RFI
RETE FERROVIARIA ITALIANA
GRUPPO FERROVIE DELLO STATO ITALIANE

Rete Ferroviaria Italiana S.p.A.

2023 ANNUAL REPORT

RETE FERROVIARIA ITALIANA S.p.A. Ferrovie dello Stato Italiane Group

Single-member company, managed and coordinated by Ferrovie dello Stato Italiane S.p.A. pursuant to article2497-sexies of the Italian Civil Code and Legislative Decree no. 112/2015

Fully paid-up share capital: €31,528,425,067.00

Registered office: Piazza della Croce Rossa 1, 00161 Rome

Tax code and company registration number: 01585570581 - Rome company register

Economic and Administrative Register (R.E.A.) number: 758300

VAT number: 01008081000

Web address: https://www.rfi.it/

COMPANY OFFICERS AND INDEPENDENT AUDITORS

COMPANY OFFICERS OF RETE FERROVIARIA ITALIANA S.p.A.

Board of Directors	**Appointed as from 29 December 2020**	**Appointed as from 19 May 2023**
Chairwoman/Chairman	Anna Masutti	Dario Lo Bosco
CEO	Vera Fiorani	Gianpiero Strisciuglio
Directors	Enrico Corali	Antonella Faggi
	Silvio Martuccelli	Manolo Cipolla
	Giuseppe Antonio Taini	Sabrina Lai

Board of Statutory Auditors	**Appointed as from 29 December 2020**	**Appointed as from 19 May 2023**
Chairman	Mauro D'Amico	Leonardo Quagliata
Standing statutory auditors	Silvia Razzolini	Lorenzo Brocca
	Lorenzo Stanghellini	Simona Vittoriana Cassarà
Alternate statutory auditors	Ennio Celio Luglio	Gaetano Giudice
	Monica Petrella	Maria Pia Erica Nucera

FINANCIAL REPORTING MANAGER [(1)]

Andrea Pascucci

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A. (for the 2023 – 2025 three-year period)

[(1)] By resolution of 27 June 2023, the BoD of RFI renewed the appointment of Andrea Pascucci, as Financial Reporting Manager pursuant to Law no. 262/2005 – Art. 154-*bis* of the Consolidated Act on Finance (TUF).

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CHAIRMAN'S LETTER

PROF. DARIO LO BOSCO

CHAIRMAN OF RETE FERROVIARIA ITALIANA S.P.A.

The relevant macroeconomic environment in which the Company operated during 2023 confirmed the highly unstable trends that had emerged in 2022 following the geopolitical events that are still ongoing, recording - compared to the previous year - moderate GDP growth of +0.7%, higher than the European average (equal to +0.5%). The consumer price index for the entire national community, which was declining in the second half of the year, saw growth of 5.7% on 2022.
Rete Ferroviaria Italiana, albeit in such a difficult environment, achieved a gratifying **Profit for the year of €196 million**: it showed a moderate decrease compared to 2022, and testifies to the considerable work, professional quality, and team spirit of the women and men engaged in this Company of the FS Italiane Group.

EBITDA, equal to €422 million, also showed a reduction - in the dominating general critical environment - by €99 million (roughly -19%) compared to the previous year, due to the combined effect, on the one hand, of higher traffic volumes following the full resumption of economic activities, and the higher capitalised company charges related to the intense investments made during the year and, on the other hand, of the rising cost of labor, against the entry of 4,600 new hires, lower grants from the Government under the Programme Contract – Services, and, finally, the non-recognition of non-recurring items.

The Company's infrastructure investments totalled €7,550 million, showing an increase of €1,620 million (about 27%) compared to the same period of the previous year.

As is well known, our Company has been called upon to play a key role in the sustainable, connected, intermodal, digital and hi-tech growth of the rail mobility system serving the country, and in the integration with transport nodes and major European transnational corridors, but also in the definition and implementation of the NRRP. For this important strategic activity, and, with specific regard to the investments envisaged in Mission 3 "*Infrastructures for Sustainable Mobility*", it has utilised the public funding allocated thereto in an effective manner: **in 2023 all the objectives were achieved in relation to the infrastructure investments aimed at the development and maintenance of the railway network.**
Specifically, **investments referring to large-scale infrastructural projects were made for approximately €4,342 million while also allocating roughly €3,208 million to maintain the efficiency of infrastructure, and for work throughout Italy** (including €529 million for technology-related projects)
In 2023, RFI finalized the integration with the Piedmont regional railway infrastructure of the Canavesana and Turin-Ceres lines by acquiring the "infrastructure" business unit of Gruppo Torinese Trasporti S.p.A. (GTT) in order to expand and optimize network interconnections.

From a financial point of view, the Company, despite growing tensions - including public finance - on the capital markets, ensured the regular inflow of financial resources to the works contractors engaged in the implementation of the plan of substantial investments placed at the service of the country, demonstrating organizational, management and engineering, and process control skills of particular satisfaction, also thanks to the synergies with the relevant departments of the Parent Company FSI while respecting their roles.

RFI, as the Lead Company of the Infrastructure Business Unit of the FS Italiane Group (RFI, ANAS, ITALFERR and Ferrovie del Sud Est), defined in FSI's 2022-2033 Business Plan, prepared and implemented, in the second part of the year, a new Governance model with a view to the best synergies between the Group's rail and road mobility networks to increasingly optimize the overall quality, safety and reliability of FS Italiane's "*Infrastructure Business Unit system.*" The above objectives were also achieved through establishing specific Committees - "Business Unit Committee" and "Research and Innovation Committee" - chaired by the Chairman of RFI, whose strategic, managerial and operational guidelines were shared by the Board of Directors, materialized in specific acts of management and coordination issued by CEO Gianpiero Strisciuglio, and were evaluated in advance by the abovementioned Committees, as well by the other CEOs of the Business Unit Companies, in order to optimize the overall results with a cohesive "team spirit".

On 9 August 2023 the "NEW TIME" that RFI has thus designed with the Business Unit, in line with the Parent Company's guidelines, gave effect to the first act of "*management and coordination of the Business Unit*", with the implementation of the **digitization of projects and construction sites, using the new techniques of Building Information Model - BIM 4d and 5d**, in order to succeed in the Business Unit in precisely monitoring the progress of works, and especially times (4d) and costs (5d), thus maximizing global benefits, and the operational efficiency of contracts: an *example-guide* of process optimization in the EU that proudly starts from Italy, thanks to the FS Group, also in order to increasingly improve prevention and occupational safety tools, thanks to the *digital engineering* of construction sites. Based on the concept of *Prevention through design* (Ptd), there is the possibility of "*positively influencing*" safety in the construction phase as early as from the conception of the construction site project: the optimizing effect is all the greater the further away from the construction phase.

This act of management and coordination has a very positive impact, including for the key issue of anti-corruption and prevention of infiltration in construction sites to which RFI, with FS Italiane, has always paid the utmost attention. In the context of this indispensable objective, and specifically for sound business management policies, the second act of management and coordination issued, again by RFI, in the second part of 2023 is also relevant in order to ensure the preventive analysis of the use of excavated earth for the execution of earthworks (road and/or rail).
The optimization of the handling and reuse of excavated materials resulting from the execution of said works has virtuous effects in terms of cost reduction while minimizing, at the same time, the environmental impact of the works with a view to abating pollution, and to landscape protection. In looking forward, the implementation of the Single Desk for Land Engineering (SUIT) for the identification of delivery sites allows for (i) greater transparency in selection methods, and (ii) reduced time required for identification. This is a further and unquestionable contribution to the maximization of legality standards in public works, and in the fight against mafias, whose illicit interests lurk precisely in such business sectors (land movements, landfills and quarries): a success of the entire FSI Group, in tune with the Government, the Ministry of Infrastructure and Transport, Ansfisa and ANAC' objectives.

Finally, the foundations have been laid to create an innovative "Academy & Technical Methodologies of the Infrastructure Business Unit" to enhance the specific know-how on training, as well as to also optimize the experimental laboratories of RFI and ANAS, and maximize synergies with Italian and international universities, institutions and scientific research centers. Such an approach will allow both the creation, serving the Business Unit's interests, of "smart" equipment, new technologies and patents for the safety and overall quality of the mobility offer, and the prevention of risks in the Business Unit's networks, and at station and modal interchange hubs, as well as at construction sites, with increasingly large benefits for the "*country system*."

MISSION

Rete Ferroviaria Italiana S.p.A. ("RFI") is the company within the Ferrovie dello Stato Italiane Group ("FS Italiane Group") responsible for operating the national railway infrastructure under a concession agreement with a term of 60 years, according to the decree issued by the Ministry of Transport and Navigation no. 138 - T of 31 October 2000.

RFI owns the infrastructure consisting of the portion that belonged to the former public body, Ferrovie dello Stato (and made up the body's assets) and the portion acquired subsequently using own funds (obtained through third-party financing and capital injections, first from the government and subsequently Ferrovie dello Stato Italiane) and, currently, through government grants related to assets.

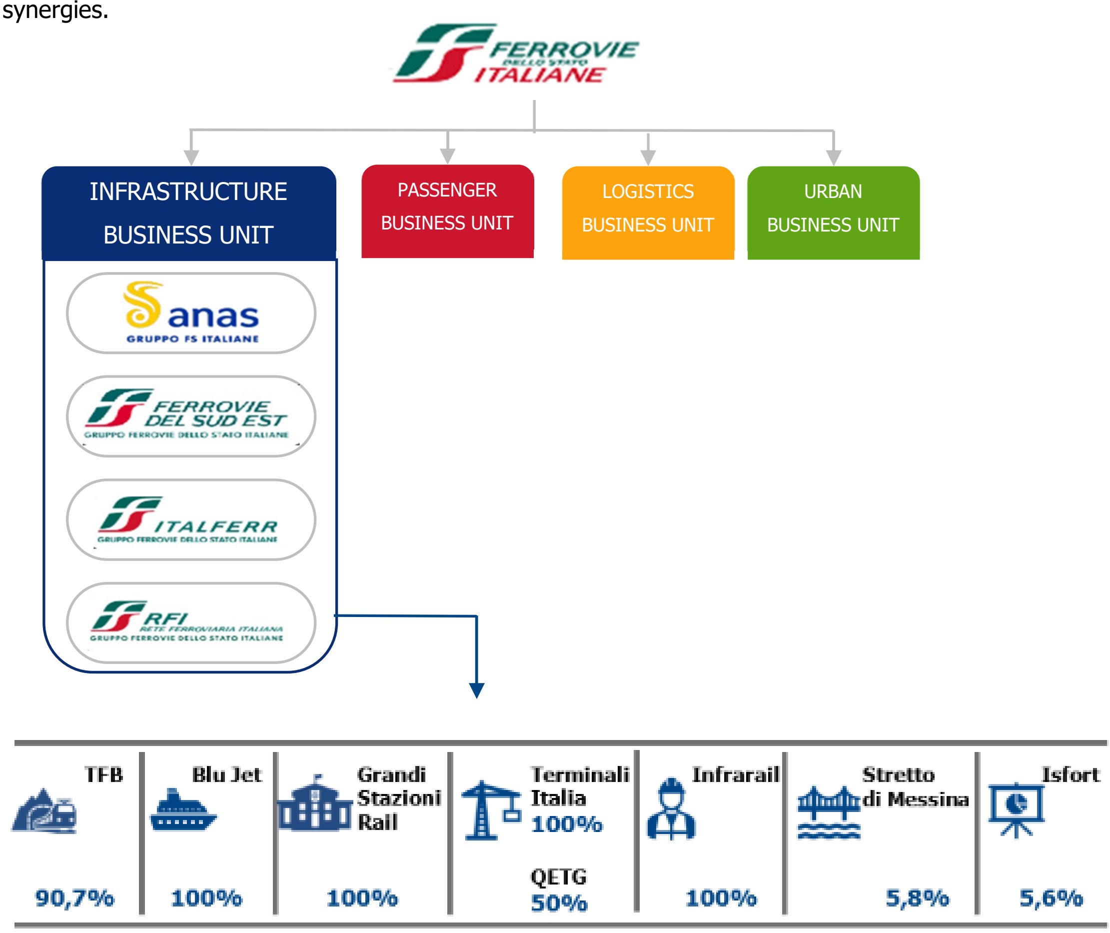
Governance Model of the Ferrovie dello Stato Italiane Group

The Model has redesigned the Group's governance structure based on four Business Units in order to seize the potential of the various Group companies with a view to integrating the various infrastructures and modes of transport for greater sustainability, and to the country's benefit.

In implementing the Model, RFI assumes the role of Sector Parent Company for the Infrastructure Business Unit.

According to the model, FS assumes a role of general strategic guidance, and implementation and financial coordination of the Group, carrying out management and coordination activities vis-à-vis the Sector Parent Companies and other Subsidiaries.

With this in mind, RFI, as the Division Parent Company of the Infrastructure Business Unit, carries out the management and coordination activities with respect to the companies operating in the aforesaid Business Unit, as better defined in the Group and Business Unit rules adopted with effect from 1 June 2022.
In this design, the Infrastructure Business Unit ensures the design, construction, operation and maintenance of infrastructure networks for rail, as well as road and highway transport at both national and international levels for the construction of integrated and interconnected road and rail works aimed at enhancing and maximizing industrial synergies.



DIRECTORS' REPORT

KEY AND GLOSSARY

Non-GAAP performance indicators

Below is a description of the criteria used to calculate the most frequently used performance indicators for the purposes of this report. Such criteria differ from the criteria applied to the financial statements and which management finds useful in monitoring the Company's performance and believes reflect the results of operations and financial trends of its business segments:

- **Gross operating profit**: this is an indicator of the performance of operations and reflects the core business only. It is calculated as the difference between revenue and operating costs.
- **Operating profit:** this is an indicator of the performance of operations and is calculated as the sum of gross operating profit and amortisation and depreciation, impairment losses (impairment gains) and provisions.
- **Net operating working capital:** this is the sum of inventories, contract assets, current and non-currenttrade receivables, current and non-current trade payables and advances to suppliers.
- **Other assets, net:** these reflect the sum of assets and advances from the Ministry of the Economy and Finance (MEF) for grants, deferred tax assets, other current and non-current assets and other current andnon-current liabilities.
- **Working capital:** this is the sum of net operating working capital and other assets, net.
- **Net non-current assets:** these reflect the sum of property, plant and equipment, investment property,intangible assets and equity investments.
- **Other provisions**: these reflect the sum of post-employment benefits and other employee benefits, the provision for litigation with employees and third parties, and provisions for other sundry risks set aside from time to time.
- **Net invested capital (NIC):** this is the sum of working capital, net non-current assets, other provisionsand net assets held for sale.
- **Net financial debt (NFD):** this financial indicator consists of bonds, non-current bank loans and borrowings, the current portion of non-current bank loans and borrowings, current and non-current loans and borrowings from other financial backers, cash and cash equivalents and current and non-current financial assets.
- **Equity (E):** this is a financial statements indicator calculated as the sum of share capital, reserves, retained earnings (losses carried forward), current and non-current derivative liabilities and the profit (loss) for the year.
- **Gross operating profit margin**: this profitability indicator is calculated as the ratio of gross operating profit to operating revenue.
- **Operating profit margin - ROS (return on sales):** this sales profitability indicator is calculated as theratio of operating profit to revenue.
- **Debt/equity ratio:** this indicator is used to measure the Company's debt. It is calculated as the ratio between net financial debt and equity.

- **ROE (return on equity):** this is a profitability indicator for equity and is calculated as the ratio of profit/loss for the year and average equity (from the start to the end of year), net of the profit/loss for the year.
- **ROI (return on investment**): this is a profitability indicator for invested capital through core business operations. It is calculated as the ratio of operating profit to average NIC (from the start to the end of the year).
- **Turnover of net invested capital – Net Asset Turnover:** this is an efficiency indicator that expresses invested capital's abilityto transform into sales revenue. It is calculated as the ratio between operating revenue and average NIC(from the start to the end of the year).

Glossary

The following terms are frequently used in relation to the Company's operations:

- **Multistation Computerised interlocking system:** this is a central management system for controland signalling and station safety.
- **Transport Regulator (ART):** the body in charge of regulating transport and access to related infrastructure along with accessory services.
- **ATC:** Automatic train control. This system automatically controls the train's speed. It is the technologicaland functional evolution of the automatic train protection (ATP) system.
- **HS/HC:** High speed/High capacity. This is the system of lines and vehicles specifically developed for highspeed and/or high capacity transport.
- **CSEA:** the fund for energy and waste collection service.
- **CIPESS:** Interministerial committee for economic planning and sustainable development.
- **Government Programme Contract - Services or Investments**: these are long-term contracts between the MIT and RFI defining investment projects and other terms and conditions, such as ordinary and/or extraordinary network maintenance, to encourage the development of the railway system.
- **Main line:** this is a particularly important series of railway lines in terms of traffic volumes and the transport role that it plays, as it joins major network centres or hubs.
- **Prime Ministerial decree:** Prime Minister's decree.
- **ENIM (European Network of Infrastructure Managers):** this is a third-party entity including all IOs of the railway lines belonging to the core and extended core TEN-T network and the European Commission.
- **European Railway Agency (ERA)**: this is the EU agency establishing the mandatory requirements for European railways and builders in the form of technical interoperability specifications applicable to the European railway system. The ERA sets common safety targets, along with the related methods and common safety indicators, in compliance with Directive 2004/49/EC, as amended.

- **European Rail Traffic Management System (ERTMS):** this is the system that integrates the variousrailway networks in the EU from a functional and operational standpoint and provides for the European Train Control System.
- **European Train Control System (ETCS):** this is the overall network of the various national automatictrain control (ATC) systems. ATC systems consist of traditional and innovative signalling systems.
- **Infrastructure Operator**: Operator of the domestic infrastructure.
- **Global System for Mobile Communication - Railway (GSM-R):** this is the European standard for public digital mobile telephony system with a transmission speed of 9.6 Kbps.
- **ItP**: information to the public on train schedule and performance.
- **NRI:** National Railway Infrastructure.
- **MATTM:** Ministry of the Environment and Protection of Land and Sea.
- **MEF:** Ministry of the Economy and Finance.
- **MIT:** Ministry of Infrastructure and Transport.
- **HUB:** this is a conventional term to define a railway area that generally coincides with major metropolitandestinations presenting highly dense and relatively complex medium to large-size stations and other railway plants that are interconnected by various lines, creating a continuation of the main routes into thesame hub and other lines, built to manage various traffic flows and alternative routes, or service loops.
- **PIR:** Network Statement, containing the criteria, procedures, methods and terms for the allocation of the infrastructure capacity and for the provision of the related services, as well as a detailed presentation of the available infrastructure and access conditions.
- **LC:** level crossing.
- **Operating control line:** a location where there is no passenger service.
- **MAP:** minimum access package.
- **PRG:** general zoning plan.
- **PUMS:** urban sustainable mobility plan.
- **Doubling:** this is the transformation of a single track to a double track.
- **CCS/CTC:** this command and control system/large network central traffic control system regulates trafficon the main lines and hubs, outperforming traditional centralised traffic control systems.
- **TSCS:** train speed control system. This is the first functional stage of the ATC system for constant controlover train speed, making it possible to activate the emergency brakes if the train exceeds the maximum speed allowed on the line or if it proceeds past stop signals.
- **Steering support controls - SSC**: they are used to control and manage railway operation on the line from the central control stations in Bologna and Verona.

- **Terminal:** this is the intermodal transport infrastructure for the transfer of large load units between carriers, with or without warehouses of modest size.
- **TLC:** telecommunications.
- **Intermodal transport:** this is transport using two or more modes of transport (road, rail, sea or river) with the transfer of load units from one mode to another without breaking up the load, i.e., using a roadway vehicle or intermodal transport unit (containers, swap bodies and semitrailers).
- **Train-km (tkm):** this is the number of train events per kilometre travelled.

OUR COMPANY

Our figures

The RFI network in figures	
OPERATING RAILWAY LINES (1)	**16,832 km**
CLASSIFICATION	
Main lines	6,460 km
- HS/HC Lines (2)	1,097 km
Complementary lines	9,422 km
Hub lines	950 km
TYPE	
Double-track lines	7,734 km
Single-track lines	9,098 km
POWER	
Electrical lines	12,205 km
- Double track	7,658 km
- Single track	4,547 km
Diesel fuel lines	4,627 km
TOTAL TRACK LENGTH	**24,567 km**
RAILWAY FACILITIES	
Stations that can serve passengers	~2,200
Ferry facilities	3
Freight facilities (3)	204
TRAIN SPEED PROTECTION TECHNOLOGIES (4)	
Remote control systems for traffic	13,625 km
TSCS, for train speed control	13,224 km *
SSC for steering support	2,312 km *
ERTMS, for interoperability (5)	1,177 km
GSM-R, for mobile communications	11,712 km

Notes

(1) 70 km of which on the foreign network

(2) referring to lines with speed equal to or exceeding 250 km/h, equipped with Level 2 ERTMS powered at 25kV, and high-performance lines with speed exceeding 200 km/h

(3) facilities with intermodal centres, hubs, connections, etc.

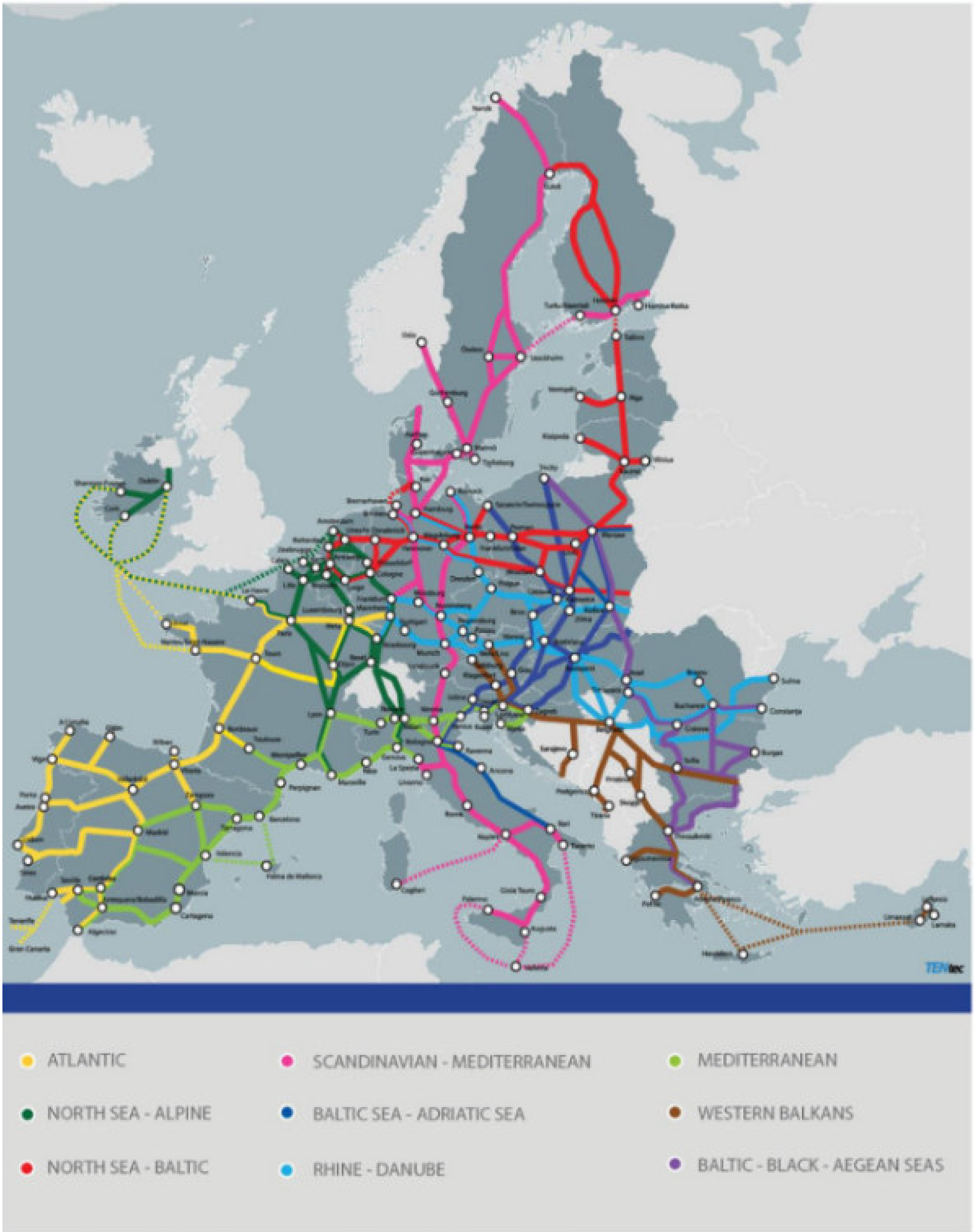
(4) all network lines are equipped with one or more train speed protection systems

* of which 25 km with double SSC and TSCS equipment

(5) referring to lines equipped with stand-alone Level 2 ERTMS and with overlapped ERTMS

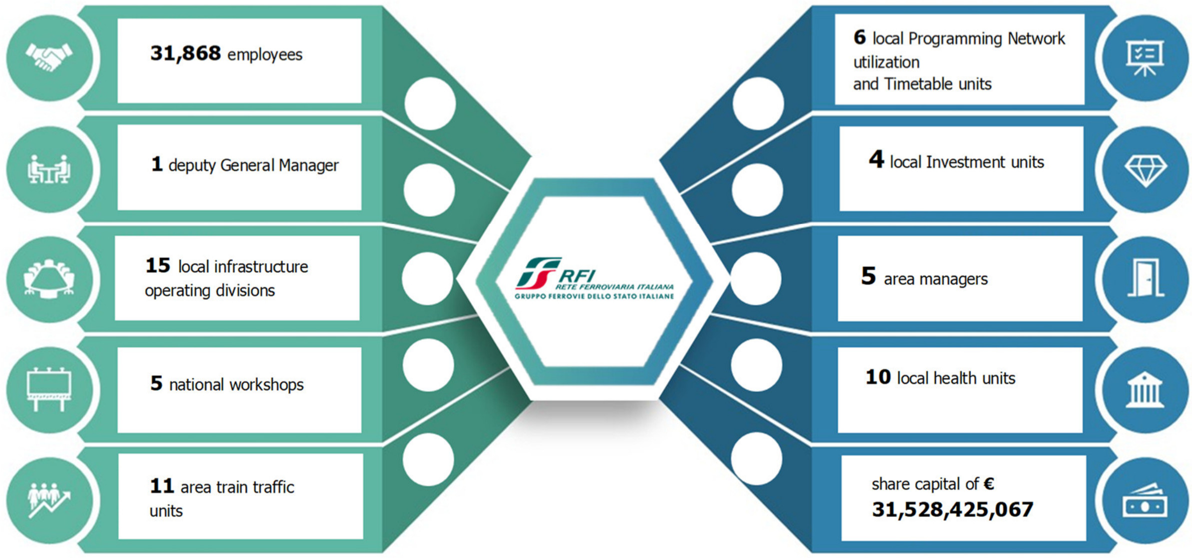

Vaduz
Berna
SVIZZERA
Graz
UNGH
SLOVENIA
Lubiana
Zagabria
Milano
Venice
Torino
CROAZIA
Banja Luka
BOSNIA
ED
ERZEGOVINA
Genova
Bologna
Sarajevo
San Marino
Monaco
Firenze
Mar
Ligure
siglia
ITALIA
MONT
Po
Mare
Adriatico
Roma
Bari
Sassari
Napoli
Golfo
di
Taranto
Mar
Tirreno
aneo
Palermo
Mar
Ionio
Canale
di
Sicilia
Tunisi
Costantina
MALTA

TEN-T (Trans-European Transport network) Corridors



The parts of the map pertaining to corridor alignment in third countries are indicative.

The organization

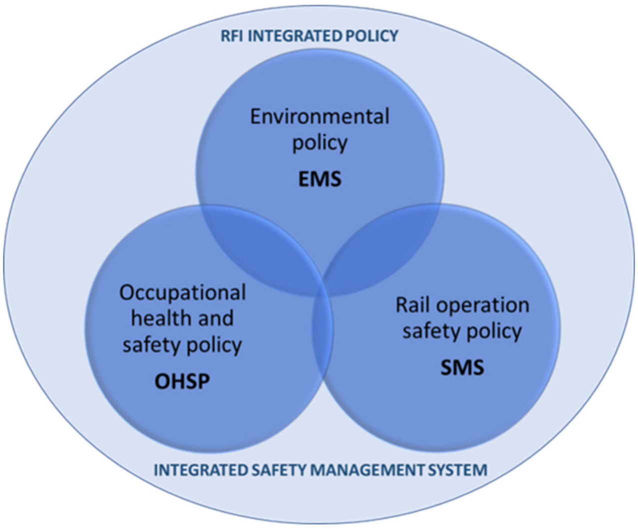


Our approach

In line with its mission, RFI operates the national railway infrastructure according to an approach geared towards increasingly raising the value of the network as a fundamental asset of the country's sustainable mobility system, and as an important tool for the social, economic and environmental enhancement of local areas.

On site and on a day-to-day basis, the Company develops the operation, maintenance, upgrading, design and construction of lines and stations with the utmost attention to safety, reduction of impacts and, increasingly, rational use of resources, circularity, infrastructure monitoring and resilience, and benefit to the community.
This wholly sustainability-driven approach leverages RFI's well-established Integrated Safety Management System (ISMS), which includes environmental management systems (EMS), workers' safety, and rail operation safety certified to UNI EN ISO 9001,14001, and 45001.

As stated in the Company's "Integrated Policy" document, the National Railway Infrastructure (NRI) operated by Rete Ferroviaria Italiana S.p.A. is a fundamental asset of the country's mobility system, and is therefore a significant reference for the social, economic and environmental enhancement of the national territory. In particular, RFI ensures that railway traffic takes place in safety, the technologies used are developed on an ongoing basis, the network evolves consistently with the mobility needs of people and goods across the country, and that the network itself is maintained in full efficiency.



The Company supports the dissemination and entrenchment of a **culture of safety**, including attention to the human factor as a component influencing operations, which, in compliance with EU, national and regional regulations, as well as voluntary ones, is the point of reference for those who work daily within the organization, as well as for those who, from the outside, come into contact with it.

In the implementation of its mission, RFI therefore sets itself, as key strategic objectives, the safety of train traffic and of rail operation, occupational health and safety, and environmental protection, ensuring the continuous monitoring of the balance between technologies, organization and activities of human resources, in compliance with the regulations in force.
With regard to safety issues, the approach adopted by RFI is that of increasing attention to prevention, right from the conception and design phases of infrastructure projects, services offered and industrial processes, thus considering safety as a performance prerequisite.

The conception and design, as well as the construction of new lines and facilities, the operation of the railway infrastructure and terminals, as well as the operation of train traffic, and their possible ferrying, and the development of new railway technologies represent the main processes that RFI ensures in order to achieve its objectives, including long-term objectives, specified below:

- making railway accidents, work injuries and adverse impacts on the environment tend to zero, through an appropriate methodological approach of risk analysis and management;
- ensuring the highest level of safety for any activity that may involve risks to employees, including those related to occupational diseases, as well as to customers and the community;

- ensuring that environmental protection, a concrete expression of corporate responsibility, is a key element in the development of activities, the operation of which is carried out in accordance with the principle of maximizing the environmental benefits arising also from the rail transport mode.

The improvement of the efficiency of the rail service, pursued in the achievement of the above-mentioned objectives, fosters the process of modal shift to a safer and more sustainable transport system. This strategic approach, having as a time reference the entire life cycle of the system, is put in place by taking actions to ensure:

- the design and implementation of organizational models, and processes for the management and development of human resources;
- the definition of operational processes aimed at minimizing risks on the safety of train traffic, and rail operation, occupational health and safety, and environmental protection;
- the promotion, from the planning stage, of communication and cooperation with all those who are potentially involved or interested in the process of delivering the services of RFI (stakeholders).

In Europe too, behind the impetus given with the recovery and resilience policies to the green and digital transition strategies defined at EU level, RFI has been called upon to play, together with the Group, a leading role in the sustainable development of Italy and its mobility system.
It is a role that, particularly as from 2023, it plays in the dual capacity of operator of the national railway infrastructure, and head of the Infrastructure Business Unit with a view to strengthening the levers of intervention, the infrastructure equipment serving the mobility of people and goods, and the connections between local areas and the various transport systems, and above all as a drive for sustainable growth in the quality of life of the community, and the efficiency of the logistics and production system.

In order to create the maximum value from the economic, technical, local and social scale and scope of the investments under its remit, RFI has confirmed, in the updated Business Plan for the 2024-2033 decade, its commitment to respecting the principles of infrastructure quality, and in general to the sustainability of all the processes that make up its entire value chain.

2024-2033 BUSINESS PLAN

On 6 March 2024, the Board of Directors of RFI approved the 2024-2033 Business Plan, designed to strengthen its leadership position in the domestic transport infrastructure, passenger mobility and logistics sectors.
The key features of the Business Plan remain confirmed on the basis of the Group's strategic vision, which aims to enable a system of resilient infrastructure, sustainable mobility and integrated logistics, and create value for the “Country System.”
The Group’s vision continues to be hinged on four fundamental pillars, and two enablers.
The fundamental pillars are identified in the four Business Units (Infrastructure, Passengers, Logistics, and Urban divisions); the two enabling factors can be seen in "Digital infrastructure and innovation", and "Valuing and caring for people", with the goals of simplification, skills enrichment, talent development, change management, and strengthening leadership.

Specifically, the Infrastructure Business Unit, comprising RFI (division head), and its subsidiaries, together with ANAS, Italferr, FSE and Telt, has the remit of ensuring the implementation of infrastructure investments, and specializing the various infrastructures towards specific roles to be defined (e.g., rail for long haul, and mass transit, road for capillarity and feeding), and maximizing industrial rail-road synergies, providing the country with an integrated, resilient and sustainable infrastructure.
Of particular importance in the new business plan, RFI also provides for a programme aimed at increasing the Renewable Energy Sources (RES) component through the Energy project.
This project aims to implement a more effective approach of optimizing energy consumption and self-producing a share of its annual energy needs (about 40%) through the installation of PV systems. The investment plan will have the ambition of contributing to establish an increasingly sustainable transport system, and reduce the consumption of non-renewable resources, bringing benefits to the community which would be mainly related to climate change mitigation while at the same time fostering the growth of the country's technological development in support of the energy transition.

Within this Group and Business Unit strategic framework, RFI's vision remains confirmed as structured into strategic propositions focused on the key concept of the "Network", to be understood as a system of physical and social connection of people, places and goods.
They envisage, in the 2033 horizon, a gradual evolution towards:

- a more performing, widespread and accessible passenger transport network, to be achieved by enhancing the role played by stations, strengthening integration with other passenger transport modes,building up HS connections and services and improving the quality and frequency of regional services, especially in large urban areas;
- an increasingly competitive, integrated and intermodal freight network, improving the quality and efficiency ofnational and international freight transport infrastructure and services by upgrading their output and optimising their operation, and promoting modal integration of the first and last mile through connections with the main freight hubs;
- a safe, more robust and resilient network, with projects to increase traffic safety standards and, more generally, railway safety, to improve infrastructure resilience, especially with respect to climate change, and to ensure high levels of reliability, availability, regularity and punctuality to the railway companies and end customers;
- a greener, more community, people & customer oriented network, to contribute to a more sustainable transport system, reduce consumption of non-renewable resources, adopt practices and solutions based on the circular economy and carbon neutrality with the suppliers' involvement and strengthen ongoing, transparent engagement with the Central Institutions, Local Bodies, the Railway Companies, passengers, the general public and other external and internal stakeholders to grow the network's shared value and contribute to improving the quality of life and social and economic well-being of people and the community;
- a more advanced, digital and technological network to accelerate the introduction of cutting-edge technologies for a smart, digital network and to fast-track greater process automation;
- the enhancement of stations and assets, the expansion of the business, and new transport systems, through actions geared, in particular, towards the study and development of new long-haul and/or urban transport systems.

Within the scope of relevant projects and initiatives, "special projects" have been included at the programme level, to be understood as project ideas that have not yet reached a degree of development and maturity that would allow a precise estimate of investment costs, and expected economic impacts (e.g. Station experience project, to improve the quality of services at stations with the use of teams of people dedicated to listening and information support; study of a plan for migration from the 3 kVdc electric system to the 25 kVac system; study for the specialization of passenger and freight routes).

In the context of the NRRP, the changed international geopolitical environment following the conflict between Russia and Ukraine, and the resulting economic and social repercussions, mainly linked to the inflationary trends driven by commodity prices and energy costs, and the critical factors that emerged in the implementation phase of the NRRP, made it essential to propose a remodulation of RFI's investments included in the NRRP, which is necessary to achieve the targets and objectives set until 30 June 2026.
Such remodulation is explicitly provided for in Article 21 of Regulation (EU) 2021/241, which allows for the possibility of revising the Plans if, due to objective circumstances, the Plan with its targets is no longer feasible, either in whole or in part.

The proposal was submitted by RFI to the MIT in June 2023, and was followed by talks with the Central Administrations (Ministry of Economy and Finance, Ministry for European Affairs, Cohesion Policies and the National Recovery and Resilience Plan, and Presidency of the Council of Ministers).

On 7 August 2023, the Italian Government submitted the proposal to amend the NRRP to the European Commission.

The new NRRP was approved by the European Council's implementing decision of December 2023.

More generally, in accordance with the action plans defined in the MIT’s strategic document and the NRRP, the key projects drivingRFI’s business plan are:

- the project to extend and upgrade the High Speed (HS) network to improve integration and accessibility in Italy’s main urban areas by building different infrastructure to meet each area’s requirements and implementing solutions to speed up and resolve saturation problems in addition to laying new lines in order to maximise HS north/south and east-west connections;
- the project to extend the ERTMS system to the entire network (completion is slated for 2036) to ensure interoperability, safety and efficient circulation;
- the project to cultivate the role of stations as central to the new mobility paradigms, acting as both intermodal hubs and service hubs for the sustainable development of local areas and their mobility systems;
- the project to increase the infrastructure’s resilience to climate change, i.e., make it more resilient and safer to prevent any potential climate risks (e.g., hydrogeological instability, adverse weather events).

HUMAN RESOURCES

31,868
NUMBER OF
EMPLOYEES

22,066
DEDICATED TO THE INDUSTRIAL AREA
RAILWAY MAINTENANCE

APPROX. **4,600**
NUMBER of
NEW HIRES

7,100
DEDICATED TO THE INDUSTRIAL AREA
RAILWAY TRAFFIC

RFI's workforce grew during the year, recording an increase in overall costs of labour compared to the previous year, mainly due to a higher number of staff members.

The number of RFI employees in the period from 1 January 2023 to 31 December 2023 recorded, in fact, an increase of 9.61% compared to the previous year:

- Headcount at 31 December 2022: **29,073** (including 300 managers and 28,773 blue collars, workers and junior managers);
- Headcount at 31 December 2023: **31,868** (including 325 managers, and 31,543 blue collars, workers and junior managers).

Workforce headcount

	2023	2022	Change
Employees by gender			
Men	26,624	24,354	9.32%
Women	5,244	4,719	11.13%
Employees by age			
< 30 years	9,358	7,572	23.59%
between 30 and 50 years	13,579	12,256	10.79%
> 50 years	8,931	9,245	-3.40%
Employees by professional level			
Blue collars	12,896	11,298	14.14%
White collars	12,590	11,679	7.80%
Junior managers	6,057	5,796	4.50%
Managers	325	300	8.33%

The growth in the workforce, aimed at improving the generational mix, and enhancing technological and professional skills, is due to the need to cope with the increased commitments arising from the NRRP, and the consequent review of the related volumes of operations. During 2023, there were 4,701 new hires (from the market, and from internal Group mobility), and 1,906 exits.

The current contracts are the National Collective Labour Agreements applicable to the Company, and to the Mobility in the Railway Activities Area (AAF).

Breakdown of the number of new hires

	2023	2022	Change
New hires by gender			
Men	3,912	2,220	76.22%
Women	789	520	51.73%
New hires by age group			
< 30 years	3,333	1,966	69.53%
between 30 and 50 years	1,274	663	92.16%
> 50 years	94	111	-15.32%

During 2023, a massive recruitment plan was launched, which was aimed at hiring the various professionals needed to support the programme of substantial investments, totalling about 600 recent graduates/experts (45% of whom are women), and about 4,000 operational and office staff. In order to achieve this goal, several recruiting campaigns were activated throughout the country to search for operational staff needed to ensure the efficiency of the railway network, and the immediate operation of the functions and units engaged in managing the investment processes and projects under the NRRP.

Turnover (workers + Junior managers + Managers)

	2023
Overall turnover rate *[(incoming/ outgoing employees)/average permanent staff in the year]*	21.7%
Negative turnover rate *[outgoing employees in the period/ permanent staff at the beginning of the year]*	6.6%
Positive turnover rate *[incoming employees in the period/ permanent staff at the beginning of the year]*	16.2%
Turnover compensation rate *[incoming employees in the period/ outgoing employees in the year]*	246.6%

Training

In 2023:

4,232,000 training hours delivered;

€222 per participant as average cost of training;

+3% involvement of participants compared to the previous year;

94% of the Company population was involved in at least one synchronous training course.

Among the most impactful initiatives were undoubtedly those aimed at the more than 4,000 new hires of all targets (trainees, graduates, experts and office staff), who were allowed to benefit from an entry training course, which had been completely redesigned in terms of both content and format, enhancing the blended mode.

Also particularly significant, especially for the impact on activities related to the management of the NRRP, was the qualification of 476 new assistant works managers, and 282 works managers.

With regard to the area of intervention dedicated to the Human Factor, which involved more than 2,900 people for more than 3,500 man/days, a set of diversified projects were put in place on various targets, which were very structured in terms of specific purposes, format, and operational modes: from initiatives dedicated to new hires, to the distribution of e-learning to different targets, to the realignment of trainers, up to the "on site" project for the emergence of improvement actions, and the identification of Human Factor specialists, whose specific training will be delivered in the first half of 2024.

Finally, among technical training and professional qualification activities, it is also necessary to include the acquisition for all relevant personnel (about 100 people) of third-level qualifications to pilot remotely piloted aircraft systems (RPASs), which are indispensable in the new organizational model of inspection to the works of art of the railway infrastructure.

MAIN EVENTS OF THE YEAR

January

Demerger of FS Security

The partial demerger of RFI's Security Business Unit to the newly-established affiliated company FS Security S.p.A. became effective on 1 January 2023. The demerger was approved by RFI's Extraordinary Shareholders' Meeting held on 18 November 2022 based on the demerger plan approved by the Board of Directors on 22 October 2022. This transaction is part of the FS Italiane Group's larger reorganisation, fits into the Group's strategy, and will reap benefits for the companies participating in the demerger, while also giving rise to industrial synergies for the FS Group.

March

K2 discount pursuant to Ministerial Decree no. 44T/2000 - Rome Court ruling

On 1 March 2023, the Court of Rome issued the first-instance judgment no. 3460/2023, against which, on 28 July 2023, RFI served the appeal, with a simultaneous application for a stay of execution. For more information, please refer to the Notes to the Financial Statements in the section on "Contingent assets and liabilities."

May

Appointment of the new Board of Directors of RFI S.p.A.

On 19 May 2023, the Company's new Board of Directors took office.
For the composition of the Board, please refer to the section on "Company Officers."

Intercompany financing from Green bond placement - Series 22 Emtn

On 16 May 2023, FS Italiane S.p.A. placed its eighth green bond issue of €500 million, with settlement on 23 May. The proceeds from the placement are to be used to finance the Group's Eligible Green Projects as per FS Italiane S.p.A.'s Green Bond Framework, updated in June 2022. FS Italiane S.p.A. used part of the proceeds to provide RFI with an intragroup loan of €245 million to finance projects with positive impacts in terms of environmental sustainability in line with above-mentioned Green Bond Framework. Specifically, the loan will be used to finance investments in the completion of the HS Turin-Milan-Naples railway line.

July

Intercompany loan from financing granted by Intesa Sanpaolo

On **25 July 2023** FS Italiane signed a €2 billion short-term general purpose loan agreement with Intesa Sanpaolo. The proceeds were fully passed on to RFI in order to support the railway infrastructure development and modernization plan.

Intercompany financing from a bank loan

On **26 July 2023** FS Italiane entered into two loan agreements with CaixaBank, with a term of 5 years for an amount of €150 million, and a term of 6 years for an amount of €100 million, respectively.
FS allocated the proceeds to RFI through signing two intercompany loans in order to finance the Company's investments in railway infrastructure.

November

Demerger of the quota (100%) in Bluferries S.r.l. to the benefit of Mercitalia Logistics S.p.A.

As part of the corporate reorganization project in line with the Governance Model, and the FS Group's Business Plan, on 1 November 2023 the demerger of the quota in the capital of Bluferries S.r.l. in favor of Mercitalia Logistics S.p.A. (MIL) became effective for accounting and tax purposes in compliance with the regulations laid down in the Golden Power legislation. The Board of Directors of RFI had approved the related Demerger Plan on 27 June 2023, in implementation of the management and coordination act resulting from the Board of Directors' meeting of FS Italiane held on 5 May 2023. Following the demerger, the Share Capital of RFI ("Demerged company") did not record any change, but the available equity reserves were reduced, in the amount of €21,228,861.00, equal to the net value stated in the accounting records of the Demerged Company for the investment representing the entire Quota Capital of Bluferries as at 31 December 2022.

Intercompany financing from bank loans

Between 15 and 17 November 2023, FS Italiane signed five loan agreements for a total amount of €820 million, maturing by 2028. Drawing on a portion of these funds, amounting to €250 million, and substantially reflecting the contractual terms and conditions in terms of the parties' obligations and commitments, FS Italiane granted two intercompany loans to RFI in order to cover infrastructure investments.

December

Acquisition of the infrastructure business unit of Gruppo Torinese Trasporti S.p.A. (GTT)

On 5 December, RFI's Board of Directors resolved to acquire the "infrastructure" business unit of Gruppo Torinese Trasporti S.p.A. (GTT), at a price of €2,145 thousand (subject to adjustment). Through this acquisition, effective from 1 January 2024, RFI took over the operation of the Turin-Ceres and Canavesana railway lines.

Specifically, the interconnection of the Turin-Ceres line will allow transit passengers to be conveyed to and from Turin Sandro Pertini Airport on the conventional and High Speed national rail network. In addition, the takeover of operation also makes it possible to achieve a standardization of the commercial offer and services to the public, thus achieving benefits in terms of supply optimization, with the integration of long-haul and LPT services.

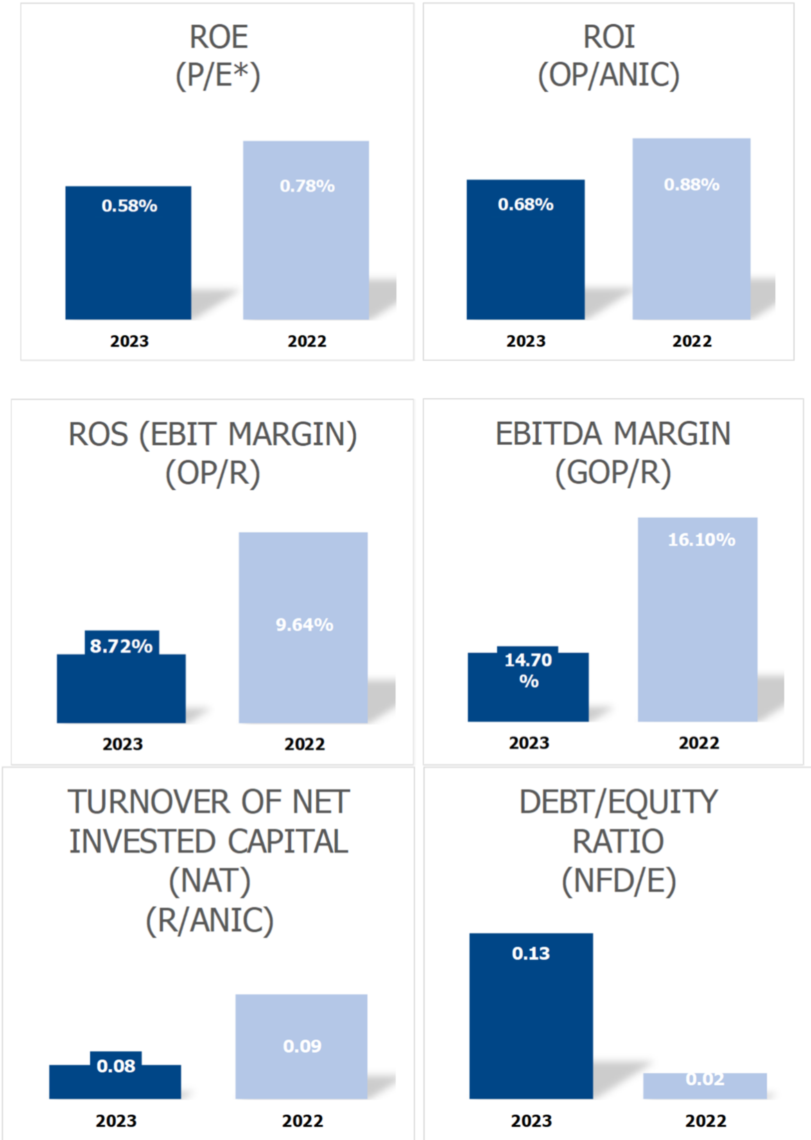
Intragroup reorganization of Ferservizi's Energy BU: partial demerger of Ferservizi S.p.A. in favor of Rete Ferroviaria Italiana S.p.A.

In implementation of the Act of management and coordination issued by Ferrovie dello Stato Italiane S.p.A. on 1 December 2023, the Board of Directors of RFI ("Beneficiary Company") resolved to approve, on 19 December, the Partial Demerger Plan of Ferservizi S.p.A. in favour of Rete Ferroviaria Italiana S.p.A., concerning the intercompany reorganization of the Energy BU. This reallocation responds to the need to give maximum impetus to the implementation of the self-production of energy project, as one of the most challenging initiatives of the FS Group's Business Plan, in order to foster the ecological transition, exploiting the synergies that the positioning of the Energy BU in RFI, the Group's main consumer, will allow to generate, thus also ensuring a unified governance oversight for the FS Group's energy strategy.

As a result of the Demerger to RFI, as from the relevant effective date (presumably as from 1 May 2024), assets and liabilities will be assigned, taking as a reference the balance sheets as at 31 October 2023 of both the Demerged and the Beneficiary companies.

It should be noted that on 1 March 2024 the Prime Minister's Office announced that the Government had not exercised the special veto power provided for in the Golden Power regulations, due to the absence of any threat of serious harm to the interests protected by Decree Law no. 21 of 15 March 2012.

FINANCIAL HIGHLIGHTS



KEY

ANIC: Average net invested capital (average of the opening and closing balances)

OP: Operating profit (loss)

GOP: Gross operating profit (loss)

E*: Average equity (average of the opening and closing balances) net of the profit for the year

E: Equity

NFD: Net financial debt

R: Revenue

P: Profit for the year

FINANCIAL POSITION AND PERFORMANCE

For the purposes of describing its financial position and performance, the Company has prepared reclassified financial statements in addition to those required by the IFRS adopted by the FS Italiane Group (as detailed in the Notes). The reclassified financial statements comprise alternative performance indicators which differ from those directly derived from the financial statements and which management deems useful in monitoring the Company's performance and in presenting the financial results of the business. Reference should be made to the section "Key and glossary" for a description of the methods used to calculate these indicators.

Reclassified income statement

millions of Euros

	2023	2022	CHANGE	%
REVENUE	**2,868**	**3,233**	**(365)**	**(11%)**
Revenue from sales and services	2,713	3,075	(362)	(12%)
Other income	155	158	(3)	(2%)
OPERATING COSTS	**(2,446)**	**(2,712)**	**266**	**(10%)**
Personnel expense	(1,675)	(1,488)	(187)	13%
Other costs, net	(771)	(1,224)	453	(37%)
GROSS OPERATING PROFIT	**422**	**521**	**(99)**	**(19%)**
Amortisation and depreciation	(140)	(137)	(3)	2%
Net impairment losses	(32)	(102)	70	(69%)
Provisions	–	30	(30)	(100%)
OPERATING PROFIT	**250**	**312**	**(62)**	**(20%)**
Net financial income (expense)	(54)	(49)	(5)	10%
PRE-TAX PROFIT	**196**	**263**	**(67)**	**(25%)**
Income taxes	–	–	–	**–**
PROFIT FROM CONTINUING OPERATIONS	**196**	**263**	**(67)**	**(25%)**
Post-tax profit (loss) from discontinued operations	–	**–**	**–**	**–**
PROFIT FOR THE YEAR	**196**	**263**	**(67)**	**(25%)**

The decrease in revenue from sales and services, equal to €362 million, was linked to revenue of approximately €313 million that was offset by the relatedcosts, such as:

- lower revenue from traffic-related services for €364 million, mainly following a decrease in the cost of traction electricity that RFI passes on to the Railway Companies (a price effect for €361 million), and lower positive adjustments compared to the previous year (€21 million), partly offset by increased needs (a quantity effect for €18 million) connected with the resumption of train traffic. The decrease in revenue was partly offset by a similar reduction in energy costs, equal to €349 million, seen in the change in raw materials, consumables and supplies;

- higher revenue from processing on behalf of third parties, for €51 million, mostly due to work on the Rome-Lido railway for the Lazio Regional Government. On the contrary, the related costs, included under services, rose by €26 million.

The result of revenue from sales and services, net of the items described above, showed a negative performance equal to approximately €49 million, mainly linked to the factors listed below.
With regard to the operation of the network, we must note:

- an increase in fee revenue (€179 million) due to:
  - higher traffic volumes (a volume effect for approximately €26 million), driven by the Premium segment (+6.7%) and, on a residual basis, by the Regional segment (+0.9%), and the Basic segment (+0.3%), partially offset by a decline in the freight segment (-3.5%);
  - an increase in the Premium segment, which, showing a higher level of profitability than the others, amplified the positive effect on revenues (approximately €24 million);
  - the remaining difference with respect to 2022 was attributable to the termination of the legislative measures that last year had required the Infrastructure Operator to apply a discount in favour of the Railway Companies to cover the negative effects of the Covid-19 pandemic (offset by the disbursement of €130 million of Government grants);
- a negative change in the balance related to penalties from performance regime, and breach of contract, and lower fee revenue from previous years (- €3 million);
- a negative change of €48 million linked to the release of excess funds in 2022.

With regard to grants, we must note:

- at the same time as the discount on tolls reported above, a reduction in the Government grants linked to the pandemic (-€130 million) allocated under Decree Law no. 4/2022 Aids-Ter;
- the financial year also ended with a decrease of €54 million in grants under the Government Programme Contract – Services, partially offset by an increase in grants for the tax credit on consumption of electricity and natural gas for €6 million (Decree Law no. 21 of 21 March 2022), and in the EU grants received for research projects started within the scope of the Innovation Pillar for €1 million.

Other income showed a decrease of €3 million, mostly due to lower contingent assets for approximately €14 million, partially offset by higher capital gains from sales of properties, and materials removed during maintenance work.

The increase in personnel expense, equal to €187 million, was linked to the following double effect:

- an increase in the cost of permanent staff for about €176 million, due to:
  - the signing of the renewal of the National Collective Labour Agreement in April 2022, accompanied by an increase in workforce, and the effects of the resumption of activities after the Covid-19 pandemic, partially mitigated by the effect of turnover;
  - savings related to the transfer to the affiliated company FS Security of 419 employees and 4 managers, belonging to the demerged "Security" branch, offset by a higher cost among costs for services, related to the new contractual relationship with the affiliated company itself;
- higher provisions for approximately € 4 million on the previous year, following the developments in the proceedings concerning labour litigation during the current year;

- higher other personnel expense for roughly € 7 million, mainly linked to a rise in costs for training delivered.

The decrease of €453 million in other net costs was substantially due to:

- costs that are offset by corresponding revenues as described above, showing a total reduction of €323 million, such as:
    - a reduction in energy prices related to train traction by €349 million, linked to the change in the Single National Price (PUN), which, as from October 2022, fell to levels prior to the start of the Russia-Ukraine conflict;
    - an increase in costs for works on behalf of third parties by €26 million, attributable to the works for the intervention on the Rome Lido railway line;
- the result of other net costs, net of the items described above, showed a reduction of approximately €130 million, mainly related to the factors listed below:
    - higher capitalized company charges for approximately €134 million, related to the intense investment activities carried out during the year;
    - a reduction in lighting and driving power, amounting to €65 million, linked to a decrease in the prices of the raw material of electricity described above for traction, but in this case with a positive effect on the Company's results;
    - higher costs for security services amounting to approximately €43 million, following the demerger of the business unit dedicated to corporate protection, which had been previously insourced with the help of approximately 423 staff members transferred to the affiliated company FS Security (with a cost thus being offset by a reduction in personnel expense) on 1 January 2023;
    - an increase in IT services costs of €17 million, following the restatement of the annual contractual fee for ongoing and cybersecurity services;
    - an increase in travel and subsistence expenses, equal to €9 million, due to the resumption of business trips in 2023 compared to the previous year, which had been still affected by the contraction effects caused by the Covid-19 pandemic.

Amortisation and depreciation increased by €3 million, in line with the upturn in railway traffic on the same period of the previous year.

Net impairment losses showed a drop by €70 million, mostly due to lower write-downs of non-trade receivables.

The Company’s checks of the applications for access to the income and employment support fund during the year revealed no need to make changes in the provision, unlike last year when an amount of €30 million had been released.

"Net financial income (expense)" showed a worsening of €5 million, mainly due to the following events that occurred during the year:

- in terms of financial debt, there was an increase in charges of €50 million, resulting from both the higher debt exposure to the Parent Company (linked to the new loans described in the section on the "Main events of the year"), and the considerable rise in interest rates as from the second half of last year, partially offset by higher interest income on the intercompany account of approximately €4 million;

- on the equity investments front, it should be noted that during the year the provision to cover "Stretto di Messina S.p.A." was released for €39 million following the legislative developments described in the section on the "Legislative and regulatory framework" (Decree Law no. 35/2023 and Decree Law no. 104/2023);
- finally, there was the recognition of higher Interest Costs on post-employment benefits for €1 million, and higher other financial income of €4 million (revaluation interest).

Reclassified statement of financial position

millions of Euros

	31.12.2023	31.12.2022	CHANGE
Net operating working capital	(2,274)	(1,650)	(624)
Other assets, net	4,224	323	3,901
Working capital	**1,950**	**(1,327)**	**3,277**
Non-current assets	37,281	36,836	445
Equity investments	115	144	(29)
Net non-current assets	**37,396**	**36,980**	**416**
Post employment benefits	(291)	(323)	32
Other provisions	(417)	(486)	69
Post employment benefits and Other provisions	**(708)**	**(809)**	**101**
Net assets /(liabilities) held for sale	**–**	**–**	**–**
NET INVESTED CAPITAL	**38,638**	**34,844**	**3,794**
Net current financial position	2,295	(1,321)	3,616
Net non-current financial debt	2,223	2,071	152
Net financial position	**4,518**	**750**	**3,768**
Equity	**34,120**	**34,094**	**26**
TOTAL COVERAGE	**38,638**	**34,844**	**3,794**

“Net invested capital” showed an increase of €3,794 million, due to the rise in Working Capital (€3,277 million), and the increase in Net non-current assets (€416 million), as well as to a reduction in Other provisions (€69 million), and Post employment benefits (€32 million).

The rise in Working capital was due to the increase in Other assets, net (€ 3,901 million) offset by a reduction in Net operating working capital (€624 million).

Specifically, Net Operating Working Capital showed a decrease of €624 million, due to:

- higher non-current and current trade payables (€506 million), mostly due to works contractors, in line with the progress of investments;
- lower current and non-current trade receivables (€218 million), both from third parties and from Group companies, thanks to the amounts collected during the year, including from items prior to 2023;
- lower payments on account to suppliers (€12 million);

- a decrease in contract work in progress (€40 million) linked to the recovery, through production, of advances collected in previous years;
- the previous effects were partly offset by higher inventories (€152 million), related to purchases during the year to meet investment needs.

Other assets, net, showed an increase of €3,901 million, mainly as a result of higher receivables claimed from the MEF, MIT and EU, and others (€3,184 million) related to higher allocations of set-up grants from the MEF for the three-year period, lower advances for grants (€1,105 million), linked to significant recoveries on the progress of work in progress, lower accruals and deferrals (€3 million), and lower other tax liabilities (€2 million), partly offset by lower other current and non-current receivables (€233 million), mainly amounts claimed from CSEA linked to the downward trend in energy costs, higher other current liabilities (€150 million), mainly due to dividends to the parent company resolved upon in 2023, and not yet paid, and higher liabilities to social security institutions (€10 million).

The €416 million increase in Net non-current assets was due to the rise in Property, Plant and Equipment (€439 million), linked with the progress of work in progress, and in Investment Property (€6 million), offset by a reduction in Equity investments (€29 million), following the demerger of the equity investment in Bluferries S.p.A., and an impairment loss on the investment in Stretto di Messina S.p.A..

At 31 December 2023 Post-employment benefits and Other provisions shoed a decrease of €32 million and €69 million, respectively. More precisely, the reduction in Other provisions was attributable to the combined effect of uses, releases and reclassifications (€104 million), partly offset by new accruals (€35 million).

Coverage increased by €3,794 million as a result of a deterioration in the Net non-current financial debt (€152 million), and Net current Financial Position (€3,616 million), as well as due to the increase of €26 million in Equity.

In detail, the deterioration in Net financial debt (€3,768 million) was mainly due to:

- the discrepancy between the time needed to collect government resources, and the related payment to suppliers, which led to a worsening effect on the short-term Net Financial Position by absorbing the cash on hand as at 31 December 2022, and making it necessary to resort to short-term credit lines. In line with the resolution passed by the Company's Board of Directors on 27 June, on 26 July FS entered into a Loan Agreement with INTESA SANPAOLO S.p.A. in the amount of €2,000,000,000, aimed at supporting RFI's cash shortfall caused by the aforementioned mismatch;
- the combined effect of repayments of existing loans, and the taking out of new intercompany Green bond loans as part of the Eligible Green Projects under FS's Green Bond Framework, which for RFI have as their object the completion of the Turin-Milan-Naples high-speed network, as well as the taking out of new intercompany loans (Caixa FS-RFI, BBVA FS-RFI, and Unicredit FS-RFI) in July and November.

For more details on the financial requirements in the coming year, please refer to the section on the "Outlook" of operations.

PERFORMANCE OF SUBSIDIARIES

Blu Jet operates the railway connection by sea between Villa San Giovanni and Messina, to be carried out by also using high-speed vessels.

The company posted a **net profit of €382 thousand** in 2023 (up by €218 thousand on 2022), mainly attributable to the more than proportional reduction in costs compared to revenues, and a reduction in the item of taxes.

TFB is engaged in the "management of the investment in Galleria di Base del Brennero BBT SE, and in any other entity promoting the project of the Brennero base railway tunnel.

The company posted a **net profit of €666 thousand** in 2023, up on 2022, due to the sharp increase in interest income from banks, and the longer period of cash on hand.

Terminali Italia manages and operates centres equipped for intermodal transport, including those serving intermodal freight terminals, or similar infrastructure, and providing terminal services.

The company posted a **net profit of approximately €1.7 million** in 2023, down 21% on 2022, due to the more than proportional rise in costs, mainly related to the maintenance work on company-owned locomotives, compared to revenues, the change in which resulted from tariff adjustments for ISTAT (National Statistics Institute) (which offset the reduction in production volumes), and from increases in revenues related to container repair service, and chargebacks of amounts due by RFI.

Infrarail is engaged in the construction and maintenance of equipment and facilities, and the performance of structural, geotechnical and environmental monitoring work, as well as in environmental protection and mitigation related to construction sites, and in the performance of engineering services necessary for the implementation of projects, carried out on behalf of RFI.

The company posted a **net profit of €35 thousand** in 2023, compared to an operating loss of €325 thousand recognized in 2022, mainly due to lower provisions, which are zeroed (-€357 thousand), and the positive balance of financial operations (+€227 thousand on 2022). It should also be noted that the decline in revenue (-€1.9 million) and, at the same time, in costs (-€1.7 million), was attributable, above all, to the completion of the works related to the "Works Contract on the Separate Project."

Grandi Stazioni Rail is engaged in redeveloping, improving and operating the fourteen largest Italian railway stations; as well as in the performance of lease and maintenance services on the real estate complexes at railway stations; it also operates the areas and premises used for ticketing offices and waiting areas, paid parking lots near the stations, and the commercial exploitation of the units for executive office use; it also manages investment and maintenance contracts related to the activities under its responsibility.

The company posted a **net profit of €8.4 million** in 2023, up about 43% on 2022, mainly attributable to the increase in revenues from leases, and from Engineering and Works. There was also a decrease in taxes of €2.6 million, mainly resulting from adjustments to taxes related to previous years.

MACROECONOMIC CONTEXT

Against a backdrop of heightened geo-political tensions, high inflation, albeit with a downward trend, and unfavourable financial conditions for households and businesses, the world economy continued to grow during 2023, moderately decelerating from the previous year. In particular, restrictive financing conditions have generated a significant impact on domestic demand, weakening the performance of goods trade, and worsening the short-term outlook for world trade, especially in advanced countries. However, according to the latest economic data the situation is very heterogeneous among the major economies: in the United States, signs of a prospective slowdown are beginning to appear; in China, no factors are emerging to revive growth, and Europe is struggling to recover from the stagnation that has characterised it for one year now.

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

International trade figures		2022	2023
		(% change on previous year)	
GDP			
	World	**3.3**	**3.1**
	Advanced countries	**2.6**	**1.5**
	USA	1.9	2.4
	Japan	0.9	1.7
	Eurozone	3.4	0.5
	Emerging countries	**3.6**	**4.1**
	China	3.0	5.5
	India	6.5	7.0
	Latin America	3.7	2.2
Oil (Brent price in US$ per barrel)		99.0	82.5
International trade		3.0	-0.6
Source: Prometeia, December 2023			

In the Eurozone, weakness, which until mid-2023 seemed to characterise Germany in particular, spread to other countries in the second half of the year, leading to substantial stagnation. The resilience of the labour market suggests a positive contribution to disposable income, but households continue to save more than they did before the pandemic, suggesting the possibility of weak private consumption even in early 2024. The annual comparison of European countries shows the growth in economy in Italy (+0.7%) coming in second to Spain (+2.4%) and France (+0.8%), but slightly higher than the EU average (+0.5%). Weakness in the German economy stands out (-0.2%).

Inflation in the Eurozone was 5.4%, down very significantly on 2022.

	2022	2023	2022	2023
GDP			Inflation	
	(% change on previous year)		*(% change on previous year)*	
Eurozone	**3.4**	**0.5**	**8.4**	**5.4**
Germany	1.9	-0.2	8.7	6.0
France	2.5	0.8	5.9	5.7
Italy	3.9	0.7	8.2	5.7*
Spain	5.8	2.4	8.3	3.4
Source: Prometeia, December 2023 **Source ISTAT, January 2023*				

Against the backdrop of slowing global growth, since the positive effects of resuming operations after the pandemic and the consolidation of the negative effects of inflation and restrictive monetary policies have worn off, the Italian economy has been virtually at a standstill for the past year. Considering the main aggregates of domestic demand, gross fixed investments and imports have stagnated, but noteworthy, particularly in the summer months, are the good performance of exports, despite the weakness of the international cycle and of Germany, and the resilience of household spending. Although high inflation has continued to cut purchasing power, durable goods and services in fact continue to drag consumption. In particular, a spending choice has been affirmed, which, in response to a tighter constraint, shifted household demand towards services (particularly those related to sociality) while savings were preferred in the categories of food (non-durables), and clothing (semi-durables).

In 2023, Italian GDP growth came to +0.7% on the previous year. The consumer price index for all of Italy, which was moderate during the second half of the year, showed growth of +5.7% on 2022.

	2023			
GDP and main components	**Q1**	**Q2**	**Q3**	**Q4**
	% change on previous quarter			
GDP	0.6	-0.4	0.1	-0.1
Domestic demand	1.1	0.2	-0.8	0.0
Spending by households and private not-for-profit	0.6	0.0	0.7	-0.1
Public administration spending	0.4	-1.0	0.0	0.0
Gross fixed investments	1.0	-2.0	-0.1	0.3
- construction	0.3	-3.8	0.5	0.0
- other durable goods	1.7	-0.2	-0.7	0.7
Exports of goods and services	-1.4	-1.1	0.6	0.5
Imports of goods and services	0.2	0.7	-2.0	0.9
Source: Prometeia, December 2023				

LEGISLATIVE AND REGULATORY FRAMEWORK

National Recovery and Resilience Plan

On 24 February 2023 there was the publication, in the Italian Official Journal, General Series no. 47, of **Decree Law no. 13** bearing "Urgent measures for the implementation of the National Recovery and Resilience Plan (NRRP) and the NCP (National Complementary Plan), as well as for the implementation of cohesion policies and common agricultural policy", as converted by **Conversion Law no. 41 of 21 April 2023**, which put in place measures to reorganize the Governance of the Plan, and additional simplification rules in order to support the implementation of the NRRP. In particular, Article 33 (Procedural simplifications related to interventions under the responsibility of the MIT) provides that "the approval procedures for interventions related to the railway infrastructure referred to in paragraph 1 of this article, and Article 53-*bis* of this decree, for which an Extraordinary Commissioner has been appointed pursuant to Article 4 of Decree Law no. 32 of 18 April 2019, as converted, with amendments, by Law no. 55 of 14 June 2019, also possibly divided into functional lots, may be initiated by the Extraordinary Commissioner, or the contracting authority, even if the availability of funding is only limited to the technical and economic feasibility project. In this case, without prejudice to the effects of the creation of constraints prior to expropriation, the declaration of public utility of the work pursuant to the consolidated act referred to in Presidential Decree no. 327 of 8 June 2001, shall lapse if, within six months from the date on which the act declaring the public utility becomes effective, the Extraordinary Commissioner does not adopt a specific order certifying the allocation of the funding necessary for the implementation of the interventions. The interventions referred to in this paragraph shall be given priority in the allocation of funding for subsequent project levels, and their implementation."

Decree Law no. 35 of 31 March 2023 ("Bridge" Decree)

On 31 March 2023 there was the publication, in the Italian Official Journal, General Series no. 77, of the Decree Law no. 35 of 31 March 2023, bearing "Urgent provisions for the construction of the stable connection between Sicily and Calabria", which provides for the restart of planning and design activities for the Bridge over the Strait of Messina work, and makes the revocation by operation of law concerning the state of liquidation of the Stretto di Messina company (of which RFI is a shareholder) enforceable as from 1 April 2023. Specifically, the decree states:

- under art.1, paragraph 1, "Stretto di Messina S.p.a. is invested in by R.F.I. S.p.a., ANAS S.p.a., and the Regional Governments of Sicily and Calabria, as well as, to the extent of not less than 51%, by the Ministry of Economy and Finance, which exercises the rights of the shareholder in agreement with the Ministry of Infrastructure and Transport, which is vested with functions of direction, control, and technical and operational supervision over the company with regard to the activities covered by the concession agreement";
- under art. 2, paragraph 5: in Article 1, paragraph 493, of Law no. 197 of 29 December 2022, the words "The companies Rete ferroviaria italiana S.p.A. and ANAS S.p.A. are authorized, in proportion to the shareholding, to subscribe to capital increases or any different tools, including in the form of shareholder loan on account of capital increase, up to a total amount not exceeding €50 million. For this purpose, the expenditure of €50 million is authorized for the year 2023." are replaced by the following ones: "the Ministry of Economy and Finance is authorized ...";
- under art. 4, paragraph 7: "At the time of the annual update of the programme contract with RFI S.p.a., and upon the execution of the new programme contract with ANAS S.p.a., complementary and feeding works functional to the full operation of the work are identified, which constitute priority interventions."

Subsequently, on 10 August 2023, the **Decree Law no. 104**: Urgent provisions for the protection of users, in the field of economic and financial activities, and strategic investments, in art.14, paragraph 4, amended, among other things, article 2 of Decree Law no. 35 of 31 March 2023, in particular, paragraph 3, which provided for the transfer from Anas to the MEF of a portion of its shareholding in the company's share capital, free from encumbrances, seizures, attachments, or any other constraint, and that the transfer value of the shareholding, in any case not exceeding the book value, would be determined on the basis of a sworn appraisal report prepared by one or more persons of appropriate experience appointed by the MEF, was replaced by the following: "3. In order to determine the composition of the shareholding structure of the concessionary company, the Ministry of Economy and Finance, in agreement with the Ministry of Infrastructure and Transport, shall subscribe, by 31 December 2023, performing any act necessary for this purpose, to a capital increase in the company reserved for it, in an amount equal to the resources referred to in article 1, paragraph 493, of Law no. 197 of 29 December 2022, as well as those referred to in article 4, paragraph 9, of this decree. The subscription price of the shares of the capital increase referred to in the first paragraph shall be determined on the basis of a sworn appraisal report prepared by one or more persons of appropriate experience, and professional qualification appointed by the Ministry of Economy and Finance."
Following the issuance of the aforementioned sworn appraisal report, and the restatement of the value of the share capital of the Stretto di Messina company based on the financial position and results of operations as at 31 August 2023, RFI proceeded with adjusting the value of the investment in its financial statements. For more details, please refer to what is stated in the Notes to the Financial Statements no. 20 on "Equity Investments".

Review of the criteria for the determination of the fees foraccess and use of the railway infrastructure approved with decision no. 96/2015

In referring to the Annual Financial Report 2022 for more details, it should be noted that with Decision no. 95 of 31 May 2023, the ART concluded the procedure initiated with Decision no. 11 of 27 January 2023 concerning the review of the criteria for the determination of the fees for access and use of the railway infrastructure (Minimum Access Package), as well as the fees for access and use of service facilities (non-MAP Services). The regulatory measures that shall apply for the 2024-2028 tariff period have been therefore identified and adopted.
The main developments compared to the previous regulatory framework concern:

- the introduction - through a specific procedure by the ART- of specific reward/penalty mechanisms on tariff levels, correlated to service quality KPIs;
- the identification of a cap on the level of tolls for the Open Access Premium, Public Service Obligations and freight segments, which shall fall within the limits of the maximum variability framework set as equal to the average unit fee applicable in 2022. These variability thresholds may be (limitedly) waived as a result of the Infrastructure Operator's sustainability analysis: if imbalances are reported between the sustainability levels of the various market segments (ability to pay), it is possible to increase the variability limit up to 20% of the starting tariff levels (while also differentiating its application for each of the three market segments concerned);
- the introduction of two components that are related to externalities, and that do not contribute to the achievement of RFI's economic equilibrium, one commensurate with the opportunity cost for the Infrastructure Operator arising from not being able to use the infrastructure optimally, due to the occupation of sections by trains that have a capacity consumption higher than that of optimal use (C1), and the other of a negative sign, aimed at the application of a tariff mechanism that must pursue the objective of increasing the commercial speed of the tracks, likely through a more "challenging" schedule

planning on the part of the Infrastructure Operator (C5). These components shall be applied following an 18-month trial phase (1 January 2025).

Following certain extensions arranged by the ART, RFI submitted the 2024-2028 tariff system proposals for the MAP and non-MAP on 27 September 2023.

By Decision no. 187 of 30 November 2023, the ART ratified the non-conformity of the tariff proposal submitted by RFI, requiring the Operator to take a number of measures to be included in a new proposal submitted by the deadline of 16 February 2024. While complying with the requirements of Decision no. 187/23, it was nevertheless deemed appropriate to challenge some measures of the aforementioned measure before the Piedmont Regional Administrative Court.

ART Decision no. 236/2022

By Decision no. 236/2022, the ART intended to implement the provisions of art. 10, para. 1, letter B) of Law no. 118/2022, which gave it the power to identify the procedures for the non-judicial settlement of disputes that may arise between users and operators through "simple and non-burdensome procedures, including in an electronic form."

RFI falls within the scope of application of the resolution, since it is an operator of rail networks and infrastructures to which complaints may be made regarding matters covered by European and national regulations on users' rights (i.e. public information, accessibility, assistance to Persons with Reduced Mobility, personal and property safety in stations, and comfort and cleanliness of stations).

By Decision no. 21 of 8 February 2023, the ART concluded these proceedings under consideration, and approved the regulations on the modalities for the non-judicial settlement of disputes between operators and users.

Regulation on the use of railway infrastructure capacity

On 11 July 2023, the European Commission submitted a new proposal for a Regulation on the use of railway infrastructure capacity, which makes substantial amendments to Directive 2012/34/EU, and provides for the repeal of Regulation (EU) No 913/2010 on rail freight corridors as from 9 December 2029.

The objectives pursued by the above proposal are as follows:

- define and implement harmonized and effective procedures for rail capacity and traffic management;
- improve the performance of rail transport services through a system of incentives for Infrastructure Operators and Railway Companies;
- apply more effective mechanisms for coordination among Infrastructure Operators, especially at the cross-border level;
- encourage digitization of capacity allocation and traffic management processes through common IT systems;
- adopt a European framework of harmonized rules by a third party (ENIM - European Network of Infrastructure Managers), supported by a technical-operational body to be designated by the Infrastructure Operators, the "Network Coordinator."

According to the legislative procedure, the regulation is expected to be adopted by the end of 2025, and the rules will be applicable from 1 January 2026. However, the articles related to capacity and rail traffic management will become operational from the timetables of services that will come into effect on 9 December 2029.

The European Frameworks, which will govern the new capacity and traffic management arrangements, shall instead be adopted by ENIM within 12 months of the entry into force of the Regulation, and then presumably by the end of 2026.

The main new features introduced are:

- the establishment of a "Performance review body" to assess rail infrastructure performance, and transport services. This entity is to be impartial and competent, and will be responsible for providing recommendations to ENIM in order to define the European framework for performance review, ensuring that the Infrastructure Operators use common principles and methodologies to measure performance through agreed indicators;
- the adoption by ENIM of a European framework for capacity management;
- the adoption of a European Framework to be applied by the Infrastructure Operators for coordination of cross-border traffic and management of abnormal and crisis situations. The goal is to ensure a rapid and coordinated response to disruptions to stabilize and optimize rail traffic, and provide up-to-date information to all players in the logistics chain. The Framework will be developed in cooperation with the Railway Companies, and other stakeholders in a manner consistent with guidelines issued by ENIM;
- the monitoring and assessment of the performance of rail infrastructure services, and the adoption of the European framework for performance review, the function of which is to establish at the European level the priority issues to be addressed, the indicators to measure performance, and the criteria and procedures to be complied with by the Infrastructure Operators in setting performance targets.

2024 Budget Act

Law no. 213 of 30 December 2023 was published in the Italian Official Journal, General Series no. 303, Ordinary Supplement no. 40, setting out the "Government budget for the 2024 fiscal year, and the three-year budget for 2024-2026" (the 2024 Budget Act), which, under art.1, provides for measures of interest to the Operator.

Specifically:

Paragraph	Title	Description
101-111	Natural disaster insurance	stipulates the obligation for companies with registered offices, or permanent establishments in Italy, which are required to be registered in the relevant Register, to take out insurance contracts, by 31 December 2024, to cover damage to land and buildings, plant and machinery, and industrial and commercial equipment, directly caused by natural disasters, such as earthquakes, flooding, landslides, inundations and overflows;
272-275	Strait of Messina Bridge	authorises a total expenditure of €11.63 billion for the period 2024-2032, in order to enable the approval by the CIPESS of the final project of the Bridge over the Strait of Messina by 2024;
278-279	Third Giovi Pass	authorises a total expenditure of €825 million, of which €250 million in the year 2024, €300 million in the year 2025, €100 million in the year 2026, and €175 million in the year 2027, which will be incorporated in the next

		update of the Government Programme Contract – Investments signed with RFI, subject to the provisions of art. 18, paragraph 2, third sentence, of Decree Law no. 104/2023, as converted, with amendments, by Law no. 136 of 9 October 2023;
279-280	Adriatic railway line	provides for a reduction in the expenditure authorizations under Article 1, paragraph 394, of Law no. 234 of 30 December 2021, by €150 million in the year 2024, and €200 million in the year 2025, and provides for the adoption, within thirty days of the date of entry into force of the Budget Act, of the appointment of an Extraordinary Commissioner for the design, awarding and execution of interventions, in order to accelerate the execution of the works for the upgrading, and speeding-up of the Adriatic railway line, with a specific Prime Minister's Decree, upon the proposal of the MIT, in agreement with the MEF;
285-287	Central Umbrian railway	authorises a total expenditure of €100 million, in the amount of €50 million for each of the years 2025 and 2026, in order to ensure the completion of infrastructure and technological interventions on the network of the Central Umbrian Railway;
304	Fund for the continuation of Public Works	provides for the extension until 31 December 2024 of the operations of the Fund for the continuation of public works, which is refinanced for €200 million in the year 2024, and €100 million in the year 2025;
488-493	Jubilee 2025	authorises the expenditure, for interventions on assets, of €50 million in the year 2024, €70 million in the year 2025, and €100 million in the year 2026, to be apportioned by Prime Minister's Decree based on the programme prepared by the Extraordinary Commissioner.

TRANSACTIONS WITH THE GOVERNMENT

The Company’s relationships with the Government are governed by two contracts:

Government Programme Contract – Investments aimed at regulating the sustainable planning and funding ofinvestments to develop the railway infrastructure in order to improve service quality and ensure compliance with safety levels in line with technological developments, in accordance with new legislation and the national and EU strategic guidelines for financial planning;

Government Programme Contract – Services governing the availability of the infrastructure and, specifically, routine and non-routine maintenance on the infrastructure, as well as safety, security and railway ferrying.

The Government Programme Contract – Investments (GPC–I)

In 2023, the 2022-2026 Government Programme Contract – Investments was in force until 21 December 2023, when the 2023 update to the same Contract became effective. The 2023 update to the Contract is part of the general framework of reduction of state resources allocated to rail infrastructure upgrading and development interventions compared to previous years.

In fact, the 2023 Budget Act did not provide for undivided resources for RFI to be allocated to each intervention through contractual arrangements in the updates to the Contract, and therefore the 2023 update to the Government Programme Contract – Investments consists of the incorporation of the resources provided for by specific regulatory acts, and fully aimed to specific interventions as prescribed by law.

Resources subject to contractualization in the 2023 update

Increases (roughly €5,535.98 million):

- €750.00 million granted under art. 1, paragraphs 507-508, of Law no. 197 of 29 December 2022 (2023 Budget Act) on chapter MIT 7532, for the following interventions:
  - “Turin rail bypass and connection to the Turin-Lyon line – priority works”
  - “Upgrading of the Bussoleno-Avigliana section of the historic Turin-Modane line”;
- €22.00 million granted under art. 1, paragraph 517, of Law no. 197 of 29 December 2022 (2023 Budget Act) to design the Chiasso-Monza line along the Rhine-Alpine European Corridor;
- €15.00 million granted under art. 1, paragraph 518, of Law no. 197 of 29 December 2022 (2023 Budget Act) for the “joint project to develop the Piedmont territory”;
- €199.00 million granted under the chapter MIT 7518 for the "Urban redevelopment and regeneration project for Genoa", arising for:
  - €110.00 million from Law no. 197 of 29 December 2022 (2023 Budget Act);

  - €89.00 million using the funds allocated by Law no. 108/2022;
- €1.70 million as a share of the "Jubilee 2025" resources allocated in the forecast budget of the MEF under art. 1, paragraph 420, of Law no. 234 of 31 December 2021 (2022 Budget Act), and attributed to specific works by Prime Minister's Decree of 15 December 2022;
- €75 million financed under the NRRP, mission M3C1, for the construction of the connection to the Port of Augusta;
- €3,803.81 million financed from the "Fund for the start-up of works that cannot be postponed" (art. 26, paragraph 7, of Decree Law no. 50/2022);
- €14.76 million financed from the "Fund for the continuation of public works" (art. 7, paragraph 1, of Decree Law no. 76/2020);
- €64.98 million financed from the "Fund for the continuation of public works" (art. 26.4, letter a, of Decree Law no. 50/2022);
- €4.19 million financed from the "Fund for the continuation of public works" (art .26, paragraph 4, letter a, of Decree Law no. 50/2022);
- €4.58 million financed from the "Fund for price adjustment" (art. 1-septies, paragraph 8, of Decree Law no. 73/2021);
- €94.62 million from A22 resources as the amount paid and set aside relative to the 2023 year;
- €125.72 million from resources arising from the CEF 2014-2020 and CEF 2021-2027 programmes;
- €360.61 million from resources derived from entering into new agreements, Memoranda of understanding with Local Authorities, self-financing and others.

Decreases (roughly €18.78 million):

- €1.154 million from resources derived from the NOP 2014-2020 programme;
- €2.624 million from resources derived from the ROP 2014-2020 programme;
- €15 million from NCP resources allocated to the "Scenic Views" component of the "Tourist Railways" program due to a change in the Implementing Body identified in the FS Foundation.

In addition, in the 2023 update of the Contract, a remodulation of resources amounting to €2,502.00 million was made in relation to "ordinary" state resources, which are currently formalized in the 2022-2026 Government Programme Contract – Investments on interventions whose design and implementation schedule does not envisage their tendering before the first half of 2024 to meet emerging financial needs.

Since the resources to be contracted in the 2023 update of the Contract are exclusively allocated by legal provisions to specific interventions, the "accelerated" approval process provided for in Decree Law no. 152/2021 was applied, which provides for approval by decree of the MIT in agreement with the MEF, after reporting to the CIPESS.

The 2024 Budget Act provided for the allocation of:

- €3,202 million as undivided resources earmarked for investments on the national railway infrastructure, to be allocated to specific interventions through the allocation to be contracted under the 2024 Contract update;
- €94.62 million from A22 resources, as the amount paid and set aside with respect to the 2024 year, also to be also allocated to specific interventions through the allocation to be contracted under the 2024 update of the Contract
- €825 million specifically earmarked for the Third Giovi Pass project.

The 2024 Budget Act itself provides for a reduction in the allocations already granted for the HS/HC works on the Adriatic line by €350 million.
However, the 2024 update of the Government Programme Contract – Investments will be subject to the "accelerated" approval process provided for in Decree Law no. 152/2021 followed for the 2023 update, since the amount of resources to be contracted is less than €5 billion; the procedure envisages the signing of the Contract form within 60 days of the Budget Act coming into force, and subsequent approval by decree of the MIT in agreement with the MEF, after reporting to the CIPESS.

Government Programme Contract - Services (GPC-S)

In the same manner as the Government Programme Contract – Investments, the Government Programme Contract – Services 2022-2026 remained in force until 21 December 2023 while the 2023 update to the same Contract became effective as from 22 December 2023.
The 2023 update to the Contract incorporates:

- the increase in resources provided for in the 2023 Budget Act by €2,800 million for non-routine network maintenance programs with a cash profile of €200 million per year from 2024 to 2037;
- the increase in resources by €5.68 million for the performance of passenger maritime connection service on the route between Reggio Calabria and Messina and vice versa, carried out in the period from 1 October 2022 to 30 September 2023.

At the same time, the increase in the value of requirements for non-routine maintenance for the year 2023 to €2,850 million was also incorporated in the 2023 update, in terms of additional requirements, due to inflationary trends, and increases in the cost of supplies, as well as for the strengthening of the staff dedicated to network maintenance; the similar requirements for subsequent years will be redefined with the next contractual updates according to the actual trends in higher prices on the programs of interventions, similarly to what is provided for the requirements of routine maintenance.
The 2024 Budget Act did not provide specific appropriations for the financing of non-routine maintenance needs, but confirmed the appropriation of €965.56 million for the years 2024, 2025 and 2026 for operating requirements (chapter 1541/MEF).

In general, it should be noted that, with the 2023 update of the 2022-2026 Government Programme Contract, as a further result of the collaboration with MIT and MEF for the definition of sustainable infrastructures initiated as part of the common commitment to the NRRP, the value of sustainability structurally connected to the investments envisaged by the two Contracts has been highlighted with the special Appendix 11 "The MIT-RFI Programme Contracts and sustainable development."
In accordance with the new approach, which sees the infrastructure system as a pivotal element for the promotion of an inclusive, resilient and sustainable development model capable of making a substantial contribution to the Sustainable Development Goals (SDGs) of the UN 2030 Agenda, Appendix 11 shows for each type of investment the SDGs to which each makes a contribution, as well as any related quantitative targets.

CdP '22-'26- aggiornamento '23- tab1

Investimenti per le infrastrutture ferroviarie: contributo agli SDGs

classi tipologiche investimenti ↓ *SDGs*→	1	3	7	8	9	10	11	12	13	14
00 Programmi prioritari ferrovie - Manutenzione straordinaria				√	√			√	√	
01 Programmi prioritari ferrovie - Sicurezza, adeguamento a nuovi standard e resilienza al climate change				√	√			√	√	
Sicurezza e adeguamento a nuovi strandard				√	√			√	√	
Resilienza al Climate change				√	√			√	√	
02 Programmi prioritari ferrovie - Sviluppo tecnologico				√	√			√	√	
ERTMS				√	√			√	√	
Altre tecnologie				√	√			√	√	
03 Programmi prioritari ferrovie - Accessibilità stazioni				√	√	√	√	√		
04 Programmi prioritari ferrovie - Valorizzazione turistica delle ferrovie minori				√				√		
05 Programmi prioritari ferrovie - Valorizzazione delle reti regionali	√			√	√	√		√	√	
Velocizzazioni e ammodernamenti				√	√	√		√	√	
Elettrificazioni				√	√	√		√	√	
06 Programmi città metropolitane				√	√		√	√	√	
07 Programma porti e interporti - Ultimo/penultimo miglio ferroviario e connessioni alla rete				√	√	√		√	√	
08 Programma aeroporti - Accessibilità su ferro				√	√	√	√	√		
09 Interventi prioritari ferrovie - direttrici di interesse nazionale	√	√	√	√	√	√	√	√	√	√
Alta Velocità (AV)	√	√		√	√	√	√	√	√	
Completamento dei valichi alpini	√			√	√	√		√	√	
Adeguamento prestazionale corridoi europei TEN-T e connessioni merci				√	√	√		√	√	
Navigazione	√		√	√	√	√		√	√	√

STAKEHOLDER RELATIONS

In carrying out its activities and offering its services, RFI interacts with numerous categories of stakeholders, from institutions and businesses to local communities and travellers, and current and potential users of stations. In all areas of interaction RFI promotes in its relations with stakeholders a careful, proactive and transparent approach. Some of the main activities carried out in 2023 are described below.

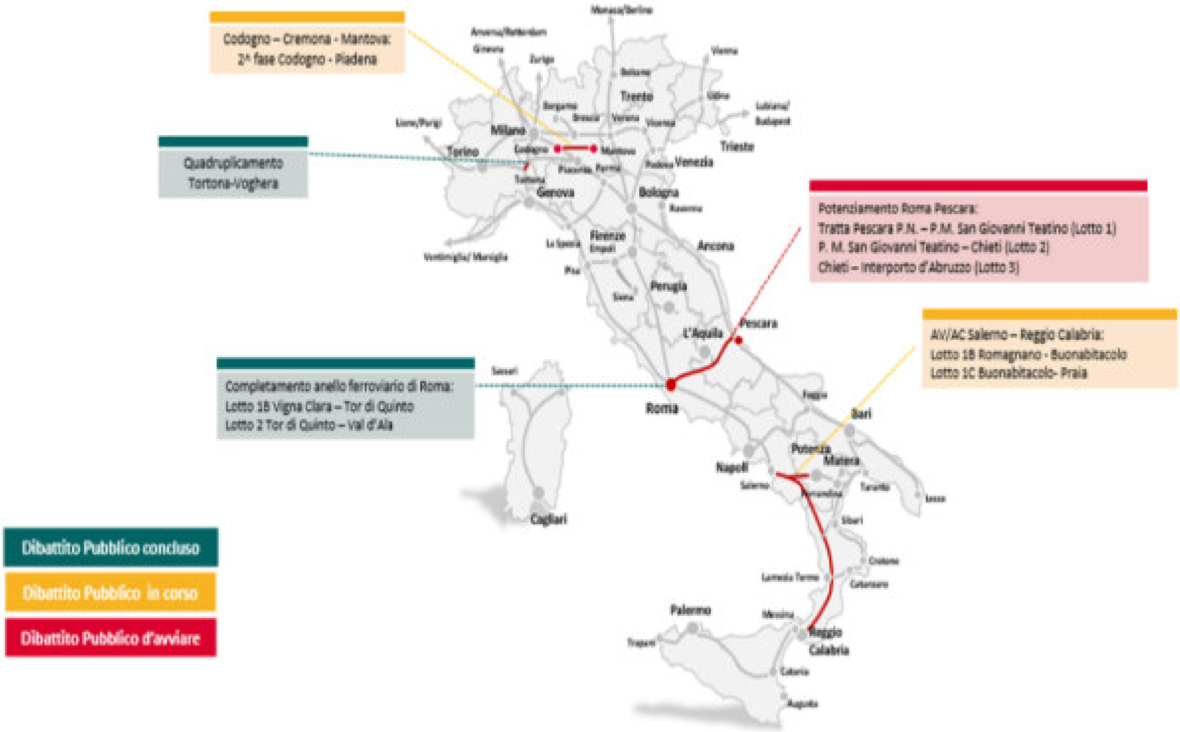
On the stations front, the year 2023 saw the strengthening of relations with Local Authorities through the tool of the RFI-Regions Joint Programmes for the development of intermodal (active, public, and shared) mobility, which provide, among others, the mutual exchange of data and information, and the identification of community and regional resources aimed at the development of mobility services in the **railway station** area. Among the core activities, 135 station studies were carried out for input to the design of intermodal mobility services (including 76 accessibility/potentiality analyses, 14 framing analyses, 30 thematic in-depth studies, and 15 Project review/TEFP/FP evaluations). With a view to grid development, the new station classification procedure was finalized, and work commenced on defining the territorial vocations of the stations themselves.

For the development of intermodal mobility in freight, numerous meetings were held in 2023 between RFI and all major stakeholders in logistics and the manufacturing industry to implement the **EasyRailFreight** project. The last part of 2023 saw the launch of the first module known as "Service Showcase," through which RFI acts as an aggregator of solutions offered by all players in the intermodal mobility system (rail companies, shippers, MTOs, haulers, and freight terminal operators), leveraging its independence as a third party, and the key role it plays as operator of the rail infrastructure. EasyRailFreight's goal is to contribute to increasing the sustainability of freight transport through the development of road-rail modal integration, which is a crucial element in the decarbonization of transport.
As from January, work commenced on the design and implementation of two additional modules on "New Transport Configurator", which will enable a preliminary feasibility audit of a new service, and "A.T.L.A.S." (Asset and Service Logistics Atlas), which will provide a geolocalized view of facilities used for freight transport.

In the area of planning, in order to make choices more efficient, and generate synergies with all stakeholders involved, work continued on the "Technical team for listening to, and collecting requests for infrastructure improvement, efficiency and development" in 2023, in line with the provisions of section 2.6 of the PIR 2023, convened on an annual basis for continuous discussion between RFI, MIT, Regions and Autonomous Provinces, licensed Railway Companies, and Framework Agreement holders. In the 2023 edition, about 420 proposals were collected, which had been submitted by 24 different Applicants.

In the discussion and design of major works, to ensure the maximum inclusion of all stakeholders, RFI promoted additional stakeholder engagement initiatives in 2023, which were aimed at more effectively managing the relations with citizens, associations, and local bodies concerned, making them participate in the significance of the interventions to be carried out, and involving them from the earliest stages with a view to achieving the "right project", and creating a participatory ecosystem.

During 2023, four public debates were conducted for the interventions shown in the image below.



In 2023, RFI continued its work on the survey and stakeholder insight carried out by its "Market Observatory" (hereinafter "MO"), through leading research companies selected through a European tender, in order to increasingly orient business activities towards the legitimate expectations of its third-party stakeholders, and increase the integration of sustainability into business management.
Among the surveys carried out by the MO on an ongoing basis, of particular relevance are the customer satisfaction surveys conducted, in 2023 too, through about 183 thousand interviews with travellers departing from the 760 busiest stations on the network, to find out the levels of satisfaction with the quality of station spaces and services.

With a view to continuous improvement, and expanding the scope of action of the MO, the main new features in 2023 included:

- the field, with increased checks on the interviews carried out by the surveyors, reduced time of recording and processing of results;
- the methodology, with the introduction of:
    - the new Net Promoter Score (NPS) metrics, which is useful when satisfaction levels are very high, and close to the "saturation threshold" (% of "fully satisfied" > 93%), to nonetheless discriminate between different levels of judgment, and find room for improvement, emphasizing the % of "promoters" (grades 7-9), and detractors (grades 1-5);
    - the new IaP Experience indicator in critical issues (for more details, please refer to the Service Charter);

- the scope of analysis, with introduction of new research, and augmentation of pre-existing surveys with additional modules and/or qualitative surveys. As every year, the annual security sentiment survey was also launched in 2023, which was aimed at analyzing the variables that affect the perception of travel as a more or less secure experience through about 34,500 interviews with travellers in stations (about 180 stations). Finally, surveys on passenger and freight Railway Companies, and Station Studies were conducted with the aim of knowing in detail the travel behaviour and desires of travellers and frequent visitors in some specific local areas in order to direct and size in the most appropriate way the redevelopment of spaces and services offered to the public at stations.

INVESTMENTS

NETWORK DEVELOPMENT

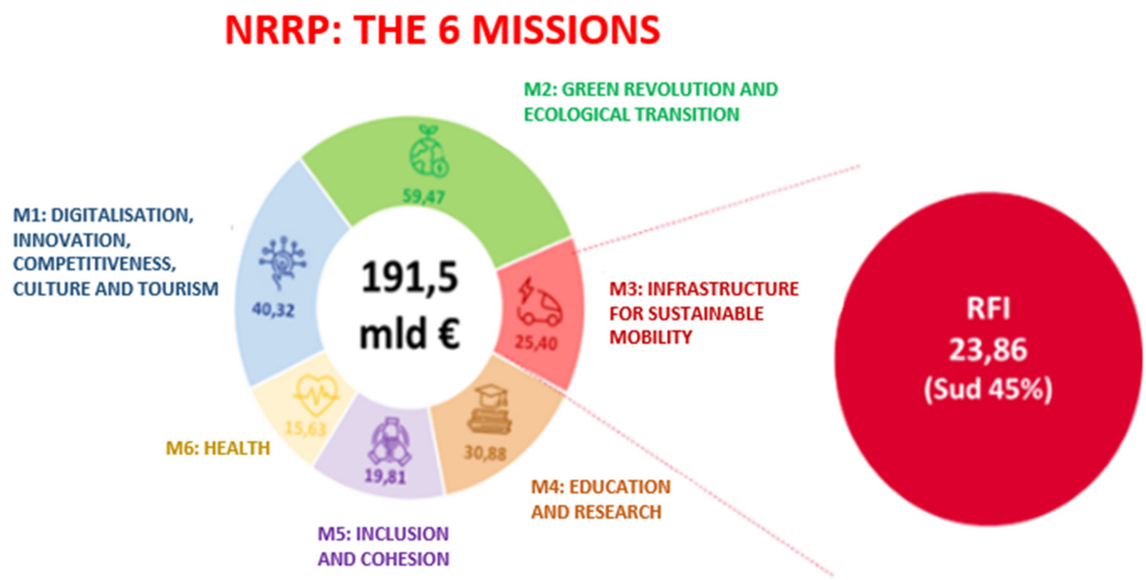
In 2021, the European Commission approved the NRRP for Italy, which provides for funding of approximately €24 billion for RFI's proposed interventions on the National Railway Infrastructure under measure M3C1.

The changed international geopolitical context following the Russian invasion of Ukraine, and the resulting economic and social repercussions, mainly related to the inflationary trends driven by commodity prices and energy costs, as well as the critical factors that emerged during the implementation phase of the NRRP, made it essential to propose a remodulation of RFI's investments included in the NRRP, which is necessary to achieve the targets and objectives set until 30 June 2026.

Such remodulation is explicitly provided for in Article 21 of Regulation (EU) 2021/241, which allows for the possibility of revising the Plans if, due to objective circumstances, the Plan with its targets is no longer feasible, either in whole or in part.

The proposal was submitted by RFI to the MIT in June 2023, followed by talks with the Central Administrations (Ministry of Economy and Finance, Ministry for European Affairs, Cohesion Policies and the National Recovery and Resilience Plan, and Presidency of the Council of Ministers).

On 7 August 2023, the Italian government submitted the proposed amendment to the NRRP to the European Commission. The new NRRP was approved with the European Council Implementing Decision of 5 December.



Details of the measures into which RFI’s work has been classified and a brief summary of the progress of its main projects are provided below.

Measure1.1: High-speed railway connections to the South for passengers and freight

The final June 2026 Target is 119 km, and its achievement will be contributed to by the Frasso-Telese-Vitulano and Apice-Hirpinia lots of the Naples-Bari route, Lots 4b and 5 of the Palermo-Catania route, and the Battipaglia-Romagnano priority lot of the Salerno-Reggio Calabria route, all of which are currently under construction.

- Naples – Bari: contracts for all the lots included in the NRRP have been awarded for railway lines, Frasso-Telese-Vitulano and Apice-Hirpinia;
- Salerno-Reggio Calabria: for Lot 1a Battipaglia- Romagnano and the Interconnection with the Battipaglia-Potenza historical line, executive design services were delivered to the Consortium of companies composed of Webuild (lead contractor), Ghella, Impresa Pizzarotti & C., and TunnelPro on 31 May 2023 while the takeover of Anticipated Works took place on 15 December 2023;
- Palermo-Catania-Messina: on 23 March 2023, the anticipated works of Lot 4b Dittaino-Enna were delivered to the winning bidders (grouping of companies led by Webuild Italia and Impresa Pizzarotti as the principal) while the remaining part of the works (Part "B") was taken over on 11 August 2023. For Lot 5 Catenanuova-Dittaino, the anticipated works were delivered to the winning bidders (grouping of companies with Rizzani de Eccher as lead contractor and Manelli Impresa and Sacaim as principals) on 9 March 2023 while the remaining part of the works (Part "B") were delivered on 27 December 2023.

Measure 1.2: High-speed lines in the North connecting to rest of Europe

The final June 2026 Target is 165 km, and its achievement will be contributed to by the interventions on the Single Genoa Hub – Third Giovi Pass Project, Rho-Gallarate section upgrading 1st phase, Milan-Pavia section upgrading 1st phase, Brescia-Verona and Verona-Bivio Vicenza sections, all under construction:

- Brescia-Verona-Vicenza: the Brescia-Verona section (roughly 48 km) and the Verona-Bivio Vicenza section (roughly 44 km) are under construction;
- Liguria-Alps: the works to bore the Third Giovi Pass tunnels, and at the Genoa Hub are underway (percentage of completion of tunnel excavation work: 86% and 100%, respectively). For the quadrupling of the Pavia-Milan Rogoredo section (1st phase), the design and construction of the works were awarded in May 2023 to the grouping of companies consisting of D'Agostino Angelo Antonio Costruzioni Generali (Lead Contractor), and SE.GE.CO., and the drafting of the executive design is underway; with regard to the Upgrading of the Gallarate-Rho line (1st phase), on 23 November 2023 the delivery of the executive design services was made as a matter of urgency to the grouping of companies consisting of Impresa Luigi Notari, Costruzioni Linee Ferroviarie, Sifel, D'Adiutorio Costruzioni, Quadrio Gaetano Costruzioni, and Costruzioni Edili Baraldini Quirino.

Measure 1.3: Diagonal connections

The final June 2026 Target is 27 km, and its achievement will be contributed to by the Genga-Serra S. Quirico, PM228-Albacina lots, and the Grassano-Bernalda priority lot:

- Orte-Falconara: for Lot 2 Genga - Serra S. Quirico of the New PM228- Castelplanio connection with the Albacina bypass, on 30 November 2023 the services were delivered to the temporary grouping of companies composed of Eteria consorzio stabile Scarl and Salcef; for the Doubling of PM228 - Albacina, the authorization process was concluded in January 2024;
- Battipaglia-Potenza-Metaponto-Taranto: the negotiations were carried out in June 2023, with awarding to ICM on 3 January 2024, for the speeding-up in the Grassano - Bernalda section; as for the interconnection between the new HS Salerno-Reggio Calabria line, and the existing Battipaglia-Potenza line, the intervention is in the implementation phase, as well as for Lot 1a Battipaglia-Romagnano line.

Measure 1.4: Introducing the European Rail Transport Management System (ERTMS)

The intermediate Target is 1,400 km in June 2025 while the final Target has been reset to 2,785 km in June 2026. Both Framework Agreements have been signed for the executive design, and implementation of the ERTMS system on the lines covered by the NRRP.
A total of 105 application contracts have been signed to date between design, execution and advance material supply activities.

Measure 1.5: Strengthening metropolitan nodes and key national links

The main interventions of infrastructure and technology upgrading at the metropolitan nodes and key lines are currently in progress.
With respect to the authorization procedures, we must note, in particular:

- they have been completed, and negotiations have been started on the "Bolzano node: Virgolo tunnel" project, and the project for the "redevelopment interventions related to the Pigneto interchange node";
- the authorization procedure for the project of "adaptation and upgrading of the Vado Ligure Zona Industriale plant - 2nd Phase - PRG with 750 m module of one track" was completed in December 2023.

Measure 1.6: Strengthening regional lines

The interventions included in the measure are currently underway.

Measure 1.7: Upgrading, electrification and resilience of railways in the South

The proposal to replace the milestone of final award of all contracts by December 2023 with a physical target of completing works for 150 km was approved, for which the attestation and related documentation were submitted to MIT in December. Finally, a final Target by June 2026 of 650 km has been added.
Work is in progress on the design, negotiation and implementation of the main new interventions in the South. For some interventions the authorization procedures are still in progress. Specifically, it is noted that:

- the authorisation procedure has been completed, and negotiations have been started for the "upgrading and speeding-up of the Jonica railway line - Sibari-Melito Porto Salvo section, and the Lamezia Terme-Catanzaro Lido section", and for the "Linking the Port of Brindisi with the national network";

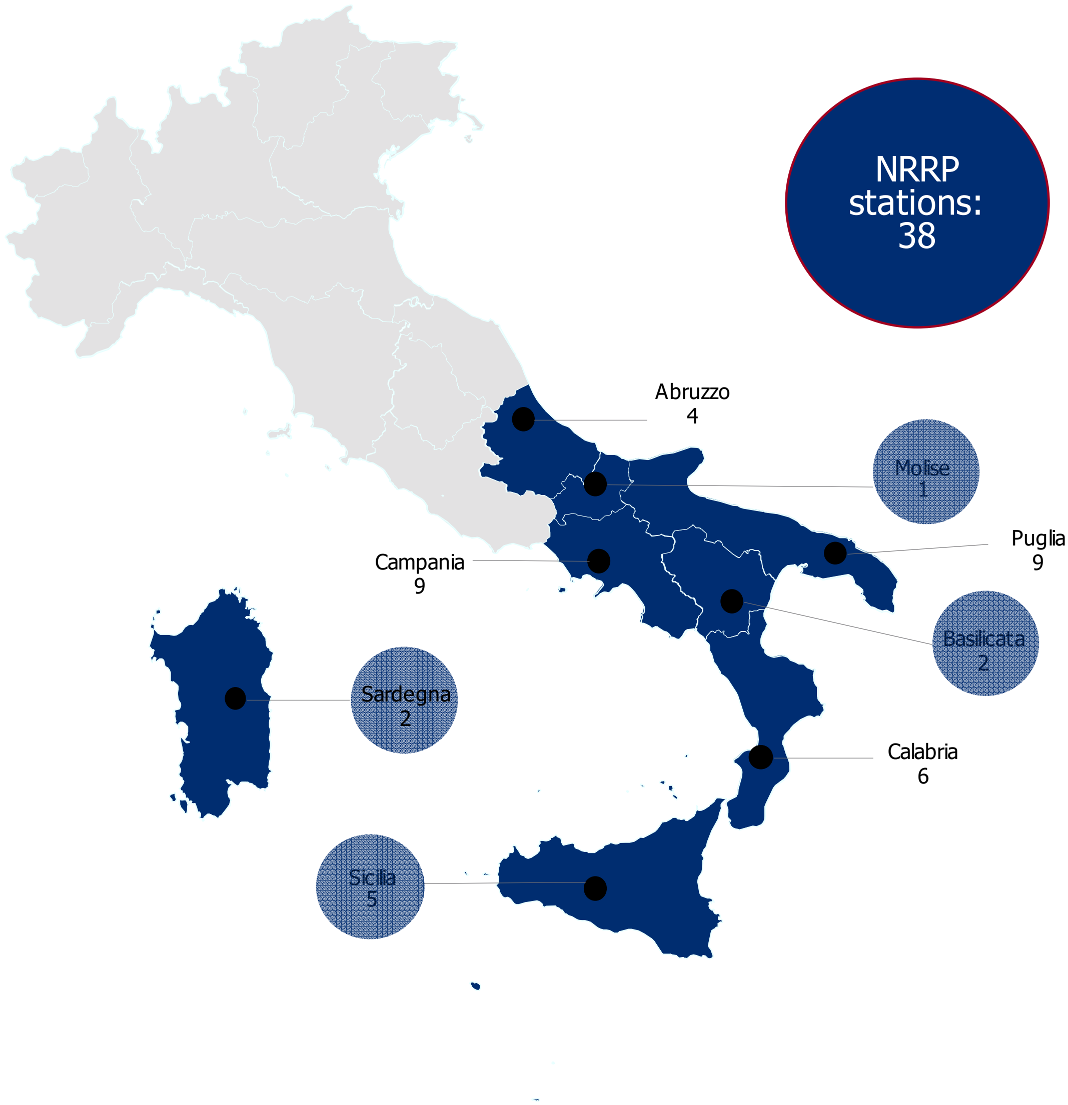
- the authorization procedure has been started and completed, with subsequent start of negotiations, on the "Olbia airport rail link" project, and on the intervention for "Intermodal mobility and accessibility Trapani-Birgi";
- the authorization procedures relating to the Augusta port connection and bypass interventions, and the 1st phase of Decimomannu-Villamassargia doubling have been started and are underway.

Finally, works have been awarded for the executive design and construction for the following projects: the new Ferrandina-Matera La Martella line to ICM; the Salento (Brindisi) Airport Rail Link to the grouping of companies composed of ICI Italiana Costruzioni Infrastrutture and E.S.I.M.. Finally, the contract was awarded for the Salerno Arechi-Pontecagnano Airport link to the grouping of companies composed of Eteria Consorzio Stabile Scarl, R.C.M. Costruzioni, Brancaccio Costruzioni, and G.C.F. Generale Costruzioni Ferroviarie.

Measure 1.8: Upgrading railway stations (RFI management; in South).

The Target is 38 stations also completed in "partial" areas of intervention by June 2026. With regard to design, activities are ongoing on the following 20 Stations: Acireale, Acquaviva delle Fonti, Brindisi, Crotone, Nocera Superiore, Potenza Superiore, Sarno, Siracusa, Teramo, Torre del Greco, and Marsala, Isernia, Rosarno, Bari Centrale, Caserta, Lecce, Messina Centrale + Messina Marittima, Taranto, and Naples L2.

In addition, work is under way at the stations of San Severo, Giovinazzo, Sapri, Milazzo, Vibo Valentia-Pizzo, Scalea S. Domenica Talao, Vasto San Salvo, Macomer, Oristano, Falciano-Mondragone Carinola, Reggio Calabria Lido Phase 1, Benevento, and Napoli Centrale, and the Application Contracts have been signed for the construction of the stations of Potenza Centrale, Giovinazzo, Isernia, Milazzo, Sapri, and Vibo Valentia-Pizzo.



Measure 1.9 Inter-regional connections

A new measure has been added, which provides for the implementation of the following interventions:

- Speeding-up of Orte-Falconara section, in the planning stage;
- Speeding-up of Battipaglia-Potenza section, under construction;
- Upgrading and technological enhancement of the Palermo-Catania Historic Line, under negotiation;
- Speeding-up of Milan-Genoa section, under construction.

The new measure includes two targets, an intermediate one of 70 km by December 2025, and a final one totalling 221 km by June 2026.

There were 2 European milestones planned in 2023, both of which have been achieved (awarding of works for Lot 1a Battipaglia – Romagnano, and Interconnection with the Battipaglia-Potenza Historic Line, and completion of works of 150 km upgrade in the South).

There were also 3 "national" milestones, and 1 "national" target, all of which were also achieved.

In addition to these, there are 1 "national" milestone, and 3 "national" targets under review downstream of the review of European milestones and targets.

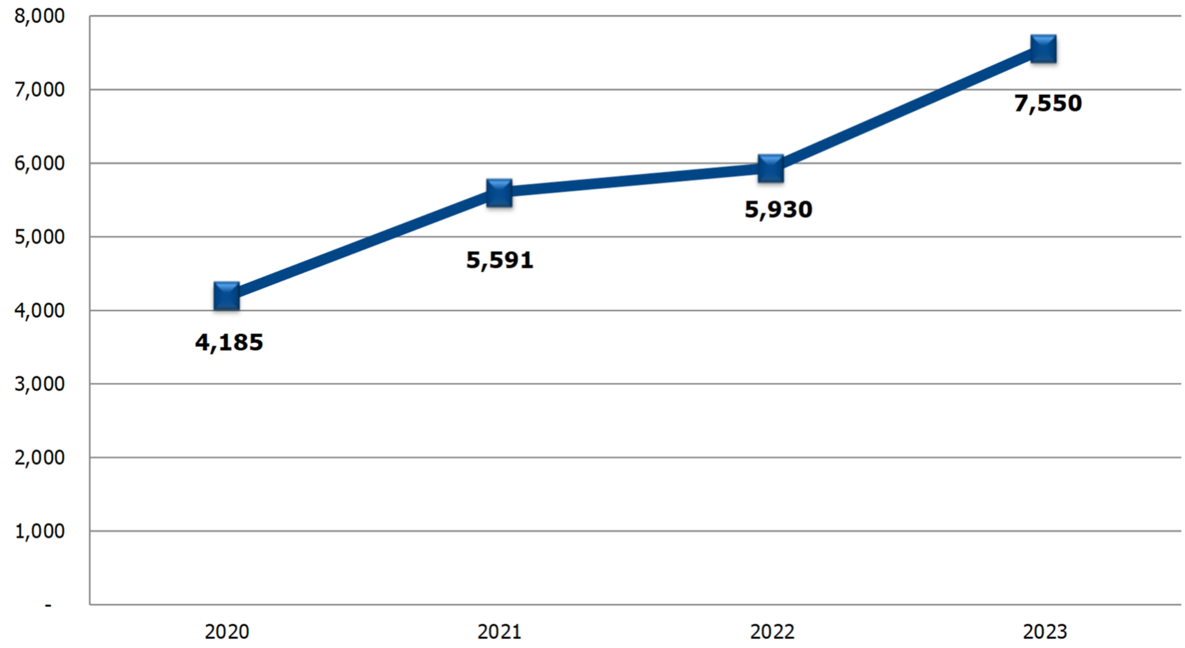
It should be noted that sustainability studies and reports have been developed for all NRRP projects, which have highlighted the benefits offered by infrastructure projects in terms of economic, environmental, social and tourism development in local areas. Specific assessments were also conducted against the environmental objectives set out in Regulation (EU) 2020/852 (European Taxonomy) for the application of the principle of Do No Significant Harm (DNSH).

Progress of investments

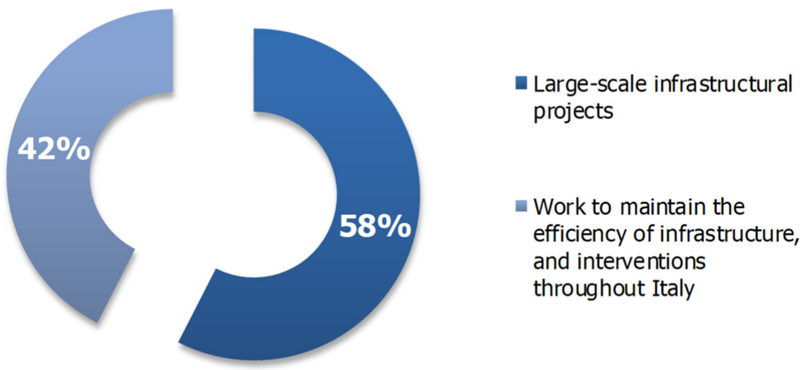
In 2023, the Company's infrastructural investments totalled €7,550 million, up by €1,620 million (roughly 27%) on the previous year.

Total investments of approximately €4,342 million were allocated to large-scale infrastructural projects while roughly €3,208 million to the work to maintain the efficiency of infrastructure, and interventions throughout Italy (including €529 million for technology-related projects).

Progress of investments 2023



Breakdown of total volume of investments 2023



Main investments in railway operations

During 2023, the completion and activation of planned investments in railway operations are going ahead.

In the northwest area, the Computerised interlocking system was activated at the stations of Riva Trigoso and Arona, where reverse flow operations were also rolled out (Arona - Sesto Calende section). The Agognate Operating control line and stop were activated, and the TSCS was put into service in the sections of Agognate Operating control line - Novara, Asti-Castagnole delle Lanze (Km 20.12) - Alba (Km 13.43), and Visano - Piadena (Km 22.3) - Parma (Km 39.74). The Meina and Casorate Sempione stops were converted into stations. The Axle counter block system was implemented on the Cisano Caprino Bergamasco - Ambivere Mapello section. In Liguria, a phase was also activated as part of the Voltri-Brignole upgrading works in the Genoa Node.

In the north-eastern area, the overlapped ERTMS ETCS L2 was activated in the sections Vicenza - Padua (Km 30.27), Brescia - Sommacampagna (Km 53.74), Verona P.N. - Vicenza (Km 47), Verona P.N. scalo - Verona Porta Vescovo (Km 1.85), and the TSCS was put into service in the following sections Grigno - Primolano (Km 8.8) - Bassano del Grappa (Km 28.72), and Dueville - Schio (Km 18.49).

In the central area of the peninsula there was the activation of the Multi-station Peripheral Position (MPP) in Grizzana, and of the Computerised interlocking system at Perugia P.S.G. station (Umbria's regional railway infrastructure). In Abruzzo, the Control system/Central Computerised Multi-Station System – Multi-station command and control system-C with the Axle counter block system was put into service on the Avezzano - Roviano section (Km 45.2) with Multi-station Peripheral Positions (MPPs) at Scurcola Marsicana, Tagliacozzo and Carsoli.

With respect to the technological and infrastructural upgrading of the Rome Hub, there was the activation of the reconfiguration of the Central Computerised Multi-Station System on the Ostiense-San Pietro and Cesano-Roma M. Mario sections (the Roma Monte Mario station has also been transformed into a trackside Communications System). On the section between Guidonia and Bagni di Tivoli, there was the activation of the track variant (Km 1.75) between progressive kilometers 23+185 and 24+934 while in October the Multi-station command and control system was activated on the HS/HC Rome-Naples line.

In the Southern area, the Isernia - Roccaravindola section (Km 17.52) was electrified, and the new single-track electrified line Bari Parco Nord - Bitritto with Control system/Computerised traffic control system, TSCS and Axle counter block system was activated on which in addition the Bari S. Rita and Bitritto stations and the Bari Loseto stop were built. In Campania, the TSCS was put into service on the Prata Pratola - Avellino section (Km 8), and the track variant was activated from Caserta to Cancello (Km 2.88), on even and odd-numbered tracks (between progressive kilometers 222+832 and 225+715).

In Sardinia, the Control system/Central Computerised Multi-Station System was activated in the Decimomannu - S. Gavino section (Km 33.38) with Multi-station Peripheral Positions (MPPs) in S. Gavino, Sanluri, Samassi, Serramanna and Villasor; the TSCS was also put into service in the Decimomannu - Pabillonis section.

In the Palermo Node, there was the activation of the doubling of the Palermo Notarbartolo - Palermo S. Lorenzo Colli section, and the Axle counter block system was implemented in the Palazzo Reale Orleans - Palermo Notarbartolo section. 64 level crossing were eliminated.

Key projects

In the first quarter work commenced on the Final Designs of the Pescia-Lucca Doubling Technologies, a lot related to the General Zoning Plan (PRG), and the Computerised interlocking system of Chieti within the Pescara-Chieti-Abruzzo freight terminal doubling project, the Computerised interlocking system\Multi-station command and control system reconfiguration within the scope of technological upgrading on Venice Mestre-S. Lucia, and Bari Nord lines while work was completed on the final design of the DOTE HS/HC Rome-Naples, and the Multi-station command and control system as part of the new Palermo Central command station.

In the second quarter, work commenced on the final design related to the temporary and final relocations within the General Zoning Plan (PRG) of Rome Tuscolana, and that related to the ERTMS technologies in Cesano-Vigna di Valle. Work was instead completed on the final design for the Porrettana line, the upgrading of the Central command station power plant at Rome Termini, the Multi-station command and control system at Rome Revamping, and the final Traffic control-computerised interlockingsystem design at Rome Prenestina.

The third quarter saw the start of the final design for the technological contract as part of the runway extension at Catania Airport, and the Multi-station command and control system for ERTMS on the Ciampino-Albano-Velletri-Frascati line; work was completed on adjusting the final design for ERTMS on the Campoleone-Aprilia line; and, finally, work was also completed on the PC80 final design of the Great Apennine Tunnel as part of the Bologna-Prato adaptation to the PC/80 gauge.

In the last quarter, work commenced on the Final Designs for the Multi-station command and control systems in the Civitavecchia-Fiumicino, Casilina-Campoleone, and Attigliano-Viterbo-Cesano sections as part of the ERTMS Multi-technological Upgrading on the Rome Lines, and those of the Prata - Benevento section as part of the interventions on the Salerno-Mercato San Severino-Codola-Sarno line, and the Guasticce freight terminal rail connection. On the other hand, work was completed on the final design of a phase as part of the completion of the Udine Node, and the Multi-station command and control system in the Ciampino-Albano, Ciampino-Velletri, and Ciampino-Frascati sections as part of the ERTMS Multi-technological Upgrading on the Rome Lines.

STATIONS

Stations have historically evolved in line with mobility trends and changes in their surrounding environment. RFI has worked for years to develop a new concept of a station for its more than two thousand stations as an intermodal hub and focus point for sustainable cities.

This vision puts **people's needs** at the center, reorganizing outdoor spaces, expanding pedestrian-friendly surfaces, removing fixed obstacles, making routes more fluid, rationalizing the positioning of feeding services according to a priority approach aimed at making door-to-door travel efficient while minimizing the use of private cars.

The goal is to make stations -both indoor and outdoor - more **friendly, safe, and pleasant** by increasing the level of connectivity with local public transport, sharing mobility, and bicycle and pedestrian mobility, improving accessibility through inclusive and barrier-free design, and enhancing infomobility and wayfinding.

The implementation of this project requires some actions by RFI, as well as RFI's ongoing interaction with Ministries, Regional Governments, and Metropolitan Cities, and Municipal Governments so that national and local planning - particularly PUMS, the Urban Plans for Sustainable Mobility - facilitates the transformation of stations into drivers of the redevelopment of disused, marginal or unattractive areas, and into privileged places of new mobility.

In the area of investment, the **Integrated Stations Plan** (ISP) has been structured, which is a plan that concerns the redevelopment of more than 600 stations throughout the country; among them are the larger ones where about 90% of users move, but also medium/small-sized stations of particular relevance in relation to the multiple requests expressed by the community, and institutional stakeholders.

Keywords of the ISP

In addition to the ISP, the **Hub and metropolitan lines** cluster also forms an integral part of the Station Investment Plan, which includes interventions for the upgrading, development and/or functional redevelopment of particularly important stations, as well as the construction of new stations/stops. These are initiatives to improve accessibility to rail transport with positive repercussions on the territory, often integrated in a broader context of urban regeneration, and local mobility system.

It should be noted that, during 2023, **163 interventions** on the three main areas (regeneration of the passenger building, outdoor areas, or improving accessibility) were carried out on 108 stations, **80 designs** were drafted on technical-economic and/or final feasibility, and **40 executive designs** were completed.

There were numerous initiatives and collaboration projects, including in the European sphere, aimed at raising the quality and sustainability of stations, and the ability to become themselves drivers for city transformation, among them the participation in the "Rail4Cities" project - included among those funded by Europe's Rail within the Call for proposals on HORIZON-ER-JU-2022-ExplR-01 "New railway station concept for green and socially-inclusive smart cities" - for the development of a new operating model for stations (SCP-Sustainable City Promoter model) to be applied initially to 5 living labs across Europe, including one in Italy (Milan Rogoredo as an energy hub).

EU FUNDING OF INVESTMENTS

ERDF resources - 2007-2013 NETWORK AND MOBILITY NATIONAL OPERATING PROGRAMME

The planning is completed and the definitive assignment of the grants is subject to the European Commission's definitive approval of the Final Execution Report, pending the conclusion of checks on reported expenditure by the other beneficiaries of this Programme.

ERDF resources – 2014-2020 INFRASTRUCTURE AND NETWORK NATIONAL OPERATING PROGRAMME

The 2014-2020 Infrastructure and Network National Operating Programme was approved with the EU Decision on 29 July 2015.

RFI has received financing for works to complete the previous 2007-2013 programme, and for new projects entirely covered by the current Programme for total costs for which reimbursement can be claimed of roughly €1,099 million, corresponding to a grant of €996.1 million, net of the Funding Gap.

During 2023, work commenced on a process of renegotiating the operating programme, which will result in an increase in PON14-20 funding, net of the Funding Gap, equal to about €150 million. The conclusion of the program amendment process will not occur until early 2024.

In 2017-2022, RFI submitted reimbursement requests for €1,022 million, and the MIT approved an amount of €765 million, leading to receipts of €762 million, €54.4 million of which was collected in 2023. RFI will presumably collect the remaining amount in 2024, net of the expenditure not considered eligible.

ERDF resources - 2014-2020 REGIONAL OPERATING PROGRAMME

RFI has been assigned resources of €450 million, net of the Funding Gap, for the regions of Campania, Sicilia, Calabria and Basilicata for thematic objective 7.

It requested reimbursement of €408 million in 2023.

Connecting Europe Facility (CEF) – Programme for 2014-2020 and 2021-2027

The amount financed to date for the 2014-2020 programme is €134 million.

During the year, RFI received €1.45 million related to the "*ERTMS on strategic sections of 3 CNCs*", and "*ERTMS trackside equipment on Italian sections of the ERTMS Corridors/Core Network Corridors in compliance to the Breakthrough Program"* projects.

The amount financed to date for the 2021-2027 programme is €119 million.

In January 2023, RFI presented 6 projects (2 as Coordinator, and 4 as Promoter) for the General Envelope as part of the CEF Transport 2022 call for tenders, 3 of which were accepted for funding. The respective Grant Agreements were signed in October, providing RFI with a grant of €7.5 million, €2.4 million of which it received in December 2023 as pre-financing.

Again, as part of the 2021-2027 programme, RFI presented a project for the third call for tenders CEF Transport 2023, solely with regard to Military Mobility. In accordance with the presentation deadline (29 September 2023), RFI presented 2 projects. In the evaluation, both projects received favourable opinions, but only the one related to "Upgrading to Dual Use parameters of the Port Basin of Genoa Sampierdarena - Parco Fuori Muro on the Rhine-Alpine CNC" received a co-financing of €29 million.

It should be noted that, as Promoter, RFI has submitted an additional project under the CEF Digital, resulting as beneficiary of a project pertaining to the "Deployment of 5G in the Fréjus cross-border section between Italy and France".

In September 2023, CINEA published an additional CEF Transport 2023 call for tenders, and RFI presented 5 proposals (4 as Coordinator and 1 as Promoter) for the General Envelope within the deadline of 30 January 2024. RFI has applied for a contribution of €208 million.

The results of this latest call will be made public by the first half of 2024.

RAILWAY AND INFRASTRUCTURE OPERATING SAFETY

RFI conducts all business activities that have an even indirect impact on train traffic safety within the framework of the corporate Safety Management System (SMS). After being authorised by ANSFISA (National railway, road and motorway infrastructure safety Agency) in the Safety Authorisation it issued to RFI in June 2014 pursuant to Legislative Decree no. 162/2007, which was finally renewed on 1 January 2024, the SMS is one of the three components of the Integrated Safety Management System (ISMS), which also comprises the Environmental Management System (EMS), and the Occupational Health and Safety Management System (OHSMS), certified under the ISO 9001 standard, and ISO 14001 and OHSAS 18001 standards, respectively. With regard to the activities related to the Integrated Safety Management System (ISMS), it should be noted that in October 2023 the certification body Rina Services S.p.A. carried out the second surveillance audit after the three-year renewal of the ISMS certification (July 2021) according to UNI EN ISO 9001:2015, UNI EN ISO 14001:2015, and UNI ISO 45001:2018, which, with a commitment of 31 days, involved various head office and local Departments and Production Units. The outcome confirmed the validity of the ISO 9001 Certificate.

OPERATING SAFETY

Safety targets are monitored for the National Railway Infrastructure that RFI operates by using the indicators identifiedin accordance with current legislation, and the data stored in its specific database (the "Dangers Database"), and in compliance with the international criteria endorsed by the ERA (European Railway Agency).
The main indicators used to monitor safety performance are as follows:

- Common Safety Targets;
- significant accidents (train collisions, train derailments, accidents at level crossings, fires on board rolling stock, injuries to people involving moving rolling stock, except for suicides and attempted suicides, others);
- rate of total accidents for which RFI is responsible;
- significant accidents for which RFI is responsible;
- typical" UIC accidents.

For some of these indicators, the ERA has prepared and assigned CSTs[2] at European level and NRVs[3] at national level, based on historical data.
The table below compares the National Infrastructure Operator RFI's cumulative performance in each risk category and for each indicator defined (measured in FWSI [4] related to the "Basis of calculation") with the CSTs and specific NRVs for Italyf.

[2] Common Safety Targets.

[3] National Reference Values: these are, for each of the CSTs considered at European level, the specific value assigned to the railway system in each Member State.

[4] FWSIs - Fatalities and Weighted Serious Injuries.

Risk category	Units of measurement	Basis of calculation	TARGETS		REPORTED DATA
			CST	NRV	Actual 2023
			MUNICIPALITIES ($x10^{-9}$)	ITALIY ($x10^{-9}$)	RFI ($x10^{-9}$)
1. Passenger	1.1 Number of FWSI passengers per year deriving from significant accidents/number of km-train passenger per year	Km-train passengers per year	170.00	38.10	0.32
2. Employee or Contractor	Number of FWSI employees per year deriving from significant accidents/number of km-train per year	Km-train per year	77.90	18.90	16.49
3. Level crossing user	Number of FWSI level crossing users per year deriving from significant accidents/number of km-train per year	Km-train per year	710.00	42.90	5.32
4a. Other person at a platform **4b. Other person not at a platform**	Annual number of FWSI persons belonging to the category "other" deriving from significant accidents/number of km-train per year	Km-train per year	14.50	6.70	0.00
5. Trespasser	Number of FWSI persons per year deriving from significant accidents /number of km-train per year	Km-train per year	2050.00	119.00	**171.05**

The analysis in the table shows that the only target above the NRV but below the CST was that for people entering or crossing the railway tracks in violation of rules (violation of safety regulations by non-railway system people). In any case, this indicator cannot be considered definitive and could be subject to change based on the findings of the competent Authority in its investigation of suicides/attempted suicides.

Significant accidents[5] are particularly important given the gravity of their consequences. In 2023, there were 114 events, which, in total, caused (in addition to economic damage to the infrastructure, rolling stock involved, third parties, and rail disruption for more than 6 hours on a main line), 84 deaths, and 28 serious injuries (hospitalization > 24h).

The increase in significant accidents in 2023 (+17 on 2022) was due to a rise in "Injuries to people involving moving rolling stock"(+28), the only rising index; events related to "Other" (-3), "Accidents at level crossings" (-5), and "Train collisions" (-3) showed a reduction while "Train derailments" (2), and "Fires involving rolling stock" (1) remained stable. The analysis of causes of accidents shows an increase in "External" causes from 82 to 102. On the other hand, the number of events due to "Internal" causes decreased from 15 in 2022 to 12 in 2023.

CSI accidents (ERA classification)	Accidents (number)	
	2023	*2022*
Train collisions	3	6
Train derailments	2	2
Accidents at level crossings	8	13
Fires involving rolling stock	1	1
Other	3	6
Injuries to people involving moving rolling stock	97	69
Total	**114**	**97**

In addition to being monitored according to the ERA classification, safety performance is also monitored internationally according to the UIC's criteria, which exclusively consider the effects of the railway service and

[5] The ERA's definition of significant accident: any accident involving at least one rail vehicle in motion, resulting in at least one killed or seriously injured person, or in significant damage to stock, tracks, other installations or environment, or extensive disruptions to traffic. Accidents in workshops, warehouses and depots are exclude.

therefore exclude people being run over, damage to people when they unduly board/deboard moving trains, suicides and attempted suicides.

“Typical” accidents according to the UIC are classified as follows: collisions, derailments, fire on rolling stock, accident involving hazardous freight, and accidents at level crossings (collisions against obstacles or vehicles). This type of classification is used to measure the safety of railway systems giving less importance to accidents due to misconduct by external people (violations of Presidential Decree no. 753/80). There was one fewer typical accident in 2023 for which RFI was at fault than in 2022.
To boost train traffic safety, RFI is committed to the ongoing protection, maintenance and upgrade of the infrastructure and its technological equipment, as well as the development of new lines and systems, and fine-tuning increasingly effective production and operating procedures.

Annual Safety Report *– 2023*
In May 2023, the Annual Safety Report for 2023 was prepared and submitted, in accordance with ANSF Guidelines no. 5841/2016 of 25 May 2016, and Decree no. 50/2019, for the “Implementation of Directive 2016/798 of the European Parliament and of the Council of 11 May 2016 on railway safety”.
The Annual Safety Report was sent to ANSFISA on 31 May 2023, and includes:

- data on how internal safety objectives and safety plan results are achieved;
- the calculation of national safety indicators and CSIs;
- the findings of the internal safety audits;
- observations on weaknesses and malfunctioning of railway and infrastructure operations that could be of concern to ANSFISA;
- the data and information that ANSFISA requests on an ongoing or occasional basis;
- the application of the Common Safety Methods.

Safety authorisation
ANSFISA renewed RFI’s Safety Authorisation on 1 January 2024, following RFI's takeover of the operation of the Canavesana and Turin-Ceres regional concession rail infrastructure.

SAFETY AND RESILIENCE OF INFRASTRUCTURE

Tunnel safety
On 10 August 2023, RFI sent the MIT and ANSFISA the annual railway tunnel safety report for 2022, as required by article 14 of Ministerial Decree of 28 October 2005, communicating the results of recalculation of the railway risk curves updated in line with new traffic data, and infrastructure modifications carried out on 319 tunnels, and 41 back-to-back tunnels in use, and over 1,000 metres in length (article 11 of Ministerial Decree of 25 October 2005). Activities continued for the issue of Emergency and Rescue Plans (ERPs) for tunnels that are more than 1,000 metres long.
At year end, 255 of the 354 tunnels were usable.

Seismic vulnerability, hydro-geological risk and areas subject to landslides

Seismic vulnerability testing on infrastructure works along major railway lines pursuant to article 2.3 of Prime Minister's Order no. 3274 of 2003, and work to improve the management of seismic risks entailed the following:

- completion of inspections on 346 bridges, in addition to the 2,423 inspected in previous years, and 26 buildings, in addition to the 75 already inspected in previous years;
- performance of general inspections on 138 bridges (149 spans) in accordance with the procedure for "Inspections of bridges, tunnels, and other railway infrastructure works";
- completion of seismic improvement works on 162 bridges with work underway for another 58 bridges.

In addition to the mapping already carried out for the mitigation of **hydro-geological risks** and the prioritisation of projects to protect the railway track bed:

- design activities continued for hydrogeological risk mitigation measures at approximately 80 sites;
- roughly 20 hydrometric monitoring stations were installed at as many railway crossings;
- work commenced on the contract for the installation of the RFI rain gauge network, with site surveys and related plant engineering design.

The work carried out on the alarm netting for **falling rocks** continued in 2023 in Lombardy on rockfall warning systems, and in Calabria on plant and systems.

Other work to improve safety and regularity

In 2023, work commenced on the construction of wind barriers along some HS/HC lines to mitigate the risk of crosswind-induced rollover.

With regard to the development activities of the analysis of meteoclimatic impacts on the railway infrastructure, it is noted that RFI has established a specific "Climate Change" working group, which in 2023 worked on the drafting of the Climate Scenario Planning while strengthening the oversight on climate risk, and adaptation measures, and the drafting of a methodology for the quantification of climate change adaptation actions in investment projects.

INTEGRATED TECHNOLOGIES

Developed according to the plans set forth with the Government to improve infrastructure performance in terms of safety, speed, capacity, punctuality, the quality of services provided to transport companies and passengers, **railway technologies** encompass all electromechanical, electronic and automated plants and systems controlled by ground and on-board operators, and help ensure traffic safety throughout the network, while also supporting and increasing the efficiency of all other processes for railway operation, line maintenance, public information, network electrification, and remote monitoring of proprietary assets.

In particular, work continued on the implementation of the Fast-track Plan for technology upgrading of the NRI driven by ERTMS (European Rail Traffic Management System) proposed to the MIT in 2018 and presented to the main stakeholders at a specific workshop at the end of 2018. During 2023, the updated ERTMS Development Plan on the RFI network (rev. Q) was officially issued, and also uploaded to the "Stationland" platform.

Processes aimed at the approval of technical solutions of ERTMS implementation projects in the Ground Subsystems ("Trackside Approval") were initiated, in accordance with Article 19 of Legislative Decree no. 57/2019, and interacting with ERA (European Union Agency for Railways). Finally, open BIM standards were implemented in RFI for ERTMS specialization.
As part of the Land/Train integration on lines equipped with ERTMS, a coordination panel was set up with the MIT and the railway companies to harmonise the schedule for the land/train development of the ERTMS fast-track plan. All stakeholders were asked to update the ERTMS Plan schedule, in line with the progress of the designs. During 2023, 28 integration processes were concluded, in which RFI plays a role as coordinator of activities.

At the European level, work continued on the ERTMS L2/L1 deployment program, launched in 2018 in compliance with Regulation (EU) 2017/6, in overlapping mode with the national train running control system on priority sections of the core network corridors (Breakthrough Program). This program will connect four cross-border sections (Switzerland, Austria and Slovenia) with the main logistics areas in northern Italy.

Technological Network Plan

In 2023 work continued on supporting and monitoring the installations relating to the Safety Interventions of the Technological Network Plan, in which reference standards are listed for the design and construction of Technological Systems and Products that are currently available, or that are being built on all lines and Hubs, in order to meet design requirements with respect to Safety, Capacity, Regularity, Faster speeds, Obsolescence, Technological Integration, and Interoperability.

RESEARCH AND DEVELOPMENT

In collaboration with universities and research institutions, RFI is engaged on an ongoing basis in the development of new technologies, as well as the study and definition of new industrial processes.
Research and technological development are key to exploring innovative solutions, and long-term scenario analysis. The real challenge is to grasp the trend in the variables affecting mobility in order to design interventions adapted to long-term transport needs, either by following industry innovations on the global scene, or by finding new solutions applicable to the domestic environment.

Research

The following are the flagship projects that were carried out during 2023.

RFI Platform project

This project began in the second half of 2018 in response to the need to standardise control systems at stations (Computerised Interlocking Systems), and to significantly reduce the cost of implementing the ERTMS plan, and of plant maintenance.
In 2023, the production version of the cabinets of central command station, and operator desk was realized, and work was completed on the design of the production version of the peripheral post cabinets, and on the design of the production version of all electronic boards.
On the software side, work was completed on the hardware-software integration of the central command station, and of operator desk, and commenced on the hardware-software integration of the peripheral post, and forecourt interface devices.

IoT sensors for railway infrastructure

The extension of more than 24,000 km of railway network throughout the territory requires a great effort of both financial and personnel resources for its monitoring.

With the Smart Rail project, RFI intends to make the railway infrastructure "smart", through the application of fiber-optic sensors distributed and integrated in a widespread manner on the rail with the aim of increasing more and more the performance of fixed track diagnostics systems, and, ultimately, the safety of railway traffic on the entire network. This will make it possible to monitor the geometric conditions, any imperfections, and the temperature and vibrations of the track on an ongoing basis, and in real time.
In 2023, activities were started on phase 2 of the project, which resulted in the consolidation of the technology by which splicing is done, the geometry of the fiber-rail interface was optimized, and the sensor cable was structurally tested and manufactured.
On the other hand, the Low Power Switch Research Project involves the realization of low-power sensors dedicated to the predictive diagnostics of switches for real-time monitoring of singular points of switch manoeuvring with miniaturized and self-powered sensors.
In 2023, there was the development of prototypes composed of magneto-inductive, rotational and linear sensors, which are capable of detecting the real-time position of the P80 manoeuvre case index, and the relative position of needle (mobile rail) and counter-needle (fixed rail), as well as evaluating horizontal and vertical displacements (both relative and absolute) during the transit of trainsets; measurement units will be battery-powered and

recharged through the use of PV panels. In addition, the finite element model was developed, which simulates the response of the needle frame of a railroad switch under the action of predefined forcing factors (defects and train passage), and test specifications were defined to validate the technology that realizes both functions and the numerical model.

Unmanned Railway Vehicle (URV) project

This project was born in 2018 and has as its goal the creation of an autonomously driven railway vehicle, capable of performing monitoring and surveillance of the infrastructure of HS rail lines. In 2023, after carrying out any necessary and complex calibrations of the roller bench at the Florence Osmannoro laboratory, the planned dynamic tests were carried out on the roller bench itself, which revealed and brought to a complete solution mechanical vibration problems, and, once they were overcome, the vehicle was successfully pushed up to 150km/h; at the same laboratories, the tests of the on-board signalling subsystem were successfully carried out, with the use of the simulator of the ground subsystem, which was made to be specially built.

Automatic Train Operation (ATO) over ETCS

This project is part of the URV project but its objective is to develop an automatic train running control system that complies with the Shift2Rail specification, and is therefore capable of being scaled up for application to train traffic in the network. The main benefits expected from the introduction of ATO are timetable adherence, reduction of energy absorbed by the network, passenger comfort, and stopping accuracy. In 2023, work commenced on intensive integration of ATO with URV vision systems, and optimizations of innovative obstacle detection algorithms were identified, and are now in the process of being completed. Testing of the positioning and autonomous and remote driving modules, integrated on the URV vehicle by using the roller bench at the Florence Osmannoro laboratories, were then successfully completed; integration of the ATO system with the braking subsystem of the URV vehicle was also successfully completed, and all aspects of interaction between the two subsystems were identified and finalized.

Terrestrial Drone

It consists of a railway vehicle capable of performing automatic supervision along specific sections of railway line, under interruption, for monitoring and control whether rail tracks are clear following maintenance activities and/or works, before the reactivation of traffic. In 2023, with the start of the second phase of the project, studies were carried out on both the mechanical (adoption of a monocoque chassis with a symmetrical aerodynamic profile), and software (an evolved version of the software was implemented) parts of the vehicle.

Survey of the 5G infrastructure at railway stations

The project was born in late 2021 from the need to implement innovative technologies for support to people with disabilities at stations, through the use of a fifth-generation (5G) public network, and the upgrading of tactile paths through Ultra wide band (UWB) technology. Based on the results obtained from measurement campaigns carried out in 2022, the final infrastructure design proposal for an experimental programme was prepared in 2023, envisaging the installation of 55 UWB sensors and related mapping at the Rimini station. At the same time, a study on the electromagnetic characteristics of the station environment was conducted, including the comparison of electromagnetic behaviour among small, medium and large stations, and providing the first insights into the essential functional requirements for the implementation of a 5G infrastructure aimed at delivering a diverse range of services at stations.

5G Integrated Diagnostics

Internationally, RFI continued to participate in the "Diagnostic Integrated Networks of Satellite and 5G (DINoS5G)" project with the aim of integrating 5G and satellite technologies to develop predictive maintenance systems capable of processing in real time a very large number of signals from both sensors installed widely on the railway network, and measurement systems installed on board diagnostic trains, enabling rapid and effective operation of alarms and alerts related to the safety and availability of facilities. The project, which started in January 2021, was completed during 2023 with the achievement of project goals.

Technological developments

In 2023, spending for investments in innovation was equal to approximately €18.3 million. The table below shows the amount of spending broken down by the main operating segments:

millions of euro

Operating segment	2023	2022	2021	2020	2019	2018
Safety technologies	13.6	9.2	9.0	14.7	20.9	21.9
Studies and tests on new parts and systems	2.7	2.2	4.7	5.1	3.1	4.0
Environmental and land protection	1.1	0.2	0.2	0.1	0.6	0.5
Other	-	-	-	-	-	0.8
TOTAL	**18.3**	**11.6**	**13.8**	**19.9**	**24.6**	**27.2**

Spending for technological developments varies over time due to the very nature of the interventions, which may enter production, or because additional pilots are carried out for a limited number of locations/categories/systems.

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

- “Research and Development technology demonstrators", which aims to create a centre of excellence where RFI's expertise is concentrated on all technological areas related to railway signalling and telecommunications;
- "San Donato Test Circuit," the RFI site for testing rolling stock to be admitted to operation; during the year, the activity was defined with the construction of civil works, superstructure, ET (Electric Traction) facilities, technologies, and buildings for market operation activities;
- "Development of a coherent radar system", which involves the testing and supply of a system to protect rail tracks through the installation of a continuous monitoring system for safe, real-time, and ongoing control in all weather and lighting conditions, arranged to provide the central command station with indications about the detection of unusual activity related to landslides;

- "Hardware and Software Platform Development", which involves the development of RFI's hardware software platforms, and interventions on information systems to support analytical services for traffic;
- "Earthquake Early Warning (EEW)", a software platform that predicts shaking along the line; during the year, work was completed on the experimental EEW system through the issuance of the Clearance for the activation of interfacing with the NVP (Normal Velocity of Propagation) facilities on the HS/HC Rome-Naples line.

CUSTOMER RELATIONS

General information

As national railway infrastructure operator pursuant to Legislative decree no. 112/2015, RFI operates on a market that consists of Railway Companies (RCs) and applicants. The latter, in addition to the railway companies, Regions and autonomous provinces, also include "the competent authorities under the European Parliament and Council regulation no. 1370/2007, loaders, shipment agents and combined transport operators, with a public service or business interest in acquiring infrastructure capacity for the purposes of providing railway transport services (article 3 of Legislative decree no. 112/2015)." The contract concerns, in the case of the former, standard hours and services - Infrastructure use contract with a term not exceeding the validity of a schedule, and in the case of the latter, the infrastructure's capacity in general terms or overall volumes, rather than in detail - Long-term master agreement.

Infrastructure use contracts

In 2023, the market consisted of 41 RCs with operational railway licences issued by the MIT, and <u>42 infrastructure use contracts were signed</u> (41 as from 10 December 2023), broken down as follows:

18

for **passenger traffic**
(17 as from 10 December 2023)

23

for **freight traffic**

1

for **technical runs**
used to test rollimg stock

Network Statement (NS)

In 2023 an extraordinary update was made to the 2024 Network Statement (May 2023 and December 2023 editions), and the 2023 Network Statement (May 2023 edition). The main changes introduced in the "2024 NS - May 2023 edition" concern the inclusion, in Chapter 7, of the appendices showing the Management Rules and the Delivery/Handover Reports related to the maintenance centers, as well as the updating of the table in the appendix to Chapter 2, "Specific capacity values for lines subject to capacity analysis", with the new theoretical and commercial capacity values used for the percentage calculation of the pre-allocated capacity on the routes/lines/tracks, as well as by time slot subject to Framework Agreements.

In addition to the above, common amendments were introduced to the 2023 NS and 2024 NS, including the issuance at no charge of PIC Back End Data Publication utilities for PSOs Framework Agreement holders (subject to any exceptional costs for the IO to be submitted to the ART for prior consideration).

With reference to the December 2023 extraordinary update of the 2024 NS, it incorporates the guidelines and requirements of the ART as set forth in Resolution no. 188/2023 on "Indications and requirements regarding the 2025 Network Statement", submitted by the national rail network operator RFI S.p.A., as well as regarding the "2024 Network Statement."

On 30 June 2023, in accordance with article 14 of Legislative Decree no. 112/2015, RFI published on its website:

- the first draft of the 2025 Network Statement and the related accompanying report;
- the first draft of the 2025 Network Statement for Umbria's regional railway infrastructure and the related accompanying report.

In relation to the draft 2025 NS, some amendments have been made including, for example, the inclusion of a new paragraph on "Quieter Routes", which provides for the possibility of restricting traffic for wagons that do not meet the requirements of the relevant regulations; updating the rules and notices governing framework capacity requests; integration of the disclosure obligations on the part of the RCs with respect to the degradation of train accessibility equipment; allocation of space for self-service ticketing kiosks (BSS), information desks and ticketing/reception rooms, etc..

Also in relation to the Central Umbrian Railway, in the draft IFRU (Umbria's regional railway infrastructure) 2025 NR, some amendments have been made, first of all the alignment of the rules characterizing the capacity requests in terms of train paths and services with what is provided for the NRI, and the updating of the fees related to the services included in the Minimum Access Package (MAP) in accordance with what is provided for in the ART resolution no. 95/2023 while for extra MAP services the value of the fees for the 2024-2025 timetable will be integrated within the IFRU NR following the completion of the compliance audits that the ART will carry out on the tariff proposal submitted by RFI for the services in question for the 2024-2028 regulatory period for the National Railway Infrastructure.

At the end of the second half of 2023 RFI published, in accordance with the deadline set by Legislative Decree 112/15, the final version of the 2025 NS, confirming the amendments made when the 1st draft of the document was published.

On 15 December 2023, in implementation of the provisions of the Transportation Regulatory Authority's Resolution No. 188/2023 on "Guidelines and requirements relating to the "2025 Network Statement", submitted by the operator of the national railway network RFI S.p.A., as well as relating to the "2024 Network Statement", the second edition of the 2025 NS was published, which, compared to the previous publication of the same document, incorporates the guidelines and requirements referred to in the above-mentioned resolution.

The main amendments introduced by the 2025 Network Statement – II edition December 2023 include:

- Extension of the scope of the Technical Listening Group (TTA) for infrastructure development. Projects already included in the Programme Contract and the Business Plan are also included in the scope of comments that TTA participants can submit.

- Publication of operating models for all NRI lines. "Operating models" for HS/HC lines will be published in the ePIR portal by 31 July 2024, and for the remaining lines by 31 July 2025. These models will be taken as a reference in the capacity allocation process.
- Timing for requests for services in high-utilization facilities. It is envisaged that requests for extra MAP services for the annual capacity allocation process can be made at the same time as path requests only in the case of high-utilization stations and specific services that can be delivered only on certain tracks.

Finally, with reference to the IFRU 2025 NS, the guidelines and requirements set forth in ART Resolution no. 167/2023 of 9 November 2023 on "Guidelines and requirements regarding the 2025 Network Statement submitted by Rete Ferroviaria Italiana S.p.A. for the Umbrian regional railway infrastructure" have been implemented.
The elimination of the values of fees and tariffs related to the MAP and extra MAP services for the 2024 - 2025 Service Timetable ordered by the ART is emphasized because in 2024 the IO will have to submit the tariff proposal referring to the 2025-2029 regulatory period for the IFRU, pursuant to the provisions of Measure 4.3 of Annex A to Resolution no. 95/2023. As from 1 January 2025, and until 31 December the same year, which is the first year of the new five-year tariff period - the fees and tariffs applicable in the year 2024 increased by the scheduled inflation rate will be adopted on an interim basis.
Lastly, some limitations on the allocation of infrastructure capacity have been included in paragraph 4.4.2.1, in implementation of the provisions of ART Resolution no. 167/2023, without prejudice to the possibility of subsequent revisions following any possible in-depth studies promoted by RFI together with the ART Offices.

SERVICES PROVIDED BY THE INFRASTRUCTURE OPERATOR

The following is intended to give precise evidence, albeit in summary form, of the services provided by the infrastructure operator, broken down as per Article 13 of Legislative Decree no. 112/2015 while living indications of the economic performance for the year 2023 compared to the previous year.

Minimum access package (MAP)

Fees

Right to use assigned capacity, use of the railway infrastructure, and control and regulation of train traffic. Provision of all necessary information to deliver or operate the service for capacity granted. Use of the electrical system for train traction.

Sea rail link to/from Sicilia and Sardinia

A sea rail link to/from Sicily (Villa S. Giovanni - Messina) and Sardinia (Villa S. Giovanni/Messina - Golfo Aranci) is made available to the RCs.

Infrastructure connecting to the service facilities

Ensuring RCs the right to use the railway infrastructure to access the connected facilities owned by entities other than RFI.

Assistance to people with disabilities and reduced mobility (PRM)

Welcoming, escorting, and getting passengers into the train at the station of departure, and disembarkation operations, and escorting to the exit or to another train.

Revenue from tolls arising from traffic volumes showed a slight increase on the previous year, which was attributable to greater train*km volumes, and the effect of the price change due to the non-application of the discount of component B under Decree Law no. 4/2022 Aids-Ter.
Ferrying revenues remained substantially stable on 2022.

Facilities with guaranteed access and related services

Passenger stations, with respect to facilities for travel information systems, adequate spaces for ticketing, and other facilities that are functional and necessary for railway operations

Station spaces related to self-service ticketing kiosks (BSS), mobile information desks, non-self-service ticketing kiosks, reception and assistance services, ticket machines, and premises and technical areas functional to the aforementioned spaces are made available to RCs.

Freight terminals

Accessing and making terminals intended for cargo loading and unloading available to RCs, for non-exclusive use, for which RCs may use the Facility Operators working at the terminal.

Train shunting and composition areas, including shunting areas

Accessing and making areas intended for combining and splitting trains, by using at least two tracks, available to RCs, for non-exclusive use.

Areas, facilities and buildings for parking, shelter and storage of rolling stock and freight, and areas for fuel supply

Tracks are made available for non-exclusive use by RCs, and with no obligation on RFI to store rolling stock, for a period of time equal to or exceeding 1 hour, for RCs operating passenger services, and 2 hours for RCs operating freight services.
Use of areas for parking, which are also used for self-supply of fuel by Railway Companies, through the use of tankers, or fixed installations owned by them.

Maintenance centres, except for heavy maintenance centres reserved for high-speed trains, and other types of rolling stock that require specialist centres

Areas (buildings, and covered and uncovered areas), and related functional equipment therein are made available for non-exclusive use, and without any obligation of custody of equipment owned by RCs.

Washing bays

Secondary track bundles equipped with slab tracks, washing water drainage and purification system, functional for washing rolling stock, are made available for non-exclusive use. The provision of the service assumes the use of stabling tracks; therefore, the RC that uses the washing bat service also uses the stabling service in an indispensable manner.

Infrastructure clearance

Equipped rescue wagons, or other suitable/equipped vehicles are made available in order to clear the railway line in case a train is unable to run.

Wastewater discharge

The undertakings operating in rail passenger transport services are provided with:

- specific functional areas for the installation by the Company of tanks for the storage of sewage to be collected from the trains by means of trolleys equipped with special tanks for emptying train tanks;
- specific tracks where there is a drainage system directly connected to the sewage system, where the Railway Companies may carry out drainage operations, without resorting to specific equipment.

In 2023, revenue showed a slight increase for all these services, mainly due to the combined effect of:

- higher revenue from passenger stations, attributable to contracting/regulating new space;
- higher revenue from freight terminal service, attributable to increased demand from Railway Companies as early as the timetable scheduling;
- higher revenue from stationing service, as a result of increased traffic from the Companies;
- lower revenue from Maintenance Center service, due to the non-supply of the Verona Porta Nuova maintenance center as from 1 January 2023, and the inability to reach the Campobasso facility, for vehicles accessing that center, due to line disruption;
- lower revenues for the fixed installation Wastewater Discharge service, attributable to the breakdowns that affected the only facility offered in Milan Porta Garibaldi in the first half of the year, and the lack of traffic as a result of precise suppressions with respect to works on the network as from September.

Additional services

Pre-heating, air-conditioning, and use of REC power for maintenance and cleaning of passenger trains

Power for on-board equipment, through an Electric Wagon Heating (REC) column, to be used for climatic treatment of the material, the performance of maintenance operations that can be carried out on stationary tracks, and internal cleaning of the material.

Water supply

Fixed installations, and functional water supply to feed on-board water systems of rolling stock are made available to RCs, for non-exclusive use.

Traffic control for trains transporting freight classified as hazardous

RFI's monitoring of the movement of trains transporting freight classified as hazardous in the PIC WEB computer system, and coordination and implementation of such contingency plans as may be necessary, even at the request of the RC.

Traffic assistance with special trains

- Preparation of the routing schedule of trains carrying exceptional freight, and issuance of authorization for the movement of such freight;
- Monitoring the movement of the freight, as well as, where required, technical escort of the trainset with RFI staff;
- Operations, if necessary, to adapt the infrastructure to allow the circulation of the special train.

Shunting service

Shunting service is provided by RFI at the Villa S. Giovanni and Messina facilities.

Assistance to people with disabilities and reduced mobility (PRM)

Assistance operations at stations, and during boarding on/disembarking from the train, including through the provision of wheelchairs, to persons with reduced mobility, referred to in Regulation (EU) 2021/782 (formerly Regulation (EC) No 1371/2007).

Parking

Power for on-board systems, via pantograph slides, for a period of time of 1.5 hours or more, with the activation of the "parking" mode.

Fast track

A train access gate is made available, for exclusive use, which is additional to the gates used for ordinary security checks, with dedicated staff and utilities functional to the delivery of the service.

Supply of electrical energy for traction

Supply of electricity for traction of rolling stock, both on 25kV and 3kV powered grids.

Revenues from complementary services, with the exclusion of Assistance to PRM, shunting, and Supply of Traction Current, showed a decrease, mainly due to the sharp fluctuations in the purchase price of energy on the electricity market for parking and preheating services.
With regard to the Traction Current Supply service, as from 2023, RFI adopted a new process that allowed the RCs to have monthly comprehensive reporting, published on the ePIR portal, on the monthly trend in the cost of traction Energy, and electrical services in order to allow the development of their own economic and financial estimates.
On the other hand, on a quarterly basis RFI provides the Companies, again by publishing in ePIR, with an update of the estimated price (average unit toll, IMU) of traction energy for the purpose of billing on the basis of actual circulation.
In this context, for 2023, revenue for the current supply of traction to the Railway Companies, limited to the analysis of the relevant financial period, showed a substantial decrease, as a result of a sharp decline in the purchase price on the electricity market (gross cost), which has been at historic lows. This resulted, with specific regard to the 3kV grid, in the valuation of a gross cost lower than the grant provided under the Special Tariff Scheme from CCSEA during the first half of 2023.

Auxiliary services

Provision of complementary information

Loudspeaker announcements and provision of supplementary posters, in addition to the supply of utilities for the use of information systems made available to RFI.

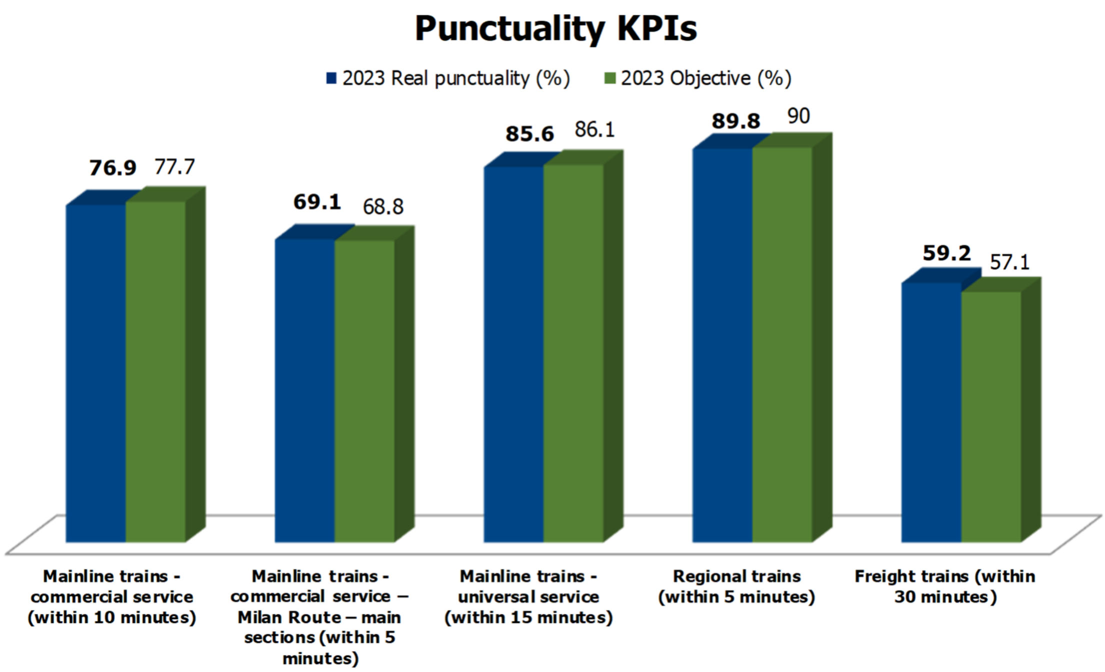
Access to the GSM-R telecommunications network for ground/train service links

Access to the functional radio network for phonics and data communication in support of railway operations, and work of maintenance, operation, at freight yards and terminals and stations, command and control of train operations, and control and diagnostic supervision of railway equipment.

Revenues from auxiliary services remained basically stable compared to last year.

PUNCTUALITY

Train punctuality is the key indicator of the quality of service provided to Customers by RFI.
Real punctuality was used to measure punctuality performance in 2023, as it measures the performance perceived by Customers directly.
Real punctuality (i.e., without excluding any trains) is the ratio of the number of trains that arrived within the punctuality threshold and the total number of trains in circulation (where NP is the number of trains that arrived, NC is the number of trains in circulation and real punctuality is equal to NP/NC*100).
The punctuality KPIs are defined as the ratio of trains that arrived within the punctuality threshold (based on pre-set parameters) and the total number of trains in circulation for a given segment.
RFI sets the punctuality targets at the beginning of each year, pursuing constant improvement.
The 2023 punctuality KPIs were as follows:



It is shown that during 2023 the traffic volumes in the Regional transport segment, and the Market segment gradually increased compared to 2022, especially for the latter which had been most affected by the restrictions during the pandemic period (January-February 2022). There was a zero change for the Universal Service segment. Freight traffic volumes, on the other hand, were almost at 2019 levels with a significant increase in extraordinary trains (+8% on 2022, and +18% on 2019).

After a positive first four-month period, the High-Speed train service saw a downturn in its performance, mostly due to the weather events of material impact on traffic.

Among the events that adversely affected the operation of the service were:

- flooding events in Emilia-Romagna;
- ballast subsidence on the Benevento-Caserta route caused by heavy rains;
- hydrogeological instability at Brenner with traffic prohibition on three tracks in place since 22 March 2023;
- disruption on the Turin-Lyon line due to landslide event at Fréjus on 28 August;
- discovery and removal of war device in Brescia, with heavy impact on traffic in the September-October two-month period.

COMMITMENT TO SUSTAINABLE DEVELOPMENT

Sustainability for RFI: a matter of DNA and daily commitment

In view of the key role that mobility, and in particular the rail sector, plays in the pursuit of the UN Agenda 2030 for Sustainable Development Goals (SDGs), and the guidelines outlined by the European Green Deal, RFI is concretely committed to pursuing an integrated model of infrastructure development, thus strengthening an increasingly systemic and multidisciplinary approach to integrate sustainability into all infrastructure operation processes, and related investments.

The dimensions, and areas of activity in which RFI operates, with the entire Infrastructure Business Unit, are closely related to needs such as the right to mobility of people, the livability of cities for the improvement of the quality of life, the creation of new connections, and the optimization of logistics to support production, the raising of accessibility and connection of territories to overcome inequalities, the reduction of climate-altering emissions, and the fight against climate change.

These are needs that drive many of the 17 SDGs, which, in gradually more radical ways, have been taken up by EU and member country policies and legislation.

From the Green Deal to the EU strategy for Sustainable and Smart Mobility, through Regulation (EU) 2020/852 "Taxonomy", to and beyond the National Recovery and Resilience Plans (NRRPs), and related legislation, the concept of "sustainable infrastructure" hand in hand with that of **sustainable economic activity/investment**, is taking on increasingly precise characters capable of accompanying a sustainable transformation of territories, and the development of a modern, resilient and inclusive infrastructure network for the challenges faced by the country and by Europe.

Within this framework, RFI has adopted sustainability as a guiding criterion for corporate strategies, including according to an integrated approach at the Business Unit level, taking it on both as an objective of industrial initiatives and activities, and as a method of a systemic approach to all dimensions and business processes.

With the initiatives of the Industrial Plan, RFI structures in concrete terms the challenges posed by the UN Agenda 2030, particularly in relation to the areas on which the FS Group's activities have the most significant impact.

Strategic scope and sustainability targets of the FS Group in the Business Plan

Health and safety

Creating and spreading a safety culture, promoting occupational health and safety and ensuring the highest standards of travel safety for customers

- Fatal occupational injuries by employees trending to zero by the last three years of the Plan (2030, 2031, 2032)
- Leader in Europe for travel safety

Climate Change: adaptation and mitigation

Designing, building and managing infrastructures in accordance with criteria geared towards environmental and social protection and strengthening the adaptability of mobility systems to the consequences of climate change and land fragility. Contributing to the achievement of European and national climate change mitigation goals

- ≈2.6 TWh self-produced from photovoltaic sources – 40% of the electricity needed
- -50% of CO_2 emissions (scope 1 and 2) by 2030 (baseline 2019)
- -30% of CO_2 emissions (scope 3) by 2030 (baseline 2019)
- Over 50 million tons of CO_2 avoided in ten years thanks to the rail and buses (about 50% due to the increase in railway traffic on 2021)

Circular Economy and responsible purchases

Implement circular business models focused on recovery activities, such as the reduction, reuse and recycling of waste from the activities carried out. Avoiding, preventing and reducing negative impacts on biodiversity by adopting appropriate mitigation measures.

- 100% of suppliers will be screened according to ESG criteria from 2026
- ≈ 100% special waste sent for recovery by 2031
- 100% of projects with a sustainability, stakeholder engagement and carbon footprint study
- 2.3 million square metres of green space in urban planning projects
- 12,000 trees and bushes planted as part of projects on stations

Inclusion, enhancement and development of People and Communities

Promoting inclusion, enhancing diversity and equal opportunities, accelerating the personal, professional and career development of all the people in the Group, promoting the continuous updating of skills and ensuring their well-being and the work/life balance.

- 32.4% of managers will be women by 2026 and 36.4% by 2031
- Continuous development of the Group's human capital

The more than €120 billion of investment envisaged in the RFI Plan are all geared towards the growth and sustainable transformation of the country, and of its mobility system, following processes and methods marked by ESG criteria, starting with the investments to be developed by 2026 under Mission 3 "Infrastructure for a sustainable mobility" under the NRRP, defined together with MIT, including because they are compliant with the "Do No Significant Harm" (DNSH) principle with respect to the six environmental goals identified in the Taxonomy among the basic requirements for qualifying an economic activity as sustainable.

... and disclosing in the RFI Business Plan: a few examples

- Boosting the installation of ERTMS on the network
- Removal/protection of all level crossings
- Introduction and extension of the state-of-the-art technologies for monitoring and maintenance process automation
- Training, information and awareness raising initiatives to employees and contractors, including with digitization of learning methodologies

- Extension of HS network through the construction of new lines
- Electrification of the network
- Actions for the resilience of the infrastructure and climate change adaptation
- Reduction in energy consumptions from the recovery of braking energy, led lighting on stations/facilities, building management efficiency (such as monitoring and remote control and management of lighting/heating)

- Sustainability assessment of network maintenance and development
- Inclusion of circularity requirements into purchase and management procedures of the main product categories
- Trials to reduce material procurement and waste generation in maintenance and construction processes
- Improvement of the waste collection and disposal in stations
- Reuse of materials and water resources in building site activities
- Optimised use and sustainable management of water assets

The active involvement, and ongoing dialogue with local communities and all other stakeholders concerned, in a climate of transparency and participation, is also key to the development of the Plan initiatives in order to maximize benefits and value for the territory. To this end, the experience of the Public Debate (activated as of 2022) carried out by RFI for rail projects, some of which are envisaged in the NRRP, has strengthened the effectiveness and methods of stakeholder involvement by promoting further synergies, first and foremost with local authorities, which have allowed the composition of an integrated vision of the territory's development needs and potential, as well as a better understanding of issues of interest to the community and, consequently, targeted information and communication initiatives. For more details on this area, reference should be made to the paragraph on " Stakeholder relations."

ESG Governance

In order to improve the sustainability profile of the Company and of its business, RFI, also in its role as the lead company of the Infrastructure Business Unit, is committed together with the Parent Company FS to gradually refine ESG governance, planning and accountability models and tools in order to increase the integration and measurability of sustainability in all the industrial processes that make up its value chain, as well as in all the development phases of infrastructure projects.

To this end, during 2023, some of the main activities developed in RFI involved:

- the refinement, as part of the update of the Business Plan, of the Group's strategic sustainability guidelines with the simultaneous enhancement, also from a Business Unit perspective, of the ESG contribution of core industrial initiatives, and the identification of initiatives specifically aimed at increasing the sustainability of the system/processes;
- the preparation of the materiality analysis for the definition - in accordance with the new GRI (Global Reporting Initiative) standards, and the new principles adopted under the CSRD ("Corporate Sustainability Reporting Directive") - of the FS Group's materiality matrix aimed at identifying the most relevant issues for the organization and its stakeholders on the basis of which to direct both the Group's information and reporting, and its strategic and operational planning;
- the collaboration with the MEF, through the Parent Company, for the issuance of green bonds for rail projects providing evidence of RFI operations and investments' compliance with the Taxonomy criteria;
- the assumption, among the corporate objectives common to all Group management, of a commitment specifically related to CO2 emissions avoided through the use of rail and bus as a substitute for private road transport;
- the continuation of the activities of the ESG Worksites, operational initiatives of a cross-sector and interdisciplinary nature envisaged in the RFI Business Plan aimed at integrating sustainability more and more organically into the Company's methods of operation in relation to the Strategic Lines of Action (SLA) identified to accelerate the ESG transition of RFI's processes. These are initiatives focused not only on the implementation of specific projects, but also on the simultaneous systematization of a new approach to the related business processes, accompanied by stakeholder engagement, and the drafting of methodologies/guidelines, etc., for large-scale implementation.

Among the outputs produced by the ESG Worksites in 2023, of particular relevance:

- the update from a sustainability and LCA (Life Cycle Assessment) perspective of the technical standards of 8 sections of the General Technical Specifications for Civil Works Contracts (SLA: "Designing and building more sustainable infrastructure");
- the issuance of a procedure on how to manage relations with public and private stakeholders affected by interventions under the infrastructure resilience programs during both the identification and periodic re-evaluation of interventions (SLA: "Making the rail network resilient and contributing to the sustainability of the national infrastructure system");
- the issuance of "Guidelines for the sustainable procurement management of RFI and Subsidiaries", which, in line with Group guidelines, lays down the ESG criteria to be included in the different phases of the procurement process of goods, works and services, with specific regard to the negotiation phase (e.g., definition of technical features/specifications, suppliers' sustainability profile assessment), and the execution

phase, e.g., performance monitoring according to specific ESG KPIs (SLA: "Making the entire supply chain sustainable").

Sustainability accountability and the Service Charter

Reclassification of environmentally sustainable activities

As part of the numerous commitments related to the application of the "Taxonomy" Regulation, which unambiguously defines the criteria under which an economic activity can be considered "environmentally sustainable", and can therefore access subsidized funding geared towards supporting the policies underpinning Green Deal Europe, Next Generation EU, RFP, etc., valid for the entire European Union, RFI has pursued the reclassification of revenues and costs 2023 and CapEx plan to the Plan horizon functionally to the reporting on the Consolidated Non-Financial Statement (CNFS) of the FS Group pursuant to Legislative Decree 254/2016.

This reclassification was conducted on the basis of specific screening criteria progressively being defined at the European level in relation to the growing reporting obligations in the area of Corporate Sustainability, and based on the principle of Do No Significant Harm (DNSH). In fact, to be considered environmentally sustainable, an economic activity must be able to contribute to at least one of the six environmental objectives set out in the same Regulation (climate change mitigation; climate change adaptation; the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; the protection and restoration of biodiversity and ecosystems) without harming the remaining objectives; it must also be carried out in compliance with the "minimum safeguards'" in line with the OECD Guidelines and the UN Guiding Principles on corporate accountability for human rights, and workers' rights etc..
In accordance with the reporting requirements prescribed by Regulation (EU) 2020/852 (the "Taxonomy Regulation") for companies/Groups already subject to the NFS requirement, RFI has taken steps to analyze how and to what extent its activities are to be considered environmentally sustainable, making explicit the share of turnover (Turnover) from products or services associated with them, as well as the share of operating expenses (OpEx) and capital expenditure (CapEx) relating to correlated investments. The assessment carried out showed that, for the RFI 2023 financial year, about 86.6% of revenues (Turnover), 82.1% of operating costs (OpEx), and 89.4% of investments (CapEx) are related to environmentally sustainable activities, which contribute in particular to the goals of (i) climate change mitigation, and (ii) climate change adaptation, while the analysis of the Capex Plan at the Plan horizon, to be refined in the coming years, showed substantial alignment with about 90% of eco-sustainable investments.

The Group's Sustainability Report and Consolidated Non-Financial Statement

In relation to the annual reporting of sustainability data, aimed at supporting both the Group's Sustainability Report (SR), and the Non-Financial Statement (NFS), integrated into the Directors' Report of the Group's consolidated Financial Statements pursuant to Legislative Decree no. 254/2016, in 2023, RFI and its Subsidiaries conducted the 2023 interim report aimed at making additions to the information on sustainability in the Parent Company's 2023 Half-Year Financial Report.
The 2023 sustainability reporting process then began in autumn 2023 at both RFI and its subsidiaries Blu Jet S.r.l., Grandi Stazioni Rail S.p.A., and Terminali Italia S.r.l., for the disclosures on the Group's 2023 Sustainability Report and NFS.

The reporting process was carried out in accordance with the specific Company guidelines, which each year update the deadlines, criteria, sources, methods of collection, and/or estimation of data in line with the Parent Company's instructions.

RFI reported more than 340 quality and quantity indicators with the participation of around 50 head office and local units. At the same time, it coordinated the reporting of some 170 indicators by each of the three subsidiaries involved in the 2023 process.

With a view to continuous improvement of sustainability accountability, and greater integration among the Companies of the Infrastructure Business Unit since 2023, data related to contracted worksites of RFI works under Italferr's management have been included in the RFI statement with the prospect of gradually integrating data related to all other contracted RFI worksites.

The main RFI results in energy and environment for the last two years are reported below.

In the energy area, the 2023 results show, compared to the previous year:

Energy

	UM	2023	2022	Change
Electricity*	GWh	486	483	3
- of which from Guarantee of Origin	*%*	*42*	*29*	*13*
Diesel	litres	18,270,949	19,081,926	(810,977)
Natural gas	Smc	7,051,378	8,339,626	(1,288,248)

*It includes MV/LV (Medium and Low Voltage) electricity, as well as HV (High Voltage) used by diagnostic trains and other working vehicles of RFI;
it does not include HV electricity absorbed by the trains of railway companies that operate on the network managed by RFI

- for **electrical energy for "internal use",** an almost constant trend (~1%) with consumption standing at about 486 GWh. The share of electrical energy covered by Guarantees of Origin rises to 42%, thanks to the entry into full operation of the contract for the supply of green energy for about 200 GWh/year activated in May 2022 (the remaining share, as well as electrical energy for traction, is procured by RFI directly on the Energy Exchange (GME) under a contract with the energy services manager (GSE);

- the overall consumption of **diesel** stood at about 18.3 million litres, a reduction of about -4% attributable to the combined effect of:
  - a decrease in consumption for shipping activities (-612 thousand litres, due to greater use of more efficient vessels, and lower demand for transport services by RCs between Sicily and Sardinia), for heating (-250 thousand litres, due to the decommissioning of systems replaced with heat pumps at less cold temperatures recorded in the winter months), and for fuelling company vehicles (-134 thousand litres);
  - an increase in the consumption of diesel to power RFI construction vehicles (+186 thousand litres), which can be attributed to increased maintenance work carried out on the NRI during the year;

- less consumption of **natural gas**, down around 15% to approximately 7 million smc, to be attributed mainly to the milder temperatures recorded in the winter period.

  Of note is an increase of about 3% (for a total of ~5,780 GWh) in **traction electricity** that RFI procured and supplied in 2023 to all railway companies that operated on the infrastructure due to the increase in the year in traffic volumes on electrified lines.

In the **environment area**, the 2023 results showed, compared with the previous year:

Water				
	UM	**2023**	**2022**	**Change**
Water withdrawn	litres	10,774,207	11,186,972	(412,765)
- of which for civil use	litres	10,401,777	10,969,210	(567,433)
- of which for industrial use	litres	372,430	217,761	154,669

- for **water**, whose withdrawal stands at about 10.8 million litres, a decrease in overall consumption of about -4%, referable in particular to the reduction in the quantities recorded in withdrawals from groundwater for civilian uses due to the decommissioning of some wells, and in light of refinements in the methods of consumption detection and management, including through water diagnostics.

Waste				
	UM	**2023**	**2022**	**Change**
Special waste	ton	252,735	248,793	3,942
- of which non-hazardous waste	ton	226,753	222,273	4,480
- of which hazardous waste	ton	25,982	26,520	(538)

- for **special waste**, the total generation of which is approximately 253 thousand tons, a trend substantially in line with the previous year (~2%) due, on the one hand, to a reduction (-538 tons) in special hazardous waste generated by industrial activities carried out during the year, and on the other hand, to the increase (4,480 tons) in special non-hazardous waste attributable to increased maintenance work, which generated greater disposal of steel from end-of-life superstructure materials, and other ferrous metals. The proportion of non-hazardous waste (~90%) to hazardous waste (~10%) remained substantially unchanged over the two-year period; slightly increasing trend for the share of special waste sent for recovery, which exceeded 99%, confirming the Company's continued commitment to proper waste management.

The Service Charter

In 2023, RFI published its Service Charter (as per the Prime Minister's directive and Prime Minister's decree dated 27 January 1994 and 30 December 1998, respectively) on its website, which officially reports the 2022 results and 2023 targets for the quality of the services provided to the public in the areas identified by legislation (the quality factors), based on the characteristics of the Company.

The Service Charter contains 14 indicators representing the Company's various action and focus areas that are priorities for the public, the 2023 targets were all met for both **delivered quality** (which is assessed through internal/third party monitoring) and **perceived quality** (measured in customer satisfaction surveys conducted by the Market Observatory), through more than 183 thousand interviews with departing travellers.

The Company met the following **service quality** objectives:

Sustainability: set in relation to the governance dimension through specific "ESG Worksites" developed to accelerate the integration of sustainability practices in all corporate processes in accordance with the path set out in the strategic action map for RFI's ESG transition. In particular, two objectives have been identified and achieved in terms of stakeholder engagement: in one case to define together with them the best ways of conducting interventions on the territory to reduce network vulnerability; in the other case to extend to/share with the supply chain the commitment to sustainable development.

traffic safety and security: which also saw the target for 2023 achieved of keeping the ratio of the total number in the year of "fatalities and serious injuries" to the total number of train Km travelled on the RFI network below the NRV (National Reference Value) assigned to Italy for the "society as a whole" rail risk category.

assistance to PRM: with a view to continuous improvement of the quality of PRM assistance service, the Blue Room circuit was expanded, making the free assistance service dedicated to travellers with reduced mobility and disabilities available to an additional 12 stations (pre-set obj 5) during 2023; furthermore, the goal of implementing at least 110 projects to improve accessibility at stations (raising platforms to the standard height of 55 cm, elevators, escalators, etc.) was fully achieved).

With regard to **perceived quality**, the MO results for 2023 showed:

- for the satisfied passengers (scores of 6-9), with regard to the services offered at stations, the 2023 customer satisfaction survey remain for the most part above 97% with the overall quality of the stations at 98.3%, recording substantial stability on the previous year, with slightly declining values in particular for cleanliness which stands at 97.8 (-0.5 percentage points on 2022). On the other hand, security stands at 94.8%, recording -0.7 percentage points on the previous year, due in particular to the results reported for the Grandi Stazioni network, presumably affected by the criminal events with wide media echo that occurred in the first months of the year at the Milan Central and Rome Termini stations. On the other hand, the new indicator introduced from January 2023 to detect in a more precise and circumscribed way the satisfaction with the Information to the Public provided in stations in critical conditions (IaP experience) obtains 89.1% of satisfaction. The indicator, which is submitted to the judgment only of those who declare having directly experienced delays in the arrival and/or departure of trains in the last three months, differs substantially from the indicator used until December 2022, which detected the generic sentiment of travellers with respect to IaP in critical conditions, without reference to a specific time frame.

A more in-depth reading is offered by the analysis of the data on fully satisfied travellers (scores 7-9), although not taken as a reference in the Service Charter, which for some of the macro-factors declining on the "satisfied" front shows significant growth compared to 2022, suggesting a polarization of the public's judgment that, if they have not directly suffered disruptions, tends to give grades equal to or higher than 7. In fact, security grows to 83.4% (+2.6%) - due in particular to performance recorded at stations operated directly by RFI (81.6%, +3.4%) - lighting to 89.7% (+1.4%), cleaning to 89.4% (+0.4%).

- The values recorded in 2023 for the quality of Sala Blu services provided between January and December substantially remained at the levels of excellence already acquired in previous years, with percentages of travellers satisfied with service overall (scores 6-9) at 99.6%, and fully satisfied (scores 7-9) at 98.9%.

Sustainability certifications

The sustainability of linear infrastructures and stations, in 2023 too, was defined and monitored using, among other things, environmental and social indicators referring to the entire life cycle of the works themselves, taking into account not only regulatory thresholds and guidelines, but also making voluntary use of protocols and methodologies, also aimed at certifying compliance with the most advanced sustainability standards, and, more generally, raising the quality of the works, including, for example, the Envision protocol, LEED, and GBC Historic Building.

During the year, the project of the Railway Link with Marco Polo Airport in Venice, which is key to improving the mobility of the area through more effective train-to-airplane intermodal mobility, obtained the **ENVISION - GOLD level** sustainability certification, based on a precise assessment in relation to the 64 environmental, economic and social sustainability credits that allowed to enhance the benefits of the project in terms of improved quality of life, resilience to climate change, and efficient use of natural resources, including from a circular economy perspective.

Again in 2023, for the redevelopment projects of the Frosinone and Potenza Centrale stations, a certification plan was pursued according to the sustainability protocol for "LEED for Transit Station" buildings, and registration was carried out on the portal of the U.S. certifying body Green Building Council Italia (GBC ITALIA) while the Lecce and Tolentino station redevelopment projects have started the GBC Historic Building certification process, which is specifically dedicated to historic buildings that constitute "material evidence having civilizational value", and registrations are in progress for the two projects on the portal of the certifying body.

Sustainable worksites

To implement an integrated model of sustainable infrastructure development at all stages of investment management, during construction RFI promotes "sustainable worksites" by adopting solutions, actions and interventions aimed at reducing impacts on the environment, promoting circular economy processes, and safeguarding biodiversity and ecosystems.

Environmental design plays a crucial role in improving interaction with the reference territory and the populations involved. In this regard, specific design documents - such as the Worksite Environmental Project (PAC) and Environmental Monitoring Project (PMA) - are generally developed to identify the significant environmental issues related to construction site work, as well as the mitigation measures and environmental monitoring activities necessary to ensure proper environmental supervision of the worksite.

In addition, RFI promotes operational synergies to implement and enforce sustainability policies at worksites, and stimulate sustainable choices on the part of the entire supply chain, with specific regard to new infrastructure works:

- contract agreements require the implementation of environmental management systems at worksites in accordance with UNI EN ISO 14001;
- contractors are required, as per contract, to periodically report on CO2 emissions related to the supplies to specific worksites;
- technical tender specifications for NRRP projects have been added to by sustainability award criteria.

RFI is also an active participant in the Sustainable Infrastructure Association Working Groups, which led to the publication of the Papers on "Sustainable Worksite", and "Sustainable Concrete." In 2023, RFI participated in additional Working Groups on "LCA for sustainable infrastructure", and "Excavated earth and rock Management", and "Stakeholder Engagement."

ENVIRONMENTAL MANAGEMENT

During the year, RFI carried out numerous environmental protection and enhancement activities as part of its Environmental Management System (EMS), integrated into the Integrated Safety Management System described in the paragraph on "Our Company", and applied in the governance of both the activities carried out directly by Company staff, and those carried out through contractors.

On this basis, all the company's production units involved in managing environmental issues have environmental specialists who handle the preparatory and preliminary work, gather and process data and provide assistance for the performance of the environmental protection duties assigned to them. Environmental specialists also provide technical and operational support in the management of all environmental aspects relating to their respective units, such as waste, water discharge, issues connected with the noise created by line maintenance, water withdrawals, atmospheric emissions in connection with thermal plants, the use of hazardous substances for processing, the use of herbicides along the railway line, etc.. In addition to ensuring the proper management of environmental variables in compliance with regulations, the internal management system and the environmental policy, this type of organisation enables the Company, which applies it extensively throughout its operating contexts, to maintain constant discussion and collaboration with all its key stakeholders at all levels, starting with government bodies for the land and environment, encourage coordination in this respect with other group companies, raise environmental awareness among RFI's personnel as much as its suppliers', and promote dialogue with associations and bodies representing passengers and the community.

During the year, new Procedures for the Environmental Management System (EMS), and the Occupational Health and Safety Management System (OHSMS) were issued regarding the "Management of water discharge", "Management of water withdrawals", "Management of interventions in protected and/or landscape-restricted natural areas", "Management of personal protective equipment", and "Assessment of stress and other work-related psychosocial risks." The Lists of RFI's regulatory compliance obligations were also issued with regard to environmental protection and occupational health and safety.
Finally, Company employees participated in the work groups set up by Confindustria to discuss the management of the environmental impacts of the introduction of new rules about waste traceability.

LITIGATION AND DISPUTES

Introduction

This section details the most significant court and criminal proceedings pending at the reporting date and which entailed developments in the year. Unless otherwise indicated, up to the date of preparation of this report, no information had arisen that would indicate that the Company is exposed to contingent liabilities or losses of any amount, nor is any information known with a potentially material impact on the Company's financial position, financial performance or cash flows. Furthermore, where necessary, the Company has joined the criminal proceedings as a civil party.

In 2023, following criminal proceedings initiated by the public prosecutors against former or current Company representatives, except for those described below, there were no definitive rulings against senior management (company officers or general managers) for any of the following:

- particularly serious crimes with wilful intent entailing substantial damage to the Company or leading to the application of restrictive measures;
- fraudulent crimes covered by Legislative decree no. 231/2001;
- additional fraudulent crimes covered by Law no. 190/2012.

Litigation and significant proceedings pending with employees, third-party service providers and/or contractors, the tax authorities, regions, etc., for which, where the relevant conditions are met, accruals have been made to specific provisions for risks and charges, are detailed in the notes to the financial statements, to which reference should be made, as for information on contingent assets and liabilities.

Reference should be made to the corresponding section of the 2022 Annual Report for information on proceedings and disputes that did not change during the year.

Investigations, criminal proceedings and proceedings pursuant to Law no. 231/2001

With respect to the most significant judicial investigations and court proceedings that certain Public Prosecutor's offices have initiated against former RFI representatives, as there are no indications that the Company may be exposed to significant liabilities or losses and no information is presently known with a material impact on its financial position, financial performance or cash flows, no accruals have been recognised.

Litigation pursuant to Legislative Decree no. 231/2001

Criminal proceedings under Legislative Decree no. 231/2001, which reported developments during the year, and newly-reported proceedings, are described below.

Developments

Criminal proceedings no. 1430/2014 in the General Register of Crimes with the Public Prosecutor's Office at the **Gela** Court relating to the accident in which three RFI maintenance workers were fatally hit by regional train 12852 travelling from Gela to Caltanissetta on 17 July 2014: following the appeal submitted by the Public Prosecutor in 2022 against the judgment handed down in 2021 (regarding the acquittal of the accused Company pursuant to Legislative Decree no. 231/2001, the *pro tempore* Chief Executive Officer, the Production Area Manager in Palermo, the Local Area Manager in Caltanissetta, and the Works Manager in Agrigento), and by the convicted employees, the Appellate Proceedings were held before the Caltanissetta Court of Appeals, which were settled with a ruling on

10 May 2023. In confirming the acquittal of the Company, and of the executives and employees acquitted in the first instance, and the conviction of the Central Operations Manager, the Court issued an acquittal ruling for the head of their division, who had been convicted in the first instance.
On 29 November 2023 there was the filing of the grounds for the judgment, which became irrevocable for all defendants, except for the *pro tempore* CEO with respect to whom the terms for appeal will expire on 29 February 2024.

New notice

Criminal proceedings no. 4309/2023 in the General Register of Crimes**.** On Wednesday, 30 August 2023, at approximately 11.50 p.m., along the Turin-Milan railway line, near the **Brandizzo** station, a train not in commercial service ran over 5 workers of a subcontractor carrying out maintenance work on the infrastructure, causing their death. The Ivrea Public Prosecutor's Office brought criminal proceedings no. 4309/2023 in the General Register of Crimes against 4 legal entities, and 11 natural persons. With regard to legal entities, the Companies RFI S.p.A., SiGiFer S.r.l. (subcontractor), CLF S.p.A. and UNIFERR S.r.l. (contracting companies) are under investigation for the administrative offence referred to in Article 25-septies of Legislative Decree no. 231/2001. With regard to natural persons, the RFI S.p.A. employee in charge of the interruption, and the site manager of SiGiFer S.r.l. are under investigation for the crimes of murder (Article 575 of the Italian Criminal Code), and railway disaster (Article 430 of the Italian Criminal Code). In addition, a manager and an employee of RFI S.p.A. and representatives of SiGiFer S.r.l., CLF S.p.A. and UNIFERR S.r.l. are under investigation for the crimes of multiple culpable homicide with violation of the regulations on the prevention of accidents at work (Article 589, paragraphs I, II and V of the Italian Criminal Code), and of culpable railway disaster (Article 449 of the Italian Criminal Code). The criminal proceedings are at the preliminary investigation stage.

Other significant criminal proceedings

The developments reported in 2023 in other significant criminal proceedings, and those pending against RFI personnel in which RFI appeared in court as liable under civil law, and for which no insurance coverage is in place, are described below.

Developments

Criminal proceedings no. 524/2020 in the General Register of Crimes with the Public Prosecutor’s office at the Lodi Court, related to the Company’s alleged administrative liability for the derailment of the HS train 9595 in **Livraga** on 6 February 2020 as a result of which two train drivers lost their lives: a preliminary hearing was held on 3 July 2023. In relation to the position of three accused RFI employees (two workers and the Head of Maintenance Unit), who had asked to be tried under the abbreviated procedure, the Preliminary Hearing Judge sentenced the two maintenance workers to three years' imprisonment for the crimes of negligent railway disaster and manslaughter while acquitting the Head of the Maintenance Unit, declaring that there was no need to proceed against all three defendants for the crime of negligent personal injury due to lack of a complaint.
The preliminary hearing held at the same time under the ordinary procedure ended with the decision of the Preliminary Hearing Judge to acquit all the defendants for the crime of culpable personal injury due to lack of a

complaint, and ordered that the former *pro tempore* Chief Executive Officer (as well as for several top Alstom positions) not be prosecuted for the crimes of culpable rail disaster and culpable homicide because the elements acquired do not allow for a reasonable prediction of conviction while the then Director of Production and four other Alstom employees were remanded for trial, for which a trial is currently underway.

Criminal proceedings no. 6305/2009 in the General Register of Crimes relating to the railway accident in **Viareggio** on 29 June 2009: following the filing of the grounds for the judgment issued by the Florence Court of Appeals, the defence counsels referring to the FS Group filed their appeals before the Supreme Court - in the interests of the individuals still involved, and the companies liable under civil law. An association (Medicina Democratica) filed an appeal for the civil statutes. It should be noted that the new appellate proceedings resulted from the postponement ordered by the Supreme Court, with the decision filed on 6 September 2021. As far as the FS Group is concerned, the Court of Appeals: (i) acquitted "for not having committed the act" the *pro tempore* Director of the Cargo Division of Trenitalia S.p.A. (convicted instead in his capacity as former CEO of Cargo Chemical), and two other executives, one of whom was employed by RFI S.p.A., and the other, at the time of the facts, by Trenitalia S.p.A.; (ii) redetermined, reducing them, the previous convictions in the following terms: for the former CEO of FS S.p.A, also charged as former CEO of RFI S.p.A., in five years' imprisonment; for the former CEO of RFI S.p.A., in four years, two months and 20 days' imprisonment; for the former CEO of Trenitalia S.p.A., in four years, two months and 20 days' imprisonment; for the former CEO of Cargo Chemical, later head of the Chemical Industry and Environment B.U. of FS Logistica S.p.A., in four years' imprisonment. The Court also upheld, with reduced sentences, the convictions of 9 defendants from outside the Group, and the acquittal of a foreign defendant. The rulings ordered by the previous judges in favor of two associations that had appeared as aggrieved parties in civil proceedings (Dopo Lavoro Ferroviario and Medicina Democratica) were also annulled, and those ordered in favour of the Municipal Government of Viareggio, which had renounced its appearance as an aggrieved party, were revoked. The new proceedings before the Supreme Court were settled at the hearing held on 15 January 2024, at the outcome of which the operative part of the judgment was read. In particular, the Supreme Court, having found that the responsibility for the events that occurred in Viareggio had been definitively established against the *pro tempore* CEO of RFI, and the *pro tempore* CEO of FS, the *pro tempore* CEO of RFI, the *pro tempore* CEO of Cargo Chemical S.r.l., including in the capacity as *pro tempore* Head of the Chemical Industry and Environment BU of FS Logistica, as well as all the defendants from outside the FS Group, ordered the annulment of the judgment handed down against them by the Florence Court of Appeals with referral to another division of the same Court "*limited to the amount of the reduction in sentence for the general mitigating circumstances*"[6], and, therefore, exclusively for the purpose of redetermining the sentence.

The Supreme Court, on the other hand, rejected all the grounds of appeal submitted in the interests of the *pro tempore* CEO of Trenitalia, for whom, therefore, the finding of liability, and the sentence imposed by the Florence Court of Appeals became irrevocable. Finally, with regard to the civil statutes and court costs, the Judging Court rejected the appeals filed against the Court of Appeal's judgment by the civil defendants FS, RFI, Trenitalia, and the companies outside the FS Group, condemning them, jointly and severally with the defendants referred to them, to the reimbursement of the representation and defence costs incurred by the aggrieved parties in civil proceedings in the Supreme Court proceedings. The appeal submitted by the Medicina Democratica Onlus association filed

[6] The sentence reduction in relation to general mitigating circumstances had been determined by the Florence Court of Appeals to be 1/9 for all defendants inside and outside the FS Group.

against the ruling of the Florence Court of Appeals was also rejected, which had ruled out the right to compensation for damage in favour of the aforementioned association.

After the acceptance of the extraordinary appeals for significant errors in the ruling issued by the Supreme Court in 2021 filed by Trenitalia S.p.A. and Mercitalia Logistics S.p.A., which were found to be liable in civil law, pursuant to Article 625-*bis* of the Italian Code of Criminal Procedure, which led to cancellation of the appeals of the civil case rulings in favour of the aggrieved parties Codacons and Cittadinanza Attiva Onlus, the date for the new proceedings before the Florence Court of Appeals has yet to be set.

Criminal proceedings no. 5463/10 in the General Register of Crimes against two RFI managers for the train accident that took place on the **Sassari**-Chilivani railway section on 19 December 2009, causing the death of the train driver: on 18 April 2023 the Supreme Court rejected the appeals filed by the two RFI officers sentenced by the Cagliari Court of Appeals to two years' imprisonment. The judgment therefore became final.

Criminal proceedings no. 406/2018 in the General Register of Crimes and no. 1667/2018 in the general register of the Preliminary Investigation Judge: they were settled in the preliminary hearing stage before the Preliminary Hearing Judge at the **Matera** Court with the acquittal of the three RFI employees. The grounds for the judgment filed on 24 July 2023 acknowledge the groundlessness of the charges brought against the accused employees, concluding for a full acquittal according to the regulatory provision laid down in Article 530, paragraph 1, of the Italian Criminal Code "because the fact does not exist." The judgment became final on 17 October 2023.

New notice

Criminal proceedings no. 3216/2017 (combined with proceedings nos. 14614/21 and 270/2022 in the General Register of Crimes) registered by the Turin Public Prosecutor's Office against the doctor of the OGR plant in Turin in the period from December 1970 to November 1979 in connection with the death and illness due to exposure to asbestos of a number of workers who worked at the said plant. At the Preliminary Hearing, the Preliminary Hearing Judge, after noting the requests for summons of the party liable in civil law, made by the aggrieved parties in civil proceedings, ordered the summons of the party liable in civil law, RFI, and issued a decree of committal for trial. The proceedings are currently pending in trial before the Court of Turin.

Other investigations

Developments

Proceedings A436 – Arenaways S.p.A./RFI – FS.

Following what is indicated in the previous reports to which reference should be made for additional details, on 6 September 2021, RFI filed an appeal with the Supreme Court against the Council of State’s judgment no. 1101/2021, as did Trenitalia. The proceedings were settled by order No. 4291/2023, which dismissed the appeals filed by RFI and Trenitalia, confirming the Council of State's judgment under which RFI would remain only half liable (i.e., €50,000) to pay the penalty.

For completeness of information, after conclusion of the above-mentioned proceeding on the Anti-Trust Authority’s measure, the Council of State’s ruling no. 146 of 10 January 2022 also settled the appeal filed by Arenaway’s liquidators as part of the proceedings for URSF (the office that regulates railway service) measure no. 589/10. RFI filed its appeal for the rejection of this ruling on 11 April 2022 while Trenitalia presented its appeal to the Supreme Court on 7 July 2022, which was declared to be inadmissible by order of 4 May 2023.

Regulatory measures in ART decision no. 70/2014.

In referring to the previous briefs for the detailed description of the appeals under review, it is noted that the appellate proceedings were settled, which had been brought by Italo-NTV against the Regional Administrative Court (TAR)'s judgment no. 1239/2017, which rejected its original appeal against ART Decision no. 70/2014, with the Council of State's decision of 24 July 2023, in the face of Italo-NTV's waiver due to lack of interest in the continuation on 10 May 2023.

ART Decision no. 96/2015 "Criteria for determination of charges for access and use of the railway infrastructure" – Extraordinary appeal with the President of the Italian Republic

In referring to previous reports for more information, it should be noted that, by Decision no. 175 of 16 December 2021, the ART concluded the procedure that had been initially initiated against ART Decision no. 96/2015, establishing that the difference between component B) of the fee that RFI had set for the international open access segment and that for the national open access basic segment was unjustified. RFI was therefore ordered to meet a series of requirements:

- recalculate the non-MAP fee for 2018-2021, setting the same rate for B1 component of such fee, applied to passenger railway transport in the international open access market segment, as that for the same component of the national open access basic market segment;
- following this recalculation, apply the consequent adjustments to the parties to commercial relationships affected by the Piedmont Regional Administrative Court rulings nos. 19, 23 and 25 of 7 January 2020, agreeing the related implementation methods with the eligible parties.

In addition, for the non-MAP fee, the ART decided that, as from 1 January 2022, every train in the international open access segment operating on sections of the network with speeds of over 250 km/h must be categorised in the open access premium segment for the calculation of component B of the fee, whereas all other trains must be classified in the open access basic segment.

As for the need to ensure that the infrastructure operator's accounts are balanced, pursuant to article 16 of Legislative decree no. 112/2015, under normal operating conditions and over a reasonable period of time not exceeding five years, RFI was required to recognise a specific figurative caption equal to the difference in revenue arising from the application of the above adjustments, as well as the revision of the fees, to be allocated to component B of the unit fee that will be applied to passenger railway transport services operating under the open access market regime on the entire national railway network in the 2023-2027 regulatory period, based on overall traffic volumes forecast for these transport services in the same period. The railway companies Trenitalia S.p.A. and Italo-Nuovo Trasporto Viaggiatori S.p.A. appealed against decision no. 175/2021. For the latter, the hearing is set for 16 April 2024.

Sanctioning procedure initiated with ART Decision no. 64 of 31 July 2015 – RFI's appeal before the Piedmont Regional Administrative Court against Decision no. 33/2016 concluding the sanctioning procedure as per Decision no. 64.

In referring to previous reports for more information, it should be noted that, by judgment no. 157 of 17 February 2021, the Piedmont Regional Administrative Court rejected the appeal filed by RFI against Decision no. 33/2016, noting that its review with respect to the ART's assessments must be kept at a "weakly intrinsic" level, and on this assumption it found the ART's decisions reasonable, although not always consistent with the data provided by RFI in court. On 17 May 2021, RFI appealed to the Council of State against the aforementioned ruling.

<u>By judgment no. 1562/2024, published on 16 February 2024, the Council of State rejected the appeal brought by RFI.</u>

Appeal of Trenitalia and other Freight Companies against ART Decision no. 43/2019

By Decision no. 43/2019 published on 18 April 2019, the ART concluded the proceedings commenced with decision no. 138/2017 for compliance with the Piedmont Regional Administrative Court's rulings nos. 1097 and 1098 of 2017 concerning the revision of RFI's tariff system.

Decision no. 43/2019 was appealed before the Piedmont Regional Administrative Court by a group of freight railway companies (notified to RFI on 17 June 2019) and by Trenitalia with an extraordinary appeal before the Head of State (notified to RFI on 14 June 2019), subsequently transferred to the Piedmont regional administrative court following the ART's challenge.

With regard to the Appeal lodged by the Freight railway companies, by judgment no. 979 of 12 December 2023, the Piedmont Regional Administrative Court:

- declared the appeal with regard to Decision no.96/2015 to be inadmissible;
- affirmed the technical-discretionary nature of the ART's decisions, including with regard to economic settlement, with the consequence that the court must limit itself to verifying whether or not the assessment expressed by the Authority falls within the narrow range of plausible, reasonable and proportionate answers that can be given to that problem in light of the technique, the relevant sciences, and all the factual elements;
- recognized the legitimacy of the system of regulatory accounting "by industrial process" adopted for the services pertaining to the MAP, and the conformity of the challenged acts with the predominant regulatory and case law framework;
- held that the complaint of inconsistency between the accounting model applied to MAP and that relating to extra MAP services was unfounded;
- declared that all other grounds of appeal were unfounded in light of the findings of the Audit, and its subsequent additions.

By judgment no. 1136 of 6 December 2021, the Piedmont Regional Administrative Court dismissed Trenitalia's appeal, since it was considered to be unfounded.

<u>On 4 March 2022, Trenitalia appealed against this ruling before the Council of State which, by judgment no. 1706/2024 of 20 February 2024, rejected the appeal.</u>

Anti-Trust Authority Proceedings no. A/519 - Veneto Regional Government

In referring to previous reports for more information, it should be noted that on 6 September 2023, by judgment no. 13627 of 2023, the Lazio Regional Administrative Court annulled the challenged measure (AGCM no. 27878 adopted on 31 July 2019 after the conclusion of the A519 procedure), ruling out the existence of a link between the electrification of the lines, and the awarding of the service while stressing, including because of the affidavit submitted by RFI since the start of the proceedings, that "the *infrastructure investment program was, as a rule, drawn up by taking into account the guidelines of the Ministry of Infrastructure, and the strategic objectives set out by the government planning.*"

On 4 December 2023 the Competition Authority notified RFI of the writ of summons in appeal for the reversal of the above judgment. RFI entered an appearance on 4 January 2024.

ART Decision no. 147/2022

We are referring to the ART Decisions nos. 126 and 127 of 27 July 2023 whereby the Authority concluded the sanctioning procedure - started under Decision no. 147/2022 for the violation of Article 23.3 of Legislative Decree no. 112/2015 as regards the limits on the assignment of framework capacity as per paragraph 4.4.2.1 of the 2023 Network Statement (NS). Specifically, the Authority alleged that RFI had entered into master agreements for capacity above the 85% threshold of total capacity for each section, and time slot provided for in the Network Statement.

Following specific evaluations conducted also with the help of the appointed third-party legal counsel, RFI deemed it appropriate to challenge the above-mentioned measures before the Piedmont Regional Administrative Court. The public hearing is set for 5 June 2024.

Appeal to the Lombardy Regional Administrative Court (General Register no. 1366/22) - RFI v. ARERA for the cancellation of the note of 11 May 2022 concerning the "Special tariff regime in favour of RFI - application for supply for uses other than traction".

On 11 July 2022, RFI filed an appeal with the Lombardy Regional Administrative Court against ARERA and Cassa per i Servizi Energetici e Ambientali ("CSEA") challenging ARERA's note of 11 May 2022 (referred to above) and the authority's report no. 212/2022/I/Com of 17 May 2022 detailing the use of resources earmarked to mitigate the effects of the price rises in the electricity and natural gas sectors.

Specifically, ARERA had stated in its note of 11 May 2022 addressed to e-Distribuzione and CESA and copied to RFI S.p.A. and FS Italiane S.p.A. that, pursuant to article 29.1 of Decree law no. 91/2014 (amended by Law no. 167/17), the special tariff regime (STR), for which RFI is eligible under Presidential decree no. 730/1963, is limited to energy for traction and, hence, energy for "uses other than traction" is excluded from this regime".

Given that the benefits of the special tariff regime comprise: a) the offset component, and b) application of reduced general system charges, the authority ordered that:

- the right to the offset component for energy for uses other than traction is no longer valid after 1 January 2015;
- all the withdrawal points for energy for uses other than traction require full payment of the general systemcharges starting from 1 January 2018.

In the meantime, on 28 December 2022, CSEA independently offset the amount paid to RFI for the 2015-2019 period for uses other than traction in the payment for the offset for energy for traction. In February 2023, RFI filed its precautionary appeal as part of the existing proceedings as well as another appeal for additional reasons against CSEA and ARERA.

In view of the meeting in Chambers set for 22 February 2023, the State Attorney's Office filed a statement of defence for CSEA and ARERA, in which it noted that the interpretation of Article 29 of Decree Law no. 91/2014 - in the sense of limiting the STR to electricity consumption to so-called traction use - would have already been made known by the Authority in some previous resolutions. On this assumption, therefore, it raised an objection of inadmissibility, due to lack of interest, and an objection concerning the inadmissibility, due to lateness, of the appeals.

At the meeting in Chambers held on 22 February 2023, despite the parties' common request for an adjournment of the merits shortly, the Court considered, in view of the relevance of the issues raised, that it should nevertheless first deal with the precautionary phase of the case, and set 22 March 2023 for the meeting in Chambers.

By a brief filed on 20 March 2023, RFI promptly responded to the opposing party's objection as to the inadmissibility and lateness of the preliminary appeal, and the additional grounds.

At the meeting in Chambers held on 22 March 2023, in order to more carefully assess the merits of the exceptions submitted by ARERA and CSEA, the Court adjourned the case to the public hearing on 22 November 2023. By judgment no. 2874 published on 30 November 2023, the Lombardy Regional Administrative Court found the unambiguousness of the literal tenor of the aforementioned Article 29 in relating the Special Tariff Regime to the rail transport services delivered on the national railway infrastructure, and therefore not also to the additional "miscellaneous uses", and therefore not capable of being interpreted differently, rejecting RFI's defence arguments on the point, even due to the fact that an appeal had become final against two previous ARERA Resolutions, which, according to the Judge, had already delimited the scope of application of the Special Tariff Regime to traction uses only.

On 29 February 2024, RFI appealed to the Council of State against ARERA and Cassa per i Servizi Energetici e Ambientali (CSEA) - giving notice thereof as co-interested parties to the Ministry of Infrastructure and Transport, Trenitalia S.p.A. ITALO-Nuovo Trasporto Viaggiatori S.p.A. - for the reversal of the aforesaid judgment, subject to the granting of precautionary measures pursuant to Article 55, paragraph 10, of the Italian Code of Administrative Procedure.

We are waiting for the notice setting the hearing for the discussion of the merits of the appeal, as requested pursuant to Article 55, paragraph 10, of the Italian Code of Administrative Procedure.

REMUNERATION OF DIRECTORS THAT HAVE BEEN GRANTED DELEGATED POWERS

The remuneration of the chairwoman of the board of directors and of the CEO are established by the board of directors in compliance with the "Directive regarding the adoption of the criteria and methods for the appointment of members of the board of directors and the remuneration policies for senior managers of companies directly or indirectly controlled by the MEF" dated 24 June 2013.

Chairman of the Board of Directors		**Annual fees for the mandate ***
Fixed remuneration:		80,000
Chief Executive Officer and General Manager		**Annual fees for the mandate ***
Fixed remuneration:	fees for position as CEO under Article 2389.3 of the Italian Civil Code	65,000
Fixed remuneration:	General Manager employment relationship	330,000
Variable remuneration:	General Manager employment relationship	170,000

(*) On 19 May 2023 the new members of the Board of Directors took office. The fees due to the Chairman of the Board of Directors, and the Chief Executive Officer and General Manager have been determined in continuity with those envisaged within the scope of the previous mandate.

DISCLOSURES REQUIRED BY ARTICLE 2497-TER

During the year, the Company's board of directors adopted the following decisions in accordance with management and coordination deeds of its sole shareholder FS Italiane S.p.A.:

- Demerger of the quota (100%) in Bluferries S.r.l. in favour of Mercitalia Logistics S.p.A. with effect from 1 November 2023;
- Approval of the plan for the partial demerger of Ferservizi S.p.A. involving the Energy Business Unit in favour of Rete Ferroviaria Italiana S.p.A. on the part of the Board of Directors on 19 December 2023.

RFI also adopted and implemented, as a result of the management and coordination activities carried out by FS, the following acts:

- "FS Italiane Group companies negotiations guidelines";
- the "Anti-Corruption Framework";
- the "Rules on Related-Party Transactions" Policy, and the Guidelines and Procedure on the "Application of the rules on Related-Party Transactions";
- the "Whistleblowing Procedure."

With regard to the management and coordination activities carried out by RFI as the Parent Company of the Infrastructure Business Unit, it should be noted that, by a resolution of RFI's Board of Directors' meeting held on 19 May 2023, the "Infrastructure Business Unit Corporate Committee" was established with the task of identifying, in accordance with the strategic guidelines defined by the Board of Directors, implementation guidelines on the Management and Coordination activities of the Companies that are part of the Infrastructure Business Unit.
In 2023, the Committee approved the issuance of the following acts of management and coordination:

- LG no.01 v.01 dated 9 August 2023, "Act of Management and Coordination within the Infrastructure Business Unit for the process of integrated management, and with compensation worksites of excavated land and rocks";
- LG no. 02 v.01 dated 9 August 2023, "Act of Management and Coordination within the Infrastructure Business Unit for the process of digital engineering of tangible and intangible worksites with BIM 4D and 5D tools."

On 6 October 2023, by a specific Intercompany Organizational Notice (CO/I n 100/P/AD), the "Corporate Committee for Research and Innovation of the Infrastructure Business Unit" was established with tasks of making proposals, and technical-scientific guidance on:

- sector-specific scientific research for the Infrastructure Business Unit on issues such as mobility, infrastructure, sustainability, climate change, green transformation, digital transformation, innovative transport systems, shared economy, social-economic and environmental impacts of transport systems;
- higher education and partnerships with Universities, Foundations and Research institutions;
- innovation of strategic importance to the Infrastructure Business Unit, with significant effects in terms of technological advancement and impact on processes and services.

RISK FACTORS

In carrying out its risk management activities, RFI adopts, in accordance with the guidelines of the parent company FSI, the following taxonomy divided into 4 macro-categories (Strategic, Operational, Compliance, ESG), which group together specific types of risk:

STRATEGIC	**Market**	Risks arising from market developments that may impair or reduce the ability to create added value and profitability
	Macroeconomic	Risks describing macroeconomic shocks that may affect a country, a continent or have global repercussions
	Financial	Risks involving unexpected variability of investments (exchange rate, interest rate, liquidity)
OPERATIONAL	**Infrastructure & Means**	Risks with negative effects on the management and development of the rail and road network and infrastructure as well as the rail, bus, and ferry fleets
	Technology, Digital & Cyber	Risks related to the digital transition process, development and management of IT systems, also in relation to cyber crime events
	Procurement	Supply chain risks (supplier qualification, negotiation process, contract management)
	People and Organisation	Risks arising from lack of in-house expertise, inadequate training programmes, inadequate turnover planning process and ineffective recruitment and retention policies
	Safety	Risks related to environmental protection, occupational safety and operational safety
COMPLIANCE	**Regulatory**	Risks involving adverse changes in the regulatory framework within which the Group and its companies operate and risks of violations of international and/or national laws and regulations
	Legal and Contractual	Risk of breach of contract and litigation management
ESG	**Environmental**	Risks related to climate change and policies for the transition to a low-carbon economy
	Social and protection of human rights	Risks related to social tensions and lack of or reduced respect for human rights
	Ethics	Risks arising from intentional misconduct or corrupt behaviour by persons inside or outside the Group, in order to obtain an improper or illegal advantage

The main events to which RFI is potentially exposed, and an indication of the main management actions adopted, are briefly and not exhaustively described below, with the clarification that:

- with regard to financial risks (credit, liquidity, and interest rate and exchange rate), please refer to the Notes to the Financial Statements for a more detailed discussion, in line with the relevant accounting standards;
- with regard to Safety analyses and actions, please refer to the dedicated sections of this Directors' Report (Our Company, Railway Operations Safety, Infrastructure Safety and Resilience, and Environmental Management).

Strategic risks

	Risk	Management actions	Opportunities
Market	• Crisis in business-relevant sectors or customers • Increased competitiveness and new entrants	• Improving the quality of service provided, including through monitoring indicators of customer experience	• Market orientation toward environmentally sustainable mobility • Regulatory developments in favour of environmentally friendly transport models • Transition to green mobility (fully hybrid vehicles and biofuels)
Macroeconomic	• Inflationary scenario and price increases • Commodity and raw material price volatility • Unfavourable macroeconomic environment (es. recession, stagnation) • Geopolitical instability and conflicts • Health and social emergencies	• Continuous monitoring of trends in key macroeconomic indicators and commodity and energy price trends • Energy efficiency (fleet and industrial facilities) • Self-production of renewable energy • Crisis management models • Continuous monitoring of the geo-political environment	
Financial[7]	• Dependence on government grants • Failure to meet obligations by a client or counterparty to a financial instrument • Difficulty in meeting obligations associated with financial liabilities • Fluctuation in interest rates and exchange rates	• Definition of minimum requirements for financial counterparties (credit rating, limits on concentration and financial products that can be used) • Monitoring cash flow, financing requirements, and liquidity • Opening dedicated credit lines (sustainability linked back-up facility) • Hedging transactions through derivative instruments	

[7] The examination of risks and consequent actions is supplemented, merely for the financial risk component, by the broader disclosure provided in the notes to the consolidated financial statements.

OPERATIONAL

Operational risks

	Risk	Management actions	Opportunities
Infrastructure & means	• Critical issues/delays in the authorisation procedures of projects • Critical issues/delays in the design and implementation of infrastructure works • Failure/obsolescence of facilities and technologies supporting rail infrastructure • Rail and road Infrastructure performance gaps • Intentional acts (physical or logical) to damage and/or destroy company assets • Fleet obsolescence/unavailability • Temporary unavailability of the national and International railway /road network	• Monitoring of physical, economic and financial performance of infrastructure interventions • Whole-life asset management model • Risk-based approach (Project Risk Management) • Intercompany Task Force - National Recovery and Resilience Plan • Operational scheduling and rescheduling of maintenance • Management of anomalies and emergencies • Advanced diagnostics and predictive maintenance • Gradual extension of the railway traffic control and coordination system (SCCM) • Fleet renewal (trains, buses, ships, and logistics and technical vehicles) • Increased capacity of rail network • Strengthening and enhancing stations and related services • Talks with Public Entities and other national and international stakeholders • Strengthening of security and video surveillance systems	

	Risk	Management actions	Opportunities
Technology, Digital & Cyber	• Critical issues in upgrading the technology and digital infrastructure architecture • New cyber vulnerabilities related to the introduction of new systems/platforms • Obsolescence/inadequacy/unavailability of technology and digital tools • Increased numerosity and sophistication of cyber attacks • Loss of confidentiality, integrity or availability of data	• Updating technological and organizational safety measures • Definition of crisis management procedures • Upgrading of the Cyber Security Operation Center (C-SOC) • Adoption of a Group common platform • Training and awareness initiatives	• Development of new technological tools (Artificial Intelligence)
Procurement	• Criticality in the availability of goods/services in the marketplace • Inadequacy of contractors/general contractors and/or technical entities • Inadequate definition of needs for goods, services and works	• Supplier qualification system and Vendor Rating (including "ESG rating") • Definition of governance and procedures • Continuous updating of the requirements plan • Definition of flexible contractual instruments • Insourcing of critical processes	
People and Organisation	• Specialized skills that are difficult to find in the marketplace • Loss of key personnel • Staff motivation, sense of belonging and work-life balance • Remuneration policies and compensation system • Critical issues in the area of labour relations • Staff understaffing	• Talent Performance Development System • Remuneration, training and job diversification policies • Development and optimization of tools and methodologies to support selection and training processes • Diversity&Inclusion plan and interventions to support the Group's company people (company caring, social policies, engagement) • Signing of agreements and understandings related to work organization • Strengthening of recruitment plan	

Compliance risks

	Risk	Management actions	Opportunities
Regulatory	• Changes in national and international standards and regulations • Non-compliance with national and international legislation/regulations/standards	• Monitoring of legislative and regulatory developments • Talks with Public Bodies and other national and international stakeholders • Definition, implementation and monitoring of compliance programs • Training/information initiatives	
Legal and contractual	• Breaches of contract • Contracts not in line with current regulations/procedures • Disputes with suppliers, customers, staff or third-party entities	• Monitoring litigation developments	

ESG risks

	Risk	Management actions	Opportunities
Environmental	• Acute and chronic physical climate hazards • Transitional climate risks • Incomplete information for establishing adaptation plans	• Vulnerability assessment of assets and territories • Real-time monitoring of climate phenomena, assets and territories • Planning of asset-specific adaptation interventions • Design and implementation of natively climate-resilient assets • Scenario analysis for assessing business impacts and resilience	• Access to capitals through sustainable finance instruments
Social issue and protection of human rights	• Discriminatory practices • Critical issues with internal and external stakeholders	• Group Code of Ethics • Internal and external training, information and communication campaigns • Diversity&Inclusion initiatives • Stakeholder engagement initiatives	
Ethics	• Bribery, fraud and/or collusive arrangements between employees and counterparties, both public and private	• Code of Ethics and Group Anti-Corruption Policy • Adherence to the United Nations Global Compact • Internal and external training, information and communication campaigns • Signing of conventions, protocols and agreements with institutional Authorities/Bodies • Monitoring implementation of NRRP works	

OUTLOOK

The most recent OECD estimates forecast a slowdown in global GDP in 2024.
The domestic outlook is affected by the international environment, with 2023 GDP growth of around 0.7%, held back by tightening credit conditions and still high energy prices.
Consumer inflation showed a decline, falling to 5.4% in 2023 from 8.4% recorded in 2022; forecasts place the average for the next three years sharply down at 2%, reflecting the downward trend in commodity and intermediate product prices (Source: Bankitalia).
After the peaks of 2022, electricity prices gradually started to fall throughout 2023, which is also expected to be confirmed in 2024.
The Company has identified industrial actions to contain energy consumption, both in the short- and medium to long-term, by regulating the power supply voltage of the electric traction lines, defining an efficient driving support system, and continuing to install LED lights on shelters, underpasses and light towers at train stations.
With respect to transport and developments in mobility demand, passenger traffic figures currently show a continuous increase compared to 2022 and 2023.
With respect to the current regulatory framework of standards and criteria used to calculate the fees to access and use railway infrastructure, the ART has commenced a round table with resolution no. 95/2023 of 31 May 2023, to review such criteria, which will be concluded on 15 March 2024.

In 2024 and more generally over the ten-year period of the Business Plan, in a context of strong uncertainty and volatility of markets and supply chain production capacity, particular attention will have to be devoted to talks with institutional stakeholders, aimed at ensuring the timely disbursement, both on an accruals and cash basis, of the financial resources necessary for the implementation of the substantial investment plan, of which the NRRP is an indispensable element.
The financial resources stated in the Programme Contracts - Services (PC-S), and Investments (PC-I) constitute, in fact, the point of reference for the detailed planning of the interventions already started/financed, from which the main returns are expected in the short term, in terms of increasing the performance of regularity, and the level of safety of the infrastructure, improving the quality of services, and developing traffic volumes.
In the course of 2024, the approval process of the 2024 update of the PC-I 2022-2026 is expected to be completed, which will enable the operations of €3,202 million provided for in the Budget Law 2024, which will be allocated to the non-deferrable interventions indicated in this update. This allocation partially covers the needs reported by the Company, amounting to €17 billion, of which €9 billion are on interventions deemed as priorities.
Talks are in progress with the competent Ministries to also identify ways to cover the remaining requirement of €190 million for routine maintenance for the year 2024, and the requirements of €2,850 million for non-routine maintenance for the year 2025.
In relation to the NRRP, negotiations are underway to define the alternative coverage of projects that have left the Plan as a result of the European Council Decision of December 2023. For projects confirmed in the Plan, financial outlays are expected to be made to RFI in 2024, against the expenses reporting, in relation to the economic and financial progress of the interventions financed under the NRRP.

In addition, interventions are being identified under the Development and Cohesion Fund 2021-2027, which provides for additional national resources to complement the objectives pursued by the Next Generation EU, and the 2021-2027 EU programming.
At the same time, the Company's activity continues in ensuring the financing of investment needs included in the programs co-financed by the European Union, such as the National Operational Programs (NOPs), and Regional Operational Programs (ROPs), both of the 2014-2020 and 2021-2027 programming, as well as the TEN (Connecting Europe Facility) networks financing Program, both with regard to the conclusion of the 2014-2020 programming, and the new 2021-2027 programming.
In this regard, we must note RFI’s participation in the "General Envelope" call for proposals to be issued in September 2024, which is expected to be concluded in January 2025.
With regard to the extraordinary need for resources intended for interventions on the railway network, resulting from higher prices of construction materials, fuels and energy products, work will continue on submitting applications for the financing of works in progress under the legislative instruments provided for by the Government, such as the Price Adjustment Fund (provided for in Article 1-*septies*, paragraph 8, of Decree Law no. 73/2021), and the Fund for the continuation of public works (provided for in Article 7, paragraph 1, of Decree Law no. 76/2020).
In addition, the organizational revision initiated in 2023 will begin to take effect, which will enable a more functional relocation of industrial processes, and the resulting results dependent on them.
Specifically, the strategies of RFI, and the Infrastructure Business Unit, as a whole, include:

- improving the current service levels of infrastructure, focusing on the core business and quality management;
- increasing Italy’s transport infrastructure, integrating the railway network with other infrastructure and urban centres;
- achieving investments in infrastructure within the established timeline;
- accelerating the Group’s and Country’s ecological transition;
- guaranteeing infrastructure safety and resilience in an increasingly challenging scenario;
- focusing on driving innovation, seizing opportunities created by new technologies for maintenance and services;
- providing for a new investment program, to enhance the security of its energy supply, and increase the resilience of the traction power grid.

In 2024, too, work continued on the effort on the key project for the roll-out of the Infrastructure Business Unit, consisting of the initiative launched by RFI and the other division companies to maximise their industrial and operating synergies.
This entails their strong commitment to identifying and achieving these synergies in their internal processes regulating infrastructure availability, procurement, investments, commercial activities and railway traffic while introducing strong process optimization levers, partly by adopting (internal and external) best practices.
The introduction of procedures to accelerate synergies will play a very important part in terms of:

- **timing**: harmonisation of processes at division level to shorten lead times (e.g., tender assignment times); implementation of a common management method for the authorisation and roll-out of investments (e.g., handling interference, local authorities, etc.);

- **quality**: promotion of Italferr as a centre of excellence in charge of the division’s design and works management; integrated rail-road planning to prioritise investments; intelligent and integrated monitoring of infrastructure; and enhancing the best practices already deployed by the division companies;
- **efficiency**: consolidation of common purchases; tariff standardisation (perimeter and value), including by adjusting the “should cost” method and integrating shared maintenance activities.

On behalf of the board of directors

The Chairman

FINANCIAL STATEMENTS AT 31 DECEMBER 2023

INCOME STATEMENT

			euros
	Note	**2023**	**2022**
Revenue and income		**2,867,549,752**	**3,233,448,295**
Revenue from sales and services	*(4)*	2,713,145,722	3,075,386,935
Other income	*(5)*	154,404,030	158,061,360
Operating costs		**(2,617,358,864)**	**(2,921,671,819)**
Personnel expense	*(6)*	(1,674,672,798)	(1,488,245,680)
Raw materials, consumables, supplies and goods	*(7)*	(889,756,963)	(1,110,514,194)
Services	*(8)*	(1,061,461,094)	(967,373,952)
Other operating costs	*(9)*	(99,646,722)	(87,272,935)
Internal work capitalised	*(10)*	1,279,607,830	940,608,669
Amortisation and depreciation, provisions and impairment losses	*(11)*	(171,429,117)	(208,873,727)
Total operating costs		**250,190,888**	**311,776,476**
Net financial income (expense)		**(54,122,900)**	**(48,811,003)**
Financial income	*(12)*	12,136,600	1,652,859
Financial expense	*(13)*	(66,259,500)	(50,463,862)
Pre-tax profit		**196,067,988**	**262,965,473**
Income taxes	*(15)*	–	–
Profit from continuing operations		**196,067,988**	**262,965,473**
Profit (loss) from assets held for sale, net of taxes		–	–
Profit for the year		**196,067,988**	**262,965,473**

STATEMENT OF COMPREHENSIVE INCOME

	Note	2023	2022
			euros
Profit for the year		**196,067,988**	**262,965,473**
Items that will not be reclassified to profit or loss			
Actuarial gains (losses)	*(28)*	(2,257,417)	39,473,400
Tax effect on actuarial gains (losses)			
Items reclassified to profit or loss	*(28)*	**3,575,245**	**5,093,785**
Items that will or may be reclassified to profit or loss provided that they meet specific conditions			
Cash flow hedges – effective portion of changes in fair value	*(28)*	(1,219,751)	5,941,627
Other comprehensive income (expense), net of tax effect		**98,077**	**50,508,812**
Comprehensive income		**196,166,065**	**313,474,285**

STATEMENT OF FINANCIAL POSITION

			euros
	Note	**31.12.2023**	**31.12.2022**
Assets			
Non-current assets			
Property, plant and equipment *	*(16)*	36,012,532,465	35,573,284,893
Investment property	*(17)*	1,115,362,038	1,109,815,679
Intangible assets *	*(19)*	153,513,556	153,615,074
Equity investments	*(20)*	114,791,421	143,773,844
Financial assets (including derivatives)	*(21)*	144,790,644	146,991,828
Trade receivables and service contracts	*(24)*	1,593,180	1,620,353
Other assets	*(22)*	4,759,451,304	3,186,119,523
Total		**42,302,034,608**	**40,315,221,194**
Current assets			
Inventories	*(23)*	1,008,913,915	857,142,955
Financial assets arising from service concessionarrangements	*(25)*	4,706,692	6,804,113
Financial assets (including derivatives)	*(21)*	316,449,542	430,409,756
Cash and cash equivalents	*(26)*	132,014,561	1,462,555,363
Tax assets	*(27)*	652,748	309,982
Trade receivables and service contracts	*(24)*	651,052,918	909,670,400
Other assets	*(22)*	2,853,860,087	1,496,718,575
Total		**4,967,650,463**	**5,163,611,144**
Assets held for sale and disposal groups		–	–
Total assets		**47,269,685,071**	**45,478,832,338**
Equity and liabilities			
Equity			
Share capital	*(28)*	31,528,425,067	31,528,425,067
Reserves	*(28)*	50,086,160	58,068,671
Retained earnings	*(28)*	2,345,577,613	2,245,760,413
Profit for the year	*(28)*	196,067,988	262,965,473
Total		**34,120,156,828**	**34,095,219,624**
Liabilities			
Non-current liabilities			
Loans and borrowings	*(29)*	2,334,827,600	2,176,409,842
Employee benefits	*(30)*	291,390,724	323,258,132
Provisions for risks and charges	*(31)*	417,202,686	485,921,406
Financial liabilities (including derivatives)	*(32)*	33,017,402	42,059,838
Trade payables	*(34)*	16,134,381	16,494,785
Other liabilities	*(33)*	76,095,920	87,603,086
Total		**3,168,668,713**	**3,131,747,089**
Current liabilities			
Loans and borrowings and current portion of non-current loans and borrowings	*(29)*	2,737,535,820	565,164,777
Financial liabilities (including derivatives)	*(32)*	10,271,600	12,064,407
Trade payables	*(34)*	3,955,161,373	3,449,207,815
Other liabilities	*(33)*	3,277,890,737	4,225,428,626
Total		**9,980,859,530**	**8,251,865,625**
Liabilities held for sale and disposal groups		–	–
Total liabilities		**13,149,528,243**	**11,383,612,714**
Total equity and liabilities		**47,269,685,071**	**45,478,832,338**

**For a more correct presentation on comparative balances as of 31 December 2022, work in progress related to design has been reclassified from intangible assets to Property, plant and equipment.*

STATEMENT OF CHANGES IN EQUITY

(Euros)

	Share capital	Legal reserve	Cash flow hedge reserve	Actuarial reserve	Other reserves	Total reserves	Retained earnings	Profit for theyear	Total equity
	Equity								
		Reserves							
		Reserves	Valuation reserves						
Balance at 1 January 2022	**31,528,425,067**	**100,641,096**	**(13,564,073)**	**(167,108,701)**	**73,859,072**	**(6,172,605)**	**2,134,843,603**	**274,649,274**	**33,931,745,338**
Profit for the year	–	–	–	–	–	–	–	262,965,473	**262,965,473**
Profit recognised directly at equity	–	–	11,035,412	39,473,400	–	50,508,812	–	–	**50,508,812**
Comprehensive income	**–**	**–**	**11,035,412**	**39,473,400**	**–**	**50,508,812**	**–**	**262,965,473**	**313,474,285**
Allocation of profit for the previous year	–	13,732,464	–	–	–	13,732,464	110,916,810	(124,649,274)	**–**
Dividend distribution	–	–	–	–	–	–	–	(150,000,000)	**(150,000,000)**
Balance at 31 December 2022	**31,528,425,067**	**114,373,560**	**(2,528,661)**	**(127,635,301)**	**73,859,072**	**58,068,672**	**2,245,760,413**	**262,965,473**	**34,095,219,624**
Balance at 1 January 2023	**31,528,425,067**	**114,373,560**	**(2,528,661)**	**(127,635,301)**	**73,859,072**	**58,068,672**	**2,245,760,413**	**262,965,473**	**34,095,219,624**
Profit for the year	–	–	–	–	–	–	–	196,067,988	**196,067,988**
Profit recognised directly at equity	–	–	2,355,494	(2,257,417)	(21,228,861)	(21,130,784)	–	–	**(21,130,784)**
Comprehensive income	**–**	**–**	**2,355,494**	**(2,257,417)**	**(21,228,861)**	**(21,130,784)**	**–**	**196,067,988**	**174,937,204**
Dividend distribution	–	–	–	–	–	–	–	(150,000,000)	**(150,000,000)**
Allocation of profit for the previous year	–	13,148,274	–	–	–	13,148,274	99,817,199	(112,965,473)	**–**
Balance at 31 December 2023	**31,528,425,067**	**127,521,834**	**(173,167)**	**(129,892,718)**	**52,630,211**	**50,086,161**	**2,345,577,612**	**196,067,988**	**34,120,156,828**

STATEMENT OF CASH FLOWS

	Note	31.12.2023	31.12.2022
			euros
Profit for the year		**196,067,988**	**26,965,473**
Income taxes		–	–
Net financial income (expense)	*(12)(13) (14)*	54,122,900	48,811,003
Amortisation and depreciation	*(11)*	139,760,932	136,970,428
Accruals to provisions and impairment losses	*(11)(13) (30)(31)*	46,325,055	20,623,209
Gains on sales	*(5) (9)*	(107,538,302)	(105,216,026)
Change in inventories	*(23)*	(151,770,960)	(7,867,235)
Change in trade receivables	*(24)*	258,644,656	125,212,226
Change in trade payables	*(34)*	505,272,094	385,892,112
Change in other assets and liabilities	*(22) (33) (27)*	(4,035,619,132)	723,053,207
Utilisation of the provisions for risks and charges	*(31)*	(63,927,617)	(177,623,672)
Payment of employee benefits	*(30)*	(45,672,135)	(51,956,657)
Financial income collected/(financial expense paid)	*(12)(13)*	(36,994,355)	(35,720,736)
Taxes (paid)/collected	*(15)*	–	–
Net cash flows generated by (used in) operating activities		**(3,241,328,876)**	**1,325,143,332**
Increases in property, plant and equipment	*(16)*	(10,265,173,439)	(5,817,795,142)
Investment property	*(17)*	(11,250,769)	(19,546,174)
Increases in intangible assets	*(19)*	(1,829,462)	(204,213,678)
Increases in equity investments	*(20)*	(132,680,338)	(140,434,100)
Investments, before grants		**(10,410,934,008)**	**(6,181,989,094)**
Grants for property, plant and equipment	*(16)*	9,666,140,797	5,828,217,738
Grants for investment property	*(17)*	–	–
Grants for intangible assets	*(19)*	–	–
Grants for equity investments	*(20)*	140,433,900	140,434,100
Grants		**9,806,574,697**	**5,968,651,838**
Decreases in property, plant and equipment	*(16)*	116,737,275	109,866,283
Decreases in investment property	*(17)*	2,308,097	6,211,711
Decreases in intangible assets	*(19)*	253,823	–
Decreases in equity investments and profits	*(20)*	21,228,861	–
Decreases		**140,528,056**	**116,077,994**
Net cash flows used in investing activities		**(463,831,255)**	**(97,259,262)**
Disbursement and repayment of non-current loans	*(29)*	491,907,322	38,420,009
Disbursement and repayment of current loans	*(29)*	1,800,000,000	(565,333)
Grants related to assets (for loans)	*(21)*	10,000,000	(105,193,667)
Lease liabilities	*(32)*	(13,094,689)	(16,223,329)
Change in financial assets	*(21)*	(7,711,080)	20,267,348
Change in financial liabilities	*(32)*	(172,348)	(82,982)
Change in financial assets arising from service concession arrangements	*(25)*	2,097,421	7,208,277
Dividends	*(28)*	–	(150,000,000)
Changes in equity and cash from non-recurring transactions	*(28)*	(21,228,861)	–
Net cash flows generated by financing activities		**2,261,797,765**	**(206,169,677)**
Total cash flows		**(1,443,362,366)**	**1,021,714,393**
Opening cash and cash equivalents		**1,881,519,049**	**859,804,656**
Closing cash and cash equivalents	*(21) (26)*	**438,156,683**	**1,881,519,049**
of which: intragroup current account		*306,142,125*	*418,963,686*

NOTES TO THE FINANCIAL STATEMENTS

BASIS OF PREPARATION

1. Introduction

Rete Ferroviaria Italiana (the "Company" or "RFI") is a company set up in accordance with Italian law and is based in Italy. Its registered office is in Rome.

It is managed and coordinated by Ferrovie dello Stato Italiane S.p.A. ("FS Italiane S.p.A.").

The directors approved these financial statements on 6 March 2024 and they will be made available to the shareholder for approval and subsequent filing within the terms established by law. The shareholder has the power to make changes to these financial statements.

The Company opted not to prepare consolidated financial statements in accordance with the exemption allowed by IFRS 10. The consolidated financial statements are prepared by FS Italiane S.p.A. which is RFI's direct parent. This Company has its registered office in Piazza della Croce Rossa 1, Roma, and the consolidated financial statements can be obtained at the above address in accordance with the terms and methods set out in the current regulations.

PricewaterhouseCoopers S.p.A. was appointed independent auditor for the 2023-2025 three-year period.

2. Basis of preparation

These financial statements for the financial year ended 31 December 2023 have been prepared in accordance with the IFRS (which include the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect at the reporting date ("IFRS"). Specifically, the Company consistently applies the IFRS to all periods presented in these financial statements.

Furthermore, these financial statements have been prepared on the basis of the best knowledge of the IFRS and considering best practices in this respect. Any future guidance and interpretations will be applied in future years, as established by the standards over time.

The financial statements have been prepared and presented in Euro, which is the Company's functional currency, i.e., the currency of the primary economic environment in which it operates. Unless otherwise stated, all amounts included in the tables and comments of the following notes are expressed in thousands of euros.

These financial statements comprise a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and the notes thereto. Specifically:

- the statement of financial position has been prepared by classifying assets and liabilities as "current/non-current", with the specific separation of assets/liabilities held for sale or included in a disposal group;
- the income statement has been prepared by classifying operating costs by nature, indicating the profit (loss)from continuing operations separately from any profit (loss) from discontinued operations;

- the statement of comprehensive income includes the profit (loss) for the year and other changes in equityattributable to transactions that are not carried out with owners in their capacity as owners;
- the statement of changes in equity shows the profit (loss) for the year separately from any other changes not through profit or loss;
- the statement of cash flows has been prepared by presenting cash flows from operating activities using the indirect method.

The annual report also includes the directors’ report accompanying the Financial Statements.

These financial statements have been prepared on a going-concern basis, as the directors established that there are no financial or operational indicators or any other indications of critical issues about the Company’s ability to meet its obligations in the foreseeable future and, specifically, in the next 12 months, without prejudice to the principle of the Operator's economic and financial balance under Article 16 of Legislative Decree no. 112/2015. Reference should be made to note 35 - Financial risk management for a description of the Company’s financial risk management procedures.

The financial statements have been prepared on the historical cost basis, except for those items which are measured at fair value, as required.

Furthermore, “current” refers to the 12 months immediately after the reporting date, while “non-current” refers to periods more than 12 months after the reporting date.

These financial statements have been prepared using the same accounting policies applied when drawing up the financial statements at 31 December 2022, except for that set out below.

3. Significant accounting policies

The most significant information on accounting standards and policies applied to the preparation of these financial statements is described below.

Property, plant and equipment

Property, plant and equipment are recognised at purchase or production cost, net of accumulated depreciation and impairment losses, if any. The purchase or production cost includes any charges that are directly incurred to make assets available for use, as well as dismantlement and removal charges, if any, that will be incurred as a result of contractual obligations that require the asset to be returned to its original conditions. Any financial expense that is directly attributable to the acquisition, construction or production of qualifying assets is capitalised and depreciated on the basis of the useful life of the asset to which it refers. It is no longer capitalised when all operations to bring the asset in the conditions necessary to ensure its use have been completed. Leasehold improvements or costs to upgrade and transform property, plant and equipment are recognised under assets.

Any charges incurred for ordinary maintenance and repairs are directly taken to profit or loss when incurred. Costs to upgrade or replace an existing part or for extraordinary maintenance are capitalised as a direct increase in the asset. Where inspections or replacement of parts at regular intervals are planned, the related charges are capitalised.

Depreciation begins when the asset becomes available for use and is calculated based on the cost of the asset, net of the residual amount, being the estimated recoverable amount of the infrastructure at the end of the concession.

Depreciation is charged systematically and on a straight-line basis at variable rates based on train-km production volumes. "Train-km" means the total number of kilometres travelled by trains on a railway infrastructure expressed in millions/year. Specifically, depreciation is calculated based on the ratio of quantities generated in the year to total production expected throughout the concession term, applied to the depreciable cost of the infrastructure at the reporting date, and considering future investments which guarantee a sufficient efficiency and security level of the infrastructure equal to that of the current year (in particular, extraordinary maintenance and renewals), being fully covered by grants and therefore economically borne by the government. Consequently, future investments are considered in the calculation of the infrastructure's total production capacity, and, accordingly, with an impact on the calculation of the depreciation rate. If there are no government grants, the depreciation of the network is calculated based on the ratio of quantities generated in the year to total production expected throughout the concession term, without considering those related to the future costs necessary to ensure the efficiency of the infrastructure in the same period (in particular, extraordinary maintenance and renewals).

The depreciable cost of investments is the sum of all costs incurred not yet amortised, including any interest expense accrued during or for the development of assets, net of grants related to assets, excluding the expected residual carrying amount of the railway infrastructure at the end of the concession, in order to consider the related transferability against consideration.

Property, plant and equipment which, together with intangible assets and investment property, make up the railway infrastructure, comprise seven lines as shown in the table below.

For each line, RFI uses the number of train-km actually sold during the year and resulting from the Company's specific monitoring system as the indicator of the quantity generated during the year.
The depreciation rates applied in 2023 and 2022 are as follows:

	Production indicators	
	2023	2022
Po valley line and international transits (Line A)	2.47%	2.40%
North Tyrrhenian line and confluent lines (Line B)	2.54%	2.40%
Backbone and confluent lines (Line C)	2.45%	2.40%
South Tyrrhenian line (Line D)	2.48%	2.40%
Adriatic line and Apennines cross-rails (Line E)	2.52%	2.40%
Complementary network (Line F)	2.47%	2.40%
HS/HC network (Line G)	2.62%	2.40%

The depreciation rates and the residual carrying amount are revised and updated where necessary at each year end. Land is depreciated only in respect of capitalised reclamation costs.

Property, plant and equipment are derecognised when they are sold or when no more future economic benefits are expected from their use or disposal. Any gain or loss (calculated as the difference between the disposal amount, net of sale costs, and the carrying amount) is recognised in profit or loss in the year the asset is derecognised.

Leased assets

i. Identification

At the inception date of the lease (i.e., the earlier of the date of a lease agreement and the date of commitment by the parties to the principal terms and conditions of the lease) and, subsequently, the Company reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed. In particular, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract, which are accounted for in accordance with other standards.

The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee. It is determined by assessing the length of the non-cancellable period of a lease, i.e., the period in which the contract is enforceable, including any rent-free periods provided to the lessee by the lessor. In addition to this term, the Company considers:

- the period covered by the option to renew the lease if the Company is reasonably certain to exercise the renewaloption;
- periods after the termination option if the Company is reasonably certain not to exercise the option.

Options to terminate the lease held only by the lessor are not considered.

The Company has opted not to recognise short-term leases (i.e., those with a term of 12 months or less), or contracts for low-value items (i.e., assets that, when new, are worth €10,000 or less or leases with a contractual value of €10,000 or less) in accordance with IFRS 16. The Company recognises the lease payments associated with these types of leases as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee’s benefit.

ii. Subsequent measurement

At the commencement date of a lease, the Company recognises the right-of-use asset under the relevant non-current assets caption depending on the nature of the asset subject to the lease contract and the lease liability in current and non-current financial liabilities. The right-of-use asset is initially measured at cost, including the amount of the initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date, plus any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

The Company measures the lease liability at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee’s incremental borrowing rate if it cannot. The lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate, any residual value guarantees, the exercise price of a purchase option (if the Company is reasonably certain to exercise that option), the exercise price of an extension option (if the Company is reasonably certain to exercise that option) and payments of penalties for terminating the lease (if the lease term reflects the lessee exercising an option to terminate the lease).

The right-of-use asset is subsequently depreciated on a straight-line basis over the entire term of the contract, unless the contract provides for the transfer of ownership at the end of the lease or the cost of the lease reflects the fact that the purchase option will be exercised. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are calculated using the same depreciation requirements as those for the relevant intangible assets or property, plant and equipment. Furthermore, the right-of-use asset is recognised net of any impairment losses on the cash-generating unit (CGU) and is adjusted to reflect the remeasurement of the lease liability.

The lease liability is subsequently measured at amortised cost using the effective interest method and is remeasured whenever there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, a change in the amount that the Company expects to be payable under a residual value guarantee or when the Company changes its assessment of an option to purchase the underlying asset or extend or terminate the lease. If the lease liability is remeasured, the Company adjusts the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, any remaining amount is recognised in profit or loss.

In the statement of financial position, the Company includes right-of-use assets within the same captions as that within which the corresponding assets would be presented if they were owned, and the lease liabilities in other financial liabilities. In the income statement, interest expense on the lease liability is a component of financial expense and is presented separately from the depreciation charge for the right-of-use asset.

Investment property

Investment property is property held to earn rentals and/or for capital appreciation rather than for sale in the ordinary course of business. Furthermore, investment property is not used in the production or supply of goods or services or for administrative purposes. This caption is recognised using the criteria applied to property, plant and equipment.

If a property development project is launched to be subsequently sold, the properties are reclassified to inventories following the change in use. Their carrying amount at the date of the change in use is considered a cost for subsequent recognition under inventories and depreciation is suspended.

Transfers to, or from, investment property are made only when there is a change in use. In and of itself, a change in management’s intentions for the use of a property does not provide evidence of a change in use.

Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance, that can be controlled and can generate future economic benefits. They are recognised at purchase and/or production cost incurred to make the asset available for use, net of accumulated amortisation and impairment losses, if any. Interest expense, if any, that accrues during and for the development of intangible assets, is considered part of the purchase cost. Amortisation begins when the asset is available for use and is calculated using the criteria applied to property, plant and equipment.

Intangible assets comprise: development expenditure; concessions, licences, trademarks and similar rights; assets under development and payments on account.

Research expenditure is recognised in profit or loss when incurred, while development expenditure is recognised under intangible assets when all the following conditions are met:

- the project is clearly identified and any costs referred thereto are identifiable and can be measured reliably;
- the technical feasibility of completing the project can be demonstrated;
- the intention to complete the project and to sell the generated intangible assets can be demonstrated;
- there is a potential market or, in case of internal use, it is demonstrated that the intangible asset is useful forthe production of the intangible assets generated by the project;
- technical and financial resources are available which are necessary to complete the project.

If the research phase of an identified internal project to create an intangible asset cannot be distinguished from the development phase, the expenditure on that project is fully charged to profit or loss as if it had been incurred in the research phase only.

The gain or loss arising from the derecognition of an intangible asset is equal to the difference between the net disposal proceeds and the carrying amount of the asset. It is recognised in profit or loss when the asset is sold.

Service concession arrangements

Service concession arrangements, where the grantor is a public sector entity and the operator is a private sector entity (public-to-private) fall under the scope of IFRIC 12 only when the requirements for service regulation and control of the residual interest are met. This interpretation is applied when the infrastructure is essential to provide the public with services and the arrangement establishes that the grantor:

- controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- controls - through ownership or otherwise - any significant residual interest in the infrastructure at the end ofthe term of the arrangement.

The Company does not recognise infrastructure for concessions under the scope of IFRIC 12 as property, plant and equipment but rather recognises at fair value either alternatively or jointly: the intangible asset, if the operator has the right to charge users of the public service for the construction or upgrading of the infrastructure; and the financial asset when its construction or upgrade generate an unconditional contractual right to receive cash from or at the direction of the grantor and the grantor has little, if any, discretion to avoid payment. The operator recognises revenue and costs in line with the contractual terms and the stage of completion as provided by construction contracts. Revenue from the prices paid by users continues to be recognised in line with that set out in the subsequent paragraph on revenue recognition. Any intangible assets are amortised over the concession term using a method that reflects the estimated consumption of the economic benefits embedded in the right and the manner of consumption. Accordingly, amortisation is calculated considering the concession term. Provisions for concession commitments include accruals made for the operator’s obligation to restore the infrastructure to a specified condition or replace the infrastructure to return it to its normal state of use. They are made when the concession arrangement includes these obligations and the grantor does not receive additional financial benefits.

Investments in subsidiaries, associates, joint arrangements and other investments

Investments in subsidiaries, associates and joint arrangements are measured at cost, including directly-attributable costs, adjusted for impairment.

The Company’s investments in companies that are neither subsidiaries or associates or joint arrangements, which are not listed in an active market and for which the use of an appropriate measurement model is not reliable, are in any case measuredat cost which is deemed to reflect the best estimate of fair value.

Impairment losses on investments measured at cost are recognised in profit or loss. If the reasons for an impairment loss no longer apply, the carrying amount of the investments is reserved up to its original cost. Impairment gains are recognised in profit or loss.

Subsidiaries

An investor controls an investee when it is (i) exposed, or has right, to variable returns, and (ii) has the ability to affect those returns through its decision-making power over the relevant activities of the investee. The existence of control is verified whenever facts and/or circumstances indicate a change in any of the above qualifying elements of control.

Associates

An associate is an entity over which the investor has ”significant influence” over its management. If an investor holds 20% or more of the share capital, it is presumed that the investor has significant influence unless the contrary can be clearly demonstrated; conversely, where the investor holds less than 20% of the share capital, it is assumed that there is no significant influence in management unless such influence can be clearly demonstrated.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and available bank deposits, and any other forms of short-term investment, with an initial maturity of three months or less, net of impairment losses calculated in accordance with IFRS 9. At the reporting date, current account overdrafts are classified in the statement of financial position as loans and borrowings under current liabilities. Cash and cash equivalents are measured at fair value, which usually corresponds to the nominal amount, through profit or loss.

Loans and borrowings, trade payables and other financial liabilities

Loans and borrowings, trade payables and other financial liabilities are initially recognised at fair value, net of directly-attributable costs, and are subsequently measured at amortised cost, applying the effective interest method.

When there is a change in the estimated expected cash flows, the carrying amount of the liabilities is recalculated to reflect this change on the basis of the present value of the new expected cash flows and of the effective internal rate as initially determined. Loans and borrowings, trade payables and other financial liabilities are classified under current liabilities, except for those with a contractual term of more than 12 months after the reporting date and those for which the Company has an unconditional right to defer their settlement for at least 12months after the reporting date.

Loans and borrowings, trade payables and other financial liabilities are derecognised when repaid and when the Company has transferred all risks and charges related to the instrument.

Financial instruments

i. Classification and measurement of financial assets

The Company's financial assets are classified and measured considering both the business model used to manage such assets and the characteristics of their cash flows. The Business model determines whether cash flows will flow to the Company from collecting contractual cash flows, selling financial assets or both of them. The Company performs SPPI (Solely Payment of Principal and Interest) tests on each instrument to determine whether these contractual cash flows aresolely payments of principal and interest (in which case the SPPI test is passed).
Financial assets are classified in one of the following categories at initial recognition:

- at amortised cost (AC)
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVTPL).

(a) Financial assets measured at amortised cost

This category includes all financial assets that meet both of the following conditions:

- the financial asset is held solely to collect contractual cash flows (HTC - Held To Collect - business model); and
- the contractual cash flows are solely payments of principal and interest (SPPI test passed).

In this category, financial instruments are initially recognised at fair value, inclusive of transaction costs, and subsequently measured at amortised cost. Interest, calculated using the effect interest method, impairment losses (impairment gains), exchange gains (losses) and gains (losses) on derecognition are recognised in profit or loss.

(b) Financial assets measured at fair value through other comprehensive income (FVTOCI)

This category includes all financial assets that meet both of the following conditions:

- the asset is held to collect not only contractual cash flows but also the cash flows generated from its sale(HTC&S model); and
- the contractual cash flows are solely payments of principal and interest (SPPI test passed).

In this category, the financial assets are initially measured at fair value, inclusive of transaction costs. Interest (calculated using the effect interest method), impairment losses (impairment gains), exchange gains (losses) and gains (losses) on derecognition are recognised in profit or loss. Other fair value gains or losses are recognised in OCI. Upon derecognition, all cumulative gains or losses previously recognised in OCI are reclassified to profit or loss.
For information about equity instruments which fall under the scope of IFRS 9, reference should be made to the paragraph on Investments in subsidiaries, associates, joint arrangements and other investments.

(c) *Financial assets measured at fair value to profit or loss* (FVTPL)

This category includes all financial assets not classified as measured at amortised cost or fair value through other comprehensive income.
They are initially and subsequently measured at fair value. Transaction costs and fair value gains and losses are recognised in profit or loss.

ii. Classification and measurement of financial liabilities

Loans and borrowings, trade payables and other financial liabilities are initially recognised at fair value, net of directly-attributable costs, and are subsequently measured at amortised cost, applying the effective interest method. When there is a change in the estimated expected cash flows, the carrying amount of the liabilities is recalculated to reflect this change on the basis of the present value of the new expected cash flows and of the effective internal rate as initially determined. Loans and borrowings, trade payables and other financial liabilities are classified under current liabilities, except for those with a contractual term of more than 12 months after the reporting date and those for which the Company has an unconditional right to defer their settlement for at least 12 months after the reporting date. Loans and borrowings, trade payables and other financial liabilities are derecognised when repaid and when the Company has transferred all risks and charges related to the instrument.

iii. Classification and measurement of derivatives

The Company has opted to continue applying hedge accounting to derivatives, as permitted by IAS 39 until the IASB completes the macro-hedging project to simplify the accounting treatment of hedges.
The Company uses derivatives as part of its hedging strategies to mitigate the risk of fair value gains or losses on recognised assets or liabilities or firm commitments (fair value hedges) or changes in cash flows expected from firm commitments or highly probable transactions (cash flow hedges). The effectiveness of hedges is documented and tested since the inception of the transaction which is periodically (at least at each annual or interim reporting date) measured by comparing the fair value gains or losses on the hedge to those on the hedged item (dollar offset ratio) or, with respect to more complex financial instruments, through statistical analyses based on risk changes.
Fair value hedges: fair value gains or losses on derivatives designated as fair value hedges and which qualify as such are recognised in profit or loss, similarly to fair value gains or losses on hedged assets or liabilities attributable to the hedged risk.
Cash flow hedges: fair value gains or losses on derivatives designated as cash flow hedges and which qualify as such are recognised, only to the extent of the "effective" portion, in other comprehensive income in the hedging reserve. They are subsequently reclassified to profit or loss when the underlying hedged item affects profit or loss.

Fair value gains or losses related to the ineffective portion are immediately recognised in profit or loss. Should the underlying transaction no longer be considered highly probable, the related portion of the hedging reserve is immediately reclassified to profit or loss. Conversely, should the derivative be sold, expire or no longer qualify as an effective hedge of the risk for which the transaction was created, the related portion of the hedging reserve is maintained until the underlying item affects profit or loss. Recognition of the hedge as a cash flow hedge is discontinued prospectively.

iv. Subsequent measurement: impairment losses

The Company applies the expected credit loss (ECL) model to determine impairment losses, which entails a significant assessment level of the impact of the changes in economic factors on the ECL, which are probability-weighted.

Loss allowances are measured using the general deterioration method and the simplified approach. Specifically:

- under the general deterioration method, the financial instruments are to be classified in three stages which reflect the level of deterioration from the moment the financial instrument is acquired and provide for a differentECL calculation method;
- under the simplified approach, some simplifications may be applied to trade receivables, contract assets and lease assets so that the entities are not required to monitor credit risk changes, as required instead by the general approach. Under the simplified approach, lifetime expected credit losses are recognised, therefore, nostage allocation is necessary. Losses are calculated over the residual life of the asset or receivable, which doesnot generally exceed 12 months.

As mentioned earlier, when the general deterioration method applies, financial instruments are classified into three stages based on the deterioration of credit quality between initial recognition and the measurement date.

In order to identify the methodological approach to be applied to the assets that are in scope of the impairment requirements and, specifically, the correct probability of default, the Company defined a conventional cluster segmentation based on counterparty:

- Public administration: all loans and trade receivables with the government, regions, provinces, municipalities, the EU or related bodies;
- Intragroup: all intragroup loans and trade receivables;
- Deposits: all deposits with banks;
- Amounts from third parties: loans and trade receivables other than those above, with non-financial companies,producers and consumers.

Furthermore, the Company opted to apply the low credit risk exemption allowed by IFRS 9 to assets other than trade receivables that are rated investment grade (between AAA and BBB-). Accordingly, there is no stage allocation: in fact these assets are directly allocated to Stage 1 with a one-year provision.

Therefore, the application of the impairment model entails the following main steps:

- <u>Separation between loans and trade receivables:</u> this distinction isolates the scope of the assets subject to thestage allocation criteria, i.e., all loans. Conversely, these criteria do not apply to trade receivables following the application of the simplified approach whereby expected credit losses are always classified on a lifetime basis;

- Calculation of expected credit losses - loans: the expected credit loss is calculated for each cluster, once the relevant stage has been identified;
- Calculation of expected credit losses - trade receivables: for each cluster, trade receivables are broken down by due date (specifically, falling due, past due up to one year, past due up to two years, past due by more than two years). The expected credit losses are then calculated accordingly.

Fair value measurement

The fair value of instruments quoted on an active market is calculated based on the bid price at the reporting date, while that of instruments not quoted on an active market is determined using financial valuation techniques: specifically, the fair value of interest rate swaps is measured by discounting expected cash flows, while that of currency forwards considers closing rates and the expected differentials of the relevant currencies. Financial assets and financial liabilities measured at fair value are classified using the following three levels of the fair value hierarchy, based on the relevance of the inputs used to determine fair value. Specifically:

- Level 1: financial assets and financial liabilities whose fair value is calculated based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2: financial assets and financial liabilities whose fair value is calculated based on inputs other than quotedprices included within Level 1 that are observable directly or indirectly;
- Level 3: financial assets and financial liabilities whose fair value is calculated based on unobservable inputs.

Inventories

Inventories are recognised at the lower of purchase and/or production cost and net realisable value. Cost is calculated using the weighted average cost method. The net realisable value of finished products and property is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The net realisable value of raw materials, consumables and supplies is replacement cost.

Purchase cost includes additional charges, while production cost comprises directly-attributable costs and a portion of indirect costs that are reasonably attributable to the products.

Obsolete and/or slow-moving inventories are written down to reflect their estimated possible use or future sale, through the recognition of a specific allowance for inventory write-down. The write-down is derecognised in subsequent years if the reasons therefor no longer apply.

Employee benefits

Short-term benefits

Short-term benefits comprise wages, salaries, related social security contributions, holidays paid and incentives paid out in the form of bonuses payable in the 12 months after the reporting date. These benefits are accounted for as personnel expense components in the period in which the employees provide their service.

Defined benefit plans and defined contribution plans (Post-employment benefits and Free Travel Card)

The Company has both defined benefit and defined contribution plans in place. The defined contribution plans are managed by third-party fund managers, in relation to which there are no legal or any other obligations to pay additional contributions if the fund does not have sufficient assets to meet the commitments with employees. With respect to the defined contribution plans, the Company pays contributions, either voluntarily or as required by contract, into public and private insurance pension funds. Contributions are recognised as personnel expense on an accruals basis. Advance payments for contributions are recognised as an asset that will be repaid or offset against future payments, if due.

A defined benefit plan is a plan that cannot be classified as a defined contribution plan. Under defined benefit plans, the amount of the benefit to be paid to the employee can be quantified only after the termination of the employment relationship, and is linked to one or more factors, such as age, years of service and remuneration. Therefore, defined benefit obligations are determined by an independent actuary using the projected unit credit method. The present value of defined benefit plans is determined by discounting future cash flows at an interest rate equal to that of (high-quality corporate) bonds issued in the foreign currency in which the liability will be settled and that takes account of the term of the related pension plan. Actuarial gains and losses are fully recognised in profit or loss in the relevant year, taking account of the related deferred tax effect.

Specifically, the Company manages a defined benefit plan that consists of post-employment benefits (Italian "TFR"). Italian companies are required to accrue a provision pursuant to article 2120 of the Italian Civil Code, which is treated as deferred remuneration and is based on employees' duration of service and the remuneration they receive during that time. Starting from 1 January 2007, Law no. 296 of 27 December 2006, the "2007 Finance Act" and subsequent Decrees and Regulations, introduced significant amendments to TFR regulations, including the employees' right to choose to transfer the TFR being accrued either to supplementary pension funds or to the "Treasury Fund" managed by INPS (the Italian Social Security Institute). Consequently, the obligation to INPS and the contributions paid into supplementary pension funds are now treated, pursuant to IAS 19 - Employee benefits, as defined contribution plans,while the amounts recognised under post-employment benefits at 1 January 2007 are still treated as defined benefit plans.

The Company also has a defined benefit pension plan in place, the "Free Travel Card" that gives current and retired employees and their relatives, the right to use – free of charge or, in some cases, for an admission fee – the trains operated by Trenitalia.

Consequently, in accordance with the above-mentioned actuarial techniques, a provision is recognised which reflects the discounted charge for retired employees entitled to benefits, and the benefits accrued for employees in force to be disbursed at the end of the employment. The same accounting treatment is applied to the Free Travel Card benefits and the effects arising from actuarial gains and losses as for post-employment benefits.

Provisions for risks and charges

Provisions for risks and charges are recognised to cover specific liabilities that are certain or probable, but whose amount and/or due date is unknown at the reporting date. A provision is recognised when there is a present obligation (legal or constructive), as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation. The discount rate used to determine the present value of the liability reflects the current market value and considers the risk specific to each liability.

Where the effect of the time value of money is material and the settlement dates of obligations can be estimated reliably, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Risks for which a liability is only possible are disclosed in the specific section on contingent liabilities without accruing any provisions.

Revenue from contracts with customers

i. Initial recognition and subsequent measurement

The Company recognises revenue in order to depict the transfer of the promised goods and/or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognised using the five step model, which entails: i) identifying the contract with the customer, ii) identifying the performance obligations in the contract, iii) determining the transaction price, iv) allocate the transaction price to the performance obligations in the contract and v) recognising revenue.

Revenue is measured considering the contract terms and the commercial practices usually applied to transactions with customers. The transaction price is the amount of consideration (which may include fixed amounts, variable amounts, or both) to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. Control refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset (good/service). The total consideration of contracts for the provision of services is allocated among all services based on the selling prices of the related services as if they had been sold separately. For each contract, the reference element for the recognition of revenue is the single performance obligation. For each performance obligation, the Company recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. For performance obligations satisfied over time, revenue is recognised over time, assessing the progress towards complete satisfaction of the performance obligation at each reporting date. The Company measures progress in accordance with an input method (cost-to-cost method). Accordingly, revenue is recognised based on the inputs used to satisfy the obligation up to the reporting date, compared to the total inputs assumed to satisfy the entire obligation. When the inputs are distributed consistently over time, the Company recognises the corresponding revenue on a straight-line basis. In some circumstances, when the Company is unable to reasonably measure the outcome of a performance obligation, revenue is recognised only to the extent of the costs incurred.

The nature and timing of performance obligations and the significant terms for the satisfaction of performance obligations are summarised below for the Company's main contracts with customers:

Products and services	IFRS 15 recognition Nature and terms of performance obligations, significant terms of payment
Sale of goods and services and construction contracts (standard)	Under IFRS 15, revenue is measured considering the contract terms and the commercial practices usually applied to transactions with customers. The transaction price is the amount of consideration (which may include fixed amounts, variable amounts, or both) to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. Control refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset (good/service). The total consideration of contracts for the provision of services is allocated among all services based on the selling prices of the related services as if they had been sold separately. Under IFRS 15, for each contract, the reference element for the recognition of revenue is the single performance obligation. For each separately-identified performance obligation, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. For performance obligations satisfied over time, revenue is recognised over time, assessing the progress towards complete satisfaction of the performance obligation at each reporting date. The group measures progress in accordance with an input method (cost-to-cost method). Accordingly, revenue is recognised based on the inputs used to satisfy the obligation up to the reporting date, compared to the total inputs assumed to satisfy the entire obligation. When the inputs are distributed consistently over time, the group recognises the corresponding revenue on a straight-line basis. In some circumstances, when the group is unable to reasonably measure the outcome of a performance obligation, revenue is recognised only to the extent of the costs incurred.
Fees	They are the amount paid to use the train paths necessary to carry out the long- and short-haul domestic passenger rail transport and for freight transport (chapter 5 of the Network Prospectus) which reflect the individual performance obligations (POs). The fee is calculated as the sum of components A and B: - component A relates to the wear and tear of the infrastructure; - component B relates to the market segments' ability to pay. Revenue is calculated every month with progress bills based on the contractually-agreed amounts. Adjustment takes place every quarter based on the actual number of trains in operation. This figure is calculated for each train by pricing the train paths under the contract and those actually used by each railway company.
Ferrying services	This service relates to the transport of trains by ferry and is part of the minimum access package ("MAP"). Although it also comprises shunting, boarding and disembarking services, this service is considered a single performance obligation. The tariff is governed by chapter 6 of the Network Statement and is calculated bymultiplying the market segments' ability to pay by the km travelled.

	Revenue is recognised and progress bills are issued. Adjustment takes place every quarter based on the actual number of trains transported.
Electric traction (traffic-related services)	Chapter 5 of the Network Statement includes the supply of electrical energy fortraction under additional services. The fee for this service is calculated in accordance with the Ministry of Economic Development decree dated 22 December 2015 and set out in chapter 6 of the Network Statement. It is equal to the sum of the fee for the indirect supply costs and the unit cost of energy, multiplied by electric km. Revenue is recognised every month based on progress billing with quarterly adjustments. The actual cost of electrical energy for traction is calculated within the following year and the billed cost is adjusted with the railway companies.
Other traffic-related services (excluding electric traction)	This contract refers to the traffic-related services covered by chapter 5 of the Network Statement (e.g., parking, water supply, washing sidings, pre-heating, shunting services, fast track, parking, etc.), excluding those covered by the MAP and electric traction. The tariffs for each service are listed in chapter 6 of the Network Statement. Each traffic-related service is considered an individual performance obligation. Consequently, each fee refers to a single PO. Revenue is recognised monthly, while invoices are issued every three months based on the amounts calculated for each railway company and each service.
Health services	The group's Health department offers many different health services to FS Italiane group companies and companies, transport public bodies and accredited private bodies and private parties. These services include fitness assessments for various types of driving licences, checking the mental and physical soundness of transport workers, specialist check-ups, etc.. Once the service has been provided and completed, it is entered into the WEB VINE system which will transfer the relevant data necessary for revenue recognition and to issue the related invoice.
Revenue from GSM-R	This contract governs the service that RFI provides to telephone operators, granting non-exclusive access to the GSM frequency band inside railway tunnels, and the maintenance of the related systems. The consideration paid by the above operators is invoiced in accordance with the terms and conditions of the relevant contract.
Processing for third parties	This usually covers long-term contracts for the execution of a work or a group of closely interrelated works. These are contract works performed in accordance with the customer's technical specifications and are not carried out for the protection or safety of the railway operations. This category also includes the services generally related to the construction of an asset, agreed as a single item as per the customer's specific instructions. When the agreement is signed with the customer, an "Internal contract" is created which comprises the figures related to the works necessary for revenue recognition purposes. Invoices are issued after reporting, unless in the case of contract advances.
Sale of materials	These contracts cover the sale of "new" materials (mainly technological materials) and "serviceable" materials (mainly superstructure materials). New materials are sold at the more favourable price between the standard and the purchase price, while the sale price of serviceable second-hand materials is usually based on the

	price of new materials, reduced by a percentage discount to reflect certain variables (e.g., consumption, type, exclusion of transport, etc.). For each delivery of materials, the Site Manager prepares a delivery report, a copy of which is sent to the person in charge of issuing the sale order and the related invoice.

ii. Variable consideration

If the consideration promised in a contract includes a variable amount (e.g., because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or because the consideration is contingent on the occurrence or non-occurrence of a future event), the Company estimates the amount of consideration to which it is entitled. The Company estimates variable considerations consistently for similar items, using the expected value or the most likely amount method. They subsequently include in the transaction price the amount of variable consideration estimated, only to the extent that it is highly probable.

iii. Existence of a significant financing component

When a significant financing component exists, revenue is adjusted, both when companies are financed by their customer (advance collection) and when they finance it (deferred collection). The existence of a significant financing component is identified when the contract is signed by comparing expected revenue against the payments to be received. It is not recognised if the period between when the entity transfers a promised good or service and when the customer pays for that good or service is one year or less.

iv. Incremental costs of obtaining a contract and costs to fulfil a contract

The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission), which it expects to recover. If no contract is obtained, they are recognised provided that they are explicitly chargeable to the customer. The Company recognises the costs incurred to fulfil a contract only when they relate directly to a contract, generate or enhance resources that will be used in satisfying performance obligationsin the future and are expected to be recovered.

Cost recognition

Costs are recognised when they relate to goods and services acquired or consumed in the financial period, or on accruals basis over the financial period.

Dividends

They are recognised in profit or loss when the shareholder's right to receive payment thereof arises. The latter usually coincides with the shareholder's resolution approving dividend distribution. Dividends distributed to the Company's shareholder are presented as a change in equity and recognised under liabilities when their distribution is approved by the shareholder.

Government grants

Government grants, when formally assigned and, in any case, when the right to their disbursement is deemed definitive as it is reasonably certain that the Company will comply with any conditions attached to the grant and that the grants will be received, are recognised on an accruals basis.

Grants related to assets

They refer to amounts paid by the government and other public authorities to the Company for the implementation of initiatives aimed at the construction, reconditioning and expansion of property, plant and equipment. They are recognised as a direct reduction in the cost of the assets to which they refer and decrease the depreciation rates.

Grants related to income

They refer to amounts paid by the government or other public authorities to the Company to offset costs and charges incurred. They are recognised under Revenue from sales and services, as a positive component of income.

Income taxes

When the conditions set out by IAS 12 are not met, no current or deferred taxes are recognised. For more details, please refer to note no. 15.

NEW STANDARDS

First-time adoption of standards, amendments and interpretations

The following new standards are effective for annual periods beginning on or after 1 January 2023.

Amendments to IAS 1 Presentation of financial statement and IFRS Practice Statement 2: disclosure of accounting policies; and Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors: definition of accounting estimates

On 12 February 2021, the IASB issued amendments to the following standards:

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates - Amendments to IAS 8.

The amendments improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements and distinguish changes in accounting estimates from changes in accounting policies.

Given their nature, these amendments, where applicable, had no material impacts on this Report.

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 – Income Taxes)

On 7 May 2021, the IASB issued amendments to IAS 12 Income taxes clarifying how companies should account for deferred tax on certain transactions such as leases and decommissioning obligations.

Given their nature, these amendments, where applicable, had no material impacts on this Report.

Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information

The new standard for accounting for insurance contracts, endorsed by Regulation (EU) 2021/2036 of the European Commission, replaces the interim standard IFRS 4. The objective of the new standard is to ensure that an entity provides relevant information that gives a true view of the rights and obligations arising from insurance contracts

issued. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The new standard also includes presentation and disclosure requirements to improve comparability among entities in this industry.
The new standard has not resulted in any significant impacts on this Report.

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules
On 23 May 2023, the IASB published an amendment to IAS 12, which introduces a temporary exception to the recognition of deferred taxes related to the application of the provisions of Pillar Two published by the OECD.
Companies can apply the exception immediately, but disclosure requirements are prescribed for financial years beginning on or after 1 January 2023.
Given their nature, these amendments, where applicable, had no material impacts on this Report.

Standards, amendments and interpretations recently endorsed by the European Union not yet applied
Lease liability in a sale and leaseback (Amendments to IFRS 16)
On 22 September 2022, the IASB issued Lease liability in a sale and leaseback (Amendments to IFRS 16), which clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements of IFRS 15 to be accounted for as a sale. These amendments are effective from 1 January 2024.

Standards, amendments and interpretations not yet endorsed by the European Union
For those newly-issued amendments, standards and interpretations that have not completed the process for endorsement by the European Union, but which deal with matters currently or potentially present in the FS Group, the assessment of the possible impacts that their application could determine on the financial statements is underway, taking into consideration the effective date of their effectiveness. In particular, these include:

- **Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-Current**
  On 23 January 2020, the IASB issued amendments to IAS 1 Presentation of financial statements: classification ofliabilities as current or non-current which clarify how to classify liabilities as current or non-current. The amendments were initially meant to go into force as from 1 January 2022, but the IASB postponed the effectivedate to 1 January 2024 with the issue of a second document on 15 June 2020. Subsequently, on 31 October 2022 the IASB published an additional amendment on "Non-current Liabilities with Covenants (Amendments to IAS 1)" to clarify how conditions that an entity must meet within 12 months of the balance sheet date affect the classification of a liability. These amendments are effective from 1 January 2024.

- **Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements**
  On 25 May 2023, an amendment to IAS 7 was published by the IASB, which aims to add disclosure requirements and guidance within existing disclosure requirements by requiring entities to provide qualitative and quantitative information on supplier financing arrangements. These amendments are effective from 1 January 2024.

- **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability**

  On 15 August 2023, an amendment to IAS 21 was published by the IASB with the aim of specifying when a currency is exchangeable into another currency, how to determine the exchange rate when a currency is not exchangeable into another currency, and in the latter case the information to be provided. These amendments will become effective from 1 January 2025.

USE OF ESTIMATES AND JUDGEMENTS

In preparing the financial statements, the directors applied standards and methods, which in some circumstances rely on difficult and subjective valuations and estimates based on past experience and on assumptions that are from time to time considered to be reasonable and realistic depending on the circumstances. Therefore, the actual amounts of certain financial statements captions calculated according to the above estimates and assumptions may differ in the future, even materially, from those reported in the financial statements, because of the uncertainty that characterises the assumptions and conditions on which the estimates are based - including Russia's invasion of Ukraine, the macroeconomic situation and the energy crisis, and the exacerbation of the crisis in the Middle East, which could lead to widely disparate potential future scenarios with many different effects. Estimates and assumptions are reviewed periodically and the effects of any changes are recognised in profit or loss when they affect the year only. If the revision affects both current and future years, the change is recognised in the yearthe revision is made and in future years.

Therefore, actual results may differ, even materially, from these estimates following possible changes in the factors considered in the determination of such estimates.

It should be noted that RFI does not conduct the impairment assessment due to the (immanent) principle of the Operator's economic and financial balance pursuant to Article 16 of Legislative Decree no. 112/2015.

The following accounting standards require the most subjectivity from the directors in the preparation of estimates and would have a material impact on the financial figures if there were a change in the conditions underlying the assumptions used:

- **Impairment losses - non-financial assets**

  Property, plant and equipment and intangible assets with a finite life are tested for impairment. Impairment losses are recognised when there is evidence that it will be difficult to recover the related carrying amount through the use or sale of the asset. Impairment tests require the directors to make subjective valuations based on the information available within the Company and in the market, as well as from past experience. Furthermore, when a potential impairment loss exists, the Company calculates such loss using suitable valuation techniques. The correct identification of impairment indicators and the estimates for calculating them depend on factors that may vary overtime, thus affecting valuations and estimates made by the directors.

- **Impairment losses - financial assets**

  According to the Company's impairment model, an expected loss is the sum of the expected losses that result from possible default events on a financial instrument over a specific time horizon; this results in the recognition of a loss using both past and present figures and forward-looking information. Determining expected credit losses, especially when there are credit-impaired financial assets or which show objective evidence of impairment requires the directors to make subjective valuations based on the information available within the Company (e.g., estimating expected cash flows) and in the market, as well as from past experience. The correct identification of impairment indicators and the estimates for calculating them depend on factors that may vary over time, thus affecting valuations and estimates made by the directors.

- **Extension/termination options in leases**

  For leases that include extension/termination options, at the commencement date of the lease, the Company assesses whether it is reasonably certain to exercise the options and reassesses them whenever a significant eventor significant change in circumstances under its control occurs. Assessing the extension option may require the directors to make subjective judgements based on the information available at the lease measurement date and on past experience.

- **Residual value of property, plant and equipment, investment property and intangible assets with a finite useful life**

  Under IAS 16, 38 and 40, the depreciable cost of an item of property, plant and equipment, investment property and intangible assets with a finite useful life is calculated by subtracting its residual value. The residual value of the infrastructure and investment property is calculated as the estimated amount that an entity would currently obtain from disposal of an asset, after deducting the estimated costs of disposal, if the asset were already of the age andin the condition expected at the end of the Concession. The Company periodically revises the residual value and measures its recoverability using the best information available at that date. Periodic updates may cause a changein the depreciation rate for future years.

- **Amortisation and depreciation**

  The cost of property, plant and equipment, intangible assets with a finite useful life and investment property is depreciated/amortised based on production volumes, as described in detail in the note to property, plant and equipment. The Company assesses any technological, usage and sector changes to update these volumes on a regular basis. These updates may entail a change in the amortisation and depreciation period and in the amortisation and depreciation rates of future years.

  Calculating the amortisation/depreciation of these assets entails a complex accounting estimate that is influenced by a number of factors, including the estimated production volumes expressed as train-km, the estimated residualvalue and any changes to the regulatory framework.

- **Provisions for risks and charges**

  Provisions are accrued against legal and tax risks which represent the risk of a negative outcome, if this risk is deemed probable. The recognisedprovisions relating to these risks reflect the best estimate made by the directors at the reporting date. This estimate entails the adoption of assumptions that depend on factors which may vary over time and which may have significant effects compared to the current estimates made by the directors for the preparation of the Company’s financial statements.

- **Fair value of derivatives**

  The fair value of derivatives that are not quoted on active markets is measured using valuation techniques. The Company applies valuation techniques that use inputs that can be observed in the market, either directly or indirectly, at the reporting date, and that are connected to the assets and liabilities being measured. Even if the estimates of the above fair values are considered reasonable, any possible changes in the estimate factors on whichthe calculation of the aforesaid amounts is based may generate different valuations.

NOTES TO THE INCOME STATEMENT

4. Revenue from sales and services

The tables and comments below give a breakdown of revenue from sales and services.

(€'000)

	2023	2022	Change
Revenue from transport services	**–**	**–**	**–**
Revenue from infrastructure services	**1,241,419**	**1,070,902**	**170,517**
√ Service concession	6,502	12,244	(5,742)
√ Fees	1,224,927	1,048,315	176,612
√ Ferrying service	9,990	10,343	(353)
Other service revenue*	**246,719**	**561,476**	**(314,757)**
Revenue from traffic-related services	47,359	413,612	(366,253)
Sundry service revenue	61,153	66,895	(5,742)
√ Health services	42,671	37,433	5,238
√ GSM-R revenue	4,347	4,257	90
√ Other sundry revenue	14,134	25,205	(11,071)
Processing for third parties	134,333	77,906	56,427
Sale of materials	3,874	3,063	811
Revenue from contracts with customers	**1,488,138**	**1,632,378**	**(144,240)**
Sundry revenue	**1,116,475**	**1,341,705**	**(225,230)**
√ Government grants	1,114,980	1,293,880	(178,900)
√ EU grants	1,495	131	1,364
√ Freight and other accruals or releases	–	47,694	(47,694)
Revenue from property management*	**108,533**	**101,304**	**7,229**
√ Leases	91,408	82,086	9,322
√ Recharging of building expenses and IRE (registration tax)	11,673	12,910	(1,237)
√ Sale of advertising spaces	5,452	6,308	(856)
Other revenue from sales and services	**1,225,008**	**1,443,009**	**(218,001)**
Total revenue from sales and services	**2,713,146**	**3,075,387**	**(362,241)**

*For a more correct presentation, revenue from level crossings and special accesses have been reclassified from "Revenue from property management" to "Other service revenue"

Revenue from infrastructure services increased by €170,517 thousand as a result of the following factors:

- the decrease in construction and improvement works carried out on the concessionary network "Ferrovia Centrale Umbra" which led to lower revenue from services under concession (- €5,742 thousand), with a proportionate reduction in the related costs;
- the €176,612 thousand increase in fee revenue due to the following changes:
  - higher fee revenue, up €179,298 thousand, due to larger traffic volumes in the Premium segments, and, on a residual basis, in the Basic and Regional segments (roughly €26 million), and to the additional positive impact on revenues from the Premium segment (approximately €24 million), which has a higher level of profitability than other segments. The remaining difference can be attributed to the termination of the legislative measures, which last year required the Infrastructure Operator to apply a discount to the Railway Companies to cover the negative effects of the Covid-19 pandemic (offset by the disbursement of €130 million in Government grants)
  - lower revenue for €2,686 thousand from the net performance regime penalty expense and for breach of contract, and lower fee revenue relating to previous years;

- ferrying service revenue showed a slight decrease of €353 thousand, basically in line with the previous year.

Other service revenue decreased by €314,757 thousand, as a result of the following:

- the downward trend in the price of electricity entailed a decline of €366,253 thousand in revenue from traffic-related services, closely related to the average unit toll (IMU) of the period despite higher volumes of circulated train-km (it is noted that the related costs also decreased);
- sundry service revenue decreased by €5,742 thousand, mainly as a result of lower revenue for sites and tunnels for €8,535 thousand, arising from the restatement of contracts with telephone companies, and for penalties for breach of contract amounting to €2,970 thousand, offset by higher revenue linked to higher health services provided for €5,238 thousand, and higher revenue for training activities of €602 thousand;
- revenue from processing for third parties increased by €56,427 thousand, mainly due to works for the construction of the Rome Lido railway (consistent with the corresponding costs);
- revenue from sales of stock materials and material showed a slight increase of €811 thousand.

Sundry revenue decreased by €225,230 thousand, mainly as a consequence of the combined effect of the following factors:

- lower Government grants (-€178,900 thousand), due to three factors:
  - a decrease of €130,194 thousand in Government grants related to legislative measures to contain the adverse effects resulting from the pandemic, in this case Decree Law on Supports-Ter no. 4/2022, which provided for the allocation of resources in order to cover the discount granted to Railway Companies on the toll in the period from January to March 2022, consistent with the termination of the discount itself;
  - €54,260 thousand decrease in government grants allocated by the Ministry of Economy and Finance under the Government Programme Contract - Services;
  - €5,554 thousand increase in accruals consisting of non-recurring grants disbursed in the form of a tax credit for the purchase of electricity and natural gas;
- €1,364 thousand increase in EU grants received for research projects stated within the scope of the Innovation Pillar;
- €47,694 thousand worsening in freight and other accruals or releases related to the release of provisions that were no longer needed in 2022.

Revenue from property management increased by €7,229 thousand due to the execution of new lease agreements relating to land and buildings.

Revenue from contracts with customers may be analysed as follows:

(€'000)

	2023	2022
Geographical market		
Italy*	1,484,762	1,629,321
EU	2,492	1,835
Non-EU	884	1,222
Total revenue from contracts with customers	**1,488,138**	**1632,378**
Moment of recognition		
At a point in time	42,873	45,532
Over time*	1,445,265	1586,846
Total revenue from contracts with customers	**1,488,138**	**1632,378**
Other revenue from sales and services *	1,225,008	1,443,009
TOTAL REVENUE FROM SALES AND SERVICES	**2,713,146**	**3,075,387**

With respect to the services listed above, the Company has a single-segment structure.
* For a more correct presentation, revenue from level crossings and special accesses have been reclassified from "Revenue from property management" to "Other service revenue".

The table below provides information about contract assets and liabilities:

(€'000)

	31 December 2023	31 December 2022
Contract assets classified under current/non-current trade receivables	326,266	642,335
Contract assets	109,322	151,758
Contract liabilities	(42,900)	(17,667)

The table below shows the significant changes in contract assets and liabilities for the year:

(€'000)

	Contract assets	Contract liabilities
Balance at 31 December 2022	**151,758**	**(17,667)**
Revenue recognised during the year which was included in the opening balance of contract liabilities		22,845
Increase in contract liabilities net of amounts recognised under revenue during the year		(48,078)
Reclassifications from contract assets recognised at the beginning of the year	(169,718)	
Increases in contract assets due to the provision of services	127,282	
Balance at 31 December 2023	**109,322**	**(42,900)**

5. Other income

This caption can be analysed as follows:

(€'000)

	2023	2022	Change
Other sundry income			
Income and sundry services	46,817	52,534	(5,717)
Gains	107,587	105,527	2,060
Total	**154,404**	**158,061**	**(3,657)**

The decrease in other sundry income, equal to €3,657 thousand, was mainly due to the following changes:

- a decrease of €13,606 thousand in contingent assets;
- an increase of €7,010 thousand in other penalties, as a result of the application of contractual clauses laid down in the contracts for works and supply of materials;
- an increase of €2,060 thousand in capital gains from sales of properties and materials removed from maintenance work;
- an increase of €846 thousand in revenue from testing services, thanks to activities carried out at the San Donato circuit.

6. Personnel expense

This caption may be analysed as follows:

(€'000)

	2023	2022	Change
Employees	**1,633,080**	**1,453,545**	**179,535**
√ *Wages and salaries*	1,223,960	1,082,494	141,466
√ *Social security contributions*	326,168	273,338	52,830
√ *Other expense for employees*	(6,560)	18,856	(25,416)
√ *Post-employment benefits*	81,817	75,206	6,611
√ *Accruals/releases*	7,695	3,651	4,044
Consultant and contract workers	**56**	**44**	**12**
√ *Wages and salaries*	11	7	4
√ *Social security contributions*	45	37	8
Other costs	**41,537**	**34,657**	**6,880**
√ *Temporary workers/seconded personnel and trainees*	1,679	2,864	(1,185)
√ *Other costs*	39,858	31,793	8,065
Total	**1,674,673**	**1,488,246**	**186,427**

The increase in workforce, and the resumption of post-Covid-19 activities led to an increase in labor costs, albeit partially mitigated by the effect of turnover, and including savings related to the transfer of 419 employees and 4 managers belonging to the spun-off "Security" branch to the affiliated company FS Security.

Specifically, the change of €186,427 thousand in personnel expense was due to the combined effect of higher personnel expense for employees (€179,535 thousand) – mainly attributable to the increase in fixed and ancillary remuneration following the execution of the renewal of the National Collective Labour Agreement in April 2022 -, and for consultants and contract workers (€12 thousand), as well as of higher other costs (€6,880 thousand).

The higher accruals and releases (€4,044 thousand) were mainly due to procedural developments in labour litigation.

The average workforce of the year was as follows.

Average	**2023**	**2022**	**Change**
Managers	309	281	28
Junior managers	5,835	5,571	264
Other	24,273	22,203	2,070
TOTAL	**30,417**	**28,055**	**2,362**

7. Raw materials, consumables, supplies and goods

They can be analysed as follows:

(€'000)

	2023	**2022**	**Change**
Raw materials and consumables	747,174	577,483	169,691
Electrical energy and fuel for traction	12,434	361,377	(348,943)
Lighting and driving force	106,391	171,392	(65,001)
Accruals/releases	23,758	262	23,496
Total	**889,757**	**1,110,514**	**(220,757)**

The total decrease of €220,757 thousand in Raw materials, consumables, supplies and goods was mainly due to the following factors:

- an increase of €169,691 thousand in costs for Raw materials and consumables, linked to:
  - a decrease of €55,319 thousand in costs to purchase stock materials, reflecting the change in their prices;
  - an increase of €222 thousand in costs for the purchase of consumables;
  - higher consumption of materials for € 224,788 thousand, mainly as a result of:
    - the greater use on investment projects, equal to €204,976 thousand, due to the progress of works, and fully offset by the corresponding capitalisations;
    - the greater use related to income, equal to €56,542 thousand, related to increased routine maintenance work;
    - higher revenue from work on a time and materials basis, equal to €36,730 thousand, due to the greater output of finished and semi-finished produtcs, frogs, switches, glued insulation joints and equipment by the national workshops (Bari, Pontassieve and Bologna plants);

- lower costs for electricity and fuel for train traction, equal to €348,943 thousand, reflecting the sharp decrease in the cost for electricity during the year, after the exponential surge in previous years; it is noted that the traction electricity item shows a consistent trend in revenues, not generating profit margins for the Company;
- lower costs for lighting and driving force, equal to € 65,001 thousand, linked to the cost of electricity;
- higher accruals to provisions for raw materials, consumables and goods, for € 23,496 thousand, partially due to the obsolescence in inventory (€3,258 thousand).

8. Services

This caption can be analysed as follows:

(€'000)

	2023	2022	Change
Transport services	**23,990**	**23,671**	**319**
Other transport-related services	–	3	(3)
Shunting services	1,399	1,090	309
Ferrying services	17,250	17,517	(267)
Freight transport services	5,341	5,061	280
Maintenance, cleaning and other contracted services	**579,546**	**543,024**	**36,522**
Contracted services and work	81,859	56,120	25,739
Cleaning and other contracted services	156,206	161,665	(5,459)
Maintenance and repair of immovable and movable property	341,481	325,239	16,242
Maintenance accruals and releases	–	–	–
Property services and utilities	**121,171**	**122,888**	**(1,717)**
Administrative and IT services	**135,770**	**119,622**	**16,148**
External communication and advertising expense	**2,760**	**556**	**2,204**
Use of third-party assets	**41,406**	**38,675**	**2,731**
Other sundry services	**156,818**	**118,937**	**37,881**
√ Consultancy	4,187	349	3,838
√ Insurance	11,734	16,484	(4,750)
√ Professional services	7,058	6,158	900
√ Agencies' fees	16	5	11
√ Group common costs	4,464	4,233	231
√ Other	147,540	99,885	47,655
√ Accruals/releases	(18,181)	(8,177)	(10,004)
Total	**1,061,461**	**967,373**	**94,088**

Services increased by a total of €94,088 thousand, mainly due to the combined effect of the following factors:

- higher costs for transport services, equal to €319 thousand, mainly related to maneuvering services in ports (mooring and unmooring work);
- higher costs for contracted services and work, for €25,739 thousand, in line with the related revenue, mainly due to the works for the intervention on the Roma Lido railway line;
- lower costs for contracted cleaning and other services, for €5,459 thousand, mainly due to the reduction in cleaning and sanitising services, measurement of people's temperature and non-routine cleaning closely linked to the spread of Covid-19 pandemic (€12,127 thousand), lower costs for snow removal (€1,438 thousand), partially offset by higher costs for: assistance services to passengers with reduced mobility (€3,046 thousand) due to greater volumes of these services compared to the previous year; upkeep (€2,203 thousand); waste disposal and sewage treatment (€265 thousand), and ice scraping (€2,641 thousand);
- higher costs for maintenance and repair of movable and immovable property, for € 16,242 thousand, due to routine maintenance work planned on the line, and numerous interventions following natural disasters, which became necessary due to adverse weather conditions;
- lower costs for property services and utilities for €1,717 thousand, due to the drop in the price of energy with an impact on utilities and building expenses in general;
- higher costs for administrative and IT services for €16,148 thousand, mainly as result of the recalculation of the contractual annual fee for ongoing IT services and cybersecurity services;

- o higher expenses for events and fairs for € 2,204 thousand, due to the upturn in business after the pandemic;
- o higher costs for other sundry services for € 37,881 thousand, mainly due to the combined effect of:
  - higher costs for security services for €42,204 thousand, following the demerger of the branch dedicated to corporate protection, an activity previously insourced with the help of approximately 423 resources transferred to the affiliated company FS Security (a cost thus offset by reduced personnel costss) on 1 January 2023;
  - higher costs for travel and accommodation, equal to €8,096 thousand, due to the upturn in business trips taken during the year under review on the previous year, which was still affected by the contraction effects related to the Covid-19 pandemic;
  - lower research costs for €3,000 thousand;
  - higher releases of provisions for risks and charges for €10,004 thousand, as a result of the favourable developments in court and out-of-court proceedings during the year.

Use of third-party assets shows an overall increase of €2,731 thousand on the previous year, mostly due to higher rentals of mobile phones.

9. Other operating costs

This caption can be analysed as follows:

(€'000)

	2023	2022	Change
Other costs	60,934	44,577	16,357
Local taxes and duties	38,752	42,379	(3,627)
Capital losses	49	311	(262)
Accruals/releases	(88)	6	(94)
Total	**99,647**	**87,273**	**12,374**

Other operating costs rose by €12,374 thousand, mainly as a consequence of:

- o higher costs for the Free Travel Card, equal to €5,313 thousand, related to the upturn in traffic after the Covid-19 pandemic;
- o higher other expenses for €5,130 thousand, concerning compensation for damage not covered by insurance;
- o higher costs for membership fees and grants for €1,360 thousand, mainly due to donations to Fondazione FS Italiane.

10. Internal work capitalised

This caption amounts to €1,279,608 thousand and refers to internal costs for the use of personnel and overheads of €593,268 thousand, and costs for materials used in investments of €686,340 thousand, in line with the use of such materials.

The increase in assets capitalised in 2023 compared to the previous year, equal to €339,000 thousand, is mainly attributable to accounting operations linked to the continuation of investments under the NRRP.

11. Amortisation and depreciation, provisions and impairment losses

This caption can be analysed as follows:

(€'000)

	2023	2022	Change
Amortisation of intangible assets	3,860	3,795	65
Depreciation of property, plant and equipment	132,599	129,950	2,649
Depreciation of investment property	3,302	3,225	77
Net impairment losses on intangible assets	–	1,187	(1,187)
Net impairment losses on property, plant and equipment	18,434	2,199	16,235
Net impairment gains on loans and receivables	14,073	98,076	(84,003)
Net fair value gain (losses) on cash and cash equivalents	(839)	441	(1,280)
Provisions	–	(30,000)	30,000
Total	**171,429**	**208,873**	**(37,444)**

The increase in depreciation rate compared to the previous year was mainly due to the higher volume of train-km circulated in 2023. It should be noted that depreciation of tangible assets includes a prior-year adjustment of €113 thousand related to the application of IFRS 16.

Higher write-downs of property, plant and equipment relate to work in progress.

Lower net impairment gains on loans and receivables for € 84,003 thousand are attributable to lower write-downs of non-trade receivables compared to the requirements that emerged in the financial statements as of 31 December 2022.

At the same time, analyses during the year of applications for access to the income and employment support fund showed no need to make changes to the fund, unlike last year when an amount of €30 million was released.

12. Financial income

This caption can be analysed as follows:

(€'000)

	2023	2022	Change
Other financial income	12,136	1,641	10,495
Exchange gains	1	12	(11)
Total	**12,137**	**1,653**	**10,484**

The €10,484 thousand increase in financial income is mainly due to:

- higher other financial income (€4,383 thousand), substantially due to the income from currency appreciation interest related to ART decision no. 88/2021 (€3,677 thousand);
- higher interest income on intragroup current account (€4,010 thousand);
- higher financial income on the IRS derivative held by the Company (€2,102 thousand);
- lower exchange gains (€11 thousand).

13. Financial expense

This caption may be analysed as follows:

(€'000)

	2023	2022	Change
Borrowing costs	104,680	49,520	55,160
Impairment losses on financial assets	(39,401)	332	(39,733)
Exchange losses	12	8	4
Interest expense on lease liabilities	968	604	364
Total	**66,259**	**50,464**	**15,795**

Financial expense increased by €15,795 thousand, mainly due to the following factors:

- the €45,620 thousand rise in expense with the parent mainly related to interest expense on loans and to banks and financial institutions (€2,964 thousand), linked to the general hike in interest rates, and new loans and borrowings in 2023 (a total of €745 million);
- the €5,219 thousand increase in provisions for financial charges;
- the €740 thousand increase in interest cost;
- release of the excess portion of the provision related to the equity investment in Stretto di Messina S.p.A. (€39,329 thousand);
- the €364 thousand increase in interest expense on lease liabilities due to the application of IFRS 16.

14. Capitalised financial expense

Capitalised financial expense was determined based on the portion of financing allocated to assets under construction and amounts to €57,704 thousand. The increase over last year was due to new short-term credit lines to the Parent Company to address the time mismatch between the collection of government funds to cover investments, and the related payments to suppliers (advances and works).

15. Current and deferred taxes

The Company's tax burden is nil as a result of higher tax deductible expenses which give rise to a negative tax base (loss). The most significant decrease in this respect consists of fiscally-driven depreciation in excess of depreciation for accounting purposes of Property, plant and equipment, Intangible assets and Investment property.

The following table provides a breakdown of the depreciable cost used for tax purposes which, following the application of the specific IFRS-compliant provisions set out in article 1.86/87 of Law no. 266/2005, is shown gross of the corresponding government grants related to assets given to the railway infrastructure operator.

	(€'000)
	2023
Depreciable cost under Italian Civil Code criteria	4,978,745
Government grants related to assets up to 2023	59,594,275
Government grants related to assets for 2023 extraordinary maintenance	3,854,897
Government grants related to assets up to 2060	45,610,847
Impairment loss as per IFRS, reducing the historical cost	3,568,745
Total depreciable cost under tax criteria	117,607,509
Total fiscally-driven portion	**2,952,323**

STATEMENT OF FINANCIAL POSITION

16. Property, plant and equipment

The table below shows the opening and closing balances of property, plant and equipment and changes in the year. It also shows changes in Historical cost, Depreciation and impairment losses and Grants. The balance of extraordinary maintenance refers to extraordinary maintenance expense incurred and capitalised and, hence, subject to depreciation.

Placement in service mainly refers to technological work while progress of investments refers to large infrastructure projects, investments in maintaining the efficiency of infrastructure and widespread work throughout the country. For additional information, reference should be made to the "Investments" section of the directors' report.

For a more correct presentation, work in progress related to design has been reclassified from intangible assets to Property, plant and equipment.

Depreciation amounts to €132,712 thousand, of which €12,737 thousand relates to right-of-use assets (IFRS 16).

(€'000)

	Land, buildings and railway and port infrastructure	Leasehold improvements	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Extraordinary maintenance	Total
Historical cost	114,050,196	278,831	609,137	1,242,897	390,718	25,869,911	2,968,127	145,409,817
Depreciation and impairment losses	(23,870,939)	(67,914)	(243,116)	(363,399)	(225,167)	(1,570,943)	–	(26,341,478)
Grants	(59,623,432)	(142,460)	(269,713)	(745,567)	(94,271)	(19,651,484)	(2,968,127)	(83,495,054)
Balance at 31.12.2022	**30,555,825**	**68,457**	**96,308**	**133,931**	**71,280**	**4,647,484**	**–**	**35,573,285**
Investments	340				1,149	7,975,221	2,289,943	10,266,653
Placement in service	3,295,547	41,792	18,833	43,176	2,801	(1,998,976)	(1,403,173)	–
Depreciation	(119,671)	(329)	(2,465)	(3,354)	(6,893)	–	–	(132,712)
Impairment losses	–	–	–	–	–	(17,378)	–	(17,378)
Non-recurring transactions	–	–	–	–	(363)	–	–	(363)
Changes in historical cost due to demerger	–	–	–	–	(3,174)	–	–	(3,174)
Change in grants	*(3,233,045)*	*(37,567)*	*(18,833)*	*(43,174)*	*(2,798)*	*(5,443,954)*	*(886,770)*	*(9,666,141)*
Increases for advances	–	–	–	–	–	*(7,376,198)*	*(2,289,943)*	*(9,666,141)*
Placement in service	*(3,233,045)*	*(37,567)*	*(18,833)*	*(43,174)*	*(2,798)*	*1,932,244*	*1,403,173*	–
Disposals and divestments	(2,155)	–	(1,399)	(103)	(5)	(5,062)	–	(8,724)
Decreases in historical cost due to disposals and divestments	*(18,480)*	–	*(65,562)*	*(1,879)*	*(16,754)*	*(5,062)*	–	*(107,737)*
Decreases in accumulated depreciation due to divestments	*7,744*	–	*54,348*	*1,288*	*15,521*	–	–	*78,901*
Decreases in grants due to other divestments	*5,248*	–	*9,848*	*458*	*1,162*	–	–	*16,716*
Decreases in impairment gains/losses due to divestments	*3,333*	–	*(33)*	*30*	*66*	–	–	*3,396*
Other reclassifications	(3,353)	2,671	–	–	–	(1,406)	–	(2,088)
Changes in historical cost due to other reclassifications	*(7,055)*	*5,675*	–	*31*	*(91)*	*(90,904)*	–	*(92,344)*
Changes in accumulated depreciation due to reclassifications	*3,469*	*(1,832)*	–	–	–	–	–	*1,637*
Changes in grants due to reclassifications	*3,288*	*(461)*	–	*(31)*	*91*	*89,498*	–	*92,385*
Changes in impairment gains/losses due to reclassifications	*(3,055)*	*(711)*	–	–	–	–	–	*(3,766)*
Total changes	**(62,337)**	**6,567**	**(3,864)**	**(3,455)**	**(6,109)**	**508,445**	**–**	**439,247**
Historical cost	117,320,548	326,298	562,408	1,284,225	374,649	31,750,190	3,854,897	155,473,215
Depreciation and impairment losses	(23,979,119)	(70,786)	(191,266)	(365,435)	(216,206)	(1,588,321)	–	(26,411,133)
Grants	(62,847,941)	(180,488)	(278,698)	(788,314)	(93,272)	(25,005,940)	(3,854,897)	(93,049,550)
Balance at 31.12.2023	**30,493,488**	**75,024**	**92,444**	**130,476**	**65,171**	**5,155,929**	**–**	**36,012,532**

Grants related to assets

In 2023, grants related to assets totalling €9,666,141 thousand were allocated to assets under construction, including €1,039,925 thousand from the European Union and local bodies, and €8,626,216 thousand from the government. They mainly comprise:

- €8,001,388 thousand as advances for grants from the MEF for infrastructure investments;
- €624,828 thousand as advances for grants from the MIT for infrastructure investments.

17. Investment property

The opening and the closing balances of investment property are given below.

(€'000)

	Land	Buildings	Assets under construction and payments on account	TOTAL
Historical cost	1,510,472	1,729,933	10,549	3,250,954
Depreciation and impairment losses	(1,019,223)	(803,152)	(288)	(1,822,663)
Grants	(24,287)	(292,682)	(1,506)	(318,475)
Balance at 31.12.2022	**466,962**	**634,099**	**8,755**	**1,109,816**
Investments/acquisitions	–	165	11,086	**11,251**
Placement in service	18	6,635	(6,653)	0
Depreciation	–	(3,302)	–	**(3,302)**
Impairment losses	–	–	–	–
Changes in grants	(18)	(5,849)	5,867	**–**
Non-recurring transactions	–	**(349)**	–	**(349)**
Changes in historical cost	–	(1,421)	–	(1421)
Changes in accumulated depreciation	–	348	–	348
Changes in impairment gains/losses	–	724	–	724
Disposals and divestments	**(1,066)**	**(893)**	–	**(1,959)**
Decreases in historical cost	(1,245)	(2,514)	–	(3,759)
Decreases in accumulated depreciation	–	1,011	–	1,011
Decreases in grants	–	243	–	243
Decreases in impairment gains/losses	179	367	–	546
Reclassifications	**635**	**48**	**(778)**	**(95)**
Changes in historical cost	(1,126)	2,566	5,090	6,530
Changes in accumulated depreciation	0	(87)		(87)
Changes in grants	(189)	(2,697)	(5,867)	(8,753)
Changes in impairment gains/losses	1,950	266		2,216
Total changes	**(431)**	**(243)**	**9,523**	**8,849**
Historical cost	1,508,118	1,735,364	20,072	3,263,553
Depreciation and impairment losses	(24,494)	(300,985)	(1,506)	(326,984)
Grants	(1,017,094)	(803,825)	(288)	(1,821,208)
Balance at 31.12.2023	**466,530**	**630,554**	**18,277**	**1,115,361**

18. Right-of-use assets

Changes in right-of-use assets can be analysed as follows.

(€'000)

RIGHT-OF-USE ASSETS	Land, buildings, railway and port infrastructure	Plant and machinery	Other assets	Total
Historical cost	53,678	176	31,627	85,481
Accumulated depreciation	(9,554)	(96)	(22,496)	(32,146)
Balance at 01.01.2023	**44,124**	**80**	**9,131**	**53,335**
Investments (new leases)	330	–	1,149	1,479
Depreciation	(7,330)	(29)	(5,378)	(12,737)
Disposals and divestments	126	–	176	302
Historical cost	*(561)*	–	*(15,042)*	*(15,603)*
Accumulated depreciation	*687*	–	*15,218*	*15,905*
Other changes	–	–	–	–
Total changes	**(6,874)**	**(29)**	**(4,053)**	**(10,956)**
Historical cost	53,447	176	17,734	71,357
Depreciation and impairment losses	(16,197)	(125)	(12,656)	(28,978)
Balance at 31.12.2023	**37,250**	**51**	**5,078**	**42,379**

Lease liabilities and the related changes of the year are shown below.

(€'000)

Changes in lease liabilities	2023
Opening balance	54,038
Recognition of new right-of-use assets	1,480
Recognition of interest expense	968
Payments	(13,095)
Other changes	(172)
Closing balance	**43,218**

The following table shows the impacts on profit or loss.

(€'000)

Impacts on profit or loss	2023
Depreciation of right-of-use assets	12,737
Interest expense on lease liabilities	968
Leases outside the scope of IFRS 16	41,358
Other changes through profit or loss	(113)
Total impacts on profit or loss	**54,950**

Extension/termination options

Property leases include extension/termination options. At the commencement date of a lease, the company assesses whether it is reasonably certain to exercise that option and reassesses them whenever a relevant event or significant change in circumstances under its control occurs.

Based on this assessment, RFI concluded that it was reasonably certain that the lease of Villa Patrizi would be extended.

The table below shows potential future lease payments:

(€'000)

Recognised lease liabilities	Potential future lease payments	Rate at which lease extension/termination options have been exercised in the past
43,218	31,936	50%

Lessor

The table below includes an ageing analysis of payments to be received in future years for assets that the Company has given under operating lease:

(€'000)

	Within one year	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**After 5 years**	**TOTAL**
Undiscounted payments to be received for operating leases	108,533	109,032	113,134	116,608	119,281	754,453	**1,321,041**

19. Intangible assets

The following is a statement of Intangible Assets at the beginning and end of the period, with the related changes that occurred. For a more correct presentation, work in progress related to design has been reclassified from intangible assets to Property, Plant and Equipment.

(€'000)

	Development expenditure	**Concessions, licences, trademarks and similar rights**	**Assets under development and payments on account**	**Total**
Historical cost	127,943	598,349	20,508	746,800
Amortisation and impairment losses	(82,171)	(154,950)	–	(237,121)
Grants	(26,489)	(312,110)	(17,465)	(356,064)
Balance at 31.12.2021	**19,283**	**131,289**	**3,043**	**153,615**
Investments/acquisitions	–	–	1,829	1,829
Placement in service	–	85,811	(85,811)	–
Amortisation	(477)	(3,383)	–	(3,860)
Impairment losses	–	–	–	–
Changes and grants	–	(83,631)	83,631	–
Disposals and divestments	(253)	–	–	(253)
Decreases in historical cost	*(797)*	*(54)*	–	*(851)*
Decreases in accumulated amortisation	*491*	–	–	*491*
Decreases in impairment gains/losses	*53*	–	–	*53*
Decreases in grants	–	*54*	–	*54*
Non-recurring transactions	–	–	–	–
Changes in historical cost	–	*(105)*	–	*(105)*
Changes in grants	–	*105*	–	*105*
Other reclassifications	–	23	2,160	2,183
Changes in historical cost	–	–	*85,791*	*85,791*
Changes in accumulated amortisation	–	*23*	–	*23*
Changes in grants	–	–	*(83,631)*	*(83,631)*
Changes in impairment gains/losses	–	–	–	-
Total changes	**(730)**	**(1,180)**	**1,809**	**(101)**
Historical cost	127,146	684,001	22,317	833,464
Amortisation and impairment losses	(82,104)	(158,310)	(83,631)	(324,045)
Grants	(26,489)	(395,582)	66,166	(355,905)
Balance at 31.12.2023	**18,553**	**130,109**	**4,852**	**153,514**

20. Equity investments

The opening and the closing balances of equity investments are broken down by category.

(€'000)

	Carrying amount 31.12.2023	Carrying amount 31.12.2022
Investments in:		
Subsidiaries	66,537	87,767
Associates	48,206	7,077
Other companies	48	48,930
Total	**114,791**	**143,774**

(€'000)

	Carrying amount 31.12.2022	Changes for the year				Carrying amount 31.12.2023
		Acquisitions / subscriptions	Impairment losses/ gains	Reclassifications	Divestments/ demergers	
Investments in subsidiaries						
Blu Jet S.r.l.	200	–	–	–	–	200
Tunnel Ferroviario del Brennero - Società di partecipazioni S.p.A.	48,455	–	–	–	–	48,455
Terminali Italia S.r.l.	9,238	–	–	–	–	9,238
Bluferries S.r.l.	21,229	–	–	–	(21,229)	–
Grandi Stazioni Rail S.p.A.	3,145	–	–	–	–	3,145
Infrarail S.r.l.	5,500	–	–	–	–	5,500
Investments in associates						
Quadrante Europa Terminal Gate S.p.A.	7,077	1,800	–	–	–	8,877
Stretto di Messina S.p.A.	–	–	–	39,329	–	39,329
Other companies						
Isfort S.p.A.	48	–	–	–	–	48
Stretto di Messina S.p.A.	48,882	–	(9,553)	(39,329)	–	–
Total	**143,774**	**1,800**	**(9,553)**	**–**	**(21,229)**	**114,791**

(€'000)

	Carryiong amount 31.12.2021	Cahnges for the year				Carryiong amount 31.12.2022
		Acquisitions / subscriptions	Impairment losses/ gains	Reclassifications	Divestments/ demergers	
Investments in subsidiaries						
Blu Jet S.r.l.	200	–	–	–	–	200
Tunnel Ferroviario del Brennero - Società di partecipazioni S.p.A.	48,455	–	–	–	–	48,455
Terminali Italia S.r.l.	9,238	–	–	–	–	9,238
Bluferries S.r.l.	21,229	–	–	–	–	21,229
Grandi Stazioni Rail S.p.A.	3,145	–	–	–	–	3,145
Infrarail S.r.l.	5,500		–	–	–	5,500
Investments in associates						
Quadrante Europa Terminal Gate S.p.A.	7,077	–	–	–	–	7,077
Other companies						
Isfort S.p.A.	48	–	–	–	–	48
Stretto di Messina S.p.A.	48,882	–	–	–	–	48,882
Total	**143,774**	**–**	**–**	**–**	**–**	**143,774**

In 2023, equity investments, amounting to €114,791 thousand, showed a decrease of approximately €28,982 thousand. This change was attributable to the combined effect of the sale of the quota in Bluferries S.r.l. to Mercitalia Logistics S.p.A., equal to €21,229 thousand, as well as of the reduction in the value of the stake held in Società Stretto di Messina S.p.A. (hereinafter SdM), through the use of the specific provision, for €9,553 thousand (for more details, please refer to note no. 31), and the capital increase in Quadrante Europa Terminal Gate S.p.A. for €1,800 thousand, of which RFI and Consorzio ZAI have already paid an amount of €540 thousand each on account of advance payment. Although the Company recognised an increase of €140,434 thousand in the cost of the investment in Tunnel Ferroviario del Brennero - Società di partecipazioni S.p.A., it was entirely offset by the greater grants related to assets received from the MEF using chapter 7122 resources and transferred to the subsidiary.

In relation to SdM, it should be noted that:

- Law no. 197/2022, Article 1 (2023 Stability Law), and then even more in detail the specific Decree Law no. 35 of 31 March 2023, stipulate that the bridge over the Strait of Messina shall once again become a priority work of prominent national interest pursuant to Article 4 of Law no. 1158 of 17 December 1971. The aforementioned Decree Law of 31 March 2023 also stipulates that the MEF must have at least 51% of Stretto di Messina S.p.A., and authorizes ANAS to transfer to the MEF a share of its stake in SdM at a price established by a sworn appraisal report, "in any case not exceeding the book value."
- As from 1 April 2023, SdM is no longer in a state of liquidation following the revocation ordered by Law no. 197/2022, Art. 1, paragraph 491, as part of the aforementioned regulations aimed at the resumption of activities for the construction of the "stable connection between Sicily and Calabria."
- On 6 June 2023, the new corporate bodies of SdM were appointed at the shareholders' meeting according to the composition provided for by Decree Law no. 35/2023. The new BoD consists of 5 members of which two (the Chairman and the CEO) are appointed by the Ministry.
- On 16 October 2023, the Director General of the Treasury notified SdM of the Appraiser's Appraisal Report dated 3 October 2023. The appraisal estimates the economic value of SdM with reference to 31 December 2022, the date of the last financial statements prepared by SdM before the subsequent regulatory amendments and subsequent revocation of liquidation. In the absence of the EFP, the economic value was estimated using the simple balance sheet method, and thus considering only the current value of the assets and liabilities recorded in the accounts.
- On 31 October 2023, SdM's Board of Directors approved the Company's Financial Position and results of Operations at 31 August 2023, prepared in accordance with the findings of the Expert's Appraisal Report pursuant to Decree Law no. 104/2023 (for more details, please refer to the "Regulatory and Legal Framework" section of the Report on Operations). This was an interim accounting position of Stretto di Messina, which incorporated the write-down of capitalised costs deemed no longer recoverable. Consequently, RFI proceeded with the release the provision for impairment of its equity investment, previously recorded, in proportion to the share of equity held.
- On 27 December 2023, the MEF subscribed the capital increase of SdM in the amount of €369,999,997.20, thus becoming the owner of 55.162% of the Company's share capital. Consequently, RFI's stake in SdM was diluted to 5.83% of the share capital.
- On the basis of the valuations made by RFI in compliance with the provisions of international accounting standard IAS 28, with the support of its third-party consultants, regarding the existence of a relationship

of investment in associates pursuant to IAS 28, the Company proceeded with the reclassification of the stake from "Other Companies" to "Associated Companies."

- Following the transition from fair value measurement under IFRS 9 (a criterion adopted by RFI as at 31 December 2022 when the conditions of investment in associates under IAS 28 did not exist, and it was classified among "other companies") to measurement carried out using the cost criterion under IAS 28, RFI has adopted the option granted by the aforementioned accounting standard to opt for the recognition of the carrying amount by means of accumulated cost, thus recording the carrying amount of the equity investment at historical cost, and releasing the excess provision for impairment of equity investments (€39,329 thousand) on the basis of the appraisal report mentioned above, as well as on the basis of the Financial Position and Results of Operations approved by the SdM Board of Directors on 31 August 2023.

In the following table, the carrying amounts of investments in subsidiaries and associates are compared with the corresponding portions of equity. In all cases, the relevant equity is higher than the carrying amount; therefore, no impairment test was conducted because no trigger events had occurred.

(€'000)

	Registered office	Share/quota capital	Profit (loss) forthe year	Equity at 31.12.2023	% of investment	Attrubutable equity (a)	Carrying amount at 31.12.2023 (b)	Difference (b) - (a)
Investments in subsidiaries								
Blu Jet S.r.l.	Messina, Via Calabria 1	200	382	1,867	100.0%	1,867	200	(1,667)
Tunnel Ferroviario del Brennero - Società di partecipazioni S.p.A.	Rome, Piazza della Croce Rossa 1	1,315,791	666	1,318,397	90.72%	1,195,996	48,455	(1,147,542)
Terminali Italia S.r.l.	Rome, Piazza della Croce Rossa 1	7,346	1,691	29,413	100.0%	29,413	9,238	(20,175)
Grandi Stazioni Rail S.p.A.*	Rome, Via Giolitti 34	4,304	8,421	75,870	100.0%	75,870	3,145	(72,725)
Infrarail S.r.l.	Rome, Via Marsala 41	5,500	35	9,866	100.0%	9,866	5,500	(4,366)
Investments in associates								
Quadrante Europa Terminal Gate S.p.A.	Verona, Via Sommacampagna 61	20,476	16	17,782	50.0%	8,891	8,877	(14)
Stretto di Messina S.p.A.**	Rome, Via Marsala 27	672,527	n.a.	n.a.	5.83%	n.a.	39,329	n.a.

*The company applies IFRS.
** The Company's data were not available at the date of preparation of the financial statements.

(€'000)

	% of investment	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenue	Costs	Profit/ (loss)
31.12.2023										
Investments inassociates										
Quadrante Europa Terminal Gate S.p.A.	50.00%	4,699	15,737	**20,435**	948	1,705	**2,653**	1,289	1,273	**16**
31.12.2022										
Investments inassociates										
Quadrante Europa Terminal Gate S.p.A.	50.00%	1,412	15,711	**17,124**	947	2,011	**2,958**	1,206	1,205	**1**

21. Non-current and current financial assets (including derivatives)

Financial assets are broken down below.

('000)

	Carrying amount								
	31.12.2023			31.12.2022			Change		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Financial assets									
Fifteen-year grants from the MEF	85,194	10,000	95,194	95,194	9,999	105,193	(10,000)	1	(9,999)
Loans	59,179	–	59,179	51,448	–	51,448	7,731	–	7,731
Other loans	75	306,335	306,410	–	419,228	419,228	75	(112,893)	(112,818)
Securities	540	–	540	489	–	489	51	–	51
Derivatives	–	314	314	–	1,512	1,512	–	(1,198)	(1,198)
Gross financial assets	**144,988**	**316,649**	**461,637**	**147,131**	**430,739**	**577,870**	**(2,143)**	**(114,090)**	**(116,233)**
Loss allowance	(198)	(199)	(397)	(139)	(330)	(469)	(59)	131	72
Total financial assets	**144,790**	**316,450**	**461,240**	**146,992**	**430,409**	**577,401**	**(2,202)**	**(113,959)**	**(116,161)**

The balance in assets from the MEF of €95,194 thousand is mainly due to the residual amount of grants pursuant to article 25.1 of Decree Law no. 4/2022, converted with Law no. 25 of 28 March 2022, with cash disbursements of €10 million per year from 2022 to 2034.

Securities include the Webuild (former Astaldi) securities at fair value (€540 thousand).

Non-current loans of €59,179 thousand mainly relate to the restricted current accounts with Unicredit (€40,299 thousand), Intesa (€9,512 thousand), and BNL (€8,383 thousand). The amounts are generally restricted following attachment by third party suppliers as a result of unhonoured orders/injunctions to pay.

The €112,818 thousand decrease in Other loans is substantially due to the drop in the amount due from the parent for the intragroup cash pooling account.

22. Other current and non-current assets

They may be analysed as follows:

('000)

	31.12.2023			31.12.2022			Change		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Other assets from group companies	5,863	96,499	102,362	14,764	96,678	111,442	(8,901)	(179)	(9,080)
VAT assets	9	–	9	9	65	74	–	(65)	(65)
MEF and MIT	4,753,049	2,459,732	7,212,781	3,169,809	862,381	4,032,190	1,583,240	1,597,351	3,180,591
Grants related to assets from the EU, other Ministries and other	–	11,759	11,759	–	7,754	7,754	–	4,005	4,005
Other government authorities	–	304,500	304,500	–	536,259	536,259	–	(231,759)	(231,759)
Sundry assets	3,559	104,559	108,118	3,559	110,051	113,610	–	(5,492)	(5,492)
Prepayments and accrued income	–	1,381	1,381	–	5,189	5,189	–	(3,808)	(3,808)
Total	**4,762,480**	**2,978,429**	**7,740,909**	**3,188,141**	**1,618,376**	**4,806,517**	**1,574,339**	**1,360,053**	**2,934,392**
Loss allowance	(3,029)	(124,570)	(127,599)	(2,021)	(121,658)	(123,679)	(1,008)	(2,912)	(3,920)
Total other assets	**4,759,451**	**2,853,860**	**7,613,311**	**3,186,120**	**1,496,719**	**4,682,839**	**1,573,331**	**1,357,141**	**2,930,472**

The net decrease of €9,080 thousand in Other assets from group companies is substantially due to the €8,900 thousand reduction in the VAT asset from the parent.

The amounts due from the MEF and the MIT at 31 December 2023 are analysed below:

(€'000)

	31.12.2022	Increases	Decreases	Other changes	31.12.2023
Grants related to income:					
- MEF: chap. 1541	–	1,105,557	(1,105,557)		–
- MIT: chap. 7255	8,520	2,840	(11,360)		–
Grants related to freight:					–
- MIT: chap. 1274 - 7302	14,802	100,000	(94,905)		19,897
Grants related to assets and investments:					–
- MEF: chap. 7122-7123-8000	3.356,863	7,892,763	(4,810,813)		6,438,813
- MIT: chap. 7060-7514-7515-7518-7528-7540-7532-7549-7561-7550 - 1274-7505-7506-7006-7007-7552	652,005	415,685	(313,619)		754,071
Total	**4.032,190**	**9,516,845**	**(6,336,254)**	**–**	**7,212,781**

During the year, the caption rose by a net €3,180,591 thousand due to the combined effect of the following factors:

- the recognition of new grants related to income, goods, assets and investments for €9,516,845 thousand, broken down as follows:
  - €1,105,557 thousand granted using the chapter 1541 funds of the MEF in accordance with Law no.197 of 29 December 2022 (the 2023 Budget Act);
  - €2,840 thousand using chapter 7255 funds earmarked for "passenger maritime transport in the Straits of Messina", whose service RFI provided in 2023 through the subsidiary Blu Jet S.r.l.;
  - of €100,000 thousand in grants related to freight from the funds earmarked under art. 1, paragraph 294, of Law no. 190/2014, allocated to the MIT under art. 11.2-ter of Decree Law no. 185 of 25 November 2015, to be transferred to the Railway Companies for 2023;
  - €7,892,763 thousand in grants related to assets (MEF chapters), of which:
    - €204,518 thousand (chapter 7122 – Management Programme 1 ("MP1")), allocated under art. 1, paragraph 176, of Law no. 228/2012 (2013 Stability Act), and refinanced by Law no. 190/2014 (2015 Stability Act), including €128,000 thousand from funds allocated 2023, net of vertical remodulation, and €76,518 thousand from the estimated funds allocated for the 2024-2026 three-year period to finance the works executed in 2023;
    - €2,190,329 thousand (chapter 7122 – MP2) allocated under the 2023 Budget Act, of which an amount of €1,422,360 thousand for 2023, including €300,000 thousand from vertical remodulation, and €767,969 from the estimated funds allocated for the 2024-2026 three-year period to finance the works executed in 2023;
    - €101,598 thousand (chapter 7122-MP4) relating to the recognition of amounts for grants related to assets fromthe MEF financed by the resources allocated by chapter 7122 of the MP4;
    - €2,160,924 thousand (chapter 7122 – MP5) as provided for in the Budget Act for non-routine maintenance work, including €1,000,000 thousand from funds under Decree Law no. 145/2023, €1,050,000 thousand from the year 2023 provided for in the 2023 Budget Act, and €110,923

thousand from the estimated funds allocated for the 2024-2026 three-year period to finance the works executed in 2023;

- €829,214 thousand (chapter 7122 – MP7) for 2023, allocated under art. 1, paragraph 76, of Law no. 147/2013 (2014 Stability Act), for the Brescia Verona Padua-Apice Orsara line, and refinanced by Law no. 190/2014 (2015 Stability Act), of which €409,214 thousand from the estimated funds allocated for the 2024-2026 three-year period to finance the works executed in 2023;
- €52,966 thousand (chapter 7122- MP9) relating to the recognition of amounts for grants related to assets from the MEF, including €42,000 thousand related to resources allocated for 2023, net of remodulation of €100,000 thousand, and €10,966 thousand from the estimated funds allocated for the 2024-2026 three-year period to finance the works executed in 2023;
- €292,189 thousand (chapter 7122 –MP10) relating to the recognition of additional amounts for grants related to assets from the MEF financed by the resources allocated by chapter 7122 of the MP10 for the 2024-2026 three-year period to finance the works executed in 2023;
- €1,306,219 thousand (chapter 7122-MP11) relating to the recognition of amounts for grants related to assets from the MEF, of which €537,058 thousand financed by the resources allocated by chapter 7122 of the MP11, including vertical remodulation of €500,000 thousand, and €769,160 thousand from the funds allocated for the 2024-2026 three-year period to finance the works executed in 2023;
- €74,195 thousand (chapter 7122-MP12), including €6,000 thousand for 2023, and €68,194 thousand from the funds allocated for the 2024-2026 three-year period to finance the works executed in 2023;
- €585,986 thousand (chapter 7122-PG13) pursuant to Decree Law no. 59 of 6 May 2021 (chapter 7122 - MP13) to finance works on the "HS/HC Salerno-Reggio Calabria line", all of which from the funds allocated for the 2024-2026 three-year period to finance the works executed in 2023, net of vertical remodulation of €300,000 thousand;
- €94,625 thousand (chapter 7122-PG16) following the recognition of grants related to assets from the MEF financed by the resources allocated by chapter 7122 of the MP16 for 2023;

- €37,000 thousand financed by chapter 7561 and assigned to RFI under the MIT/MEF Decree dated 7 December 2020;
- €45,000 thousand (MIT chapter 7505) financed by the resources allocated by Decree Law no. 59 of 6 May 2021, bearing "Urgent measures relating to the Complementary Fund to the National Recovery and Resilience Plan, and other urgent measures for investments", converted, with amendments, by Law no. 101 of 1 July 2021, intended for the upgrading of the fleet, buses and green ships;
- €37,907 thousand (chapter 7006) financed by the Fund for the price adjustment of construction materials pursuant to article 1-septies.8 of Decree Law no. 73/2021;
- €235,778 thousand (chapter 7007) financed by the Fund for the continuation of public works provided for by art. 7.1 of Decree Law no. 76/2020;
- €22,000 thousand (chapter 7552) under art.1, paragraph 517, of Law no. 197/2022 (2023 Budget Act) to finance the design of the Chiasso-Monza railway line;

  - €38,000 thousand (chapter 7518) under Decree Law no. 68/2022 and Law no. 197/2022 allocated for 2023, to finance the works for the HS/HC Milan-Genoa –Third Giovi Pass line;
- decreases due to receipts of €6,336,254 thousand, broken down as follows:
  - €1,105,556 thousand (MEF chapter 1541 – grants related to income);
  - €11,360 thousand using chapter 7255 funds earmarked for "passenger maritime transport in the Straits of Messina";
  - €4,810,813 thousand (MEF chapter 7122) for various management programmes (MP1-MP2-MP4-MP5-MP6- MP7-MP8-MP9-MP10-MP11-MP12-MP13);
  - €37,906 thousand (MIT chapter 7006) financed by the Fund for the price adjustment of construction materials pursuant to article 1-septies.8 of Decree Law no. 73/2021 for applications submitted in the first half of 2022;
  - €235,779 thousand (chapter 7007) financed by the Fund for the continuation of public works provided for by article 7.1 of Decree Law no. 76/2020;
  - €28,131 thousand (chapter 7528) financed by the resources allocated by Law no. 164/2014 ("Unlock Italy") for the "Upgrading of the Monaco-Verona rail link: Brennero Base Tunnel - Construction Lot III" (chapter 7528);
  - €8,818 thousand (chapter 7518) relating to resources financed with CIPE Resolution no. 86/2011 financed by the resources under article 32.1 of Decree Law no. 98/2011 allocated to RFI for the HS/HC Milan-Genoa railway line: Third Giovi Pass;
  - €2,986 thousand (chapter 7549) financed by the resources allocated by Law no. 164/2014 ("Unlock Italy");
  - grants related to freight of €94,905 thousand financed by article 1.294 of Law no. 190/2014, allocated to the MIT with article 11.2-ter of Decree Law no. 185 of 25 November 2015 to be transferred to the Railway Companies for 2022.

The item of "Other Government authorities" showed a decrease of €231,759 thousand, mainly due to the drop in the amounts due from CSEA (Energy and environmental service fund) for €233,134 thousand, partially offset by higher advances paid to Public Authorities for €1,375 thousand.

The item of "Grants related to assets - EU, other Ministries and ordinary customers, equal to €11,759 thousand, includes the grants received from the European Union, other Ministries and other bodies.

Sundry assets and prepayments and accrued income may be analysed as follows:

€'000

Sundry assets and prepayments and accrued income	31.12.2023	31.12.2022	Change
Advances to suppliers for current services	35,372	47,778	(12,406)
Personnel	6,284	5,867	417
Social security institutions	6,576	2,167	4,409
Assets under recovery procedures	1,374	1,374	–
Insurance compensation from insurance companies	278	289	(11)
Other non-trade assets	58,234	56,135	2,099
Sub-total sundry assets	**108,118**	**113,610**	**(5,492)**
Prepayments and accrued income	1,381	5,189	(3,808)
Total	**109,499**	**118,799**	**(9,300)**

The €9,300 thousand decrease in "Sundry assets and prepayments and accrued income" was mainly due to the combined effect of:

- lower advances to suppliers for € 12,406 thousand following the settlement of advances paid to contractors;
- lower accruals and deferrals for €3,808 thousand;
- higher receivables from social security institutions for €4,409 thousand, substantially due to the advance payments of post-employment benefits made to employees during the year (€5,278 thousand), offset by a decrease in the reimbursements to be received from INAIL (€869 thousand);
- higher other non-trade assets for € 2,099 thousand, mainly due to third-party penalty income (€1,176 thousand).

The table below gives a breakdown of Other non-current and current assets by geographical segment:

	31.12.2023	31.12.2022	Changes
Italy	7,734,839	4,802,018	2,932,821
Eurozone countries	2,663	1,829	834
United Kingdom	91	92	(1)
Other non-EU European countries	3,315	2,578	737
Other countries	1	–	1
	7,740,909	**4,806,517**	**2,934,392**

23. Inventories

This caption can be analysed as follows:

(€'000)

	31.12.2023	31.12.2022	Change
Raw materials, consumables and supplies	1,022,725	871,325	151,400
Allowance for inventory write-down	(13,811)	(14,182)	371
Total inventories	**1,008,914**	**857,143**	**151,771**

The net increase in raw materials, consumables and supplies amounted to €151,771 thousand at 31 December 2023, and was mainly due to the combined effect of the following:

- the purchase of materials (€873,114 thousand);
- the use of materials (€862,241 thousand);
- the production output at the National Workshops in Bari, Pontassieve and Bologna for the production of frogs, switches, glued insulating joints and electric devices (€140,527 thousand);
- the net decrease of €371 thousand in the allowance for inventory write-down due to the analysis of low-use and/or obsolete materials.

24. Non-current and current trade receivables

They can be analysed as follows:

(€'000)

	31.12.2023			31.12.2022			Change		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Ordinary customers	61	386,601	386,662	82	461,827	461,909	(21)	(75,226)	(75,247)
Government and other public authorities	1,533	77,522	79,055	1,539	48,979	50,518	(6)	28,543	28,537
Foreign railways	–	529	529	–	432	432	–	97	97
Railways under concession	–	3	3	–	3	3	–	–	–
Contract assets for contract work inprogress	–	49,222	49,222	–	89,323	89,323	–	(40,101)	(40,101)
Group companies	–	294,688	294,688	–	458,633	458,633	–	(163,945)	(163,945)
Gross trade receivables	**1,594**	**808,565**	**810,159**	**1,621**	**1,059,197**	**1,060,818**	**(27)**	**(250,632)**	**(250,659)**
Loss allowance	(1)	(157,512)	(157,513)	(1)	(149,527)	(149,528)	–	(7,985)	(7,985)
Total	**1,593**	**651,053**	**652,646**	**1,620**	**909,670**	**911,290**	**(27)**	**(258,617)**	**(258,644)**

The decrease in trade receivables from Ordinary customers (€75,247 thousand) compared to 31 December 2022, gross of the related loss allowance, was mainly due to the amounts collected from Railway Companies for tolls and traffic-related services, and to the issue of credit notes for electricity used for traction, as well as to the amounts collected from energy and telephone service operators.

The increase of €28,537 thousand in trade receivables from Government and other public authorities compared to 31 December 2022, gross of the related loss allowance, was mainly due to new invoices issued to local bodies for the construction of railway infrastructure.

The decrease of €163,945 thousand in trade receivables from Group companies compared to 31 December 2022, gross of the related loss allowance, was mainly due to amounts collected and financial compensation from group

Railway Companies for access fees and traffic-related services, and to the issue of credit notes for electricity used for traction, as well as to amounts collected from other Group Companies for the execution of railway infrastructure works, and property lease payments.

The gross amount of Contract assets, amounting to €49,222 thousand, reflect the amount due from customers for construction contracts in progress. The €40,101 thousand decrease on 31 December 2022 was essentially due to the invoices issued in excess of the developments in contract work in progress relating to internal orders.

In order to show the progress of work considering the amounts already invoiced for contract assets, this caption should be considered together with the corresponding portion included under Contract liabilities. The €42,900 thousand balance, which increased by €25,233 thousand, was substantially due to the higher early invoicing during the year.

	31.12.2023		31.12.2022	
Contract assets and liabilities *	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Contract work in progress	332,745	54,915	288,826	32,070
Progress payments from customers	(283,523)	(97,816)	(199,503)	(49,737)
Total	**49,222**	**(42,900)**	**89,323**	**(17,667)**

* Amounts are shown gross of the loss allowance

The maximum exposure to credit risk, broken down by geographical segment, is as follows:

(€'000)

	31.12.2023	31.12.2022	Change
Italy	800,775	1,055,678	(254,903)
Eurozone countries	7,071	2,635	4,436
United Kingdom	–	1	(1)
Other European countries (non-Euro EU)	35	15	20
Other non-EU European countries	2,261	2,472	(211)
Other countries	17	17	–
	810,159	**1,060,818**	**(250,659)**

25. Current financial assets arising from service concession arrangements

This caption is substantially in line with the previous year.

26. Cash and cash equivalents

They can be analysed as follows:

			(€'000)
	31.12.2023	**31.12.2022**	**Change**
Bank and postal accounts	4,061	3,059	1,002
Cash and cash on hand	475	472	3
Treasury current accounts	127,449	1,459,834	(1,332,385)
Other	112	112	–
Gross balance	**132,097**	**1,463.,477**	**(1,331,380)**
Loss allowance	(83)	(922)	839
Total net of the loss allowance	**132,014**	**1,462,555**	**(1,330,541)**

The overall decrease in the caption on 31 December 2022 was substantially due to the treasury current account which receives the payments made by the MEF in relation to the Government Programme Contract and those related to other grants disbursed by the MIT and the European Commission and subsequently transferred to the intragroup current account in accordance with cash needs.
As already described in the Directors' Report, this reduction was linked to the discrepancy between the time needed to collect Government resources, and the related payment to suppliers, particularly works contractors.
For more information on changes in cash and cash equivalents, reference should be made to the statement of cash flows.

27. Tax assets

The €653 thousand balance increased by €343 thousand on the previous year, mainly due to the tax credits per withholding taxes recorded.

28. Equity

Changes in the main equity captions in 2023 are shown in the statement of changes in equity to which reference should be made.

Share capital

At 31 December 2023, the Company's fully subscribed and paid-up share capital was made up of 31,528,425,067 ordinary shares with a nominal amount of €1 each, for a total of €31,528,425,067.

Legal reserve

At 31 December 2023, it amounted to €127,522 thousand, following the allocation of a portion of the profit for 2022, equal to €13,148 thousand.

Other reserves

The extraordinary reserve amounted to €52,630 thousand at 31 December 2023, showing changes of €21,229 thousand compared to 31 December 2022 following the demerger of the quota in Bluferries S.r.l. to the benefit of the affiliated company Mercitalia Logistics S.p.A..

Fair value reserves

Cash flow hedge reserve

The cash flow hedge reserve includes the effective portion of the cumulative net change in the fair value of cash flow hedges relating to transactions that have not yet taken place and the residual portion of the cumulated reserve with previous financial instruments in relation to which, in 2012, the counterparties exercised the contractually-permitted early termination option.

At 31 December 2023, this reserve was negative by €173 thousand, up by €2,355 thousand on 31 December 2022. The improvement is due to the following factors:

- the fair value measurement of hedging instruments at the reporting date (entailing a negative change of €1,220 thousand);
- the release of the portion of the year following the above-mentioned early termination of contracts in 2012 (entailing a positive change of €3,575 thousand).

Actuarial reserve for employee benefits

The actuarial reserve includes the effects of actuarial gains and losses on post-employment benefits and the Free Travel Card. The net balance of this reserve was negative for €129,892 thousand at the reporting date, compared to the previous year-end balance following the total actuarial loss of €2,257 thousand.

Retained earnings

At 31 December 2023, retained earnings amounted to €2,345,578 thousand, a net increase of €99,818 thousand on the previous year end due to the allocation of the profit for 2022 resolved upon by the shareholders' meeting of 20 April 2023.

Profit for the year

The Company ended the year with a profit of €196,068 thousand.

The origin, availability and distribution of equity captions, as well as any use in the past three years, are shown below.

(€'000)

Origin	Balance at 31.12.2023 (a+b)	Unavailable portion (a)	Possibility of use ***	Available portion (b)	Available portion of (b)	Summary of uses in the past three years ** Capital increase	Coverage of losses	Dividends	Other (Demergers)
Share capital:									
Share capital	31,528,425	31,528,425							
Income-related reserves:									
Legal reserve	127,522	127,522	B						
Retained earnings *	2,345,578	(65,342)	A,B,C	2,410,920	1,380,563				
Other reserves:									
Cash flow hedge reserve	(173)	(1,142)							
Actuarial reserve	(129,893)	(125,748)							
Reserve for non-recurring transactions	52,630		A,B,C	52,630	52,630				
TOTAL	**33,924,089**	**31,463,715**		**2,463,550**	**1,433,193**	**–**	**–**	**–**	**–**

* total equity is shown net of the profit for 2023
** 2020-2021-2022 financial years
*** A = Capital increase; B = Coverage of losses; C = Dividends

29. Current and non-current loans and borrowings

(€'000)

Non-current loans and borrowings	31.12.2023	31.12.2022	Change
Bank loans and borrowings	404,376	488,015	(83,639)
Shareholder loans	1,930452	1,688,395	242,057
Total	**2,334,828**	**2,176,410**	**158,418**

(€'000)

Current loans and borrowings and current portion of non-current loans and borrowings *	31.12.2023	31.12.2022	Change
Bank loans and borrowings (current portion)	84,454	147,921	(63,467)
Loans and borrowings from other financial backers (current portion)	6,250	18,750	(12,500)
Shareholder loans (current portion)	2,646,530	398,248	2,248,282
Loans and borrowings from group companies (current portion)	302	246	56
Total	**2,737,536**	**565,165**	**2,172,371**

* It mainly refers to the current portion of non-current loans and borrowings

(€'000)

Loans and borrowings	31.12.2023	31.12.2022	Change
Bank loans and borrowings	488,830	635,936	(147,106)
Loans and borrowings from other financial backers	6,250	18,750	(12,500)
Shareholder loans	4,576,982	2,086,643	2,490,339
Loans and borrowings from group companies (current portion)	302	246	56
Total loans and borrowings	**5,072,364**	**2,741,575**	**2,330,789**

Bank loans and borrowings (non-current and current) amount to €488,830 thousand and are shown gross of accrued expenses not yet paid (€816 thousand). This caption is entirely comprised of liabilities with the European Investment Bank (EIB). The €147,106 thousand decrease on the previous year end refers to the €146,553 thousand reduction due to the principal repaid in 2023 and the €552 thousand decrease in accrued expenses included under the current portion.

Loans and borrowings from other financial backers (non-current and current) amount to €6,250 thousand and are entirely comprised of liabilities with Cassa Depositi e Prestiti (CDP). The €12,500 thousand decrease on 31 December 2022 is due to the principal of the same amount repaid in 2023.

Shareholder loans (non-current and current) amount to €4,576,982 thousand and are shown gross of accrued expenses not yet paid (€46,688 thousand). Specifically, they refer to loans and borrowingsrelated to the tranches of the bonds that FS Italiane S.p.A. placed on the market as part of the FS EMTN Programme,in addition to the intragroup loans as part of a bank loan agreement entered into by FS Italiane S.p.A..

The €2,490,339 thousand increase in these liabilities on 31 December 2022 is mainly due to the combined effect of the following factors:

- the €2,000,000 thousand increase following the new Loan Agreement;
- the approximately €742,000 thousand increase following the new non-current intragroup loans entered into in 2023 (for more details, please refer to the section on "Main events of the year" of the Directors' Report), which refer to:
  - an intragroup Green Bond Series 22 loan of approximately €242,000 thousand;
  - two intragroup Caixa FS-RFI loans totalling €250,000 thousand;
  - two additional intragroup contracts: BBVA FS-RFI of €100,000 thousand, and Unicredit FS-RFI of €150,000 thousand;
- the €100,000 thousand increase attributable to credit lines (current portion);
- the approximately €38,000 thousand increase mainly relating to accruals (non-current portion);
- the €90,000 thousand decrease due to the repayment of the Unicredit loan;
- the €300,000 thousand decrease due to the repayment of the Bridge loan.

The terms and conditions of non-current loans and borrowings in place, net of accrued interest, are summarised in the table below:

(€'000)

Type of financed works	Creditor	Currency	Note	Nominal interest rate	Year of maturity	31.12.2023 Nom. amount	31.12.2023 Carrying amount	31.12.2022 Nom. amount	31.12.2022 Carrying amount
HS/HC	EIB 1	€		Fixed	2023	–	–	15,454	15,454
HS/HC	EIB 2	€		Fixed	2023	–	–	21,165	21,165
HS/HC	EIB 3	€	(1)	Variable	2024	27,778	27,778	83,333	83,333
HS/HC	EIB 4	€	(3)	Fixed/Var.	2030	209,049	209,049	238,044	238,044
HS/HC	EIB 5	€	(1)	Variable	2025	3,556	3,556	5,333	5,333
HS/HC	EIB 6	€	(2)	Fixed	2032	102,455	102,455	112,213	112,213
HS/HC	EIB 7	€	(3)	Fixed/Var.	2032	145,177	145,177	159,024	159,024
HS/HC	CASSA DEPOSITI E PRESTITI 2	€	(1) (4)	Variable	2023	6,250	6,250	18,750	18,750
HS/HC		€				**494,265**	**494,265**	**653,317**	**653,317**
HS/HC	INTRAGROUP EMTN 6 TR/FS	€	(6)	Fixed	2025	300,000	299,802	300,000	299,652
HS/HC	INTRAGROUP EMTN 9 TR/FS	€	(6)	Variable	2030	200,000	200,000	200,000	200,000
HS/HC	INTRAGROUP Y EMTN 11 TR/FS	€	(6)	Variable	2029	100,000	99,966	100,000	99,894
HS/HC	INTRAGROUP EMTN 12 TR/FS	€	(6)	Variable	2029	140,000	140,000	140,000	140,000
HS/HC	INTRAGROUP UNICREDIT/FS	€		Variable	2023	–	–	90,000	89,994
HS/HC	INTRAGROUP EMTN 15 TR/FS	€	(6)	Fixed	2030	250,000	250,000	250,000	250,000
HS/HC	INTRAGROUP EMTN 20 TR/FS	€	(6)	Fixed	2027	200,000	199,398	200,000	199,140
HS/HC	INTRAGROUP TERCOMPANY UNICREDIT/FS	€		Variable	2024	200,000	199,965	200,000	199,876
HS/HC	INTRAGROUP UNICREDIT/FS	€	(5)	Variable	2028	150,000	149,721	–	–
HS/HC	INTRAGROUP TERCOMPANY CAIXA/FS	€	(5)	Variable	2029	250,000	249,382	–	–
HS/HC	INTRAGROUP BBVA/FS	€	(5)	Variable	2028	100,000	99,669	–	–
HS/HC	INTRAGROUP INTESA/FS	€		Variable	2024	200,000	199,960	200,000	199,861
HS/HC	INTRAGROUP BPM/FS	€		Variable	2024	100,000	99,999	100,000	99,982
HS/HC	I INTRAGROUP EMTN 22 TR/FS	€	(5)	Variable	2033	245,000	242,438	–	–
						2,435,000	**2,430,301**	**1,780,000**	**1,778,398**
TOTAL						**2,929,265**	**2,924,566**	**2,433,317**	**2,431,715**

(1) The rate was converted from variable to fixed following a swap hedging the interest rate risk.

(2) Fixed for each tranche used.

(3) Fixed for the first three tranches, variable for the subsequent ones.
(4) Amount transferred by CDP to CPG Società di cartolarizzazione a.r.l. as part of a securitisation transaction carried out in accordance with Law no. 130/1999

(5) New intragroup contracts signed for €745 million in 2023

(6) Access fees will guarantee financial coverage

The table below shows the net financial debt at 31 December 2023 compared with that at the previous year end, showing a total deterioration equal to €3,768,753 thousand due to:

- the discrepancy between the time needed to collect government resources, and the related payment to suppliers, which led to a worsening effect on the short-term Net Financial Position by absorbing the cash on hand as at 31 December 2022, and making it necessary to resort to short-term credit lines. In line with the resolution passed by the Company's Board of Directors on 27 June, on 26 July FS entered into a Loan

Agreement with INTESA SANPAOLO S.p.A. in the amount of €2,000,000,000, aimed at supporting RFI's cash shortfall caused by the aforementioned mismatch;

- the combined effect of repayments of existing loans, and the taking out of new intercompany Green bond loans as part of the Eligible Green Projects under FS's Green Bond Framework, which for RFI have as their object the completion of the Turin-Milan-Naples high-speed network, as well as the taking out of new intercompany loans (Caixa FS-RFI, BBVA FS-RFI, and Unicredit FS-RFI) in July and November.

(€'000)

Net financial debt	31.12.2023	31.12.2022	Changes
Net current financial (position) debt	**2,294,637**	**(1,322,540)**	**3,617,177**
Treasury current accounts	(127,369)	(1,458,915)	1,331,546
Other financial assets, net	(306,142)	(418,964)	112,822
Financial assets from the MEF for the fifteen-year grants	(9,994)	(9,934)	(60)
Bank loans and borrowings	84,454	147,921	(63,466)
Loans and borrowings from other financial backers	6,250	18,750	(12,500)
Shareholder loans due within one year	2,646,831	398,494	2,248,337
Current lease liabilities (IFRS 16)	10,201	11,978	(1,777)
Current derivatives	(243)	(1,598)	1,355
Other	(9,353)	(10,272)	920
Net non-current financial debt	**2,223,054**	**2,071,478**	**151,577**
Financial assets from the MEF for the fifteen-year grants	(85,140)	(95,194)	10,054
Securities and non-current loans and borrowings	(540)	(489)	(51)
Loans	(59,034)	(51,309)	(7,725)
Bank loans and borrowings	404,376	488,015	(83,639)
Shareholder loans due after one year	1,930,451	1,688,395	242,056
Non-current lease liabilities (IFRS 16)	33,017	42,060	(9,043)
Non-current derivatives	(76)	–	(76)
Total	**4,517,691**	**748,938**	**3,768,753**

The following table shows changes in financial items, indicated separately from those that generated/used cash flows. For more details, please refer to the section on the "Financial position and performance" of the Directors' Report.

(€'000)

Cash flows generated by/(used in) financing activities	31.12.2022	Monetary items	Non-monetary effects					31.12.2023
			Change in accruals	Other non-monetary changes	Lease change (IFRS 16)	Change in clean fair value (IFRS13)	Changes in expected credit loss (IFRS9)	
Disbursement and repayment of current and non-current loans	2,741,574	2,291,907	37,882	999	–	–	–	5,072,363
Change in other financial assets	(158,437)	1,742	431	(51)	–	1,220	(1)	(155,098)
Cash and cash equivalents	(1,881,519)	1,444,272	–	–	–	–	(910)	(438,157)
Changes in assets/liabilities arising from service concessions	(6,804)	2,097	–	–	–	–	–	(4,707)
Change in other financial liabilities	54,124	(13,267)	157	–	2,275	–	–	43,289
Total	**748,938**	**3,726,751**	**38,470**	**948**	**2,275**	**1,220**	**(911)**	**4,517,691**

30. Employee benefits (Post-employment benefits and Free Travel Card)

		(€'000)
	31.12.2023	**31.12.2022**
Present value of post-employment benefit obligations (TFR)	268,315	300,095
Present value of Free Travel Card (CLC) obligations	23,255	23,338
Other provisions (health care trust, former National Social Security and Welfare Institute for Ferrovie dello Stato employees)	(179)	(175)
Total present value of obligations	**291,391**	**323,258**

Changes in the present value of liabilities for defined benefit obligations are shown in the table below.

		(€'000)
Post-employment benefits and Free Travel Card (CLC)	**31.12.2023**	**31.12.2022**
Defined benefit obligations at 1 January	323,433	404,013
Service Cost	156	191
Interest cost (*)	10,922	5,558
Benefits paid	(40,826)	(44,575)
Transfers in (out)	(1,743)	475
Other changes (estimated benefit payments)	(2,629)	(2,756)
Net actuarial (gains) losses recognised in equity	2,257	(39,473)
from change in demographic assumptions	-	-
from change in financial assumptions	6,920	(60,769)
from past experience	(4,663)	21,296
Defined benefit obligations	291,570	323,433
Other provisions (health care trust, former National Social Security and Welfare Institute for Ferrovie dello Stato employees)	(179)	(175)
Other changes	-	-
Post-employment and other employee benefits (CLC)	**291,391**	**323,258**

(*) through profit or loss

In accordance with the IFRS, the post-employment benefits accrued up to 1 January 2007 and the Free Travel Cards have been considered defined post-employment-benefits, the amount of which is calculated on an actuarial basis.

In 2023, a total of €45,198 thousand in post-employment benefits was used (benefits paid, transfers in/out, other changes, estimated benefit payments). This refers to the benefits paid to employees who left the Company in 2023 and employees' advances and transfers from/to other group companies.

Net actuarial losses of €2,257 thousand were recognised in 2023, compared to net gains of €39,473 thousand in 2022. The actuarial losses are mainly due to the decrease in the discount rate from 3.57% in 2022 to 2.95% in 2023 for post-employment benefits, and from 3.77% in 2022 to 3.17% in 2023 for the Free Travel Card.

Specifically, the actuarial reports on post-employment benefits and the Free Travel Card show total losses based on financial assumptions (including the discount rate) of approximately €6,920 thousand and total gains based on the other actuarial assumptions of €4,663 thousand, which, summed together, generate a net actuarial loss of €2,257 thousand.

Other provisions include negligible amounts which were not subject to actuarial valuation since they did not meet the requirements of defined benefit obligations set out in IAS 19. Consequently, they were presented separately.

Actuarial assumptions

The main assumptions for the actuarial estimate process are described below:

	31.12.2023	31.12.2022
Discount rate (TFR)	2.95%	3.57%
Discount rate (CLC)	3.17%	3.77%
Future increases in pensions	75% inflation +1.5 percentage points	75% inflation +1.5 percentage points
Expected turnover rate for employees	4.00%	4.00%
Expected rate of advances	2.00%	2.00%
Probability of death	RG48 mortality rate published by the Government General Accounting Office	RG48 mortality rate published by the Government General Accounting Office

The expected mortality assumptions are based on published statistics and mortality rates.

The following sensitivity analysis shows the effects that would have been recorded in terms of changes in the present value of liabilities for defined benefit obligations, following reasonably possible changes in actuarial assumptions. The tables below show the contribution expected for the subsequent year, the average term of the defined benefit obligation and the payments scheduled by the plan.

SENSITIVITY ANALYSIS TFR AND CLC (€'000)

31.12.2023	TFR	CLC
Turnover rate +1.00%	268,677	–
Turnover rate -1.00%	267,924	–
Inflation rate +0.25%	270,548	23,723
Inflation rate -0.25%	266,110	22,802
Discount rate +0.25%	264,867	22,770
Discount rate -0.25%	271,852	23,760
Future service cost	–	181
Plan duration (years)	5.9	10
Total employees at year end	31,868	–

Estimated future TFR and CLC (€'000)

31.12.2023	TFR	CLC
Payment - first year	46,913	2,482
Payment - second year	34,045	2,298
Payment - third year	29,859	2,121
Payment - fourth year	12,299	2,022
Payment - fifth year	29,203	1,921

31. Provisions for risks and charges

The opening and the closing balances of the provisions for risks and charges and changes in 2023 are shown below. The provisions are deemed adequate to cover the Company's probable charges.

(€'000)

Description	31.12.2022	Adjustments/ Reclassifications	Accrual	Utilisations	Release of excess provisions	31.12.2023
Provision for taxation	12,015	-	75	(635)	(88)	11,367
Expense related to						
- personnel	47,295	-	9,054	(11,937)	-	44,412
- third parties	198,196			(13,508)	(18,181)	166,507
Reclamation provision	46,184	14	-	(73)	-	46,125
Equity investments	48,882	-	-	(9,553)	(39,329)	–
Other risks and charges	133,349	(310)	25,718	(9,965)	-	148,792
TOTAL	**485,921**	**(296)**	**34,847**	**(45,671)**	**(57,598)**	**417,203**

Provision for taxation

It includes probable future tax charges.

At 31 December 2023, the provision showed a decrease (€648 thousand) on 31 December 2022, mainly due to higher utilisations (€635 thousand).

Provisions for expense related to personnel and third parties

This provision comprises the probable charges in respect of economic and labour claims and compensation for occupational illness. It refers to pending disputes brought before the competent labour courts. In this respect, in 2023, €11,937 thousand was used to cover the contributions charges and costs related to disputes with personnel (in court or out of court). It was increased by €9,054 thousand to meet the needs calculated at 31 December 2023.

The provision for expense related to third parties mainly refers to lawsuits pending with suppliers for subcontracting, services and supplies and the out-of-court dispute for suppliers' claims. In 2023, €13,508 thousand was used following the unfavourable settlement of disputes or settlement agreements, while €18,181 thousand was released.

Reclamation provision

This provision was accrued and used to cover the costs incurred to reclaim sites polluted by works to be sold/that have been sold. The initial calculation of this provision considered the costs to restore the affected areas based on their previous industrial use.

Provision for equity investments

This provision, which was set aside at 31 December 2013 to cover the investment in Stretto di Messina S.p.A. put in liquidation, was utilized for €9,553 thousand and the remaining part, amounting to €39,329 thousand, was released following the provisions of Decree Law no. 35 of 31 March 2023, which made the revocation by operation of law of the company's state of liquidation enforceable as from 1 April 2023.

Provisions for other risks and charges

These provisions mainly refer to:

- fund for the pursuit of pro-active policies to support income and employment (€97,000 thousand);
- leaving incentives (€1,603 thousand);

- other risks (€50,189 thousand).

The utilisations of €9,965 thousand mainly refer to leaving incentives (€8,795 thousand).

32. Non-current and current financial liabilities (including derivatives)

(€'000)

	Carrying amount								
	31.12.2023			31.12.2022			Change		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Financial liabilities									
Hedging derivatives	–	71	71	–	(85)	(85)	–	156	156
Other financial liabilities	–	–	–	–	172	172	–	(172)	(172)
Lease liabilities	33,017	10,201	43,218	42,060	11,978	54,038	(9,043)	(1,777)	(10,820)
Total financial liabilities	**33,017**	**10,272**	**43,289**	**42,060**	**12,065**	**54,125**	**(9,043)**	**(1,793)**	**(10,836)**

The €10,836 thousand decrease in financial liabilities (non-current and current) substantially reflects the repayment of portions from previous years, net of new entries.

33. Other non-current and current liabilities

(€'000)

	31.12.2023			31.12.2022			Change		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Advances for grants	–	2,534,070	2,534,070	–	3,639,554	3,639,554	–	(1,105,484)	(1,105,484)
Social security charges payable	6,026	114,083	120,109	12,051	98,508	110,559	(6,025)	15,575	9,550
Other liabilities with groupcompanies*	–	244,969	244,969	–	98,558	98,558	–	146,411	146,411
Sundry liabilities*	69,926	375,172	445,098	73,783	373,626	447,409	(3,857)	1,546	(2,311)
Accrued expenses and deferredincome	144	9,597	9,741	1,769	15,183	16,952	(1,625)	(5,586)	(7,211)
Total other liabilities	**76,096**	**3,277,891**	**3,353,987**	**87,603**	**4.225,429**	**4,313,032**	**(11,507)**	**(947,538)**	**(959,045)**

* For a more correct presentation, the VAT liability has been reclassified from Other payables to Other liabilities with Group companies

At 31 December 2023, advances for grants related to assets amounted to €2,534,070 thousand and can be analysed as follows:

(€'000)

	31.12.2022	Increases	Decreases	Other changes	31.12.2023
Advances for grants:					
MEF	1,276,950	7,892,763	(8,004,963)	(140,434)	1,024,316
MIT	1,442,608	305,685	(624,828)	–	1,123,465
European Regional Development Fund	4,010	109,931	(107,069)	–	6,872
TEN-T network	58,641	3,855	(21,806)	–	40,690
NRRP	580,112	–	(580,112)	–	–
Other PA	195,981	392,431	(330,937)	–	257,475
Other third parties	81,252	–	–	–	81,252
Total advances for grants	**3,639,554**	**8,704,665**	**(9,669,715)**	**(140,434)**	**2,534,070**

The net decrease of €1,105,484 thousand in advances for grants is due to the combined effect of the increases in amounts due from the MIT, the MEF and other bodies which were recognised under Other non-current and current assets and Non-current and current financial assets, the decreases due to uses through the allocation to assets under construction and the coverage of financial expense, and the €140,434 thousand net decrease included under Other changes reflecting the capital increases of Società Tunnel Ferroviario del Brennero S.p.A. as described in the note to Equity investments to which reference should be made.

Other liabilities with Group companies amount to €244,969 thousand. The €146,411 thousand increase on 31 December 2022 is substantially due to greater liabilities with the Parent (€150,000 thousand) for the recognition of the 2022 profit dividend in 2023, and VAT debt (€5,789 thousand), partially offset by a lower 2023 grant related to freight allocated to group companies (€6,859 thousand), and an improved debit balance of the performance regime penalties, traffic (€3,697 thousand).

Other liabilities mainly refer to amounts due to personnel (€143,375 thousand), guarantee deposits (€46,185 thousand), holidays accrued but not taken (€32,595 thousand), performance regime liabilities (€6,141 thousand), and penalties from traffic (€4,513 thousand), other tax liabilities for withholdings applied by RFI on employees' and contract workers' remuneration, and for Revaluation of Post-employment benefits (€40,345 thousand), advances on the 2023 grant related to freight (€53,659 thousand), and liabilities with insurance companies (€19,646 thousand).

34. Non-current and current trade payables

They can be analysed as follows:

(€'000)

	31.12.2023			31.12.2022			Change		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Trade payables	10,251	3,074,884	3,085,136	11,509	2,665,312	2,676,821	(1,258)	409,572	408,315
Advances	5,883	92,421	98,304	4,986	87,036	92,022	897	5,385	6,282
Trade payables to group companies	–	744,955	744,955	–	679,193	679,193	–	65,762	65,762
Contract liabilities	–	42,900	42,900	–	17,667	17,667	–	25,233	25,233
Total trade payables	**16,134**	**3,955,161**	**3,971,296**	**16,495**	**3,449,208**	**3,465,703**	**(361)**	**505,953**	**505,593**

The increase in trade payables on the previous year-end balance totals €408,315 thousand and is mainly due to the rise in investments during the year.

Advances refer to ordinary customers and group companies (€98,304 thousand), up €6,282 thousand on 31 December 2022.

Current trade payables to group companies increased by a net €65,762 thousand mainly due to the combined effect of the following factors:

- the €70,595 thousand increase in liabilities with the related company Fercredit following factoring by third-party and group suppliers;
- the €24,967 thousand increase in invoices received from related companies;
- the €3,209 thousand increase in liabilities with the parent;
- the €21,215 thousand decrease in invoices to be received from related companies;
- the €13,164 thousand decrease in liabilities with subsidiaries.

Contract liabilities of €42,900 thousand reflect the gross amount due to customers for contracts the costs of which, net of recognised profit margins, exceed progress payments. This caption corresponds with Contract assets, to which reference should be made.

35. Financial risk management

The activities that the Company carries out expose it to various types of risks that include market risk (interest rate and currency risk), liquidity risk and credit risk.

This section provides information on the Company's exposure to each of the risks listed above, the objectives, policies and processes for the management of these risks and the methods used to assess them, as well as capital management. These financial statements also include additional quantitative information. The Company's risk management focuses on the volatility of financial markets and tries to minimise potential undesired effects on its financial position and results of operations.

With respect to financial risk disclosure, in order to reconcile the financial assets and liabilities identified pursuant to IFRS 7 with those reported in the statement of financial position, it is noted that the amounts shown in the statement of financial position match those of the financial assets and liabilities identified pursuant to IFRS 7, net of tax assets and participatory instruments. Furthermore, financial assets and liabilities include the respective hedging derivatives.

Financial assets and liabilities measured in accordance with the IFRS 9 may be analysed as follows.

		(€'000)
	31.12.2023	**31.12.2022**
Trade receivables at amortised cost	652,645	911,290
Other assets at amortised cost	7,599,464	4,664,202
Other financial assets at amortised cost	460,387	575,401
Derivatives at FVOCI	314	1,512
Other assets measured at FVTPL	540	489
Financial assets arising from service concession arrangements at amortised cost	4,707	6,804
Cash and cash equivalents	131,539	1,462,084
Total financial assets	**8,849,596**	**7,621,782**
Non-current loans and borrowings	5,072,363	2,741,575
Other financial liabilities at amortised cost	43,218	54,124
Derivatives at FVOCI	71	–
Trade payables at amortised cost	3,971,296	3,465,703
Other liabilities at amortised cost	3,313,641	4,270,217
Total financial liabilities	**12,400,589**	**10,531,618**

Credit risk

Credit risk is the risk that a customer or one of the counterparties of a financial instrument may cause a financial loss by not complying with an obligation. It mainly arises from trade receivables, loans to the public administration, derivatives and the Company's cash and cash equivalents.

With respect to the derivatives used for hedging purposes and which can potentially generate credit exposure to counterparties, the Company applies a specific policy that defines concentration thresholds by counterparty and credit rating.

With respect to the assessment of customers' credit risk, the Company manages and analyses the risk of all new significant customers, regularly checks their commercial and financial exposure and monitors the collection of receivables from the public administration within the contractually agreed timeframe.

The following tables shows the Company's exposure to credit risk at 31 December 2023 and 2022, broken down by category and counterparty. For information about the gross balance and the loss allowance, reference should be made to the notes to the relevant captions.

(€'000)

31 December 2023	Public administration	Third party customers	Financial institutions	Group companies	Total
Current and non-current trade receivables	65,570	278,537		308,539	652,646
Other current and non-current assets	7,439,612	57,556		102,296	7,599,464
Current and non-current financial assets	99,840	803	58,848	306,456	465,947
Cash and cash equivalents			131,539		131,539
Total financial assets at 31 December 2023	**7,605,022**	**336,896**	**190,387**	**717,291**	**8,849,596**

(€'000)

31 December 2022	Public administration	Third party customers	Financial institutions	Group companies	Total
Current and non-current tradereceivables	40,121	404,088		467,081	911,290
Other current and non-current assets	4,484,863	67,968		111,371	4,664,202
Current and non-current financial assets	111,932	753	61,712	409,809	584,206
Cash and cash equivalents			1,462,084		1,462,084
Total financial assets at 31 December 2022	**4,636,916**	**472,809**	**1,523,796**	**988,261**	**7,621,782**

A significant portion of trade receivables and loans relates to government and public authorities, such as the MEF and the regions. The amount of financial assets whose recoverability is uncertain is negligible. However, an adequate loss allowance was accrued in this respect.

The maximum exposure to credit risk, broken down by counterparty and past due brackets, at 31 December 2023 is shown below:

(€'000)

	31.12.2023					
		Past due by				
	Not past due	**0-180**	**180-360**	**360-720**	**More than 720 days**	**Total**
Public administration, Italian government and regions (gross)	7,656,680	21,191	2,191	879	31,045	7,711,986
Loss allowance	(92,846)	(257)	(27)	(11)	(13,823)	(106,964)
Public administration, Italian government and regions (net)	**7,563,834**	**20,934**	**2,164**	**868**	**17,222**	**7,605,022**
Group companies	711,010	2,219	1,982	468	9,460	725,139
Loss allowance	(449)	(1)	(1)	–	(7,397)	(7,848)
Group companies (net)	**710,561**	**2,218**	**1,981**	**468**	**2,063**	**717,291**
Third party customers (gross)	296,078	30,518	8,208	15,606	157,147	507,557
Loss allowance	(35,031)	(452)	(121)	(231)	(134,826)	(170,661)
Third party customers (net)	**261,047**	**30,066**	**8,087**	**15,375**	**22,321**	**336,896**
Financial institutions	190,505	–	–	–	–	190,505
Loss allowance	(118)	–	–	–	–	(118)
Financial institutions (net)	**190,387**	–	–	–	–	**190,387**
Total exposure, net of the loss allowance	**8,725,829**	**53,218**	**12,232**	**16,711**	**41,606**	**8,849,596**

(€'000)

	31.12.2022					
		Past due by				
	Not past due	**0-180**	**180-360**	**360-720**	**More than 720 days**	**Total**
Public administration, Italian government and regions (gross)	4,693,266	(2,920)	28,555	693	17,495	4,737,090
Loss allowance	(88,968)	55	(541)	(13)	(10,706)	(100,174)
Public administration, Italian government and regions (net)	**4,604,298**	**(2,865)**	**28,014**	**680**	**6,789**	**4,636,916**
Group companies	941,437	38,120	545	6,636	15,181	1,001,919
Loss allowance	(599)	(24)	–	(4)	(13,031)	(13,658)
Group companies (net)	**940,838**	**38,096**	**545**	**6,632**	**2,150**	**988,261**
Third party customers (gross)	377,320	40,349	23,214	24,661	167,077	632,621
Loss allowance	(34,295)	(388)	(223)	(237)	(124,669)	(159,812)
Third party customers (net)	**343,025**	**39,961**	**22,991**	**24,424**	**42,408**	**472,809**
Financial institutions	1,524,748					1,524,748
Loss allowance	(952)					(952)
Financial institutions (net)	**1,523,796**	–	–	–	–	**1,523,796**
Total exposure, net of the loss allowance	**7,411,957**	**75,192**	**51,550**	**31,736**	**51,347**	**7,621,782**

Amounts from ordinary customers, past due by more than 720 days, mainly arise from disputes. The legal actions commenced for the recovery of some amounts are still underway.

Sometimes, in order to recover the amounts, the offsetting of receivables and payables with the same customer/supplier was proposed and carried out.

Amounts receivable from the public administration, past due by more than 720 days, mainly refer to local bodies facing financial difficulties as part of the unfavourable national economic situation.

The total exposure and the impairment of each category was reclassified by risk class at 31 December 2023, as per Standard & Poor's rating, shown below:

(€'000)

	2023				
	FVTPL	**FVOCI**	**Amortised cost**		
		12-months expected credit losses	**12-months expected credit losses**	**lifetime not-impaired**	**Total**
from AAA to BBB-	–	389	596,663	8,030,576	8,627,628
from BB to BB+	540	–	6	–	546
from B to CCC	–	0	368	506,645	507,013
Gross balance	540	389	597,037	8,537,221	9,135,187
Loss allowance	0	0	(480)	(285,111)	(285,591)
Net value	**540**	**389**	**596,557**	**8,252,110**	**8,849,596**

(€'000)

	2022				
	FVTPL	**FVOCI**	**Amortised cost**		
		12-months expected credit losses	**12-months expected credit losses**	**lifetime not-impaired**	**Total**
from AAA to BBB-	–	1,512	2,045,302	5,216,966	7,263,780
from BB to BB+	489	–	372	631,734	632,595
from B to CCC	–	–	5	–	5
Gross balance	489	1,512	2,045,679	5,848,700	7,896,380
Loss allowance	–	–	(1,391)	(273,207)	(274,598)
Net value	**489**	**1,512**	**2,044,288**	**5,575,494**	**7,621,782**

The table below shows changes in impairment losses and gains on financial assets:

(€'000)

	12-months expected credit losses	**lifetime not-impaired**	**Total**
Balance at 1 January 2023	**(1,391)**	**(273,207)**	**(274,598)**
Repaid financial assets	971	369	**1,340**
New assets acquired	(60)	(3,008)	**(3,068)**
Accrual to the loss allowance	–	(17,041)	**(17,041)**
Release of the provision	–	5,608	**5,608**
Utilisation of the allowance	–	2,168	**2,168**
Balance at 31 December 2023	**(480)**	**(285,111)**	**(285,591)**

Liquidity risk

Liquidity risk is the risk that an entity may have difficulties in meeting obligations from financial liabilities to be settled with cash or another financial asset.

Cash flows, cash requirements and liquidity are monitored to ensure efficient and effective management of financial resources. The Company's objective is the prudent management of the liquidity risk arising from ordinary operations.

As for the FS Italiane group's other main companies, the parent oversees RFI's liquidity management using the intragroup current account, whereby the Company can manage its cash needs for ordinary operations, including by using committed and uncommitted lines that it may request from the parent. In this respect, at 31 December 2023, RFI had used only short-term lines of €100 million in uncommitted lines made available by the Parent Company. During 2023, RFI also signed a short-term general purpose loan disbursed by FS Italiane in the amount of €2 billion aimed at financing the Company's investments in railway infrastructure.

Furthermore, RFI holds a non-interest bearing current account with the MEF, included under cash and cash equivalents to ensure that the amounts disbursed by the government to finance the portion of RFI's investment match the progress of the investments.

The following table shows the due dates of financial liabilities, including interest to be paid:

(€'000)

31.12.2023	6 months or less	6-12 months	1-2 years	2-5 years	After 5years	Total
Non-derivative financial liabilities*						
Bank loans and borrowings	62,843	34,183	67,545	199,655	181,012	545,238
Lease liabilities	5,840	5,558	9,176	22,685	2,928	46,187
Loans and borrowings from other financial backers	6,377	–	–	–	–	6,377
Loans and borrowings from group companies	2,698,548	21,705	351,973	728,584	1,116,115	4,916,924
Total	**2,773,608**	**61,446**	**428,694**	**950,924**	**1,300,055**	**5.514.727**
Trade payables	**698,149**	**3,257,012**	**16,134**	**–**	**–**	**3,971,295**
Derivatives*	**71**			**–**	**–**	**71**

* For a better presentation, financial liabilities are shown gross of accrued interest

(€'000)

31.12.2022	6 months or less	6-12 months	1-2 years	2-5 years	After 5years	Total
Non-derivative financial liabilities*						
Bank loans and borrowings	89,521	74,433	97,050	202,997	249,188	713,189
Lease liabilities	7,047	6,296	10,636	24,630	10,111	58,720
Loans and borrowings from other financial backers	6,417	6,368	–	–	–	12,785
Loans and borrowings from group companies	412,713	19,294	540,080	574,711	729,819	2,276,617
Total	**515,698**	**106,391**	**647,766**	**802,338**	**989,118**	**3,061,311**
Trade payables	**582,913**	**2,866,295**	**16,495**	**–**	**–**	**3,465,703**
Derivatives*	**1,766**	**1,327**	**1,396**	**140**	**–**	**4,629**

* For a better presentation, financial liabilities are shown gross of accrued interest

The contractual flows from variable-rate loans have been calculated using the forward rates estimated at the reporting date. Loans and borrowings from group companies comprise the current portion of loans from the parent which, due to their nature, are among those due within six months.

With respect to contractual payment dates, the most significant portion relates to trade payables for contracts and works which are mainly repaid through government grants. The residual part is repaid using cash flows from operations.

The following tables show the repayments of financial liabilities at 31 December 2023 and 2022 within one year, from 1 to 5 years and after 5 years.

(€'000)

31.12.2023	Carrying amount	Within one year	1-5 years	After 5 years
Non-derivative financial liabilities*				
Bank loans and borrowings	488,831	84,454	234,249	170,128
Lease liabilities	43,219	10,253	30,109	2,857
Loans and borrowings from other financial backers	6,250	6,250		–
Loans and borrowings from group companies	4,577,282	2,646,831	898,323	1,032,128
Total	**5,115,582**	**2,747,788**	**1,162,681**	**1,205,113**

* For a better presentation, non-derivative financial liabilities are shown gross of accrued interest

(€'000)

31.12.2022	Carrying amount	Within one year	1-5 years	After 5 years
Non-derivative financial liabilities*				
Bank loans and borrowings	635,936	147,921	257,165	230,850
Lease liabilities	54,038	11,978	32,230	9,829
Loans and borrowings from other financial backers	18,750	18,750		–
Loans and borrowings from group companies	2,086,889	398,494	998,501	689,894
Total	**2.795.613**	**577.143**	**1.287.896**	**930.573**

* For a better presentation, non-derivative financial liabilities are shown gross of accrued interest

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate following changes in market prices, due to changes in exchange or interest rates. The objective of market risk management is to manage and maintain the Company's exposure to this risk within acceptable levels, while optimising returns on investments. The Company uses hedging transactions to manage the volatility of the results.

Interest rate risk

Interest rate risk is associated with the intrinsic variability of market interest rates which generates uncertainties as to the future cash flows associated with financing activities.

With respect to the actual and forecast non-current indebtedness, the Company, assisted by the parent, has adopted an interest rate risk management policy which is aimed at (i) capping total financial expense (including in case of negative scenarios) within a level that does not exceed the assumptions set out in the business plan, while (ii) freeing additional resources with respect to the assumed borrowing cost. RFI's derivatives are interest rate swaps exclusively for hedging purposes in accordance with Cash Flow Hedge requirements.

The interest rate swaps entered into by the Company in 2012 following the exercise of the early termination option are the economic continuation of the hedges of the variable-rate loans raised in 2002. Their total notional amount is €31 million. These hedges will be fully terminated in 2024.

Fair value estimate

The Company's portfolio includes over-the-counter (OTC) instruments which are classified in Level 2. Financial instruments have been measured at fair value using financial models based on market standards. Specifically, this entailed determining the net present value of future cash flows for swaps.

The inputs used to feed the above models reflect observable market parameters which are available with the main financial info providers.

Specifically, the swap vs. three-month Euribor curve figures were used, as well as those related to the swap vs. six-month Euribor curve, the Eur interest rate volatility curve and the credit default swap (CDS) curve of the parties to the derivative contract, which reflect the input widely accepted by market operators to calculate non-performance risk. This risk is calculated using adequate financial valuation techniques and models which include, inter alia, the following factors i) the risk exposure, being the potential mark-to-market exposure throughout the life of the financial instrument, ii) adequate CDS curves to reflect their probabilities of default (PD).

The table below shows variable and fixed rate loans and borrowings (including the current portion).

(€'000)

	Carrying amount	Contractual cash flows	Current portion	1 - 2 years	2 - 5 years	after 5 years
- variable rate	3,739,523	3,941,041	2,750,089	50,896	529,253	610,803
- fixed rate	1,376,059	1,573,687	84,965	377,798	421,672	689,252
Balance at 31 December 2023	**5,115,582**	**5,514,728**	**2,835,054**	**428,694**	**950,925**	**1,300,055**
- variable rate	1,586,942	1,739,125	512,329	575,379	105,886	545,531
- fixed rate	1,208,671	1,322,186	109,760	72,387	696,452	443,587
Balance at 31 December 2022	**2,795,613**	**3,061,311**	**622,089**	**647,766**	**802,338**	**989,118**

* For a better presentation, financial liabilities are shown gross of accrued expenses

The table below shows the percentage of variable- and fixed-rate loans (including the current portion), before and after hedging derivatives, which convert variable rates into fixed rates.

	31.12.2023	**31.12.2022**
Before hedging with derivatives		
variable rate	73.1%	56.8%
fixed rate	26.9%	43.2%
After hedging with derivatives		
variable rate	70.4%	52.9%
hedged variable rate	0.0%	0.0%
fixed rate	29.6%	47.1%

The following sensitivity analysis shows the effects that would have been recorded in terms of changes in interest expense had an increase or a decrease of 50 basis points in the Euribor interest rates affected loans in 2023.

	+ 50 bps shift	- 50 bps shift
Interest expense on variable-rate liabilities	6,274	(6,273)
Net cash flow from hedges	(408)	408
Total	**5,866**	**(5,865)**

If, at the reporting date, the interest rates had been 50 basis points higher, with all other variables being equal, profit for the year gross of the tax effect would have been €8,807 thousand lower. At the same date, had interest ratesbeen 50 basis points lower, with all other variables being equal, profit for the year would have been €8,803 thousand higher.

The following sensitivity analysis shows the effects of a parallel shift of 50 basis points up or down in the swap rate curve at 31 December 2023 on the fair value of the derivative financial instruments. The effects would be substantially recognised in the specific equity reserve.

Currency risk

	+ 50 bps shift	- 50 bps shift
Fair value of hedging derivatives	17	(17)
Total	**17**	**(17)**

RFI is mainly active in Italy as well as in countries of the Eurozone. Therefore, the risk arising from the different currencies in which it operates is very limited.

Capital management

The Company's main objective with respect to capital risk management is to safeguard its ability to continue as a going concern, while ensuring benefits for the various stakeholders. The Company also intends to maintain an optimal capital structure in order to reduce the cost of debt.

36. Other information

- **Contingent assets and liabilities**

The Company's main contingent assets and liabilities that underwent changes in the year are reported below. The Company has assessed the risk of losing the case underlying the contingent liability reported below and considers it possible.

RFI - Gruppo COSIAC S.p.A.

In 2011, Gruppo COSIAC S.p.A. ("COSIAC") brought a legal action before the Roma Civil Court claiming compensation for damage (an amount of roughly €1 billion) following the alleged violation of rules of integrity, impartiality and good faith in the performance of the integrated service concession for the laying of double tracks on the Tommaso Natale – Carini railway line, and the connection to the Punta Raisi Airport. With ruling no. 9769/2015, the Roma Court, admitting all RFI's arguments and ordering COSIAC to pay all legal fees, declared the lack of jurisdiction in favour of the Administrative Court with regard to extra-contractual damage from the unlawfulness of a measure, and denied other claims of liability (both contractual and pre-contractual). COSIAC appealed against the ruling. With ruling no. 1477/2019, the Roma Courtof Appeal partially admitted COSIAC's appeal and transferred the case to the Court, recognising the Ordinary Court's jurisdiction on the assumption that COSIAC's claim in the case was an expression of its subjective right arising from a contract subject to private law.

The Court of Appeal's Judgment was upheld in various instances of appeal.

The main proceedings were settled, which had been resumed by COSIAC by writ of summons served on 3 May 2019 before the Civil Court of Rome, in which the principal Hera S.p.A. and RFI appeared. By judgment no. 15336/22, the Court rejected all the claims put forward by the COSIAC group, and the principal Hera S.p.A. subject to extraordinary administration (a.s.), condemning them, jointly and severally, to reimburse RFI for the costs of litigation settled in a total of €350,000.00 plus general expenses and legal charges. Subsequently, COSIAC served a notice of appeal to challenge the aforementioned judgment. RFI entered an appearance while the principal Hera S.p.A. in a.s. remained contumacious. By judgment no. 5698/23, the Court rejected the appeal brought by the COSIAC Group, ordering it to reimburse RFI for the costs of the litigation settled in total at €150,000.00 plus general expenses and legal charges. COSIAC appealed against this judgment before the Supreme Court. RFI entered an appearance by filing a counter-appeal on 19 December 2023.

K2 discount pursuant to Ministerial Decree no. 44T/2000 - Rome Court ruling – General Register 59994/2017 - no. 3460 of 1 March 2023

Within these civil proceedings, Trenitalia requested to ascertain - due to the infrastructure operator's failure to apply the K2 discount - the payment, in the period between 1 December 2005 and 31 December 2007, of an infrastructure use fee higher than that actually due for a total amount of €243,058,346.75, ordering RFI to return the unduly received sum plus related interest. On 1 March 2023, the Court of Rome ordered RFI to pay €144,517,283.00, plus interest, in favour of Trenitalia, and €91,315,687.00, plus interest, in favour of Mercitalia Rail - which appeared in the proceedings following the partial demerger of the "Cargo" business unit by Trenitalia -, and rejected the application for indemnification proposed by RFI against MIT and MEF.

By a memo dated 6 April 2023, sent by RFI to the competent offices of the MIT, it was reiterated that any economic burden arising from the judicial dispute under consideration should be borne by the public authorities (in keeping, moreover, with the ministry's position clearly found in Ministerial Decree no. 92/T), recognizing the need to carry out - hopefully prior to the filing of the notice of appeal - an in-depth discussion with the Ministry, and submitting a request for a specific meeting in the context of which to outline and share a plan suitable for the final settlement of the dispute under review.

Against the subsequent, contrary, judgment of the Court of Rome, on 28 July 2023, RFI served the appeal against Judgment no. 3460/2023 of the Civil Court of Rome while also submitting an application for the suspension of the same Judgment appealed against, prepared by the appointed attorneys, Saverio Ruperto, Esq., legal counsel in first instance, for the examination of civil law issues, and Maria Alessandra Sandulli, Esq., for the examination of the relevant administrative issues that had emerged, against specific opinions rendered.

As of the date of the appeal, RFI had not yet paid the amounts it had been ordered to pay.

The statements of appearances were filed by Trenitalia and Mercitalia Rail with a cross-appeal regarding the effective date of interest and, for Trenitalia alone, the quantification as well. The State Lawyers filed the statement of appearance for MIT and MEF with a cross-appeal conditional on the possible granting of the application for indemnity, which had been rejected by the Court of first instance.

Trenitalia and Mercitalia Rail, which – while pending the application of the time limits for the appeal - had not requested the enforcement of the judgment, requested that the RFI petition to suspend the enforceability of the judgment be rejected.

On 30 November 2023, a joint RFI, Trenitalia and Mercitalia petition was filed to postpone the first hearing, already set for 6 December 2023, to a date later than 15 January 2024, in view of the negotiations underway for reaching a possible settlement agreement on the dispute, which require some technical investigations, such as not to allow the economic terms of the agreement, and its formalization by the stated date of hearing.

Following the filing of this petition, the date of the first hearing was postponed to 7 February 2024.

Following that hearing, in an order dated 22 February 2024, the third division of the Rome Court of Appeals granted the petition filed by RFI, and ordered the suspension of the enforceability of the judgment of conviction issued by the Court.

In the same order, the Court of Appeals adjourned the case for oral discussion to a hearing scheduled on 18 March 2026.

In view of the above, the assessment of the risk of losing the case is, in the opinion of the Directors, supported by the opinions given by third-party professionals, regarded as possible. Therefore, they did not makeany provision therefor in the financial statements as allowed by IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. In addition, based on the above-described previous case involving the other railway companies, RFI can reasonably expect that any cost it may be required to bear as a result of the proceeding will be covered bythe State.

- **Audit fees**

Pursuant to article 37.16 of Legislative decree no. 39/2010 and article 2427.16-bis of the Italian Civil Code, it is noted that the total fees for 2023 due to the independent auditors and their network amount to €638 thousand, and include the fees paid for services other than the statutory audit (€265 thousand).

○ Directors' and statutory auditors' fees

The following fees were paid to directors and statutory auditors for the performance of their duties, as per the relevant resolutions.

(€'000)

RECIPIENTS	2023	2022	Changes
Directors *	220	220	–
Statutory auditors	83	83	–
Total	**303**	**303**	**–**

* In addition, fees of €55 thousand were paid to third-party members of the Supervisory Body during the year.

○ Management and coordination

The key figures of the direct parent at 31 December 2022 are available on the company's website www.fsitaliane.it and at the head office of FS Italiane S.p.A..

(€'000)

	31.12.2022	31.12.2021
Assets		
Total non-current assets	47,492,076	47,169,061
Total current assets	6,148,153	5,852,308
Total assets	**53,640,229**	**53.021,369**
Equity		
Share capital	39,204,174	39,204,174
Reserves	67,235	66,583
Retained earnings	628,992	628,862
Profit for the year	90,150	137
Total equity	**39,990,551**	**39,899,756**
Liabilities		
Total non-current liabilities	8,797,841	8,386,550
Total current liabilities	4,851,837	4,735,063
Total liabilities	**13,649,678**	**13,121,613**
Total equity and liabilities	**53,640,229**	**53,021,369**

(€'000)

	2022	2021
Revenue	155,092	162,869
Operating costs	(346,934)	(294,256)
Net financial income	231,314	98,874
Income taxes	50,678	32,650
Post-tax profit (loss) from discontinued operations		
Profit for the year	**90,150**	**137**

○ Transactions with key managers

The general conditions that govern transactions with key managers and the parties related to them are not more favourable than those applied, or that could have been reasonably applied, to similar transactions with managers other than key managers associated with the same entities at market conditions.

	2023	2022
		(€'000)
Short-term benefits	4,489	4,158
Post-employment benefits	450	322
Termination benefits	-	-
Total	**4,939**	**4,480**

In addition to short-term benefits, a variable portion is to be paid in 2024, for an amount not exceeding €1,540 thousand, once checks have been made on whether objectives have been reached.
The key managers did not carry out any transactions, directly or through close family members, with the company or companies controlled directly or indirectly by the latter.

- **Related party transactions**

The main transactions between the Company and its related parties, which were all carried out on an arm's lengthbasis, are described below.

Name	Assets	Liabilities
Subsidiaries		
Blu Jet Srl	Trade and other: reimbursement for company officers, health and other services.	Trade and other: ferrying services, professional training courses and material.
Infrarail S.r.l.	Trade and other: reimbursement of personnel expense, health services and spare parts	Trade and other: reimbursement of personnel expense
Terminali Italia S.r.l.	Trade and other: freight terminal leases, reimbursement for seconded company officers, spare parts	Trade and other: shunting services, building expenses. Group services (utilities) and maintenance of rolling stock.Use of third-party assets (rolling stock and carriage hire), lighting and driving force, buildings used in operations, seconded personnel costs, industrial buildings, non-operating buildings. Training, seconded personnel reimbursement and sundry fees.
Grandi Stazioni Rail S.p.A.	Trade and other: retrocession fees, revenue from services, supplies and works. Company officers.	Trade and other: expense for failure to vacate some properties, building expenses, leases and ancillary charges related to premises. Expense for maintenance of buildings used in operations.
Associates		
Quadrante Europa S.p.A.	Trade and other: company officers. Financial: shareholder loan.	-
Stretto di Messina S.p.A.		Trade and other: seconded personnel costs.
Parents		
Ferrovie dello Stato Italiane S.p.A. (a)	Trade and other: health services, GSM-R utilities. Financial: interest income	Trade and other: licences to use the trademark, seconded personnel, IT services, labour law assistance, finance area, external relations and institutional affairs. Professional training courses and consultancy, non-financial fees. Operating costs and service costs, other entertainment expenses. Financial: interest expense on intragroup cash pooling account, bonds, bank and postal commissions, IFRS 16.
Other relatedcompanies		
Sita S.p.A. in liquidation	Trade and other: leases and health services.	Trade and other: leases and building expenses.

Ferservizi S.p.A. (b)	Trade and other: operating building lease fees, health services and reimbursement for company officers, professional courses to group companies. Revenue from services, supplies and works.	Trade and other: global service provider activities, administrative services,personnel management, training, accounting and treasury services, services for purchasing travel tickets and hotelbooking, facilities, railway hotels, administrative management of catering, seconded personnel costs and building expenses.
FS Technology S.p.A. (b)	Trade and other: revenue from company officers - managers and health services.	Trade and other: IT services and seconded personnel costs.
Italcertifer ScpA (b)	Trade and other: health services, leases, GSM-R utilities, repayments for testing, certification and consultancy, revenue fromservices, supplies and works.	Trade and other: preliminary activities and investigations for the certification of components and railway systems, and carriage hire.
Mercitalia Logistics S.p.A. (b)	Trade and other: services and health services, Testing for certifications and consultancy.	Trade and other: freight transport, leases and ancillary charges, costs for personnel seconded by group companies. Financial: IFRS 16
Mercitalia Rail S.r.l.	Trade and other: leases of buildings used and not used in operations, leases of land, recharging of building expenses; revenue from GSM-R utilities, services provided to railway companies (sale of energy, ferrying services, electrical energy used for traction, traffic-related services), health services, revenue from works and supplies, and performance regime penalty income.	Trade and other: transport and shipping services, carriage hire, contracted services.
Mercitalia Shunting & Terminal (formerly Serfer S.p.A.)	Trade and other: leases of land; revenue from GSM utilities, services provided to railway companies (sale of energy, electrical energy used for traction, traffic-related services); health services, revenue from works and supplies, professional training and access fees. Performance regime penalty income. Other services.	Trade and other: rolling stock maintenance, carriage leases, transport and shipping, other contracted services.
Fercredit S.p.A. (b)	Trade and other: health and other services.	Trade and other: supplier analyses. Financial: loans to employees.
Italferr S.p.A. (b)	Trade and other: health services, leases of buildings used in operations, professional training and revenue from the use of GSM.	Trade: network investment works oversight, design and control, and training Courses. Seconded personnel costs.
FS PARK S.p.A.	Trade and other: lease of buildings and areas, reimbursement for seconded personnel, health services and revenue from supplies and services.	Trade and other: contracted and third-party services.
Mercitalia Intermodal S.p.A. (formerly Cemat S.p. A.)	Trade: leases of freight terminals and health services.	Trade and other: seconded personnel costs.
Grandi Stazioni Immobiliare S.p.A. (b)	-	Trade and other: leases and building expenses.
Trenitalia S.p.A. (b)	Trade and other: access fees, electrical energy used for traction, ferrying and shunting services, health services, leases, leases of land, GSM-R utilities, sale of HV energy, traffic-related services, recharge of building expenses, performanceregime penalty income. Financial: prior year income.	Trade and other: transport services for employees for work and leisure, ITservices, leases and related costs, carriage hire, purchase and maintenance of rollingstock, shunting and freight transport services; travel and seconded personnel expenses and other services. Financial: IFRS 16.
Trenitalia TPER Scarl	Trade and other: access fees, electrical energy used for traction, health services, leases, GSM-R utilities, traffic-related services, recharge of building expenses, services, and supplies and performance regime penalty income.	Trade and other: group repayments for services.
Cremonesi Workshop	Trade and other: health services	-
Tx Logistik AG	Trade and other: access fees, health services and professional training; performance regime penalty income.	Trade and other: performance regime penalty expense.
TX Logistik Transalpine GmbH	Trade and other: services provided to the railway companies (access fees, electrical energy used for traction), health services.	Trade and other: leases.
Terminal Alptransit S.r.l.	Trade and other: leases of owner-occupied properties.	-

FS International (b)	Trade and other: health services.	Trade and other: seconded personnel.
FS Sistemi Urbani S.r.l. (b)	Trade and other: provision of works, services and supplies, health services. Professional courses.	Trade and other: seconded personnel costs, operating buildings, services. Financial: IFRS 16
Trenord S.r.l.	Trade and other: access fees, health services, revenue from GSM-R utilities, sale of HV energy, traffic-related services, leases, services and supplies, performance regime penalty income.	Trade and other: contracted services. Reimbursement of costs for intragroup services.
BUSITALIA - Sita Nord (b)	Trade and other: health services, revenue from GSM-R utilities, performance regime penalty income, leases and fees.	Trade and other: seconded personnel.
BUSITALIA - Campania S.p.A.	Trade and other: health services, leases and land leases.	-
BUSITALIA Rail Service	Trade and other: health services and leases for operating areas.	Trade and other: use of third-party assets.
Hellenic Train	Trade and other: seconded personnel	Trade and other: seconded personnel
TELT S.a.s	Trade and other: seconded personnel	-
Busitalia Veneto S.p.A.	Trade and other: health services.	Trade and other: reimbursement seconded personnel.
Ferrovie Sud Est S.r.l. (b)	Trade and other: health services, revenue from services, works and supplies. GSM utilities. Professional courses.	Trade and other: reimbursement seconded personnel.
ANAS Group (b)	Trade and other: health services, performance of services, works and supplies; revenue from company officers - managers. Level crossings and parallel routes.	Trade and other: leases, seconded personnel costs, reimbursement for services provided by the parent.
Bluferries S.r.l.	Trade and other: health services, provision of services, leases and recharging of building expenses, company officers.	Trade and other: reimbursement for seconded personnel and sundry leases.
FS Security S.p.A.	Trade and other: health services, professional training courses to group companies, GSM-Rutilities, leases of buildings used in operations.	Trade and other: Costs for services and for personnel seconded by group companies, group reimbursements of Railway Police costs.
Joint arrangements		
BBT S.p.A.	Trade and other: reimbursement for company officers, leases, level crossings and accesses to the railway infrastructure, sundry services and supplies and spare materials.	Trade and other: seconded personnel services.
Group associates		
Eurogateway S.r.l.	Trade and other: traffic-related services and GSM-R utilities.	-
Metro 5	Trade and other: company officers.	
SITAF S.p.A. AD EQUITY	Trade and other: level crossings and special accesses.	Trade and other:vehicles.
Other relatedparties		
CDP group	Trade and other: high-voltage network maintenance, level crossings and special accesses, network operation and remote control, fees for land and areas used in operations.	Trade and other: lighting and driving force, electrical energy and fuel for traction, utilities, line maintenance costs, Third-party liability and Legal policies. Financial: loans and default interest
ENEL group	Trade and other: leases, land leases, level crossings and special accesses.	Trade and other: utilities (water, energy, gas), lighting and driving force and electrical energy for train traction. Financial: interest and default interest.
ENI group	Trade and other: level crossings and special accesses; land and operating area leases; fees for work on connecting tracks.	Trade and other: gas utilities and fuel, use of vehicles and service trucks.
Leonardo group	Trade and other: leases and level crossings and special accesses, GSM-R utilities.	Trade and other: Services, professional training courses.
GSE group	Trade: provision of services	Trade and other: electrical energy for train traction, lighting and driving force and energy utilities.
Invitalia group	Trade and other: level crossings and special accesses and services for processing for third parties.	Trade and other: services.

IstPolZeccaStato group	Trade and other: level crossings, special accesses and parallel routes.	Trade and other: purchases of spaces for legal notices, press advertising and events. Financial: interest on guarantee deposits.
Poste Italiane group	Trade and other: operating and non-operating building leases and land leases. Financial: current accounts.	Trade and other: postal charges and sundry services.
RAI group	Trade and other: leases, level crossings and special accesses.	-
ENAV group	Trade and other: level crossings and third-party parallel routes.	Trade and other
SITAF group	Trade and other: level crossings and special accesses.	Trade and other
EUROFER/PREVINDAI pension funds	-	Trade and other: social security contributions and charges
Other pension funds	Trade and other: operating building leases.	Trade and other: insurance policies and social security charges.
Banca Monte dei Paschi di Siena group	operating and non-operating building leases.	Trade receivables and other assets transferred.
Fondazione FS	Trade and other: leases, land leases, health and other services.	Trade and other: donations, charges related to events and exhibitions, Costs for seconded managers.
Ferrovie Nord Milano's subsidiaries	Trade and other: health services, level crossings and special accesses, professional courses.	Trade and other: use of third party assets.
Scarl, associations, EEIG, partnerships	Trade and other: recharging of services.	Trade and other: membership fees.
Equitalia Giustizia group	-	Trade and other: taxes

(a) Company carrying out management and coordination activities (direct parent).
(b) Company managed and coordinated by (a)

○ Other related party transactions

The table below summarises the statement of financial position and income statement balances as at and for the year ended 31 December 2023 generated by related party transactions.
Financial transactions between the parent and its related parties are shown separately, i.e., without offsetting positive against negative components, although these components refer to similar transactions (e.g., repayments). Consequently, the figures presented do not necessarily coincide with those set out in the corresponding tables of the notes to the financial statements.

Trade and other transactions:

(€'000)

	31 December 2023			2023	
	Assets	Liabilities	Guarantees	Costs	Revenue
Subsidiaries	**8,520**	**20,106**	**–**	**111,717**	**10,814**
Blu Jet Srl	515	3,046	–	17,124	160
Terminali Italia S.r.l.	2,001	4,117	–	3,559	2,088
Grandi Stazioni Rail S.p.A.	5,707	9,396	–	91,898	8,343
Tunnel Ferr. del Brennero S.p.A.	–	–	–	–	–
Infrarail S.r.l.	298	3,548	–	(864)	222
Associates	**460**	**1,260**	**–**	**(435)**	**25**
Quadrante Europa S.p.A.	25	1,260	–	–	25
Stretto di Messina S.p.A	435	–	–	(435)	–
Parents	**85,983**	**196,314**	**178,519**	**13,511**	**1,635**
Ferrovie dello Stato S.p.A.	85,983	196,314	178,519	13,511	1,635

Other related companies	**315,746**	**775,277**	**–**	**315,165**	**1,062,449**
Sita S.p.A. in liquidation	67	2	–	–	–
Ferservizi S.p.A.	1,141	12,525	–	61,509	1,886
Italcertifer ScpA	421	1,077	–	436	437
Mercitalia Logistics S.p.A.	2,393	1,321	–	575	23
Mercitalia Intermodal (formerly CEMAT)	94	–	–	–	21
Mercitalia Rail S.r.l.	14,697	67,624	–	19,747	45,250
Mercitalia Shunting & Terminal (formerly Serfer)	1,397	12,312	–	13,270	1,903
Fercredit S.p.A.	6	403,229	–	195	14
Italferr S.p.A.	1,080	176,423	–	985	1,100
FS PARK S.p.A.	1,904	160	–	60	1.797
Grandi Stazioni Immobiliare S.p.A.	–	112	–	(29)	–
Trenitalia S.p.A.	216,617	43,453	–	47,252	868,291
TRENITALIA TPER Scarl	10,365	1,453	–	(82)	42,943
Tx Logistik AG	327	4	–	–	–
TX Logistik Transalpine GmbH	(420)	2,663	–	3	1,458
TX Logistik GmbH	–	–	–	–	–
FS International	–	3	–	52	–
FS Sistemi Urbani S.r.l.	4,569	9,294	–	16,843	2,567
Trenord S.r.l.	36,199	9,263	–	4,724	89,109
BUSITALIA Sita Nord S.r.l.	437	24	–	(3)	1,178
BUSITALIA Campania S.p.A	13	–	–	–	117
BUSITALIA Rail Service	(4)	23	–	36	45
Busitalia Veneto S.p.A.	37	–	–	(4)	240
Cremonesi Workshop	4	431	–	–	9
Hellenic Train	5	–	–	(14)	–
Terminal Alptransit	–	–	–	–	5
FSE S.r.l.	13,736	1	–	(1,017)	1,113
FSE Trasporto Gomma	9	–	–	(23)	48
Gruppo ANAS	7,595	1,207	–	(57)	1,007
FS Technology S.p.A	329	31,430	–	126,746	115
FS Security	2,538	1,218	–	24,053	1,506
Bluferries S.r.l.	191	27	–	(91)	266
Eurogateway S.r.l.	–	–	–	–	1
Joint arrangements	**4,618**	**52**	**–**	**(1,033)**	**7,079**
BBT S.p.A.	4,618	52	–	(1,033)	7,079
Group associates	**56**	**54**	**–**	**3**	**44**
Metro 5	10	–	–	–	10
FNM S.p.A (formerly Ferrovie Nord Milano)	–	–	–	–	–
SITAF S.p.A AD EQUITY	46	54	–	3	34
La Spezia Shunting Railways S.p.A	–	–	–	–	–
LI-NEA S.p.A.	–	–	–	–	–
Terminal Tremestieri Srl	–	–	–	–	–
Other related parties	**27,238**	**636,012**	**4,096,939**	**978,863**	**20,191**
ENEL group	9,572	84,950	20,001	112.826	1,318
ENI group	677	3,330	278	5.598	591
Leonardo group	4	475	–	248	6
Invitalia group	(23)	1,268	442	–	28
Cassa Depositi e Prestiti group	5,840	611,989	4,076,186	162.082	7,476
CONSAP S.p.A.	–	–	–	–	1
ENAV group	18	5	–	–	4
GSE group	4	(86,985)	–	668.546	18
IstPolZeccaStato group	1	89	–	378	14
Poste Italiane group	720	11	–	414	486
RAI group	15	5	16	2	7
SOGIN group	1	–	–	–	–
EUROFER/PREVINDAI pension funds	–	9,438	–	15.435	–
Other pension funds	28	9,590	17	4.373	73
Scarl, associations,EEIG, partnerships	223	195	–	1.171	–
Ferrovie Nord Milano's subsidiaries	125	12	–	2	495
Fondazione FS Italiane	10,026	458	–	7.769	9,625
Banca Monte dei Paschi di Siena group	5	1,181	–	–	46

SITAF group	2	1	–	–	–
Equitalia Giustizia group	–	–	–	19	–
Arexpo S.p.A.	2	–	–	–	2
Gruppo AMCO	–	–	–	–	–
CONSAP S.p.A.	–	–	–	–	–
TOTAL	**442,622**	**1,629,075**	**4,275,459**	**1,417,791**	**1,102,237**

1) Individual investees of the MEF, as per the list above, shall be considered within their own group and added to other related parties pertaining to the same group. For example, any transactions with TERNA shall be added to other transactions with companies of the same group under the caption: CDP Group
2) Any negative amounts, where present, reflect balances that are not offset.

Financial transactions:

(€'000)

	31 December 2023			2023	
	Assets	**Liabilities**	**Guarantees**	**Expense**	**Income**
Associates	**265**	**–**	**–**	**–**	**–**
Quadrante Europa S.p.A.	265	–	–	–	–
Parents	**306,453**	**4,576,981**	**41,112**	**64,694**	**4,387**
Ferrovie dello Stato Italiane S.p.A.	306,453	4,576,981	41,112	64,694	4,387
Other related companies	**–**	**32,913**	**–**	**659**	**–**
FS Sistemi Urbani	–	29,028	–	567	–
Trenitalia S.p.A.	–	2,582	–	57	–
Mercitalia Logistics	–	1,001	–	11	–
Fercredit S.p.A.	–	302	–	23	–
Other related parties	**3,268**	**6,250**	**–**	**24**	**–**
Poste Italiane group	3,268	–	–	–	–
ENAV group	–	–	–	–	–
Cassa Depositi e Prestiti group	–	6,250	–	–	–
Enel group	–	–	–	22	–
Eni group	–	–	–	2	–
Other pension funds	–	–	–	–	–
Fondazione FS Italiane	–	–	–	–	–
TOTAL	**309,986**	**4,616,143**	**41,112**	**65,378**	**4,387**

1) Individual investees of the MEF, as per the list above, shall be considered within their own group and added to other related parties pertaining to the same group. For example, any transactions with TERNA shall be added to other transactions with companies of the same group under the caption: CDP Group.

- ## Guarantees

(€'000)

Guarantees	31 December 2023	31 December 2022
1. RISKS		
1.1 Sureties	237,504	234,913
Total 1	**237,504**	**234,913**
2. OTHER		
2.1 1 Sureties issued by third parties in favour of the Company	5,585,783	4,927,794
Total 2	**5,585,783**	**4,927,794**

Risks mainly refer to the sureties that RFI issued to the public administrations (the Ministry of the Environment, regions and provinces) affected by the laying of HS/HC lines.

Sureties issued in favour of the Company mainly refer to guarantees issued by FS Italiane S.p.A. on behalf of RFI to third parties (the tax authorities for VAT credit, GSE for energy, etc.) and guarantees given in favour of the Company by general contractors, contracting bodies and suppliers.

- **Third-party financial commitments**

Developments at 31 December 2023 in the captions related to commitments undertaken by bodies including the government and the EU in favour of the Company following the issue of loans, in the form of share capital increases or sundry contributions, are shown below:

Investments financed by the Government and the EU between 1993 and 2023:

(€'000)

	Available resources	Disbursements	Recognised assets	Recognised	Advances paid	*Amounts to be received from the Government and the EU for investments to be made*	*Residual amounts for loans and borrowings received and not yet used*
At 31 December 2022	188,090,167	102,405,617	3,943,868	97,152,175	3,821,260	81,740,682	1,432,182
At 31 December 2023	195,072,363	107,930,713	7,112,883	105,340,812	6,493,682	80,028,767	(3,903,781)
Delta	6,982,196	5,525,096	3,169,015	8,188,637	2,672,422	(1,711,915)	(5,335,963)

Specifically, total available resources considered at 31 December 2023 amount to approximately €195 billion. This amount includes loans and borrowings "on an accruals basis" pursuant to several Budget Acts and those pursuant to ad hoc legislative measures as well as the resources from the European Union. Available resources rose €6,982,196 thousand on 31 December 2022 due to the new loans granted to the Company in 2023. At 31 December 2023, the disbursements received in respect of the above granted amounts amounted to €107,930,713 thousand andinclude total disbursements from public sources provided by the different Budget Acts and long-term financing laws, as well as EU funds.

At 31 December 2023, disbursements of € 105,340,812 thousand were recognised, up €8,188,637 thousand on the previous year, due to the amounts recognised during the year in respect of the above disbursements.

Assets recognised in respect of the above disbursements were included under Available resources and amount to €7,112,883 thousand. They include assets recognised following the amendment to the criterion used to disburse government resources for investments, previously accounted for as share capital increases and now as grants related to assets pursuant to article 1.86 of the 2006 Finance Act, due from the MEF and the MIT for disbursements arising from Budget Acts and long-term financing laws, not yet disbursed.
Finally, at 31 December 2023, the financial advances granted to contractors in accordance with current legislation, in respect of the allocations included under Available resources but not yet reflected in the recognised balances of the above works effectively carried out, amount to €6,493,682 thousand.

- **Public funds**

The disclosure required by article 1.125 and 126 of Law no. 124/2017 is provided below and in other sections of this document.

The financial figures refer to cash inflows and outflows for 2023.

The following table provides the disclosure required by article 1.125 of Law no. 124/2017 for 2023:

Paying entity	Description	2023
MEF	Grants related to assets	4,810,813,240
MIT	Grants related to assets	522,428,872
Prime Minister	Grants related to assets	19,073,293
EU	Grants related to assets	58,235,726
Local bodies	Grants related to assets	98,799,459
Ministry of Culture	Grants related to assets	16,600,000
MIT	Grants related to income	21,360,000
MEF	Grants related to income	1,105,556,791
MIT Chap. 1274/7302/1300 Incentive scheme for railway freight transport	Pass-through grants*	104,905,000
CSEA	Pass-through grants*	1,143,605,310

(*) railway companies are the ultimate beneficiaries of these grants (MIT chap. 1274 – CSEA).

The following table provides the disclosure required by article 1.126 of Law no. 124/2017 about 2023:

(€'000)

Beneficiary	Description	2023
Fondazione Fs Italiane	Grant	7,439,880
Associazione Nazionale DLF	Grant	1,350,918
ART, Fondazione per Lo Sviluppo Sostenibilita', IBIMI, Buildingsmart, Ass.per la Protezione dalle Corrosioni Elettr., Ass. Euromobility, Class Onlus and Motus	Membership fees and sponsorships	1,057,193

- **Other information**

It should be noted that, with regard to the financial statements for the year under review, there are no significant critical issues regarding the adequacy of the Company's organizational, administrative and accounting structure to the business and size of the Company, the implementation and adoption of necessary measures of which is the responsibility of the Directors as provided for in Article 2086 of the Italian Civil Code.

37. EVENTS AFTER THE REPORTING DATE

January

Demerger of the quota (100%) in Terminali Italia S.r.l. to the benefit of Mercitalia *Logistics* S.p.A.

As part of the corporate reorganization project consistent with the Governance Model and Business Plan of the FS Group, on 4 January 2024, in implementation of the management and coordination act resulting from the Board of Directors' meeting of Ferrovie dello Stato Italiane S.p.A. held on 5 May 2023, the Board of Directors of RFI resolved to approve the Plan for the Demerger of the quota in the capital of Terminali Italia S.r.l. in favour of Mercitalia Logistics S.p.A. (MIL). Specifically, the Share Capital of RFI ("Demerged Company") will not change; any available equity reserves will be reduced by an amount of €9,237,954.60, equal to the net value recorded in the accounting records of the Demerged Company of the quota representing the entire capital of Terminali Italia as at 31 October 2023. It should be noted that on 1 March 2024, the Presidency of the Council of Ministers notified the Government's failure to exercise the special veto power provided for in the Golden Power regulations due to the absence of threat of serious harm to the interests protected by Decree Law no. 21 of 15 March 2012.

Finally, it should be noted that the actual implementation of the transaction is subject to signing the new contract, which is currently being finalised, for the use and economic exploitation by Terminali Italia of areas, plants, buildings and equipment owned by RFI.

February

K2 discount pursuant to Ministerial Decree no. 44T/2000 - Rome Court ruling- General Register no. 59994/2017 - no. 3460 of 1 March 2023

By order dated 22 February 2024, the third division of the Rome Court of Appeals granted the petition filed by RFI and ordered the suspension of the enforceability of the judgment of conviction issued by the court, adjourning the case to a hearing on 18 March 2026.

ALLOCATION OF PROFIT FOR THE YEAR

The financial statements as at and for the year ended 31 December 2023 show a profit for the year of €196,067,988.29.

The board of directors proposes allocating 5% of the profit for 2023, amounting to €9,803,399.41, to the legal reserve, distributing dividends of €100,000,000.00 to the shareholder pursuant to Legislative decree no. 112 of 2015 as subsequently amended and integrated and allocating the residual €86,264,588.88 to retained earnings.

Rome, 6 March 2024

The board of directors

The Chairman