



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

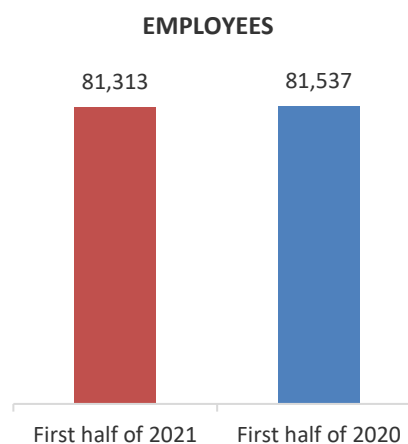
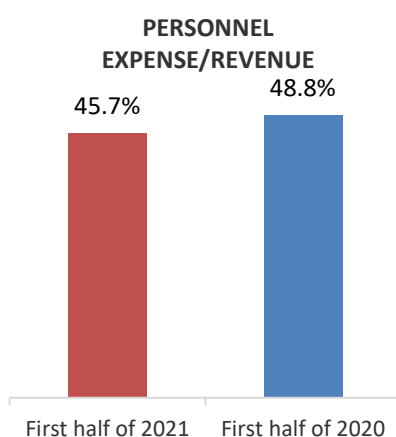
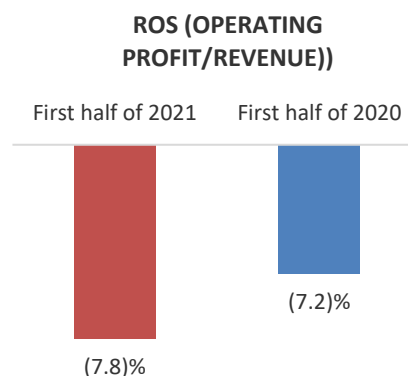
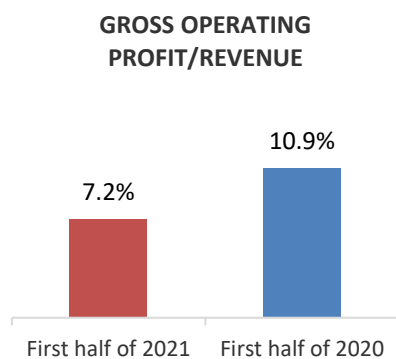
FS ITALIANE GROUP AND FERROVIE DELLO STATO ITALIANE S.P.A. 2021 INTERIM REPORT HIGHLIGHTS

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Group highlights



millions of Euros

Financial highlights	First half of 2021	First half of 2020	Change	%
Revenue	5,222	4,746	476	10.0
Operating costs	(4,846)	(4,228)	(618)	(14.6)
Gross operating profit	376	518	(142)	(27.3)
Operating loss	(409)	(343)	(66)	(19.1)
Loss for the period	(438)	(419)	(19)	(4.6)
Total cash flows	190	(368)	558	151.6
	30.06.2021	31.12.2020	Change	%
Net invested capital (NIC)	51,636	50,316	1,320	2.6
Equity (E)	40,993	41,423	(430)	(1.0)
Net financial debt (NFD)	10,643	8,893	1,750	19.7
NFD/E	0.26	0.21		
Investments of the period	3,776	6,693	(2,917)	(43.6)

The group's financial position and performance

Introduction

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

The change in the consolidation scope due to the exit of Sita S.p.A., the operator of the A32 motorway and the Frejus tunnel, controlled indirectly through Anas S.p.A., and therefore consolidated, until the end of October 2020, is shown separately to allow a better understanding of the comments on the group's financial performance during the six-month period and the changes compared to the previous period. As described in detail in the 2020 Annual Report, as a consequence of the complex dispute arising from the private-sector shareholders' appeal against the resolutions with which, on 17 December 2004, the Turin municipal authorities, through FCT Holding S.p.A., and the City of Turin resolved the sale of their respective 8.694% and 10.653% investments in Sita S.p.A. to Anas S.p.A., on 27 October 2020, Anas transferred back to them their respective investments in exchange for the return of the consideration of €75 million paid at the time (€41.3 million to FCT Holding and €33.7 million to the City of Turin).

Once again, these highlights show how the FS Italiane group's performance in the first half of 2021 was still considerably affected by the economic and financial impacts of the ongoing public health emergency that began in the wake of the global COVID-19 outbreak. For the purposes of a better comparability of the two periods covered by this report, the different time effect of the pandemic should be considered. Indeed, the restrictions on mobility were put in place on 10 March 2020 (beginning of the lockdown) and, therefore, the figures for the first 70 days of 2020 do not include the economic repercussions of the emergency.

Reclassified income statement

millions of Euros

	First half of 2021	First half of 2020	Change	Change in consolidation scope (Sita group)	Change on a like-for-like basis	%
REVENUE	5,222	4,746	476	(103)	579	12
OPERATING COSTS	(4,846)	(4,228)	(618)	47	(665)	(16)
GROSS OPERATING PROFIT	376	518	(142)	(56)	(86)	(17)
Amortisation, depreciation, provisions and impairment losses	(785)	(861)	76	16	60	7
OPERATING LOSS	(409)	(343)	(66)	(40)	(26)	(8)
Net financial expense	(29)	(85)	56	26	30	35
PRE-TAX LOSS	(438)	(428)	(10)	(14)	4	1
Income taxes		9	(9)	4	(13)	(144)
LOSS FROM CONTINUING OPERATIONS	(438)	(419)	(19)	(10)	(9)	(2)
LOSS FOR THE PERIOD	(438)	(419)	(19)	(10)	(9)	(2)
<i>LOSS FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT</i>	<i>(431)</i>	<i>(399)</i>	<i>(32)</i>			
<i>LOSS FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</i>	<i>(7)</i>	<i>(20)</i>	<i>13</i>			

The first half of 2021 ended with a **loss** of €438 million compared to a loss of €419 million for the first half of the previous period, showing an increase of €19 million or approximately 5%.

The **gross operating profit** amounts to €376 million and is down by approximately €142 million or 27%. Excluding the effects of the above change in the consolidation scope, the decrease would be €86 million, for a smaller negative percentage reduction (-17%).

Revenue increased by €476 million (+10%) as a result of the rise in revenue from transport services (€108 million), revenue from infrastructure services (€376 million) and other revenue from contracts with customers (€4 million). On the other hand, other revenue and income decreased by €12 million during the period.

Specifically, with respect to the components of **revenue from transport services** (+€108 million):

- revenue from the long-haul railway passenger transport services decreased by a total of €33 million. Indeed, while revenue from the market component contracted by €56 million, revenue from long-haul railway passenger transport - universal services rose by €23 million. With respect to the market component, the downturn in demand recorded by the group's main passenger transport operator accounted for 29%, worsened by a 46% reduction in saleable seats per km. This is partly due to the new booking parameters introduced to ensure staggered seating on trains for the necessary social distancing. Revenue was again affected by the ongoing pandemic crisis caused by COVID-19, albeit to different extents during the period: while the first quarter of 2021 was characterised by a negative trend, due to the worsening of the public health emergency and compared to 2020, when the first two months of the year saw full demand and profit margins, the second quarter increased on the same period of 2020, which was affected by a tougher lockdown. Revenue from the universal services reflected a 25% increase in demand and a 22% rise in saleable seats per km. This trend is closely linked to the passengers' different approach to travelling during the pandemic, when travelling was characterised by less business and commuting traffic, as people moved home facilitated by work-from-home schemes and, in recent months, to tourist destinations;
- revenue from regional railway passenger transport services increased by €82 million, due to domestic transport services, up by €106 million, offset by the €23 million decrease in international services. The rise in revenue from domestic passenger transport services (+€9 million or +5.4%) was driven by a fare mix with a higher unit value and a slight upturn in demand. The remaining increase is due to revenue from public service contracts, which rose by around €97 million in the first half of the year. No reductions in consideration occurred or are expected, also based on article 29.3-bis of the *Decreto Sostegni* (Decree law no. 41 of 22 March 2021) which extended the non-application of reductions in consideration or sanctions/penalties for LPT (local public transport) and regional services until the end of the state of emergency and, in any case, no later than 31 July 2021. With respect to international revenue, there was a significant decrease in revenue earned in the UK (-€25 million), due to more severe COVID-19 restrictions introduced by the UK government in 2021 compared to 2020;
- passenger road transport increased by €12 million in the first half of the year, bolstered in particular by the Dutch market;
- finally, revenue from railway freight transport increased by €46 million, as a result of the gradual uptick in traffic in the period.

Revenue from infrastructure services rose by €376 million on the previous period, or €435 million excluding the decrease due to the exclusion of the Sitaf group from the consolidation scope (€59 million). The increase is mainly attributable to Anas (+€449 million), as a result of the trend in consideration linked to motorway traffic, and to RFI S.p.A., which recorded a decrease in toll revenue of €16 million, as a consequence of the reduction in the consideration for the use of the railway infrastructure compared to the corresponding period of the previous year, partly offset by the increase

in volumes, measured as train-km.

Other revenue from contracts with customers (+€4 million) mainly reflects the increase in revenue from sales of electrical energy for traction (€18 million), due to higher train-km, the increase in energy prices and the rise in revenue from the sale of land and buildings held for trading (+€18 million), mainly offset by lower revenue from the Riyadh metro contract (€27 million).

Other revenue from sales and services decreased by €12 million, mostly due to lower revenue from property management (-€9 million), while **Other income** is unchanged at consolidated level, as the larger income, mainly related to higher penalties and gains, was entirely offset by lower income due to the exclusion of Sitaf from the consolidation scope (€37 million).

Operating costs amount to €4,846 million, up by €618 million on the same period of the previous year. The effect of the above-mentioned change in the consolidation scope had a positive impact of €47 million (costs not recognised in June 2021) on this increase. Consequently, net of this change, the increase would be greater and equal to €665 million (16%). Specifically:

- net personnel expense increased by €70 million or €90 million excluding the change in the consolidation scope. This is due to both a generalised, albeit gradual, recovery of business operations compared to the same period of the previous year and the reduced possibility, again compared to the same period in 2020, of using social safety nets;
- other costs, net increased by €548 million, or €575 million excluding the Sitaf transaction, and are due to industrial factors. Specifically, the increase is mainly attributable to costs for raw materials, supplies, consumables and goods, which rose by €93 million, and services by €522 million, offset by capitalisations, which grew by €87 million.

As a result of the trend in revenue and operating costs described above, the **gross operating profit** amounts to €376 million, compared to €518 million in the first half of 2020.

The **operating loss** increased by €66 million or 19% to €409 million (a loss of €343 million in the first half of 2020). The decrease in amortisation, depreciation and impairment losses for the period (-€76 million) is attributable to the exclusion of the Sitaf group from the consolidation scope (€16 million) and to smaller "impairment losses or gains on financial assets" and lower "impairment losses" (a total of €62 million), the latter mainly related to Trenitalia c2c last year.

Net financial expense, of €29 million, improved by €56 million (€30 million excluding the effect of the Sitaf transaction) compared to the same period of the previous year. Financial income increased by €16 million, mainly as a result of the interest accruing since 1995 on the amount due from the Basilicata region, which was recognised in the period following a final court decision against said region (€12 million), and dividends from Cisalpino AG (€4 million). On the other hand, financial expense decreased mostly as a consequence of smaller exchange losses (+€14 million).

Income taxes have a nil balance due to the lower IRES (corporate income tax) taxable profit and essentially unchanged IRAP (tax on production activities).

Reclassified statement of financial position

	millions of Euros		
	30.06.2021	31.12.2020	Change
ASSETS			
Net operating working capital	721	107	614
Other assets, net	2,998	2,505	493
Working capital	3,719	2,612	1,107
Net non-current assets	51,837	51,698	139
Other provisions	(3,949)	(3,994)	45
Net assets held for sale	29		29
NET INVESTED CAPITAL	51,636	50,316	1,320
COVERAGE			
Net current financial debt	1,659	1,106	553
Net non-current financial debt	8,984	7,787	1,197
Net financial debt	10,643	8,893	1,750
Equity	40,993	41,423	(430)
COVERAGE	51,636	50,316	1,320

The group's **net invested capital** of €51,636 million increased by €1,320 million in the first half of 2021 due to the increases in **working capital** (+€1,107 million), **net non-current assets** (+€139 million) and **net assets held for sale** (+€29 million) and the decrease in **other provisions** (+€45 million).

Net operating working capital amounts to €721 million, up by €614 million on the previous year end, and is the combined effect of the following main trends:

- larger amounts due from the Ministry of Economy and Finance (MEF) for the Service Contract (+€54 million) and from the regions for their Service Contract (+€90 million), substantially due to the amount due to Trenitalia S.p.A. as a result of the trend in payments of consideration;
- greater trade receivables of €299 million mainly relating to:
 - greater amounts for the annual consideration paid to Anas S.p.A. for the motorway concession (+€41 million) as a result of the variable component calculated on the actual km travelled by each vehicle that used the infrastructure (article 19.9-bis of Law no. 102/09);
 - greater amounts for tolls and services related to the railway infrastructure (+€14 million);
 - the increase in advances to suppliers (+€150 million) mainly due to the continuation of contract work in progress;
 - the increase in amounts from public administrations and other administrations (+€66 million), specifically, the Palermo municipality for the construction of the Palermo metrorail and the Lazio region for the modernisation and upgrading of the Rome-Lido railway line, and the rise in the amounts from the Greek Ministry of Infrastructure and Transport;
- greater inventories and contract assets for contract work in progress (+€120 million), mainly due to:
 - greater raw materials, consumables and supplies to produce frogs, switches and other railway infrastructure equipment at the national workshops of Bari, Pontassieve and Florence (+€138 million);

- the sale of assets held for sale during the period (-€10 million);
- the decrease in contract assets for contract work in progress (-€8 million), essentially due to contract work in progress for which incurred costs, plus recognised net profits (or net losses), exceed progress billing;
- the decrease in trade payables (+€49 million) mainly due to the payments made in the first half of the year for investments.

Other assets, net, amount to €2,998 million, showing an increase of €493 million, which is substantially due to higher net amounts from the MEF, the Ministry of Sustainable Infrastructure and Mobility (MIMS) and other government authorities (+€584 million), resulting from the recognition of the new government grants, partly related to the extraordinary measures passed by the Italian government in response to the COVID-19 emergency, net of collections, in addition to the change in payments on account allocated to projects that have commenced, partially offset by the net increase in VAT liabilities for the period (-€21 million) and other liabilities, net and accrued expenses and deferred income (-€66 million).

Net non-current assets¹ of €51,837 million increased by €139 million, substantially due to:

- the €3,776 million increase in the period, offset by the recognition of grants related to assets on an accruals basis (€2,783 million), amortisation and depreciation of the period (€780 million) and sales and impairment losses (€22 million);
- the reclassification of Busitalia group's assets to assets held for sale (€44 million), as described later on.

Other provisions are down by €45 million due to the combined effect of the decrease in post-employment benefits and other employee benefits (+€80 million), mainly following the payments to outgoing personnel during the period and advances

1 As in the previous half year and previous years, net non-current assets include €1,143 million related to Anas S.p.A.'s concession, based on the economic and financial plan (PEF) approved by the company's board of directors and sent to the Ministry of Infrastructure and Sustainable Mobility (MIMS) in February and March 2019 and the 2016-2020 Government Programme Contract signed by the company on 27 December 2017 and updated in July 2019 and again in August 2020. The update postponed the funding model for the investment consideration until the next 2021-2025 Government Programme Contract and, consequently, the 2019 and 2020 investments will be funded exclusively with the grant. In 2020, the PEF and the Regulatory Financial Plan, approved by the board of directors on 30 July 2020, were updated again and sent to the MIMS, to take into account the MEF's request to start a technical investigation aimed at extending the term of the current concession by 20 years, pursuant to article 1.1018/1019 of Law no. 296 of 27 December 2006.

The technical panel specifically called and coordinated by the MIMS for the above-mentioned investigation met several times early in 2021. As part of its work and through the MIMS, it requested the Attorney General's opinion about the possibility to extend the term of the current concession under the applicable legislation. On 18 June 2021, the Attorney General replied to the MIMS stating that, on the basis of European regulations on motorway concessions, a direct extension of the concession is impossible under the current legislation. However, such extension could theoretically be possible, should the company implement a business model whereby public and private sector activities are accounted for separately, after obtaining the opinion of the competent departments of the European Commission.

Therefore, on 14 September 2021, in light of the aforesaid opinion and subsequent discussions with the Attorney General, the MIMS sent a letter to the latter again requesting an assessment of the possibility to extend Anas concession under domestic law, given the nature of this concession which differs from ordinary motorway concessions, as it does not target a "market" of private operators. At the same time, the MIMS intends to initiate a process of consultations with the European Commission on the possible business model (i.e., separation of accounts between public and private sector activities), as suggested by the Attorney General on 18 June 2021.

On 1 October 2021, the Attorney General replied stating that the option set out in the aforementioned letter from the MIMS of 14 September 2021 was feasible and agreeing with the assumptions of legal "hybridity" that characterises Anas and, therefore, the special nature of its concession. Consequently, the theoretical feasibility of keeping separate accounts is confirmed, aimed at keeping its activity of operator by law, governed by the Government Programme Contract, separate from its purely private sector business. This would have to be supported by a specific regulation and obtain the green light from the European Commission.

Therefore, given these new significant events of 2021, i.e., the Attorney General's opinion and MIMS' communication of its intention to continue investigating possible options, as set out in its most recent letter, Anas' directors decided to maintain the concession's carrying amount, pending further developments that will arise from the discussions with supranational bodies. Should the outcome of these investigations not be that expected, the concession's carrying amount (as well as the carrying amount of FS' investment in Anas in its separate financial statements) will have to be reduced to reflect a concession term ending in 2032, on the basis of the cash flows shown in a suitably revised PEF.

paid, the increase in other provisions for risks (-€45 million), reflecting the net effect of accruals, utilisations and releases of the period and the reduction in the provision for taxation (+€10 million).

Net assets held for sale amount to €29 million and include Busitalia group's assets and liabilities. Following the Council of State's ruling no. 4779 of 21 June 2021 – which confirmed the awarding of the tender for the assignment of the Tuscany Region's LPT service to Autolinee Toscane S.p.A. - said assets and liabilities must be transferred to the incoming operator by 1 November 2021.

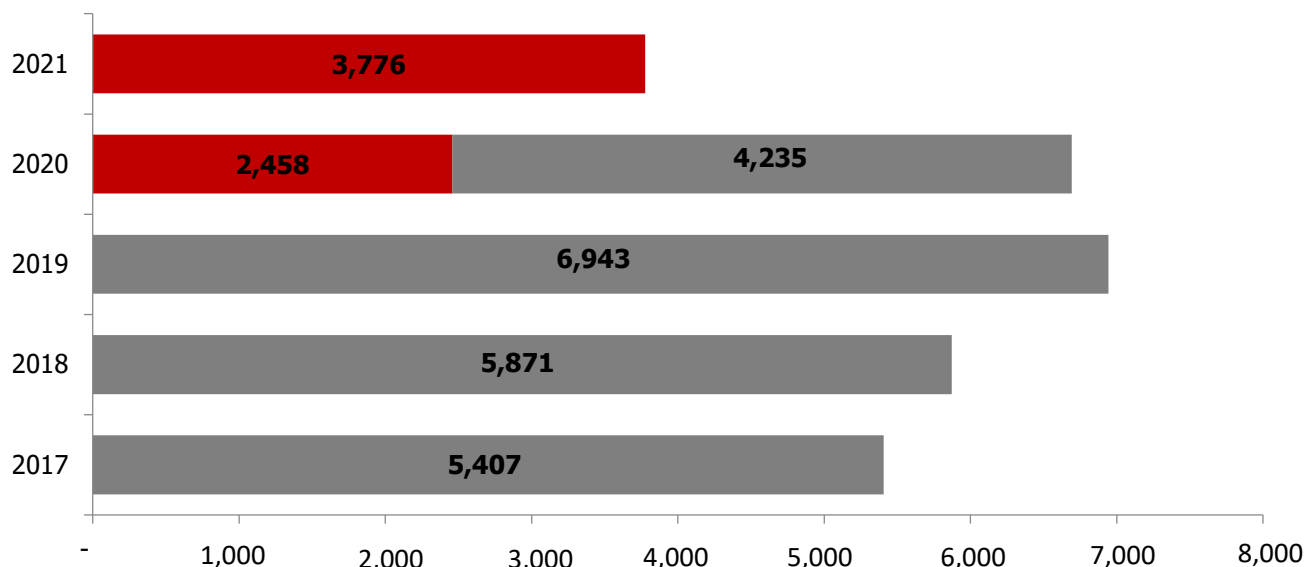
Net financial debt of €10,643 million increased by €1,750 million on 31 December 2020, essentially the net effect of the following factors:

- the increase in bonds (+€1,248 million), substantially due to the issue of the third tranche of green bonds as part of the Euro Medium Term Notes Programme with a nominal amount of €994 million and the new private bond placements with Eurofima SA with a nominal amount of €250 million, both issued to finance the investments to renew and upgrade rolling stock;
- the increase in bank loans and borrowings (+€439 million), mainly due to the effect of the rise in current and non-current funding to finance part of the annual requirements of the railway infrastructure operator;
- the decrease in the amount due from the MEF (€255 million) due to collections of the year;
- the decrease in financial assets for service concession arrangements (+€195 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 net increase in the balance of other financial assets and liabilities (-€293 million) mainly due to the rise in cash and cash equivalents and the grants for the COVID-19 emergency pursuant to article 1.679 of the 2021 Budget Act which will be disbursed between 2022 and 2034;
- the decrease in the cash pooling balance (+€28 million), which comprises the payments made by the MEF in accordance with the Programme Contract for railway infrastructure;
- the decrease in loans and borrowings from other financial backers (-€67 million), substantially the effect of the repayment of the loans with Cassa Depositi e Prestiti to finance railway infrastructure (the traditional and high-speed networks);
- the decrease in lease liabilities (-€47 million) as the effect of the payments made in the period, partially offset by the recognition of new lease liabilities as a balancing entry to right-of-use assets;

Equity decreased by €430 million from €41,423 million to €40,993 million mainly as a result of the loss for the period.

Investments

Total expenditure for investments by the FS Italiane group in the first half of 2021 amounts to €3,776 million, with €993 million raised through self-financing and €2,783 million from government grants, up 53.6% on the same figure at 30 June 2020.



In terms of capital expenditure, in the first half of 2021, the FS Italiane group developed and managed approximately €4.8 billion², 98% of which in Italy, of which:

approximately 82% of capital expenditure refers to the Infrastructure segment, with Rete Ferroviaria Italiana S.p.A. ("RFI S.p.A.") investing €2,902 million (including €2,156 million for the traditional/HC network, €20 million for the HS/HC network between Turin, Milan and Naples and €746 million for contractual advances to suppliers³) and the Anas group investing €959 million (including roughly €112 million for contractual advances to suppliers);

around 17% 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 €689 million (including routine maintenance), Mercitalia group approximately €73 million, Busitalia group €17 million and the other companies operating abroad investing €46 million (Netinera Deutschland GmbH, C2C Ltd, Trenitalia UK Ltd, Thello SAS and Trainose SA);

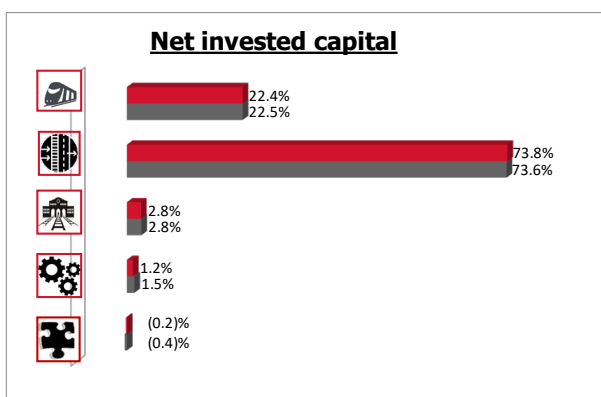
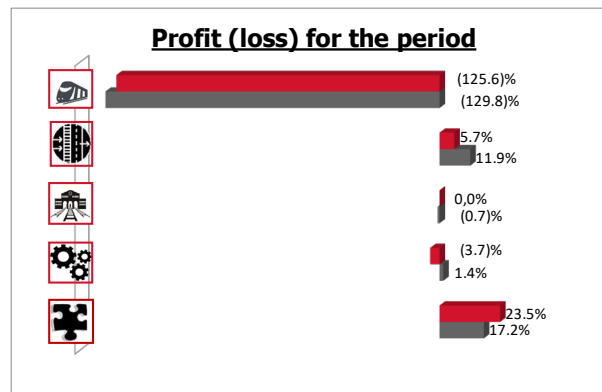
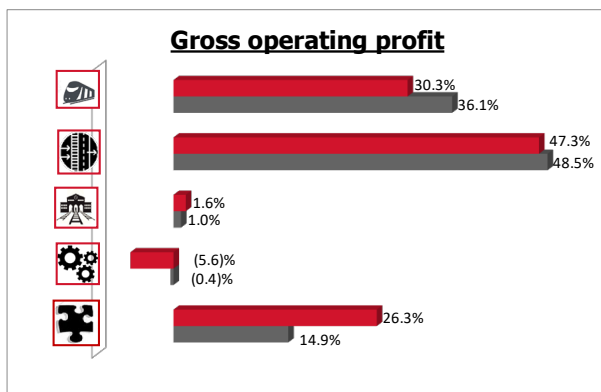
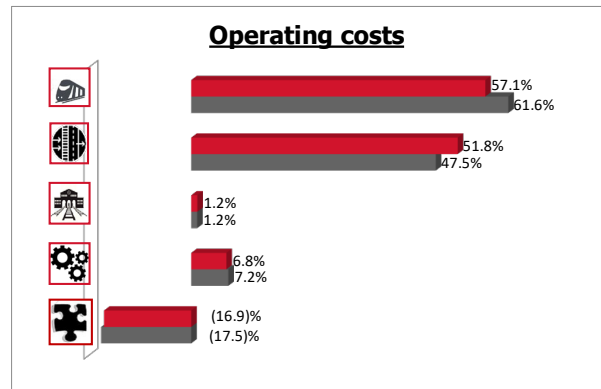
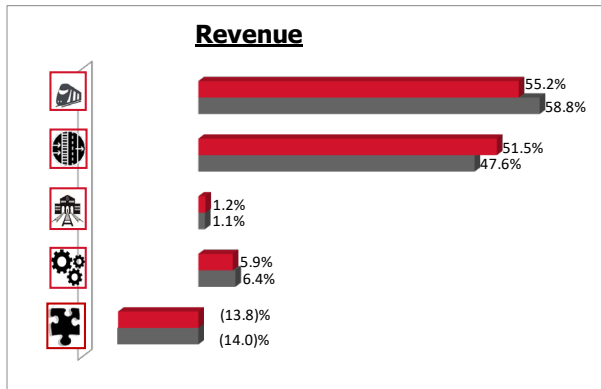
approximately 1% of investments refers to the Real estate and Other services segments. The investments were mainly made by FS Technology S.p.A. and Ferrovie dello Stato Italiane S.p.A., principally for ICT projects.






² As defined in the "Key and glossary", in addition to the consolidated investments described above, capital expenditure includes the investments recognised mainly by Anas S.p.A. in accordance with IFRIC 12 (approximately €1.0 billion).

³ Also in connection with article 207.1 and 2 of Law no. 77 of 17 July 2020 (*Decreto Rilancio*).

Segment reporting

FS Italiane Group's performance is analysed below with reference to each of the operating segments that make up its business. The charts below summarise the first half of 2021 and 2020 performance with indication of the percentages of revenue and operating costs, gross operating profit (loss), profit (loss) for the period and net invested capital attributable to each segment at 30 June 2021 and 31 December 2020.



-  Transport
 -  Infrastructure
 -  Real estate services
 -  Other services
 -  Adjust./elimin.
- 1 H 2021/30.06.2021
■ 1 H 2020/31.12.2020

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, including the preeminent high speed service. 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 and logistics are those in the Mercitalia hub, with domestic and international operations, specifically, in the latter case, 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 investees, including its foreign investees (i.e., the Dutch QBuzz BV). The above-mentioned FSE S.r.l. also provides these services.

	millions of Euros			
	First half of 2021	First half of 2020	Change	%
Revenue from sales and services	2,822	2,722	100	3.7
Other income	61	70	(9)	(12.9)
Revenue	2,883	2,792	91	3.3
Operating costs	(2,769)	(2,605)	(164)	(6.3)
Gross operating profit	114	187	(73)	(39.0)
Operating loss	(503)	(491)	(12)	2.4
Loss (attributable to the owners of the parent and non-controlling interests)	(550)	(544)	(6)	1.1
	30.06.2021	31.12.2020	Change	
Net invested capital	11,592	11,304	288	

In the first half of 2021, the Transport segment reported a **loss for the period** of €550 million, essentially in line with the first half of the previous year (-€6 million). The different "soft lockdown" measures applied across Italy continue to significantly affect the performance of all components of the Transport segment and, particularly long-haul passenger railway transport, which showed the largest decreases on 2020, also considering the different time effect of the COVID-19 restrictions (indeed, the first two months of 2020 were not affected by the pandemic) and the Lodi accident of 6 February 2020. Acting in

this complex and changing scenario, the group companies implemented an offer rationalisation plan, while always guaranteeing a number of trains and a timetable that meet the country's mobility needs.

Revenue in the Transport segment amounts to €2,883 million, up by €91 million or 3% on the same period of 2020 essentially as the net effect of the increase in revenue from transport services (+€108 million or +4%) and the decrease in recognised grants (-€15 million of which -€40 million related to LPT services in Italy and +€25 million for foreign companies). Revenue of the long-haul railway segment is down by a total of approximately €37 million (-7%) on the same period of 2020, mainly in the market component (-€54 million essentially as a result of the drop in demand recorded in the period). On the other hand, the universal component's revenue rose by €17 million thanks to the recovery in the demand for both day and night services.

Revenue of the short-haul railway segment (regional transport) is up by €63 million (+6% on the same period of 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, and an increase in revenue from fees to maintain the financial balance of contracts. In accordance with legislation, this segment benefited from government grants totalling €17 million (January 2021 only), compared to €53 million disbursed in the first half of 2020 (covering the March-June 2020 period).

The passenger road transport and the freight transport segments recorded an increase in revenue of €45 million (+16% on the same period of 2020), due to higher revenue from transport services and government grants of €3 million in Italy and €20 million in the Netherlands), and of €59 million (+13% on the same period of 2020, due to higher volumes), respectively.

The **gross operating profit** of the Transport segment came to €114 million in the first half of 2021, down by €73 million on the same period of 2020. The increase in revenue was more than offset by the rise in operating costs (personnel expense and costs for services mainly related to the increase in the offer and higher sanitation/personal protective equipment (PPE) costs).

The **operating loss** amounts to €503 million: the positive effect of the gross operating profit is strongly affected by amortisation and depreciation, substantially unchanged from the same period of the previous year.

Net financial expense of €92 million is slightly down on the same period of 2020, mainly because of the weaker performance of associates (i.e., Trenord).

Income taxes for the first half of 2021 show a positive balance of €45 million, up by €14 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 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 (TELT), Grandi Stazioni Rail S.p.A. and Metropark S.p.A..

millions of Euros

	First half of 2021	First half of 2020	Change	%
Revenue from sales and services	2,571	2,143	428	20.0
Other income	116	117	(1)	(0.9)
Revenue	2,687	2,260	427	18.9
Operating costs	(2,509)	(2,009)	(500)	(24.9)
Gross operating profit	178	251	(73)	(29.1)
Operating profit	33	92	(59)	(64.1)
Profit (attributable to the owners of the parent and non-controlling interests)	25	50	(25)	(50.0)

	30.06.2021	31.12.2020	Change
Net invested capital	38,103	37,050	1,053

The Infrastructure segment shows a **profit for the period** of €25 million, down by €25 million on the same period of the previous year. The decrease is mainly due to the negative impact of the exclusion of the Sita group from the consolidation scope (following the Council of State's unfavourable rulings at the end of 2019) and Anas S.p.A.'s smaller contribution to the segment (mainly due to the reduction in subsidies).

Revenue amounts to €2,687 million, up significantly on the first half of 2020 (+€427 million). The rise in revenue is mainly due to the combined effect of the following:

- the increase in Anas S.p.A.'s revenue (roughly €350 million), essentially due to the rise in revenue from the Road Infrastructure Service Contract (this item is matched by a corresponding change in costs), in addition to higher toll revenue from motorway operators (royalties, income from mobility services or network management);

- the increase in RFI S.p.A.'s grants, up by around €113 million, of which €88 million related to government grants (to offset the decrease in revenue) and the other €25 million to the rise in Programme Contract - Services for both routine maintenance and other operations (security, navigation, etc.);
- the increase in RFI S.p.A. revenue for non-recurring items, up by €37 million (gains on the sale of materials no longer used in operations (€26 million), penalties mainly for recovery of damage as per ruling no. 5516/2020 relating to the doubling of the Cervaro-Bovino section (€6 million), sundry income arising from the allocation of the title to some land in the Milan Segrate area to RFI S.p.A. (€5 million));
- the €17 million decrease in RFI S.p.A.'s revenue as the difference between the reduction in the consideration for the use of the railway infrastructure in the first half of 2021 (pursuant to article 1.679 of Law no. 178/2020 and article 73 of Legislative decree no. 73/2021) and that of the same period in 2020 (pursuant to Legislative decree no. 34/2020), partially offset by the higher train-km in the first half of 2021;
- the €103 million decrease in revenue due to the sale of the investments in Sitaf group in October 2020.

The Infrastructure segment's **gross operating profit** is €178 million, down by €73 million on the same period of 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 in 2021.

The **operating profit** in the Infrastructure segment is €33 million, down by €59 million on the same period of 2020. The decrease compared to the gross operating profit was only partly mitigated by the positive effect, in the same period of 2020, of an IFRS 9 loss allowance for Anas S.p.A.'s intragroup trade receivables and service concession assets, which did not exist in 2021 (approximately €15 million). The rise in RFI S.p.A.'s amortisation and depreciation (mainly change in rates due to the increase in train-km during the period following the recovery of rail traffic on the network after the easing of the COVID-19 pandemic) is offset by lower amortisation and depreciation following the sale of the investments in Sitaf group.

Net financial expense of €3 million improved considerably on the same period of the previous year (+€26 million), mainly as a result of the sale of the investments in Sitaf group in 2021.

Income taxes in the Infrastructure segment show a negative balance of €5 million in the first half of 2021, an improvement of €8 million on the first half of 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 SPVs, etc.) and handling the sale of land and buildings held for trading in real estate holdings.

millions of Euros

	First half of 2021	First half of 2020	Change	%
Revenue from sales and services	64	54	10	18.5
Other income				
Revenue	64	54	10	18.5
Operating costs	(58)	(49)	(9)	(18.4)
Gross operating profit	6	5	1	20.0
Operating profit (loss)				
Profit (loss) (attributable to the owners of the parent and non-controlling interests)		(3)	3	(100.0)

	30.06.2021	31.12.2020	Change
Net invested capital	1,422	1,423	(1)

The Real Estate Services segment essentially broke even in the first half of 2021, recording a €3 million improvement on the same period of the previous year, mainly thanks to the increase in FS Sistemi Urbani's revenue from sales, offset only in part by the decrease in dividends from the subsidiary Metropark.

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; FSTechnology S.p.A., the group's ICT service provider, appointed to manage its ICT strategy and FS International S.p.A., whose mission is to export FS Italiane group's extensive know-how around the world.

millions of Euros

	First half of 2021	First half of 2020	Change	%
Revenue from sales and services	306	291	15	5.2
Other income	4	12	(8)	(66.7)
Revenue	310	303	7	2.3
Operating costs	(331)	(305)	(26)	(8.5)
Gross operating loss	(21)	(2)	(19)	>200
Operating loss	(48)	(27)	(21)	77.8
Profit (loss) (attributable to the owners of the parent and non-controlling interests)	(16)	6	(22)	>200

	30.06.2021	31.12.2020	Change
Net invested capital	611	739	(128)

In the first half of 2021, **Other services** recognised a loss for the period of €16 million, down by €22 million on the profit for the corresponding period of the previous year.

Revenue of €310 million is up by €7 million, mainly as a result of the net effect of the increase in FSTechnology's and Ferservizi's revenue from IT services and the decrease in FS S.p.A.'s revenue.

The **gross operating loss** of €21 million in the first half of 2021 worsened by €19 million on the same period of the previous year. This is due to both non-recurring income of €13 million 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 above-mentioned decrease in FS S.p.A.'s revenue, which had an impact on profit margins.

The **operating loss** of €48 million in the first half of 2021 increased by €21 million on the same period of 2020. In addition to the larger gross operating loss, the greater weight of amortisation and depreciation, mainly due to FS S.p.A.'s and FS Technology S.p.A.'s investments, is to be considered.

Net financial income amounts to €26 million and is essentially in line with the same period of the previous year.

Income taxes show a positive balance of €6 million, down by €2 million on the corresponding period of 2020. This caption reflects the positive effects of the domestic tax consolidation scheme managed by the parent as part of its regular business activities.

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, respectively.

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 for the group's 2021 requirements.

Private bond placement with Eurofima

On 19 July 2021, FS Italiane S.p.A. finalised another private bond placement with Eurofima for €250 million at a variable rate and maturing in 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 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. signed, 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.

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

Reclassified income statement

	millions of Euros			
	First half of 2021	First half of 2020	Change	%
Revenue	94	110	(16)	(15)
- Revenue from sales and services	90	107	(17)	(16)
- Other revenue	4	3	1	33
Operating costs	(142)	(127)	(15)	(12)
GROSS OPERATING LOSS	(48)	(17)	(31)	(182)
Amortisation and depreciation	(12)	(11)	(1)	(9)
Net impairment gains	(1)		(1)	NA
OPERATING LOSS	(61)	(28)	(33)	(118)
Net financial income	63	147	(84)	(57)
PRE-TAX PROFIT	2	119	(117)	98
Income taxes	13	7	6	86
PROFIT FOR THE PERIOD	15	126	(111)	(88)

The **profit** for the period amounts to €15 million, down by €111 million on the same period of the previous year, mainly due to reduction in net financial income and the increase in the gross operating loss (-€84 million and €31 million, respectively), partly offset by the improvement in the taxes (+€6 million).

The increase in the **gross operating loss** is due to the increase in operating costs (+€15 million) and the decrease in revenue (-€16 million).

The changes in revenue are mainly the result of: less revenue from the Riyadh metro contract (-€26 million) and smaller revenue from property management (-€5 million), offset by the increase in revenues from the sale of land and buildings held for trading (+€14 million).

The increase in operating costs (+€15 million) essentially refer to: greater personnel expense (+€4 million), the change in inventories related to the cost of goods sold (+€9 million), IT services (+€7 million) and external communication services (+€3 million), the increase in other operating costs due to non-recurring income recognised last year 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 RFI's electricity grid to the main national operator, Terna S.p.A. (+€13 million) and the provisions for the probable risk of losing a lawsuit with third parties (+€1 million), offset by the reduction in costs related to the Riyadh metro contract (-€23 million).

The decrease in **net financial income** is mainly due to the reduction in dividends distributed by the subsidiaries, associates and third parties (-€88 million), the decrease in fair value losses on currency hedges (-€8 million) and the increase in impairment losses on financial assets following the adoption of IFRS 9 (+€1 million), offset by exchange gains (+€10 million) and the increase in net interest on the loans granted to group companies (+€3 million).

Income taxes show a total increase of €6 million on the same period of the previous year, mainly due to the reduction in current IRES and IRAP (+€4 million), smaller deferred tax assets and liabilities recognised in the period (+€7 million), smaller adjustments to taxes relative to prior years (+€1 million), offset by the reduction in income from the tax consolidation scheme (-€6 million).

Reclassified statement of financial position

	30.06.2021	31.12.2020	Change
millions of Euros			
ASSETS			
Net operating working capital	493	442	51
Other assets, net	248	287	(39)
Working capital	741	729	12
Non-current assets	540	543	(3)
Equity investments	38,062	38,062	
Net non-current assets	38,602	38,605	(3)
Post-employment benefits	(7)	(8)	1
Other provisions	(312)	(312)	
Post-employment benefits and other provisions	(319)	(320)	1
NET INVESTED CAPITAL	39,024	39,014	10
COVERAGE			
Net current financial position	(537)	(579)	42
Net non-current financial position	(354)	(301)	(53)
Net financial position	(891)	(880)	(11)
Equity	39,915	39,894	21
COVERAGE	39,024	39,014	10

Net invested capital of €39,024 million increased in the first half of 2021 by €10 million, mainly due to the increase in **working capital** (+€12 million).

Working capital amounts to €741 million. The increase on 31 December 2020 is essentially due to the net increase in trade receivables and payables (+€63 million), the decrease in land and buildings held for trading (-€12 million), the decrease in amounts due from group companies other than trade receivables (-€43 million) mainly in connection with the approval of dividends to Ferservizi S.p.A. (€12 million) and Italferr S.p.A. (€23 million), the decreases in social security charges payable (+€1 million) and guarantee deposits (+€1 million).

The **net financial position** improved by €11 million following the increase from €880 million at 31 December 2020 to €891 million at 30 June 2021. The improvement is mainly due to the proceeds from the property sales of the period (€19

million), offset by the grant related to the national operational programme for transport (PON-T) for the 2000-2006 period disbursed to the Sardinia region (€9 million).

Equity increased by €21 million due to the combined effect of the profit for the period (€15 million) and smaller derivative assets (€6 million) compared to the previous year end.



Interim consolidated financial statements

Statement of financial position

millions of Euros

	30.06.2021	31.12.2020
Assets		
Property, plant and equipment	46,651	46,460
Investment property	1,400	1,393
Intangible assets	2,617	2,668
Deferred tax assets	405	408
Equity-accounted investments	751	765
Service concession assets	1,728	1,891
Financial assets (including derivatives)	1,034	1,054
Trade receivables	5	6
Other assets	4,950	4,770
Total non-current assets	59,541	59,415
Inventories	2,435	2,307
Trade receivables	2,781	2,493
Financial assets (including derivatives)	487	637
Service concession assets	1,380	1,412
Cash and cash equivalents	1,478	1,270
Tax assets	108	104
Other assets	4,590	3,450
Total current assets	13,259	11,673
Assets held for sale and disposal groups	46	
Total assets	72,846	71,088
Total equity and liabilities		
Share capital	39,204	39,204
Reserves	57	70
Valuation reserves	(397)	(413)
Retained earnings	2,389	2,956
Loss for the period/year	(431)	(570)
Equity attributable to the owners of the parent	40,822	41,247
Profit (loss) attributable to non-controlling interests	(7)	8
Share capital and reserves attributable to non-controlling interests	165	154
Total equity attributable to non-controlling interests	158	162
Equity	40,980	41,409
Liabilities		
Loans and borrowings	8,855	7,733
Post-employment benefits and other employee benefits	993	1,073
Provisions for risks and charges	2,480	2,437
Deferred tax liabilities	456	466
Contract advances	1,153	1,214
Financial liabilities (including derivatives)	1,331	1,381
Trade payables	17	26
Other liabilities	132	140
Total non-current liabilities	15,417	14,470
Loans and borrowings and current portion of non-current loans and borrowings	4,330	3,832
Current portion of provisions for risks and charges	20	18
Trade payables	5,546	5,586
Tax liabilities	5	4
Contract advances	484	431
Financial liabilities (including derivatives)	192	169
Other liabilities	5,855	5,169
Total current liabilities	16,432	15,209
Liabilities held for sale and disposal groups	17	
Total liabilities	31,866	29,679
Total equity and liabilities	72,846	71,088

Income statement

millions of Euros

	First half of 2021	First half of 2020
Revenue		
Revenue from sales and services	5,056	4,580
Other income	166	166
Total revenue and income	5,222	4,746
Operating costs		
Personnel expense	(2,386)	(2,316)
Raw materials, consumables, supplies and goods	(563)	(470)
Services	(2,412)	(1,890)
Use of third-party assets	(58)	(55)
Other operating costs	(97)	(80)
Internal work capitalised	670	583
Total operating costs	(4,846)	(4,228)
Amortisation and depreciation	(780)	(794)
Net impairment gains	(5)	(67)
Operating loss	(409)	(343)
Financial income and expense		
Financial income	74	58
Financial expense	(86)	(132)
Net financial expense	(12)	(74)
Share of losses of equity-accounted investees	(17)	(11)
Pre-tax loss	(438)	(428)
Income taxes		9
Loss for the period (attributable to the owners of the parent and non-controlling interests)	(438)	(419)
<i>Loss for the period attributable to the owners of the parent</i>	<i>(431)</i>	<i>(399)</i>
<i>Loss for the period attributable to non-controlling interests</i>	<i>(7)</i>	<i>(20)</i>

Statement of comprehensive income

millions of Euros

	First half of 2021	First half of 2020
Loss for the period (attributable to the owners of the parent and non-controlling interests)	(438)	(419)
Other comprehensive income		
Items that will not be reclassified to profit or loss, net of the tax effect:		
Net actuarial losses	(2)	(10)
attributable to the owners of the parent	(2)	(10)
attributable to non-controlling interests		
Items reclassified to profit or loss	4	6
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	14	(5)
attributable to the owners of the parent	14	(2)
attributable to non-controlling interests		(3)
Net exchange gains (losses)	(15)	5
Other comprehensive income (expense), net of the tax effect	1	(4)
Comprehensive expense (attributable to the owners of the parent and non-controlling interests)	(437)	(423)
<i>Comprehensive expense attributable to:</i>		
Owners of the parent	(430)	(400)
Non-controlling interests	(7)	(23)

Statement of changes in equity

millions of Euros

Equity														
	Reserves									Retained earnings	Profit (loss) for the period/year	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
	Share capital	Legal reserve	Extraordinary reserve	Other reserves	Translation reserve	Hedging reserve	Actuarial reserve	Fair value reserve	Total reserves					
Balance at 1 January 2020	39,204	53				(69)	(359)		(375)	2,440	573	41,842	448	42,290
Capital increase													9	9
Dividend distribution														
Allocation of profit for the previous year		12							12	561	(573)			
Change in consolidation scope													(2)	(2)
Other changes					5				5	1		6		6
Comprehensive expense						4	(10)		(6)		(399)	(405)	(23)	(428)
of which:														
Loss for the period											(399)	(399)	(20)	(419)
Net losses recognised directly in equity							4	(10)	(6)			(6)	(3)	(9)
Balance at 30 June 2020	39,204	65			5	(65)	(369)		(364)	3,002	(399)	41,443	432	41,875
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 profit for the previous year		2							2	(572)	570			
Change in consolidation scope														
Other changes					(15)				(15)	5		(10)	1	(9)
Comprehensive expense						18	(2)		16		(431)	(415)	(7)	(422)
of which:														
Loss for the period											(431)	(431)	(7)	(438)
Net gains recognised directly in equity							18	(2)	16			16		16
Balance at 30 June 2021	39,204	67			(10)	(21)	(376)		(340)	2,389	(431)	40,822	158	40,980

Statement of cash flows

millions of Euros

	First half of 2021	First half of 2020
Loss for the period	(438)	(419)
Income taxes		(9)
Net financial expense	12	76
Amortisation and depreciation	780	794
Share of losses of equity-accounted investees	17	11
Accruals to provisions and impairment losses	193	279
Gains on sales	(54)	(27)
Change in inventories	(114)	(123)
Change in trade receivables	(278)	69
Change in trade payables	(52)	(1,211)
Change in current and deferred taxes		
Change in other liabilities	683	1,151
Change in other assets	(1,341)	153
Utilisation of the provisions for risks and charges	(146)	(244)
Payment of employee benefits	(83)	(81)
Change in assets/liabilities held for sale		
Financial income collected/financial expense paid	(25)	(68)
Income taxes paid, net of reimbursed tax assets	(3)	(9)
Change in service concession assets/liabilities	188	(23)
Change in assets/liabilities held for sale		(10)
Net cash flows generated by (used in) operating activities	(661)	309
Increases in property, plant and equipment	(3,660)	(2,325)
Investment property	(4)	(6)
Increases in intangible assets	(75)	(104)
Increases in equity investments	(66)	(102)
Investments, before grants	(3,805)	(2,537)
Grants for property, plant and equipment	2,782	1,523
Grants for investment property		
Grants for intangible assets		1
Grants for equity investments	53	84
Grants	2,835	1,608
Decreases in property, plant and equipment	60	43
Decreases in investment property	5	
Decreases in intangible assets	4	
Decreases in equity investments and profit-sharing arrangements	14	4
Decreases	83	47
Net cash flows used in investing activities	(887)	(882)
Finance lease payments	(87)	(81)
Disbursement and repayment of non-current loans	1,516	610
Disbursement and repayment of current loans	120	(624)
Grants relating to assets (for loans)	136	298
Change in financial assets	29	(24)
Change in financial liabilities	21	23
Dividends		
Financial income/expense that does not generate cash flows		
Changes in equity and cash from non-recur. trans.	3	3
Net cash flows generated by financing activities	1,738	205
Total cash flows	190	(368)
Opening cash and cash equivalents	1,258	1,534
Closing cash and cash equivalents	1,448	1,166

Interim separate financial statements of
Ferrovie dello Stato Italiane S.p.A.

Statement of financial position

Euros

	30.06.2021	31.12.2020
Assets		
Property, plant and equipment	48,116,193	50,788,278
Investment property	442,276,157	442,403,269
Intangible assets	50,534,962	50,147,475
Deferred tax assets	175,207,690	175,033,072
Equity investments	38,061,634,521	38,061,634,521
Financial assets (including derivatives)	8,191,692,464	6,840,307,296
Trade receivables	3,374,292	3,758,600
Other assets	24,582,371	24,065,497
Total non-current assets	46,997,418,650	45,648,138,008
Inventories	360,341,795	372,097,043
Trade receivables	238,275,498	196,458,944
Financial assets (including derivatives)	3,778,304,957	3,147,542,214
Cash and cash equivalents	543,862,396	283,714,848
Tax assets	87,059,133	86,264,467
Other assets	526,537,155	595,133,072
Total current assets	5,534,380,934	4,681,210,588
Total assets	52,531,799,584	50,329,348,596
Equity		
Share capital	39,204,173,802	39,204,173,802
Reserves	66,854,616	64,806,665
Valuation reserves	11,207	(69,955)
Retained earnings	628,862,321	589,951,253
Profit for the period/year	14,892,893	40,959,019
Total equity	39,914,794,839	39,899,820,784
Liabilities		
Loans and borrowings	7,836,919,853	6,533,734,581
Post-employment benefits and other employee benefits	6,765,736	7,635,534
Provisions for risks and charges	149,866,775	148,095,814
Deferred tax liabilities	162,584,496	164,067,473
Financial liabilities (including derivatives)	283,772	4,827
Other liabilities	26,795,023	29,028,996
Total non-current liabilities	8,183,215,655	6,882,567,225
Loans and borrowings and current portion of non-current loans and borrowings	3,150,700,743	2,548,120,993
Trade payables	112,396,344	132,710,431
Financial liabilities (including derivatives)	635,120,600	304,149,389
Other liabilities	535,571,403	561,979,774
Total current liabilities	4,433,789,090	3,546,960,587
Total liabilities	12,617,004,745	10,429,527,812
Total equity and liabilities	52,531,799,584	50,329,348,596

Income statement

	Euros	
	First half of 2021	First half of 2020
Revenue from sales and services	89,819,445	106,808,473
Other income	3,839,808	3,950,416
Total revenue	93,659,253	110,758,889
Personnel expense	(34,083,586)	(29,817,881)
Raw materials, consumables, supplies and goods	(13,379,695)	(4,526,320)
Services	(77,624,889)	(89,922,650)
Use of third-party assets	(803,816)	(2,078,180)
Other operating costs	(16,517,494)	(1,584,873)
Internal work capitalised	108,971	492,635
Total operating costs	(142,300,509)	(127,437,269)
Amortisation and depreciation	(12,102,848)	(10,830,523)
Net impairment gains	(503,777)	(481,610)
Operating loss	(61,247,881)	(27,990,513)
Gains on equity investments	42,384,726	130,829,816
Other financial income	74,833,298	100,892,581
Losses on equity investments	(816,280)	(52,531)
Other financial expense	(53,013,827)	(84,616,407)
Net financial income	63,387,917	147,053,459
Pre-tax profit	2,140,036	119,062,946
Income taxes	12,752,857	6,678,551
Profit from continuing operations	14,892,893	125,741,497
Profit for the period	14,892,893	125,741,497

Statement of comprehensive income

	Euros	
	First half of 2021	First half of 2020
Profit for the period	14,892,893	125,741,497
Items that will not be reclassified to profit or loss:		
Net actuarial gains (losses)	103,974	(129,595)
Tax effect on actuarial gains (losses)	(22,812)	27,915
Other comprehensive income (expense), net of the tax effect	81,162	(101,680)
Comprehensive income	14,974,055	125,639,817

Statement of changes in equity

Euros

Equity									
	Share capital	Reserves			Valuation reserves	Total reserves	Retained earnings	Profit for the period/year	Total equity
		Other 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
Allocation of profit for the previous year									
Comprehensive income of which:									
Profit for the period		2,047,951				2,047,951	38,911,068	(40,959,019)	
Net gains recognised directly in equity					81,162	81,162		14,892,893	14,892,893
									81,162
Balance at 30 June 2021	39,204,173,802	66,854,616			11,207	66,865,823	628,862,321	14,892,893	39,914,794,839

STATEMENT OF CASH FLOWS

Euros

	First half of 2021	First half of 2020
Profit for the period	14,892,893	125,741,497
Income taxes	(12,752,857)	(6,678,551)
Net financial expense	(63,387,917)	(147,053,459)
Amortisation and depreciation	12,102,848	10,830,523
Accruals to provisions and impairment losses	2,219,438	1,114,301
Impairment losses (gains)	85,147	(329,970)
Accruals for employee benefits	8,804	
Accruals to provisions and impairment losses	2,313,389	784,331
Change in inventories	13,161,296	3,938,459
Change in trade receivables	(41,432,247)	(40,963,514)
Change in trade payables	(20,314,088)	(10,308,933)
Change in other assets	103,795,112	(4,521,519)
Change in other liabilities	(29,423,586)	12,458,115
Utilisation of the provisions for risks and charges	(631,436)	(453,022)
Payment of employee benefits	(363,398)	(143,925)
Financial income collected/financial expense paid	14,943,860	14,029,308
Change in tax assets/liabilities	12,251,563	16,270,593
Net cash flows generated by (used in) operating activities	5,155,432	(26,070,097)
Increases in property, plant and equipment	(416,660)	(643,024)
Investment property	(2,639,651)	(5,237,078)
Increases in intangible assets	(8,037,111)	(12,963,477)
Increases in equity investments	(24,737,352)	(31,656)
Investments, before grants	(35,830,774)	(18,875,235)
Grants for equity investments	24,737,352	
Grants	24,737,352	
Decreases in investment property	104	251,604
Decreases in intangible assets		2,465
Decreases in equity investments		31,656
Decreases	104	285,725
Net cash flows used in investing activities	(11,093,318)	(18,589,510)
Disbursement and repayment of non-current loans	1,689,113,809	753,325,709
Disbursement and repayment of current loans	196,585,927	(600,976,637)
Change in lease liabilities	(57,238)	(57,128)
Change in financial assets	(1,949,378,543)	(171,626,926)
Change in financial liabilities	8,240	(2,680,653)
Net cash flows used in financing activities	(63,727,805)	(22,015,635)
Total cash flows	(69,665,691)	(66,675,243)
Opening cash and cash equivalents	(14,765,683)	155,022,769
Closing cash and cash equivalents	(84,431,374)	88,347,526
of which intragroup current account	(628,293,770)	(367,308,248)

Reporting by operating segment

The financial highlights of the group's operating segments for the first six months of 2021 and 2020 and its net invested capital at 30 June 2021 and 31 December 2020 are shown below:

millions of Euros

First half of 2021	Transport	Infrastructure	Real Estate Services	Other Services	Adjustments and Inter-segment eliminations	FS Italiane group
Revenue from third parties	2,755	2,224	44	20		5,043
Inter-segment revenue	128	463	20	290	(722)	179
Revenue	2,883	2,687	64	310	(722)	5,222
Personnel expense	(1,224)	(1,086)	(2)	(85)	11	(2,386)
Other costs, net	(1,545)	(1,423)	(56)	(246)	810	(2,460)
Operating costs	(2,769)	(2,509)	(58)	(331)	821	(4,846)
Gross operating profit (loss)	114	178	6	(21)	99	376
Amortisation and depreciation	(617)	(142)	(5)	(27)	11	(780)
Impairment losses and accruals		(3)	(1)		(1)	(5)
Operating profit (loss)	(503)	33		(48)	109	(409)
Net financial income (expense)	(92)	(3)		26	40	(29)
Income taxes	45	(5)		6	(46)	
Profit (loss) from assets held for sale, net of taxes						
Profit (loss) (attributable to the owners of the parent and non-controlling interests)	(550)	25		(16)	103	(438)

millions of Euros

30.06.2021	Transport	Infrastructure	Real Estate Services	Other Services	Adjustments and Inter-segment eliminations	FS Italiane group
Net invested capital	11,592	38,103	1,422	611	(92)	51,636

millions of Euros

First half of 2020	Transport	Infrastructure	Real Estate Services	Other Services	Adjustments and Inter-segment eliminations	FS Italiane group
Revenue from third parties	2,656	1,852	34	42		4,584
Inter-segment revenue	136	408	20	261	(663)	162
Revenue	2,792	2,260	54	303	(663)	4,746
Personnel expense	(1,160)	(1,080)	(2)	(83)	9	(2,316)
Other costs, net	(1,445)	(929)	(47)	(222)	731	(1,912)
Operating costs	(2,605)	(2,009)	(49)	(305)	740	(4,228)
Gross operating profit (loss)	187	251	5	(2)	77	518
Amortisation and depreciation	(631)	(144)	(4)	(25)	10	(794)
Impairment losses and accruals	(47)	(15)	(1)		(4)	(67)
Operating profit (loss)	(491)	92		(27)	83	(343)
Net financial income (expense)	(84)	(29)	3	25		(85)
Income taxes	31	(13)	(6)	8	(11)	9
Profit (loss) (attributable to the owners of the parent and non-controlling interests)	(544)	50	(3)	6	72	(419)

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	1,423	739	(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.