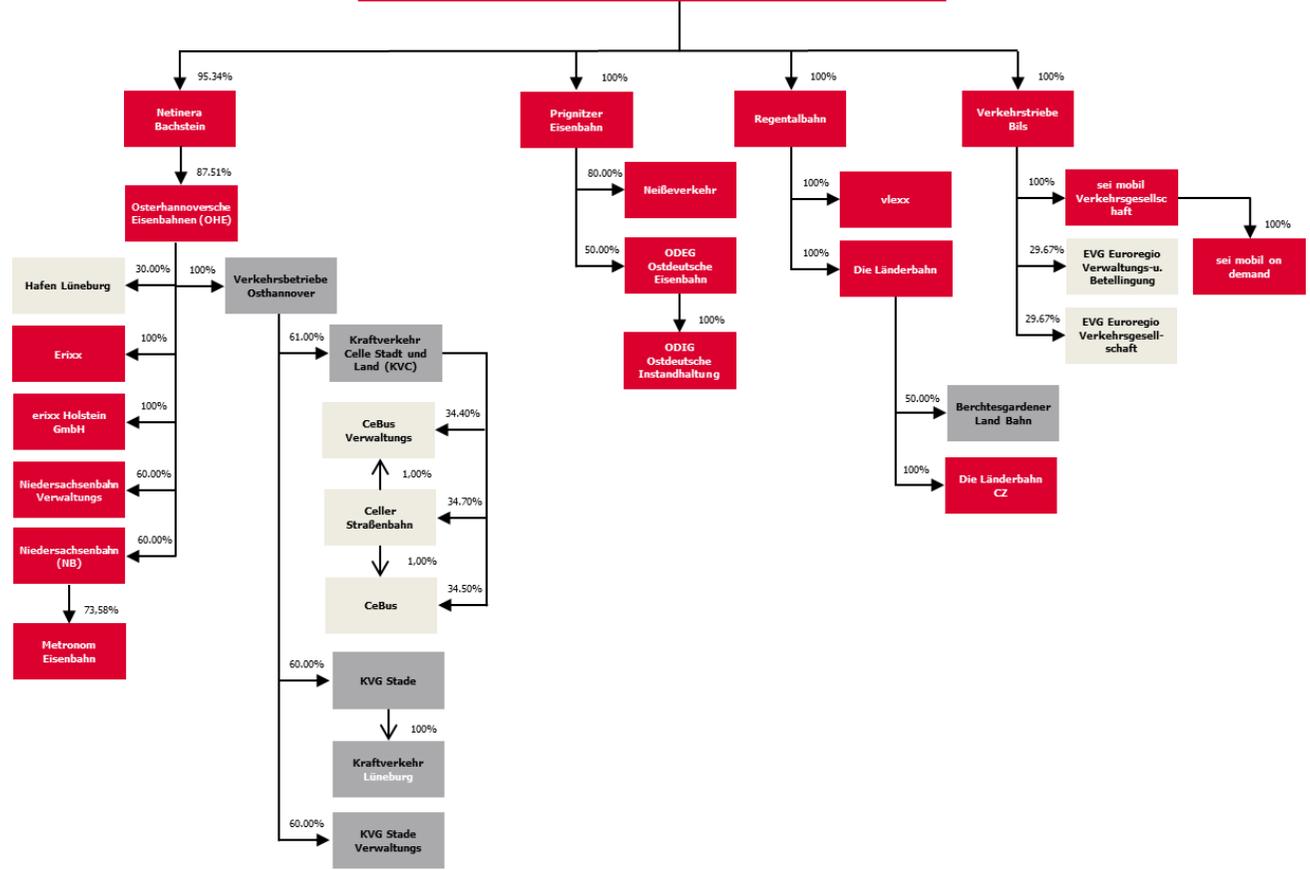
Other equity investments

	Registered office	Country	Share capital	Currency	Voting rights
Anas Concessioni Autostradali SpA in liquidation	Rome	Italy	1,000,000	Anas SpA	100.00
Anas International Enterprise in liquidation	Rome	Italy	3,000,000	Anas SpA	100.00
Crew Middle East DMCC	Dubai	United Arab Emirates	25,220	Cremonesi workshop Srl	100.00
TAV Srl	Rome	Italy	50,000	FS Italiane SpA	100.00
FS Italian Railways USA Inc	New York City	New York	100,000	FS Italiane SpA	100.00
Exploris DE Holding GmbH	Hamburg	Germany	0	TX Logistik AG	100.00

5. CONSOLIDATION MAP OF FERROVIE DELLO STATO ITALIANE GROUP



Netinera Deutschland GmbH



CONSOLIDATION MAP OF THE NETINERA GROUP AS AT 31.12.2023

- Parent company and Group's subsidiaries
- Equity-accounted investees(JV)
- Equity-accounted investees
- Companies valued at cost

6. DISCLOSURE PURSUANT TO LAW NO. 124/2017

FERROVIE DELLO STATO ITALIANE

Provider	Description	Amount in €
MIT to TELT Sas	Chapter 7532	452,640,000

TRENITALIA

Provider	Description	Amount in €
Liguria region	compensation for loss of regional traffic revenue	3,946,723
Infrastrutture Venete	compensation for loss of regional traffic revenue	15,052,962
Tuscany region	compensation for loss of regional traffic revenue	5,227,124
Trento region	compensation for loss of regional traffic revenue	1,007,294
Regione Abruzzo	compensation for loss of regional traffic revenue	941,736
Puglia region	compensation for loss of regional traffic revenue	4,895,368
Campania region	compensation for loss of regional traffic revenue	7,545,317
Umbria region	compensation for loss of regional traffic revenue	3,945,764
Agenzia della Mobilità Piemontese	compensation for loss of regional traffic revenue	17,626,867
MIT	compensation for loss of HS traffic revenue	41,491,291
Europe's Rail	Innovation Pillar ERJU	628,279
Mise	Artes 4.0 project	148,542

RETE FERROVIARIA ITALIANA

Provider	Description	Amount in €
MEF	Grants related to assets	4,810,813,240
MIT	Grants related to assets	522,428,872
Prime Minister's Office	Grants related to assets	19,073,293
EU	Grants related to assets	58,235,726
Local bodies	Grants related to assets	98,799,459
Ministry of Culture	Grants related to assets	16,600,000
MIT	Grants related to income	21,360,000
MEF	Grants related to income	1,105,556,791
MIT – Chapter 1274/7302/1300 Incentive for freight transport	Pass-through grants *	104,905,000
CSEA	Pass-through grants *	1,143,605,310

ANAS

Provider	Description	Amount in €
MIT	Grants related to assets	2,327,076,000
Local bodies	Grants related to assets	243,794,000
Local bodies - EU (POR programmes)	Grants related to assets	8,509,000
Grants collected by Quadrilatero on behalf of Anas	Grants related to assets	41,980,000

GRANDI STAZIONI RAIL

Provider	Description	Amount in €
MIT	Grants for the redevelopment and construction of large stations complementary infrastructure	517,019

MIT	Grants for the redevelopment and accessibility of large railway stations	11.370,852
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ITALFERR

Provider	Description	Amount in €
Europe's Rail Joint Undertaking (ERJU)	Grants related to income	285,000,000
HADEA (European Health and Digital Executive Agency)	Grants related to income	118,000,000
ESA (European Space Agency)	Grants related to income	32,000,000

FS PARK

Provider	Description	Amount in €
Municipality of Albano	Lease of spaces	25,000
Municipality of Aversa	Lease of spaces	12,000
Municipality of Certaldo	Lease of spaces	20,000
Municipality of Legnano	Lease of spaces	17,000
Municipality of Abbiategrasso	Lease of spaces	14,000

MERCITALIA LOGISTICS

Provider	Description	Amount in €
Electricity Services Operator (GSE)	Incentive tariff awarded to the Company by GSE for power generation plant by photovoltaic conversion of solar source	179,467
Piedmont and Lombardy regions	Ferrobonus	14,593
Lugo Terminal SpA	Tax credit	170
CFI Intermodal Srl	Re-crediting of Ferrobonus incentives	5,988
Mercitalia Intermodal SpA	Re-crediting of Ferrobonus incentives	18,997

MERCITALIA SHUNTING & TERMINAL

Provider	Description	Amount in €
Tax authorities	Tax relief for non-energy-intensive enterprises (article 3 of Decree law no. 21/2022)	9,915
GSE	Renewable energy grant	2,351

MERCITALIA RAIL

Provider	Description	Amount in €
MIT	Grants related to income - freight	48,397,051
European Commission - Europe's Rail Joint Undertaking (EU-Rail)	Operating grants to railway companies whose use is aimed at developing new technologies	391,908

MERCITALIA INTERMODAL

Provider	Description	Amount in €
MIT	Incentives to promote intermodality (Ferrobonus)	4,137,730
MIT	Incentives to promote intermodality (Ferrobonus)	2,399,629
Autonomous province of Bolzano	Freight grant	794,297
Autonomous province of Bolzano	Freight grant	756,777
Europe's Rail (EU)	Flagship Project 5 - Sustainable Competitive Digital Green Rail Freight Services grants	189,353

Calabria region	Incentives to promote intermodality (Ferrobonus)	171,243
Lombardy region	"Dote merci Ferroviaria" grant pursuant to article 4 of Regional law no. 42/2017 - 2021	114,050
Piedmont region	"Dote merci Ferroviaria" grant pursuant to article 4 of Regional law no. 42/2017 - 2021	28,538
Service public fédéral Mobilité et Transports	Law of 20 May 2022 on aid for carriage retrofit to reduce noise pollution in rail freight transport in Belgium	34,819

BUSITALIA CAMPANIA

Provider	Description	Amount in €
Campania region	Reimbursements of fuel expenses 2nd and 3rd quarters 2022	507,734
Ministry of Labour	Grants for illness costs - 2021	32,982

BUSITALIA VENETO

Provider	Description	Amount in €
Veneto region	Grants related to income - Veneto regional decision no. 1657/2022 Ann A - FNT finan.	2,808,025
Veneto region	grants related to income DDR (regional decree) no. 528/2022 Finan. for lower fee revenue - 2021	12,765,682
Veneto region	Grants related to income DDR 1659/2022 Financ. for non-recurring additional loans and borrowings - 2022 (net of VAT)	2,726,348
Veneto region	Operating grants under DDR 1492/2023 All B Reimbursements of fuel expenses 2022	3,555,203
Municipality of Padua	FIN DM 443 DEL 12.11.2021	1,298,604
Ministry of Labour and Ministry of Infrastructure	grants for illness costs - 2023	28,622

ATAF GESTIONI

Provider	Description	Amount in €
Tuscany region – One scarl	DGRT (decision of the regional executive of the Tuscany region) no. 26029 of 23 December 2022	58,294
Tuscany region – One scarl	DGRT no. 8213 of 21 April 2023	217,402
Tuscany region – One scarl	DGRT no. 27497 13 December 2023	1,793,957
Tuscany region – One scarl	RT file no. 2024/089	2,978,790

BUSITALIA SITA NORD

Provider	Description	Amount in €
Ministry of Labour	Grants for national labour agreement -2023- Umbria region	6,079,495
Ministry of Labour	Estimated illness costs - 2023 - 10%	71,863
Tuscany region – One scarl	Grants for Covid-19	1,512,745
Tuscany region – One scarl	Grants for Covid-19	1,545,547
Umbria region	Grants for Covid-19	192,681
Umbria region Ministry of Labour	Transport bonus	871,389

FERROVIE DEL SUD EST

Provider	Description	Amount in €
MIT	Electrification Martina F - Taranto 3kvcc 77+780 e 112+630	5,779,702
Puglia region	Triggiano - Capurso undergrounding and doubling of the Mungivacca - Noicattaro rail link south-east of the Bari area	11,735,006

Puglia region	Triggiano - Capurso undergrounding and doubling of the Mungivacca - Noicattaro rail link south-east of the Bari area	1,243,999
Puglia region	Five electric trains	1,092,500
MIT	Works for the construction of Ground sub-system (Bari Ring Road) SCMT ENCODER	61,764
Puglia region	Installation of rail structure at the Bari ring	1,414,242
Puglia region	Martina/Lecce/Gagliano LRT. Automation and elimination of level crossings	26,000,000
MIT	Martina/Lecce/Gagliano LRT. Automation and elimination of level crossings	1,218,446
MIT	Martina/Lecce/Gagliano LRT. Automation and elimination of level crossings	1,402,893
MIT	Level crossing technological update	1,175,491
Puglia region	One electric train	244,500
Puglia region	Five electric trains	258,250
Puglia region	CA18/2020 superstr. upgrade Noicatt. section km31	1,700,000
Puglia region	Strengthening the railway superstructure on the Bari - Taranto line - stage 5	3,300,000
Puglia region	D21B21004890006_2nd lot Bari - Mungivacca track doubling + interr.	7,300,000
Puglia region	Construction of 20 intermodal hubs	16,500,000
Puglia region	Manduria-Lecce IS/TSCS	8,765,000
MIT	Manduria-Lecce IS/TSCS	365,042
Puglia region	Salento ERTMS	13,080,000
Puglia region	Purchase of no. 4 electric trains (NRRP + L.297/78)	2,502,393
Puglia region	Purchase of 3 FSC electric trains	1,879,998
Puglia region	Purchase of no. 4 electric trains POP (DM 408/2017 + 164/2021 + LAW 297/79)	7,536,949
Puglia region	Surface metro (Phase 2) Lot 3 and Lot 4	10,000,000
Puglia region	Grant for loss of revenues Covid 19_year 2021	1,696,706
Puglia region	Grant for loss of revenues Covid 19_year 2021	2,528,153

FS TECHNOLOGY

Provider	Description	Amount in €
European Commission	IP5MAAS project	52,303
European Commission	PRECINT project	11,874
European Commission	ORCHESTRA project	18,288

Certification of the Chief Executive Officer and the Officer in charge of Financial Reporting of the consolidated financial statements of Ferrovie dello Stato Italiane Group at 31 December 2023 pursuant to article 154-bis, paragraph 5, of Legislative decree no. 58/1998

1. The undersigned Luigi Ferraris and Marco Fossataro, respectively as Chief Executive Officer and Officer in charge of Financial Reporting of Ferrovie dello Stato Italiane SpA, also considering the provisions of the article 154-bis paragraphs 3 and 4 of Legislative decree no. 58 of 24 February 1998, certify:

- the adequacy with regard to the characteristics of Ferrovie dello Stato Italiane Group and
- the effective application

of the administrative and accounting procedures in preparing the consolidated financial statements at 31 December 2023.

2. In this regard, we report that:

a. the evaluation of the adequacy and effective application of the administrative and accounting procedures used to prepare the consolidated financial statements of the Ferrovie dello Stato Italiane Group was based on the internal control model, consistent with the “*Internal Controls – Integrated Framework*” issued by the “*Committee of Sponsoring Organizations of the Treadway Commission*” which represents an internationally-accepted framework for the internal control system;

b. this evaluation did not identify any significant issues.

3. In addition, we certify that:

3.1. the consolidated financial statements:

a. have been prepared according to the International Financial Reporting Standards endorsed by the European Community pursuant to regulation (CE) 1606/2002 of European Parliament and Council of 19 July 2002;

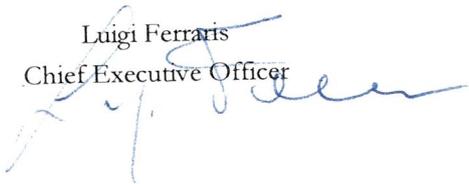
b. correspond to the entries in the books and accounting records;

c. provide a true and fair view of the financial position and results of operations of Ferrovie dello Stato Italiane SpA and the companies included in the Ferrovie dello Stato Italiane Group’s consolidation scope.

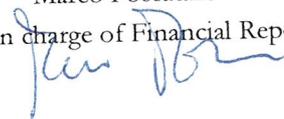
3.2. the Directors’ Report includes a reliable analysis of the financial position, performance and results of operations of Ferrovie dello Stato Italiane SpA and the consolidated companies as a whole, together with a description of the main risks and uncertainties to which they are exposed.

April 10th, 2024

Luigi Ferraris
Chief Executive Officer



Marco Fossataro
Officer in charge of Financial Reporting



Piazza della Croce Rossa, 1 - 00161 Roma

Ferrovie dello Stato Italiane S.p.A. – Società con socio unico

Sede legale - Piazza della Croce Rossa, 1 - 00161 Roma

Cap. Soc. Euro 31.062.952.307,00

Iscritta al Registro delle Imprese di Roma

Cod. Fisc. e P. Iva 06359501001 – R.E.A. 962805





Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the Sole Shareholder of
Ferrovie dello Stato Italiane SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Ferrovie dello Stato Italiane Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2023, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Ferrovie dello Stato Italiane SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40124 Via Luigi Carlo Farini 12 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelاندolfo 9 Tel. 0444 393311

Key Audit Matters

Recoverability of intangible assets of Anas SpA

Explanatory note no. 6 “Accounting policies” section “Impairment losses on intangible assets and property, plant and equipment”, explanatory note no. 23 “Intangible assets” to the consolidated financial statements

The consolidated financial statements as at 31 December 2023 included intangible assets for Euro 1,798 million, of which Euro 894 million attributable to the concession of the toll-free motorway network of national interest assigned to Anas SpA pursuant to Article 7, para. 2 of Law Decree 138/2002 converted, with amendments, into Law 178/2002 (hereinafter also the “concession”).

The directors, having identified potential impairment indicators on intangible assets related to Anas SpA, carried out a specific impairment test on their book value recognised at the reporting date, consistently with the provisions of IAS 36 “Impairment of assets”. The recoverable value is based on the value in use, determined through the Discounted Cash Flows method that is characterised by a high degree of complexity and by the use of estimates.

From the results of the impairment test performed, the directors did not detect any permanent loss in value. The impairment test was prepared based on the cash flows of the “Anas SpA 2024-2033 Business Plan, with a time horizon to 2052” (hereinafter also the “Plan”), approved by the Board of Directors of Anas SpA on 27 March 2024. The Plan is based on the items of information provided in the 2021-2025 Programme Contract and related requirements, as well as on Anas SpA legitimate qualified expectation to have the adjustment to the Concession term, currently due to expire on 31 December 2032, recognised until 2052.

With reference to the financial statements ended 31 December 2023, the Group’s management

Auditing procedures performed in response to key audit matters

We carried out our audit procedures to address such key audit matter and to evaluate the consistency of the process and methodology for estimating the recoverability of intangible assets used by the Group with the provisions of IAS 36 and the valuation practices, verifying the appropriateness of the type of cash flows used, their consistency with the Plan and the mathematical accuracy of the quantification of the recoverable amount.

Specifically, the audit procedures performed, also with the support of the PwC network experts, included:

- the understanding of the process adopted by the directors to prepare the impairment test;
- the verification of the completeness and accuracy of the existence of impairment indicators identified by management and for which the impairment test was performed;
- the verification of the reasonableness of the main assumptions underlying the prospective cash flows and discounting rates used to perform the impairment test (also through comparison with forecast data deriving from external information sources, where available);
- the analyses of the most significant differences between the estimates performed in the previous years and the actual data (retrospective review), in order to evaluate the adequacy and the estimation capacity of the valuation process adopted.

availed itself of external experts in order to carry out the impairment test.

As part of our audit activities, we considered the recoverability of the value of the intangible assets of Anas SpA as a key matter of the audit of the consolidated financial statements as the related estimation process was particularly complex and based on valuation assumptions influenced by future economic, financial, market and regulatory conditions that are difficult to predict. Should any future developments lead to considerations and results that differ from expectations, the book value of the concession could be reduced on the basis of the cash flows expressed by a Financial Plan revised accordingly.

We evaluated the technical skills and related objectivity of the Group external experts involved in the evaluation process together with the methods used by them.

Finally, we verified the adequacy and the completeness of the information provided by the directors in the notes to the consolidated financial statements on the matters described above.

Calculation of depreciation of the railway infrastructure

Explanatory note no. 6 “Accounting policies” sections “Rete Ferroviaria Italiana - RFI SpA’s calculation of depreciation of property, plant and equipment” and “Use of estimates and judgements”, explanatory note no. 20 “Property, plant and equipment”, explanatory note no. 22 “Investment property” and explanatory note no. 23 “Intangible assets” to the consolidated financial statements

The consolidated financial statements at 31 December 2023 included property, plant and equipment for a value equal to Euro 49,326 million, investment property for a value of Euro 1,399 million and intangible assets amounting to Euro 1,798 million. A significant portion of such non-current assets pertains to the railway infrastructure.

The depreciation of the railway infrastructure is calculated on a straight-line basis at variable rates based on train-km production volumes, in compliance with Article 1, paragraph 87, of Law 266/2005. Calculating the depreciation of the railway infrastructure represents a complex and, by its nature, subjective accounting estimate, as it is influenced by multiple factors, including:

- the estimated production volumes expressed as train-km (the number of train events per kilometre travelled);

The audit procedures performed to address such key audit matter included:

- the understanding and valuation of the process adopted by the Group and of the related IT environment to calculate depreciation of the railway infrastructure in accordance with the applicable regulations;
- tests of controls on key controls in order to validate the internal control system with reference to the company processes related to the calculation of depreciation of the railway infrastructure;
- the analyses of the reasonableness of the estimates carried out in determining the overall production volumes expressed in train-km and in calculating the residual value;
- the historical analysis of the directors’ ability to make reliable estimates of

- the estimated residual value;
- the impacts of any changes to the regulatory framework.

Therefore, calculating depreciation requires significant judgements by the directors.

For these reasons and for the significance of the financial statement items under analysis we considered the calculation of depreciation of the railway infrastructure as a key audit matter.

production volumes expressed in train-km through the analysis of the differences between forecast and actual data (retrospective review);

- the verification of the accuracy of the calculation of trains per km by macro main lines and of the depreciation rates used by the Group;
- the recalculation on a sample basis of the mathematical accuracy of the annual depreciation charge of the non-current assets of the railway infrastructure.

Finally, we verified the adequacy and the completeness of the information provided by the directors in the explanatory notes to the consolidated financial statements in relation to depreciation of the railway infrastructure.

Determination of the provisions for risks and charges – suppliers’ claims for additional fees

Explanatory note no. 6 “Accounting policies” sections “Provisions for risks and charges” and “Use of estimates and judgements”, explanatory note no. 37 “Provisions for risks and charges” to the consolidated financial statements

The Group’s business is exposed to suppliers’ claims for additional fees.

The consolidated financial statements as at 31 December 2023 included in the item “Provisions for risks and charges”, accruals to the “Provisions for litigation with third parties” mainly related to suppliers’ claims and disputes for additional fees.

The valuation of provisions for risks and charges requires the formulation of estimates on the outcome of claims and disputes, which are by their nature complex and characterised by a high degree of uncertainty, and which involved a significant degree of judgement by the directors. For these reasons, and for the significance of the financial statement item under examination, we considered the determination of the provisions for risks and charges related to the suppliers’ claims for additional fees as a key audit matter.

The audit procedures performed to address such key audit matter included:

- the understanding and valuation of the process adopted by the Group to determine the provisions for risks and charges for suppliers’ claims for additional fees;
- tests of controls on key controls in order to validate the internal control system with reference to the company processes related to the determination of the provisions for risks and charges;
- the analyses of the differences between the accounting estimate of the provisions for risks and charges for suppliers’ claims for additional fees of the prior years and the actual values resulting from the subsequent settlement of disputes (retrospective review), in order to understand the accuracy of the valuation process adopted;

- the obtainment of information, through written request to legal advisors who assist the Group, selected on a sample basis, on the assessment of the risk of losing the case as for the existing disputes for suppliers' claims for additional fees and on the quantification of the related liability;
- the analyses of the assumptions adopted in determining the provisions for risks and charges, for the main disputes for suppliers' claims for additional fees, through interviews with the corporate functions involved and analysis of the supporting documentation;
- discussions with management about the assumptions used to determine the provisions for risks and charges for suppliers' claims for additional fees;
- for the main disputes, analyses of the events occurred after the reporting date which provide useful information to evaluate the provisions for risks and charges for suppliers' claims for additional fees.

Finally, we verified the adequacy and the completeness of the information provided by the directors in the explanatory notes to the consolidated financial statements in relation to the suppliers' claims for additional fees.

Other Matters

The consolidated financial statements of the Ferrovie dello Stato Italiane Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 28 April 2023.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Ferrovie dello Stato Italiane SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated



financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 21 March 2023 the shareholders of Ferrovie dello Stato Italiane SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2023 to 31 December 2031.



We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Ferrovie dello Stato Italiane SpA are responsible for preparing a directors' report and a report on the corporate governance and ownership structure of the Ferrovie dello Stato Italiane Group as of 31 December 2023, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the directors' report and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the Ferrovie dello Stato Italiane Group as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the directors' report and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Ferrovie dello Stato Italiane Group as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Ferrovie dello Stato Italiane SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.

We have verified that the directors approved the non-financial statement.



Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Rome, 24 April 2024

PricewaterhouseCoopers SpA

Signed by

Luigi Necci
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Separate financial statements of Ferrovie dello Stato Italiane SpA at
31 December 2023

FS SpA's Financial statements

Income statement

Euros

	Notes	2023	2022
Revenue		121,444,104	155,092,526
Revenue from sales and services	4	116,735,787	145,341,259
Other income	5	4,708,317	9,751,267
Operating costs		(243,493,585)	(346,934,158)
Personnel expense	6	(73,793,425)	(67,990,655)
Raw materials, consumables, supplies and goods	7	(7,288,717)	(22,138,333)
Services	8	(115,523,308)	(152,820,594)
Other operating costs	9	(30,613,035)	(28,069,936)
Internal work capitalised	10	564,796	531,008
Amortisation and depreciation, provisions and impairment losses	11	(16,839,896)	(76,445,648)
Operating loss		(122,049,481)	(191,841,632)
Net financial income		246,137,724	231,313,951
Gains on equity investments	12	228,360,244	216,429,866
Other financial income	12	542,172,747	155,751,939
Losses on equity investments	13	(132,845,445)	(43,111,139)
Other financial expense	13	(391,549,822)	(97,756,715)
Pre-tax profit (loss)		124,088,243	39,472,319
Income taxes	14	76,640,871	50,677,703
Profit for the year		200,729,114	90,150,022

Statement of comprehensive income

Euros

	Notes	2023	2022
Profit for the year		200,729,114	90,150,022
Items that will not be reclassified to profit or loss:			
Net actuarial gains (losses)	27/29	(41,714)	887,961
Tax effect on actuarial gains/losses	27/29	8,966	(243,071)
Items that will not be reclassified to profit or loss if certain conditions are met:			
Cash flow hedges - effective portion of changes in fair value	27/29	(117,281)	
Cash flow hedges - effective portion of changes in fair value: tax effect	27/29	28,147	
Other comprehensive income (expense), net of the tax effect		(121,882)	644,890
Comprehensive income (expense)		200,607,232	90,794,912

Statement of financial position

Euros

	Notes	31.12.2023	31.12.2022
Assets			
Non-current assets			
Property, plant and equipment	15	52,899,207	54,747,980
Investment property	16	388,731,956	391,689,120
Intangible assets	18	1,178,343	48,002,261
Equity investments	20	38,222,414,480	38,059,837,535
Financial assets (including derivatives)	21	10,069,986,269	8,736,030,767
Deferred tax assets	19	85,462,729	104,753,491
Trade receivables	24	2,553,508	3,782,117
Other assets	22	1,792,552,801	1,611,918,196
Total		50,615,779,293	49,010,761,467
Current assets			
Inventories	23	334,026,397	340,649,442
Financial assets (including derivatives)	21	3,811,913,225	2,706,451,344
Cash and cash equivalents	25	1,504,360,565	626,221,660
Tax assets	26	90,839,402	84,908,211
Trade receivables	24	370,987,205	196,706,328
Other assets	22	779,735,700	605,601,588
Total		6,891,862,493	4,560,538,573
Total assets		57,507,641,786	53,571,300,040
Equity and liabilities			
Equity			
Share capital	27	39,204,173,802	39,204,173,802
Reserves	27	71,620,621	67,235,002
Retained earnings	27	714,634,985	628,992,464
Profit for the year	27	200,729,114	90,150,022
Total		40,191,158,522	39,990,551,290
Liabilities			
Non-current liabilities			
Loans and borrowings	28	10,180,762,628	8,466,485,317
Employee benefits	29	4,505,556	5,363,697
Provisions for risks and charges	30	33,697,135	111,986,122
Financial liabilities (including derivatives)	31	12,908,926	19,374,668
Deferred tax liabilities	19	61,822,275	99,610,975
Other liabilities	32	1,801,273,397	1,613,705,347
Total		12,094,969,917	10,316,526,126
Current liabilities			
Loans and borrowings and current portion of non-current loans and borrowings	28	3,201,288,336	1,551,562,201
Financial liabilities (including derivatives)	31	1,216,019,380	1,002,445,197
Trade payables	33	143,894,571	96,401,758
Other liabilities	32	660,311,060	613,813,468
Total		5,221,513,347	3,264,222,624
Total liabilities		17,316,483,264	13,580,748,750
Total equity and liabilities		57,507,641,786	53,571,300,040

Statement of changes in equity (Note 27)

Euros

Equity									
	Share capital	Reserves				Total reserves	Retained earnings	Profit for the year	Total equity
		Legal reserve	Actuarial reserve	Other reserves	Valuation reserves				
					Reserve for actuarial gains (losses) for employee benefits				
Balance at 1 January 2022	39,204,173,802	66,854,616			(271,354)	66,583,262	628,862,321	136,993	39,899,756,378
Allocation of profit for the previous year		6,850				6,850	130,143	(136,993)	90,150,022
Profit for the year								90,150,022	90,150,022
Net gains recognised directly in equity					644,890	644,890			644,890
Balance at 31 December 2022	39,204,173,802	66,861,466			373,536	67,235,002	628,992,464	90,150,022	39,990,551,290
Allocation of profit for the previous year		4,507,501				4,507,501	85,642,521	(90,150,022)	
Profit for the year								200,729,114	200,607,732
Net gains recognised directly in equity					(121,882)	(121,882)			
Balance at 31 December 2023	39,204,173,802	71,368,967			251,654	71,620,621	714,634,985	200,729,114	40,191,158,522

STATEMENT OF CASH FLOWS

amounts in Euros

	2023	2022
Profit for the year	200,729,114	90,150,022
Income taxes	(76,640,871)	(50,677,703)
Net financial income	(246,137,724)	(231,313,951)
Amortisation and depreciation	17,148,100	26,375,757
Accruals to provisions and impairment losses	1,570,000	
Impairment losses	177,769	49,241,150
Accruals for employee benefits		
Accruals to provisions and impairment losses	1,747,769	49,241,150
Net losses on sales		78
Change in inventories	6,686,177	21,460,127
Change in trade receivables	(173,052,269)	(22,011,525)
Change in trade payables	47,492,813	(9,867,230)
Change in other assets	(223,713,058)	167,952,533
Change in other liabilities	239,890,952	(189,303,246)
Utilisation of the provisions for risks and charges	(4,023,674)	(25,377,590)
Payment of employee benefits	(1,087,347)	(1,147,794)
Financial income collected/financial expense paid	147,186,000	259,691,535
Change in tax assets/liabilities	62,158,250	53,426,878
Net cash flows generated by (used in) operating activities	(1,615,768)	138,599,041
Increases in property, plant and equipment	(2,138,108)	(2,560,744)
Increases in investment property	(3,655,484)	(8,146,424)
Increases in intangible assets	(4,923,538)	(11,989,220)
Increases in equity investments	(746,433,000)	(332,504,394)
Investments, before grants	(757,150,130)	(355,200,782)
Grants for equity investments	452,640,000	285,860,000
Grants	452,640,000	285,860,000
Decreases in property, plant and equipment	1,890,266	
Decreases in investment property	9,271	658,229
Decreases in intangible assets	43,208,622	
Decreases in equity investments		1,144,394
Decreases	45,108,159	1,802,623
Net cash flows used in investing activities	(259,401,971)	(67,538,159)
Disbursement and repayment of non-current loans	1,754,179,010	672,738,513
Disbursement and repayment of current loans	1,508,993,396	(304,538,403)
Change in lease liabilities	(344,883)	(188,432)
Change in financial assets	(2,325,033,356)	(859,883,560)
Change in financial liabilities	(463,153)	
Net cash flows generated by (used in) financing activities	937,331,014	(491,871,882)
Total cash flows	676,313,275	(420,811,000)
Opening cash and cash equivalents	(374,271,477)	46,539,523
Closing cash and cash equivalents	302,041,798	(374,271,477)
of which intraGroup current account	(1,202,318,766)	(1,000,493,137)

Notes to the separate financial statements

1. Company business

Ferrovie dello Stato Italiane SpA (the "Company" or "FS Italiane SpA") was set up in accordance with Italian law and is based in Italy. Its registered office is in Piazza della Croce Rossa 1, Rome.

The directors approved these financial statements on 10 April 2024 and they will be made available to the shareholder for approval and subsequent filing within the terms established by law. The shareholder has the power to make changes to these financial statements.

Due to its significant controlling investments and in compliance with IFRS 10 - Consolidated financial statements, the Company prepares consolidated financial statements which show equity and profit attributable to the owners of the parent of €41,900 million and €137 million, respectively.

PwC SpA was appointed independent auditor for the 2023-2031 nine-year period.

2. Basis of preparation

These separate financial statements have been prepared in accordance with IFRS (which include the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Union pursuant to EC Regulation no. 1606/2002 and in effect at the reporting date ("IFRS"). Specifically, the Company consistently applies the IFRS to all periods presented in these financial statements.

Furthermore, these separate financial statements have been prepared on the basis of the best knowledge of the IFRS and considering best practices in this respect. Any future guidance and interpretations will be applied in future years, as established by the standards over time.

The separate financial statements have been prepared and presented in Euro, which is the Company's functional currency, i.e. the currency of the primary economic environment in which the Company operates. All amounts included in the tables of the following notes, except as otherwise specified, are expressed in thousands of Euros.

The financial statements format applied and the related classification criteria adopted by the Company in accordance with the options provided for in IAS 1 Presentation of financial statements are set out below:

- the statement of financial position has been prepared by classifying assets and liabilities as "current/non-current";
- the income statement has been prepared by classifying operating costs by nature, indicating the profit (loss) from continuing operations separately from any profit (loss) from discontinued operations;
- the statement of comprehensive income includes the profit for the year, as well as any other changes in equity captions attributable to transactions that are not carried out with owners in their capacity as owners;
- the statement of changes in equity shows the profit (loss) for the year separately from any other changes not through profit or loss;
- the statement of cash flows has been prepared by presenting cash flows from operating activities using the indirect method;

- the annual report also includes the directors' report accompanying the separate financial statements.

These separate financial statements have been prepared on a going-concern basis, as the directors established that there are no financial or operational indicators or any other indications of critical issues about the Company's ability to meet its obligations in the foreseeable future and, specifically, in the next twelve months. Reference should be made to note 4 - Financial risk management for a description of the Company's financial risk management procedures.

The separate financial statements have been prepared on the historical cost basis, except for those items which are measured at fair value, as required.

Furthermore, "current" refers to the 12 months immediately after the reporting date, while "non-current" refers to periods more than 12 months after the reporting date.

These separate financial statements have been prepared using the same accounting policies applied when drawing up the financial statements at 31 December 2022 except for what is stated in the paragraph on "New standards" of the Consolidated financial statements.

3. Accounting policies

The accounting policies are the same as those applied for the preparation of the consolidated financial statements, to which reference should be made, except for the recognition and measurement of investments in subsidiaries, jointly controlled entities and joint ventures, which are recognised at acquisition or incorporation cost. If there is an indication of impairment, the recoverability of their carrying amount is checked by comparing the carrying amount and the higher of the investment's value in use, calculated by discounting forecast cash flows, where possible, and its fair value, less costs to sell. The amount of loss exceeding the carrying amount is recognised in a specific provision under liabilities to the extent that the Company deems necessary to meet legal or constructive obligations to cover the loss and/or restore the share capital required by the law. Should the subsequent performance of the impaired investment improve to the point that the reasons for the impairment losses no longer apply, such losses are reversed within the limits of the impairment recognised in previous years, under "Charges on equity investments". Other equity investments, other than subsidiaries, jointly controlled entities and associates not listed in an active market and for which a suitable measurement model would not be reliable, are measured at cost.

Dividends from investees are taken to profit or loss in the year they are resolved.

New standards

Reference should be made to the consolidated financial statements.

Use of estimates and judgements

Reference should be made to the consolidated financial statements.

4. Revenue from sales and services (€116,736 thousand)

Revenue from sales and services is broken down in the following tables and notes.

(€'000)

	2023	2022	Changes
Revenue from contracts with customers	106,300	97,488	8,812
Services provided by the parent	55,393	58,213	(2,820)
Sundry services	42,674	25,535	17,139
Sale of land and buildings held for trading	7,971	13,496	(5,525)
Sundry sales	262	244	18
Other revenue from sales and services			
Revenue from property management	10,436	47,853	(37,417)
Revenue from grants	10,289	47,834	(37,545)
Total	147	19	128
Revenue from contracts with customers	116,736	145,341	(28,605)

Revenue from sales and services decreased by €28,605 thousand on 2022, mainly due to the combined effect of the following:

- a decrease in "Revenue from property management" (- €37,545 thousand), as a result of the business unit lease of the Company's real estate assets as from 1 July 2022 carried out with the aim of concentrating the operational management activities of the assets owned to FS Sistemi Urbani SpA and reserving to the FS Holding Company its natural role of strategic coordination and governance, including in the real estate industry. The amount recorded in the year is mainly made up of the business unit lease payments;
- the + €17,139 thousand increase in revenue from "Sundry services" due to the start of operations on the Riyadh metro contract, as well as an increase in the Project's whole-life operating margin; this margin revision is due to the positive impacts of the signing of the Amicable Settlement (following the customer's recognition of actual and prospective costs incurred during the period of force majeure - Covid-19), the revision of the Project's planning, and the positive effects of optimisation actions of operating costs;
- a decrease in revenue from "Sale of land and buildings held for trading" (- €5,525 thousand), due to lower sales recorded in 2023 compared to 2022;
- a decrease in "Services provided by the parent" (-€2,820 thousand) due to the reduction in IT services (-€11,149 thousand) as a result of the sale of IT assets and related activities to the subsidiary FS Technology SpA, offset by the increase in revenues from services rendered to Group companies (+€13,969 thousand) resulting from new contracts signed in 2023;
- an increase in grants from the European Union for €128 thousand.

The table below gives a breakdown of revenue from contracts with customers by category:

(€'000)

	Real estate		Other services		Total	
	2023	2022	2023	2022	2023	2022
Geographical segment						
Italy	7,971	13,496	55,651	83,975	63,622	97,472
Europe			4	14	4	14
Non-EU			42,674	3	42,674	3
Total revenue from contracts with customers	7,971	13,496	98,329	83,992	106,300	97,488
Moment of recognition						
Over time	7,971	13,496	98,329	83,992	106,300	97,488
Total revenue from contracts with customers	7,971	13,496	98,329	83,992	106,300	97,488
Total other revenue from sales and services	10,289	47,834	147	19	10,436	47,853
Total revenue from sales and services	18,260	61,330	98,476	84,011	116,736	145,341

Information about contract assets and liabilities is given below:

(€'000)	31.12.2023	31.12.2022
Contract assets classified under "Current/non-current trade receivables"	62,692	22,938
Contract assets classified under "Current/non-current trade receivables"	15,420	68,065
Contract liabilities classified under "Current trade payables"	60,916	

Contract assets consist of the Company's right to consideration for work completed but not yet invoiced at the end of the period with reference to contracts with Group Companies and to a residual extent third-party customers. These assets are reclassified as receivables when the right becomes unconditional. Contract liabilities with customers consist mainly of advances related to the Riyadh Contract, for which revenues will be recognised in future periods in line with IFRS15.

The table below shows the significant changes in contract assets and liabilities for the year:

(€'000)	31 December 2023	
	Contract assets	Contract liabilities
Balance at 31 December 2022	68,065	0
Revenue recognised during the year which was included in the opening balance of contract liabilities		(60,916)
Increases in contract liabilities due to collections, net of the amounts recognised during the year	0	0
Reclassifications from contract assets recognised at the beginning of the year	(66,422)	0
Increases in contract assets due to the provision of services	13,777	0
Increases in contract assets due to changes in the assessment of the percentage of completion	0	0
Business combinations	0	0
<u>Other changes</u>		
Balance at 31 December 2023	15,420	(60,916)

5. Other income (€4,708 thousand)

This caption can be analysed as follows:

(€'000)

	2023	2022	Changes
Surety fee income	1,757	1,041	716
Repayments	1,835	658	1,177
Managers' fees as corporate officers at FS Italiane Group companies	1,781	534	1,247
Other repayments	54	125	(71)
Total repayments	1,116	8,051	(6,935)
Other sundry income	4,708	9,750	(5,043)

The €5,043 thousand decrease is mainly due to the combined effect of:

- the -€6,935 thousand decrease in other sundry income on the previous year, arising from the recognition of the capital gain on the sale of the Porta Romana property complex in 2022, as per the memorandum of understanding related to the programme agreement for the Milan areas;
- the €1,177 thousand increase in repayments, mainly due to the corporate offices, to Group companies (€1,071 thousand);
- the € 716 thousand increase in surety fee income on Group companies.

6. Personnel expense (€73,793 thousand)

(€'000)

	2023	2022	Changes
Wages and salaries	51,511	49,827	1,684
Social security charges	15,156	14,422	734
Other expense for employees	(3,293)	(4,107)	814
Post-employment benefits	3,197	3,145	52
Accruals and releases	(25)	(1,192)	1,167
Employees	66,546	62,095	4,451
Wages and salaries	198	137	61
Social security charges	90	78	12
Consultants and freelancers	288	215	73
Temporary workers, seconded employees and trainees	3,306	2,028	1,278
Other employee-related costs	3,653	3,653	
Other costs	6,959	5,681	1,278
Total	73,793	67,991	5,802

Personnel expense, which totals €73,793 thousand, increased by €5,802 thousand on the previous year.

The increase is mainly due to:

- a €4,451 thousand increase in wages, salaries and social security charges per fixed remuneration and INPS (Italy's social security institution) contributions (+€2,142 thousand), due to the increased unit cost of labour following the contract renewal, offset by an increase in reimbursements for personnel seconded by the Company to Group companies (- €1,600 thousand) and lower releases of provisions for disputes with personnel in the year (+ €1,167 thousand) and greater leaving incentives in the year (+ €2,796 thousand);
- a € 1,278 thousand increase in other costs, mainly due to the costs for personnel seconded by Group companies;
- a €73 thousand increase in costs for consultants and freelancers following the reduction in collaboration agreements.

The table below gives a breakdown of the Company's average number of employees by category:

	2023	2022	Changes
Personnel			
Managers	128	128	
Junior managers	288	263	25
Other	279	319	(40)
Total	695	710	(15)

7. Raw materials, consumables, supplies and goods (€7,288 thousand)

They can be analysed as follows:

	2023	2022	Changes
			(€'000)
Raw materials and consumables	27	186	(159)
Lighting and driving force	10	1	9
Change in land and buildings held for trading	7,251	21,951	(14,700)
Total	7,288	22,138	(14,850)

The -€14,850 thousand decrease is mainly due to the lower impairment losses on assets held for trading recognised in the period compared to the previous year (-€14,905 thousand), in a small part offset by the reduction in the cost of goods sold (€205 thousand).

8. Services (€115,523 thousand)

This caption can be analysed as follows:

	2023	2022	Changes
			(€'000)
Transport services	1	3	(2)
Freight transport services	1	3	(2)
Maintenance, cleaning and other contracted services	3,917	14,198	(10,281)
Contracted services and work	458	1,868	(1,410)
Cleaning and other contracted services	17	373	(356)
Facility management	2,637	7,732	(5,095)
Maintenance and repair of intangible assets and property, plant and equipment	815	5,089	(4,274)
Accruals/releases for maintenance	(10)	(864)	854
Property services and utilities	2,495	17,782	(15,287)
Administrative and IT services	35,723	55,427	(19,704)
External communications and advertising expense	13,943	15,840	(1,897)
Use of third-party assets	7,528	4,444	3,084
Other sundry services	51,916	45,127	6,789
Professional services - Consultancies	10,617	10,698	(81)
Insurance	511	1,588	(1,077)
Travel and accommodation	983	769	214
Other administrative services	2,561	1,523	1,038
Other services	37,244	30,548	6,696
Accruals and releases		1	(1)
Total	115,523	152,821	(37,298)

The decrease in the item "Costs for services" amounted to €37,298 thousand and resulted, mainly, from the combined effect of the following factors:

- lower charges incurred to Ferservizi SpA for property management, maintenance, cleaning, utilities and facility management charges, totaling €25,568 thousand, following the lease of the real estate business unit under the responsibility of FS Sistemi Urbani SpA;
- lower IT services (- €19,704 thousand) mainly provided by FS Technology and, to a smaller extent, by third parties, following the sale of IT assets and related activities to subsidiary FS Technology SpA in June 2023;
- lower external communication costs for events, exhibitions and trade fairs (-€1,897 thousand);
- lower insurance (- €1,077 thousand);
- higher costs for other services (+€6,696 thousand), mainly attributable to the increase in the costs relating to the Riyadh metro contract (+€ 5,224 thousand) with total contract costs amounting to €31,115 thousand, and matching with the contract revenue, generating a contract profit of €11,492 thousand and the remainder to be attributed to higher costs for miscellaneous services, including engineering services, costs for social initiatives, financial services, and ICT;
- higher costs for the use of third-party assets (+ €3,084 thousand), entirely relating to the lease payment and service charges for Villa Patrizi, the Company's registered office, from FS Sistemi Urbani SpA for the business unit lease;
- higher costs to Ferservizi SpA (+ €1,038 thousand) due to the administrative services in the year.

9. Other operating costs (€30,613 thousand)

This caption can be analysed as follows:

	2023	2022	Changes
			(E'000)
Other costs	9,919	14,509	(4,590)
Other costs, accruals/releases	1,570	(6,086)	7,656
Local taxes and duties	19,124	19,647	(523)
Total	30,613	28,070	2,543

The €2,543 thousand increase is essentially due to:

- "Other costs" relates to lower charges incurred compared with the previous year resulting from the recognition in 2022 of charges for the sale of the Porta Romana real estate complex (- €4,233 thousand), higher membership fees and contributions paid (+ €1,716 thousand), in particular to Fondazione FS (+€856 thousand) and other associations (for details of which see Note 41), offset by higher reimbursements from Group companies (- €1,419 thousand);
- Accruals to the provision for risks with respect to the releases carried out for the settlement of litigation (+ €7,656 thousand) in the previous year;
- lower taxes paid, mainly due to the combined effect of the increase in waste collection tax (+ €473 thousand) and the reduction in VAT not deductible on a pro rata basis (- €1,064 thousand).

10. Internal work capitalised (€565 thousand)

Internal work capitalised, amounting to €565 thousand (2022: €531 thousand), refers to capitalised costs for non-routine maintenance work carried out on real estate assets.

11. Amortisation and depreciation, provisions and impairment losses (€16,840 thousand)

This caption may be analysed as follows:

	(€'000)		
	2023	2022	Changes
Amortisation	8,497	17,288	(8,791)
Depreciation	8,651	9,088	(437)
Impairment losses on property, plant and equipment	9	50,133	(50,124)
Adjustments and impairment gains on financial assets	(495)	171	(666)
Impairment losses on cash and cash equivalents	178	(234)	412
Total	16,840	76,446	(59,606)

The €59,606 thousand decrease on the previous year is due to the impairment losses recognised on the Company's real estate assets in 2022 (- €50,124 thousand) and lower amortisation (- €8,791 thousand) following the disposal of IT assets to subsidiary FS Technology SpA in June 2023.

12. Financial income (€770,532 thousand)

This caption can be analysed as follows:

	(€'000)		
	2023	2022	Changes
Gains on equity investments	228,360	216,430	11,930
Total gains on equity investments	228,360	216,430	11,930
Financial income from non-current loans and securities	354,131	120,823	233,308
Other financial income	179,138	34,388	144,750
Exchange gains	8,903	541	8,362
Total other financial income	542,172	155,752	386,420
Total	770,532	372,182	398,350

Financial income increased by €398,350 thousand on 2022, mainly due to:

- the €11,930 thousand increase in dividends distributed by subsidiaries, associates and non-controlling interests essentially due to the greater dividends received from Italferr SpA (+ €11,193 thousand), and Sita SpA in liquidation (+ €3,300 thousand), offset by lower dividends received from Ferservizi SpA (- €1,000 thousand), Fs Sistemi Urbani SpA (- €1.000 thousand), Eurofima (- €567 thousand) and Hit Rail BV (- €10 thousand);
- greater interest accrued on non-current loans (€233,308 thousand) disbursed to Group companies, determined by the combined effect of new Intercompany disbursements during the year, mainly from the Company's borrowing from the market during 2023 in the amount of more than €2.5 billion, and the increase in market interest rates during the year;
- other financial income, which increased by a total of €144,750 thousand due in the amount of €77,750 thousand to the increase in market interest rates, the higher amount of short-term loans granted to Group companies compared to the previous year and the higher income from the use of liquidity on the banking system, and in the amount of €67,000 thousand to the release of a provision related to the sale of equity investments that occurred in previous years;
- the €8,362 thousand increase in exchange gains due to the combined effect of higher gains related to the recognition of current and non-current loans and bank current accounts and the year-end translation of trade receivables.

13. Financial expense (€524,395 thousand)

This caption can be analysed as follows:

	(€'000)		
	2023	2022	Changes
Impairment losses on financial assets	132,845	43,111	89,734
Impairment losses on Group equity investments	131,216	42,781	88,435
Other expense for impairment losses on financial assets	1,629	330	1,299
Total other financial expense	391,550	97,757	293,793
Interest on financial liabilities	381,088	96,664	284,424
Financial expense on employee benefits	183	199	(16)
Financial expense on leases	9	4	5
Other financial expense	6,729	820	5,909
Exchange loss	3,541	5,020	(1,479)
Accruals/releases	-	(4,950)	4,950
Total	524,395	140,868	383,527

Financial expense increased by €383,527 thousand on the previous year, mainly due to:

- greater bank interest and commissions (€284,424), to be read in line with what is highlighted in the section on financial income, by virtue of the new funding then passed on to FS Group companies and the increase in market interest rates, which led to both higher charges for the underwritten variable-rate liabilities and a higher return on the cash pooling accounts of the other Group companies at FS under applicable cash pooling agreements;
- greater impairment losses on Group equity investments, up by €88,435 thousand made during the year and described in note 20 "Equity investments". Furthermore, impairment losses increased by €1,299 thousand as a result of applying IFRS 9;
- the €5,909 thousand increase in financial expense relating to cross currency swaps classified as cash flow hedges and interest rate swaps classified as fair value hedges, which were entered into for the purpose of hedging currency risk reflected in smaller financial income, as described in note 12.

14. Current and deferred taxes (€76,641 thousand)

Income taxes can be analysed as follows:

	(€'000)		
	2023	2022	Changes
Income from the tax consolidation scheme	(96,892)	(44,180)	(52,712)
Deferred tax assets and liabilities	19,328	(7,158)	26,486
Foreign taxes	923	660	263
Accruals and releases	-	1	(1)
Total income taxes	(76,641)	(50,678)	(25,963)

The positive net balance of income taxes was mainly due to "Income from the tax consolidation scheme". The €25,963 thousand overall increase is mainly due to the combined effect of the following factors:

- the increase in the aforementioned income from joining the tax consolidation scheme, stated for €96,892 thousand (+ €57,712 thousand on 2022), mainly due to the higher IRES transferred by the Group companies over the year;
- the €26,486 thousand increase in deferred tax assets and liabilities (see note 19 Deferred tax assets and deferred tax liabilities);
- the €263 thousand increase in foreign taxes.

Reconciliation of the actual tax rate

	2023		2022	
	€	%	€	%
Profit for the year	200,729		90,150	
Total income taxes	76,641		50,678	
Pre-tax profit (loss)	124,088		39,472	
IRES theoretical tax (national tax rate)		24.0%		24.0%
Lower taxes:				
Dividends from investees	(225,782)		(205,608)	
Utilisation and release of provisions	(70,908)		(38,858)	
Other decreases	(17,856)		(9,859)	
Higher taxes:				
Accruals	1,600		894	
Impairment losses on equity investments	131,216		42,781	
Prior year expense	2,600		297	
Exchange difference	2,464		441	
Non-deductible amortisation and depreciation	10,178		6,826	
Non-deductible taxes	13,477		14,087	
Other increases	25,323		106,460	
Total IRES taxable profit	(3,600)		(43,067)	
Foreign taxes	(917)		(660)	
Total deferred taxes	(19,328)		7,158	
Income from the tax consolidation scheme	96,892		44,180	
TOTAL	76,641		50,678	

15. Property, plant and equipment (€52,899 thousand)

The opening and closing balances of property, plant and equipment and changes therein are shown in the table below. The assets' estimated useful lives did not change during the year.

(€'000)

	Land and buildings	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost	62,248	56	8,447	707	71,458
Depreciation and impairment losses	(18,307)	(56)	(4,723)		(23,086)
Grants			(14)		(14)
Balance at 1.1.2022	43,941	0	3,710	707	48,358
Investments	175			2.561	2,736
Placement in service	1,444		752	(2.196)	
Depreciation	(1,257)		(1,299)		(2,556)
Disposals and divestments					
Other changes					
Other reclassifications	6,040		15	155	6,210
Total changes	6,402		(532)	520	6,390
Historical cost	72,291	56	9,145	1.227	82,719
Depreciation and impairment losses	(21,948)	(56)	(5,953)		(27,957)
Grants			(14)		(14)
Balance at 31.12.2022	50,343		3,178	1,227	54,748
Investments				2.138	2,138
Placement in service	900		1,725	(2.625)	0
Depreciation	(1,218)		(893)		(2,111)
Disposals and divestments			(1,667)	(223)	(1,890)
Other reclassifications	20		15	(21)	14
Total changes	(298)		(820)	(731)	(1,849)
Historical cost	73,128	56	5,710	496	79,390
Depreciation and impairment losses	(23,083)	(56)	(3,338)		(26,477)
Grants			(14)		(14)
Balance at 31.12.2023	50,045		2,358	496	52,899

Land and buildings refer to a section of the Villa Patrizi building where the Company has its registered office. The remainder of the building is included under investment property since it is leased to Group companies. The €1,849 thousand overall increase in property, plant and equipment in the year is mostly due to the € 2,138 thousand investments in the period due to extraordinary maintenance at Villa Patrizi building. These increases are offset by the depreciation of the year (€2,111 thousand) and disposals (€1,890 thousand).

16. Investment property (€388,732 thousand)

Investment property at 31 December 2023 and changes therein are shown in the table below. The assets' estimated useful lives did not change during the year.

	31.12.2023		31.12.2022	
	Land	Buildings	Land	Buildings
(€'000)				
Balance at 1 January				
Cost	358,657	451,671	367,375	449,786
Accumulated depreciation	(37,152)	(233,397)	(38,775)	(232,876)
Loss allowance	(114,269)	(33,821)	(81,068)	(14,604)
Carrying amount	207,236	184,453	247,532	202,306
Changes of the year				
Increases		3,655		8,146
Reclassifications	(65)	(7)	(5,474)	(4,156)
Depreciation		(6,541)		(6,532)
Impairment losses			(34,822)	(15,311)
Total changes	(65)	(2,893)	(40,296)	(17,853)
Balance at 31 December				
Cost	357,680	454,888	358,657	451,671
Accumulated depreciation	(37,150)	(239,715)	(37,152)	(233,397)
Loss allowance	(113,358)	(33,613)	(114,269)	(33,821)
Carrying amount	207,171	181,561	207,236	184,453

Investment property includes the land and buildings leased to Group companies and third parties or not used by the Company, but not held for sale. The net decrease of €2,957 thousand in the year is mainly due to depreciation of €6,541 thousand offset by increases of €3,655 thousand.

Reclassifications refer to the reclassification of buildings held for sale to inventories.

17. Right-of-use assets (€423 thousand)

Changes in right-of-use assets (IFRS 16) may be analysed as follows:

(€'000)

RIGHT-OF-USE ASSETS	Land, buildings	Other assets	Total
Historical cost	646	15	661
Depreciation and impairment losses	(143)	(9)	(152)
Balance at 31.12.2022	503	6	509
Investments (new leases)			
Depreciation	(166)	(14)	(180)
Other reclassifications *	80	14	94
Total changes	(86)	0	(86)
Historical cost	584	15	599
Depreciation and impairment losses	(166)	(10)	(176)
Balance at 31.12.2023	418	5	423
Other reclassifications*			
Historical cost	(62)		(62)
Depreciation	142	14	156
Total other changes	80	14	94

Lease liabilities and the related changes of the year are shown below:

(€'000)

Changes in lease liabilities	2023
Opening balance	572
Recognition of new right-of-use assets	0
Recognition of financial expense	9
Payments	(61)
Other reclassifications	(96)
Closing balance	424

The following table shows the impacts on profit or loss:

(€'000)

Impacts on profit or loss	2023
Depreciation of right-of-use assets	180
Interest expense on lease liabilities	9
Lease liabilities outside the scope of IFRS 16	7,528
Total impacts on profit or loss	7,717

The table below shows potential future lease payments:

(€'000)

Recognised lease liabilities	Potential future lease payments	Rate at which lease extension/termination options have been historically exercised
424	961,362	50%

18. Intangible assets(€1,178 thousand)

This caption exclusively comprises costs incurred for software development related mainly to the Group's IT systems. Opening and closing balances are shown in the table below.

	(€'000)		
	Concessions, licences, trademarks and similar rights	Assets under development and payments on account i	Total
Historical cost	227,252	8,952	236,204
Amortisation and impairment losses	(172,580)		(172,580)
Grants	(10,090)		(10,090)
Balance at 1.1.2022	44,582	8,952	53,534
Investments		11,989	11,989
Placement in service	15,592	(15,592)	
Amortisation	(17,288)		(17,288)
Other reclassifications		(233)	(233)
Total changes	(1,696)	(3,836)	(5,532)
Historical cost	242,844	5,116	247,960
Amortisation and impairment losses	(189,868)		(189,868)
Grants	(10,090)		(10,090)
Balance at 31.12.2022	42,886	5,116	48,002
Investments		4,924	4,924
Placement in service	6,733	(6,733)	-
Amortisation	(8,497)		(8,497)
Disposals and divestments	(40,581)	(2,628)	(43,209)
Other reclassifications		(42)	(42)
Total changes	(42,346)	(4,478)	(46,824)
Historical cost	1,941	638	2,580
Amortisation and impairment losses	(1,401)		(1,401)
Grants			-
Balance at 31.12.2023	540	638	1,178

During June 2023, a contract was entered into for the sale of Digital IT assets, inherent and functional to the performance of ICT Services to FS Group Companies to the subsidiary FS Technology SpA for a net book value of €43,209 thousand. During the year, investments amounted to €4,924 thousand. They mainly relate to the acquisition and development of Group IT applications in the commercial, administrative, management and cyber security fields.

19. Deferred tax assets (€85,462 thousand) and deferred tax liabilities (€61.822 thousand)

The table below shows deferred tax assets and deferred tax liabilities at 31 December 2023 and changes of the year due to the main temporary differences between carrying amounts and the related tax amounts.

(€'000)

	31.12.2022	Incr.(decr.) through profit or loss	Other changes	31.12.2023
Deferred tax assets				
Assets and inventories	134,187	444		134,631
Provision for risks	30,500	(20,536)		9,964
Post-employment benefits	394	(401)	9	2
Other	8,602	282	28	8,912
Total deferred tax assets	173,683	(20,210)	37	153,510
Deferred tax liabilities				
Provision for deferred tax liabilities				
Assets and inventories	67,849	(1,956)		65,893
Other	1,081	1,073		2,154
Total provision for deferred tax liabilities	68,930	(882)		68,048
Net deferred tax assets	104,753	(19,328)	37	85,462
Provision for tax consolidation scheme	99,611			61,822
Provision for tax consolidation scheme	99,611			61,822

Deferred tax assets and liabilities mainly relate to the misalignment between the carrying amount and the tax value of property, plant and equipment and investment property, and intangible assets on which depreciation and amortisation are calculated, and buildings held for trading, in addition to the deferred deductibility applied to provisions for risks and charges and the effects of IFRS 9 FTA.

The changes in the year refer to the net effect (€19,328 thousand) of the decrease in deferred tax assets and the decrease in deferred tax liabilities, mostly due to the differences between the carrying and tax amounts of amortisation and depreciation in the year, accruals and utilisations of the provision for risks and charges and impairment losses on loans and equity investments of the year, in addition to other amounts recognised in equity (€37 thousand) which reflect the changes in the actuarial reserves.

The provision for the IRES consolidation scheme includes the tax losses transferred by the Group companies and used to offset taxes related to the parent and other subsidiaries that participate in the tax consolidation scheme. The provision also reflects the utilisations to remunerate the same companies for the tax losses previously transferred and offset against their taxable income during the year.

In the current financial year, deferred tax assets and deferred tax liabilities were classified differently and shown as a net amount. Therefore, for the purpose of better comparability, the previous year's figures have also been reclassified.

20. Equity investments (€38,222,414 thousand)

The tables below show the opening and closing balances of equity investments, broken down by category, and changes therein in 2023 and 2022.

(€'000)

	Carrying amount 31.12.2023	Carrying amount 31.12.2022	Cumulative loss allowance
Investments in:			
Subsidiaries	38,058,055	37,895,578	377,363
Associates	53,369	53,369	
Joint arrangements	95,120	95,120	
Other companies	15,871	15,771	
Total	38,222,414	38,059,838	377,363

Changes in 2023

(€'000)

	Carrying amount 31.12.2022	Changes of the year					Carrying amount 31.12.2023	Cumulative loss allowance
		Acquisition/ subscriptions	Disposals/ Repayments	Impairment losses/gains	Reclassification	Other changes		
Investments in subsidiaries								
Anas SpA	2,863,741			(118,000)		2,745,741	118,000	
Fercredit SpA	31,413					31,413		
Ferservizi SpA	8,378					8,378		
Mercitalia Logitics SpA	222,628	293,693				516,321	202,169	
FS Sistemi Urbani SpA	534,094					534,094		
Grandi Stazioni Immobiliare SpA	616					616		
Italcertifer SpA	738					738		
Italferr SpA	8,047					8,047		
RFI SpA	32,463,899					32,463,899		
Trenitalia SpA	1,607,137					1,607,137		
Busitalia - Sita nord Srl	48,226					48,226	37,148	
Tav Srl	50					50		
FS Technology SpA	27,578					27,578		
Ferrovie del Sud Est e Servizi Automobilistici - FSE Srl	73,300			(13,216)		60,084	13,216	
FS Italian Railways USA Inc	3,034					3,034		
FS Saudi Arabia for Land Transport LLC	2,199					2,199		
FS International SpA							6,830	
FS Security SpA	500					500		
	37,895,578	293,693		(131,216)		38,058,055	377,363	
Investments in associates								
Metro 5 SpA	30,308					30,308		
Ferrovie Nord Milano SpA	23,061					23,061		
	53,369					53,369		
Investments in joint arrangements								
T.E.L.T. Sas (formerly L.T.F. Sas)	95,120	452,640				95,120		
	95,120	452,640				95,120		
Other companies								
BCC Bureau Central de Clearing	7					7		
Eurofima SA	14,583					14,583		
Hit Rail B.V.	97					97		
Isfort SpA	61					61		
Treccani SpA	1,000					1,000		
Italiacamp Srl	23					23		
ROAD - Rome Advanced District Road Sita SpA in liquidation*		100				100		
	15,771	100				15,871		
Totale	38,059,838	746,433		(131,216)		(452,640)	38,222,414	
							377,362	

* Company in liquidation. Reclassified from subsidiary to other companies.

During the year the following changes were recorded:

- **Mercitalia Logistics SpA** - The Shareholders' Meeting approved the financial statements for the year 2022 with a loss of €157,823 thousand, supplementing the prerequisites of Article 2446 of the Italian Civil Code, and resolved to replenish the aforementioned losses through: (i) the use of the entire legal reserve of €991 thousand, the retained earnings in previous years of €18,823 thousand and, for the remainder by reducing the share capital to an amount of €91,602 thousand; (ii) replenishing/increasing the share capital through the payment by the sole shareholder FS of a total amount of €293,693 thousand disbursed in 2023 in three tranches.

On 12 September 2023, the Extraordinary Shareholders' Meeting approved the plan for the partial demerger of RFI SpA in favour of Mercitalia Logistics SpA of the investment held in Blufferies Srl. The demerger will take place on the basis of the Annual Financial Report as of 31 December 2022. The Beneficiary Company has not issued any

new shares to FS (as the sole shareholder of the Demerged Company and the Beneficiary Company) as the Demerger will take place with an increase in the reserves of the Beneficiary Company; similarly, the Demerged Company will not decrease its share capital as the Demerger will merely entail a reduction in its own reserves.

- **TELT SaS** - the carrying amount of this investment increased by €452,640 thousand, entirely offset by the increase in the grants related to assets received from the MIT for financial investments as per section 7532.
- **Sita SpA in liquidation** – the investment was reclassified from subsidiary to other companies, since it is a company in liquidation.

Reference should be made to the next few pages of this note for information about the impairment losses on equity investments in new companies recognised during the year.

Changes in 2022

	Carrying amount 31.12.2021	Changes for the period				Other changes	Carrying amount 31.12.2022	Cumulative loss allowance
		Acquisition/ subscriptions	Disposals / Repayments	Impairment losses/gains	Reclassification			
(€'000)								
Investments in subsidiaries								
Anas SpA	2,863,741					2,863,741		
Fercredit SpA	31,413					31,413		
Ferservizi SpA	8,378					8,378		
Mercitalia Logistics SpA	219,265	45,000		(41,637)		222,628	202,169	
FS Sistemi Urbani SpA	534,094					534,094		
Grandi Stazioni Immobiliare SpA	616					616		
Italcertifer SpA	738					738		
Italferr SpA	8,047					8,047		
RFI SpA	32,463,899					32,463,899		
Trenitalia SpA	1,607,137					1,607,137		
Busitalia - Sita nord Srl	48,226					48,226	37,148	
Nugo S.p.A		1,107		(1,107)				
Tav Srl	50	37		(37)		50		
FS Technology SpA	27,578					27,578		
Ferrovie del Sud Est e Servizi Automobilistici - FSE Srl	73,300					73,300		
FS Italian Railways USA Inc	3,034					3,034		
FS Saudi Arabia for Land Transport LLC	2,199					2,199		
FS International SpA							6,830	
FS Security SpA		500				500		
	37,891,715	46,644		(42,781)		37,895,578	246,147	
Investments in associates								
Metro 5 SpA	30,308					30,308		
Ferrovie Nord Milano SpA	23,061					23,061		
	53,369					53,369		
Investments in joint arrangements								
T.E.L.T. Sas (formerly L.T.F. Sas)	95,120	285,860				(285,860)	95,120	
	95,120	285,860				(285,860)	95,120	
Other companies								
BCC Bureau Central de Clearing	7					7		
Eurofima SA	14,583					14,583		
Hit Rail B.V.	97					97		
Isfort SpA	61					61		
Treccani SpA	1,000					1,000		
Italiacamp Srl	23					23		
	15,771					15,771		
Total	38,055,975	332,504		(42,781)		(285,860)	38,059,838	246,147

The following table compares the carrying amounts of investments in subsidiaries, associates and joint arrangements with the corresponding shares of equity.

	Site	Share/quot a capital	Profit (loss) for the year	Equity at 31.12.2023	% of investments	Share of equity (a)	Carrying amount at 31.12.2023 (b)	Difference (b) - (a)
Investments in subsidiaries								
Busitalia - Sita Nord Srl	Rome	73,000	6,689	75,787	100.00%	75,787	48,226	(27,561)
Anas SpA	Rome	2.269,892	(162,726)	2,281,727	100.00%	2,281,727	2,745,741	464,014
Fercredit SpA	Rome	32,500	10,639	98,104	100.00%	98,104	31,413	(66,691)
Ferservizi SpA	Rome	8,170	5,815	33,123	100.00%	33,123	8,378	(24,745)
Mercitalia Logitics SpA	Rome	385,295	(4,160)	402,075	100.00%	402,075	516,321	114,246
FS Sistemi Urbani SpA	Rome	532,784	26,078	629,470	100.00%	629,470	534,094	(95,376)
Grandi Stazioni Immobiliare SpA	Rome	4,000	(441)	32,510	60.00%	19,506	616	(18,890)
Italcertifer SpA	Florence	480	1,967	16,325	55.66%	9,087	738	(8,349)
Italferr SpA	Rome	14,186	58,861	132,794	100.00%	132,794	8,047	(124,747)
RFI SpA	Rome	31.528,425	196,068	34,120,157	100.00%	34,120,157	32,463,899	(1,656,258)
FSTechnology SpA	Rome	27,578	3,422	42,748	100.00%	42,748	27,578	(15,170)
FS Security SpA	Rome	500	1,903	3,485	100.00%	3,485	500	(2,985)
Trenitalia SpA	Rome	1.607,137	206,529	3,178,346	100.00%	3,178,346	1,607,137	(1,571,209)
TAV Srl	Rome	50	(10)	32	100.00%	32	50	18
Ferrovie del Sud Est e Servizi Automobilistici - FSE Srl	Rome	4,683	586	28,604	100.00%	28,604	60,084	31,480
FS Saudi Arabia for Land Transport LLC	Riyadh San Francisco	2,420	263	2,773	100.00%	2,773	2,199	(574)
FS Italian Railways USA Inc	San Francisco	3,001	(71)	3,046	100.00%	3,046	3,034	(12)
FS International SpA	Rome	6,830	(805)	2,740	100.00%	2,740	0	(2,740)
Total						41,063,604	38,058,055	(3,005,549)
Investments in associates								
Metro 5 SpA	Milan	53,300	19,618	211,138	36.70%	77,488	30,308	(47,180)
Ferrovie Nord Milano SpA FNM (*)	Milan	230,000	8,031	413,127	14.74%	60,896	23,061	(37,835)
Total						138,384	53,369	(85,015)
Investments in joint arrangements								
T.E.L.T. Sas**	Le Bourget du Lac	1,000	0	2,807,145	50.00%	1.403,572	95,120	(1,308,452)
Total						1,403,572	95,120	(1,308,452)
TOTAL						42,605,560	38,206,544	(4,339,016)

(*) Figures are drawn from the 2022 financial statements

(**) Reclassification of the governments grants related to assets disbursed to the former parent RFI SpA up to 2006 and reclassified in accordance with the Group's accounting policies (as per IAS 20.27). These grants are used to finance the studies and preliminary works for the construction of the international section of the Turin-Lyon railway line. They are not presented in equity in accordance with French GAAP.

As of the reporting date, the Directors assessed whether there was evidence of any impairment losses on all equity investments. Where there is evidence of any impairment loss, the recoverable value of these equity investments was tested by comparing their carrying value and their value in use, in the absence of data for estimating fair value, which was determined in accordance with methodologies appropriate to each case and circumstance.

In order to verify the recoverable value of equity investments, an impairment test was carried out in accordance with IAS 36 for companies with higher carrying values than the corresponding shares of equity.

The table below shows the methodology and discount rates used for impairment testing purposes.

CGU	Carrying amount at 31.12.2023 (€'000)	Discount rate (WACC)	Growth Rate
Anas SpA	2,863,741	2.80%	
Ferrovie del Sud Est Srl*	73,300	4.81%	
Mercitalia Logistics SpA	516,321	7.08%	1.70%

* WACC is the average of the WACC used for the three CGUs (infrastructure, rail, road).

The following companies have been recognised at carrying amounts above the corresponding portion of equity:

- for Anas SpA, the Directors considered it appropriate to verify the recoverability of the investment's carrying amount by means of an impairment test, which determined, as of 31 December 2023, an impairment of €118,000 thousand, with a value in use therefore of €2,745,741 thousand. The impairment test was prepared based on the cash flows of the Anas Business Plan 2024-2033, with a time horizon of 2052, approved by the Board of Directors on 27 March 2024. The Plan is based on the items of information provided in the Programme Contract 2021-2025, approved, with requirements, by the CIPESS on 21 March 2024, specifying that "the completion of the approval process of the Programme Contract 2021-2025 constitutes a prerequisite act for the subsequent updating of the Economic and Financial Plan (EFP) and the execution of the new Agreement in compliance with the regulatory provisions referred to in the subject matter (Article 1, paragraphs 1018 [and 1019] of Law no. 296/2006. Article 2, paragraphs sexes/sexiesdecies, Decree Law no. 121/2021 converted into law no. 156/2021, writer's note)", as well as ANAS's legitimate qualified expectation to have the adjustment to the Concession term, currently due to expire on 31 December 2032, recognised until 2052. All these innovative factual elements, compared to the previous legal and regulatory framework, appear to reinforce the Company's approach of being able to implement the case envisaged by Law 296/2006 and, therefore, at present, it is deemed appropriate to consider the extension of the Concession term to the 2052 financial year.

It should be borne in mind that the forecast data are uncertain by their nature and that due to the aleatory nature associated with the realisation of any future event, both in terms of the materialisation of the occurrence and the extent and timing of its occurrence, the deviations between actual data and the data budgeted by the plan could be significant, even if the events envisaged within the general and theoretical assumptions were to occur. Such circumstances, which have been adequately weighed in the valuation process, could still affect the value of the investment. Specifically, the value configuration used to determine the recoverable value of the cash-generating unit is the "value in use," calculated, in this case, using cash flow projections based on the Plan's financial forecasts, considered for an explicit period up to 2052, since it is deemed it appropriate to consider the extension of the Concession term, currently expiring on 31 December 2032, up to that date, based on the information that is currently available. For the purpose of determining the recoverable value, an estimate of the discounted residual value (terminal

value) was also included, based on the assumption that it is equal to the Regulatory Net Invested Capital at the end of the Concession. The expected cash flows from the CGU were discounted based on a "regulatory" discount rate ("WACC") of 2.8%, which was deemed adequate to discount these cash flows. The WACC used to discount the cash flows was weighted based on the weight that "core" and "non-core" services have at the cumulative EBITDA level from 2024 to 2052, considering the cost of regulatory debt and market WACC. In taking into account the key assumptions above, the sensitivity analysis with respect to the discount rate (WACC +/-0.5%), all other things being equal, would result in a write-down of €292,000 thousand in the first case and a positive value (headroom) of €77,000 thousand in the second case.

- Mercitalia Logistics SpA was tested for impairment in 2023, whose cash flows were determined based on the best information available at the time of the estimate and inferable for the explicit period from the Business Plan for the period 2024-2033 approved by the Company's Board of Directors. Specifically, the value in use was estimated by applying the Discounted Cash Flow method, by means of the formula that considers the discounting of analytically expected flows over the horizon of the duration of the forecast plans and the determination, where possible by analysing individual businesses, of a terminal value after that time horizon. The average cost of invested capital (WACC) at 31 December 2023 was 7.08% The impairment test yielded a negative result and therefore no impairment was recorded in the financial statements;
- for Ferrovie del Sud Est Srl, an impairment valuation analysis was carried out, which yielded a positive result determining, as of 31 December 2023, an impairment of €13,216 thousand, with a value in use therefore of €60,084 thousand. The recoverable value was estimated by determining the equity value of the investment under consideration by determining the value in use based on the use of discounted cash flow models. For the purpose of comparison with the carrying value of the equity investment, the enterprise value resulting from the estimate of future cash flows was converted to equity value by deducting it from the net financial position of the investment. Cash flows were determined based on the best information available at the time of the estimate and inferable for the explicit period from the Business Plan for the period 2024-2033 approved by the Company's Board of Directors. The WACC used to discount the cash flows of 4.81% was weighted based on the weight that the individual business units (infrastructure, rail, and road) have at the level of Net Invested Capital.

The following table summarises the main statement of financial position and income statement captions of associates and joint arrangements. Figures are drawn from the 2023 and 2022 financial statements.

(€'000)											
Investments in joint arrangements 31.12.2023	% of investment	Current assets	Non-current assets	Assets held for sale	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenue	Costs	Profit (loss)
Investments in associates											
FNM SpA (*)	14.74%	166,483	1,141,792	3,912	1,312,187	218,593	680,467	899,060	84,234	66,881	8,031
Metro 5 SpA	36.70%	117,710	600,753	0	718,463	89,965	417,359	507,324	32,561	33,436	19,618
Investments in joint arrangements											
T.E.L.T. Sas (formerly L.T.F. Sas)	50.00%	604,096	3,151,767		3,755,863	581,128	3,173,868	3,754,996	12,651	12,651	

(*)These figures are drawn from the 2022 financial statements

(€'000)

Investments in joint arrangements 31.12.2022	% of investment	Current assets	Non-current assets	Assets held for sale	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenue	Costs	Profit (loss)
Investments in associates											
FNM SpA (*)	14.74%	137,204	1,110,029		1,247,233	186,506	655,702	842,208	82,946	77,538	5,408
Metro 5 SpA	36.70%	107,197	625,687		732,884	88,656	442,542	531,198	78,148	56,380	21,768
Investments in joint arrangements											
T.E.L.T. Sas (formerly L.T.F. Sas) **	50.00%	296,611	2,497,493		2,794,104	298,947	2,494,290	2,793,237	15,908	15,908	

(*)These figures are drawn from the 2021 financial statements (**) These figures are drawn from the 2022 approved financial statements

21. Non-current and current financial assets (including derivatives) (€13,881,899 thousand)

The following table gives a breakdown of financial assets at the 2023 and 2022 year ends.

	Carrying amount								
	31.12.2023			31.12.2022			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Hedging derivatives		277	277		2,460	2,460		(2,183)	(2,183)
Non-current loans and borrowings	10,068,753	1,273,332	11,342,085	8,735,051	1,260,678	9,995,729	1,333,702	12,654	1,346,356
Current loans		2,535,396	2,535,396		1,441,080	1,441,080		1,094,316	1,094,316
Other loans	1,234	2,908	4,142	980	2,233	3,213	254	675	929
Total	10,069,986	3,811,913	13,881,899	8,736,031	2,706,451	11,442,482	1,333,955	1,105,462	2,439,417

Financial assets increased by €2,439,417 thousand overall in 2023.

The decrease in "Hedging derivatives" is mainly attributable to the expiry of the Cross Currency Swap hedging derivative during the reporting period.

Non-current loans and borrowings at 31 December 2023 refer to the loans granted to Group companies, mainly to the subsidiaries RFI SpA and Trenitalia SpA for a total of €10,203,622 thousand, including €7,056,676 thousand in connection with the Euro Medium Term Notes Programme and €2,115,100 thousand in connection with the Eurofima programme. The balance is net of the loss allowance of €6,341 thousand.

The most significant financial transactions carried out in the year, which led to an increase in medium/long-term loans, are described below:

- in May 2023 the Company placed the seventh and eighth series of green bonds for a total of €1,100,000 thousand. Proceeds from the issue were allocated through taking out intercompany loans between FS and subsidiaries Trenitalia SpA and RFI SpA;

- in June 2023 the Company finalised another private bond placement with Eurofima for €100 million, at a variable rate and expiring in June 2033. The proceeds were used for an intraGroup loan to Trenitalia SpA;
- in July 2023 FS Italiane signed a short-term loan agreement with Intesa Sanpaolo for €2,000,000 thousand. The proceeds were used for an intraGroup loan to RFI SpA;
- in July 2023 FS finalised with CaixaBank two loan agreements with a term of 5 years for an amount of €150 million and of 6 years for an amount of €100 million, respectively. The proceeds were used for an intraGroup loan to RFI SpA;
- in November 2023 FS signed five loan agreements for a total amount of €820 million, maturing by 2028. The proceeds of the transactions will be used to cover medium- to long-term investments in the FS Group's multiple areas of operations aimed at achieving the strategic objectives of the Business Plan. The proceeds were used for an intraGroup loan to RFI SpA per €250 million;
- in December 2023 the EIB financed Trenitalia SpA's purchase of 102 new electric trains for regional transport, Eligible Green Projects under FS's Green Bond Framework, by underwriting a private placement of a green bond issued by FS Italiane SpA for €500 million. FS Italiane SpA used the proceeds of the issue to grant Trenitalia SpA an intraGroup loan.

The Company also granted non-current loans to Blufferies Srl, Mercitalia Shunting & Terminal Srl, Grandi Stazioni Rail SpA, Qbuzz and TX Logistic for a total of €108,180 thousand through the use of its cash and cash equivalents.

These increases are offset by the repayment of loans by Group companies during the year. The repayments total €1,040,398 thousand and mainly refer to Trenitalia SpA (€837,690 thousand), RFI SpA (€90,000 thousand) and Qbuzz (€72,350 thousand).

The €1,094,316 thousand increase in current loans during the year is essentially due to the higher short-term borrowing granted to the Group companies, net of the repayments for the year for a total amount of €1,068,052 thousand and interest receivable for an amount of €23,901 thousand.

In accordance with Article 2467 of the Italian Civil Code, loans granted whose repayment is subordinated to the satisfaction of other creditors amount to a total €160,079 thousand.

The €929 thousand increase in other loans is mainly due to the higher financial receivables from Group companies, in particular from companies in the RFI SpA group and Trenitalia SpA.

22. Other non-current and current assets (€2,572,289 thousand)

(€'000)

	31.12.2023			31.12.2022			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Other assets from Group companies	1	269,739	269,740	1	140,873	140,874		128,866	128,866
VAT assets	6,141		6,141	23,882	1,961	25,843	(17,741)	(1,961)	(19,702)
MIT	1,786,186	507,670	2,293,856	1,587,615	452,640	2,040,255	198,571	55,030	253,601
Other government authorities	11	21	32	14	11	25	(3)	10	7
Sundry assets and prepayments and accrued income	1,288	3,915	5,203	1,480	11,477	12,957	(192)	(7,562)	(7,754)
Total	1,793,627	781,345	2,574,972	1,612,992	606,962	2,219,954	180,635	174,383	355,018
Loss allowance	(1,074)	(1,609)	(2,683)	(1,074)	(1,360)	(2,434)		(249)	(249)
Total other assets	1,792,553	779,736	2,572,289	1,611,918	605,602	2,217,520	180,635	174,134	354,769

The increase in other assets from Group companies is mainly due to:

- the increase in assets from subsidiaries (€146,814 thousand, above all related to RFI SpA relating to the 2022 dividend);
- the decrease in assets arising from the tax consolidation scheme (€10,230 thousand);
- the reduction in the Group's VAT assets (€6,308 thousand).

"VAT assets" decreased as a result of the write-off of interest receivable from the Tax Office related to the years 1996 and 1997 (-€8,842 thousand) following a Supreme Court ruling in which FS SpA was unsuccessful, and for the year 2012 (-€8,899 thousand), following a settlement procedure with the Revenue Agency, with a consequent reduction in the debt to RFI SpA, and the lower receivable from the Revenue Agency for VAT related to the current year (-€1,961 thousand).

"Receivables from MIT", which refer to the transfer made to TELT Sas for the construction of the Turin-Lyon railway line, under section 7532, increased by €253,601 thousand. The movement of the MIT transfer to TELT Sas in the amount of €452,640 thousand has already been described in section 20 on Equity Investments, while €706,241 thousand relates to the recognition of the new MIT commitments in favour of FS SpA authorised by Director's Decree no. 32/2023. For a better representation of these receivables between current and non-current portion, a different classification was made in the year 2023. For the purpose of better comparability, the previous year's figures have also been reclassified.

The decrease in "Sundry assets and prepayments and accrued income" is mainly attributable to the collection of the amount of tax assets (-€7,410 thousand) for foreign tax to be recovered during 2023.

The loss allowance is up by a total of €249 thousand on the previous year end as a result of the losses on other assets in accordance with IFRS 9.

Assets broken down by geographical segment are as follows:

(€'000)

	31.12.2023	31.12.2022	Changes
Italy	2,573,030	2,138,088	434,942
Eurozone countries	1,614	1,555	59
United Kingdom	155	163	(8)
Other non-EU European countries	8	11	(3)
United States	151	151	
Other countries	14	14	
Total	2,574,972	2,139,982	434,990

23. Inventories (€334,026 thousand)

(€'000)

	31.12.2023	31.12.2022	Changes
Land and buildings held for trading	502,976	513,413	(10,437)
Loss allowance	(168,950)	(172,764)	3,814
Total inventories	334,026	340,649	(6,623)

Inventories comprise buildings held for trading. The net decrease of €6,623 thousand on the previous year end is due to the disposals carried out (- €10,437 thousand), net of use of the related allowance (+ €5,307 thousand), and the write-downs of the year (-€1,493 thousand) recognised in order to bring the carrying amount of the assets into line with their market value following the recurring measurement and analysis of the Company's real estate assets.

24. Non-current and current trade receivables (€373,541 thousand)

(€'000)

	31.12.2023			31.12.2022			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Ordinary customers	2,564	175,567	178,131	3,798	87,375	91,173	(1,234)	88,192	86,958
Government authorities and other public authorities		4,244	4,244		4,547	4,547		(303)	(303)
Group companies		212,863	212,863		128,942	128,942		83,921	83,921
Total	2,564	392,674	395,238	3,798	220,864	224,662	(1,234)	171,810	170,576
Loss allowance	(10)	(21,687)	(21,697)	(16)	(24,158)	(24,174)	6	2,471	2,477
Total trade receivables	2,554	370,987	373,541	3,782	196,706	200,488	(1,228)	174,281	173,053

Trade receivables increased by €170,576 thousand in the year as a result of the combined effect of:

- the €86,958 thousand increase in trade receivables from ordinary customers mainly in connection with the foreign contract for the Riyadh metro;
- the €83,921 thousand increase in trade receivables from commercial operations with intraGroup customers for fees not yet collected at the end of the financial year.

The nature of receivables from related parties is detailed in Note 39 - Related Party Transactions.

The loss allowance decreased by a total of €2,477 thousand on the previous year end. The loss allowance relates to both current trade receivables (€21,687 thousand) and non-current trade receivables (€10 thousand) and includes the loss allowance recognised in accordance with IFRS 9, €133 thousand of which on trade receivables at 31 December 2023.

The maximum exposure to credit risk, broken down by geographical segment, is as follows:

(€'000)

	31.12.2023	31.12.2022	Changes
Italy	246,148	168,035	78,113
Eurozone countries	1,596	1,369	227
United Kingdom	59	41	18
Other non-EU European countries	7		7
Other countries	147,428	55,217	92,211
Total	395,238	224,662	170,576

25. Cash and cash equivalents (€1,504,361 thousand)

They can be analysed as follows:

	31.12.2023	31.12.2022	Changes
Bank and postal accounts	1,403,189	584,905	818,284
Cash and cash on hand	25	28	(3)
Cash pooling accounts	101,717	41,681	60,036
Total	1,504,931	626,614	878,317
Loss allowance	(570)	(392)	(178)
Total net of the loss allowance	1,504,361	626,222	878,139

The increase in the item as at 31 December 2023 amounted to €878,317 thousand and is attributable to the increase in bank and postal deposits for €818,284 thousand - mainly due to the funding raised in December and still being used at the reporting date of the financial statements - and to the higher receipts recognised in the current period on treasury current accounts with the Bank of Italy for €60,036 thousand.

For more details on the change in the balance, please refer to the cash flow statement.

26. Tax assets (€90,839 thousand)

Tax assets amount to €90,839 thousand, up by €5,931 thousand on the balance of €84,908 thousand at 31 December 2022, and mainly relate to IRES assets from the tax consolidation scheme and Group withholdings.

27. Equity (€39,990,430 thousand)

Changes in the main equity captions in 2023 and 2022 are shown in the statement of changes in equity.

Share capital

FS Italiane SpA's share capital at 31 December 2023 is entirely subscribed and paid up and consists of 39,204,173,802 ordinary shares with a nominal amount of €1 each, for a total of €39,204,173,802.

Legal reserve

This reserve amounts to €71,369 thousand at the reporting date, up by €4,508 thousand after allocation of part of the 2022 profit pursuant to article 2430 of the Italian Civil Code.

Reserve for profits (losses) recognised directly in equity

The Reserve for profits (losses) recognised directly in equity includes the effects of actuarial gains and losses on post-employment benefits (TFR), the Free Travel Card (CLC) and the Delta Fair Value on Derivatives. A loss for a total of € 252 thousand, net of the tax effect, was recognised in 2023.

Retained earnings

This caption of €714,635 thousand refers to the allocation of part of the 2022 profit and prior year profits.

Profit for the year

2023 ended with a profit of €200,729 thousand.

On 29 November 2023, the extraordinary shareholders' meeting of FS approved the proposed demerger, pursuant to Article 2506.1 of the Italian Civil Code, through the assignment of the FS real estate business unit to a newly-established beneficiary company, which is wholly owned by FS. The demerger will entail, in the accounting records of FS, the demerged company, the reduction in the share capital for €624,406,524, equal to the actual value of the demerged shareholders' equity, and the simultaneous emergence of a capital reserve of the same amount, as a contra-entry of the equity investment in the beneficiary company obtained as a result of the transfer of the demerged complex. The demerger became effective in January 2024 (see Note 50 "Events after the reporting date" to the Consolidated Financial Statements).

On the same date, the Shareholders' Meeting approved the proposal to further reduce the share capital pursuant to Article 2445 of the Italian Civil Code, in order to make FS's capital structure more flexible, for a total amount of €7,516,814,972, of which €6,141,221,496 to be allocated to the legal reserve due to its saturation and €1,375,593,476 to be allocated to the available reserve. This remodulation, which keeps the amount of FS's shareholders' equity unchanged, will become enforceable in 2024 (please refer to Note 50 "Events occurring after the reporting date" of the Consolidated Financial Statements) after the statutory time limits have expired.

The origin, availability and distributability of equity captions are shown below.

(€'000)

Origin	Balance at 31.12.2023	Unavailable portion	Possibility of use	Available portion
Share capital	39,204,174	39,204,174		
Income-related reserves:				
Legal reserve	71,369	71,369	B	
Valuation reserves				
Reserve for profits (losses) recognised directly in equity	252		A,B	252
Retained earnings	714,635		A,B,C	714,635
Total	39,990,430	39,275,543		714,887

Key:

A: capital increase
B: coverage of losses
C: dividends

28. Non-current and current loans and borrowings (€13,382,051 thousand)

Details on the amounts and terms and conditions of the Company's loans measured at amortised cost are as follows:

(€'000)

Non-current loans and borrowings, net of the current portion	Carrying amount		
	31.12.2023	31.12.2022	Changes
Bonds	9,113,353	7,767,078	1,346,275
Bank loans and borrowings	1,067,409	699,407	368,002
Total	10,180,763	8,466,485	1,714,278

(€'000)

Loans and borrowings and current portion of non-current loans and borrowings	Carrying amount		
	31.12.2023	31.12.2022	Changes
Bonds (current portion)	456,325	744,619	- 288,294
Bank loans and borrowings (current portion)	2,744,958	806,943	1,938,015
Loans and borrowings from Group companies (current portion)	5	0	5
	3,201,288	1,551,562	1,649,726
Total	13,382,051	10,018,047	3,364,004

In 2023, the amount of bonds (both current and non-current) increased by €1,057,982 thousand for the subscription of new bonds as part of the Euro Medium Term Notes Programme, for a total nominal amount of €1,600,000 and the new variable-rate private placement bond issue finalised with Eurofima, for a total of €100,000 thousand. For additional information about the bond issues, reference should be made to note 21 - Non-current and current financial assets. These increases are offset by the decrease in bond issues for a total amount of €703,790 thousand, partially offset by the increase in interest expenses on bonds for a total amount of €61,751 thousand.

Furthermore, this caption decreased due to the fair value gain of €5,769 thousand on the interest rate swap designated as a fair value hedge.

Bank loans and borrowings (both current and non-current) showed a change of €2,306,017 thousand, mainly as the combined and opposing effect of the following elements:

- an increase in short-term loans with Intesa Sanpaolo from €2,000,000 thousand and medium/long-term loans for an overall amount of €1,070,000 thousand;
- a €490,837 million decrease in current funding;
- the repayments of loan principal (€300,000 thousand), financed by Unicredit;
- an increase in payables for interest and amortised cost for €26,853 thousand.

The terms and conditions of all non-current loans and borrowings, including the current portion, are summarised in the table below:

(€'000)

Creditor	Currency	Nominal interest rate	Year of maturity	31.12.2023		31.12.2022	
				Nominal amount	Carrying amount	Nominal amount	Carrying amount
EUROFIMA SERIES 13	€	6M Euribor + Spread	2026	190,000	191,000	190,000	190,556
EUROFIMA SERIES 14	€	6M Euribor + Spread	2026	100,000	100,526	100,000	100,292
EUROFIMA SERIES 15	€	6M Euribor + Spread	2027	128,700	130,072	128,700	129,039
EUROFIMA SERIES 16	€	6M Euribor + Spread	2026	116,000	116,612	116,000	116,605
EUROFIMA SERIES 18	€	6M Euribor + Spread	2024	122,200	122,742	122,200	122,509
EUROFIMA SERIES IE 19	€	6M Euribor + Spread	2027	65,700	66,403	65,700	66,011
EUROFIMA SERIES 26	€	6M Euribor + Spread	2025	42,500	43,375	42,500	42,616
EUROFIMA SERIES 27	€	6M Euribor + Spread	2034	200,000	201,980	200,000	200,946
EUROFIMA SERIES 28	€	6M Euribor + Spread	2034	200,000	201,947	200,000	200,898
EUROFIMA SERIES 29	€	6M Euribor + Spread	2030	200,000	201,014	200,000	200,585
EUROFIMA SERIES 30	€	6M Euribor + Spread	2034	240,000	242,428	240,000	241,169
EUROFIMA SERIES 31	€	6M Euribor + Spread	2041	250,000	252,093	250,000	251,084
EUROFIMA SERIES E 32	€	6M Euribor + Spread	2034	160,000	161,558	160,000	160,719
EUROFIMA SERIES IE 33	€	6M Euribor + Spread	2033	100,000	100,162	0	0
EMTN PROGR. TR. 3	€	6M Euribor + Spread	2025	300,000	300,126	300,000	300,065
EMTN PROGR. TR. 5	€	Fixed rate 1.65%	2031	49,879	50,240	49,860	50,222
EMTN PROGR. TR. 6	€	Fixed rate 1.50%	2025	999,340	1,007,045	998,848	1,006,574
EMTN PROGR. TR. 7	€	Fixed rate 0.87%	2023	0	0	599,899	600,258
EMTN PROGR. TR. 8	€	6M Euribor + Spread	2025	100,000	100,144	100,000	100,103
EMTN PROGR. TR. 9	€	6M Euribor + Spread	2030	200,000	202,729	200,000	201,480
EMTN PROGR. TR. 10	€	Fixed rate 1.12%	2026	699,738	703,525	699,612	703,409
EMTN PROGR. TR. 11	€	Fixed rate 1.03%	2029	99,892	100,308	99,871	100,288
EMTN PROGR. TR. 12	€	6M Euribor + Spread	2029	140,000	140,093	140,000	140,124
EMTN PROGR. TR. 13	€	6M Euribor + Spread	2024	190,000	190,117	190,000	190,150
EMTN PROGR. TR. 14	€	6M Euribor + Spread	2032	112,500	115,003	125,000	126,008
EMTN PROGR. TR. 15	€	Fixed rate 0.64%	2030	250,000	250,123	250,000	250,123
EMTN PROGR. TR. 16	€	Fixed rate 0.00%	2023	0	0	80,087	80,087
EMTN PROGR. TR. 17	€	Fixed rate 0.37%	2028	996,465	999,354	995,639	998,537
EMTN PROGR. TR. 18	€	6M Euribor + Spread	2038	338,710	338,922	350,000	350,286
EMTN PROGR. TR. 19	€	6M Euribor + Spread	2039	200,000	204,870	200,000	201,698
EMTN PROGR. TR. 20	€	Fixed rate 3.75%	2027	1,096,455	1,125,983	1,095,243	1,107,561
EMTN PROGR. TR. 21	€	Fixed rate 4.125%	2029	596,780	611,860	0	0
EMTN PROGR. TR. 22	€	Fixed rate 4.5%	2033	494,763	508,472	0	0
EMTN PROGR. TR. 23	€	6M Euribor + Spread	2040	500,000	501,390	0	0
				9,479,622	9,582,215	8,489,160	8,530,003
TLTRO (ISP)	€	6M Euribor + Spread	2024	199,935	200,214	199,802	199,999
TLTRO (ISP)	€	6M Euribor + Spread	2024	49,978	50,106	49,923	50,015
TLTRO (UNICREDIT)	€	6M Euribor + Spread	2023	0	0	199,953	200,497
TLTRO (UNICREDIT)	€	6M Euribor + Spread	2023	0	0	99,977	100,251
TLTRO (UNICREDIT)	€	6M Euribor + Spread	2024	199,953	200,298	199,852	200,121
TLTRO BPM	€	6M Euribor + Spread	2024	99,986	100,035	99,950	99,986
TLTRO CAIXA	€	6M Euribor + Spread	2024	149,940	150,187	149,880	150,031
CAIXA loan	€	6M Euribor + Spread	2029	149,655	152,792	0	0
CAIXA loan	€	6M Euribor + Spread	2028	99,717	101,940	0	0
BNL loan	€	6M Euribor + Spread	2026	99,808	100,423	0	0
Unicredit loan	€	6M Euribor + Spread	2028	299,413	301,503	0	0
BPER loan	€	6M Euribor + Spread	2028	119,648	120,484	0	0
BBVA loan	€	6M Euribor + Spread	2028	99,658	100,352	0	0
CA-CIB loan	€	6M Euribor + Spread	2028	199,511	200,839	0	0
Total loans and borrowings(*)				11,246,824	11,361,389	9,488,497	9,530,902

(*) The list with the carrying amount of loans and borrowings and the contractual conditions does not include (with respect to the table reported above) current funding of €2,033,193 thousand, the -€12,536 thousand adjustment to financial liabilities for fair value hedges and Loans and borrowings from Group companies per €5 thousand. The balance at 31 December 2022 excluded current funding of €505,451 thousand and the -€18,306 thousand adjustment to financial liabilities for fair value hedges.

The table below analyses the net financial position, shown in the reclassified statement of financial position, as presented in the 2023 directors' report compared with 31 December 2022:

(€'000)

Net financial position (debt)	31.12.2023	31.12.2022	Change
Current net financial debt	(898,966)	(778,665)	(120,301)
Cash pooling accounts	(101,653)	(41,655)	(59,998)
Current derivatives	1,353	(2,175)	3,528
Bank loans and borrowings	2,744,958	804,737	1,940,221
Bonds	456,325	742,463	(286,138)
IntraGroup current account	1,204,684	1,000,493	204,191
Borrowings	(3,811,636)	(2,698,047)	(1,113,589)
Bank and postal accounts	(1,402,708)	(584,539)	(818,169)
Current financial liabilities - IFRS 16	169	160	8
Other	9,542	(102)	9,644
Net non-current financial position (debt)	123,685	(250,171)	373,856
Derivatives	12,654	18,306	(5,652)
Bank loans and borrowings	1,067,409	698,428	368,981
Bonds	9,113,353	7,767,078	1,346,275
Loans with Group companies	(10,069,986)	(8,734,135)	(1,335,851)
Non-current financial liabilities - IFRS 16	255	412	(157)
Other	-	(260)	260
Total	(775,281)	(1,028,836)	253,555

Pursuant to the amendments to IAS 7, the reconciliation between the total changes in financial assets and liabilities broken down by monetary and non-monetary items is given below.

(€'000)

Cash flows generated by/ (used in) financing activities	31.12.2022	31.12.2023				
		Monetary items (statement of cash flows)	IntraGroup current account	Non-monetary items		
				IFRS 9	Other	
Cash and cash equivalents	(626,222)	(878,139)			(1,504,361)	
Current and non-current loans	10,018,048	3,263,172			100,831	13,382,051
Other financial assets	(11,442,482)	(2,325,033)	(1,627)	1,532	(114,289)	(13,881,899)
Other financial liabilities	1,021,820	(463)	202,684		4,888	1,228,928
Total	(1,028,836)	59,537	201,057	1,53	(8,571)	(775,281)

29. Employee benefits (€4,505 thousand)

(€'000)

	31.12.2023	31.12.2022
Present value of post-employment benefit obligations	4,284	5,150
Present value of Free Travel Card obligations	221	214
Present value of other employee benefits		
Total present value of obligations	4,505	5,364

Changes in the present value of liabilities for defined benefit obligations for post-employment benefits and the Free Travel Card (excluding other employee benefits) are shown in the table below.

	2023	2022
		(€'000)
Defined benefit obligations at 1 January	5,364	7,292
Service Costs	4	6
Interest cost	183	199
Actuarial (gains) losses recognised in equity	41	(889)
Advances, utilisations and other changes	(1,087)	(1,244)
Total defined benefit obligations	4,505	5,364

The decrease in the provision for post-employment benefits and the Free Travel Card (approximately €859 thousand) mainly refers to:

- the benefits paid to personnel who left the Company during the year (€654 thousand) and transfers of employees to and from other Group companies (€433 thousand);
- the difference between the expected accrued amount at the end of the observation period and the expected present value of the benefits payable in the future as recalculated at the end of the period and considering the updated valuation assumptions, which represents the actuarial gains/losses. This calculation generated an actuarial loss of €41 thousand during the year, compared to the actuarial gain of €889 thousand in 2022.

Actuarial assumptions

The main assumptions for the actuarial estimate process are described below.

	2023	2022
Discount rate (post-employment benefits)	3.08%	3.63%
Discount rate (Free Travel Card)	3.17%	3.77%
Annual rate of increase in post-employment benefits (Year x+1)	3.00%	3.23%
Inflation rate (post-employment benefits (Year +1)	2.00%	2.30%
Inflation rate (Free Travel Card) (Year +1)	2.00%	2.30%
Expected turnover rate for employees	3.00%	3.00%
Expected rate of advances	2.00%	2.00%
Probability of death	RG48 mortality rate published by the General Accounting Office	
Disability	INPS tables broken down by gender and age	
Retirement age	100% upon meeting the Compulsory general insurance requirements	

The following table shows the results of the sensitivity analysis performed to assess the effects that would have been recorded in terms of changes in the present value of liabilities for defined benefit obligations, following reasonably possible changes in actuarial assumptions.

The last table shows the average duration of the defined benefit obligations and the disbursements provided by the plan.

	Post-employment benefits	CLC
Inflation rate +0.25%	4,331	228
Inflation rate -0.25%	4,239	215
Discount rate +0.25%	4,213	215
Discount rate -0.25%	4,358	228
Turnover rate +1%	4,295	
Turnover rate -1%	4,272	
Service Cost		5
Plan duration	7	13
Payment - first year	596	16
Payment - second year	403	16
Payment - third year	322	15
Payment - fourth year	177	15
Payment - fifth year	404	14

30. Provisions for risks and charges (€33,697 thousand)

The opening and the closing balances of, and changes in, the provisions for risks and charges in the year are given below. (€'000)

Description	31.12.2022	Accruals	Utilisations	Other changes	Release of provisions	31.12.2023
Bilateral fund for income assistance	8,792			30		8,822
Litigation with employees	92		(2)		(23)	67
Litigation with third parties	4,510	1,570	(114)			5,966
Other sundry provisions	98,592		(12,750)		(67,000)	18,842
Total	111,986	1,570	(12,866)	30	(67,023)	33,697

The bilateral fund for income assistance mainly covers the probable estimated charges to be incurred for managers involved in the change management process. The €30 thousand variation is due to the reclassification to other current and non-current liabilities (Interministerial decree of 9 January 2015 and Legislative decree no. 148/2015D and INPS circular of 29 December 2015) in relation to projects launched during the year.

The provision for litigation with employees was accrued to cover probable expenses due to litigation with employees. €2 thousand of the provision was used in 2023 to settle disputes and €23 thousand was released a precise update of the assessment of the risk of an unfavourable outcome in the case.

The provision for litigation with third parties was accrued to cover probable expenses due to the third-party litigation related to sales contracts (price reductions, compensation for damage suffered during sales negotiations), non-compliance with agreements or disputes about leases, claims for ownership rights assessments or pre-emption rights. €1,570 thousand of the provision was adequate in 2023 for a transaction in the process of being settled and €114 thousand was used, mainly due to the settlement of certain proceedings relating to real estate management.

Other sundry provisions mainly cover the probable contractual costs borne by the former Ferrovie Real Estate SpA connected to specific sales reclamation costs for certain sites and other contractual and tax risks.

Utilisations of the provisions for risks in the year refer to the expenses incurred to meet the contractual obligations of the former Ferrovie Real Estate SpA, other property management expenses (€1,056 thousand), tax dispute with Sita SpA in liquidation (€2,852 thousand), the litigation relating to the interest on VAT credit 1996-1997 (€8,842 thousand) following

the Supreme Court's judgment in which Ferrovie dello Stato SpA was unsuccessful.

The release of €67,000 thousand relates to the provision connected with the sale of equity investments that occurred in previous years.

31. Non-current and current financial liabilities (including derivatives) (€1,228,928 thousand)

(€'000)

	Carrying amount								
	31.12.2023			31.12.2022			Change		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Financial liabilities									
Financial instruments	12,654	1,630	14,284	18,306	285	18,591	(5,652)	1,345	(4,307)
Lease liabilities	255	169	424	412	160	572	(157)	9	(148)
Other financial liabilities		1,214,221	1,214,221	657	1,002,000	1,002,657	(657)	212,221	211,564
Total financial liabilities	12,909	1,216,019	1,228,928	19,375	1,002,445	1,021,820	(6,466)	213,574	207,108

The increase in other financial liabilities is mainly due to the higher cash pooling liability to the group companies for €202,684 thousand.

Financial instruments include the smaller liability deriving from the measurement of derivatives hedging financial risk in accordance with IFRS 13. In particular, based on the nature of the hedged risks, the Company has cash flow hedge and fair value hedge relationships. Following the valuation carried out at 31 December 2023, the item decreased by €4 million, which was substantially attributable to the trend in rates over the reporting period.

Lease liabilities of €424 thousand consist of the financial liability recognised in accordance with IFRS 16.

32. Other non-current and current liabilities (€2,461,584 thousand)

(€'000)

	31.12.2023			31.12.2022			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Advances for grants	1,786,186	507,670	2,293,856	1,587,615	452,640	2,040,255	198,571	55,030	253,601
VAT liabilities		681	681					681	681
Social security charges payable		5,732	5,732		5,800	5,800		(68)	(68)
Other liabilities with Group companies	10,018	93,122	103,140	19,957	103,478	123,435	(9,939)	(10,356)	(20,295)
Other liabilities and accrued expenses and deferred income	5,069	53,106	58,175	6,133	51,895	58,028	(1,064)	1,211	147
Total other liabilities	1,801,273	660,311	2,461,584	1,613,705	613,813	2,227,518	187,568	46,498	234,066

Advances for grants are entirely related to the resources allocated to the construction of the Turin - Lyon railway line. The decrease on the previous year end mirrors the decrease in the amounts due from the MEF and MIT (see note 22). In order

to better represent these payables between current and non-current portions, as well as for receivables, appropriate reclassifications were made in the years 2023 and 2022.

At the reporting date, the accounting balance for VAT appeared to be in debt during the year.

The decrease in liabilities with Group companies is mainly due a reduction in tax consolidation debt for €5,595 thousand, a reduction in the amounts due to Group companies and a decrease in Group VAT debt for €10,052 thousand, mainly due to the refund of the VAT credit 2012 on the part of the Tax Office, attributable almost entirely to RFI SpA.

33. Current trade payables (€143,895 thousand)

They can be analysed as follows:

	31.12.2023	31.12.2022	Changes
			(€'000)
Suppliers	32,410	54,240	(21,830)
Advances	65,407	5,423	59,984
Group companies	46,078	36,739	9,339
Total	143,895	96,402	47,493

Trade payables mainly consist of amounts due to non-Group suppliers mainly in connection with the external communication service, legal and notarial advice, claim management, utilities and membership fees, and liabilities with Group companies, specifically RFI SpA, FS Technology SpA, Ferservizi SpA, Trenitalia SpA, Grandi Stazioni Rail SpA, Operation Alliance OPS Co. and FS Sistemi Urbani Srl.

The decrease compared to the previous year (- €21,830 thousand) is mostly attributable to the lower costs incurred in the year.

The nature of liabilities with related parties are described in note 39 Related party transactions.

Advances amount to €65,407 thousand and mainly refer to invoices issued in 2023 on the Riyadh contract (+ €60,916 thousand), whose revenues are deferred in accordance with IFRS15, for which reference should be made to paragraph 4 of these notes.

The fair value measurement of trade payables had no significant effect considering the short period of time between the moment the payable arises and its due date.

34. Financial risk management

The activities that the company carries out expose it to various types of risks arising from the use of financial receivables, that include market risk (interest rate and currency risk), liquidity risk and credit risk.

Financial assets and financial liabilities measured in accordance with IFRS may be analysed as follows.

	2023	2022
		(€'000)
Trade receivables at amortised cost	373,541	200,488
Cash and cash equivalents at amortised cost	1,504,361	626,222
Other assets at amortised cost	2,558,095	2,165,985
Service concession assets at amortised cost		
Other financial assets:	13,881,899	11,442,482
- At amortised cost	13,881,622	11,440,022
- Derivatives at FVOCI	13	2,460
- Derivatives at FVTPL	264	
- <i>Other assets measured at FVOCI</i>		
- <i>Other assets measured at FVTPL</i>		
Total financial assets (*)	18,317,896	14,435,177
Loans and borrowings at amortised cost	13,382,051	10,018,047
Trade payables at amortised cost	143,895	96,402
Other liabilities at amortised cost	2,434,412	2,188,759
Contract advances at amortised cost		
Other financial liabilities:	1,228,928	1,021,820
- At amortised cost	1,214,645	1,003,229
- Derivatives at FVOCI	1,747	285
- Derivatives at FVTPL	12,536	18,306
- <i>Other liabilities measured at FVOCI</i>		
- <i>Other liabilities measured at FVTPL</i>		
Total financial liabilities (*)	17,189,286	13,325,028

(*)Does not include all tax assets and liabilities

This section provides information on the company's exposure to each of the risks listed above, the objectives, policies and processes for the management of these risks and the methods used to assess them, as well as capital management. Risk management focuses on the volatility of financial markets and is aimed at minimising potential undesired effects on the company's financial position, performance and cash flows.

To complete financial risk information, the table below gives a reconciliation between financial assets and liabilities as reported in the statement of financial position and the categories of financial assets and liabilities identified pursuant to IFRS 7. The figures shown in the statement of financial position match the financial assets and liabilities identified pursuant to IFRS 7, net of tax assets and equity investments. Furthermore, financial assets and liabilities include the respective hedging derivatives.

Credit risk

Credit risk is the risk that a customer or one of the counterparties of a financial instrument may cause a financial loss by not complying with an obligation. It mainly arises from loans with the public administration, trade receivables and the financial investments of the company.

With regard to credit risk deriving from investing activities, the company applies a liquidity investment policy which is centrally managed by the parent and which defines:

- the minimum requirements of the financing counterparty in terms of creditworthiness and the related concentration thresholds; and

- the types of financial products that can be used.

With respect to the derivatives used for hedging purposes and which can potentially generate credit exposure to counterparties, the company applies a specific policy that defines concentration thresholds by counterparty and credit rating.

With respect to the assessment of customers' credit risk, the company manages and analyses the risk of all new significant customers, regularly checks their commercial and financial exposure and monitors the collection of receivables from the public administration within the contractually agreed timeframe.

The following tables shows the company's exposure to credit risk at 31 December 2023, compared with that at 31 December 2022. For information about the gross balance and the loss allowance, reference should be made to the notes to the relevant captions.

(€'000)

31.12.2023					
	Public administration	Third party custom.	Financial institutions	Group companies	Total
Trade receivables	111	162,895		210,535	373,541
Other assets	2,292,632	2,424		269,585	2,564,641
Financial assets		47,440	1,511	13,832,948	13,881,899
Cash and cash equivalents			1,504,336		1,504,336
Total financial assets (*)	2,292,743	212,759	1,505,847	14,313,068	18,324,417

* Tax assets, prepayments and equity investments are not included

(€'000)

31.12.2022					
	Public administration	Third party custom.	Financial institutions	Group companies	Total
Trade receivables	324	71,308		128,856	200,488
Other assets	2,039,092	3,137		140,812	2,183,041
Financial assets		5,343	2,460	11,434,679	11,442,482
Cash and cash equivalents			626,194		626,194
Total financial assets (*)	2,039,416	79,788	628,654	11,704,347	14,452,205

* Tax assets, prepayments and equity investments are not included

The tables below gives a breakdown of financial assets at 31 December 2023 and 2022 by overdue amounts, net of the loss allowance.

(€'000)

31.12.2023						
Past due by						
	Not past due	0-180	180-360	360-720	More than 720 days	Total
Public administration	2,296,445	78	22	12	1,763	2,298,320
Loss allowance	(3,827)			(4)	(1,746)	(5,577)
Public administration (net)	2,292,618	78	22	8	17	2,292,743
Third party customers	78,096	133,396	382	1,091	18,328	231,293
Loss allowance	(1,346)	(64)	(61)	(749)	(16,314)	(18,534)
Third party customers (net)	76,750	133,332	321	342	2,014	212,759
Financial institutions	1,506,417					1,506,417
Loss allowance	(570)					(570)
Financial institutions	1,505,847					1,505,847
Group companies	14,216,770	66,912	32,850	1,831	3,717	14,322,080
Loss allowance	(9,007)	0	0	0	(5)	(9,012)
Group companies (net)	14,207,763	66,912	32,850	1,831	3,711	14,313,068
Total financial assets	18,082,978	200,322	33,193	2,181	5,742	18,324,417

(€'000)

31.12.2022						
Past due by						
	Not past due	0-180	180-360	360-720	More than 720 days	Total
Public administration	2,042,748	9	101	37	2,030	2,044,925
Loss allowance	(3,572)	(12)	(10)	(28)	(1,887)	(5,509)
Public administration (net)	2,039,176	(3)	91	9	143	2,039,416
Third party customers	71,089	996	1,045	2,883	24,727	100,740
Loss allowance	(1,352)	(52)	(470)	(1,216)	(17,862)	(20,952)
Third party customers (net)	69,737	944	575	1,667	6,865	79,788
Financial institutions	629,046					629,046
Loss allowance	(392)					(392)
Financial institutions (net)	628,654					628,654
Group companies	11,679,540	23,039	5,134	702	3,290	11,711,705
Loss allowance	(7,352)	0	0	0	(6)	(7,358)
Group companies (net)	11,672,188	23,039	5,134	702	3,284	11,704,347
Total financial assets	14,409,755	23,980	5,800	2,378	10,292	14,452,205

The total exposure and the impairment of each category, determined by risk class at 31 December 2023 and 2022, as per Fitch's rating, are shown below:

	(€'000)				
	31.12.2023				
	FVTPL(*)	FVOCI(*)		Amortised cost	
		12-months expected credit losses	12-months expected credit losses	Lifetime - not impaired	Lifetime - impaired
from AAA to BBB-			18,178,720		5,835
from BB to BB+			155,350		18,205
from B to CCC					
from CC to C					
D					
Gross carrying amount			18,334,070		24,040
Loss allowance			33,693		
Carrying amount			18,300,377		24,040

(*) Fair value through profit and loss; (**) Fair value through other comprehensive income

	(€'000)				
	31.12.2022				
	FVTPL(*)	FVOCI(**)		Amortised cost	
		12-months expected credit losses	12-months expected credit losses	Lifetime - not impaired	Lifetime - impaired
from AAA to BBB-			14,361,231		2,988
from BB to BB+			116,125		6,072
from B to CCC					
from CC to C					
D					
Gross carrying amount			14,477,356		9,060
Loss allowance			34,211		
Carrying amount			14,443,145		9,060

(*) Fair value through profit and loss; (**) Fair value through other comprehensive income

Changes in the loss allowance may be analysed as follows:

	(€'000)			
	2023			
	12-months expected credit losses	Lifetime-not impaired	Lifetime-impaired	Total
Balance at 1 January 2022	34,211			34,211
Net revaluation of the loss allowance	1,681			1,681
Transfer to lifetime - impaired				
Transfer to lifetime - not impaired				
Repaid financial assets				
New assets acquired				
Utilisation of the allowance	(2,199)			(2,199)
Balance at 31 December 2022	33,693			33,693

Liquidity risk

Liquidity risk is the risk that an entity may have difficulties in complying with the obligations associated with financial liabilities to be settled by delivering cash or another financial asset. Cash flows, cash requirements and the liquidity of Group companies are generally monitored and centrally managed by the parent to ensure efficient and effective management of financial resources.

The company adopts asset liability management techniques in collecting debt and loan principal from the Group companies.

The company's objective is the prudent management of the liquidity risk arising from ordinary operations.

In order to meet potential and temporary cash requirements, the company has agreed a sustainability-linked back-up facility of €3 billion to meet general purposes. This revolving and committed backup credit facility expires on 25 June 2024.

In February 2024 the BoD of FS resolved to start the necessary operations for the three-year renewal of the facility due to expire, for a maximum amount of €3.5 billion.

Furthermore, the company has numerous uncommitted credit lines granted by banks.

The following tables shows the due dates of financial liabilities, including interest to be paid, and trade payables:

	(€'000)					
31 December 2023	6 months or less	6-12 months	1-2 years	2-5 years	After 5 years	Total
Non-derivative financial liabilities						
Bonds	624,565	1,180,013	1,076,617	4,246,037	3,826,768	10,954,000
Bank loans and borrowings	2,797,387	16,888	142,143	894,449	101,498	3,952,365
Financial liabilities	1,214,221					1,214,221
Financial payables to Group companies	5					5
Lease liabilities	121	92	135	131		479
Non-derivative financial liabilities	4,636,299	1,196,993	1,218,895	5,140,617	3,928,266	16,120,594
Trade payables	143,895					143,895
Derivative financial liabilities	1,747					1,747
Total financial liabilities	4,781,941	1,196,993	1,218,895	5,140,617	3,928,266	16,266,236

(€'000)

31 December 2022	6 months or less	6-12 months	1-2 years	2-5 years	After 5 years	Total
Non-derivative financial liabilities						
Bonds	95,722	788,093	566,612	4,460,550	3,945,529	9,856,506
Bank loans and borrowings	820,959	14,820	718,220			1,553,999
Financial liabilities	1,002,657					1,002,657
Lease liabilities	90	83	167	265		605
Non-derivative financial liabilities	1,919,428	802,996	1,284,999	4,460,815	3,945,529	12,413,767
Trade payables	96,402					96,402
Derivative financial liabilities	285					285
Total financial liabilities	2,016,115	802,996	1,284,999	4,460,815	3,945,529	12,510,454

Derivative and non-derivative financial liabilities

The contractual flows of variable-rate loans have been calculated using the forward rates estimated at the reporting date. The amounts include both principal and interest.

The following table shows the repayments of financial liabilities within one year, 2-5 years and after five years.

(€'000)

31 December 2023	Carrying amount	Within one year	1-5 years	After 5 years
Bonds	9,569,679	1,467,121	4,727,721	3,374,837
Bank loans and borrowings	3,812,367	2,744,001	968,393	99,973
Financial liabilities	1,214,221	1,219,226	0	0
Financial payables to Group companies	5			
Lease liabilities	424	169	255	0
Non-derivative financial liabilities	14,596,696	5,430,517	5,696,369	3,474,810
Trade payables	143,895	143,895		

(€'000)

31 December 2022	Carrying amount	Within one year	1-5 years	After 5 years
Bonds	8,511,697	726,313	4,334,287	3,451,097
Bank loans and borrowings	1,506,350	806,943	699,407	0
Financial liabilities	1,002,657	1,002,657	0	0
Lease liabilities	572	160	412	0
Non-derivative financial liabilities	11,021,276	2,536,073	5,034,106	3,451,097
Trade payables	96,402	96,402		

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate following changes in market prices, due to changes in exchange rates, interest rates or prices of equity instruments. The objective of market risk management is to keep the company's exposure to these risks within acceptable levels, while optimising returns on investments.

Among market risks, the Company is exposed to interest rate risk and in a limited manner to the exchange risk.

Interest rate risk

Based on asset-liability management practices, whereby FS Italiane SpA raises debt on the market and lends almost all of it to Group companies, the Company is not generally exposed to the interest rate risk on non-current loans and borrowings indexed to the variable rate. Indeed, the interest rate risk is almost entirely reversed through intraGroup loans.

Consequently, the Group companies which are mainly exposed to this risk (including Trenitalia SpA and RFI SpA) decided to enter into hedging transactions based on specific risk management policies approved by the relevant Boards of Directors and implemented with the technical and operational support of the parent's Finance & Investor Relations function. Despite the various customisations due to the financial and business characteristics of each company, the common objective of the applied policies is to limit cash flow fluctuations in financing transactions in place and, where possible, to exploit the opportunities to optimise borrowing costs offered by the indexing of variable-rate debt.

The Company could also be exposed to the risk of changes in the fair value, linked to fluctuations in interest rates, of financial instruments recognised in the balance sheet. To this end, the Company has in place hedges through Interest Rate Swaps aimed at optimising and balancing portfolios of financial assets and liabilities.

The table below shows the Company's variable and fixed rate current and non-current financial liabilities.

	Carrying amount	Contractual cash flows	Current portion	1 - 2 years	2 - 5 years	after 5 years
Variable rate	8,949,140	9,833,090	4,550,629	1,088,121	1,450,976	2,743,364
Fixed rate	5,647,556	6,287,982	1,282,664	130,775	3,689,641	1,184,902
Balance at 31 December 2023	14,596,696	16,121,072	5,833,293	1,218,896	5,140,617	3,928,266
Variable rate	6,440,582	7,875,742	2,589,203	1,214,486	1,487,152	2,584,901
Fixed rate	4,580,694	4,538,025	133,221	70,513	2,973,663	1,360,628
Balance at 31 December 2022	11,021,276	12,413,767	2,722,424	1,284,999	4,460,815	3,945,529

The following sensitivity analysis shows the effects that would have been recorded in terms of changes in interest expense had an increase or a decrease of 50 basis points in the Euribor interest rates affected loans in 2023.

	+ 50 bps	- 50 bps
Interest expense on variable-rate debt	(21,093)	22,102
Interest income from loans	24,165	(25,335)
Total	3,072	(3,233)

Potential sources of ineffectiveness of cash flow hedging relationships for FS Italiane may derive from a potential mismatch between the characteristics of the hedging instrument and the hedged item, or from the effect of the credit risk component on the changes in value of the hedging instrument and the hedged item.

In any case, the Company does not recognise ineffectiveness of hedging relationships in place or expiring in 2023, whether they hedge future cash flows or hedge changes in fair value.

Currency risk

The GBP 60million intercompany loan to Trenitalia UK was rescheduled and extended during 2023. On that occasion, the previous maturity date of 31 December 2023 was postponed to 31 December 2024. Currency forward hedging the currency risk were agreed in respect of FS Italiane SpA's intraGroup loan to Trenitalia UK Ltd.

Capital management

The Company's main objective with respect to capital risk management is to safeguard its ability to continue as a going concern, while ensuring returns for the shareholder and benefits for the other stakeholders. The Company also intends to maintain an optimal capital structure in order to reduce the cost of debt.

35. Contingent assets and contingent liabilities

At the reporting date, there were no contingent assets or liabilities.

36. Other information

As in previous years, at the preparation date of these financial statements, the share capital of Eurofima SA with registered office in Basel, and in which the Company holds a 13.50% investment, was not entirely called up. Consequently, based on the following observations, this represents a financial commitment by the Company:

- the callable shares were last approved in 1997;
- the Swiss legislation allows callable shares to never be called up.

The callable share capital that FS Italiane SpA holds amounts to CHF280,800,000 (€302,422 thousand at the exchange rate ruling on 31 December 2023). Its payment would increase the carrying amount of the equity investment by the same amount.

37. Audit fees (€719 thousand)

Pursuant to article 37.16 of Legislative decree no. 39/2010 and letter 16-bis of article 2427 of the Italian Civil Code, the total fees due to the independent auditors and its network companies amount to €719 thousand, of which €439 thousand related to the statutory audit and €280 thousand to services other than the statutory audit.

38. Directors' and Statutory Auditors' fees (€1,312 thousand)

	2023	2022	Changes
Directors (1)	1,209	1,212	(3)
Statutory Auditors	100	100	
Total	1,309	1,312	(3)

(1) Includes the fees of the CEO, Chairperson and director and the variable remuneration of the CEO

Directors' fees include the amounts envisaged for the positions of Chairperson and CEO, as well as any amounts envisaged for the remaining board members. In addition to the above fees, the external member of the supervisory body received €105 thousand. The fees to the representatives of the MEF (directors and Statutory Auditors) are transferred to such Ministry according to the rules applicable on the matter.

39. Related parties

Transactions with key managers

	2023	2022
Short-term benefits	4,921	5,080
Post-employment benefits	350	336
Total	5,271	5,416

The benefits relate to the sundry remuneration paid to parties indicated.

In addition to short-term benefits of €4,921 thousand paid out in 2023, a variable portion is to be paid in 2024 for an amount not exceeding €1,420 thousand, once checks have been made on whether objectives have been reached.

No other long-term benefits were paid to key managers.

During the year, the key managers did not carry out any transactions, directly or through close family members, with the Group, Group companies or other related parties.

Related party transactions

The main transactions between FS Italiane SpA and its related parties, which were all carried out on an arm's length basis, are described below.

Subsidiaries	ASSETS	LIABILITIES
Rete Ferroviaria Italiana SpA	Services provided by the parent IT services Sale of buildings held for trading Company officers Staffing services Insurance refunds Utility reimbursements Reimbursements for claims management Reimbursements for real estate services Training Recharge of IT services Recharge of public relation services Lease of land, offices and workshops Recharge of the service cost for the bilateral fund for income assistance	Technical party - property maintenance Staffing services Health services Training Leases and related costs
Ferservizi SpA	Services provided by the parent IT services Company officers Insurance reimbursements Staffing services Recharge of IT services Consultancy reimbursements Office leases Recharge of condominium expenses Recharge of the service cost for the bilateral fund for income assistance	Property management (contract services and works) Recharge of condominium expenses for asset protection Seconded employees Ticket purchase fees Asset enhancement fees Technical administration management services Personnel management Accounting and treasury Facilities management Administrative services Station area management Manager in charge of the company's accounting documents preparation Maintenance, conservation and protection fees Catering services
Fercredit SpA	Services provided by the parent IT services Staffing services Company officers Insurance refunds Recharge of IT services Recharge of condominium expenses	Other Group services
Grandi Stazioni Rail SpA	Services provided by the parent Concession fee Insurance reimbursements	Facilities management Fees for the use of spaces Condominium expenses Management of non-core buildings
FS Sistemi Urbani SpA	Services provided by the parent Company officers IT services Insurance reimbursements Staffing services Lease and sub-lease of offices Lease payments Recharge of condominium expenses Utility reimbursements Recharge of public relation services Recharge of IT services	Seconded employees Enhancement fees Lease payments Condominium expenses
Mercitalia Shunting & Terminal Srl	Services provided by the parent Company officers Insurance reimbursements	Transport services
Trenitalia SpA	Services provided by the parent IT services Insurance reimbursements Staffing services Recharge of IT services Recharge of professional services and consulting advice External communication services Recharge of the service cost for the bilateral fund for income assistance Lease of premises, offices and land Recharge of condominium expenses	Staffing services and seconded personnel Seconded employees Passenger transport costs Costs for tickets Entertainment expenses Contribution for Free Travel Card
Italferr SpA	Services provided by the parent IT services Company officers Staffing services Insurance reimbursements Recharge of IT services External communication services	Seconded employees

Mercitalia Logistics SpA	Services provided by the parent IT services Company officers Staffing services Insurance reimbursements Recharge of IT services Reimbursements for external communication activities Office leases Recharge of condominium expenses	Provision of services
Busitalia Sita Nord Srl	Services provided by the parent IT services Company officers Staffing services Insurance reimbursements Recharge of IT services Training reimbursements Recharge of condominium expenses	Seconded employees
Italcertifer SpA	Services provided by the parent IT services Staffing services Insurance reimbursements Recharge of IT services	Seconded employees
Mercitalia Intermodal SpA	Services provided by the parent Company officers Insurance reimbursements	
FS Park SpA	Services provided by the parent Insurance reimbursements Company officers Reimbursements for external communication activities Lease and sub-lease of offices Recharge of condominium expenses	Leases
Netinera Deutschland GmbH	Services provided by the parent	Seconded employees
Ataf Gestioni Srl	Services provided by the parent Company officers Reimbursements of insurance premiums	
FS Technology SpA	Services provided by the parent Company officers Seconded employees IT services Insurance reimbursements, personnel management Recharge of IT services Reimbursements for external communication activities Recharge of condominium expenses	IT services Seconded employees Facilities management
Terminali Italia Srl	Services provided by the parent Insurance reimbursements Company officers	Leases
FSE Srl	Services provided by the parent Company officers Seconded employees Recharge of IT and insurance services Sundry repayments	Seconded employees
Busitalia Rail Service Srl	Services provided by the parent Insurance reimbursements Company officers	Events, exhibitions, trade fairs and meetings
Busitalia Veneto SpA	Services provided by the parent Company officers	Transport services
Bluferries Srl	Services provided by the parent Insurance reimbursements	
Grandi Stazioni Immobiliare SpA	Services provided by the parent Insurance reimbursements IT services Recharge of condominium expenses	
Mercitalia Rail Srl	Services provided by the parent Company officers Insurance reimbursements Lease and sub-lease of offices Recharge of condominium expenses Leases	Leases

Anas SpA	Services provided by the parent Company officers IT services Seconded employees Reimbursements for external communication activities	Seconded employees
Qbuzz BV	Company officers	
Trenitalia TPER Scarl	Services provided by the parent Insurance reimbursements	
Cremonesi Workshop Srl	Reimbursements for external communication activities	
FSI Saudi for Land Transport LLC	Services provided by the parent Seconded employees Reimbursements of insurance premiums, travel and accommodation	Seconded employees
FS Security SpA	Services provided by the parent Reimbursements for professional services Seconded employees Reimbursements of insurance premiums	Seconded employees
FS International SpA	Services provided by the parent Company officers IT services Staffing services	Seconded employees

Associates

Metro 5 SpA	Company officers	
Terminal Tre Mestieri Srl	Company officers	
Autostrade Asti-Cuneo SpA	Company officers	

Joint arrangements

Operation Alliance Saudi Co		Riyadh metro
TELT Sas	Seconded employees	Leases
Trenord Srl	Company officers Services provided by the parent Recharge of condominium expenses Insurance reimbursements	Provision of services

Other related parties (*)

ENEL Group	Leases	
Cassa Depositi e Prestiti Group	Pedestrian crossings Leases Building held for trading	Insurance policies
ENI Group	Land easement instalments Pedestrian crossings	Electrical energy supply Press services/agencies
POSTE Group	Operating buildings lease instalments Land lease instalments	Insurance policies
Invitalia		Participation in costs for consortia and foundations
Eurofer	Company officers	Contributi
Other pension funds	Leases Recharge of condominium expenses	Insurance policies
Previdai		Grants
Rai		Tax
Enav		Tax
Fondazione FS	Provision of services Seconded employees	Membership fees Events, exhibitions and trade fairs
Cooperatives, associations, EEIGs and partnerships	Company officers	Sponsorships Membership fees to the railway recreational association

(*)Companies with the same parent, i.e., the MEF

OTHER RELATED PARTIES

TAX CONSOLIDATION SCHEME	VAT UNDER THE VAT CONSOLIDATION SCHEME	INTRAGROUP BANK AND POST OFFICE CURRENT ACCOUNTS	LOANS GRANTED	OVERDRAFTS AND LOANS RECEIVED	ISSUE OF SURETIES TO	SUPPLEMENTARY PENSION FUNDS
RFI SpA	RFI SpA	RFI SpA	RFI SpA		RFI SpA	
Fercredit SpA	Fercredit SpA	Fercredit SpA	Fercredit SpA			
Ferservizi SpA	Ferservizi SpA	Ferservizi SpA			Ferservizi SpA	
Trenitalia SpA	Trenitalia SpA	Trenitalia SpA	Trenitalia SpA		Trenitalia SpA	
Italferr SpA	Italferr SpA	Italferr SpA	Italferr SpA		Italferr SpA	
Grandi Stazioni Rail SpA	Grandi Stazioni Rail SpA	Grandi Stazioni Rail SpA	Grandi Stazioni Rail SpA		Grandi Stazioni Rail SpA	
Blufferries Srl	Blufferries Srl	Blufferries Srl	Blufferries Srl		Blufferries Srl	
FS Park SpA	FS Park SpA	FS Park SpA				
Mercitalia Logistics SpA	Mercitalia Logistics SpA	Mercitalia Logistics SpA	Mercitalia Logistics SpA		Mercitalia Logistics SpA	
FS Sistemi Urbani SpA	FS Sistemi Urbani SpA	FS Sistemi Urbani SpA			FS Sistemi Urbani SpA	
		FS Sistemi Urbani-Ramo Immobiliare				
Mercitalia Rail Srl	Mercitalia Rail Srl	Mercitalia Rail Srl	Mercitalia Rail Srl		Mercitalia Rail Srl	
Italcertifer SpA		Italcertifer SpA	Italcertifer SpA		Italcertifer SpA	
Mercitalia	Mercitalia	Mercitalia	Mercitalia		Mercitalia	
Intermodal SpA	Intermodal SpA	Intermodal SpA	Intermodal SpA		Intermodal SpA	
Busitalia Rail Service Srl		Busitalia Rail Service Srl	Busitalia Rail Service Srl			
Busitalia Veneto SpA		Busitalia Veneto SpA	Busitalia Veneto SpA		Busitalia Veneto SpA	
Busitalia Campania SpA		Busitalia Campania SpA	Busitalia Campania SpA		Busitalia Campania SpA	
Mercitalia Shunting & Terminal Srl	Mercitalia Shunting & Terminal Srl	Mercitalia Shunting & Terminal Srl	Mercitalia Shunting & Terminal Srl		Mercitalia Shunting & Terminal Srl	
Terminali Italia Srl	Terminali Italia Srl	Terminali Italia Srl	Terminali Italia Srl		Terminali Italia Srl	
Tunnel Ferroviario del Brennero SpA						
Busitalia Sita Nord Srl		Busitalia Sita Nord Srl	Busitalia Sita Nord Srl		Busitalia Sita Nord Srl	
			TX Logistik AG		TX Logistik AG	
					Netinera Deutschland GmbH	
TAV Srl						
		Grandi Stazioni Immobiliare	Grandi Stazioni Immobiliare			
			Trenitalia France Sas		Trenitalia France Sas	
			Trenitalia c2c		Trenitalia c2c	
			Trenitalia UK		Trenitalia UK	
		Ferrovie Sud Est Qbuzz	Ferrovie Sud Est Qbuzz		Ferrovie Sud Est Qbuzz	
			Savit		Savit	
		ATAF Gestioni				
FSTechnology SpA	FSTechnology SpA	FSTechnology SpA	FSTechnology SpA		FSTechnology SpA	
		FS International				
		FS Security SpA	FS Security SpA		FS Security SpA	
		Trenitalia TPER Scarl	Trenitalia TPER Scarl		Trenitalia TPER Scarl	
			Firenze City Sightseeing			
			FSI Saudi for Land Transport			
			Cremonesi Workshop		Cremonesi Workshop	
					Terminal Alptransit	
			Mercitalia Maintenance Srl			
			Hellenic Train SA		Hellenic Train SA	
					Fondazione FS	
						Other related parties
						Eurofer Previdai

The tables below summarise statement of financial position amounts at 31 December 2023 and the income statement figures for the year then ended.

Trade and other transactions

(€'000)

	2023			2023	
	Assets	Liabilities	Guarantees and commitments	Costs	Revenue
Subsidiaries					
Anas	3,951	426		(1,284)	1,674
Ataf Gestioni Srl	46			(2)	4
Bluferries Srl	90	267	7,000		5
Busitalia Campania SpA	84		11,642	31	13
Busitalia Rail Service Srl	14	456		6	7
Busitalia Veneto SpA	188	8	17,596	58	46
Busitalia - Sita Nord Srl	6,168	3,116	20,429	(71)	3,143
Cisalpino AG					
Cremonesi Workshop	10		391	(4)	2
Fercredit SpA	1,557	39		(322)	127
Ferservizi SpA	2,053	14,692	520	10,093	987
FSE Srl	1,657	162	9,178	(1,046)	715
FS International SpA	1,211	38		95	71
FS Park SpA	582			(8)	100
FS Saudi for Land Transport	227			(737)	(1)
FS Security SpA	1,065	70	270	(34)	11
FSTechnology SpA	46,112	1,261	28,914	37,836	1,473
FS Sistemi Urbani SpA	77,734	13,886	11,134	5,601	14,928
Grandi Stazioni Immobiliare SpA	34				18
Grandi Stazioni Rail SpA	1,471	1,798	7,694	207	667
Hellenic Train SA	116	67	3,148		10
Italcertifer SpA	1,182	3	7,502	7	103
Italferr SpA	3,107	3,179	5,198	(209)	1,508
Mercitalia Intermodal SpA	6	782	137	(7)	9
Mercitalia Logistics SpA	24,588	600	8,977	(38)	6,000
Mercitalia Rail Srl	53,562	350	33,923	(20)	(52)
Mercitalia Shunting & Terminal Srl	2,344	1,907	16,438	2	67
Netinera Deutschland GmbH	964		23,760	138	71
Qbuzz BV	229		31,021		153
Rete Ferroviaria Italiana SpA	193,980	94,066	218,809	(4,186)	15,644
Savit	2		25		
Terminal Alptransit Srl	5		3,088		5
Terminali Italia Srl	105	79	3,576	25	5
Trenitalia France Sas	13		3,813		9
Trenitalia SpA	54,912	1,827	245,953	(3,996)	24,698
Trenitalia C2C	29		11,893		38
Trenitalia UK Ltd	31		3,452		5
Treni Turistici Italiani	6				
Tunnel Ferroviario del Brennero SpA		168			
TX Logistik AG	285		2,960		13
Total	479,720	139,247	738,441	42,135	72,276
Associates					
Autostrada Asti-Cuneo SpA					3
Metro 5	10				10
Total	10				10
Joint arrangements					
Operation Alliance Saudi	1,454	10,010		30,798	
T.E.L.T. Sas	711		10	(2,328)	5
Trenitalia TPER Scarl	48		41	(8)	26
Trenord Srl	505			5	267
Total	2,718	10,010	51	28,467	298
Associates of subsidiaries					
First Trenitalia West Coast Rail Limited	10				
Logistica SA	46				
Sitaf SpA	8				
Terminal Tremestieri Srl in liquidation					4
Total	64				4
TOTAL	482,512	149,257	738,492	70,602	72,588

Other related parties				
Cassa Depositi e Prestiti Group	839	119	3	5
ENEL Group	47	69		
ENI Group	6	28	553	
INVITALIA Group		4	300	
POSTE Group	12	1	410	1
Equitalia Giustizia Group			1	
Eurofer		182	276	23
Other pension funds	20	367	1,136	25
Cooperatives, associations, EEIGs and partnerships	46		40	6
Fondazione FS	786	542	7,627	105
Previdai		822	1,416	
Total	1,756	2,134	11,762	165

Financial transactions

	2023			2023	
	Assets	Liabilities	Guarantees and commitments	Costs	Revenue
Subsidiaries					
Ataf Gestioni		22,814		369	
Bluferries Srl	25,795	12,574		57	1,021
Busitalia Campania	13,504	4,722		60	516
Busitalia - Sita Nord Srl	21,967	13,875		321	1,730
Busitalia Rail Service Srl	4,996	1,318		72	251
Busitalia Veneto	10,003	16,312		237	537
Cremonesi Workshop	1,202				50
Fercredit SpA	40,001	712		23	7,531
Ferservizi SpA		70,140		936	11,000
Firenze City Sightseeing Srl					5
FSE Srl	90,983	100,540		1,873	3,631
FS International SpA		2,642		25	1
FS Park SpA		3,727		65	
FS Security SpA	26	31,875		655	107
FSTechnology SpA	20,992	50,024		1,972	1,506
FS Saudi for Land Transport				5	15
FS Sistemi Urbani SpA		423,231		7,413	
Grandi Stazioni Immobiliare SpA	14,101	4,253		32	943
Grandi Stazioni Rail SpA	45,079	39,999		405	2,068
Hellenic Train SA	125,431				3,796
Italcertifer SpA	6	3,939		72	
Italferr SpA	43,598	32,655	15,000	475	58,674
Mercitalia Logistics SpA	119,197	8,535		372	8,156
Mercitalia Rail Srl	226,343	167,012	7,729	3,414	10,477
Mercitalia Shunting & Terminal Srl	28,168	2,647		48	1,643
Mercitalia Intermodal SpA	48,277	2,262		232	2,426
Netinera Deutschland GmbH	34		251,468		863
Qbuzz	214,923	85,202	10,702	1,397	11,778
Rete Ferroviaria Italiana SpA	4,575,859	613,436	822	2,718	270,106
Savit	2,390				81
Trenitalia France Sas	83,533				3,202
Terminali Italia Srl		24		1	
Trenitalia SpA	7,864,224	657,787	445,832	8,611	247,106
Trenitalia UK Ltd	88,327		10,184	18	6,295
TX Logistik AG	124,002		64,543		5,345
TOTAL	13,832,961	2,372,257	806,280	31,878	660,860
Associates					
Ferrovie Nord Milano SpA					64
Metro 5				(2)	73
Total				(2)	137
Joint arrangements					
Operation Alliance Saudi					140
Trenitalia TPER Scarl	28,398	37,468		545	1,327
Total	28,398	37,468		545	1,467
TOTAL	13,861,359	2,409,725	806,280	32,421	662,464

40. Guarantees

The table below details the guarantees issued by the Company on behalf of subsidiaries, third parties or other subsidiaries, broken down by financial and non-financial.

Issued on behalf of	(€'000)	
	Financial	Non-financial
Blufferies		7,000
Busitalia Campania		11,642
Busitalia - Sita Nord Srl		20,429
Busitalia Veneto		17,596
Cremonesi Workshop		391
Ferservizi SpA		520
FS Security SpA		270
FS Sistemi Urbani SpA		11,134
FS Technology SpA		28,914
FSE Infrastruttura		9,178
Grandi Stazioni Rail SpA		7,694
Hellenic Train SA		3,148
Italcertifer SpA		7,502
Italferr SpA	15,000	5,198
Mercitalia Intermodal		137
Mercitalia Logistics SpA		8,977
Mercitalia Rail Srl	7,729	33,923
Mercitalia Shunting & Terminal (formerly Serfer)		16,438
Netinera Deutschland GmbH	251,468	23,760
Qbuzz	10,702	31,021
Rete Ferroviaria Italiana SpA	822	218,809
Savit		25
TELT		10
Terminal Alptransit Srl		3,088
Terminali Italia		3,576
Trenitalia C2C		11,893
Trenitalia France Sas		3,813
Trenitalia SpA	445,832	245,953
Trenitalia TPER Scarl		41
Trenitalia UK Ltd	10,184	3,452
TX Logistik AG	64,543	2,960
Total	806,280	738,492

Financial guarantees are mainly comprised of guarantees and counter-guarantees issued to banks for loans or to secure obligations of a merely financial nature. Non-financial guarantees are mainly comprised of bid bonds, performance bonds, commercial guarantees and commitments in favour of the tax authorities.

The main non-financial guarantees include those issued in favour of Trenitalia SpA for €157,105 thousand in favour of Agenzia Mobilità Piemontese, €20,000 thousand in favour of RFI SpA to cover the obligations of the Framework Agreement for HS/HC infrastructure, and €17,510 thousand in favour of Agenzia Mobilità Piemontese Torino. Guarantees issued in favour of Busitalia Veneto include €14,143 thousand in favour of the Provincial Government of Padua, €10,710 thousand in favour of Ferrovie dell'Emilia-Romagna of Trenitalia SpA, and €10,000 thousand in favour of SNCF Mobilites of Trenitalia SpA. Lastly, a guarantee of €15,300 thousand was issued on behalf of Netinera Deutschland GmbH in the interest of Ostdeutsche Eisenbahn GmbH in favour of NDL Brandenburg relating to the Net Elbe-Spree (NES) project.

Non-financial guarantees also include direct guarantees (issued in the form of Parent Company guarantees, without the use of banks) such as that in favour of GSE to cover the service contract for energy supply signed with RFI SpA (€150,000 thousand); the guarantees issued to Terna to cover the contracts signed by RFI SpA for the electrical energy dispatching

service for withdrawal points which power rail traction and for other uses (guarantees of €22,400 thousand and €1,800 thousand, respectively); a guarantee of di 14.333 thousand in favour of the Bestuur Utrecht Regional Government and in the interests of Qbuzz BV, and a guarantee of €10,441 thousand in favour of IBM AWC and in the interest of FSTechnology.

Other non-financial parent guarantees were issued to the tax authorities (€44,006 thousand) a to guarantee reimbursements of tax credits to the following subsidiaries: RFI SpA, Trenitalia SpA, Mercitalia Logistics S.p.A, Mercitalia Intermodal SpA, Grandi Stazioni Rail SpA, Italferr SpA, FSTechnology SpA and Trenitalia France Sas.

The main financial guarantees also include that issued to Trenitalia S.p.A (€25,831 thousand) to cover grants received from the Calabria Regional Government.

Financial guarantees also include direct guarantees including those issued in the interest of Netinera Deutschland GmbH in favour of the European Investment Bank in the amount of €60,403 thousand, in favour of Amozela in the amount of €49,638 thousand, in favour of Unicredit Bank AG of €42,983 thousand, in favour of Commerzbank AG of €34,500 thousand, in favour of Intesa Sanpaolo of €30,000 thousand, in favour of Unicredit Bank AG of €20,050 thousand, and in favour of Kfwipex-Bank GmbH of €10,420 thousand; and the guarantees issued in the interest of TX Logistik AG of €64,543 thousand to cover payment obligations for the acquisition of Exploris S. A. and in the interest of Qbuzz BV in favour of NS Stations for €10,100 thousand.

Furthermore, a strong comfort letter (€420,000 thousand) is in place for the 2004 loan from former OPI (now Intesa Sanpaolo) granted to Trenitalia SpA.

Among guarantees issued on behalf of the parent is, for projects abroad, a bank counter-guarantee of SAR189,318 thousand (€45,687 thousand) relating to the performance bond issued in favour of the Royal Commission for Riyadh City (RCRC).

41. Information pursuant to Law no. 124/2017

Law no. 124 of 4 August 2017 on the market and competition introduced, inter alia, new reporting requirements on public funds for subsidiaries controlled directly or indirectly by the state. Specifically, article 1.125-129 provides for the inclusion of some information about the "funds disbursed" and "received from" the specific parties identified in the same articles.

The table below summarises the information required by the above law for 2023 about the significant funds disbursed (exceeding €5 thousand):

	€
CONFINDUSTRIA ASSOCIATIONS	Amount
AGENS-AGENZIA CONFEDERALE DEI TRASPORTI E SERVIZI	650,000
CER AISBL	481,022
FONDAZIONE CENTRO NAZ.LE MOBILITA' SOSTENIBILE	400,000
UNINDUSTRIA	315,274
ASSOCIAZIONE INDUSTRIALI	276,822
C.N.RIC.HIGH PERFORM. COMPUTING & BIG DATA	250,000
ASSOLOMBARDA	240,282
ASSONIME	207,730
ASSOCIAZIONE DEGLI INDUSTRIALI DELLE PROVINCE BARI - FIRENZE	182,196
FOND.CENTRO STUDI COLDIRERETTI - DIVULGA	150,000
CONFINDUSTRIA EMILIA AREA CENTRO (BO - FE - MO)	147,861
UNIONE INDUSTRIALE TORINO	139,167
UNIONE INDUSTRIALI DI NAPOLI	124,047
CONFINDUSTRIA SICILIA	119,700

ASSINDUSTRIA VENETO EST	106,281
I.G.I. - ISTITUTO GRANDI INFRASTRUTTURE	106,000
UNINDUSTRIA CALABRIA-UNIONE DEGLI IND.LI E DELLE IMPRESE DI CZ - CS - KR - RC - VV	102,312
FONDAZIONE RICERCA & IMPRENDITORIALITA'	100,000
CONFINDUSTRIA VERONA	89,775
GAIA - X	75,000
CONFINDUSTRIA ANCONA	54,621
ASSOCIAZIONE ITALIADECIDE	50,000
CENTRO STUDI DELLA LOGISTISTICA E INFRASTRUTTURE	50,000
FEDERTURISMO	50,000
CONFINDUSTRIA UMBRIA	44,996
UNIONE INDUSTRIALI ALESSANDRIA	44,226
CONFINDUSTRIA NOVARA VERCELLI	43,029
REMIND	42,500
CONFINDUSTRIA ALTO ADRIATICO	40,131
CONFINDUSTRIA CENTRALE	37,500
FONDAZIONE VENEZIA CAPITALE MONDIALE DELLA SOSTENIBILITA'	33,000
COTEC FONDAZIONE PER L'INNOVAZIONE	30,000
FONDAZIONE NUOVO MILLENNIO SCUOLA POLITICA	30,000
CONFINDUSTRIA ROMAGNA FC - RA - RN	29,358
CONFINDUSTRIA LIVORNO E MASSA C.	29,232
CONFINDUSTRIA UDINE	27,720
FONDAZIONE VITTORIO OCCORSIO	25,000
PARKS LIBERI E UGUALI	25,000
UNIONE INDUSTRIALI PISANA	23,814
ASSOCIAZIONE INDUSTRIALE BRESCIA - TARANTO	23,121
ISTITUTO PER GLI STUDI DI POLITICA INTERNAZIONALE ISPI	23,000
UNIONE INDUSTRIALI SAVONA	21,798
FONDAZ GLOBAL COMPACT NETWORK	21,300
INTERNATIONAL CAPITAL MARKET ASSOCIATION	21,075
CONSUMERS' FORUM	21,000
CLASS ONLUS	20,000
EUI EUROPEAN UNIVERSITY INSTITUTE	20,000
CONFINDUSTRIA CUNEO	18,459
CONFINDUSTRIA LA SPEZIA	17,892
CONFINDUSTRIA VICENZA	15,939
CONSIGLIO PER LE RELAZIONI TRA GLI STATI UNITI E L'ITALIA - CONSIUSA	15,000
FINCO	15,000
FONDAZIONE OTTIMISTI & RAZIONALI	15,000
FONDAZIONE PER LO SVILUPPO SOSTENIBILE	15,000
CONFINDUSTRIA CHIETI PESCARA	13,482
CONFINDUSTRIA CASERTA	13,167
CONFINDUSTRIA L'AQUILA	13,104
UNIONE DEGLI INDUSTRIALI BERGAMO - VARESE	12,915
CONFINDUSTRIA BENEVENTO	10,836
ASSOCIAZIONE AMICI DEI LINCEI	10,000
IAPP INTERNATIONAL ASSOCIATION OF PRIVACY PROFESSIONALS	9,333
CONFINDUSTRIA BASILICATA	9,072
AGICI FINANZA D'IMPRESA SRL	9,000
CONFINDUSTRIA IMPERIA	8,946
CONFINDUSTRIA TOSCANA NORD - LU - PT - PO	8,252
AMBROSETTI GROUP LIMITED	8,000
APRE	7,437
UNIONE INDUSTRIALE ASTI	7,245
CONFINDUSTRIA CENTRO NORD Sardegna - SS - OR	7,182
ASSOCIAZIONI INDUSTRIALI PESARO URBINO - MOLISE	6,741
UNIONE PARMENSE DEGLI INDUSTRIALI	6,237
CONFINDUSTRIA LECCO E SONDRIO	5,796
CONFINDUSTRIA SIRACUSA	5,166
AISBL MOBILITY AS A SERVICE	5,000
ASSOCIAZIONE ANIMA PER IL SOCIALE	5,000
ASSOCIAZIONE ROMA STARTUP	5,000
ASSOHOLDING	5,000
INTERNATIONAL ASSOCIATIONS	
UIC - UNION INTERNATIONAL OF RAILWAYS	331,780
UITP INTERNATIONAL ASSOCIATION FOR PUBLIC TRANSPORT	93,204
H&Z UNTERNEHMENSBERATUNG AG	20,000
TRACE INTERNATIONAL, INC	17,063

GLOBAL REPORTING INITIATIVE	14,000
TRANSPARENCY INTERNATIONAL	10,000
OTHER ASSOCIATIONS	
FONDAZIONE FS ITALIANE	7,876,680
ITALIACAMP SRL	300,000
ACCADEMIA NAZIONALE SANTA CECILIA	170,000
ASPEN INSTITUTE ITALIA	35,000
UPA - UTENTI PUBBLICITA' ASSOCIATI	23,493
ASSOCIAZIONE CIVITA	22,000
THE TRILATERAL COMMISSION	20,000
FONDAZIONE RETURN PE3	20,000
VALORE D	20,000
ASSOCIAZIONE ITALIA-INDIA	10,000
KYOTO CLUB	10,000
S.I.PO.TRA.SOCIETÀ ITALIA	5,000
Total	14,447,311

The table below summarises the information required by the above law about the funds received in 2023:

Provider	Description	Amount
MIT to TELT Sas	Chapter 7532	452,640,000

42. Events after the reporting date

For information about the events after the reporting date, reference should be made to paragraph 50 of the consolidated financial statements.

Proposed allocation of the profit for the year of FS Italiane SpA

Since the legal reserve has reached the minimum provided for by article 2430 of the Italian Civil Code, following the remodulation of FS' equity that was resolved upon by the Shareholders' Meeting on 29 November 2023 and finalised on 25 March 2024, it is proposed to carry the profit for the year of €200,729,113.69 forward to subsequent financial periods.

Rome, 10 April 2024

For the Board of Directors

The CEO

Certification of the Chief Executive Officer and the Officer in charge of Financial Reporting of the separate financial statements of Ferrovie dello Stato Italiane SpA at 31 December 2023 pursuant to article 154-bis, paragraph 5, of Legislative Decree no. 58/1998

1. The undersigned Luigi Ferraris and Marco Fossataro, respectively as Chief Executive Officer and Officer in charge of Financial Reporting of Ferrovie dello Stato Italiane S.p.A., also considering the provisions of the article 154-bis paragraphs 3 and 4 of Legislative decree no. 58 of 24 February 1998, certify:

- the adequacy with regard to the characteristics of Ferrovie dello Stato Italiane SpA and
- the effective application

of the administrative and accounting procedures in preparing the separate financial statements at 31 December 2023.

2. In this regard, we report that:

a. the evaluation of the adequacy and effective application of the administrative and accounting procedures used to prepare the separate financial statements of Ferrovie dello Stato Italiane SpA was based on internal control model, consistent with the *"Internal Controls – Integrated Framework"* issued by the *"Committee of Sponsoring Organizations of the Treadway Commission"* which represents an internationally-accepted framework for the internal control system;

b. this evaluation did not identify any significant issues.

3. In addition, we certify that:

3.1. the separate financial statements of Ferrovie dello Stato Italiane SpA:

a. have been prepared according to the International Financial Reporting Standards endorsed by the European Community pursuant to regulation (CE) 1606/2002 of European Parliament and Council of 19 July 2002;

b. correspond to the entries in the books and accounting records of the company;

c. provide a true and fair view of the financial position and results of operations of Ferrovie dello Stato Italiane SpA.

3.2. the Directors' Report includes a reliable analysis of the financial position, performance and results of operations of Ferrovie dello Stato Italiane SpA, together with a description of the main risks and uncertainties to which it is exposed.

April 10th, 2024

Luigi Ferraris

Chief Executive Officer



Marco Fossataro

Officer in charge of Financial Reporting





Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the Sole Shareholder of
Ferrovie dello Stato Italiane SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ferrovie dello Stato Italiane SpA (the Company), which comprise the statement of financial position as of 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matter

Recoverability of the value of equity investments in subsidiaries

Explanatory note no. 3 “Accounting policies”, explanatory note no. 20 “Equity investments” to the separate financial statements

The financial statements as at 31 December 2023 include Equity investments in subsidiaries equal to Euro 38,058 million recorded at acquisition or incorporation cost.

At the closing date of each financial year, the directors assess the existence of any impairment indicator for such equity investments. If they ascertain that impairment indicators exist, the recoverable value of these equity investments is verified, in accordance with IAS 36 “Impairment of assets”, by comparing the investments’ carrying value with their value in use, which is determined according to valuation methods appropriate in the circumstances (impairment test). Based on the analyses performed, the directors identified impairment indicators related to certain subsidiaries which resulted for financial year 2023 an impairment loss of Euro 131 million, of which Euro 118 million relating to Anas SpA and Euro 13 million related to Ferrovie del Sud Est Srl.

In particular, with regard to the investment in the subsidiary Anas SpA, the impairment test was prepared on the basis of the cash flows of the “Anas SpA 2024-2033 Business Plan, with a time horizon to 2052” (hereinafter also the “Plan”), approved by the Board of Directors of Anas SpA on 27 March 2024. The Plan is based on information items included in the 2021-2025 Programme Contract and related requirements, as well as on Anas SpA's legitimate qualified expectation to have the adjustment to the Concession term, currently due to expire on 31 December 2032, recognised until 2052.

With reference to the financial statements ended 31 December 2023, the Company’s management availed itself of external experts in order to carry out the impairment test on the equity investment in Anas SpA.

Auditing procedures performed in response to the key audit matter

In order to address this key audit matter, we carried out our audit procedures to evaluate the consistency of the process and methodology for estimating the recoverability of equity investments used by the Company with the provisions of IAS 36 and the valuation practices, verifying the appropriateness of the cash flows used, their consistency with the Business Plans of the subsidiaries and the mathematical accuracy of the quantification of the recoverable amount.

Specifically, the audit procedures performed also with the support of the PwC network experts, included:

- the understanding of the process adopted by the directors to assess the recoverability of the equity investments in subsidiaries;
- the verification of the completeness and accuracy of the existence of impairment indicators identified by management and for which the impairment test was performed;
- the verification of the reasonableness of the main assumptions underlying the prospective cash flows and discounting rates used to perform the impairment test (also through comparison with forecast data deriving from external information sources, where available);
- the analyses of the most significant differences between the estimates performed in the previous years and the actual data (retrospective review), in order to evaluate the adequacy and the estimation capacity of the valuation process adopted.



As part of our audit activities, we considered the recoverability of the value of equity investments in subsidiaries as a key matter of the audit of the financial statements as the related estimation process is particularly complex and based on valuation assumptions influenced by future economic, financial, market and regulatory conditions that are difficult to predict. Should any future developments lead to considerations and results that differ from expectations, the book value of the equity investment could be reduced on the basis of the cash flows expressed by a Financial Plan revised accordingly.

We evaluated the technical skills and related objectivity of the Company's external experts involved in the evaluation process together with the methods used by them.

Finally, we verified the adequacy and the completeness of the information provided by the directors in the notes to the separate financial statements on the matters described above.

Other Matters

The financial statements of Ferrovie dello Stato Italiane SpA for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 28 April 2023.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 21 March 2023, the sole shareholder of Ferrovie dello Stato Italiane SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2023 to 31 December 2031.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Ferrovie dello Stato Italiane SpA are responsible for preparing a directors' report and a report on the corporate governance and ownership structure of Ferrovie dello Stato Italiane SpA as of 31 December 2023, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the directors' report and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of Ferrovie dello Stato Italiane SpA as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.



In our opinion, the directors' report and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Ferrovie dello Stato Italiane SpA as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Rome, 24 April 2024

PricewaterhouseCoopers SpA

Signed by

Luigi Necci
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

(Translation from the Italian original which remains the definitive version)

The Board of Statutory Auditors

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDER'S MEETING OF SOLE-SHAREHOLDER COMPANY FERROVIE DELLO STATO ITALIANE SpA PURSUANT TO ARTICLE 2429, PARAGRAPH 2, OF THE ITALIAN CIVIL CODE

To the Sole Shareholder of Ferrovie dello Stato Italiane SpA

INTRODUCTION

Dear Shareholder,

this Report, prepared pursuant to Article 2429, paragraph 2, of the Italian Civil Code, describes the supervisory work performed by the Board of Statutory Auditors of Ferrovie dello Stato Italiane SpA during the 2023 financial year in compliance with the rules of conduct recommended by the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*).

The current composition of the Board of Statutory Auditors, appointed for three financial years and, in any case, until the Sole Shareholder's Meeting convened to approve the 2024 financial statements, was set by the resolution it passed on 3 May 2022, appointing the Standing Statutory Auditors Rosalba Cotroneo (Chairwoman), Sergio Duca and Marino Marrazza, and the Alternate Statutory Auditors Letteria Dinaro and Francesco Tulimieri.

In consideration of the status of Public Interest Entity (PIE) of Ferrovie dello Stato Italiane SpA (hereinafter also referred to as "FS SpA" or "FS"), the members of the Board of Statutory Auditors of the Parent Company also act as members of the "Internal Control and Audit Committee" under Article 19 of Legislative Decree no. 39/2010, with responsibility for monitoring financial reporting, the efficacy of the internal control, internal audit and risk management systems, the statutory audit of accounts and, finally, the independence of the audit firm, particularly with respect to the type of services, other than auditing, if any, provided to the audited company.

The accounting control and statutory audit work is entrusted to the independent auditors

Piazza della Croce Rossa, 1 - 00161 Rome

Ferrovie dello Stato Italiane SpA – Sole-Shareholder company

Registered office: Piazza della Croce Rossa, 1 - 00161 Rome

Share capital Euro 31,062,952,307.00

Registered in the Rome Register of Companies

Tax code and VAT number 06359501001 – R.E.A. (Economic and Administrative Register) 962805



PricewaterhouseCoopers SpA (hereinafter also referred to as “PwC”), which issued its Report on Sole-Shareholder company Ferrovie dello Stato Italiane SpA’s separate financial statements at 31 December 2023 on 24 April 2024, in accordance with Article 14 of Legislative Decree no. 39 of 27 January 2010 and Article 10 of Regulation (EU) No 537 of 16 April 2014, whereby it expressed the following opinion: “[...] *the financial statements give a true and fair view of the financial position of the Company as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.*”

The draft financial statements for the financial year ended 31 December 2023 of Sole-Shareholder company Ferrovie dello Stato Italiane SpA, which are submitted for your attention, were approved by the Board of Directors at its meeting held on 10 April 2024.

1. Supervisory activities pursuant to Articles 2403 and ff. of the Italian Civil Code

During 2023, we performed our supervisory duties as required by law and in compliance with the code of conduct for boards of statutory auditors recommended by the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*). We supervised compliance with the law and the Articles of Association, the observance of the principles of proper administration and, in particular, the adequacy of the organisational, administrative and accounting structure adopted by the Company and its actual operation while ensuring, together with the other Parent Company Bodies, ongoing control of the proper application of the principles of corporate governance.

During 2023, the members of the Board of Statutory Auditors met a total of 13 times, and the Court of Auditors’ Magistrate, as appointed to control financial management pursuant to Article 12 of Law no. 259 of 21 March 1958, was invited to attend all our meetings. We attended the meetings of the Control, Risks and Sustainability Committee in order to facilitate the exchange of information between persons with relevant tasks in internal control and audit of accounts.

We provide the following information with respect to the work we performed.

During 2023, the Board of Statutory Auditors - or some members in its representation - attended the Ordinary and Extraordinary Sole Shareholder's Meetings held on 21 March 2023, 30 May 2023, and 29 November 2023 at which, respectively:

- i)* PricewaterhouseCoopers SpA was appointed to carry out the statutory audit of the Company's accounts for the nine-year period from 2023 to 2031;
- ii)* the Annual Financial Report – for the 2022 financial year - was approved pursuant to Article 2364, paragraph 1, of the Italian Civil Code;
- iii)* the plan for the partial demerger by spin-off of FS SpA with the incorporation of a new

company, was approved pursuant to Article 2506.1 of the Italian Civil Code, with a consequent reduction of the share capital of FS SpA in the amount of Euro 624,406,524, as was the proposal for further reduction of the share capital of FS SpA pursuant to Article 2445 of the Italian Civil Code.

The Board of Statutory Auditors - or some members in its representation - also attended 12 meetings of the Board of Directors, 8 meetings of the Control, Risks and Sustainability Committee, and 6 meetings of the Governance, Appointments and Remuneration Committee. We also took part in induction sessions on specific topics targeted at directors and statutory auditors, particularly in the matter of sustainability.

The Board of Directors' and the Board Committees' meetings in which we participated were held in compliance with the rules of the relevant legislation, regulations and articles of association governing their operation. During the board meetings, we met our obligations to periodically report to the Board of Directors and the Board of Statutory Auditors as prescribed by Article 2381 of the Italian Civil Code. We received information from the governing body, with adequate prior notice and even during the meetings held, about the general performance of operations and their outlook, as well as the Company's and its subsidiaries' most significant transactions in terms of size or characteristics.

We met with the statutory auditors of the strategic subsidiaries and the parent companies heading the divisions, from which we obtained assessments of the general adequacy of their internal control systems and no relevant facts or information were noted in this regard, which should be disclosed in this report.

We held periodic meetings with the independent auditors, with whom we promptly shared data and information relevant for the performance of our supervisory work.

With respect to our duties to supervise the independence of the audit firm, we performed the following work, in our role as members of the Internal Control and Audit committee:

- We verified and monitored the independence of the audit firm pursuant to Articles 10, 10-*bis*, 10-*ter*, 10-*quater* and 17 of Legislative Decree no. 39 of 27 January 2010, and Article 6 of Regulation (EU) No 537 of 16 April 2014, even with specific regard to the adequacy and the absence of any cause of incompatibility of the provision of non-audit services;
- We approved the non-audit engagements to the audit firm and its network, and received periodic reports from company units concerning the monitoring of compliance with the limits on the fees that can be paid for non-audit engagements as required by the applicable company procedures;
- We noted that PwC SpA had confirmed its independence under Article 6.2.a) of Regulation (EU) No 537 of 16 April 2014 in the additional Report provided pursuant to Article 11 of the

same Regulation.

Consequently, we have nothing to report with respect to the independence of the audit firm, PwC SpA, based on the documentation and information we received.

We met with the heads of the company functions that make up the Internal Control and Risk Management System (ICRMS) and, in generally referring to the Annual Financial Report, we have nothing to disclose in this report based on the information we obtained.

We met with the head of the internal control system, receiving reports on the related activities that had been carried out. During the year, we also received information and updates from the head of the security & risk department, regarding the work performed in its area of responsibility, including that in the matter of anti-corruption, as well as disclosures on the safeguards put in place by the company in the field of cybersecurity, jointly with the head of the technology department. We also acknowledge that the Control, Risks and Sustainability Committee has positively evaluated the Company's internal control and risk management system with respect to its size and characteristics.

We met with the members of the Supervisory Board, whose term of office expired on 17 December 2023, and received information regarding the work performed during the year on the relevant issues for the purposes of the Internal Control and Risk Management System, from which no topics emerged which should be noted in this report. With specific regard to the Organisational, Management and Control Model and the procedural safeguards put in place under Legislative Decree no. 231 of 2001, we received adequate information, including from the company units concerned, about the work performed during the 2023 financial year, and the work to update the Organisational, Management and Control Model under Legislative Decree no. 231 of 2001, to be submitted for subsequent approval by the Board of Directors.

We also met with the members of the Ethics Committee to get an update on the work performed during 2023, and received confirmation that there were no critical issues to be submitted to the control body with regard to the year under review.

We gathered information about, and monitored the adequacy of the organisational, administrative and accounting structure, as well as its actual operation, including by gathering information from the heads of functions.

We also gathered information about, and monitored, insofar as we are concerned, the adequacy and actual functioning of the administrative and accounting system, as well as its reliability in properly representing operations through the information obtained from the heads of functions and the examination of company documents.

Neither during the 2023 financial year nor after the reporting date did we identify any atypical and/or unusual transactions with third and/or related parties. Specifically, the ordinary transactions

carried out on an arm's length basis with Group companies and other related parties, which are described in the financial report, reflect and are in line with the Company's interests.

Among the main events that occurred during the year, we note, in particular, those of major significance in chronological order:

- the resumption of the operation of the A24 and A25 motorways on the part of Strada dei Parchi as from 1 January 2024, after approximately 18 months of temporary operation by Anas SpA, following the settlement of the litigation, as a result of which Strada dei Parchi took over again the concession until its original expiry;
- the railway accident in Greece: on the night of 28 February 2023, a railway accident occurred between a passenger train and a freight train near the town of Tempi, in central Greece, with respect to which the inspections carried out by the competent authorities are in the investigation phase;
- the Brandizzo railway accident: on 30 August 2023, along the Turin-Milan railway line, near the Brandizzo station, a train, which was not in commercial service, ran over 5 workers of a subcontractor company engaged in maintenance works on the infrastructure, causing their death, with respect to which all necessary and appropriate control and verification actions were taken by the Group companies involved;
- the new contracts for public transport in the Netherlands signed by Qbuzz, a Dutch Passenger Hub company, which is controlled by Busitalia and is the third largest public transport operator in the Netherlands: in July 2023 there was the award of the concession agreement for LPT services, for a term of 15 years and a value of Euro 1.8 billion while in October 2023 there was the award of the concession agreement for LPT services, for a term of 10 years and a value of Euro 1 billion;
- the memorandum of understanding with the MSC Group, signed by Mercitalia Logistics on 15 November 2023, for the development of intermodality between maritime and rail transport, through the creation of a NewCo, controlled by Mercitalia Logistics (51%) and invested in by MEDLOG (49%), a company of the MSC Group, with the purpose of designing, constructing and operating new freight terminals within the sites of the two Groups in Italy;
- the intercompany reorganisation of the real estate business unit: on 29 November 2023, as part of the project for the intercompany reorganisation of the ownership and management of real estate assets, which are not used for the performance of railway or transport operations, the Extraordinary Sole Shareholder's Meeting of FS approved the proposed demerger pursuant to Article 2506.1 of the Italian Civil Code, by contributing the FS real estate business unit to a newly-established company, Nuova Sistemi Urbani SpA, which is wholly owned by FS. The demerger entailed a reduction of Euro 624,406,524 in the share capital in the accounting

records of FS, as well as the allocation of a capital reserve of the same amount, as a contra-entry against the equity investment in the beneficiary company obtained as a result of the transfer of the demerged assets. The demerger became effective in January 2024 while February 2024 saw the approval of the plan for the merger by incorporation into FS Sistemi Urbani of the new FS Sistemi Urbani, subject to the management and coordination by FS Sistemi Urbani, the Sector Parent Company in the Urban Transport segment;

- the remodulation of the shareholders' equity of FS in the following terms, in order to make the Company's capital structure more flexible: *i*) a reduction in the amount of Euro 7,516,814,972 in the share capital of FS SpA (in addition to the reduction of Euro 624,406,524 in the share capital, serving the above-mentioned demerger by spin-off); *ii*) the simultaneous (a) increase in the legal reserve in the amount of Euro 6,141,221,496, which was sufficient to replenish the legal reserve until the threshold equal to 20% of the share capital was reached; and (b) increase of Euro 1,375,593,476 in the capital reserve intended to be distributable (in addition to the distributable reserve already set aside as a result of the above-mentioned demerger by spin-off in the amount of Euro 624,406,524). This remodulation, which keeps the amount of FS equity unchanged, became enforceable in 2024 after the time limits prescribed by law had expired;
- the acquisition of Exploris Deutschland Holding GmbH Hamburg, a European rail freight company, which took place on 5 December 2023 on the part of TX Logistik AG, a subsidiary of Mercitalia Logistics, the lead company of the FS Group's Logistics Business Segment, which thus became the second largest rail freight operator in Germany;
- the sale of the former Milanese rail yards Farini and San Cristoforo completed by FS Sistemi Urbani, the lead company of the FS Group's Urban Transport Business Segment on 21 December 2023, against a consideration of Euro 500 million. The transaction was finalised on 29 March 2024 following the completion of the administrative and approval processes according to the relevant tender procedure;
- the regulatory measures concerning Stretto di Messina SpA (invested in by the FS Group through the subsidiaries RFI and Anas), aimed at enabling the construction of the Bridge over the Strait of Messina and the related rail and road connection works: in particular, on 1 April 2023, there was the revocation of the liquidation status of the company while reactivating the concession with the Ministry of Infrastructure and Transport (MIT). On 30 November 2023, the company's Extraordinary Sole Shareholder's Meeting approved the share capital increase reserved for the Ministry of Economy and Finance (MEF), for a total of Euro 370 million, which was executed on 27 December 2023, following which the shareholding structure was reorganised as follows: MEF 55.162%, Anas 36.699%, RFI 5.829%, and the Sicily and Calabria Regional Governments 1.155%.

In 2023, we received information on the main disputes in which the Company and the Group are involved and we further analysed those that were the most significant with the support of the company functions concerned.

In 2023, we gathered information from the Heads of the main company units, both directly during their meetings and by attending the meetings of the Board committees.

During the year, we did not receive any complaints from the sole shareholder pursuant to Article 2408 of the Italian Civil Code, nor did we take any action as a result of omissions by the governing body pursuant to Article 2406 of the Italian Civil Code.

During the year, we issued the following documents:

- i)* the opinion on the appointment of the Officer in charge of Financial Reporting, dated 26 June 2023;
- ii)* the opinion on the appointment of the Supervisory Board, dated 19 December 2023;
- iii)* the recommendation to the Sole Shareholder's Meeting of FS SpA held on 21 March 2023, which resolved to appoint PricewaterhouseCoopers SpA to carry out the statutory audit of accounts of FS SpA for the nine-year period from 2023 to 2031;
- iv)* the reasoned proposal pursuant to Article 13 of Legislative Decree no. 39 of 2010 for the adjustment to the statutory audit fees for the 2022 financial year, on 28 April 2023.

Furthermore, we attested to compliance with the limit imposed by Article 2412 of the Italian Civil Code at the time of the resolution adopted by the Board of Directors on 28 February 2023 to increase the maximum ceiling of the EMTN Bond Issue Programme up to Euro 12 billion in order to allow for new future issues to service the FS Group's investments.

Finally, for 2023, we note that:

- we did not make any reports to the governing body pursuant to and for the purposes of Article 15 of Decree Law no. 118 of 2021, or Article 25-*octies* of Legislative Decree no. 14 of 12 January 2019;
- we did not receive any reports from public creditors pursuant to and for the purposes of Article 25-*novies* of Legislative Decree no. 14 of 12 January 2019, or Article 30-*sexies* of Decree Law no. 152 of 6 November 2021, as converted into Law no. 233 of 29 December 2021, as amended.

During our supervisory work, as described above, no other significant facts emerged which would require mention in this report.

2. Separate and consolidated financial statements

We examined the draft separate financial statements at 31 December 2023, which show a profit for the year of Euro 200,729,113.69, and shareholders' equity of Euro 40,191,158,522, including the net

profit for 2023. Since we are not required to perform the statutory audit work, we supervised the general presentation of the financial statements, as well as their compliance with law with regard to their preparation and structure, and we have nothing to report. We also checked their compliance with the provisions of law regarding the preparation of the Directors' Report, and again in this regard we have nothing to report. In the Annual Financial Report, the Board of Directors has detailed the captions that contributed to the profit for the year and the underlying events. We have checked that the financial statements are consistent with the facts and information known to us.

In this regard, as stated in the independent auditors' report, it emerges that the financial statements for the financial year ended 31 December 2023 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted by the European Union in compliance with the Italian regulations governing their preparation. Furthermore, the Independent Auditors have certified that they performed their audit work in accordance with International Standards on Auditing (ISA Italy).

In their report, the independent auditors have indicated as a key audit matter the recoverability of the value of equity investments in subsidiaries. Based on the analyses performed, the directors identified impairment indicators related to certain subsidiaries, which resulted in an impairment loss of Euro 131 million in 2023, of which Euro 118 million relating to Anas SpA and Euro 13 million related to Ferrovie del Sud Est Srl. With regard to the regulatory developments related to the right of concession held by the subsidiary ANAS SpA, in particular, the impairment test was prepared on the basis of the cash flows of the "Anas SpA 2024-2033 Business Plan, with a time horizon to 2052", which was approved by the Board of Directors of Anas SpA on 27 March 2024. Anas SpA's 2024-2033 Business Plan is based on information items included in the 2021-2025 Programme Contract and related requirements, as well as on Anas SpA's legitimate qualified expectation to have the adjustment to the Concession term, currently due to expire on 31 December 2032, recognised until 2052. With respect to the impairment test conducted on the investee ANAS SpA, PwC has pointed out that *"the related estimation process is particularly complex and based on valuation assumptions influenced by future economic, financial, market and regulatory conditions that are difficult to predict. Should any future developments lead to considerations and results that differ from expectations, the book value of the equity investment could be reduced on the basis of the cash flows expressed by a Financial Plan revised accordingly"*.

To the extent of our knowledge, the Directors did not apply any of the exceptions permitted by Article 2423.5 of the Italian Civil Code during the preparation of the financial statements.

Pursuant to Article 154-*bis* of Legislative Decree no. 58 of 1998, in a specific report attached to the draft separate financial statements and the consolidated financial statements for 2023, the CEO and the Officer in charge of Financial Reporting have attested to:

- the adequacy and actual application of the administrative and accounting procedures for the preparation of the aforesaid financial statements;
- the compliance of the financial statements with the applicable international accounting standards endorsed by the European Union pursuant to Regulation (EC) No 1606/2002;
- the consistency of the financial statements with the accounting ledgers and records, and their adequacy in giving a true and fair view of the financial position, results of operations and cash flows of the Company and of consolidated companies; and
- the fact that the directors' report, which accompanies the financial statements, provides a reliable analysis of the performance and results of operations, as well as of the financial position of the Company and the consolidated companies, together with a description of the main risks and uncertainties to which they are exposed.

Although we are not required to issue a report or provide a formal opinion on the consolidated financial statements, which is the responsibility of the independent auditors, we report that:

- the consolidated financial statements show a net profit for the year of Euro 100 million (of which an amount of Euro 137 million attributable to the Group);
- according to the independent auditors' report, the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted by the European Union in compliance with the Italian regulations governing their preparation;
- PwC SpA's report issued pursuant to Article 14 of Legislative Decree no. 39 of 2010 is not qualified and contains no emphasis of matter paragraphs.

We have acknowledged the recognition of an amount of Euro 111 million as Goodwill in the consolidated financial statements only, which was shown to be impaired in the test performed by the directors.

The independent auditors highlighted the following key audit matters in their report on the consolidated financial statements:

- Recoverability of intangible assets of ANAS SpA. In this regard, the directors, having identified potential impairment indicators on intangible assets related to Anas SpA, carried out a specific impairment test on their book value recognised at the reporting date, consistently with the provisions of IAS 36 "Impairment of assets". The results of the impairment test performed revealed no permanent impairment losses;
- Calculation of depreciation of the railway infrastructure;
- Determination of the provisions for risks and charges – suppliers' claims for additional fees.

The following significant events occurred after 31 December 2023 and are disclosed in the annual report:

- *Intercompany reorganisation of the real estate business unit*

In the implementation of the resolution passed by FS Extraordinary Sole Shareholder's Meeting of 29 November 2023, a deed of demerger by spin-off was signed on 10 January 2024, pursuant to Article 2506.1 of the Italian Civil Code, concerning part of FS assets with contribution to a newly-established beneficiary company named Nuova Sistemi Urbani SpA, with effect from 15 January 2024. As a result of this transaction, which in any case did not result in changes in the shareholders' equity of FS, the new share capital amounts to Euro 38,579,767,278.

- *Transfer of bank loans to Nuova Sistemi Urbani*

On 15 January 2024, two bank loans taken out with Caixa and Intesa Sanpaolo, totalling Euro 200 million and expiring in December 2024, previously held by FS, were also transferred as part of the contribution of FS real estate business unit to Nuova Sistemi Urbani. In order to cover Nuova Sistemi Urbani's obligations in connection with the transferred loans, FS issued two Parent Company Financial Guarantees, on behalf of Nuova Sistemi Urbani and in favour of the two banks, totalling Euro 213 million.

- *Remodulation of FS shareholders' equity*

On 25 March 2024, the full remodulation of the shareholders' equity of FS was finalised as resolved upon by the Sole Shareholder's Meeting held on 29 November 2023. In particular, after the time limits prescribed by law had expired, a voluntary reduction in the share capital of FS from Euro 38,579,767,278 (as the amount already resulting from the completion of the intercompany reorganisation of the FS real estate business unit) to Euro 31,062,952,307 was executed, which was accompanied by an increase in the legal reserve (up to its full replenishment), and in the capital reserve for amounts that nevertheless keep the amount of the shareholders' equity of FS unchanged.

- *Acquisition of Italia Loyalty shareholding*

On 28 March 2024, there was the finalisation of the transfer of 100% of the share capital of Italia Loyalty from Alitalia to Trenitalia. As a result of the transaction, Trenitalia will have at its disposal a database with more than 6.2 million people - the members of Alitalia's MilleMiglia programme - to whom it will address communications, news, and offers.

- *Finalisation of the sale of the former Milanese rail yards Farini and San Cristoforo*

On 29 March 2024, there was the finalisation of the sale of the decommissioned rail yards Farini and San Cristoforo from FS Sistemi Urbani to the REDEUS Fund - a closed-end alternative real estate investment fund managed by Prelios SGR SpA. The amount of the sale was Euro 489.5 million.

3. Non-Financial Statement

The FS Group must comply with Legislative Decree no. 254 (the “Decree”), which implemented Directive 2014/95/EU, amending Directive 2013/34/EU with respect to the disclosure of non-financial information by certain large companies and groups. In accordance with the Decree, as in previous years, the Group has included a Non-Financial Statement (NFS) in the Directors’ Report. PwC was appointed to carry out the limited assurance engagement on the FS Group's NFS for the financial year ended 31 December 2023, pursuant to Article 3, paragraph 10, of the Decree and Article 5, paragraph 1.g), of CONSOB Regulation no. 20267/2018. In the report issued on 24 April 2024, the Independent Auditors stated that: *"Based on the procedures performed, nothing has come to our attention that causes us to believe that the NFS of the Ferrovie dello Stato Italiane Group for the year ended 31 December 2023 is not prepared, in all significant respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards"*.

4. Conclusions

In conclusion, considering the results of the activities performed and the opinion expressed in the Independent Auditors’ Report, insofar as we are concerned, we agree with the proposed approval of the draft financial statements of Ferrovie dello Stato Italiane SpA as at and for the year ended 31 December 2023, as submitted by the Board of Directors to the Sole Shareholder’s Meeting.

Rome, 24 April 2024

THE BOARD OF STATUTORY AUDITORS

Rosalba Cotroneo	(Chairwoman)
Sergio Duca	(Standing Statutory Auditor)
Marino Marrazza	(Standing Statutory Auditor)