



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

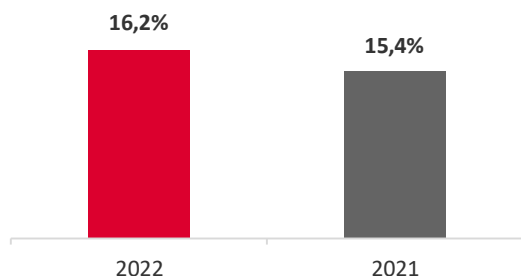
FS ITALIANE GROUP AND FERROVIE DELLO STATO ITALIANE S.P.A. 2022 ANNUAL REPORT HIGHLIGHTS

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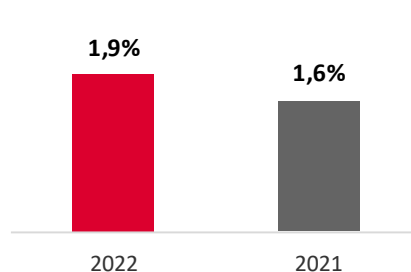
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Consolidated results

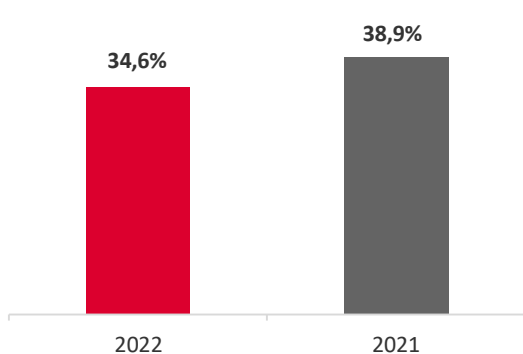
GROSS OPERATING PROFIT MARGIN



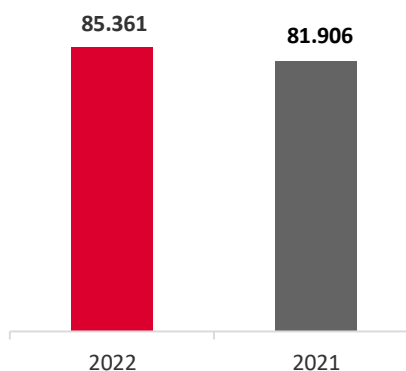
OPERATING PROFIT MARGIN



PERSONNEL EXPENSE/REVENUE



EMPLOYEES



millions of Euros

Financial highlights	2022	2021	Change	%
Revenue	13,664	12,242	1,422	11.6
Operating costs	(11,452)	(10,354)	(1,098)	(10.6)
Gross operating profit	2,212	1,888	324	17.1
Operating profit	262	193	69	35.9
Profit for the year	202	193	9	4.4
	31.12.2022	31.12.2021	Change	%
Net invested capital (NIC)	49,707	50,422	(715)	(1.4)
Equity (E)	41,854	41,551	303	0.7
Net financial debt (NFD)	7,853	8,871	(1,018)	(11.5)
NFD/E	0.19	0.21		
Investments of the year	8,115	9,976	(1,861)	(18.7)
Total cash flows	744	850	(106)	(12.5)

The group's financial position and performance

Introduction

For the purposes of describing its financial position and performance, the group has prepared reclassified financial statements (presented on the next pages) in addition to those required by the IFRS adopted by the FS Italiane group. The reclassified financial statements comprise performance indicators that management has considered useful during the year in monitoring the group's performance and in presenting the financial results of the business.

The changes in the consolidation scope are shown separately to allow a better understanding of the comments on the group's financial performance during the year and the changes compared to the previous year. Specifically, these changes in the consolidation scope are due to the following transactions: a) the sale of the Tuscan local public road transport business unit following the Council of State's ruling no. 47719/2021 of 21 June 2022 (which confirmed the awarding of the tender for the assignment of these services in the Tuscany Region to Autolinee Toscane S.p.A. and established that the personnel and assets of Busitalia Sita Nord S.r.l., Ataf Gestioni S.r.l. and its consortium companies must be transferred to the incoming operator by 1 November 2021); and b) the consolidation of the Spanish company ILSA Intermodalidad de Levante SA, which has operated the passenger transport service on the Iberian Peninsula's main high-speed (HS) railway lines since 25 November 2022.

Moreover, the group's results for the year reflect the performance of its core businesses against a highly uncertain backdrop with prospects of a global economic downturn due to the conflict in Ukraine, the critical difficulties tied to energy commodities and the sluggish Chinese economy. However, the progressive easing of restrictions on mobility in both Italy and the foreign countries where the group operates, combined with the group companies' determination to readily respond when mobility resumed, each in its respective mode of transport, while focusing every possible operational effort on implementing - from day one - the strategies outlined in the new business plan, all played a key role in generating the group's results for the year, and the data show a clear improvement on the previous year, not only in revenue and operating profit, but in the profit for the year as well.

Reclassified income statement

millions of Euros

	2022	2021	Change	%	Change in cons. scope	Change on a like-for-like basis	%
REVENUE	13,664	12,242	1,422	12	90	1,512	12
Revenue from sales and services	13,169	11,835	1,333	11	74	1,407	12
Other income	495	407	88	22	16	104	26
OPERATING COSTS	(11,452)	(10,354)	(1,098)	(11)	(68)	(1,166)	(11)
GROSS OPERATING PROFIT	2,212	1,888	324	17	22	346	18
Amortisation and depreciation, provisions and impairment losses	(1,950)	(1,695)	(255)	(15)	(7)	(262)	(15)
OPERATING PROFIT	262	193	69	36	15	84	44
Net financial income (expense)	(50)	14	(64)	>200		(64)	>200
PRE-TAX PROFIT	212	207	5	3	15	20	10
Income taxes	(10)	(14)	4	30	(2)	2	16
PROFIT FROM CONTINUING OPERATIONS	202	193	9	5	13	22	11
PROFIT FOR THE YEAR	202	193	9	5	13	22	11
<i>Profit for the year attributable to the owners of the parent</i>	<i>204</i>	<i>194</i>	<i>10</i>				
<i>Profit for the year attributable to non-controlling interests</i>	<i>(2)</i>	<i>(1)</i>	<i>(1)</i>				

The group's **profit for the year** is up €9 million (+5%) to €202 million in 2022, compared to €193 million in the previous year.

The **gross operating profit** of €2,212 million shows an increase of €324 million (+17%) which, net of the effects of the change in the consolidation scope described above, would have been even larger: €346 million (+18%). The improved performance in the gross operating profit is even more meaningful when considered in light of the fact that the FS group companies received far fewer Covid-19 relief grants than they had in 2021 (for a total of approximately -€634 million).

Revenue increased by €1,422 million (+12%) as a result of the rise in revenue from transport services (€996 million), revenue from infrastructure services (€549 million) and other revenue from contracts with customers (€184 million). On the other hand, other revenue and income show an overall drop of €307 million during the year.

Specifically, with respect to the components of **revenue from transport services** (+€996 million):

- revenue from the HS and Intercity business shows overall growth of €747 million, with the commercial service up €581 million and the Intercity service up €166 million. Revenue from the national HS business rose by €540 million in connection with the 97.3% spike in demand and the elimination of the scattered seating requirement on board trains as from 1 April 2022 (under this requirement, the maximum capacity on board long-haul trains was 50% of available seats). In addition, the increase includes the €37 million in revenue generated by Trenitalia France with the roll-out of Frecciarossa connections between Milan, Lyon and Paris, plus the €4 million generated by Intermodalidad de Levante SA. Revenue from the Intercity business, which expanded in 2022 to include international routes, grew by €156 million as demand surged (+52.6%) and saleable seats per km were back to 100% of capacity on these trains as well starting 1 April 2022. Moreover, the consideration received under the Intercity service contract increased by around €10 million on 2021 to roughly €333 million;
- revenue from the regional railway passenger transport service increased by €215 million, including €99 million relating to domestic transport and €116 million to international transport. The growth in revenue from domestic passenger transport is due to the easing of Covid-19 restrictions, like social distancing and limited seating on board trains. The recovery in the use of railway transport can be seen in the large increase in demand measured in

passenger-km (+42.2%) with no change in the services offered. In fact, production measured in terms of train-km is down by a negligible 0.2% on 2021. Foreign revenue increased significantly in nearly all the countries where the group operates, with rises of €43 million in Greece and €37 million in the United Kingdom, due to the progressive lifting of Covid-19 restrictions, while revenue on the German market grew by €36 million due to the increase in the number of passengers on board trains;

- revenue from passenger road transport decreased by €12 million in the year. However, this was due to the loss of revenue from the Tuscany business (-€71 million). On a like-for-like basis, revenue from passenger road transport would have increased by €59 million, with international and national revenue up by €44 million and €15 million, respectively;
- revenue from railway freight transport increased by €45 million, mostly driven by the group's foreign companies (+€31 million) which have more than compensated for the many difficulties faced domestically, mostly in connection with the conflict in Ukraine, the shortage of semi-conductors with an impact on the automotive industry, the consequences of the 3 June 2022 derailment near the Rome Tiburtina station and the 23 March 2022 cyber attack on the FS Group's technological infrastructure, which affected, among other things, service regularity, with heavy repercussions on freight transport.
- revenue from water transport is up by €1 million.

Revenue from infrastructure services increased by €549 million on the previous year, mainly due to Anas (roughly +507 million), reflecting the trend in service and concession consideration for road traffic, and to RFI S.p.A., which recorded a €57 million increase in toll revenue following the growth in traffic volumes, especially in the premium and basic segments, and the smaller discount given to the railway companies under the legislation enacted to mitigate the economic impacts of Covid-19.

Other revenue from services shows an increase of €184 million, mainly consisting of: greater sales of land and buildings held for trading (+€106 million), including, in particular, the sales of the Milan Porta Romana hub and the former Large Repairs Workshop at Florence Porta al Prato; higher actual revenue on the sale of electrical energy for traction (+€30 million), generated by both the rise in train-km and higher energy prices; higher revenue from processing on behalf of third parties (+€19 million), attributable to the resumption of the construction work on the Palermo metro rail, the work on the Rome Lido railway line and the decommissioning of an area at the Porta Romana hub.

Other revenue from sales and services decreased by €395 million, mostly due to the smaller amount of grants received compared to 2021 (-€478 million), while **Other income** shows an €88 million increase at consolidated level.

Specifically, the group recognised **Covid-19 grants** totalling €324 million in 2022 (€958 million in 2021). The 2022 grants mainly relate to the passenger transport business, which accounted for €300 million of the total (€794 million in 2021), including €234 million in Italy and €66 million abroad (respectively €682 million and €112 million in 2021). On the other hand, the group received grants of €24 million for the freight business in 2022 (€28 million in 2021), and, due to the toll discount to third-party railway companies, no grants for the infrastructure business were recognised in the year (€135 million in 2021).

Operating costs amount to €11,452 million, up by €1,098 million on the previous year. The effect of the above-mentioned change in the consolidation scope had a positive impact of €68 million (greater costs recognised in 2021) on this increase. Consequently, on a like-for-like basis, the increase is greater and equal to €1,166 million (11%). Specifically:

- net personnel expense decreased by €41 million (+€5 million on a like-for-like basis), mainly due to the combined effect of smaller accruals for contractual renewals than in the previous year, releases of previous accruals after the new agreement was signed (-€274 million) and higher personnel expense for employees (+€218 million) and other costs (+€15 million);
- other costs, net increased by €1,139 million (€1,161 million on a like-for-like basis) and mainly related to: (i) greater costs for electrical energy and fuel for traction (+€100 million) and for lighting and driving force (+€102 million) following the rise in the price of electrical energy (which alone generated an increase of €178 million) and the increase in consumption as traffic recovered; (ii) greater costs for maintenance, cleaning, other contracted services and utilities (+€160 million); (iii) greater costs for new works and extraordinary maintenance on the road and motorway network by Anas S.p.A. (+€374 million); (iv) greater costs for real estate services and utilities (+€43 million); (v) greater costs for engineering services as a consequence of the rise in production (+€19 million); (vi) higher agency fees in connection with the larger number of tickets sold (+€15 million); and (vii) sundry other costs, net (+€35 million).

The **operating profit** of €262 million shows an improvement of €69 million (+36%).

Amortisation and depreciation are up in the year (+€61 million) due to the higher depreciation rates (based on trains per km) applied to the railway network as a result of the rebound in traffic. Most of the impairment losses recognised on financial assets (+€172 million) are the result of applying IFRS 9, while total impairment losses on property, plant and equipment and intangible assets are up by €52 million. Provisions, with a nil balance in 2021, decreased by €30 million following the release of the fund for income and employment assistance due to an over-accrual.

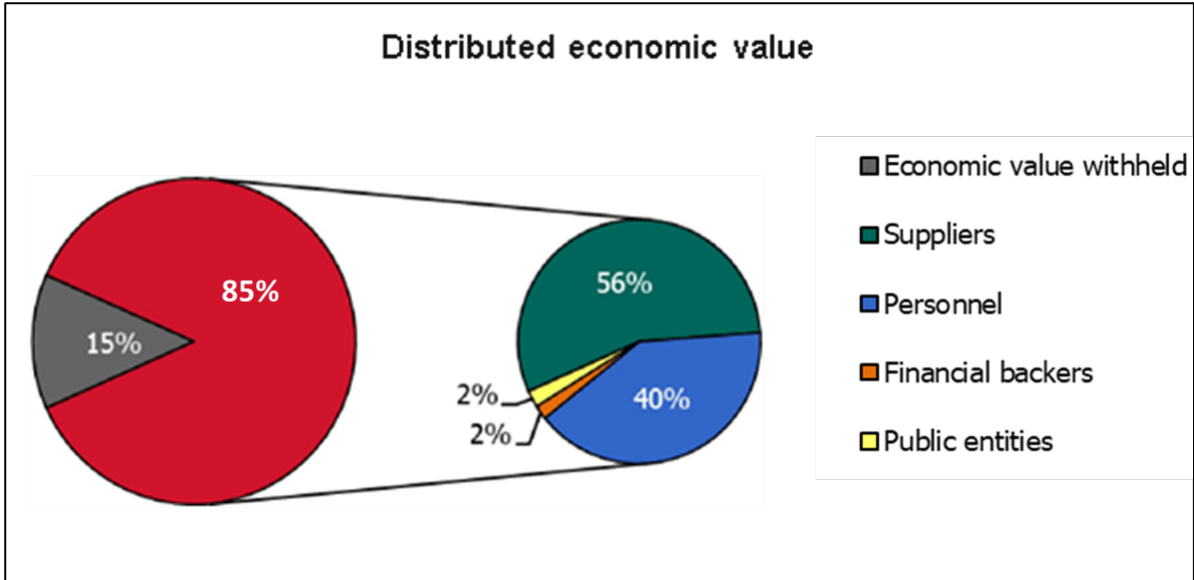
Net financial expense amounts to €50 million, an increase of €64 million on the previous year. Financial income is down by €34 million, mainly due to the effect of non-recurring items in 2021 that did not arise in 2022, like the effects of discounting the Covid-19 grants and Trenitalia S.p.A.'s interest income on a 1995 loan relating to the Basilicata region. Financial expense is up by €61 million, mainly due to the higher interest rates on bank loans and borrowings and the newly issued bonds, which include an accrual of €17 million to the provision for risks and financial charges. The group's share of profits of equity-accounted investees increased by €31 million to €63 million in 2022.

Income taxes went from €14 million in 2021 to €10 million in 2022. On a like-for-like basis, the total decrease comes to €2 million and is mainly due to the recognition of greater net deferred taxes (-€6 million) and lower income taxes in Italy and abroad (-€2 million), net of the greater IRAP recognised in the year (+€7 million).

In addition to the above observations and pursuant to Legislative decree no. 254/2016, the following table shows the directly generated economic value and that distributed by the FS Italiane group, highlighting its redistribution to stakeholders. Although the lingering effects of the pandemic and, to an even greater extent, the uncertainty caused by global geopolitical events made 2022 another difficult year overall, the group continues to believe in the absolute importance of a balanced distribution of the value generated by its operations to its stakeholders, value that they directly or indirectly contributed to creating. The analysis of the economic value distributed shows the flows allocated to employees, providers of goods, services and capital, the public administration and the communities in which the group is present and operates.

millions of Euros

Directly generated and distributed economic value	2022		2021		2020	
Directly generated economic value	13,835	100%	12,416	100%	10,941	100%
Revenue from sales and services	13,169		11,835		10,482	
Other sundry income	666		581		459	
Distributed economic value	11,698	85%	10,532	85%	9,621	88%
Operating costs for materials and services	6,495		5,424		4,661	
Personnel expense	4,723		4,764		4,432	
Payments to financial backers	221		160		387	
Payments to public bodies	259		184		141	
Economic value retained	2,137	15%	1,884	15%	1,320	12%
Amortisation and depreciation, provisions and impairment losses	1,950		1,695		1,911	
Other sundry costs and taxes	(15)		(4)		(29)	
Profit (loss) for the year	202		193		(562)	



The value not directly distributed by the group (over €2 billion in 2022) is equal to 15% of the total value generated, the same as in 2021 when it totalled €1.9 billion. The trend is substantially similar for self-financed investments, which the group uses indirectly to increase the benefits to the community and stakeholders in general.

The FS Italiane group has generated an economic impact equal to roughly 1.5% of national value added and the equivalent of over 300 thousand jobs through its direct, indirect and induced contribution to the domestic economy through its operations and constantly growing investments. ¹

¹ The methodology used to calculate the group's impact on the economy and employment is based on the national Supply & Use table (SUT) developed by the group with the Istituto Regione di Programmazione Economica della Toscana (I.R.P.E.T., the Tuscany regional economic planning institute). This approach uses the hypothetical extraction method (HEM), updated to reflect the group's specific characteristics.

Reclassified statement of financial position

	millions of Euros		
	31.12.2022	31.12.2021	Change
ASSETS			
Net operating working capital	(1,019)	(125)	(894)
Other assets, net	1,424	2,331	(907)
Working capital	405	2,206	(1,801)
Net non-current assets	52,876	52,251	625
Other provisions	(3,574)	(4,051)	477
Net assets held for sale		16	(16)
NET INVESTED CAPITAL	49,707	50,422	(715)
COVERAGE			
Net current financial position	(1,873)	(366)	(1,507)
Net non-current financial position	9,727	9,237	490
Net financial position	7,854	8,871	(1,017)
Equity	41,853	41,551	302
COVERAGE	49,707	50,422	(715)

The group's **net invested capital** of €49,707 million decreased by €715 million in the year as a result of the reductions in **working capital** (-€1,801 million) and **net assets held for sale** (-€16 million), offset by the rise in **net non-current assets** (+€625 million) and the drop in **other provisions** (+€477 million).

Net operating working capital amounts to -€1,019 million, down by €894 million on the previous year end and is the combined effect of the following main trends:

- greater trade payables (-€1,243 million), mainly related to the increase in works carried out during the year as part of investment projects involving the railway network (-€247 million) and the road and motorway network (-€458 million), larger purchases of rolling stock and maintenance services on leased rolling stock (-€192 million) and for the group's foreign railway transport companies (-€122 millions), as well as the different timing of payables as a result of the terms of payment with the new providers of outsourced IT services (-€35 million);
- larger amounts due from trading partners (+€324 million), mostly due to:
 - the increase in advances to suppliers (+€179 million), mainly in connection with local bodies for works;
 - the increase in amounts due relating to railway transport activities (+€60 million), primarily the result of the settlement reached with a rolling stock supplier;
 - the rise in amounts due from Italian and foreign third-party railway companies in connection with the contract for the use of railway infrastructure (+€62 million);
 - higher contract assets (+€44 million);
- greater inventories (+€31 million) principally due to: the increase in raw materials and consumables (+€46 million) as purchases exceeded the consumption of rolling stock and materials for infrastructure; the higher unit purchase price of raw materials; the recognition of white certificates earned in the year through energy savings (+€55 million) and the decrease in land held for trading (-€62 million) mainly for sales in the year;

- larger amounts due for the service contracts with the regions (+€2 million) and the Ministry of Economy and Finance (MEF) for consideration accrued during the year and not yet collected (+€33 million).

Other assets, net amount to €1,424 million, showing a decrease of €907 million, which is substantially the combined effect of:

- lower net amounts from the MEF, the Ministry for Infrastructure and Transport (MIT) and other government authorities (-€1,052 million), resulting from the recognition of the new government grants on an accruals basis (the grants mostly related to relief provided by the government in response to the Covid-19 emergency) and collections in the year, net of the change in payments on account allocated to projects that have commenced;
- the increase in net VAT assets (+€9 million);
- the increase in deferred tax assets (+€20 million);
- greater other assets and liabilities, net (+€106 million), most notably as a result of the increase in amounts due from CSEA (energy, gas and water settlement fund) for electrical energy as a result of the higher cost of energy compared to the previous year.

Net non-current assets of €52,876 million increased by €625 million, substantially due to:

- the €8,115 million increase in the year, offset by the recognition of grants related to assets on an accruals basis (€5,951 million) and amortisation and depreciation of the year (€1,655 million);
- sales of €42 million and impairment losses of €139 million. The impairment losses mostly related to rolling stock used in the freight business, based on the results of impairment testing, and rolling stock that can no longer be used for passenger transport;
- the change in the consolidation scope (+€213 million), i.e., the Spanish company Intermodalidad de Levante SA and the consolidation of the German companies ODEG/ODIG;
- the reclassifications (+€15 million) of the year mainly tied to the new intended use of the areas concerned;
- the increase in equity investments (+€65 million) mostly due to the profits for 2022.

Other provisions are down by €477 million due to: the decrease in post-employment benefits and other employee benefits (+€274 million), mainly following the payments to outgoing personnel during the year, advances paid and actuarial gains; the reduction in other provisions for risks (+€270 million), as a result of the accruals of the year totalling €342 million, offset by utilisations of €193 million for the settlement of several lawsuits, and the release of €419 million from the provisions for risks considering the smaller overall requirements for certain pending disputes and the favourable outcome of other cases; the change in deferred tax liabilities (-€66 million) which was mostly due to the change in the consolidation scope with the inclusion of ODEG.

Net assets held for sale are down to nil from €16 million at 31 December 2021 when they included, as part of the Netinera sub-group operating in railway transport in Germany, the railway infrastructure of OHE AG in Lower Saxony and Sippel's headquarters in Hofheim, near Frankfurt, which were sold in 2022.

millions of Euros

Net financial debt	31.12.2022	31.12.2021	Change
Net current financial position	(1,873)	(366)	(1,507)
Cash pooling accounts	(1,606)	(972)	(634)
Fifteen-year grants from the MEF	(10)	0	(10)
Loans and borrowings from other financial backers	23	11	12
Bank loans and borrowings	1,831	2,264	(433)
Bonds	745	499	246
Service concession assets	(2,042)	(1,613)	(429)
Contract advances	482	577	(95)
Financial liabilities recognised in accordance with IFRS 16	168	152	16
Other	(1,464)	(1,284)	(180)
Net non-current financial debt	9,727	9,237	490
Fifteen-year grants from the MEF	(95)	0	(95)
Loans and borrowings from other financial backers	10	22	(12)
Bank loans and borrowings	1,391	1,846	(455)
Bonds	7,758	7,033	725
Service concession assets	(1,479)	(1,554)	75
Contract advances	1,362	1,171	191
Financial liabilities recognised in accordance with IFRS 16	660	572	88
Non-current derivatives	28	(1)	29
Other	92	148	(56)
Total	7,854	8,871	1,017

Net financial debt of €7,854 million decreased by €1,017 million on 31 December 2021, essentially the net effect of the following factors:

- the increase in the cash pooling account balance (-€634 million), which comprises the payments made by the MEF in accordance with the Programme Contract for railway infrastructure;
- the increase in the amount due from the MEF (-€105 million), mostly relating to the discounted amount of the grants under article 25.1 of Decree law no. 4 of 27 January 2022, converted with Law no. 25 of 28 March 2022 for relief from the impact of Covid-19 on the railway infrastructure business. The amount recognised is the discounted value of the long-term expenditure commitment (€10 million per year from 2022 to 2034);
- the net decrease in bank loans and borrowings (-€888 million), mainly due to the reduction in current funding (-€306 million) and the repayment of loans used to purchase rolling stock for the medium and long-haul transport and regional transport (-€582 million);
- the increase in bonds (+€971 million), primarily due to the subscription of new bonds as part of the Euro Medium Term Notes Programme, for a total nominal amount of €1,300 million, in July 2022 (€200 million) and September 2022 (€1,100 million).

million), and the new variable-rate bond issue finalised in June 2022 with Eurofima, for a total of €160 million, offset by the repayment of the entire fourth bond (€350 million) and part of the 14th bond (€13 million) in the Euro Medium Term Notes Programme and the 17th bond placement with Eurofima (€120 million);

- the increase in contract advances (+€96 million) due to the portion of grants already collected by Anas S.p.A. for work not yet completed;
- the increase in financial assets for service concession arrangements (-€354 million), which was the net effect of the increase in assets due in connection with production output on the infrastructure operated under concession arrangements and mainly referring to roads, and the decrease due to collections of refunds in the year from the Ministries or authorities;
- the rise in lease liabilities (+€104 million), which was the net effect of new leases, repayments and the measurements of liabilities in the year, in addition to the change in the consolidation scope with the acquisition of control over the German company ODEG and its subsidiary ODIG;
- the net increase in other financial assets and liabilities (-€236 million) mainly due to fair value gains on derivatives.

Equity increased by €302 million from €41,551 million to €41,853 million mainly as a result of the following:

- the profit for the year (+€204 million);
- the consolidation of Intermodalidad de Levante (+€10 million);
- the increase in the actuarial reserve (+€95 million);
- the share capital increases of Tunnel Ferroviario del Brennero – Società di partecipazioni S.p.A. (€10 million) and Intermodalidad de Levante SA (€11 million);
- the dividends paid by ATAF and Cremonesi Workshop to non-controlling owners (-€2 million)
- the fair value gains on hedging derivatives, which generated an increase in the hedging reserve (+€192 million), which should be considered in conjunction with the decrease in derivative assets (-€217 million).

Significant financial transactions for the group

Interest rate hedges

On 2 February 2022, Trenitalia S.p.A. entered into contracts to hedge the interest rate risk on the parent's private placement with the European Investment Bank (EIB) (series 18) of December 2021 with a notional amount of €350 million. The contracts consisted of three IRS with three banks with investment grade ratings. The start and end dates of the hedges are June 2022 and 2025, respectively. The average payer rate is 0.36%.

Resolution authorising new bonds and loans

On 3 May 2022, FS Italiane S.p.A.'s board of directors approved the issue of additional bonds (reserved for institutional investors as part of the EMTN listed on the Dublin stock exchange) and the use of other financial instruments, for a maximum total of €3 billion. The funds raised on debt capital markets in 2022 will finance the purchase of new trains for regional passenger transport and medium and long-haul transport, including international service, as well as for the high speed/high capacity railway infrastructure.

Private bond placement with Eurofima

On 1 June 2022, FS Italiane S.p.A. finalised another private bond placement with Eurofima for €160 million at a variable rate and maturity in October 2034 (twelve years). The trains financed by these bonds meet the requirements of the European taxonomy and positively contribute to environmental and social sustainability as they promote the modal shift to rail.

Using the funds raised with this placement, FS Italiane S.p.A. granted Trenitalia S.p.A. an intragroup loan to finance the latter's rolling stock used to operate the public transport service.

Private bond placement with the EIB

On 13 July 2022, the EIB subscribed the private placement of green bonds issued by FS Italiane S.p.A. for €200 million at a variable rate and with a 17-year term.

This subscription is the second tranche of €550 million approved by the EIB in 2021 to fund Trenitalia S.p.A.'s purchase of new ETR1000 HS trains for the Italian and Spanish lines.

FS Italiane S.p.A. used the proceeds of the issue to grant Trenitalia S.p.A. an intragroup loan.

Interest rate hedges

On 19 July 2022, Trenitalia S.p.A. entered into contracts to hedge the interest rate risk on the parent's private placements with Eurofima (bullet repayment of €160 million - series 32) and with the EIB (amortizing repayments of €200 million – EMTN series 19) through four interest rate swaps with three banks with investment grade ratings. The start and end dates of the hedges are in the second half of 2022 and the second half of 2027, respectively and the average payer rates are respectively 1.68% and 1.83%.

On 27 and 28 July 2022, Trenitalia S.p.A. entered into contracts to hedge interest rate risk with a notional amount of around €1.56 billion, extending hedges already in place and expiring in the second half of 2023. These contracts consist of 16 interest rate swaps entered into with eight banks with investment grade ratings and end dates coinciding with the underlying debt or the second half of 2027, for the debt falling due at a later date. The payer rate ranges from a minimum of 1.44% to a maximum of 1.62%.

Standard and Poor's rating confirmed and changes outlook to stable

On 2 August 2022 Standard and Poor's confirmed FS Italiane's "Issuer Credit Rating" at "BBB" and changed the outlook from positive to stable, reflecting the similar change that occurred on that of the Republic of Italy. S&P also confirmed the "Stand Alone Credit Profile" (SACP) at "bbb+", one notch above the rating of the Republic of Italy.

Green bond placement - series 20

On 7 September 2022 – with settlement date on 14 September 2022 – FS Italiane S.p.A. placed the sixth series of green bonds in its EMTN Programme, which was supplemented on 11 July 2022. At €1.1 billion, this series is the largest issue ever in the programme. The coupon has been set at 3.75% and matures on 14 April 2027.

The bond is meant to fund the Eligible Green Projects according to FS Italiane S.p.A.'s Green Bond Framework, which was updated in June 2022. Specifically, the proceeds will be used to purchase new trains and for maintenance on Trenitalia's rolling stock, as well as – for the first time - investments to complete RFI S.p.A.'s Turin-Milan-Naples HS network. All the investments to be funded meet the criteria of the EU Taxonomy, as confirmed by Sustainalytics' second-party opinion.

FS Italiane S.p.A. used the proceeds of the issue to grant the subsidiaries Trenitalia S.p.A. and RFI S.p.A. intragroup loans.

Fitch rating confirmed

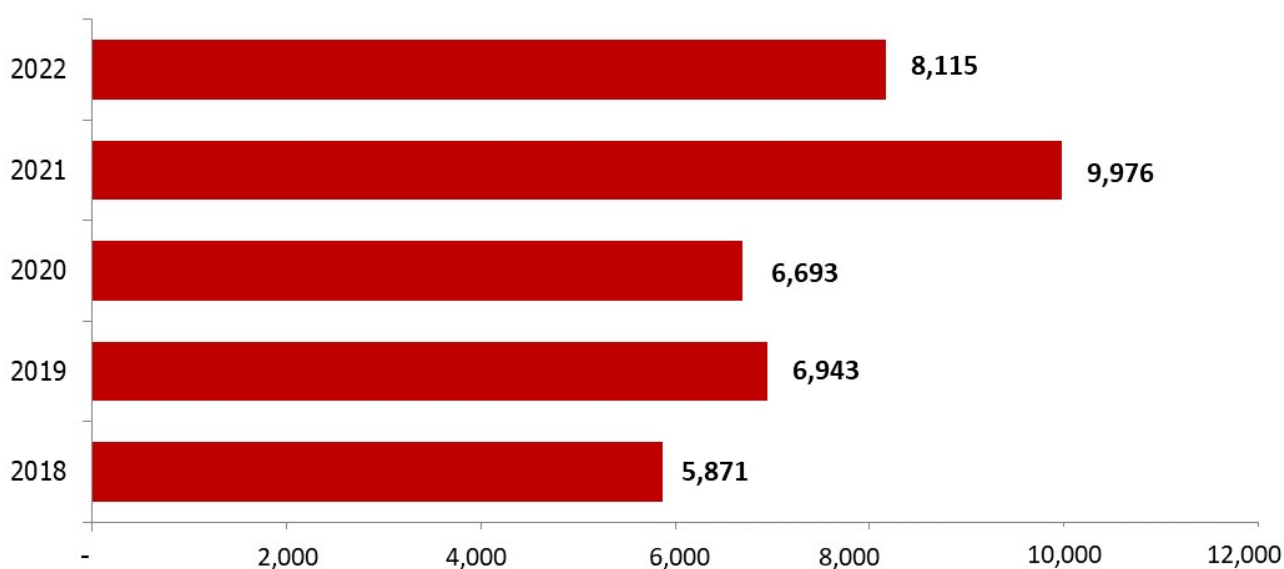
On 11 November 2022, Fitch issued its annual assessment of FS Italiane S.p.A.'s credit rating, confirming its "BBB" Issuer Default Rating with a stable outlook, reflecting that of the Republic of Italy. Fitch also confirmed the parent's Standalone Credit Profile of 'bbb', which is also in line with that of the Republic of Italy.

A new aspect of the agency's rating involved raising FS Italiane S.p.A.'s score according to the government-related entity rating criteria, as the company's standing had improved in the "Socio-Political Implications of Default" category, with an upgrade from "moderate" to "strong" considering the key role that FS Italiane S.p.A. plays in the country's infrastructural growth and green transition.

Investments

Despite the widespread global economic slowdown triggered by persistently high inflation and worsening financial conditions, which have gradually caused consumption and investments to contract, the FS Italiane group has managed to continue its investment plan and, in line with the investment trend it kicked off in 2012, has maintained a capital expenditure/depreciation ratio greater than 1 again in 2022, ensuring not only the replacement of assets that become obsolete from one year to the next but also steady growth to support the development and renewal of the transport, infrastructure and logistics sector, proceeding on the same course charted in 2020, despite the pandemic.

Total expenditure for investments by the FS Italiane group in 2022 amounts to €8,115 million, €2,164 million of which was self-financed and €5,951 million through government grants, down by roughly 19% on the same figure at 31 December 2021.



In 2022, the FS Italiane group implemented and managed capital expenditure of around €11.3 billion², with a 10% decrease on the previous year mainly due to the reduction in capital expenditure for infrastructure relating to RFI S.p.A., caused by the negative trend in contract advances as the start of certain tenders was postponed. This decrease was offset by the growth in Anas S.p.A.'s investments (both to develop infrastructure and for maintenance) and expenditure on the new Turin-Lyon line. However, excluding the dynamics of contractual advances to suppliers, amounting to €2,608 million in 2021 and €418 million in 2022, the Group recorded an increase in investment spending of more than 9%, thus continuing to be among the leading investors in Italy and supporting the development and renewal of the transport, infrastructure and logistics sector. Capital expenditure, 98% of which is in Italy, can be broken down as follows:

- approximately 82% of capital expenditure refers to the Infrastructure business segment, with RFI S.p.A. investing some €6,260 million (including €6,064 million for the traditional/HC network, €98 million for the HS/HC network between Turin,

² In addition to the consolidated investments described above, capital expenditure includes the investments recognised in accordance with IFRIC 12, mostly attributable to Anas S.p.A. and FSE S.p.A. (approximately €2.7 billion), while the remainder is comprised of the investments of unconsolidated special-purpose entities (e.g., TLF, BBT, etc.).

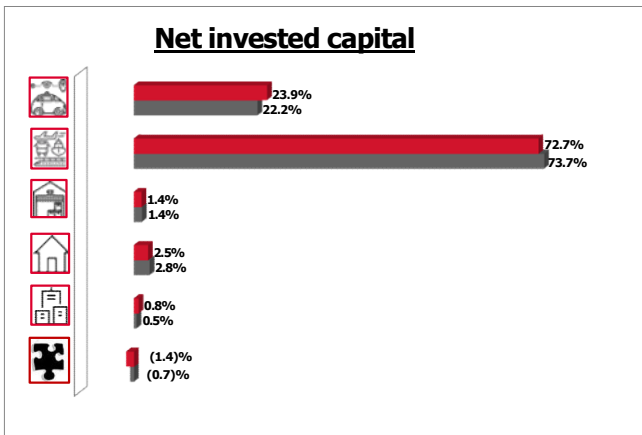
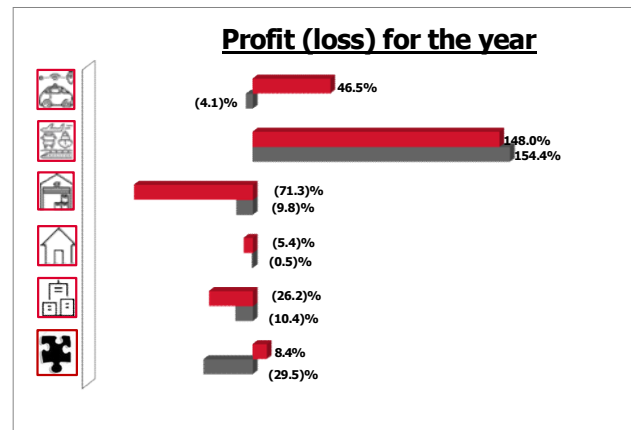
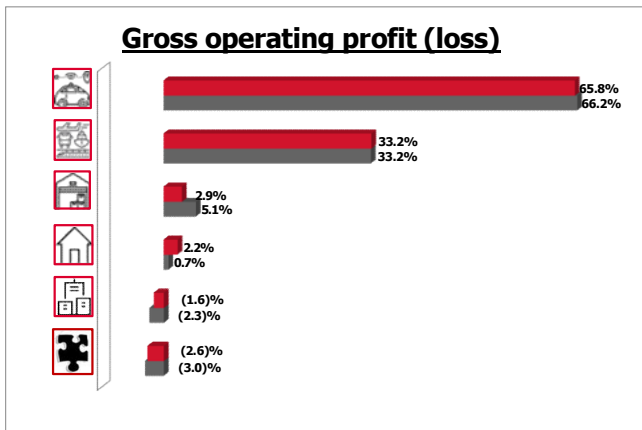
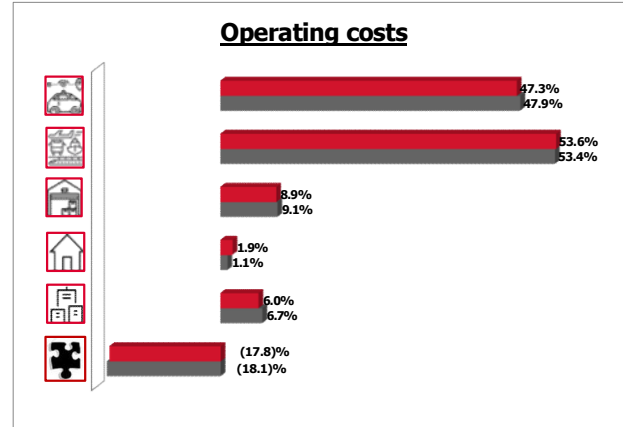
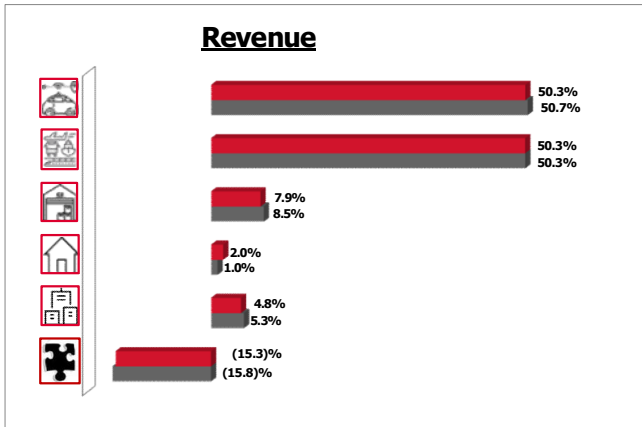
Milan and Naples and €98 million for net contract advances to suppliers) and the Anas group investing €2,678 million (including €320 million for contract advances to suppliers);









- around 16% of investments refers to passenger transport for projects focusing on the transport of passengers by road and rail, both in Italy and abroad. Specifically, Trenitalia S.p.A. invested €1,633 million (including routine maintenance), the Busitalia group invested €38 million and the other Trenitalia subsidiaries operating abroad in this segment invested €170 million (Netinera, Trenitalia C2C, Trenitalia UK, Trenitalia France and Hellenic Train);
- roughly 1% refers to logistics for freight transport projects in Italy and abroad, totalling about €156 million;
- about 1% relates to the urban segment and other services, consisting of investments mainly by FS Sistemi Urbani, Metropark, FS Technology and FS Italiane to maintain and enhance their respective real estate assets and ICT projects.

Financial performance of the business segments

The group's new organisational structure outlined in the ten-year FS Italiane business plan (2022-2031), is based on four business segments - Passengers, Infrastructure, Logistics and Urban - each of which has its own, clearly defined roles and strategic objectives, in order to develop 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 segments and facilitate them in their pursuit of the objectives set out in the plan.

In line with the new 2022-2031 business plan and IFRS 8 - Operating segments, the group's performance is analysed below separately for each of the four business segments which are shown in the chart below with their respective shares of revenue, operating costs, gross operating profit (loss) and profit (loss) for the period in the first halves of 2022 and 2021 and net invested capital at 30 June 2022 and 31 December 2021.



-  Passenger transport
 -  Infrastructure
 -  Logistics
 -  Urban
 -  Other services
 -  Adjustments and eliminations
-  2022  2021

Passenger transport

The objective of the passenger transport business segment, as enshrined in the group's new business plan to 2032, is to create a multi-modal business offer that has the advantage of exploiting the strengths of each mode for integrated, affordable 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 group companies that operate road, rail and maritime passenger transport. Specifically, the group's rail transport is mainly operated by Trenitalia S.p.A., 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, developing an integrated offer of products/services and managing a comprehensive mix of distribution channels. Also contributing to the results of this segment are the German group Netinera Deutschland, which operates local road and rail transport and German urban mass transit with around 40 investees; Hellenic Train which operates a link between Athens and Thessaloniki in Greece; Trenitalia c2c Ltd, which operates passenger transport on the UK market; and Ferrovie del Sud Est e Servizi Automobilistici S.r.l. (FSE) which holds concessions for road and rail transport services in Puglia, Italy.

The passenger transport segment also includes road urban and medium/long-haul passenger transport, offered by the group consisting of Busitalia-Sita Nord S.r.l. and its investees, including foreign investees (i.e., the Dutch QBuzz BV). The above-mentioned FSE S.r.l. also provides these services.

millions of Euros

	2022	2021	Change	%
Revenue from sales and services	6,632	6,058	574	9.5
Other income	244	150	94	62.7
Revenue	6,876	6,208	668	10.8
Operating costs	(5,420)	(4,958)	(462)	9.3
Gross operating profit	1,456	1,250	206	16.5
Operating profit	210	52	158	>200
Segment profit (loss) (attributable to the owners of the parent and non-controlling interests)	94	(8)	102	>200

	31.12.2022	31.12.2021	Change
Net invested capital	11,895	11,196	699
Net financial position	9,017	8,441	576
Equity	2,878	2,755	123

The data reported above refer to the "sector" and include items with third parties and trade between sectors.

The passenger transport segment shows a profit for 2022 of €94 million, up by €102 million on 2021. This reflects the widespread recovery in traffic revenue across all railway transport businesses, partly due to the lifting of the restrictions

imposed to contain the pandemic and to the larger numbers of leisure and weekend travellers. Part of this rise in revenue was offset by the higher operating costs to cover the larger supply of transport services and the increase in raw materials.

Revenue in this segment amounts to €6,876 million in the year, up by €668 million (11%) on 2021, mostly attributable to traffic revenue. The transport business saw an overall increase of approximately €1,156 million in traffic revenue mainly due to the growth in volumes, with the HS service showing an increase of €538 million, the regional service up by €307 million and Intercity connections up by €155 million. The surge in demand was closely linked to the easing of the Covid-19 restrictions, such as social distancing and staggered seating on board trains. The recovery in railway transport can be clearly seen in the dramatic rise in traffic recorded, particularly by Trenitalia S.p.A., in terms of train-km (+7%), passenger-km (+62%) and seat-km, which could be sold up to full capacity starting from 1 April 2022. The increase in regional railway transport revenue was also due to the larger number of travel passes and single tickets issued for urban and interregional traffic compared to 2021.

International road transport revenue increased on 2021, with growth on the international market (the Netherlands, +€34 million) due to higher ticketing revenue as a result of the progressive easing of Covid-19 restrictions, although this was partly offset by the downturn in the national market (-€34 million), primarily due to Ataf Gestioni S.r.l.'s sale of the Tuscany business on 1 November 2021.

The passenger transport segment shows a **gross operating profit** of €1,456 million for 2022, up by €206 million on 2021. The improvement in revenue was eroded by the higher operating costs to cover the larger supply of transport services and the increase in raw materials.

The **operating profit** is €210 million, showing an improvement of €158 million on 2021.

Net financial expense amounts to €97 million, having worsened by €26 million mainly due to C2C's prior year income on the non-repayment of the financial liability to FS Italiane S.p.A., which was guaranteed by Trenitalia S.p.A.. The prior year income arose following the conclusion of the service contract in 2021 and the start of the new contract.

Income taxes of this segment amount to €19 million in the year, up €30 million on the previous year.

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 complete integration of road and rail transport, including by supporting EU and Italian programmes.

The infrastructure segment companies are RFI S.p.A., the head of this segment whose mission is to serve as the national railway infrastructure operator, and Anas S.p.A., which, through its subsidiaries, operates Italy's national-interest road and the national motorway networks. As network operator, RFI S.p.A. maintains, uses and develops the network and the related safety systems, in addition to managing research and development in the field of railway transport and providing connection services to Italy's largest islands by sea. Italferr S.p.A., 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 S.r.l., Grandi Stazioni Rail S.p.A., Brenner Basis Tunnel SE, Tunnel Ferroviario del Brennero S.p.A. (TFB) and Tunnel Euralpin Lyon Turin (TELT).

millions of Euros

	2022	2021	Change	%
Revenue from sales and services	6,665	5,937	728	12.3
Other income	208	222	(14)	(6.3)
Revenue	6,873	6,159	714	11.6
Operating costs	(6,138)	(5,533)	(605)	10.9
Gross operating profit	735	626	109	17.4
Operating profit	308	274	34	12.4
Segment profit (attributable to the owners of the parent and non-controlling interests)	299	298	1	0.3
	31.12.2022	31.12.2021	Change	
Net invested capital	36,149	37,185	(1,036)	
Net financial position (debt)	(585)	911	(1,496)	
Equity	36,734	36,274	460	

The data reported above refer to the "sector" and include items with third parties and trade between sectors.

The infrastructure segment shows a profit for the year of €299 million, in line with 2021.

Revenue amounts to €6,873 million in 2022, showing a sharp increase on 2021 (+€714 million, +12%). This improvement is mainly attributable to the following factors:

- the increase in Anas S.p.A.'s revenue (by roughly €515 million), substantially due to the effect of the higher revenue related to capital expenditure (€414 million, with a corresponding increase in costs) and higher toll revenue from motorway operators of €93 million (royalties, income from mobility services or network management);
- the €176 million increase in RFI S.p.A.'s revenue, consisting of:
 - toll revenue (€110 million) as the pandemic gradually improved, driving traffic volumes up by around €24 million train-km. The increase in toll revenue was also due to the smaller component B discount given to the railway companies, with the discount totalling €115 million in 2022, compared to €231 million in 2021;
 - revenue from electrical energy for train traction (€71 million), mainly due to the higher energy prices and greater train-km (with a corresponding increase in operating costs that cancels out the impact on the gross operating profit);
 - the €77 million decrease in grants as the net effect of fewer Covid-19 grants and more grants under the Government Programme Contract - Services.

The infrastructure segment's **gross operating profit** comes to €735 million in 2022, up by €109 million on 2021, substantially due to the recovery of traffic revenue in both rail and road transport.

The **operating profit** of €308 million shows an increase of €34 million on 2021, reflecting the impact of greater amortisation and depreciation (€33 million) mostly due to RFI S.p.A., as train-km increased with the recovery of traffic on the network (the depreciation rate is variable), and greater credit losses (attributable to RFI S.p.A. and Anas S.p.A.) recognised in accordance with IFRS 9.

Net financial expense of €3 million worsened by €34 million on the previous year.

Income taxes of this segment amount to €6 million, a €1 million decrease on 2021.

Logistics

Over the ten years of the business plan, the logistics segment's mission is to double the share of freight carried by rail in 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 S.p.A. 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 consists of seven companies operating nationally and internationally, including Mercitalia Rail, the largest railway freight company in Italy and one of Europe's largest; TX Logistik (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.

millions of Euros

	2022	2021	Change	%
Revenue from sales and services	1,036	983	53	5.4
Other income	46	53	(7)	(13.2)
Revenue	1,082	1,036	46	4.4
Operating costs	(1,018)	(939)	(79)	8.4
Gross operating profit	64	97	(33)	(34.0)
Operating loss	(118)	(2)	(116)	(>200)
Segment loss (attributable to the owners of the parent and non-controlling interests)	(144)	(19)	(125)	(>200)
	31.12.2022	31.12.2021	Change	
Net invested capital	675	720	(45)	
Net financial position	649	598	51	
Equity	26	122	(96)	

The data reported above refer to the "sector" and include items with third parties and trade between sectors.

The logistics segment shows a loss for the year of €144 million, down €125 million on 2021.

Segment **revenue** amounts to €1,082 million in 2022, up by €46 million (4%), largely due to international transport, since the national market was heavily impacted by the cyber attack on 23 March 2021 (which compromised the IT systems used to configure the trains and organise train drivers' shifts), work being carried out on the infrastructure at borders (which disrupted traffic) and the drop in demand for mobility particularly in the automotive and steel industries.

The logistics segment shows a **gross operating profit** of €64 million, down by €33 million on 2021, mostly because of the greater costs for services incurred by Mercitalia Rail and the TX group following the war in Ukraine and ANSFISA (national agency for the safety of the railways and road and motorway infrastructure) requirements.

The **operating loss** of €118 million, due to greater amortisation and depreciation, up by €8 million, and the €75 million rise in impairment losses, consisting of the impairment loss on Mercitalia Rail's assets (€47 million) and impairment losses recognised by Mercitalia Logistics (€25 million, of which €7 million on goodwill and the remainder on environmental reclamation assets).

Net financial expense of €20 million shows a worsening of €3 million compared to 2021.

Income taxes of the segment amount to €6 million, up €6 million on 2021.

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 S.r.l. provides assets management, marketing and development services for the group's non-core business assets. GS Immobiliare and Metropark S.p.A. also operate in this segment.

millions of Euros

	2022	2021	Change	%
Revenue from sales and services	244	113	131	115.9
Other income	23	14	9	64.3
Revenue	267	127	140	110.2
Operating costs	(218)	(113)	(105)	92.9
Gross operating profit	49	14	35	>200
Operating profit (loss)	(15)	2	(17)	(>200)
Segment loss (attributable to the owners of the parent and non-controlling interests)	(11)	(1)	(10)	(>200)

	31.12.2022	31.12.2021	Change
Net invested capital	1,255	1,412	(157)
Net financial debt	(763)	(617)	(146)
Equity	2,018	2,029	(11)

The data reported above refer to the "sector" and include items with third parties and trade between sectors.

The urban segment shows a loss for the year of €11 million, a worsening of €10 million on 2021.

The **gross operating profit** of €49 million is up by €35 million on 2021, essentially due to the sale of the Milan Porta Romana area.

Other services

The companies that operate in this segment are Ferservizi S.p.A., which manages the activities not directly related to railway operations as outsourcer for the group's main companies; Ferccredit S.p.A., which mainly develops the credit factoring and lease business on the captive market and develops the consumer credit business for the group's employees; Italcertifier S.p.A., which carries out certification, assessment and testing activities on transport and infrastructure systems; FSTechnology S.p.A., the group's technology service provider, appointed to manage its ICT strategy; and FS International S.p.A., whose mission is to share the FS Group's extensive know-how with the world.

As the group's holding company, FS Italiane S.p.A. steers and coordinates the companies that head each segment and provides strategic and financial control.

millions of Euros

	2022	2021	Change	%
Revenue from sales and services	629	615	14	2.3
Other income	27	32	(5)	(15.6)
Revenue	656	647	9	1.4
Operating costs	(691)	(690)	(1)	(0.1)
Gross operating loss	(35)	(43)	8	18.6
Operating loss	(94)	(100)	6	6.0
Segment loss (attributable to the owners of the parent and non-controlling interests)	(53)	(20)	(33)	(165.0)

	31.12.2022	31.12.2021	Change
Net invested capital	413	238	175
Net financial debt	(341)	(376)	35
Equity	754	614	140

The data reported above refer to the "sector" and include items with third parties and trade between sectors.

In 2022, other services show a loss for the year of €53 million, down by €33 million on the previous year.

Revenue of €656 million is up by €9 million, substantially due to the greater revenue generated by Ferservizi from hospitality and facilities services.

The **gross operating loss** is €35 million, up by €8 million on 2021.

The **operating loss** amounts to €94 million, showing an improvement of €6 million on 2021.

Net financial income totals €26 million in 2022, down by €35 million on 2021 because of greater financial expense.

Income taxes show a positive balance of €15 million, down by €4 million on the previous year. This caption reflects the positive effects of the domestic tax consolidation scheme managed by the parent as part of its core activities.

FS Italiane S.p.A.'s financial position and performance

Reclassified income statement

	millions of Euros			
	2022	2021	Change	%
Revenue	155	163	(8)	(5)
- Revenue from sales and services	145	153	(8)	(5)
- Other revenue	10	10		
Operating costs	(270)	(268)	(2)	1
GROSS OPERATING LOSS	(115)	(105)	(10)	10
Amortisation and depreciation	(27)	(25)	(2)	8
Net impairment gains	(50)	(2)	(48)	NA
OPERATING LOSS	(192)	(132)	(60)	45
Net financial income	231	99	132	133
PRE-TAX PROFIT (LOSS)	39	(33)	72	(218)
Income taxes	51	33	18	55
PROFIT FOR THE YEAR	90	0	90	NA

The **profit for the year** of €90 million is up on the previous year mainly because of financial income (+€132 million) and income taxes (+€18 million), offset by the downturn in operating costs (-€60 million).

The worsening of the **gross operating loss** (€10 million) reflects the lower revenue (-€8 million) and higher operating costs (-€2 million), as detailed below.

The decrease in **revenue** is due to smaller sales of land and buildings held for trading (€10 million) and the drop in revenue from property management (rent and recharges of condominium expenses) (€16 million), partly offset by the rise in revenue from contracts with customers, thanks to the overall increase of €18 million in revenue on foreign contracts and from services provided by the company to the subsidiaries. The increase in **operating costs** is mainly due to the rise in personnel expense (+€3 million), the larger change in land and buildings held for trading as a result of the higher cost of sales (+7 million), greater fees due to Grandi Stazioni Rail S.p.A. and FS Sistemi Urbani S.r.l. for failure to vacate spaces (+€2 million), larger expenses on the recognition of the variable contribution calculated on gains as per the Milan Programme Agreement (+4 €million) and the Free Travel Cards (+€1 million), offset by smaller costs for services (-€4 million) as the company decreased its use of real estate, administrative and IT services, in turn offset by greater external communications costs, and lower expense incurred for the payment of taxes and duties (-€3 million) and disputes (-€8 million).

The €60 million increase in the **operating loss** on 2021 is due to that described earlier with respect to the gross operating loss, mainly the result of impairment losses, mostly relating to buildings and less to assets and liquidity (also considering the effects of the application of IFRS 9) and amortisation and depreciation of the year.

The improvement in **net financial income** is mostly due to the increase in dividends distributed by subsidiaries, associates and third parties for a total of €151 million, the €10 million improvement in net gains on financial liabilities, the net increase of €9 million in financial income essentially relating to the cross currency swaps hedging currency risk and the €5 million release of the provision for risks for the tax dispute with Sita S.p.A. in liquidation, offset by the €27 million increase in impairment losses on equity investments in group companies, the increase of €11 million in net exchange losses of the year and the portion of the interest recognised in 2021 which, following the definitive ruling ordering the Basilicata regional authorities to pay Trenitalia S.p.A. the shortfalls for the years from 1987 to 1993, the latter shall return to FS Italiane S.p.A., amounting to €5 million.

Income taxes show an overall increase of €18 million on the previous year, mostly due to the rise in income from the tax consolidation scheme (-€10 million) as a result of the larger IRES (corporate income tax) transferred from the group companies, and the favourable change in deferred tax assets and liabilities, plus smaller adjustments to taxes relative to prior years (-€8 million).

Reclassified statement of financial position

millions of Euros

	31.12.2022	31.12.2021	Change
Net operating working capital	446	436	10
Other assets, net	247	228	19
Working capital	693	664	29
Non-current assets	494	552	(58)
Equity investments	38,060	38,056	4
Net non-current assets	38,554	38,608	(54)
Post-employment benefits	(5)	(7)	2
Other provisions	(281)	(318)	37
Post-employment benefits and other provisions	(286)	(325)	39
NET INVESTED CAPITAL	38,961	38,947	14
Net current financial debt	(779)	(629)	(150)
Net non-current financial debt	(250)	(324)	74
Net financial position	(1,029)	(953)	(76)
Equity	39,990	39,900	90
COVERAGE	38,961	38,947	14

Net invested capital of €38,961 million rose by €14 million in the year due to the combined effect of the decrease in **net non-current assets** (-€54 million) and the increases in **other provisions** (+€39 million) and in **working capital** (+€29 million).

Net operating working capital of €446 million is up by €10 million in the year due to the combined effect of smaller land and buildings held for trading (-€18 million) and the overall increase in trade receivables from group companies and third-party customers net of trade payables to group companies (+€28 million).

Other assets, net rose by €19 million, mainly because of: the increase in current assets (+€96 million), mostly consisting of amounts due from group companies, particularly FS Sistemi Urbani S.r.l. and RFI S.p.A., for commitments under the Programme Agreement pursuant to article 34 of Legislative decree no. 267/2000 in connection with the urban transformation of railway areas in Milan and the increase in current and non-current liabilities (-€79 million), mostly in tax consolidation liabilities, amounts due to employees, amounts due to subsidiaries under the VAT consolidation scheme and VAT liabilities (+€2 million).

Net non-current assets of €38,554 million are down by €54 million compared to 2021, as a result of the net increase in equity investments (+€4 million), due to the concurrent increase in and impairment loss on equity investments in subsidiaries, combined with the decrease in investment property (-€58 million).

The **net financial position** improved by €76 million, mainly due to the dividends of €217 million received from subsidiaries, associates and third parties, offset by the non-current loans granted to Trenitalia S.p.A., Mercitalia Intermodal S.p.A., Trenitalia France SAS and Ferrovie del Sud Est e Servizi Automobilistici S.r.l. for a total of €99 million using own liquidity, the subscription and payment of the first tranche (€45 million) of Mercitalia Logistics S.p.A.'s capital

increase approved in December 2022, matching the capital increase of its subsidiary Mercitalia Rail S.r.l. and the €1 million payment provided for by the final liquidation financial statements of Nugo S.p.A..

During the year, the company placed new bond issues and took out bank loans for a total of €1.5 million, which it readily made available to the main group companies. The company repaid bank loans and redeemed bonds for €0.8 million.

Equity increased by €90 million, mainly due to the profit for the year (€90 million).

With respect to the corresponding figures, for the purposes of a better presentation, €3 million relating to the measurement of the company's hedging derivatives was reclassified from "Equity" to "Derivatives" in accordance with IFRS 13.

Consolidated financial statements

Statement of financial position

millions of Euros

	31.12.2022	31.12.2021
Assets		
Non-current assets		
Property, plant and equipment	47,619	47,049
Investment property	1,414	1,477
Intangible assets	2,608	2,560
Equity-accounted investments	833	751
Service concession assets	1,479	1,554
Financial assets (including derivatives)	1,289	993
Deferred tax assets	566	546
Trade receivables	5	5
Other assets	4,609	4,254
Total	60,422	59,189
Current assets		
Inventories	2,282	2,251
Service concession assets	2,042	1,613
Financial assets (including derivatives)	315	170
Cash and cash equivalents	2,859	2,145
Tax assets	97	100
Trade receivables	3,092	2,957
Other assets	5,668	5,662
Total	16,355	14,898
Assets held for sale and disposal groups		
Total assets	76,777	74,103
Total equity and liabilities		
Equity		
Share capital	39,204	39,204
Reserves	(71)	(363)
Retained earnings	2,536	2,350
Profit for the year	204	194
Equity attributable to the owners of the parent	41,873	41,385
Profit attributable to non-controlling interests	(2)	(1)
Share capital and reserves attributable to non-controlling interests	197	162
Non-controlling interests	195	161
Total	42,068	41,546
Liabilities		
Non-current liabilities		
Loans and borrowings	9,159	8,901
Employee benefits	756	1,030
Provisions for risks and charges	2,128	2,410
Contract advances	1,362	1,171
Financial liabilities (including derivatives)	1,410	1,304
Deferred tax liabilities	665	599
Trade payables	7	15
Other liabilities	126	124
Total	15,613	15,554
Current liabilities		
Loans and borrowings and current portion of non-current loans and borrowings	2,599	2,774
Current portion of provisions for risks and charges	25	13
Contract advances	482	577
Financial liabilities (including derivatives)	201	213
Tax liabilities	10	6
Trade payables	7,696	6,445
Other liabilities	8,083	6,975
Total	19,096	17,003
Liabilities held for sale and disposal groups		
Total liabilities	34,709	32,557
Total equity and liabilities	76,777	74,103

Income statement

millions of Euros

	2022	2021
Revenue	13,664	12,242
Revenue from sales and services	13,169	11,835
Other income	495	407
Operating costs	(13,402)	(12,049)
Personnel expense	(4,723)	(4,764)
Raw materials, consumables, supplies and goods	(1,852)	(1,582)
Services	(6,340)	(5,616)
Other operating costs	(239)	(206)
Internal work capitalised	1,702	1,814
Amortisation and depreciation, provisions and impairment losses	(1,950)	(1,695)
Operating profit	262	193
Net financial income (expense)	(50)	14
Financial income	108	142
Financial expense	(221)	(160)
Share of profits of equity-accounted investees	63	32
Pre-tax profit	212	207
Income taxes	(10)	(14)
Profit from discontinued operations, net of taxes		
Profit (loss) from discontinued operations, net of taxes		
Profit for the year (attributable to the owners of the parent and non-controlling interests)	202	193
<i>Profit for the year attributable to the owners of the parent</i>	204	194
<i>Profit for the year attributable to non-controlling interests</i>	(2)	(1)

Statement of comprehensive income

millions of Euros

	2022	2021
Profit for the year (attributable to the owners of the parent and non-controlling interests)	202	193
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net actuarial gains (losses)	95	(48)
of which: equity-accounted investees	1	
Items reclassified to profit or loss	4	8
Items that will or may be reclassified to profit or loss:		
Cash flow hedges - effective portion of changes in fair value	188	30
of which: equity-accounted investees	26	8
Net exchange gains (losses)	4	(12)
Other comprehensive income (expense)	291	(22)
Comprehensive income (attributable to the owners of the parent and non-controlling interests)	493	171
<i>Comprehensive income attributable to:</i>		
Owners of the parent	495	172
<i>Non-controlling interests</i>	(2)	(1)

*Net of the tax effect, where applicable

Statement of changes in equity

Equity											
Reserves											
	Share capital	Legal reserve	Translation reserve	Hedging reserve	Actuarial reserve	Total reserves	Retained earnings	Profit for the year	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
Balance at 1 January 2021	39,204	65	5	(39)	(374)	(343)	2,956	(570)	41,247	162	41,409
Profit for the year								194	194	(1)	193
Net losses recognised directly in equity			(12)	38	(48)	(22)			(22)		(22)
Comprehensive income			(12)	38	(48)	(22)		194	172	(1)	171
Coverage of loss for the previous year		2				2	(572)	570			
Dividend distribution											
Capital increase (share capital decrease)										2	2
Change in consolidation scope							1		1		1
Other changes							(35)		(35)	(2)	(37)
Balance at 31 December 2021	39,204	67	(7)	(1)	(422)	(363)	2,350	194	41,385	161	41,546
Balance at 1 January 2022	39,204	67	(7)	(1)	(422)	(363)	2,350	194	41,385	161	41,546
Profit for the year								204	204	(2)	202
Net gains recognised directly in equity			4	192	95	291			291		291
Comprehensive income			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

Statement of cash flows

millions of Euros

	2022	2021
Profit for the year	202	193
Income taxes	10	14
Net financial expense	113	18
Amortisation and depreciation	1,655	1,594
Share of profits of equity-accounted investees	(63)	(32)
Accruals to provisions and impairment losses	489	580
Gains on sales	(108)	(126)
Change in inventories	(11)	162
Change in trade receivables	(130)	(420)
Change in trade payables	1,183	846
Change in other liabilities	1,113	1,785
Change in other assets	(346)	(1,611)
Utilisation of the provisions for risks and charges	(605)	(515)
Payment of employee benefits	(225)	(198)
Change in assets/liabilities held for sale	15	
Financial income collected/financial expense paid	(73)	(59)
Income taxes paid, net of reimbursed tax assets	(1)	(14)
Net cash flows generated by operating activities	3,218	2,217
Increases in property, plant and equipment	(7,580)	(9,561)
Increases in investment property	(41)	(24)
Increases in intangible assets	(312)	(275)
Increases in equity investments	(429)	(191)
Investments, before grants	(8,361)	(10,051)
Grants for property, plant and equipment	5,952	7,646
Grants for investment property		
Grants for intangible assets		9
Grants for equity investments	426	182
Grants	6,379	7,837
Decreases in property, plant and equipment	141	84
Decreases in investment property	7	6
Decreases in intangible assets	1	
Decreases in equity investments and profit-sharing arrangements	13	19
Decreases	162	109
Net cash flows used in investing activities	(1,820)	(2,105)
Finance lease payments	(235)	(177)
Disbursement and repayment of non-current loans	395	1,090
Disbursement and repayment of current loans	(359)	(984)
Change in service concession assets/liabilities	(256)	238
Grants relating to assets (for loans)	(105)	504
Change in financial assets	(129)	55
Change in financial liabilities	30	12
Dividends	(2)	
Changes in equity and cash from non-recur. trans.	6	
Net cash flows generated by/(used in) financing activities	(655)	738
Total cash flows	744	850
Opening cash and cash equivalents	2,108	1,258
Closing cash and cash equivalents	2,852	2,108
of which intragroup current account	6	(37)

Financial statements of Ferrovie dello Stato Italiane S.p.A.

Statement of financial position

Euros

	31.12.2022	31.12.2021
Assets		
Non-current assets		
Property, plant and equipment	54,747,980	48,358,406
Investment property	391,689,120	449,837,629
Intangible assets	48,002,261	53,533,929
Equity investments	38,059,837,535	38,055,974,521
Current financial assets (including derivatives)	8,736,030,767	8,358,805,216
Deferred tax assets	173,683,173	174,427,259
Trade receivables	3,782,117	3,529,017
Other assets	24,303,335	24,595,193
Total	47,492,076,288	47,169,061,170
Current assets		
Inventories	340,649,442	358,567,396
Financial assets (including derivatives)	2,706,451,344	2,196,118,793
Cash and cash equivalents	626,221,660	675,660,694
Tax assets	84,908,211	84,133,190
Trade receivables	196,706,328	178,745,741
Other assets	2,193,216,449	2,359,082,120
Total	6,148,153,434	5,852,307,934
Total assets	53,640,229,722	53,021,369,104
Total equity and liabilities		
Equity		
Share capital	39,204,173,802	39,204,173,802
Reserves	67,235,002	66,583,262
Retained earnings	628,992,464	628,862,321
Profit for the year	90,150,022	136,993
Total	39,990,551,290	39,899,756,378
Liabilities		
Non-current liabilities		
Loans and borrowings	8,466,485,317	8,029,992,583
Employee benefits	5,363,697	7,294,604
Provisions for risks and charges	111,986,122	149,520,312
Financial liabilities (including derivatives)	19,374,668	4,895,039
Deferred tax liabilities	168,540,657	167,844,702
Other liabilities	26,090,486	27,003,070
Total	8,797,840,947	8,386,550,310
Current liabilities		
Loans and borrowings and current portion of non-current loans and borrowings	1,551,562,201	1,610,768,511
Financial liabilities (including derivatives)	1,002,445,197	631,849,985
Trade payables	96,401,758	106,268,988
Other liabilities	2,201,428,329	2,386,174,932
Total	4,851,837,485	4,735,062,416
Total liabilities	13,649,678,432	13,121,612,726
Total equity and liabilities	53,640,229,722	53,021,369,104

Income statement

Euros

	2022	2021
Revenue	155,092,526	162,869,285
Revenue from sales and services	145,341,259	153,011,925
Other income	9,751,267	9,857,360
Operating costs	(346,934,158)	(294,256,801)
Personnel expense	(67,990,655)	(65,162,303)
Raw materials, consumables, supplies and goods	(22,138,333)	(14,824,735)
Services	(152,820,594)	(155,325,484)
Other operating costs	(28,069,936)	(33,471,685)
Internal work capitalised	531,008	872,619
Amortisation and depreciation, provisions and impairment losses	(76,445,648)	(26,345,213)
Operating loss	(191,841,632)	(131,387,516)
Net financial income	231,313,951	98,874,227
Gains on equity investments	216,429,866	65,209,726
Other financial income	155,751,939	139,137,779
Losses on equity investments	(43,111,139)	(16,100,583)
Other financial expense	(97,756,715)	(89,372,695)
Pre-tax profit (loss)	39,472,319	(32,513,289)
Income taxes	50,677,703	32,650,282
Profit for the year	90,150,022	136,993

Statement of comprehensive income

Euros

	2022	2021
Profit for the year	90,150,022	136,993
Items that will not be reclassified to profit or loss:		
Net actuarial gains (losses)	887,961	(262,158)
Tax effect on actuarial gains (losses)	(243,071)	60,759
Other comprehensive income (expense), net of the tax effect	644,890	(201,399)
Comprehensive income (expense)	90,794,912	(64,406)

Statement of changes in equity

Euros

	Equity								
	Share capital	Reserves			Valuation reserves	Total reserves	Retained earnings	Profit for the year	Total equity
		Legal reserve	Extraordinary reserve	Other reserves					
Balance at 1 January 2021	39,204,173,802	64,806,665			(69,955)	64,736,710	589,951,253	40,959,019	39,899,820,784
Capital increase									
Dividend distribution									
Allocation of profit for the previous year		2,047,951				2,047,951	38,911,068	(40,959,019)	
Other changes									
Comprehensive income									
of which:									
Profit for the year								136,993	136,993
Net losses recognised directly in equity					(201,399)	(201,399)			(201,399)
Balance at 31 December 2021	39,204,173,802	66,854,616			(271,354)	66,583,262	628,862,321	136,993	39,899,756,378
Capital increase									
Dividend distribution									
Allocation of profit for the previous year		6,850				6,850	130,143	(136,993)	
Comprehensive income									
of which:									
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

STATEMENT OF CASH FLOWS

	Euros	
	2022	2021
Profit for the year	90,150,022	136,993
Income taxes	(50,677,703)	(32,650,282)
Net financial income	(231,313,951)	(98,874,227)
Amortisation and depreciation	26,375,757	24,585,028
Accruals to provisions and impairment losses		3,151,104
Impairment losses	49,241,150	178,048
Accruals for employee benefits		9,017
Accruals to provisions and impairment losses	49,241,150	3,338,169
(Gains)/Losses on sales	78	
Change in inventories	21,460,127	13,912,760
Change in trade receivables	(22,011,525)	16,930,127
Change in trade payables	(9,867,230)	(26,357,864)
Change in other assets	167,952,533	(1,758,474,247)
Change in other liabilities	(189,303,246)	1,827,472,727
Utilisation of the provisions for risks and charges	(25,377,590)	(1,806,211)
Payment of employee benefits	(1,147,794)	(220,352)
Financial income collected/financial expense paid	259,691,535	102,343,476
Change in tax assets/liabilities	53,426,878	28,712,756
Net cash flows generated by operating activities	138,599,041	99,048,853
Increases in property, plant and equipment	(2,560,744)	(1,181,685)
Increases in investment property	(8,146,424)	(12,559,975)
Increases in intangible assets	(11,989,220)	(18,958,913)
Increases in equity investments	(332,504,394)	(164,496,725)
Investments, before grants	(355,200,782)	(197,197,298)
Grants for equity investments	285,860,000	153,576,725
Grants	285,860,000	153,576,725
Decreases in property, plant and equipment		
Decreases in investment property	658,229	119
Decreases in intangible assets		
Decreases in equity investments	1,144,394	9,750,000
Decreases	1,802,623	9,750,119
Net cash flows used in investing activities	(67,538,159)	(33,870,454)
Disbursement and repayment of non-current loans	672,738,513	1,478,185,757
Disbursement and repayment of current loans	(304,538,403)	(922,401,136)
Change in lease liabilities	(188,432)	(171,505)
Change in financial assets	(859,883,560)	(562,417,439)
Change in financial liabilities		2,931,130
Net cash flows used in financing activities	(491,871,882)	(3,873,193)
Total cash flows	(420,811,000)	61,305,206
Opening cash and cash equivalents	46,539,523	(14,765,683)
Closing cash and cash equivalents	(374,271,477)	46,539,523
of which intragroup current account	(1,000,493,137)	(629,121,171)

Reporting by operating segment

The financial highlights of the group's operating segments for 2022 and 2021 are shown below:

millions of Euros

2022	Infra-structure	Passenger transport	Logistics	Urban	Other services	Adjustments and inter-segment eliminations	FS Italiane group
Revenue from third parties	5,490	6,618	931	211	43	1	13,294
Inter-segment revenue	1,383	258	151	56	613	(2,091)	370
Revenue	6,873	6,876	1,082	267	656	(2,090)	13,664
Operating costs	(6,138)	(5,420)	(1,018)	(218)	(691)	2,033	(11,452)
Gross operating profit (loss)	735	1,456	64	49	(35)	(57)	2,212
Amortisation and depreciation, provisions and impairment losses	(427)	(1,246)	(182)	(64)	(59)	28	(1,950)
Operating profit (loss)	308	210	(118)	(15)	(94)	(29)	262
Net financial income (expense)	(3)	(97)	(20)		26	44	(50)
Income taxes	(6)	(19)	(6)	4	15	2	(10)
Segment profit (loss) (attributable to the owners of the parent and non-controlling interests)	299	94	(144)	(11)	(53)	17	202

millions of Euros

31.12.2022	Infra-structure	Passenger transport	Logistics	Urban	Other services	Adjustments and inter-segment eliminations	FS Italiane group
Working capital	(887)	270	3	782	451	(213)	406
Net non-current assets	39,288	12,395	813	619	190	(429)	52,876
<i>of which: equity-accounted investees</i>	<i>942</i>	<i>180</i>	<i>3</i>			<i>(292)</i>	<i>833</i>
Other provisions	(2,252)	(770)	(141)	(146)	(228)	(38)	(3,575)
Net assets held for sale							
Net invested capital	36,149	11,895	675	1,255	413	(680)	49,707
Net financial position	(585)	9,017	649	(763)	(341)	(124)	7,853
Equity	36,734	2,878	26	2,018	754	(556)	41,854

millions of Euros

2021	Infra-structure	Passenger transport	Logistics	Urban	Other services	Adjustments and inter-segment eliminations	FS Italiane group
Revenue from third parties	4,905	5,954	883	82	41	(10)	11,855
Inter-segment revenue	1,254	254	153	45	606	(1,925)	387
Revenue	6,159	6,208	1,036	127	647	(1,935)	12,242
Operating costs	(5,533)	(4,958)	(939)	(113)	(690)	1,879	(10,354)
Gross operating profit (loss)	626	1,250	97	14	(43)	(56)	1,888
Amortisation and depreciation, provisions and impairment losses	(352)	(1,198)	(99)	(12)	(57)	23	(1,695)
Operating profit (loss)	274	52	(2)	2	(100)	(33)	193
Net financial income (expense)	31	(71)	(17)		61	10	14
Income taxes	(7)	11		(3)	19	(34)	(14)
Segment profit (loss) (attributable to the owners of the parent and non-controlling interests)	298	(8)	(19)	(1)	(20)	(57)	193

millions of Euros

31.12.2021	Infra-structure	Passenger transport	Logistics	Urban	Other services	Adjustments and inter-segment eliminations	FS Italiane group
Working capital	718	453	50	914	286	(215)	2,206
Net non-current assets	39,033	11,643	816	675	198	(114)	52,251
<i>of which: equity-accounted investees</i>	<i>604</i>	<i>144</i>	<i>3</i>				<i>751</i>
Other provisions	(2,566)	(916)	(146)	(177)	(246)		(4,051)
Net assets held for sale		16					16
Net invested capital	37,185	11,196	720	1,412	238	(329)	50,422
Net financial position	911	8,441	598	(617)	(376)	(86)	8,871
Equity	36,274	2,755	122	2,029	614	(243)	41,551

The manager in charge of financial reporting, Roberto Mannozi, states, pursuant to article 154-bis.2 of the Consolidated income tax act, that the accounting figures set out in this document are consistent with the accounting documents, books and records. This document contains forward-looking statements that do not guarantee future events or results.