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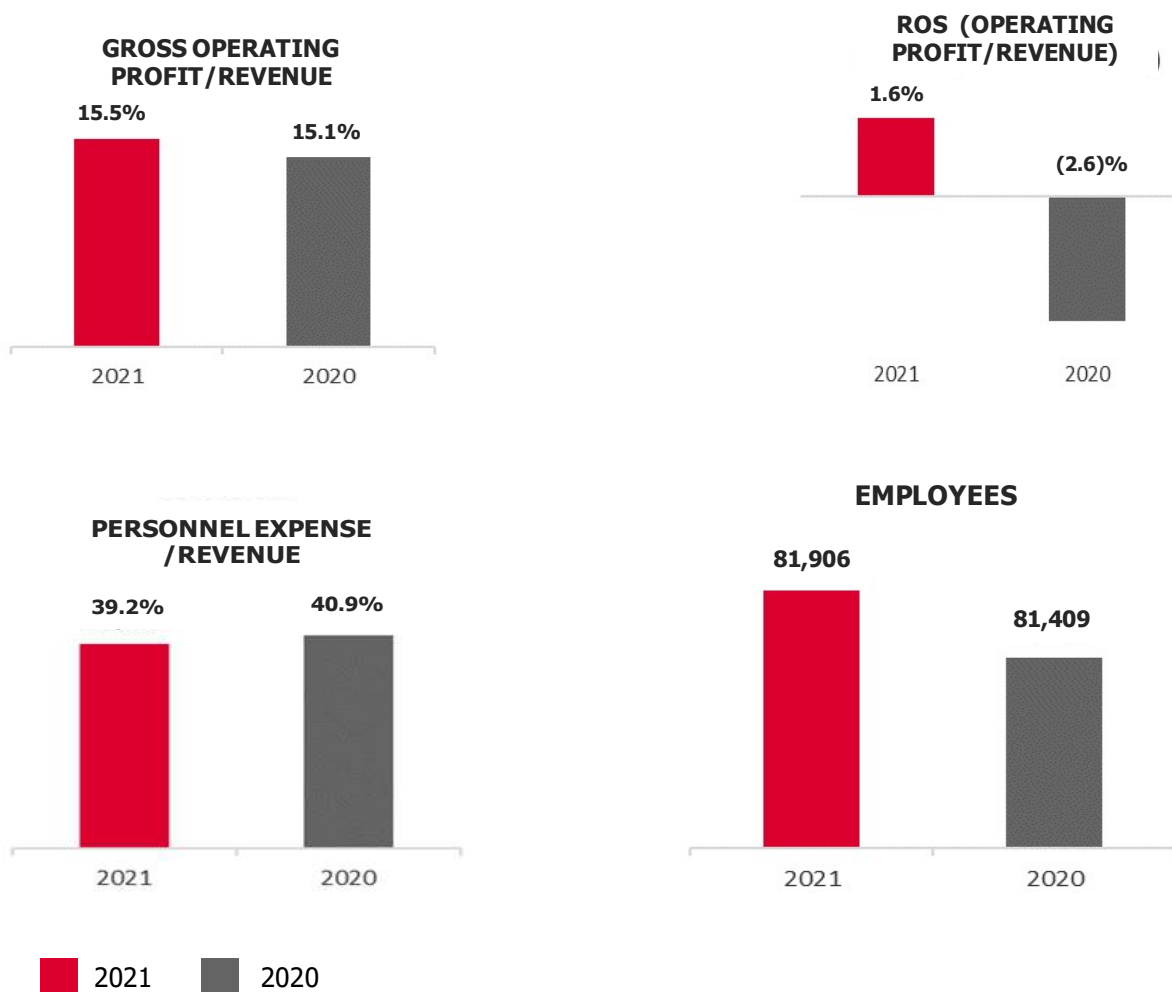
FS ITALIANE GROUP AND FERROVIE DELLO STATO ITALIANE S.P.A. 2021 ANNUAL REPORT HIGHLIGHTS

CONTENTS

FS ITALIANE GROUP AND FERROVIE DELLO STATO ITALIANE S.P.A.

2021 ANNUAL REPORT HIGHLIGHTS	1
Group highlights	3
The group's financial position and performance	4
Investments	12
Segment reporting	13
Ferrovie dello Stato Italiane S.p.A.'s financial position and performance	23
Consolidated financial statements	26
Separate financial statements of Ferrovie dello Stato Italiane S.p.A.	32
Reporting by operating segment	38

Group highlights



millions of Euros

Financial highlights	2021	2020	Change	%
Revenue	12,154	10,837	1,317	12.2
Operating costs	(10,266)	(9,204)	(1,062)	(11.5)
Gross operating profit	1,888	1,633	255	15.6
Operating profit (loss)	193	(278)	471	169.6
Profit (loss) for the year	193	(562)	755	134.4
	31.12.2021	31.12.2020	Change	%
Net invested capital (NIC)	50,437	50,316	121	0.2
Equity (E)	41,550	41,423	127	0.3
Net financial debt (NFD)	8,887	8,893	(6)	(0.1)
NFD/E	0.21	0.21		
Investments of the year	9,976	6,693	3,283	49.1
Total cash flows	850	(276)	1,126	>200%

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 methods used to calculate these indicators are also explained in the analysis below to give a better understanding of the group's financial position and performance in 2021.

Reclassified income statement

millions of Euros

	2021	2020	Change	%
REVENUE	12,154	10,837	1,317	12
Revenue from sales and services	11,747	10,482	1,265	12
Other income	407	355	52	15
OPERATING COSTS	(10,266)	(9,204)	(1,062)	(12)
GROSS OPERATING PROFIT	1,888	1,633	255	16
Amortisation, depreciation, accruals and impairment losses	(1,695)	(1,911)	216	11
OPERATING PROFIT (LOSS)	193	(278)	471	169
Net financial income (expense)	14	(283)	297	105
PRE-TAX PROFIT (LOSS)	207	(561)	768	137
Income taxes	(14)	(1)	(13)	>200
PROFIT (LOSS) FROM CONTINUING OPERATIONS	193	(562)	755	134
Profit (loss) from discontinued operations, net of taxes				
PROFIT (LOSS) FOR THE YEAR	193	(562)	755	134
<i>PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE PARENT</i>	<i>194</i>	<i>(570)</i>	<i>764</i>	<i>134</i>
<i>PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</i>	<i>(1)</i>	<i>8</i>	<i>(9)</i>	<i>112</i>

The group returned to a profit-making position in 2021 with a **profit** of €193 million (+134%) after the large loss of €562 million for the previous year, mostly caused by the Covid-19 pandemic.

Both years have been heavily impacted by a number of external events such as:

- grants received to cover the loss of revenue in both years;
- the positive effects of the Transport Authority (ART) decision no. 88/2021 on revenue from infrastructure in 2021;
- the effects on costs and revenue of the 2020 sale of the investment in Sitaf, the operator of the A32 Motorway and the Frejus Tunnel, indirectly controlled via Anas S.p.A. up until the end of October 2020 and, therefore, consolidated on a line-by-line basis until that date (it is now recognised as an associate);
- the release of the provisions for the renewal of the national labour agreement for 2020;
- the sale of the Tuscany business unit in 2021, as on 1 November 2021, Autolinee Toscane S.p.A. took over the service following the Council of State's ruling no. 47719/2021 of 21 June 2021 after acquiring the personnel and assets of Busitalia Sita Nord S.r.l., Ataf Gestioni S.r.l. and its consortium companies.

The following table shows the revenue, operating costs and gross operating profit adjusted for the above events.

	2021 adjusted	2020 adjusted	Change	%
REVENUE	11,147	9,586	1,561	16
OPERATING COSTS	(10,266)	(9,284)	(982)	(11)
GROSS OPERATING PROFIT	881	302	579	192

The main captions contributing to the profit for the year attributable to the owners of the parent are analysed below.

The **gross operating profit** amounts to €1,888 million and is up by approximately €255 million or 16%. Excluding the effects of the above non-recurring events and transactions, the increase would be €579 million, an even greater positive percentage rise (+192%).

Revenue increased by €1,317 million (+12%) as a result of the rise in revenue from transport services (€730 million) and revenue from infrastructure services (€532 million) offset by the reduction in other revenue from contracts with customers (€14 million). On the other hand, other revenue and income increased by €69 million during the year.

Specifically, with respect to the components of **revenue from transport services** (+€730 million):

- revenue from the long-haul railway passenger transport services increased by €267 million, both with respect to the market component (+€200 million) and the universal service component (+€67 million).

With respect to the market component, the upturn in demand seen by the group's main passenger transport operator accounted for 20.7% of the total, bolstered by the increase in saleable seats per km 5%, even considering the staggered seating on trains required to maintain the necessary social distancing, which was 50% until August, 75% from 1 September and 80% from November. Therefore, revenue continues to be affected by Covid-19 albeit to different extents during the year.

Revenue from the universal services showed a 34.1% increase in demand and a 30.9% increase in saleable seats per km, despite the above-mentioned difficulties caused by the staggered seating. The universal service contract consideration was substantially unchanged from the previous year (+ approximately €3 million; +0.9%);

- revenue from regional railway passenger transport services increased by €428 million, due to the uptick in both domestic services (+€342 million) and international services (+€86 million). The €128 million increase in revenue from domestic passenger transport services was driven by the easing and subsequent lifting of the restrictions on travel introduced by the competent authorities to contain the spread of Covid-19; the remainder of the increase relates to revenue from public service contracts (+€214 million). This large increase is mostly due to the performance of the service contracts agreed by Trenitalia S.p.A. with the individual regions, including the estimate of the consideration necessary for the contracts to break even, considering the grants expected to be received for the regional public transport sector. No reduction in consideration occurred thanks partly to article 29.3-bis of Decree law no. 41 of 22 March 2021, which extended the non-application of consideration curtailments or sanctions/penalties for LPT (local public transport) and regional transport services until the end of the state of emergency and, in any case, no later than 31 July 2021. This period was extended to 31 March 2021 with the conversion of Decree law no. 221 of 24 December 2021 into Law no. 11 of 18 February 2022.

With respect to revenue from international passenger transport services (+€86 million), all the markets in which the group has a foothold performed positively (German market: +€73 million; Dutch market: +€9 million; Greek market: +€4 million), mostly as a result of the steady lifting of the restrictions introduced by governments to curb the spread of Covid-19;

- revenue from passenger road transport decreased by €2 million in the year, while sea freight transport increased by €4 million;
- revenue from railway freight transport increased by €33 million, as a result of the gradual uptick in traffic during the year.

Revenue from infrastructure services rose by €532 million on the previous year, mainly attributable to Anas S.p.A. (for approximately €580 million), reflecting the trend in service and concession consideration linked to road traffic, and RFI S.p.A., which recorded an increase in toll revenue of €53 million: €20 million for the higher traffic volumes in terms of train-km and €33 million as the net effect of the higher revenue recognised under ART decision no. 88/2021 (recovery of the fees) to access HS/HC infrastructure in the period from 6 November 2014 to 31 December 2015) and the smaller revenue recognised as a result of ART decision no. 175/2021 (adjustments under the open access regime).

Other revenue from contracts with customers decreased by €14 million and mainly reflects higher revenue from sales of electrical energy for traction (+€62 million), due to higher train-km as well as the hike in energy prices; higher revenue from other services provided to railway companies (+€20 million) and greater sales of land and buildings held for trading (+€12 million), offset by the smaller revenue from the Riyadh metro contract (-€42 million) due to the redefinition of the assumptions underlying the project (mostly the additional costs and contingencies linked to the Covid-19 pandemic). Revenue from contract work in progress decreased by €66 million.

Other revenue from sales and services increased by €18 million, mostly due to the larger amount of grants received (+€15 million), while **Other income** jumped €52 million at consolidated level, principally as a result of the recognition of higher sanctions and gains.

In 2021, the group received **Covid-19 grants** of €958 million compared to €1,054 million in 2020. The 2021 grants mostly related to the long haul market business, which received €460 million in 2021 (€323 million in 2020); the railway and road LPT business (domestic and international), which received grants of €215 million (€361 million in 2020); and the infrastructure business, which received €281 million (€370 million in 2020), including the effect of the toll discount applied to the third party railway companies.

Operating costs came to €10,266 million for the year, up €1,062 million (+12%) on 2020, chiefly due to:

- the €332 million increase in personnel expense; the most significant variations were seen in "Wages and salaries" (+€251 million) due to the rise in the fixed and variable remuneration components linked to the resumption of business activities, and "Accruals/releases" (+€110 million);
- the increase of €730 million in other costs, net as a result of industrial factors. Specifically, the increase mainly relates to the cost of raw materials, consumables, supplies and goods, which increased by €304 million (mostly due to the above-mentioned higher energy prices and the greater consumption of materials); and service costs, up €618 million, mainly related to the new works and extraordinary maintenance of roads and motorways, directly linked to the higher revenue from infrastructure; offset by capitalisations, which increased by €217 million and related to work performed on infrastructure, maintenance to upgrade rolling stock at the group's workshops and technological upgrades.

The **operating profit** of €193 million shows an improvement of €471 million (+169%) on the loss of €278 million for the previous year.

Amortisation and depreciation amount to approximately €20 million, net of the Sitaf transaction, and were affected by the changed rates for railway infrastructure due to the increase in the train-km parameter following the upturn in traffic on the railway network.

Net impairment losses decreased by €79 million, mostly as a result of the smaller impairment losses recognised on buildings, plant and machinery (-€26 million) and on financial assets in accordance with IFRS 9, which led to the

recognition of a smaller net loss (€37 million), and the effect of the impairment loss recognised in 2020 by Trenitalia c2c due to the non-recognition of financial assets by the Department of Transport (-€9 million).

Accruals of €0 million amounted to €127 million in 2020, mostly due to the adjustment of the Bilateral fund for income assistance, set up for proactive income and employment assistance, to cover extraordinary benefits to be paid in future years.

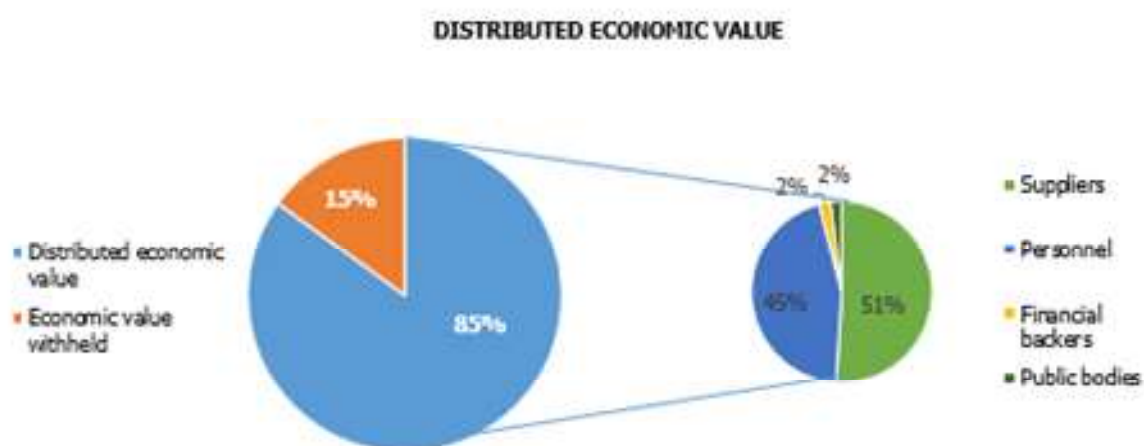
Net financial income amounts to €14 million showing an increase of €297 million (€254 million net of the Sitaf transaction) compared to the previous year.

Financial increase increased by €61 million, mostly due to the discounting of the Covid-19 grants recognised in 2020 for the passenger service and collected from the Ministry of Sustainable Infrastructure and Mobility (MIMS) in 2021 (€23 million) and the Covid-19 grants recognised in 2020 by the road infrastructure operator (€12 million); the recognition of interest income accruing since 1995 on the amount due from the Basilicata region, which was recognised in 2021 following the final court decision against the region (€12 million); and the monetary revaluation of the fee) to access the HS/HC infrastructure recalculated with ART decision no. 88/2021 (€11 million). Financial expense decreased (the effect of the Sitaf transaction was €43 million), mostly as a result of the smaller impairment losses on the amount due from the operator Strada dei Parchi (-€156 million) and smaller exchange losses (-€25 million). The share of profits of equity-accounted investees increased by €9 million to €32 million from €23 million for 2020.

Income taxes increased from €1 million in 2020 to €14 million for 2021. Net of the change in the consolidation scope, they would have increased by €22 million, principally due to the smaller release of net deferred taxes (+€25 million), partly offset by the smaller IRES (corporate income tax) taxes recognised for the year (-€4 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 2021 was a year thrown out of kilter by the pandemic, 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.

Directly generated and distributed economic value	2021		2020		2019	
Directly generated economic value	12,328	100%	10,941	100%	12,524	100%
Revenue from sales and services	11,747		10,482		12,011	
Other sundry income	581		459		513	
Distributed economic value	10,444	85%	9,621	88%	10,190	81%
Operating costs for materials and services	5,336		4,661		4,801	
Personnel expense	4,764		4,432		4,945	
Payments to financial backers	160		387		286	
Payments to public bodies	184		141		158	
Economic value retained	1,884	15%	1,320	12%	2,334	19%
Amortisation, depreciation, accruals and impairment losses	1,695		1,911		1,780	
Other sundry costs and taxes	(4)		(29)		(30)	
Profit (loss) for the year	193		(562)		584	



The value not directly distributed by the group (nearly €2 billion in 2021) is equal to 15% of the total generated value, compared to 12% in 2020 (€1.3 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.

Indeed, the FS Italiane group has generated an economic impact equal to roughly 1.6% of national value added and the equivalent of over 290 thousand jobs¹ through its direct, indirect and induced contribution to the domestic economy with its operations and increasing investments.

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). It adopts the hypothetical extraction method (HEM), updated to reflect the group's specific characteristics.

Reclassified statement of financial position

	millions of Euros		
	31.12.2021	31.12.2020	Change
ASSETS			
Net operating working capital	(110)	107	(217)
Other assets, net	2,331	2,636	(305)
Working capital	2,221	2,743	(522)
Net non-current assets	52,251	51,698	553
Other provisions	(4,051)	(4,125)	74
Net assets held for sale	16		16
NET INVESTED CAPITAL	50,437	50,316	121
COVERAGE			
Net current financial (position) debt	(352)	1,106	(1,458)
Net non-current financial debt	9,239	7,787	1,452
Net financial debt	8,887	8,893	(6)
Equity	41,550	41,423	127
COVERAGE	50,437	50,316	121

The group's **net invested capital** of €50,437 million increased by €121 million due to the rise in **net non-current assets** (+€553 million), the recognition of **net assets held for sale** (+€16 million) and the decrease in **other provisions** (+€74 million), offset by the reduction in **working capital** (-€522 million).

Net operating working capital amounts to -€110 million, down by €217 million on the previous year and is the combined effect of the following main trends:

- larger amounts due from trading partners (customers and suppliers) of €495 million, mostly due to:
 - the increase in advances to suppliers (+€209 million), mainly related to those provided under article 207.2 of Decree law no. 34/2020 (Urgent measures to support healthcare, employment and the economy and social policies related to the Covid-19 epidemiological emergency - Urgent provisions for the liquidity of contractors);
 - the rise in revenue from tolls following the resumption of railway traffic (+€86 million) and the effects of ART decision no. 88/2021 (+€42 million);
 - the increase in amounts for motorway tolls and the concession consideration due to the upturn in motorway traffic compared to the previous year (+€51 million);
 - the higher amounts due from group companies, mostly related to the lease of rolling stock, the related payments for which were made early in 2022 (+€82 million);
- higher trade payables (-€848 million), chiefly related to the greater volume of works performed during the year on railway and road and motorway network investment projects (railway: -€431 million and road and motorway: -€123 million) and the increase in transport services as the commercial offer resumed compared to the previous year, which had been heavily affected by the Covid-19 restrictions (-€302 million);
- smaller inventories and contract assets (-€52 million), principally due to lower levels of raw materials and consumables (-€47 million) as a result of the greater consumption of raw materials compared to those purchased during the year and the

adjustment of the allowance for inventory write-down for obsolete materials that could no longer be used for maintenance and spare parts and components, especially those of Trenitalia S.p.A., which undertook a significant disposal/scraping project;

- greater amounts due for the service contracts with the regions (+€132 million) and the Ministry of Economy and Finance (MEF) (+€59 million) for consideration accrued during the year and not yet collected.

Other assets, net amount to €2,331 million, showing a decrease of €305 million, which is substantially the combined effect of:

- lower net amounts from the MEF, Ministry for Infrastructure and Transport (MIT) and other government authorities (-€304 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 (+€17 million);
- the increase in deferred tax assets (+€5 million);
- smaller other liabilities and assets, net (-€23 million), mostly as a result of the increase in amounts due from CSEA (energy, gas and water settlement fund) and the decrease in amounts due to Anas S.p.A. from the government to cover highly probable disputes related to works financed with grants where the risk of extra costs is not borne by Anas S.p.A., unlike works financed by consideration.

Net non-current assets of €52,251 million increased by €553 million, substantially due to:

- the €9,976 million increase in the year, offset by the recognition of grants related to assets on an accruals basis (€7,654 million) and amortisation and depreciation of the year (€1,595 million);
- sales of €62 million, mostly related to the transfers to Autolinee Toscane S.p.A. after the award of the Tuscany call for tenders;
- impairment losses of €87 million, principally on land and buildings no longer usable in production (€53 million), rolling stock that can no longer be used for passenger transport (€9 million) and assets of the subsidiary Qbuzz BV (€14 million);
- the impairment losses recognised on equity-accounted investees (-€14 million) as the net effect of the profits achieved in 2021 (€26 million) and the impairment of the investment in Ferrovie Nord Milano S.p.A. (FNM) following the acquisition of a controlling stake in Milano Serravalle - Milano Tangenziali S.p.A., accounted for as under common control (-€40 million);
- the reclassification of mainly Netinera group assets to assets held for sale (-€14 million) (more information is provided later in this report).

Other provisions are down by €74 million due to the €42 million decrease in post-employment benefits and other employee benefits, mainly following the payments to outgoing personnel during the year and advances paid, and the €32 million decrease in other provisions for risks, the accruals of €475 million made during the year, offset by utilisations of €211 million following the settlement of disputes, and the release of €300 million from the provisions for risks, mainly for the disputes between Anas S.p.A. and the state.

Net assets held for sale amount to €16 million and mostly consist of the railway infrastructure of OHE AG in Lower Saxony and Sippel's headquarters in Hofheim, near Frankfurt, for which a sales agreement has been signed to become effective in 2022.

Net financial debt of €8,887 million decreased by an immaterial €6 million on 31 December 2020, essentially the net effect of the following factors:

- the increase in the cash pooling balance (-€495 million), which comprises the payments made by the MEF in accordance with the Programme Contract for railway infrastructure;
- the decrease in the amount due from the MEF (€504 million) due to collections of the year;
- the net decrease in bank loans and borrowings (-€741 million), mainly due to the reduction in short-term funding, the decrease in the current account overdrafts and repayment of loans used to purchase rolling stock for the medium and long-haul transport and regional transport, offset by the new loans taken out from Unicredit and Intesa Sanpaolo and the greater use of factoring;
- the increase in bonds (+€981 million), substantially due to the subscription of new bonds as part of the Euro Medium Term Notes Programme with a nominal amount of €1,000 thousand to meet the group's cash requirements, new private bond placements with Eurofima SA with a nominal amount of €250 million, and the new private bond placement with the European Investment Bank with a nominal amount of €350 million offset by redemptions of €613 million for the second and part of the fourteenth bond issue placed under the Euro Medium Term Notes Programme;
- the decrease in loans and borrowings from other financial backers (-€130 million), substantially due to the repayment of the loans with Cassa Depositi e Prestiti taken out to finance railway infrastructure (the traditional and high-speed networks);
- the increase in contract advances (+€103 million) due to the portion of grants already collected by Anas S.p.A. for work not yet completed;
- the decrease in financial assets for service concession arrangements (+€150 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 period from the Ministries or authorities;
- the decrease in lease liabilities (-€51 million) as the net effect of the registration of leases, repayments and the measurement of liabilities in the year;
- the net increase in the balance of other financial assets and liabilities (-€327 million) mainly due to the rise in cash and cash equivalents following the collection of additional grants provided by the European Commission.

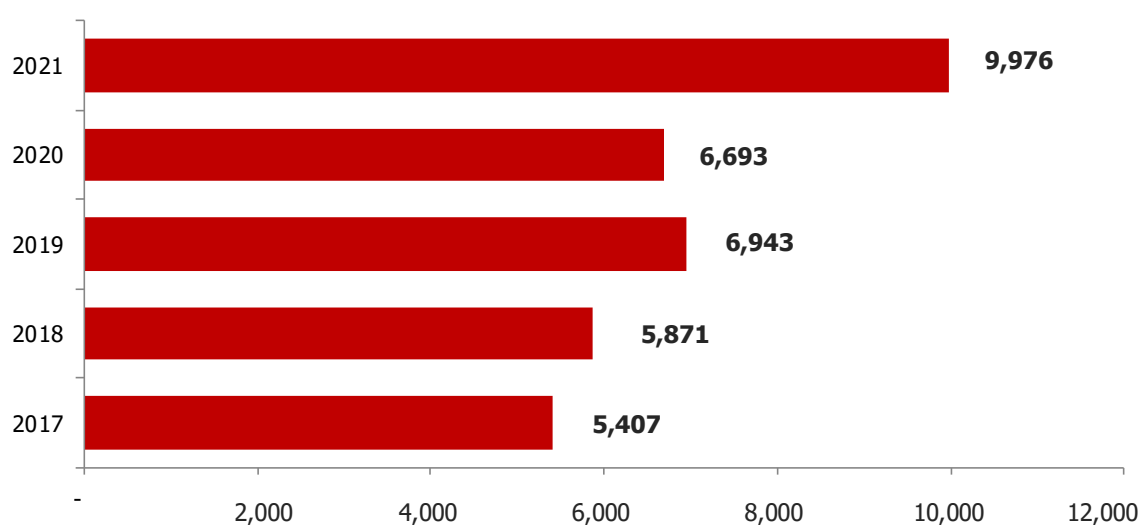
Equity increased by €127 million from €41,423 million to €41,550 million mainly as a result of the following:

- the increase in the profit for the year (+€193 million);
- the decrease in valuation reserves (-€22 million);
- the decrease, mostly as a result of the acquisition of a controlling investment in Milano Serravalle - Milano Tangenziali S.p.A. by FNM S.p.A. (-€40 million);
- the net decrease of €7 million in the balance of derivatives.

Investments

Despite continuation of the pandemic and the resulting economic crisis, the FS Italiane group managed to ensure the continuity of investment development and, in line with its investment trend since 2012, maintained a capital expenditure/depreciation ratio greater than 1 again in 2021, securing not only the replacement of assets which become obsolete from one year to the next but also steady growth. Indeed, after acknowledgement as the largest investor in Italy notwithstanding the pandemic, the group accelerated its investment programme in 2021 continuing to support the development and renewal of transport, infrastructure and logistics.

Total expenditure for investments by the FS Italiane group in 2021 amounts to €9,976 million, €2,322 million of which was self-financed and €7,654 million through government grants, up by roughly 49% on the same figure at 31 December 2020.



The FS Italiane group developed and managed a record amount of capital expenditure totalling approximately €12.5 billion² (+40% on the end of 2020, when it had invested around €9 billion), including 98% in Italy, of which:

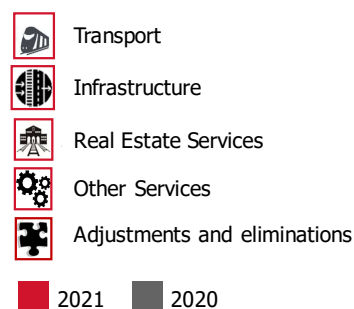
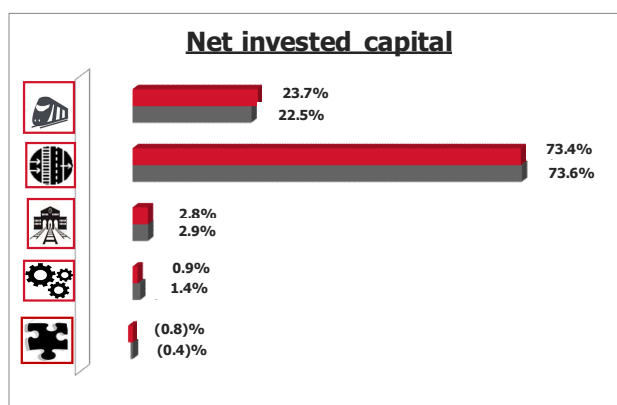
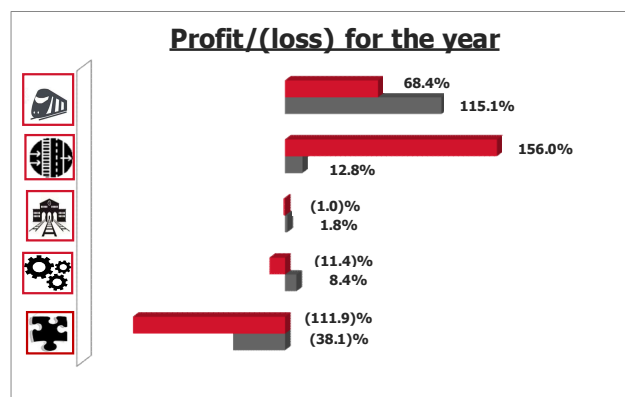
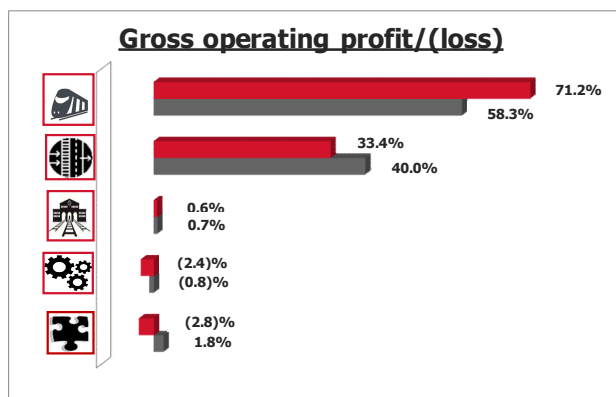
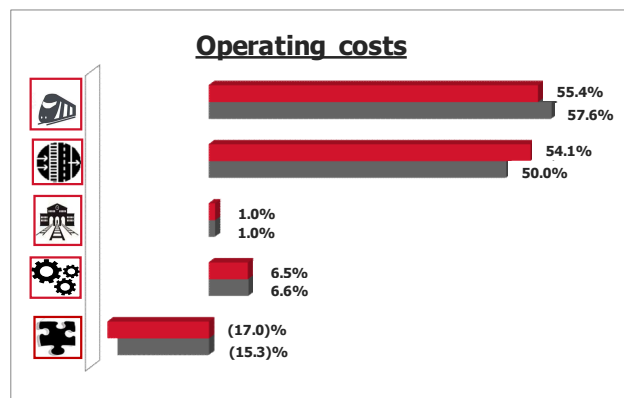
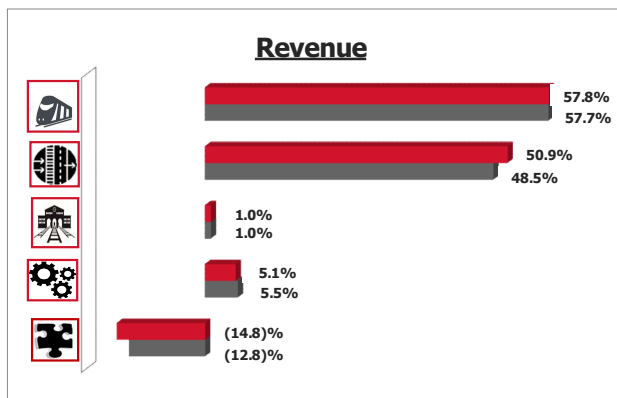
- approximately 84.1% of capital expenditure refers to the Infrastructure operating segment, with RFI S.p.A. investing €8,033 million (including €5,640 million for the traditional/HC network, €80 million for the HS/HC network between Turin, Milan and Naples and €2,313 million for contract advances³ to suppliers) and the Anas group investing €2,241 million (including roughly €295 million for contract advances to suppliers);
- around 15.7% of investments refers to the Transport segment for projects focusing on the transport of passengers by road and rail, both in Italy and abroad, and to the transport of freight, with Trenitalia S.p.A. investing €1,618 million (including routine maintenance), Mercitalia group approximately €136 million, Busitalia group €58 million and the other companies operating abroad investing €134 million (Netinera, C2C, Trenitalia UK, Trenitalia France and TrainOSE);
- approximately 0.2% of investments (the remainder) refers to the Real estate and Other services segments. The investments were mainly made by FSTechnology S.p.A. and Ferrovie dello Stato Italiane S.p.A., principally for ICT projects.

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

³ Also in connection with article 207.1 and 2 of Law no. 77 of 17 July 2020.

Segment reporting

The FS Italiane group's performance is analysed below with reference to each of the four operating segments that make up its business (Transport, Infrastructure, Real Estate Services and Other Services). The charts below summarise the 2021 and 2020 performance with indication of the percentages of revenue and operating costs, gross operating profit (loss), profit (loss) for the year and net invested capital attributable to each segment.



Transport

The FS Italiane group companies operating in the transport of passengers and/or freight by rail, road or sea are part of the Transport segment.

More specifically, rail operations mainly fall under Trenitalia S.p.A., which provides services for passenger transport in Italy and abroad, managing both regional and national routes. This segment also includes the German group, Netinera Deutschland, which carries out transport activities by rail and road on the local and urban transport market in Germany through approximately 40 investees, TrainOSE SA, which operates in Greece, connecting Athens and Thessaloniki, Trenitalia C2C Ltd, a UK passenger transport company, and Ferrovie del Sud Est e Servizi Automobilistici S.r.l. ("FSE"), which holds the concession for road and rail services in Puglia, Italy.

The group companies that principally operate in freight transport are those in the Mercitalia hub, with domestic and international operations, including TX Logistik group (mainly active in Germany, Austria, Switzerland and Denmark).

The 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 Italian and foreign investees. The above-mentioned FSE S.r.l. also provides these services.

millions of Euros

	2021	2020	Change	%
Revenue from sales and services	6,828	6,089	739	12.1
Other income	200	169	31	18.3
Revenue	7,028	6,258	770	12.3
Operating costs	(5,683)	(5,306)	(377)	7.1
Gross operating profit	1,345	952	393	41.3
Operating profit (loss)	49	(418)	467	(111.7)
Segment profit (loss) (attributable to the owners of the parent and non-controlling interests)	132	(647)	779	(120.4)
	31.12.2021	31.12.2020	Change	
Net invested capital	11,940	11,304	636	

The Transport segment shows a **profit for the year** of €132 million, up €779 million on 2020.

The following factors contributed to the significant improvement in 2021: i) both years were affected considerably by the economic and financial effects of Covid-19, albeit to different degrees. The adverse effects of the "soft lockdown" measures applied throughout the first four months of 2021 affected travel between regions and the sale of available seats (the staggered system) but were partly offset by a slow but steady improvement in all the Transport segment's businesses starting from May; ii) in addition to the pandemic, 2021 was affected by the higher costs recognised as a result of ART decision no. 88/2021 which recalculated the toll costs on the HS network for the period from 6 November 2014 to 31 December 2015 (€86.7 million); iii) the grants received in the two years for the market and regional public transport sectors differed (in 2021, they included grants of €257.8 million for the market service offsetting the negative effects of Covid-19 recorded in 2020).

Revenue of the Transport segment amounts to €7,028 million, up by €770 million or roughly 12% on 2020, essentially as a result of the higher revenue from transport services (+€727 million, +14%).

Revenue of the long-haul railway segment increased by approximately €409 million (+28% on 2020) in both the market component (+€357 million) and the universal service component (+€52 million).

Revenue of the short-haul railway segment (regional transport) is up by €238 million (+10% on 2020) thanks to the rise in traffic revenue due to the easing of restrictions and the reorganisation of the offer in order to stimulate local tourism during the summer period, and an increase in revenue in connection with the consideration necessary for the service contracts with the regions to break even, partly offset by the fact that, in accordance with legislation, this segment benefited from government grants totalling €89 million compared to €193 million disbursed in 2020 (covering the March-June 2020 period).

The passenger road transport and the freight transport segments recorded respective increases in revenue of €41 million (+6% on 2020), due to higher revenue from transport services and government grants of €12 million in the Netherlands, and of €66 million (+7% on 2020, due to higher volumes).

The **gross operating profit** of the Transport segment came to €1,345 million in 2021, up by €393 million on 2020. The increase in revenue was only partly offset by the rise in operating costs (personnel expense and costs for services mainly related to the increase in the offer and higher sanitation and electrical energy for traction costs).

The **operating profit** amounts to €49 million. Despite the impairment losses recognised on rolling stock in 2020, the operating profit was heavily affected by amortisation and depreciation, substantially unchanged from the previous year.

The increase in **net financial income** of €72 million is mostly due to the release of a provision for risks (€161 million) set up by Trenitalia in 2020 to cover the amount deemed non-recoverable of the parent company support (PCS) credit facility that FS Italiane S.p.A. had originally granted to its indirect subsidiary Trenitalia C2C, with Trenitalia's guarantee.

Income taxes for 2021 show a positive balance of €11 million, down by €42 million.

Infrastructure

The group's Infrastructure segment companies are RFI S.p.A., 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 part of the national motorway networks. As network operator, RFI maintains, uses and develops the network and 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. To a lesser extent, given its smaller size, 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., Brenner Basis Tunnel SE, Tunnel Ferroviario del Brennero S.p.A. (TFB), Tunnel Euralpin Lyon Turin SaS (TELT), Grandi Stazioni Rail S.p.A. and Metropark S.p.A..

millions of Euros

	2021	2020	Change	%
Revenue from sales and services	5,936	5,041	895	17.8
Other income	250	215	35	16.3
Revenue	6,186	5,256	930	17.7
Operating costs	(5,555)	(4,603)	(952)	20.7
Gross operating profit	631	653	(22)	(3.4)
Operating profit	277	160	117	73.1
Segment profit (loss) (attributable to the owners of the parent and non-controlling interests)	301	(72)	372	>(200)
	31.12.2021	31.12.2020	Change	
Net invested capital	37,026	37,050	(24)	

The Infrastructure segment showed a **profit** for 2021 of €301 million, up by €372 million on the previous year.

Revenue amounts to €6,186 million, up significantly on 2020 (+€930 million or around 18%). The rise in revenue is mainly due to the combined effect of the following:

- the increase in Anas S.p.A.'s revenue (by roughly €480 million), essentially the net balance of higher revenue related to capital expenditure of €470 million (this item is matched by a corresponding change in costs) and higher toll revenue from motorway operators of €109 million (royalties, income from mobility services or network management), partly offset by smaller grants of €54 million (mostly due to the non-repetition of Covid-19 grants as per Law no. 77 of 17 July 2020 to offset the smaller tolls collected by Anas S.p.A. of €151 million, larger grants under Law no. 106 of 23 July 2021 of €30 million and larger grants of €66 million as per Decree law no. 4/2022 offsetting the smaller revenue recognised by Anas S.p.A. due to the fewer vehicles circulating on the motorways in 2021 because of Covid-19 and the increase in the cost of lighting the state roads that it operates;
- the increase in RFI S.p.A.'s revenue due to:

- the sale of electrical energy for traction of €192 million (matched by a similar variation in costs) linked to the greater volume of train-km travelled and the hike in energy prices which drove the related price of electricity to near historical peaks, compared to 2020 (when the cost of energy was the lowest ever since the electricity market opened in 2004);
- tolls of €185 million being the sum of: an increase of €71 million due to the higher traffic volumes seen during the year; higher revenue from tolls of €116 million compared to previous years mostly due to the reimbursement of the fees to access HS/HC infrastructure borne by the railway companies as per ART decision no. 88/2021 for the 2014-2015 period (€124 million), partly offset by the recognition of adjustments provided for by ART decision no. 175/2001 to companies operating on an open access regime (€89 million);
- grants of €80 million, of which €30 million related to government grants (to offset the decrease in revenue) and the other €50 million to the rise in Programme Contract - Services for both routine maintenance and other operations (security, navigation, etc.);
- gains on the sale of materials that can no longer be used (€49 million);
- the €183 million decrease in revenue due to the sale of the investments in Sitaf Group in 2021.

The Infrastructure segment's **gross operating profit** is €631 million, down by €22 million on 2020: RFI S.p.A.'s improved contribution is more than offset by the reduction in Anas S.p.A.'s profit margin and the effect of the sale of the investments in Sitaf group.

The **operating profit** of the Infrastructure segment is €277 million, up by €117 million on the previous year. The decrease in the gross operating profit is completely offset by the positive effect of the accrual made by RFI S.p.A. in 2020 to the fund for income and employment assistance and the smaller accrual made by Anas S.p.A. compared to 2020 to the IFRS 9 loss allowance for trade receivables and concession rights. The rise in RFI S.p.A.'s amortisation and depreciation (mainly caused by the change in rates due to the increase in train-km during the year) is more than offset by the lower amortisation and depreciation following the sale of the investments in the Sitaf group in 2021.

Net financial income of €33 million improved considerably on the previous year (+€245 million), mainly as a result of the sale of the investments in the Sitaf group in 2021 (+€42 million) and the recognition in 2020 of an impairment loss on the amount due from Strada dei Parchi (+€167 million).

Income taxes in the Infrastructure segment show a negative balance of €9 million in 2021, an improvement of €11 million on 2020, essentially due to the above sale.

Real Estate Services

The Real Estate Services segment mainly consists of FS Sistemi Urbani S.r.l. which handles management, sales and development services for real estate assets that are not used in the group's operations.

The parent also contributes to this segment, exclusively with respect to its real estate management operations, which include providing the group companies with strategic guidelines on real estate and asset allocation (e.g., mergers, demergers, contributions to SPEs, etc.) and handling the sale of land and buildings held for trading in real estate holdings.

millions of Euros

	2021	2020	Change	%
Revenue from sales and services	117	107	10	9.3
Other income		(1)	1	(100.0)
Revenue	117	106	11	10.4
Operating costs	(106)	(95)	(11)	11.6
Gross operating profit	11	11		
Operating profit (loss)		(6)	6	(100.0)
Segment loss (attributable to the owners of the parent and non-controlling interests)	(2)	(10)	8	(80.0)
	31.12.2021	31.12.2020	Change	
Net invested capital	1,434	1,452	(18)	

The Real Estate Services segment shows a **loss for the year** of €2 million, a €8 million improvement on 2020, when it recognised larger impairment losses on financial assets.

Other Services

Ferrovie dello Stato Italiane S.p.A. operates in the Other Services segment in its role as the group's holding company and for all the activities not included in the real estate services described above. It steers and coordinates the business policies and strategies of the group's operating companies. The other 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; Fercredit 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; Italcertifer S.p.A., which carries out certification, assessment and testing activities on transport and infrastructure systems; and FSTechnology S.p.A., the group's ICT service provider, appointed to manage its ICT strategy.

millions of Euros

	2021	2020	Change	%
Revenue from sales and services	613	589	24	4.1
Other income	12	10	2	20.0
Revenue	625	599	26	4.3
Operating costs	(671)	(612)	(59)	(9.6)
Gross operating loss	(46)	(13)	(33)	>200
Operating loss	(102)	(62)	(40)	(64.5)
Segment loss (attributable to the owners of the parent and non-controlling interests)	(22)	(47)	25	53.2
	31.12.2021	31.12.2020	Change	
Net invested capital	447	710	(263)	

In 2021, Other services recorded a **loss for the year** of €22 million, an improvement of €25 million on the previous year's loss.

Revenue of €625 million is up by €26 million, mainly as a result of the FSTechnology's IT activities.

The **gross operating loss** of €46 million in 2021 worsened by €33 million on the previous year. This is due to both non-recurring income of €13 million recognised by the parent in 2020 (following the favourable outcome of the appeal against the tax authorities to obtain a reimbursement of registration tax and the related interest previously paid on the transfer of the electricity grid to the main national operator, Terna S.p.A.) and the parent's higher costs.

The segment's **operating loss** was €102 million, a worsening of €40 million on 2020 for the same reasons cited above for the gross operating loss as well as the higher amortisation and depreciation expense.

Net financial income amounts to €60 million, showing a strong improvement of €52 million over 2020 due to both smaller financial expense and the recognition in 2020 of larger impairment losses on investments in group companies.

Income taxes show a positive balance of €20 million, up by €13 million on 2020. This caption reflects the positive effects of the domestic tax consolidation scheme managed by the parent on behalf of the group.

Loans and borrowings and related contracts – Other Services segment

Standard and Poor’s rating confirmed

On 18 February 2021, Standard and Poor’s confirmed the ratings of July 2020 and specifically the Issuer Credit Rating at “BBB” and the “Stand Alone Credit Profile” (SACP) at “bbb+”, the latter therefore one notch above the overall rating of FS S.p.A. and the Republic of Italy. The outlook remains negative.

Resolution authorising new bonds and loans

On 23 February 2021, FS Italiane’s board of directors approved the issue of new 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 €2 billion and 900 million.

The funds raised on debt capital markets will finance the FS Italiane group’s medium/long-term requirements for 2021 and, specifically, they will be used to purchase new trains for regional passenger transport and medium and long-haul transport, including abroad, as well as for the railway infrastructure.

Green bond placement - EMTN series 17

On 18 March 2021 - with settlement date 25 March - FS Italiane S.p.A. issued its third series of green bonds with a nominal amount of €1 billion. The coupon has been set at 0.375%, matures on 25 March 2028 and was issued as part of the EMTN programme updated to 12 March 2021.

The issue is part of the Green Bond Framework set up by FS Italiane S.p.A. to finance environmental sustainability projects. Specifically, the proceeds from the issue are earmarked to replace rolling stock for public transport as detailed below:

- New Pop and Rock electric trains for regional passenger transport;
- New ETR 1000 high-speed electric trains for long-haul passenger transport, including abroad.

Both projects ensure improvements in energy efficiency, reductions in CO2 emissions and a modal shift towards the use of rail in local and long-haul public transport.

Thanks to this framework, the certification from the Climate Bonds Initiative (CBI) was confirmed. CBI is an international non-profit organisation that promotes sustainable financing to combat climate change at a global level. The CBI certification and the projects financed by FS Italiane S.p.A. confirm its strong commitment to ESG issues, promoted by the group through sustainable finance operations.

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

The issue is part of the total €2.9 billion approved by FS Italiane S.p.A.’s board of directors on 23 February 2021 to cover the group’s 2021 medium/long-term requirements.

Private bond placement with Eurofima

On 19 April 2021, FS Italiane S.p.A. finalised another private bond placement with Eurofima for €250 million at a variable rate and maturing in April 2041 (twenty 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 proceeds raised with this placement, FS Italiane S.p.A. granted Trenitalia S.p.A. an intragroup loan to finance the company's rolling stock used to operate the medium and long-haul public transport service.

New bank loans

In June 2021, FS Italiane S.p.A. entered into three three-year bank loan agreements for a total of €500 million to finance part of the annual requirements of the railway infrastructure operator.

Specifically, the loan agreements were entered into with UniCredit for €200 million on 16 June 2021, Intesa San Paolo for €200 million on 22 June 2021 and Banco BPM for €100 million on 28 June 2021.

FS Italiane S.p.A. used these amounts to grant RFI S.p.A. an intragroup loan.

The transaction is also part of the total €2.9 billion approved by FS Italiane S.p.A.'s board of directors on 23 February 2021 to cover the group's 2021 medium/long-term requirements.

Signing of the new sustainability-linked facility

On 25 June 2021, FS Italiane S.p.A. entered into, with a syndicate of six financial institutions, a new committed and revolving credit facility agreement for €2.5 billion and three years tenor, the largest financial transaction ever for the group. The facility, signed with FS Holding by Intesa Sanpaolo, UniCredit, Cassa Depositi e Prestiti, Credit Agricole CIB, CaixaBank and Banca Popolare di Sondrio, is the group's first sustainability-linked product, thanks to the provision of margin and commitment fee adjustments, linked to the achievement of targets for four KPIs that capture the group's overall commitment in the ESG field.

This closing follows a competitive selection among banks in order to raise a new committed line greater than the existing one from the market, within the first half of 2021.

The funds of the credit facility will be used to meet the group's liquidity requirements and will be allocated to the subsidiaries through intragroup loans.

Fitch rating confirmed

On 18 November 2021, Fitch Ratings issued its annual assessment of the credit rating of Ferrovie dello Stato Italiane S.p.A., confirming its "Issuer Default Rating" at "BBB-" with a stable outlook reflecting that of the Republic of Italy.

Fitch also confirmed the "Stand Alone Credit Profile" of FS Italiane S.p.A. at "bbb-", again in line with that of the Republic of Italy.

Standard and Poor's rating confirmed

On 24 November 2021, Standard and Poor's re-confirmed FS Italiane's "Issuer Credit Rating" at "BBB" and the "Stand Alone Credit Profile" (SACP) at "bbb+", the latter therefore one notch above the rating of the Republic of Italy and the overall rating of Ferrovie dello Stato Italiane S.p.A..

Its outlook has improved from negative to positive.

New bank loans

In December 2021, FS Italiane S.p.A. entered into two three-year bank loan agreements for a total of €200 million. Specifically, the agreements were entered into with Intesa Sanpaolo for €50 million on 7 December 2021 and CaixaBank for €150 million on 9 December 2021.

The transaction is part of the total €2.9 billion approved by FS S.p.A.'s board of directors on 23 February 2021 to cover the group's 2021 medium/long-term requirements.

EMTN Programme updated and increased to €9 billion

On 15 December 2021, FS Italiane S.p.A. updated its "Euro Medium Term Notes" (EMTN) Programme for institutional investors listed on the Irish Stock Exchange, increasing its size up to €9 billion, from the previous €7 billion and signing the documentation with 27 dealers.

Since 2013, when the EMTN Programme was established, FS Italiane has issued 17 private and public notes, including 3 green bonds.

Private green bond placement with EIB

On 16 December 2021, the European Investment Bank (EIB) supported the purchase of modern high-speed trains by Trenitalia S.p.A. for its Italian and Spanish operations via a private placement subscription of green bonds issued by FS S.p.A. and maturing in 2038. The €350 million tranche is the first green bond signed by the EIB in its history.

The project boosts the expansion of high-speed transport on the trans-European transport network (TEN-T) in Italy and Spain, promoting a single railway market and the transfer of road and air traffic to railways, in line with the 4th railway package of the European Union.

FS Italiane S.p.A. used these amounts to grant Trenitalia S.p.A. an intragroup loan.

With recourse factoring

On 22 December 2021, the contracts for the with recourse factoring of amounts due by the Ministry of Infrastructure and Sustainable Mobility to the main group companies were signed pursuant to Law no. 77 of 17 July 2020 and the 2021 budget act and the measures introduced by the Italian government to counter the economic repercussions of the Covid-19 pandemic. The grants of approximately €445 million due for the years from 2022 to 2034 were assigned to Unicredit Factoring, as factor, following the auction called in November 2021 by FS Italiane S.p.A., which coordinated, structured and negotiated the transactions on behalf of Trenitalia S.p.A. and RFI S.p.A. as the assignors.

Upgrade of Fitch rating

On 23 December 2021, Fitch upgraded Ferrovie dello Stato Italiane S.p.A.'s "Long-Term Issuer Default Rating" from "BBB-" to "BBB". It also upgraded FS S.p.A.'s EMTNs to "BBB".

Fitch also raised Ferrovie dello Stato Italiane S.p.A.'s "Stand Alone Credit Profile" (SCP) from "bbb" to "bbb-".

The outlook continues to be stable, again in line with that of the Republic of Italy.

Ferrovie dello Stato Italiane S.p.A.'s financial position and performance

Reclassified income statement

millions of Euros

	2021	2020	Change	%
Revenue	163	197	(34)	(17)
- Revenue from sales and services	153	189	(36)	(19)
- Other revenue	10	8	2	25
Operating costs	(268)	(256)	(12)	5
GROSS OPERATING LOSS	(105)	(59)	(46)	78
Amortisation and depreciation	(25)	(23)	(2)	9
Net impairment losses	(2)	(5)	3	(60)
OPERATING LOSS	(132)	(87)	(45)	52
Net financial income	99	115	(16)	(14)
PRE-TAX PROFIT (LOSS)	(33)	28	(61)	NA
Income taxes	33	13	20	154
PROFIT (LOSS) FOR THE YEAR	0	41	(41)	(100)

The **profit** for the year amounts to €0.1 million, down by €41 million on the previous year, mainly due to the operating loss and net financial expense (-€46 million and -€16 million, respectively), partly offset by the income taxes (+€20 million).

The decrease in the **gross operating loss** (€46 million) reflects the reduction in revenue (-€34 million) and the increase in operating costs (-€12 million), as detailed below.

The downturn in **revenue** is mostly a result of the contraction in revenue from contracts with customers due to the combined effect of the smaller revenue from foreign contracts and services provided by the parent to the subsidiaries (€43 million) offset by the increase in revenue from the sale of land and buildings held for trading (€11 million). The increase in **operating costs** essentially refers to higher personnel expense (+€4 million), the increase in land and buildings held for sale, the rise in the costs of goods sold (+€6 million), the favourable settlement of a tax dispute commenced by Ferrovie dello Stato S.p.A. and Terna S.p.A. in 2020 (+€13 million), the increase in membership fees (+€2 million), higher costs incurred for disputes (+€2 million) and payments of taxes and duties (+€4 million) offset by smaller costs for services related to foreign contracts (-€21 million).

The €45 million increase in the **operating loss** on 2020 is due to that described above with respect to the gross operating loss, an effect that was slightly buffered by the smaller credit losses and impairment of cash and cash equivalents (also considering the effects of initial application of IFRS 9), partly offset by the rise in amortisation and depreciation for the year.

The decrease in **net financial income** is mainly due to the reduction in dividends distributed by the subsidiaries, associates and third parties (€66 million) and the fair value losses on cross currency swaps (cash flow hedges) (€8 million) offset by smaller impairment losses on investments in group companies (€33 million), the net increase in exchange gains (€15 million) mainly related to short and medium-term loans in pounds sterling and transactions linked to the Riyadh metro, interest to be retroceded by Trenitalia S.p.A. to Ferrovie dello Stato Italiane S.p.A. (€5 million) after the definitive ruling in the former's favour ordering the Basilicata regional authorities to pay it the shortfalls for the years from 1987 to 1993 and the increase in net interest on liabilities (€5 million).

Income taxes show a total increase of €20 million on 2020, mainly due to the increase in income from the tax consolidation scheme (-€12 million), considering the higher IRES (corporate income tax) transferred by the group companies, smaller adjustments to prior year taxes (-€1 million) and the reduction in deferred taxes (-€6 million).

Reclassified statement of financial position

millions of Euros

	31.12.2021	31.12.2020	Change
ASSETS			
Net operating working capital	436	442	(6)
Other assets, net	228	287	(59)
Working capital	664	729	(65)
Non-current assets	552	543	9
Equity investments	38,056	38,062	(6)
Net non-current assets	38,608	38,605	3
Post-employment benefits	(7)	(8)	1
Other provisions	(318)	(312)	(6)
Post-employment benefits and other provisions	(325)	(320)	(5)
NET INVESTED CAPITAL	38,947	39,014	(67)
COVERAGE			
Net current financial position	(629)	(579)	(50)
Net non-current financial position	(327)	(301)	(26)
Net financial position	(956)	(880)	(76)
Equity	39,903	39,894	9
COVERAGE	38,947	39,014	(67)

Net invested capital of €38,947 million decreased by just €67 million in the year due to the combined effect of the decrease in **working capital** (-€65 million) and **other provisions** (-€5 million) and the increase in **net non-current assets** (+€3 million).

Net operating working capital of €436 million decreased by a mere €6 million in the year, mainly due to the decrease in land and buildings held for trading (-€14 million), the net decrease in trade receivables from group companies and trade payables to suppliers (+€8 million) and the decrease in advances to suppliers (-€1 million).

Other assets, net decreased by €59 million mostly as a result of the reduction in current assets (-€87 million), mainly attributable to amounts due from group companies for dividends to be distributed by Rete Ferroviaria Italiana S.p.A., the contraction in current and non-current liabilities (+€22 million), principally tax consolidation liabilities, amounts due to employees, to the bilateral fund for income assistance, the subsidiaries for the VAT consolidation scheme and to third parties, and the reduction in VAT liabilities (+€8 million).

Net non-current assets amount to €38,608 million, up by €3 million on 31 December 2020, due to the net decrease in equity investments (-€5 million), mostly a result of the impairment losses recognised on investments in subsidiaries, offset by an increase in intangible assets and property, plant and equipment (+€1 million) and investment property (+€7 million).

The **net financial position** improved by €76 million, essentially due to the agreement of new loans with Banco BPM and La Caixa for a total nominal amount of €200 million in December, which the parent has not yet allocated to the group companies. They are offset by the non-current loans and borrowings of €105 million granted to Blufferies S.r.l., TrainOSE SA, Qbuzz BV, TX Logistik AG and Trenitalia France Sas using the parent's liquidity, the injection of €10 million to Nugo S.p.A. to cover its losses and reconstitute share capital, the transfer of the €9 million in grants received from MIMS to the Sardinia region related to the national operational programme for transport (PON-T) for the 2000-2006 period subsequently transferred by the region to Trenitalia S.p.A.. During the year, the parent placed new bond issues and took out bank loans for a total of €2.3 million, including €2.1 million made immediately available to the main group companies. The parent also repaid bank loans and redeemed bonds for €0.8 million.

Equity rose by €9 million essentially because of the derivatives recognised under assets at 31 December 2020 (€6 million) compared to derivatives recognised under liabilities at the reporting date (€3 million).

Consolidated financial statements

Income statement

millions of Euros

	2021	2020
Revenue		
Revenue from sales and services	11,747	10,482
Other income	407	355
Total revenue and income	12,154	10,837
Operating costs		
Personnel expense	(4,764)	(4,432)
Raw materials, consumables, supplies and goods	(1,582)	(1,278)
Services	(5,418)	(4,800)
Use of third-party assets	(110)	(116)
Other operating costs	(206)	(175)
Internal work capitalised	1,814	1,597
Total operating costs	(10,266)	(9,204)
Amortisation and depreciation	(1,594)	(1,604)
Net impairment losses	(101)	(180)
Accruals		(127)
Operating profit (loss)	193	(278)
Financial income and expense		
Financial income	142	81
Financial expense	(160)	(387)
Net financial expense	(18)	(306)
Share of profits of equity-accounted investees	32	23
Pre-tax profit (loss)	207	(561)
Income taxes	(14)	(1)
Profit from discontinued operations, net of taxes		
Profit (loss) for the year (attributable to the owners of the parent and non-controlling interests)	193	(562)
<i>Profit (loss) for the year attributable to the owners of the parent</i>	194	(570)
<i>(Profit) loss for the year attributable to non-controlling interests</i>	(1)	8

Statement of comprehensive income

millions of Euros

	2021	2020
Profit (loss) for the year (attributable to the owners of the parent and non-controlling interests)	193	(562)
Other comprehensive income		
Items that will not be reclassified to profit or loss, net of the tax effect:		
Net actuarial losses	(48)	(43)
attributable to the owners of the parent	(48)	(43)
attributable to non-controlling interests		
Items reclassified to profit or loss	8	11
Items that will or may be reclassified to profit or loss, net of the tax effect:		
Cash flow hedges - effective portion of changes in fair value	30	5
attributable to the owners of the parent	30	5
attributable to non-controlling interests		
Net exchange gains (losses)	(12)	5
Other comprehensive expense, net of the tax effect	(22)	(22)
Comprehensive income (expense) (attributable to the owners of the parent and non-controlling interests)	171	(584)
<i>Comprehensive income (expense) attributable to:</i>		
Owners of the parent	172	(592)
Non-controlling interests	(1)	8

Statement of financial position

millions of Euros

	31.12.2021	31.12.2020
Assets		
Property, plant and equipment	47,049	46,460
Investment property	1,477	1,393
Intangible assets	2,560	2,668
Deferred tax assets	546	539
Equity-accounted investments	751	765
Service concession assets	1,554	1,891
Financial assets (including derivatives)	993	1,054
Trade receivables	5	6
Other assets	4,254	4,770
Total non-current assets	59,189	59,546
Inventories	2,251	2,307
Cash and cash equivalents	2,145	1,270
Tax assets	100	104
Service concession assets	1,599	1,412
Financial assets (including derivatives)	170	637
Trade receivables	2,971	2,493
Other assets	5,662	3,450
Total current assets	14,898	11,673
Assets held for sale and disposal groups	16	
Total assets	74,103	71,219
Total equity and liabilities		
Share capital	39,204	39,204
Reserves	60	70
Valuation reserves	(423)	(413)
Retained earnings	2,350	2,956
Profit (loss) for the year	194	(570)
Equity attributable to the owners of the parent	41,385	41,247
(Profit) loss attributable to non-controlling interests	(1)	8
Share capital and reserves attributable to non-controlling interests	162	154
Total equity attributable to non-controlling interests	161	162
Equity	41,546	41,409
Liabilities		
Loans and borrowings	8,901	7,733
Post-employment benefits and other employee benefits	1,030	1,073
Provisions for risks and charges	2,410	2,437
Deferred tax liabilities	599	597
Contract advances	1,171	1,214
Financial liabilities (including derivatives)	1,304	1,381
Trade payables	15	26
Other liabilities	124	140
Total non-current liabilities	15,554	14,601
Loans and borrowings and current portion of non-current loans and borrowings	2,774	3,832
Current portion of provisions for risks and charges	13	18
Tax liabilities	6	4
Contract advances	577	431
Financial liabilities (including derivatives)	213	169
Trade payables	6,445	5,586
Other liabilities	6,975	5,169
Total current liabilities	17,003	15,209
Liabilities held for sale and disposal groups		
Total liabilities	32,557	29,810
Total equity and liabilities	74,103	71,219

Statement of changes in equity

millions of Euros

Equity														
	Reserves													
	Reserves					Valuation reserves								
	Share capital	Legal reserve	Extraordinary reserve	Other reserves	Translation reserve	Hedging reserve	Actuarial reserve	Fair value reserve	Total reserves	Retained earnings	Profit (loss) for the year	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
Balance at 1 January 2020	39,204	53				(69)	(331)		(347)	2,412	573	41,842	448	42,290
Capital increase													13	13
Dividend distribution														
Allocation of profit for the previous year		12							12	561	(573)			
Change in consolidation scope							14		14	(9)		5	(315)	(310)
Other changes										(8)		(8)	8	
Comprehensive expense					5	16	(43)		(22)		(570)	(592)	8	(584)
of which:														
Loss for the year											(570)	(570)	8	(562)
Net losses recognised directly in equity					5	16	(43)		(22)			(22)		(22)
Balance at 31 December 2020	39,204	65			5	(39)	(374)		(343)	2,956	(570)	41,247	162	41,409
Balance at 1 January 2021	39,204	65			5	(39)	(374)		(343)	2,956	(570)	41,247	162	41,409
Capital increase													2	2
Dividend distribution														
Allocation of loss for the previous year		2							2	(572)	570			
Change in consolidation scope										1		1		1
Other changes										(35)		(35)	(2)	(37)
Comprehensive income					(12)	38	(48)		(22)		194	172	(1)	171
of which:														
Profit for the year											194	194	(1)	193
Net losses recognised directly in equity					(12)	38	(48)		(22)			(22)		(22)
Balance at 31 December 2021	39,204	67			(7)	(1)	(422)		(363)	2,350	194	41,385	161	41,546

Statement of cash flows

millions of Euros

	2021	2020
Profit (loss) for the year	193	(562)
Income taxes	14	1
Net financial expense	18	307
Amortisation and depreciation	1,594	1,603
Share of profits of equity-accounted investees	(32)	(23)
Accruals to provisions and impairment losses	580	734
Gains on sales	(126)	(81)
Change in inventories	162	(14)
Change in trade receivables	(434)	176
Change in trade payables	846	(211)
Change in other liabilities	1,785	(497)
Change in other assets	(1,611)	659
Utilisation of the provisions for risks and charges	(515)	(694)
Payment of employee benefits	(198)	(209)
Change in assets/liabilities held for sale		29
Financial income collected/financial expense paid	(59)	(178)
Income taxes paid, net of reimbursed tax assets	(14)	(14)
Net cash flows generated by operating activities	2,203	1,026
Increases in property, plant and equipment	(9,561)	(6,229)
Investment property	(24)	(5)
Increases in intangible assets	(275)	(257)
Increases in equity investments	(191)	(178)
Investments, before grants	(10,051)	(6,668)
Grants for property, plant and equipment	7,646	4,352
Grants for investment property		
Grants for intangible assets	9	
Grants for equity investments	182	150
Grants	7,837	4,502
Decreases in property, plant and equipment	84	111
Decreases in investment property	6	3
Decreases in intangible assets		1
Decreases in equity investments and profit-sharing arrangements	19	7
Decreases	109	122
Net cash flows used in investing activities	(2,105)	(2,044)
Finance lease payments	(177)	(188)
Disbursement and repayment of non-current loans	1,090	(125)
Disbursement and repayment of current loans	(984)	420
Change in service concession assets/liabilities	252	248
Grants relating to assets (for loans)	504	611
Change in financial assets	55	(60)
Change in financial liabilities	12	(56)
Dividends		
Changes in equity and cash from non-recur. trans.		(108)
Net cash flows generated by financing activities	752	742
Total cash flows	850	(276)
Opening cash and cash equivalents	1,258	1,534
Closing cash and cash equivalents	2,108	1,258
of which intragroup current account	37	12

Separate financial statements of Ferrovie dello Stato Italiane S.p.A.

Income statement

Euros

	2021	2020
Revenue from sales and services	153,011,925	188,535,042
Other income	9,857,360	8,275,836
Total revenue	162,869,285	196,810,878
Personnel expense	(65,162,304)	(61,840,530)
Raw materials, consumables, supplies and goods	(14,824,735)	(8,387,759)
Services	(152,717,226)	(170,269,015)
Use of third-party assets	(2,608,258)	(4,343,385)
Other operating costs	(33,471,684)	(12,100,159)
Internal work capitalised	872,619	970,565
Total operating costs	(267,911,588)	(255,970,283)
Amortisation and depreciation	(24,585,028)	(22,976,676)
Net impairment losses	(1,760,185)	(5,156,590)
Operating loss	(131,387,516)	(87,292,671)
Gains on equity investments	65,209,726	130,829,816
Other financial income	139,137,779	165,233,654
Losses on equity investments	(16,100,583)	(48,882,971)
Other financial expense	(89,372,695)	(132,310,594)
Net financial expense	98,874,227	114,869,905
Pre-tax profit (loss)	(32,513,289)	27,577,234
Income taxes	32,650,282	13,381,785
Profit from continuing operations	136,993	40,959,019
Profit for the year	136,993	40,959,019

Statement of comprehensive income

Euros

	2021	2020
Profit for the year	136,993	40,959,019
Items that will not be reclassified to profit or loss:		
Net actuarial losses	(262,158)	(237,899)
Tax effect on actuarial gains	60,759	55,119
Other comprehensive expense, net of the tax effect	(201,399)	(182,780)
Comprehensive income (expense)	(64,406)	40,776,239

Statement of financial position

Euros

	31.12.2021	31.12.2020
Assets		
Property, plant and equipment	48,358,406	50,788,278
Investment property	449,837,629	442,403,269
Intangible assets	53,533,929	50,147,475
Deferred tax assets	174,427,259	175,033,072
Equity investments	38,055,974,521	38,061,634,521
Financial assets (including derivatives)	8,358,805,216	6,840,307,296
Trade receivables	3,529,017	3,758,600
Other assets	24,595,193	24,065,497
Total non-current assets	47,169,061,170	45,648,138,008
Inventories	358,567,396	372,097,043
Cash and cash equivalents	675,660,694	293,710,284
Tax assets	84,133,190	86,264,467
Financial assets (including derivatives)	2,196,118,793	3,147,542,214
Trade receivables	178,745,741	196,458,944
Other assets	2,359,082,120	595,133,072
Total current assets	5,852,307,934	4,691,206,024
Total assets	53,021,369,104	50,339,344,032
Equity		
Share capital	39,204,173,802	39,204,173,802
Reserves	66,854,616	64,806,665
Valuation reserves	(271,354)	(69,955)
Retained earnings	628,862,321	589,951,253
Profit for the year	136,993	40,959,019
Total equity	39,899,756,378	39,899,820,784
Liabilities		
Loans and borrowings	8,029,992,583	6,533,734,581
Post-employment benefits and other employee benefits	7,294,604	7,635,534
Provisions for risks and charges	149,520,312	148,095,814
Deferred tax liabilities	167,844,702	164,067,473
Financial liabilities (including derivatives)	4,895,039	4,827
Other liabilities	27,003,070	29,028,996
Total non-current liabilities	8,386,550,310	6,882,567,225
Loans and borrowings and current portion of non-current loans and borrowings	1,610,768,511	2,548,120,993
Financial liabilities (including derivatives)	631,849,985	314,144,825
Trade payables	106,268,988	132,710,431
Other liabilities	2,386,174,932	561,979,774
Total current liabilities	4,735,062,416	3,556,956,023
Total liabilities	13,121,612,726	10,439,523,248
Total equity and liabilities	53,021,369,104	50,339,344,032

Statement of changes in equity

Euros

Equity									
	Share capital	Reserves				Total reserves	Retained earnings	Profit for the year	Total equity
		Other reserves			Valuation reserves				
		Legal reserve	Extraordinary reserve	Other reserves	Actuarial reserve				
Balance at 1 January 2020	39,204,173,802	53,473,021			112,825	53,585,846	374,612,026	226,672,871	39,859,044,545
Capital increase									
Dividend distribution									
Allocation of profit for the previous year		11,333,644				11,333,644	215,339,227	(226,672,871)	
Demerger to RFI									
Other changes									
Comprehensive income of which:									
Profit for the year								40,959,019	40,959,019
Net losses recognised directly in equity					(182,780)	(182,780)			(182,780)
Balance at 31 December 2020	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)	
Comprehensive expense 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

STATEMENT OF CASH FLOWS

Euros

	2021	2020
Profit for the year	136,993	40,959,019
Income taxes	(32,650,282)	(13,381,785)
Net financial expense	(98,874,227)	(114,869,905)
Amortisation and depreciation	24,585,028	22,976,676
Accruals to provisions and impairment losses	3,151,104	21,972
Impairment losses (gains)	178,048	(527,519)
Accruals for employee benefits	9,017	5,986
Accruals to provisions and impairment losses	3,338,169	(499,561)
Change in inventories	13,912,760	7,167,940
Change in trade receivables	16,930,127	(42,258,403)
Change in trade payables	(26,357,864)	(29,445,229)
Change in other assets	(1,758,474,247)	66,733,687
Change in other liabilities	1,827,472,727	(60,359,035)
Utilisation of the provisions for risks and charges	(1,806,211)	(1,884,389)
Payment of employee benefits	(220,352)	(384,813)
Financial income collected/financial expense paid	102,343,476	58,401,219
Change in tax assets/liabilities	28,712,756	47,195,887
Net cash flows generated by (used in) operating activities	99,048,853	(19,648,692)
Increases in property, plant and equipment	(1,181,685)	(1,770,581)
Investment property	(12,559,975)	(7,307,979)
Increases in intangible assets	(18,958,913)	(23,776,328)
Increases in equity investments	(164,496,725)	(74,175,495)
Investments, before grants	(197,197,298)	(107,030,383)
Grants for equity investments	153,576,725	63,459,429
Grants	153,576,725	63,459,429
Decreases in property, plant and equipment		18,612
Decreases in intangible assets		2,465
Decreases in equity investments	9,750,000	31,656
Decreases	9,750,119	52,733
Net cash flows used in investing activities	(33,870,454)	(43,518,221)
Disbursement and repayment of non-current loans	1,478,185,757	227,172,062
Disbursement and repayment of current loans	(922,401,136)	302,575,701
Change in lease liabilities	(171,505)	(103,602)
Change in financial assets	(562,417,439)	(633,082,475)
Change in financial liabilities	2,931,130	(3,183,225)
Net cash flows used in financing activities	(3,873,193)	(106,621,539)
Total cash flows	61,305,206	(169,788,452)
Opening cash and cash equivalents	(14,765,683)	155,022,769
Closing cash and cash equivalents	46,539,523	(14,765,683)
of which intragroup current account	(629,121,171)	(298,480,531)

Reporting by operating segment

The financial highlights of the group's operating segments for 2021 and 2020 are shown below:

millions of Euros

2021	Transport	Infrastructure	Real Estate Services	Other Services	Adjustments and Inter-segment eliminations	FS Italiane group
Revenue from third parties	6,747	4,933	73	24	(11)	11,766
Inter-segment revenue	281	1,253	44	601	(1,791)	388
Revenue	7,028	6,186	117	625	(1,802)	12,154
Personnel expense	(2,409)	(2,210)	(5)	(162)	22	(4,764)
Other costs, net	(3,274)	(3,345)	(101)	(509)	1,727	(5,502)
Operating costs	(5,683)	(5,555)	(106)	(671)	1,749	(10,266)
Gross operating profit (loss)	1,345	631	11	(46)	(53)	1,888
Amortisation and depreciation	(1,258)	(293)	(10)	(55)	22	(1,594)
Impairment losses and accruals	(38)	(61)	(1)	(1)		(101)
Operating profit (loss)	49	277		(102)	(31)	193
Net financial income (expense)	72	33		60	(151)	14
Income taxes	11	(9)	(2)	20	(34)	(14)
Segment profit (loss) (attributable to the owners of the parent and non-controlling interests)	132	301	(2)	(22)	(216)	193

millions of Euros

31.12.2021	Transport	Infrastructure	Real Estate Services	Other Services	Adjustments and Inter-segment eliminations	FS Italiane group
Net invested capital	11,940	37,026	1,434	447	(410)	50,437

millions of Euros

2020	Transport	Infrastructure	Real Estate Services	Other Services	Adjustments and Inter-segment eliminations	FS Italiane group
Revenue from third parties	5,967	4,367	64	66	13	10,477
Inter-segment revenue	291	889	42	533	(1,395)	360
Revenue	6,258	5,256	106	599	(1,382)	10,837
Personnel expense	(2,277)	(2,014)	(5)	(156)	20	(4,432)
Other costs, net	(3,029)	(2,589)	(90)	(456)	1,392	(4,772)
Operating costs	(5,306)	(4,603)	(95)	(612)	1,412	(9,204)
Gross operating profit (loss)	952	653	11	(13)	30	1,633
Amortisation and depreciation	(1,268)	(296)	(9)	(50)	19	(1,604)
Impairment losses and accruals	(102)	(197)	(8)	1	(1)	(307)
Operating profit (loss)	(418)	160	(6)	(62)	48	(278)
Net financial income (expense)	(282)	(212)	3	8	200	(283)
Income taxes	53	(20)	(7)	7	(34)	(1)
Segment profit (loss) (attributable to the owners of the parent and non-controlling interests)	(647)	(72)	(10)	(47)	214	(562)

millions of Euros

31.12.2020	Transport	Infrastructure	Real Estate Services	Other Services	Adjustments and Inter-segment eliminations	FS Italiane group
Net invested capital	11,304	37,050	1,452	710	(200)	50,316

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.