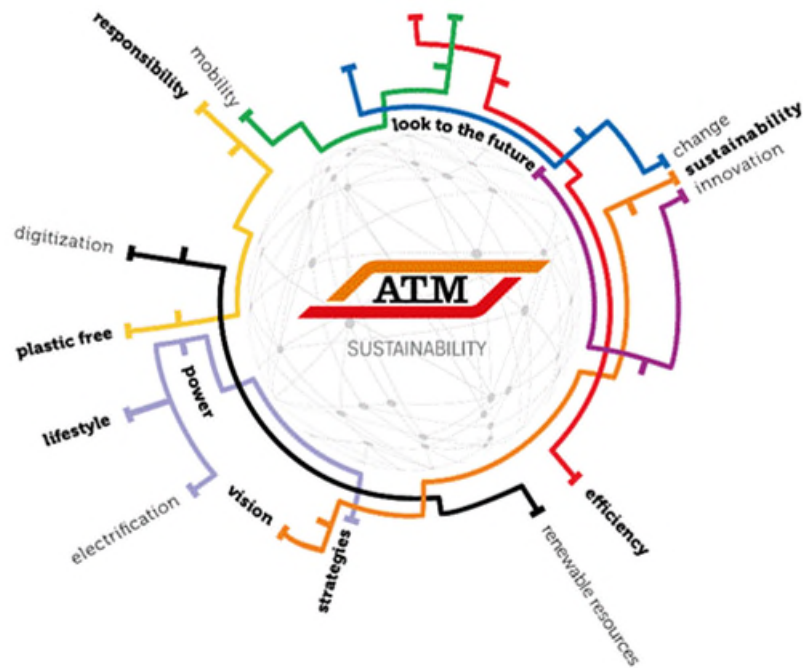


INTEGRATED ANNUAL REPORT

ATM Group

2022



ATM plays a key role in the region's integrated mobility, serving millions of passengers every day and the progressive development of the metropolitan city and its attractiveness.

The ATM Group's consolidated experience and investment and innovation capacity set a benchmark for economic, social and environmental responsibility.

A commitment to the Customer, Quality, Safety and Competitiveness of services are the values, which drive the Group's growth.



Introduction

This document includes the Management Report, the Consolidated non-financial statement (CNFS), the consolidated and separated Financial statements.

The objective of the management report is to represent, in addition to the annual results of the management, the model for the creation of sustainable value of the ATM Group business in the medium/long term, highlighting the links between strategy, governance, financial economic performance and the social context, environmental and economic in which the Group operates.

The aspects covered in the Management Report are the main factors that can affect financial economic performance and impacts on material sustainability issues for the Group.

The Consolidated non-financial statement (CNFS) shall be drawn up in accordance with the provisions of Law D. 254/2016 and in accordance with the principles of the IIRC (International Integrated Reporting Council) Framework, which ATM has been drawing on since 2019.

The CNFS, which is a specific section of the report, contains information on the company's management and organization, policies, risks and ways of managing them, and performance on sustainability issues relevant to the Group.

CNFS

Where necessary and appropriate, the contents of the CNFS shall be supplemented, by reference, with information available in other sections of the Management Report, identified by the symbol “CNFS” next to the title of the chapter/paragraph concerned.

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Letter from the Chairperson



Starting from the year 2022, the ATM Group has prepared an “Integrated Annual Report”, which includes the financial statements and non-financial statements, thus anticipating Corporate Sustainability Reporting Directive, which will become mandatory from 2024.

The main event to be recorded, after two years of suffering due to the Covid-19 pandemic, is the return to profit for ATM Group, which closes period 2022 with a profit of Euro 15.5 Mln, and in substantial balance for the parent company ATM S.p.A. This is a demonstration of the sound management of the company and of the commitment and capacity of reaction of all our people in a gradual process that has recorded, first, the huge loss in 2020 (equal to Euro 64.5 Mln) and, subsequently, due to a cost-cutting operation, a further but lower loss in 2021 (Euro 16 Mln).

This result was made possible thanks to the increase in revenues deriving from commercial activities to a greater effort in the parking control, and through a general efficiency of all the cost items supported by the company.

The Group’s economic and financial results, detailed in the internal chapters, reflect the proper management and success of the initiatives implemented during the financial year. Compared to revenues of Euro 1,091 Mln (+ Euro 82 Mln vs. 2021) and operating costs and expenses of Euro 978 Mln (Euro +52Mln vs. 2021), ATM Group recorded a gross operating margin of Euro 113 Mln (Euro + 30 Mln vs. 2021) and operating income of Euro 31 Mln (Euro + 44,6 Mln vs. 2021), to reach a profit of Euro 15.5 Mln (Euro +31 Mln vs. 2021). Also due to this effect, the shareholders' equity of the ATM Group was therefore equal to Euro 2,153 Mln (Euro + 54 Mln vs. 2021).

The revenue profile shows higher fees resulting from public transport service contracts, in Italy and abroad, and management contracts for M5 and M4; the first segment of M4 was opened in November 2022. This was accompanied by the positive effects linked to the total resumption of activities, which led to an increase in revenues generated by ancillary services and complementary to the local public transport service contract, and in revenues deriving from commercial activities. Revenues from services rendered to third parties also increased, also as a result of increased availability of finance.

In relation to costs profile, although the global scenario was already characterized in 2022 by the surge in energy prices and the extraordinary increase in raw materials prices, ATM benefited from the price of the electricity supply awarded in 2021 as a result of a public invitation to tender and fixed until December 31, 2022. This benefit will no longer be present from 2023 and will therefore suffer severely as a result of rising energy costs, despite actions to mitigate the impact that are promptly implemented.

In the absence of appropriate measures to safeguard the local public transport sector, due to high energy and high real inflation, despite the validity of all the actions undertaken, the closure of the financial year 2023 with a further loss will be unavoidable.

Despite the difficult general and sector scenario, the implementation of the Industrial Strategic Plan 2021-2025 continued: as it concerns the Full Electric project, 78 new electric buses were ordered, 76 new hybrid buses started to operate, 95 diesel buses have been retired, and the provision of charging systems in line and in storage continued. At the end of 2022, the ATM fleet has 167 electric buses, equivalent to 16% of its city buses. These elements have allowed to continue the gradual conversion of the transport lines not yet electrified (+4.5% electric bus journeys vs. 2021). In the face of the expansion of the business, the participation of ATM in tenders for the entrustment of public transport services abroad continued and the first maintenance and design contracts in Italy were closed.

In order to better understand the point of view and the needs of the thousands of people working in the group, the first source of value for ATM, a climate survey was conducted in 2022 with the aim of defining a set of concrete actions to be implemented already from the current financial year. The arrival at the beginning of 2023 of a new Human Resources Manager will accelerate the commitment to our workers and the objective of the strategic plan to promote the valorization of our people through the development of new skills and the attraction and growth of talent, promoting a culture open to diversity and inclusion.

The Company, confirming its mission and the desire to create value for the shareholder and for all its stakeholders, has all the intention to continue along the virtuous path. At the end of 2023, the current extension of the service contract between ATM and the Municipality of Milan expires: In order to continue to provide a service of excellence ATM is working to update and improve the offer of Milano Next with the aim of contributing further to the development of Milan in line with the shareholder strategy.

The Chairperson

Gioia Maria Ghezzi

Our profile

Mission and values

Since 1931, Azienda Trasporti Milanese S.p.A. (hereinafter also “ATM” or the “Company” or the “parent company”), the parent company of the ATM Group (the “Group”), established in 2006, aims to be a reference point and decisive factor in the integrated mobility system, and in particular:

- To be a recognized excellence at national and international level for the sustainable management of integrated mobility, through a service characterized by the centrality of the consumer, technologically advanced, efficient and resilient;
- To become a promoter of the change and revival of Milan, of its evolution in a more livable, sustainable, secure and smart city;
- To promote the valorization of its people and assets through the development of new skills and the attraction and growth of talent by fostering a culture open to diversity and inclusion.

The Group’s daily action is guided by the following system of values:

- Quality of life of the community: Aspiration for the daily and continuous improvement of the quality of life of those who live and move within the territory in which the Group operates;
- Professional growth: Possibility for each person of the Group to realize himself through a continuous path of professional growth;
- Ethics, transparency and loyalty: Internal and external activities of the Group based on respect for the principles of legality, transparency, fairness and loyalty;
- Continuous search for excellence: Attitude open to change, to questioning and to the continuous search for better solutions.

The reference context and the main services offered by ATM

The ATM Group has always been committed to responding to the needs of the public transport sector by appropriately intercepting citizens' demand through the intermodality of the transport services offered between subway, buses, trams and trolleybuses. Every day, about 10,000 employees of all ATM Group companies guarantee the functioning of a complex and articulated system on a territory that affects more than 3.3 million inhabitants and that includes the city of Milan and 95 municipalities of Lombardy.

In Italy, the network managed by ATM guarantees a full cover of the territory of the city of Milan and of the municipalities of the urban area.

The Milan metro network consists of five lines with a total extension of about 102 km and 119 stations.

Line	Route	Year	Length	Stations
M1	Sesto 1 Maggio FS ↔ Rho Fieramilano / Bisceglie	1964	26.70 km	38
M2	P.za Abbiategrasso Chiesa Rossa / Assago Milanofiori Forum ↔ Cologno Nord / Gessate	1969	39.88 km	35
M3	San Donato ↔ Comasina	1990	17.31 km	21
M5	Bignami Parco Nord ↔ San Siro Stadio	2013	12.88 km	19
TOTAL			96.77 km	113

To the metro lines are added 17 tram lines over 157 kilometers of network, 135 bus lines and four tram lines covering about 1,500 kilometers.

The current surface network configuration is articulated as follows:

Type	Number Lines	Note
Bus network	81 city 53 suburbans 27 provincial	Included local radiobus services (operating in 15 local areas) and 3 lines for the replacement night service of the metro
Tram network	17 city 2 inter-city	One metro line is currently suspended and replaced by buses
Trolley bus network	4 city	

Both transport networks are integrated with the Trenord railway line, completing an integrated intermodal system that allows customers to easily move around the territory by public transport.

In addition, the ATM Group manages:

- The light rail system, designed specifically for patients, staff and students, connects the Cascina Gobba station on line 2 to San Raffaele Hospital by an automatic rail, without on-board staff;
- The Como-Brunate funicular which, since 1894, is the fastest way to connect the two locations;
- BikeMi bike sharing service in the city of Milan;
- 24 correspondence car parks offering parking spaces available to the public in the city of Milan, with the control of the parking areas and all payment systems, with the aim of making the traffic within the city easier by encouraging the use of public transport;
- Transport by call;
- Ancillary activities: such as the distribution of travel licenses, the relative information to customers and the control of tariff evasion;
- The payment and control system of Area C, *the congestion charge* introduced in the center of Milan, which involves the management of the purchase transactions and the daily access;
- The control system and the adaptation of the Area B traffic management computer system, a restricted traffic zone with a ban on access and circulation of the most polluting vehicles, active as from February 25, 2019.
- The service of removal and custody of vehicles and special and tourist services including the tram restaurant atmosphere.

- With 25 bus lines, the ATM Group carries out the local public transport service within the Metropolitan City of Milan and in the Provinces of Monza and Brianza, reaching also some municipalities in the province of Bergamo and Lecco, it operates the urban public transport service of the city of Monza and its hinterland.

In addition, the ATM Group is also abroad: in fact, since 2008, through its subsidiary Metro Service A/S, it operates 4 metro lines in the city of Copenhagen. In addition, Metro Service A/S has been awarded the management of the new line called Greater Copenhagen Light Rail (light rail), which will carry out the transport service for the suburban area west of the city, which is scheduled to start from 2025.

In Denmark, the Copenhagen metro network, managed by the subsidiary Metro Service A/S, consists of four lines with a total extension of approximately 39 km and 61 stations. The M4 metro line is currently operating with 8 stations out of 13 stations.

Line	Route	Year	Length	Stations
M1	Vanløse ↔ Vestamager	2008	21 km	15
M2	Vanløse ↔ Lufthavnen			16
M3	København H ↔ Enghave Plads	2019	15.5 km	17
M4	OrientKaj ↔ København H	2020	2.2 km	13*
TOTALE			38,7 km	61
* 8 station operating and 5 still under construction				



In summary the activities of the ATM Group for territorial areas and for services

Segment	Management of the Local Public Transport	LPT accessory and complementary operations	Other
Italy	<p>LPT in the Milan and urban area</p> <hr/> <p>Metro line 5</p> <hr/> <p>LPT automotive Municipality of Monza, Province of Monza-Brianza, Bergamo, Lecco and Metropolitan City of Milan</p> <hr/> <p>On-demand urban and urban area services</p> <hr/> <p>Como-Brunate cable car</p>	<p>On-street parking in the Milan territory and in the 24 interchange parking lots inside and outside the Milan area</p> <hr/> <p>Removal and custody of vehicles on the municipal territory</p> <hr/> <p>Area B and C</p> <hr/> <p>Traffic Control and Territory System</p> <hr/> <p>Bike Sharing</p> <hr/> <p>Creation and management of ticketing systems</p>	<p>S5 link management</p> <hr/> <p>Tram restaurant in the city of Milan, tram rental</p> <hr/> <p>Mobility as a Service, Internet booking and website management</p> <hr/> <p>Maintenance and integrated diagnostics of metro and tram installations and systems</p> <hr/> <p>Insurance claims management</p> <hr/> <p>Retail and Advertising Management</p>
Overseas	Copenhagen Metro		

The value creation model

The role of ATM in the Milan public service, but also as a fundamental actor in the world of public transport in general, has an intrinsic importance, such that the Group's relations with all stakeholders create economic, social and environmental value. The activities of ATM therefore create value for the metropolitan city in which it operates, for the various surrounding communities and also for the whole country system.

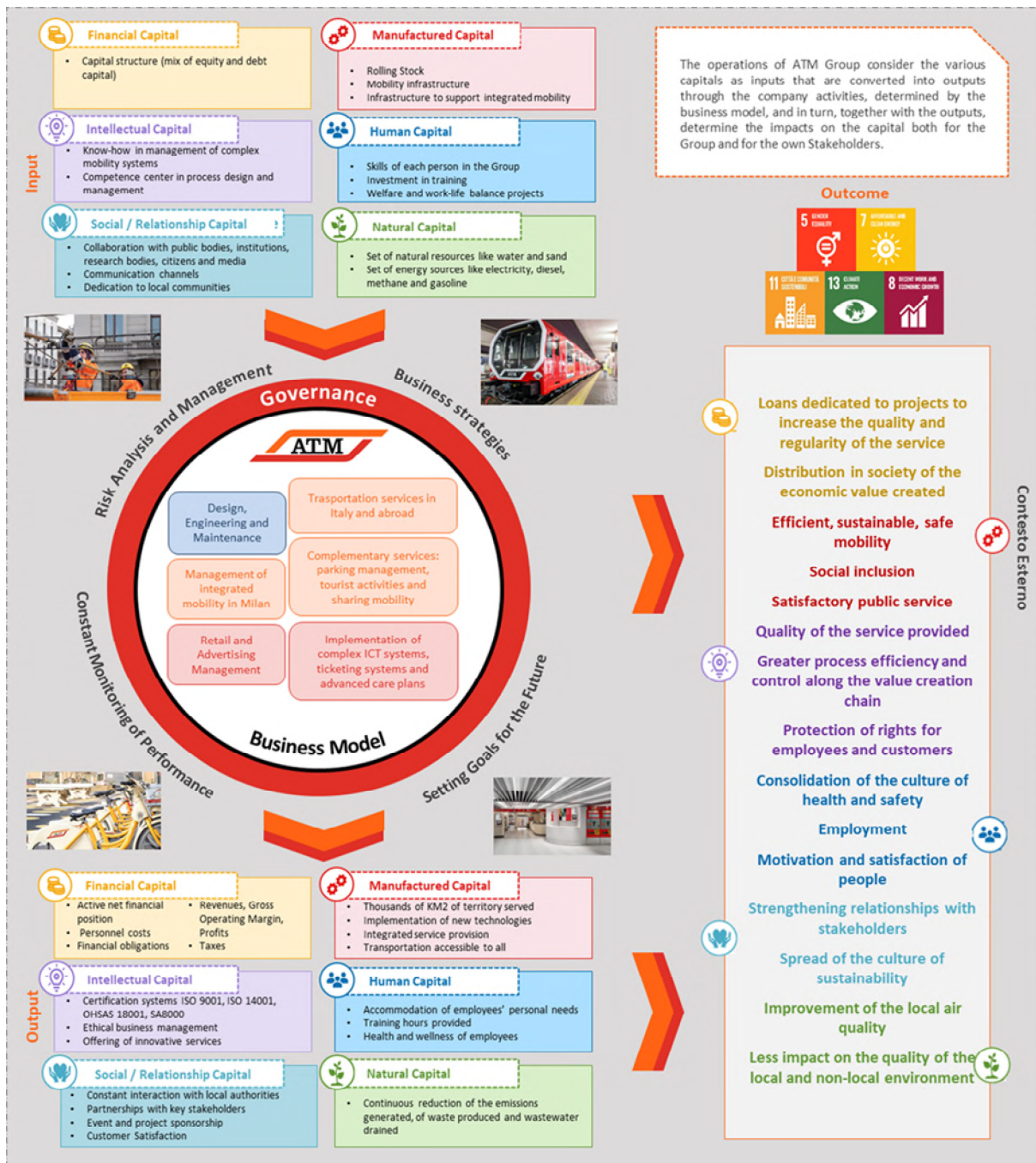
With the conviction that that business strategy should be directed toward the future of public transport in an increasingly sustainable way, ATM continues to create value both locally and nationally, with the

precise objective of facilitating mobility increasingly efficient and attentive to environmental issues, addressing the entire system. Improving the quality of life for everyone, in the present but also in the medium to long term is the ultimate goal of the company. In addition to the economic value, the Group creates value in the territory in which it operates by engaging in projects, initiatives, partnerships and activities that have the widest possible feedback in the social and environmental field.

In the following pages, the value created by the Group is measured on the basis of ATM's ability to achieve its strategic objectives, but also on the impact generated by the business activities relating to the six capital defined by the International Integrated Reporting (<IR>) Framework, in other words, on the basis of the increase or decrease in capital value stocks: Financial, Manufactured, Intellectual, Human, Social/Relationship and Natural.

Capital processes are identified in the value creation model of the ATM Group. In carrying out the activities, the business uses inputs, that is the key elements for the business operation (resources, skills, etc.), with which the outputs are obtained, that is the results of the activities themselves (products, services, by-products, etc.) and the outputs, that is the impacts generated and perceived both within the Group and outside the context in which it operates.

The following is a representation that summarizes the different aspects of the ATM Group value creation model. Further detailed information is given at the beginning of the chapters in which Financial, Manufactured, Intellectual, Human, Social/Relationship and Natural capital are analyzed in a specific way.



Significant events in 2022

The main events in Italy

- > May 19, 2022 – The tender for the project of the construction of the new bus depot in Viale Toscana has been awarded. An innovative concept for 20,000 square meters metro dedicated to the shelter and maintenance of 100 electric buses to add green areas and sports fields open to the public on the surface. A further piece of the “*Full Electric*” plan.
- > June 21, 2022 - ATM publishes the online platform for claiming annual or monthly subscription reimbursement.
- > November 26, 2022 - The M4, the new automatic-guided metro line managed by ATM, identified by the blue color, opens for operation with the first six stations: Linate airport (terminal), Repetti, Forlanini station (interchange with suburban railway lines), Argonne, Susa and Dateo (interchange with suburban railway lines).

Covid-19 emergency management

- > January 10, 2022 - The Super *Green Pass*, certification issued to persons vaccinated or healed from infection, becomes mandatory by DecreeLaw to access local public transport until the cessation of the state of emergency health from Covid-19; the protective mask Ffp2 is also mandatory on board the cars and waiting in the stations and stops. In relation to the respect of the anti Covid-19 measures, random checks are carried out (requests to show the Green Pass) by the Law Enforcement Forces supported by ATM personnel at the stations and at surface stops. The strengthening of the service, the activities of sanitizing the means of transportation and the dissemination of the messages of the communication campaigns in place since the previous months continue.
- > April 1, 2022 - Following the cessation of the state of emergency health established by Decree Law on March 31, 2022, the vehicles return to the capacity of 100%, for access to public transport the obligation of Green Pass is no longer required and the use of the protective mask model Ffp2 remains mandatory. ATM, with the return to normal capacity of the vehicles, during the month of April operates a gradual revision of the plan to upgrade the service in place from September 2021, keeping it on some particularly used bus lines. The sanitizing operations of trains and surface vehicles continue and in all stations, the dispensers of sanitizing gel for the hands remain available to customers.
- > June 15, 2022 - By order of the Ministry of Health, the obligation to use the protective mask Ffp2 on local public transport means such as buses, trams, trolleybuses and trains is extended from June 16 to September 30, 2022. ATM spreads the new travel rules through its social and digital channels and with metropolitan ads.
- > July 2022 - The Company issues new guidelines, inspired by previous guidelines, with regard to the prevention and containment of the spread of contagion, which describes the measures to be applied in the field of work on the means and in the different locations and workplaces of the company in relation to the specific risks related to the outbreak from Covid-19.¹

¹ Safety guidelines for emergency management COVID-19 issued within the organization since May 2020.

- > October 1, 2022 - The obligation to wear the protective mask Ffp2 on board the vehicles, at the station and at the surface stops ceases; ATM eliminates all the information materials related to the Covid-19 emergency present on the cars, stops, stations and screens of the automatic ticket distribution machines located in the subway stations.

Extraordinary maintenance work and improvement of the infrastructure of the metro network and the tramway network

- > May-December 2022 - As part of the program for the general upgrading of M2's infrastructure, ATM carries out extraordinary maintenance operations along the axis of the Martesana aimed, in this phase, at the replacement of 20 kilometers of tracks between the stations of Cascina Gobba and Gessate. The Company, on the route of the affected routes along which it is necessary to interrupt the movement of trains for the carrying out of the works, activates a bus service to allow the movements of the customers.
- > May 2 - September 11, 2022 - ATM, with a view to the constant improvement of safety, carries out renovation and replacement of the tramway infrastructure in the Piazzale of Porta Lodovica with the laying of 600 meters of new tracks, 7 new radio frequency exchanges and of the asphalt pavement that replaces the pre-existing blocks. The work involves changes in the route of the surface lines 9, 15, 59, 71, 79 and N25/26.
- > May 2 - June 1, 2022 - ATM carries out consolidation of the tunnel between Piola and Lambrate on M2 following the waterproofing works started in 2019. In order to allow construction activities, from Monday to Friday after 22.30 until the end of the service trains stop on the same platform at Loreto, Piola and Lambrate.
- > August 13-21, 2022 - In the Amendola station of the M1, the Company carries out extraordinary maintenance work for structural reinforcement in the station tunnel. ATM prepares an information plan for passengers and residents of the area with planned changes to the service. In fact, between the Pagano M1 and Lotto M1 M5 stations, a route along which the interruption of train traffic is necessary for the work to be carried out, activates for customers a bus service and the upgrading of the M5 frequencies.

Fleet renewal

- > September 2022 – The award of the tender - following a public procedure - to Hitachi Rail S.p.A. for the construction of new metro trains. This is a framework agreement for the supply of 46 new trains with a total investment value of EUR 368 million. At the same time, a first application contract was signed for 21 vehicles for the M1 line for a value of EUR 168 million.
- > November 30, 2022 - The tram built by Stadler Valencia arrives at the Officina Generale in via Teodosio Tramlink, which, together with the other 79 of the contract, is part of the company's investment plan for the renewal of the entire fleet. Tramlink will circulate from spring 2023 after the necessary technical tests.

Renewal of the National Collective Labor Agreement (AutoFerrovieri)

- > May 10, 2022 - After a complex and long negotiation is stipulated between companies in the sector and trade unions a hypothesis of national agreement for the renewal of the CCNL autoferrotravieri - internavigatori (TPL mobility), already expired on December 31, 2017. The agreement, signed by the trade union party with reservation, was then submitted to the referendum that involved all workers in the sector at national level.

The agreement primarily regulates, through the recognition of a “one-off” period from January 1, 2021 to June 30, 2022 (the previous period from January 1, 2018 to 31 December 31, 2020 had already been regulated by the minutes of the national agreement 17 June 17, 2021, with which the comparison for the renewal of the CCNL was reopened) and determines the salary increases to be recognized during the period of its validity, which will expire on December 31, 2023.

Finally, the agreement also regulates the recognition, as from July 1, 2022, of an allowance for each day spent on holidays (allowance in addition to the normal salary already recognized) and, in order to develop *the* welfare system, with effect from January 1, 2023, a monthly contribution to the operation of the “TPL Health Fund” is defined by companies.

- > June 11, 2022 – The trade union organizations report that, through the referendum validation held throughout the national territory, the referendum concludes with more than 73% of favorable votes, thus accepting the application of the national agreement for the renewal of the CNL of May 10, 2022. The national agreement therefore provides for the disbursement of EUR 500 “one-off” to be paid in two equal-sum solutions, the first with July’s salary and the second with November’s salary. There is also an increase monthly wages of EUR 90 (EUR 30 for July 2022, EUR 30 for June 2023 and EUR 30 for September 2023), a monthly contribution of EUR 12 for the operation of the “TPL Health Fund” and the establishment of a new allowance called “Holiday pay allowance” of a daily value of EUR 8 for each day spent on holidays as from July 1, 2022.

Recruitment campaign

- > January 2022 – The Parent Company ATM S.p.A. relaunches the recruitment campaign, launched in February 2021, aimed at finding drivers for surface lines, always aiming to increase the presence of women in staff; It is distributed in Milan and published in some online newspapers addressed to the territorial basins of Puglia and Campania.
- > May 2022 – As part of the 2022 recruitment plan, the campaign aimed at finding drivers for surface lines is launched, while promoting the offer to male and female candidates of free course for the achievement of the Qualification Charter of the Driver, compulsory professional driving qualification for passenger transport. The campaign is spread in Milan on the digital canopies of the surface stops, on the digital and social channels of ATM and is published in some online newspapers.

First hires in CityLink Smart Mobility by ATM

- > July 2022 – CityLink takes over the first three resources of the Smart Mobility team. This begins the process of creating a new team with a set of skills related to the creation of innovative smart mobility products and services, supported by new technologies and new implementation approaches and designed strictly putting users at the center (“user centric” approach).

Environmental sustainability, sustainable mobility and innovation

- > May 12, 2022 - Inauguration of the first ATM Green Wall built on the facade of the Giambellino bus depot on a total area of 350 square meters and with over 10,000 plants of 20 different species, the design of which, involved the community and associations of the neighborhood and has among its objectives the improvement of the quality of the environment.

Corporate Governance

- > April – August 2022 – The Board of Directors of the Parent Company ATM S.p.A. renews its supervisory body for the three years 2022-2024, confirming the previous collegial composition and its components; likewise, the companies directly controlled by ATM S.p.A. (GeSAM S.r.l., Rail Diagnostics S.p.A., NET S.r.l., International Metro Service S.r.l. and CityLink S.r.l.) shall renew for the three-year period 2022-2024 the Supervisory Body upon expiry of its mandate by appointing as its members, on the Parent Company's address and where possible, the same three members of the supervisory body of ATM S.p.A.

Customer initiatives

- > June 1, 2022 - ATM, in order to prevent all subscribers from traveling and practices for the renewal of the electronic card, extends the initiative that allows those in possession of an ordinary card, senior or students expiring by March 31, 2023 to renew it at no cost and for another 12 months using the totems present in the subway stations or going to the retailers qualified to recharge the subscriptions.
- > August 1, 2022 - ATM launches the subscription campaign aimed at promoting the digital mode, that is, the website www.atm.it and the ATM Milano app for the purchase of the card on which the subscription is loaded and to promote the use of Tessy, hi-tech stations located in the main stations of the subway, to print in self-service mode the card on which to load the travel titles; ten new seats that are added to the four already operative, placed in the stations of greatest traffic.
- > September 19, 2022 - To enable eligible customers to redeem the bonus granted by the Ministry of Labor and Social Policies for the purchase of monthly or annual subscriptions to public transport services from September 1 to December 31, 2022, ATM provides on the site a functionality on the reserved area and a dedicated page with all the information useful for the request; on the social channels it creates infographics to answer the faq and to provide assistance to the users.
- > December 6, 2022 - ATM publishes the platform Information Without Barriers, accessible from the website www.atm.it and from the ATM Milano app, which provides real-time information updated every 10 minutes on the operation of elevators and stairlifts present in the stations of the 5 metro lines. The Company communicates the start of the service through its digital and social channels and by sending direct mail to the loyal group of passengers with mobility disabilities with which the platform was experimented before its implementation on the site and on the ATM Milano app.

Activities abroad

- > In 2022 Metro Service A/S puts into service 8 new trains for the M1 and M2 metro lines.

International events

- > June 2022 - On the occasion of the EUMO European Mobility Expo in Paris (6-9 June 2022), ATM, as a guest of honor together with the Municipality of Milan, presents to the audience of sector specialists from all over the world the news on the innovations of its transport services offered to the community; enhances on social channels the interventions of management with the aim also of helping to improve international positioning.
- > November 2022 – CityLink – Smart Mobility by ATM participates in Smart City Expo World Congress 2022, held in Barcelona (Spain), in conjunction with Tomorrow Mobility, the spin-off event dedicated to the mobility of the future. On this occasion the team met start-ups and companies working in the field of “Smart” ideas and technologies applied to the city and mobility. It was a valuable event to intercept new solutions and innovative partners that can support the grounding of the ambitious Smart Mobility agenda driven by ATM.

Honors and awards

- > June 18, 2022 - ATM wins the “Golden Apple” of the XXXIV edition of the Marisa Bellisario Award as Work Life Balance Friendly company; The recognition is attributed to the Company with the motivation of “having implemented strategies and plans for the reconciliation and development of women’s careers, demonstrating that the company’s competitiveness can and must combine with social sustainability”.

Main regulatory measures for the local public transport sector

Introduction

2022 was characterized by the entrapment of the effects of the Covid-19 pandemic and the conflict between Russia and Ukraine.

On February 24, 2022, Russia launched a military operation in Ukrainian territory that led to the beginning of a conflict that still does not see a peace solution and whose effects affect all those countries (EU and non-EU) whose supplies of Raw materials (*commodity*) depend on the two countries in conflict. The Russian-Ukrainian conflict has inflamed commodity prices: not only those used as energy sources (oil and gas), but also industrial metals and agricultural products (wheat and maize). Even before the war, Raw materials prices had increased, driven by the economic recovery following the Covid-19 pandemic; in addition, the conflict has further affected financial markets, scenario expectations and future risks, leading to a further rise in commodity prices.

With reference to the direct and indirect impacts of the ongoing conflict, on May 13, 2022 ESMA published the Public Statement *32-63-1277*, in order to promote transparency and the correct application of the European requirements for information provided in financial reports on the conflict in question. To this end, it is necessary to highlight the direct and indirect impact of the contrast between Russia and Ukraine on the economic and financial performance of companies.

On the other hand, the effects of the pandemic seem to be waning. On March 31, 2022 the state of emergency ended, a period which had been introduced by the Italian Government with D.L. no. 221 of December 24, 2021 "*Extension of the state of national emergency and further measures contain the spread of the epidemic from Covid-19*". Since that date, many of the restrictions that had been applied to contain the pandemic have been progressively eliminated, resulting in a period of recovery in economic activity and consumer confidence, leading to signs of economic recovery that were also above expectations.

The public transport sector has also been significantly affected by the above events and, in order to allow the sector companies to continue their normal operations, the Government has deployed a series of interventions which are detailed below for homogeneous areas.

Regulatory measures to compensate for the reduction in tariff revenues for passengers and to finance additional public transport services

As a result of the pandemic linked to the spread of Covid-19, the government had already in place interventions in support of public and private operators in the public transport sector during the years 2020 and 2021. Specifically, the beneficiaries of the resources intended to compensate for the reduction in tariff revenues for passengers and of the resources intended to finance additional public transport services were represented by local and regional public transport companies entrusted with net cost services, as well as entities entrusted with gross cost service contracts. ATM S.p.A., as operator of a service contract under gross cost, had not benefited from such interventions, except for the resources intended to finance additional public transport services, which had been recognized by the body entrusted to the Company. The subsidiary Nord Est Trasporti S.r.l., on the other hand, being a signatory to a net cost contract, had benefited from both resources. As regards information on regulatory measures and resources allocated and liquidated in the period before January 1, 2022, reference is made to the 2021 financial report.

The government resources allocated and liquidated during 2022 to Region of Lombardy, Bacino Agency Metropolitan City of Milan, Monza and Brianza, Lodi and Pavia, Municipality of Milan and North East Trasporti S.r.l. (values in thousands of euros) are summarized below.

	D.L. 41 of March 22, 2021 - Art. 29 - DET 48 of 16 June 2022	D.L. 73 of May 25, 2021 - Art. 51 para. 1 – DET 80 11/22 and DET 94 12/22	Total
Amounts allocated at national level	229,743	840,000	1,069,743
Amounts paid at national level (advances)	102,449	840,000	942,449
Amounts paid and payable to the Region of Lombardy	62,362	143,001	205,363
Amounts paid and payable to Bacino Agency Metropolitan City of Milan, Monza and Brianza, Lodi and Pavia	36,710	54,379	91,089
Amounts paid by Municipality of Milan (*)	33,530	43,436	76,966
Amounts paid to NET (*)	675	1,743	2,419

** values are intended including additional services

It is noted that during 2022, the Local Public Transport Agency of the Bacino of the Metropolitan City of Milan, Monza and Brianza, Lodi and Pavia (the “Bacino Agency” or the “TPL Agency”), has paid an amount of EUR 76,966 thousand in favor of the Municipality of Milan and the amount of EUR 2,419 thousand euros in favor of the subsidiary Net S.r.l.. Below is a detail of what was paid to Net:

- With Determines Managerial no. 48/2022 of June 16, 2022, the Bacino Agency paid as second advance 2021 the contributions refugees for the missed revenues. The company Nord Est Trasporti S.r.l. has been accredited with EUR 675 thousand for the urban service of the Metropolitan City of Milan and for the province of Monza and Brianza;
- With Determines Managerial no. 80/2022 of November 11, 2022 the Bacino Agency paid the additional services. The company Nord Est Trasporti S.r.l. has received EUR 893 thousand for the additional services carried out in the first half of 2022 on the issue of a regular invoice;
- With Determines Managerial no. 94/2022 of December 20, 2022, the Bacino Agency paid as third advance of 2021 for lost revenues. The company Nord Est Trasporti S.r.l. has been accredited with EUR 851 thousand for the Monza Urban Service, for the interurban service of the Metropolitan City of Milan and for the province of Monza and Brianza.

Interventions to deal with price increases for diesel fuel

The D.L. no. 21 of March 21, 2022 “Urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis”, converted by Law no. 51 of May 19, 2022, established art. 1, paragraphs 1 and

2, the change in the normal rate of excise duty on diesel fuel from the date of entry into force of this Decree until the 30th day following that date. The expiry date has been extended several times and, last, by Decree Law no. 176 of 18 November 2022 "*Aid Decree Quarter*" was further extended to December 31, 2022.

In view of the rate interventions, the request for reimbursement of excise duties for the first quarter of 2022 may be made only for liters purchased in the period from January 1, to March 21, 2022 (date of entry into force of this Decree).

With reference to Decree Law no. 176 of 18 November 2022 "*Aid Decree Quarter*" which, has ordered the increase in the rate of excise duty on diesel fuel, takes effect from December 1, 2022 the tax benefit provided for in point 4 – bis of Table A annexed to Legislative Decree No.504/95; in fact, the standard rate on diesel used as fuel has been increased to EUR 467.40 for thousand liters higher than that set for soft use (EUR 403.22 for thousand liters).

For the purposes of the fourth quarter of 2022, the possibility of reimbursement is limited only and exclusively to diesel fuel purchased in the period December 1 ÷ December 31, 2022.

In 2022, the excise refund on diesel fuel amounted to EUR 998 thousand, of which EUR 897 thousand were the responsibility of the parent company ATM S.p.A. and EUR 101 thousand of Net S.r.l.

Measures to assist companies in the purchase of electricity

The D.L. no. 21 of March 21, 2022 "*Urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis*", converted by Law no. 51 of May 19, 2022, to art. 3 has a tax credit for "non-energy" companies for the purchase of electricity for the second quarter of 2022. In particular, paragraph 1 recognizes an extraordinary contribution in the form of a tax credit, partially offsetting the higher charges incurred for electricity purchased and used in economic activity during the second quarter of 2022. The contribution shall be granted to undertakings «equipped with electricity meters with an available power of 16.5 kW or more other than undertakings with a high consumption of electricity» (so-called energy-intensive undertakings) «referred to in the decree of the Minister for Economic Development of December 21, 2017, the adoption of which was announced in the Official Journal of the Italian Republic no. 300 of December 27, 2017». The above mentioned undertakings may benefit from "an extraordinary contribution, in the form of a tax credit, equal to 12 percent of the expenditure incurred for the purchase of the energy component, actually used in the second quarter of the year 2022, evidenced by the related purchase invoices", provided that the purchase price of the energy component «calculated on the basis of the average reported for the first quarter of 2022, after tax and any subsidies, the cost per kWh increased by more than 30 per cent of the corresponding average price reported for the same quarter of 2019».

The D.L. n. 50 of May 17, 2022, "*Urgent measures in the field of national energy policies, business productivity and investment attraction, as well as in Ukraine's social and crisis policies*", at the article 2, third paragraph provides for an amendment of the extraordinary contribution, in the form of a tax credit, fixed by Article 3, paragraph 1, of Decree Law no. 21 of 2022, to the extent of 12% and restated to the extent of 15%.

The D.L. n. 115 of August 9, 2022 converted with L. 142 of September 21, 2022, "*Urgent measures in the field of energy, water emergency, social and industrial policies*" extended the tax credit for companies for the purchase of electricity, including self-produced electricity and natural gas for the third quarter of 2022. The Decree proposes for the third quarter of 2022 the same facilities provided for the second

quarter and governed by the previous Decree Law no. 50 of May 17, 2022. Moreover, by Decree Law 144 of September 23, 2022 converted with L. 175 of November 17, 2022 these facilities were confirmed for the months of October and November. In particular to art. 1 paragraph 3 is envisaged for “undertakings equipped with electricity meters of available power of 4.5 kW or more, other than undertakings with high electricity consumption referred to in the Decree of the Minister for Economic Development of December 21, 2017, The adoption of which was communicated in Official Journal of the Italian Republic No 300 of December 21, 2017, to offset in part the increased costs actually incurred for the purchase of the energy component, is recognized as an extraordinary contribution, in the form of a tax credit, amounting to 30% of the expenditure incurred for the purchase of the energy component, actually used in October and November 2022, as evidenced by the relevant purchase invoices, where the price of the same, calculated on the basis of the average for the third quarter of 2022, net of taxes and any subsidies, has experienced an increase in cost per kWh above 30% of the corresponding average price for the same quarter of 2019.” Art. 1 paragraph 1 of the Decree Law 176 of November 18, 2022 “Aid Decree Quarter” extension, under the same conditions, of the provisions of Decree Law no. 144 of September 23, 2022 to the consumption of December 2022.

For the reasons set out above, ATM has entered a tax credit of approximately EUR 5 million in the preparation of the half-yearly financial report.

Regulatory interventions for investments

In response to the pandemic crisis since Covid-19, the European Union has agreed on *the Next Generation EU (NGEU) program*, a EUR 750 billion package of approximately half of which is grants.

The main component of the NGEU program is *the Recovery and Resilience facility (RRF)*, which lasts six years, from 2021 to 2026, and has a total size of EUR 672.5 billion (of which EUR 312.5 billion is grants and the remaining EUR 360 billion is subsidized loans).

The recovery and resilience plan presented by Italy foresees investments and a coherent package of reforms, to which resources are allocated for EUR 191.5 billion financed through the recovery and resilience mechanism and for EUR 30.6 billion through the complementary Fund set up under the Legislative Decree no. 59 of May 6, 2021, based on the multiannual budget deviation approved by the Council of Ministers of April 15, 2022. The total amount of funds envisaged therefore amounts to EUR 222.1 billion.

In addition to these resources, the resources made available by the react-EU program for an additional EUR 13 billion which, as provided for in EU legislation, are spent in the years 2021-2023.

The plan is developed in six missions around four strategic axes shared at European level: **Digitization** and **innovation, ecological transition, social inclusion**. It is an intervention aimed at repairing the economic and social damage of the pandemic crisis, to help resolve the structural weaknesses of the Italian economy, and to accompany the country on a path of ecological and environmental transition.

In particular, the second mission “*the Green Revolution and the Ecological transition*” provides a total of EUR 68.6 billion with the main objectives of improving the sustainability and resilience of the economic system and ensuring a fair and inclusive environmental transition. As far as local transport is concerned, among the levers aimed at increasing its sustainability there is a program of great renewal of the obsolete bus park toward low/zero emission solutions (e.g., renewal of the bus park composed of

5,540 vehicles and withdrawal of the EURO 0, 1, 2 vehicles and part of EURO 3) and green trains for the accelerated development of local green public transport.

The 4.4 investment of this mission on the renewal of green buses and trains, equal amounting to EUR 3.64 billion (of which 1.91 dedicated to *green buses*) foresees the purchase by 2026 of about 3,360 low-emission buses, with the compulsory intermediate passage of at least 800 means already by the end of 2024. In order to give a strong boost to sustainable mobility and improve air quality in areas with higher levels of PM10 and nitrogen dioxide pollution, approximately one-third of the resources have been directed to major Italian cities including Milan, to which EUR 249 million has been allocated.

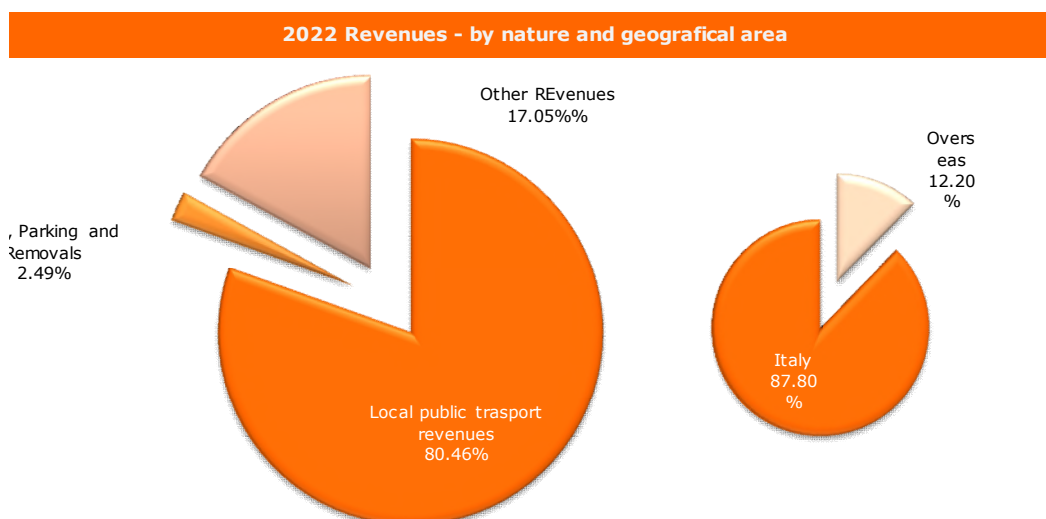
The municipalities concerned had twenty days to complete and send to the MIMS the forms for the transmission of the application together with the tables with the allocation of funds, as defined by Ministerial Decree no. 530 of December 23, 2021, between municipalities, chief town of Metropolitan City, municipalities, chief town of Region or Autonomous Province and municipalities with high air pollution rate.

The funds made available by D.M. 530/2021 will be used within the ATM Full Electric Plan to:

- the replacement of a total of 350 buses 12 and 18 meters, of which 92 by December 31, 2024 and the remaining by the second quarter of 2026. This will complete the replacement of the entire Euro III and Euro V bus fleet;
- The necessary infrastructure adjustment of existing deposits (Palmanova, Giambellino, Sarca, San Donato);
- the realization of more than 50 fast charging points in line.

The economic, capital and financial highlights of the ATM Group

Main economic indicators (millions of euros)			
	2022	2021	2020
Revenues and other operating income	1,091.5	1,009.3	957.9
Costs and other operating expenses	(978.2)	(926.0)	(896.8)
EBITDA	113.3	83.3	61.2
<i>% of "Revenues and other income"</i>	<i>10%</i>	<i>8.3%</i>	<i>6.4%</i>
EBIT	31.0	(13.7)	(47.4)
<i>% of "Revenues and other income"</i>	<i>3%</i>	<i>(1.4%)</i>	<i>(4.9%)</i>
Net Profit	15.5	(16.0)	(64.5)
<i>% of "Revenues and other income"</i>	<i>1%</i>	<i>(1.6%)</i>	<i>(6.7%)</i>



Key equity indicators (millions of euros)			
	2022	2021	2020
Fixed assets (tangible and intangible)	1,205.9	1,299.5	1,308.9
Equity	1,177.3	1,148.8	1,149.2
Net Financial Position	(36.8)	1.9	(25.6)
Investments	85.6	72.7	139.9

Key financial indicators (millions of euros)			
	2022	2021	2020
ROI	2.2%	(1.0%)	(3.5%)
<i>Net invested Capital</i>	<i>1,378.6</i>	<i>1,405.7</i>	<i>1,372.7</i>
<i>EBIT</i>	<i>31.0</i>	<i>(13.7)</i>	<i>(47.4)</i>
ROE	1.3%	(1.4%)	(5.6%)
<i>Equity</i>	<i>1,177.3</i>	<i>1,148.8</i>	<i>1,149.2</i>
<i>Net profit</i>	<i>15.5</i>	<i>(16.0)</i>	<i>(64.5)</i>

Comparability of data and alternative performance indicators and definitions

Comparability of data

As indicated in the Notes on the Consolidated Financial statements at December 31, 2022, to which reference is made, the estimation and evaluation criteria are the same as those used in the preparation of the consolidated financial statements at December 31, 2021, adjusted and supplemented, in the case of: With the new amendments and principles that coming into effect over the period as detailed in the specific paragraph of the respective explanatory note.

Alternative performance indicators and definitions

The Annual Report and Consolidated Financial statements include economic and financial indicators that are used by management to monitor the economic and financial performance of the Group. These indicators are not defined or specified in the applicable financial disclosure framework. Since the composition of these measures is not regulated by the accounting standards, the criterion of their determination applied by management may not be homogeneous with those adopted by other groups and consequently not comparable. Alternative performance indicators are constructed exclusively from historical accounting data and are determined in accordance with the guidelines on alternative performance indicators issued by ESMA on October 5, 2015 (2015/1415) as per CONSOB Communication No. 92543 of December 3, 2015 and ESMA of April 17, 2020 “*ESMA Guidelines on alternative Performance measures (APMs)*”.

The following alternative performance indicators are represented in this Management Report:

- Gross operating margin (gross operating margin): equal to the difference between “*total revenues and other operating income*” and “*total costs and other operating expenses*” and is directly deducible from the consolidated income statement, as supplemented by the relative explanatory note. However, this indicator is not defined by the International Financial Reporting Standards accounting standards; it could therefore be inhomogeneous and therefore not comparable with that presented by other groups.
- MOL *margin*: is calculated as the ratio between mol and the total of “*revenues and other operating income*”.
- Operating result: Represents the “*operating result*” directly available from the consolidated income statement.
- Margin on operating profit: This is calculated as the ratio between operating profit and the total of “*revenues and other operating income*”.
- Alternative performance *underlying indicators*: the annual results and their comparison with that comparison year may include unusual (not repeated in the future) or non-operational *performance-related elements*, which significantly and unevenly and systematically influence the results of the Group and the Company over time, by generating effects which may not allow a correct interpretation of the Group's normalized profitability in the year, compared with the normalized profitability of the previous and future years, Thus limiting the disclosure value of the synthetic consolidated comparative income statement and the comparative consolidated income

statement prepared in application of IAS 1. These components are highlighted in the paragraphs “*Comment on the Financial results of the ATM Group*” of this Management Report.

- Investments: They represent the sum of the investments indicated in the notes “*Property, plant, and equipment*” and “*intangible assets*” of the consolidated annual financial statements.
- Net financial debt: Determined, as provided for in ESMA guideline 32-382-1138, as the sum of *net current financial debt* and *non-current financial debt*, both including financial debt for leasing contracts ex International Financial Reporting Standards 16. “*Net current financial debt*” means the algebraic sum between Cash and cash equivalents, equivalent means, current financial assets (such as securities held for trading) and current financial debt.

Operational Highlights – ITALY

TOTAL NETWORK ¹

Area Served (km ²)	656	Passengers transported (mln)	569.87
Municipalities served	46	Km travelled (mln)	155.64

METRO NETWORK

Number of metro lines	5	Vehicle fleet (Engines and carriages) ⁴	947
Network length (km) ²	102.05		
Plant length (km) ³	226.55		

BUS NETWORK

Number of lines	135	Vehicle fleet ⁴	1,246
Network length (km) ²	1,192.86	Average age of the fleet in use (years)	8.63

TRAM NETWORK ⁵

Number of metro lines	17	Vehicle fleet ⁴	493
Network length (km) ²	156.96		
Plant length (km) ³	273.06		

TROLLEY BUS NETWORK

Number of metro lines	4	Vehicle fleet ⁴	133
Network length (km) ²	38.82		
Plant length (km) ³	85.80		

¹ Figures concern the service out by ATM in the Metropolitan City of Milan

² By network length is meant the sum of the lengths of the individual lines on the operating axis.

³ Are considered the km of armament lines in operation and air network

⁴ Owned vehicles

⁵ Excluded are the lines Milan - Desio and Milan - Limbiate (suspended with replacement bus)

Operational Highlights - ITALY

SERVICES CARRIED OUT IN THE METROPOLITAN CITY OF MILAN, PROVINCES OF MONZA AND BRIANZA, BERGAMO AND LECCO 6

Area served (<i>km</i> ²)	668.2	Number of lines	25
Municipalities served	60	Network length (<i>km</i>)	383.97
Passengers transported (<i>mln</i>)	8.83	Vehicle fleet ⁴	126
Km travelled (<i>mln</i>)	8.26		

CAR PARKS & ON-STREET PARKING

Car parks ⁶		On-street	
Number	24	Car spaces	103,222
Car spaces	18,161		
Entries	4,728,923		

COMO - BRUNATE CABLE CAR

Network length (<i>km</i>)	1.08	Km travelled (<i>mln</i>)	49,203
Passengers transported (<i>mln</i>)	1.15		

MINIMETRO CASCINA GOBBA - H. SAN RAFFAELE

Network length (<i>km</i>)	0.70	Km travelled (<i>mln</i>)	85,934
Passengers transported (<i>mln</i>)	0.53		

⁴ Owned vehicles

Operational Highlights - OVERSEAS

METRO COPENHAGEN

Area served (<i>km</i> ²)	162	Number of lines	4
Municipalities served	3	Network length (<i>km</i>)	38.70
Passengers transported (<i>mln</i>)	107.60	Vehicle fleet ⁴	81
Km travelled (<i>mln</i>)	33.95		

Sustainability Highlights



	2022	2021	2020
<i>Value generated</i>	1,099.4	1,019.3	968.6
<i>Distributed value</i>	1,000.9	935.3	924.5
<i>Retained value</i>	98.5	84.0	44.1
	2022	2021	2020
<i>Stations with lifts or stairlifts [1]</i>	71.3%	71.3%	70.2%
	2022	2021	2020
<i>Hours of human rights training</i>	490	456	267
	2022	2021	2020
<i>By genre</i>			
<i>Men</i>	9,431	9,497	9,408
<i>Women</i>	1,042	971	956
<i>Training hours</i>	319,168	308,751	190,676
	2022	2021	2020
<i>Security personnel</i>	324	286	268
	2022	2021	2020
<i>Tons of CO2 avoided</i>	86 mln	84 mln	85 mln
<i>Recycled waste</i>	58%	60%	70%

[1] This figure considers the M1, M2 and M3 metro lines as provided for in the Service Contract.

Administrative and control bodies

CNFS

Board of Directors¹

Chairman	Gioia Maria Ghezzi
Managing Director	Arrigo Giana
Directors in office	Oliviero Baccelli Elisabetta Pistis Fabio Spinelli

Board of Statutory Auditors²

Chairman	Salvatore Rino Messina
Statutory Auditors	Antonella Andreina Conti Stefano Brambilla
Alternate Auditors	Monica Mannino Eleonora Jolanda Negruzzi

Independent Audit firm³

Deloitte & Touche S.p.A.

1. The Board of Directors of five members was appointed by the Shareholders' Meeting of April 15, 2020 and remains in office until the approval of the 2022 Financial statements. On January 27, 2022, in place of a retired councilor, Arrigo Giana was appointed Director of the Board as Chief Executive Officer.
2. The Board of Statutory Auditors was appointed by the Shareholders' Meeting on September 29, 2022 and remains in office until the approval of the 2024 financial statements.
3. As a result of the assumption of the State of Public Interest Body under D. Lgs 39/2010, on November 9, 2017, the Shareholders' Meeting approved the appointment of Deloitte & Touche S.p.A. for the year 2025, with the deadline for the approval of the financial statements.

As required by art. 16 of the Statute of ATM S.p.A., the Municipality of Milan, pursuant to Article 2449 C.c., has the right to directly appoint a number of directors proportional to the size of its shareholding. In this respect, the Board of Directors of ATM S.p.A. considers that five members constitute the minimum number for proper social management.

The appointment procedure is governed by the “Regulations on the guidelines and procedures for the appointment, designation and revocation of the representatives of the municipality among bodies, companies, institutions and participating companies”, approved by deliberation of the Municipal Council n. 11 of March 29, 2012 and partially modified with resolutions of the Municipal Council n. 60 of July 25, 2021 and n. 9 of February 24, 2022, to which reference should be made.

According to art. 15 of the Statute of ATM S.p.A., the shareholders' meeting determines the remuneration of the members of the Board of Directors on the basis of the institutional tasks and responsibilities assumed, such as not to affect the autonomy of judgment.

With the exception of the Chief Executive Officer, the Board of Directors of ATM S.p.A. is composed of three out of five independent directors, in addition to the Chairman.

The Chairman of the Board of Directors, Gioia Maria Ghezzi, also holds the following positions:

- Assolombarda, Italy: Vice President with delegation to infrastructure, mobility & smart city;
- Milano Smart City Alliance: Chairman
- Assonime, Italy: Member of the Board of Directors
- Ternium (Techint): Member of the Board of Directors, Member of the Audit Committee
- Gardant (Elliott Management): Member of the Board of Directors
- Magic Land (Pillarstone KKR): Member of the Board of Directors
- Sirti (Pillarstone KKR): Member of the Board of Directors, Member of the Strategic Committee
- Swiss Re Europe and Swiss Re International: Member of the Board of Directors, Member of the Finance and risk Committee.

Since 2015, Councilor Oliviero Baccelli has been a member of the Board of Directors of TELT, a company for the purpose of the Italian and French Governments to carry out the cross-border railway route between Lyon and Turin and is a member of the Board of Directors of the Italian Society of Transport Economists (SIET).

Since 2019, the Councilor Elisabetta Pistis has held the position of Statutory Auditor in Ombrone S.p.A., a company of the ACEA Group, with the main purpose of managing the participation at the Flora Aqueduct, as well as the position of Statutory Auditor in Berg S.p.A., a company recently acquired by the ACEA Group, operating in the field of liquid waste disposal and treatment. Since 2020 he has been Chairman of the Board of Statutory Auditors of ACEA Molise. He is also the effective Mayor of IMCD S.p.A..

This deliberation, once taken, is valid also for the following years until a different determination of the Assembly itself. The remuneration of directors with special offices in accordance with the statutes is determined by the Board of Directors.

As regards the details of the fees, reference should be made to the following note 38 Compensation of

Directors and Statutory Auditors of the explanatory note of ATM S.p.A.

The Board of Directors of ATM S.p.A. may appoint committees with proactive and advisory functions to assist the collegial body in specific areas of activity, providing for the participation in whole or in part of members who are not members of the Board of Directors.

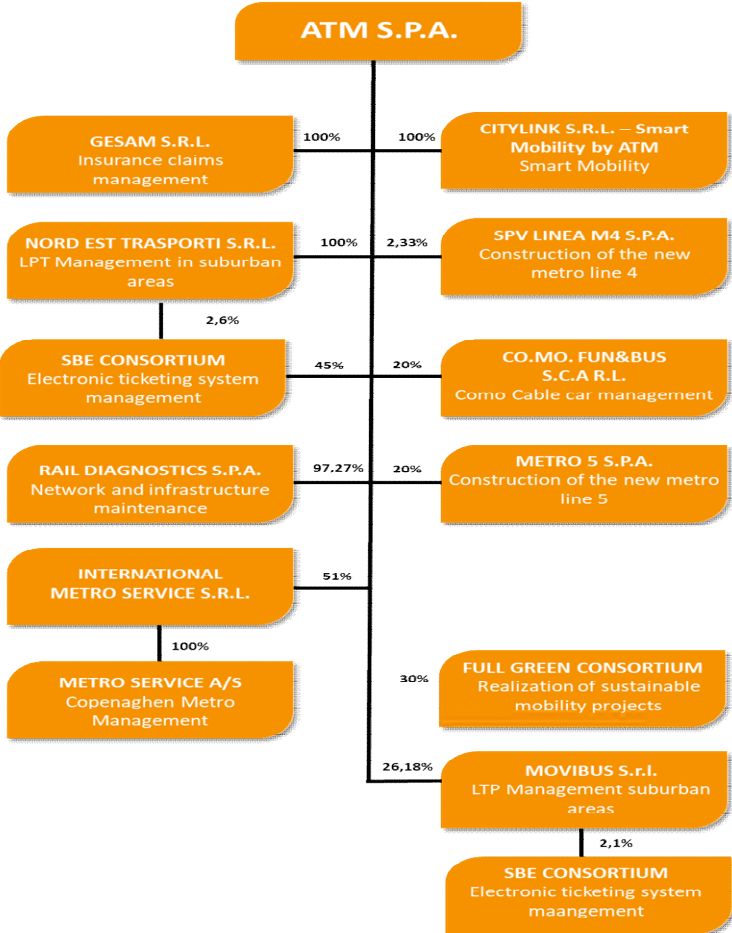
At present, the Board of Directors has not been set up as Board Committees.

Corporate structure at December 31, 2022



ATM S.p.A. (“ATM”, the “Company” or the “Parent Company”) operates the transport services in all form and by all means, including rail services, as well as services related to the transport of persons, property and information and mobility, including parking and activities. The Company also operates the service of connection of the Cascina Gobba Light Rail - San Raffaele Hospital. Controlled at 100% by the Municipality of Milan, it is the Parent Company of the Gruppo Trasporti Milanese (the “Group” or the “ATM Group”) and carries out management and coordination activities according to art. 2497 et seq. of the c.c. to its subsidiaries. The Legal counsel office is in Foro Buonaparte 61, Milan.

In this document, the term **ATM Group, Group** or **ATM** refers to the group of companies included in the consolidation perimeter represented below:



Subsidiaries and their activities:

- **Citylink S.r.l. – Smart Mobility by ATM:** already established on October 9, 2010 as ATM Servizi Diversificati S.r.l, on 12 October 12, 2021, the shareholders' meeting of ATM Servizi Diversificati S.r.l. changes its name to “CityLink S.r.l. - Smart Mobility by ATM” and changes its social object in order to reflect the new activity addressed to the sector of Smart Mobility. At the same time, the Governance is changed from a single Director to a Board of Directors, which has a Managing Director. It is 100% controlled by ATM S.p.A. and is active in the realization of a project of “Maas” (*Mobility as a Service*) through the implementation and management of a “Maas” platform that will integrate all transport methods, private and public, and will allow users to plan, book and pay for multiple mobility services (*sharing*, micro-mobility, parking and parking) in a single solution through the use of a website and a mobile app.
- **GeSAM S.r.l.** was founded on December 22, 2005 and is fully-owned by ATM S.p.A. and carries out consultancy activities in the insurance sector, including all relevant specialist support for the education and settlement of claims with the exclusion of insurance mediation activities.
- **International Metro Service S.r.l.:** incorporated on April 12, 2007, it is 51% owned by ATM S.p.A. and is responsible for the management of services for the transport of people and freight along with the related activities of programming and operative organization, all for the purposes of the execution of contracts for the operation and maintenance of metropolitan systems. International Metro Service S.r.l. controls 100% **Metro Service A/S**, a Danish company that operates the Copenhagen metro.
- **Nord Est Trasporti S.r.l.** incorporated on December 5, 2007, is fully-owned by ATM S.p.A. and carries out the activity of management of services of transport of people, freight and information, along with the related activities of programming and operative organization, in addition to the services connected to transport and mobility in the Metropolitan City of Milan, in the Province of Monza and Brianza, Bergamo, Lecco and in the territory of the Municipality of Monza.
- **Rail Diagnostics S.p.A.:** established on October 31, 2006, is 97.27% controlled by ATM S.p.A. and is responsible for design, construction, maintenance and integrated diagnostics of metro and tramway control systems and systems.

Related companies:

- **Movibus S.r.l.:** incorporated on May 15, 2008. ATM S.p.A. holds 26,18% of the share capital. The company carries out its activity in the local public transport sector where it operates as operator of lot 6 of the provincial sub-network of West Milan.
- **Metrofil s.c.a. r.l. in liquidazione:** incorporated on April 2, 2009. ATM S.p.A. holds 25,44% of the share capital. The company was set up for the purpose of fulfilling the obligations deriving from the contract with the object of the executive design and the realization of the public transport system on its own premises of a trolleybus type to service the corridor EUR-Tor de Cenci and EUR Laurentina-Tor Pagnotta stipulated with Roma Metropolitana S.r.l.. On May 18, 2022, the Shareholders' Meeting of Metrofil s.c.a. r.l. in liquidation, decided to dissolve the Company pursuant to art. 2484, 1st paragraph number 2 cc.

- Metro 5 S.p.A.:** incorporated on June 5, 2006. ATM S.p.A. holds 20% of the share capital. The company carries out the activities of final and executive planning, expropriation, works management, execution of civil works and technological works, supply of rolling stock and management of the metro line 5 and its possible extensions.

- Co. Mo. Fun&Bus s.c.a.r.l.:** incorporated on June 9, 2006. ATM S.p.A. holds 20% of the share capital. The company supports the local public transport service in the municipality of Como and the management of the Como–Brunate funicular.

- S.B.E. consortium:** incorporated on January 28, 2015. ATM S.p.A. directly owns 45% and, indirectly, through its subsidiary Nord Est Trasporti S.r.l. owns 2.6% of the share capital and, through its subsidiary Movibus S.r.l., 0.55% of the share capital. The Consortium owns the asset represented by the central platform of the electronic ticketing system and the asset management activities as well as the management of clearing activities and the accounting flows of travel securities.

- Full Green Consortium:** Established August 5, 2021. The Consortium is set up in order to establish a common organization between the members of the consortium for the purpose of collaboration in the implementation of projects of sustainable mobility and digitization, characterized, in the first place, by the transition from traditional fleets of diesel-fueled buses to fleets of zero-emission vehicles, energy saving and efficiency, decarbonization and improvement of air quality. On October 4, 2022, the Shareholders' Meeting approved the membership of Cotral S.p.A. and AMTS S.p.A.. Following the accession of the new members of the consortium, the stake in the possession of ATM S.p.A. is restated in 30% of the Consortium Fund.

Other companies:

- SPV Line M4 S.p.A.:** incorporated on December 16, 2014. ATM S.p.A. holds 2.33% of the share capital. The company's purpose, granted by the Municipality of Milan, is the construction, maintenance of the Milan metro line 4 and provision of the relative public transport service.

Structure of the share capital

The share capital of ATM S.p.A. of 700,000 thousand euros is composed of 70,000,000 shares with a nominal value of 10 euros and is wholly owned by the Municipality of Milan.

Changes in the structure of the Group

On May 18, 2022, the Shareholders' Meeting of Metrofil s.c.a. r.l. in liquidazione, a company owned by ATM S.p.A. for 25.44 % of the share capital, resolved the final liquidation of the company as well as the recovery plan and the contextual repayment of the paid-up share capital. On December 31, 2022, the company was still registered with the Chamber of Commerce.

Corporate governance report

CNFS

Introduction

ATM's Corporate Governance system consists of the set of standards, instruments, regulations, processes and business systems aiming at a correct and efficient management and control of the Internal control system.

ATM, in view of its nature as a company with total public control and its role for the plurality of stakeholders, is subject to the specific information obligations connected with the acquisition in 2017 of the status of Public Interest Institution (EIP), provided for under Art. 123 bis of Legislative Decree no. 58/1998 (TUF) has had regard only to the information required by paragraph 2(b), and avails itself of the possibility provided by paragraph 5 of the same article.

ATM has acquired the status of Public Interest Institution (EIP) according to art. 16, paragraph 1, letter a) of D. 39/2010, following the issuance of the bond and the admission to listing of the related securities to Euronext Dublin, in August 2017.

The corporate governance structure of ATM expresses, in a concrete way, the rules and the modalities with which the business strategy is defined, as well as the decision-making processes and the means for achieving and measuring the results with respect to the predetermined objectives.

The ATM Corporate Governance System refers both to the laws and regulations in force and applicable and to the internal rules with which the Company has provided itself in a broad sense.

ATM has thus defined its Corporate Governance system with the aim of maintaining operational and effective a corporate governance system capable of adequately balancing responsibility and powers, favoring the correct balance between management and control.

The report on the corporate governance of ATM is divided into three sections: A first section devoted to the guiding principles defined in the ATM Code of Ethics and to initiatives in the area of social responsibility; a second section devoted to the Corporate Governance model; A third is dedicated to the Internal control and risk Management System.

Although it falls within the cases of exclusion provided for by Legislative Decree no. 14 of January 21, 2019, referred to as the “*Code of corporate crisis of business and insolvency*”, that ATM and its subsidiaries fall within the cases of exclusion provided for in the Decree, but in accordance with the obligations set out in the second paragraph of Art. 2086 of the c.c., introduced by the aforementioned decree, It has initiated a monitoring process that will result in the early detection of any patrimonial and financial imbalances related to the specific characteristics of the enterprise and the activity carried out.

Code of Ethics: Principles, values and social responsibility

Transparency, ethics/fairness, loyalty, the quality of life of communities and the continuous search for excellence are just some of the guiding principles considered by ATM in adopting a governance structure adapted to its own nature, size and operational structure. These principles are expressed in value areas aiming at guiding the action of ATM people.

The values that ATM recognizes as fundamental in the performance of its business, and which are shared at all levels of the organization, are outlined in the Ethics Code, introduced in 2007, and finally harmonized in September 2018 with the Group's Anti-Corruption and transparency Model (“act Model), voluntarily adopted by ATM.

The Ethics Code summarizes the set of values and lines of conduct that make up ATM's identity, and sets out its ethical and social responsibilities by engaging the social organs, Management, personnel, external collaborators, suppliers and all those who maintain relations with the Group's companies. The same applies to the Parent Company ATM S.p.A. and to the Group companies subject to the management and coordination of the same. It is a founding element of the overall Internal Control and risk Management System, together with the Group's Anti-Corruption and transparency Model and the Organizational, Management and Control Models 231/2001 of the Parent Company and its directly controlled companies.

In 2022, ATM started a project of concrete updating and harmonization of the entire Ethics Code, 16 years after its issue. This gradual, multi-phase project, which will end in 2023, aims to:

- to strengthen and enhance the corporate culture;
- to facilitate the alignment of conduct within and outside the organization with its own values and principles;
- facilitate the process of relations with its stakeholders in order to better understand their expectations;
- to create the conditions for contributing to the creation of value also through the management and reporting of “ESG” (*Environmental, Social and Governance*) and sustainability aspects.

The project is based on the main regulations/guidelines, available standards, *leading practices* in business ethics and *Corporate Social responsibility* and has provided for a first phase with the aim of formalizing “codes of conduct”, to supplement the Code of Ethics, which through ethical dilemmas and practical cases, enable employees and suppliers/partners of the Group to be aware of their obligations and prohibitions in doing so.

Social responsibility is one of the driving factors of ATM's corporate and social policies, which are expressed, with a view to continuous improvement, bearing in mind the reference model and specific international recommendations.

Therefore, continuing its social and ethical commitment to all entities operating within and outside the organization, ATM has adopted, since 2012, a management system for Social Responsibility consistent with the international standards SA8000:2014 and UNI ISO 26000, standards inspired and consistent with the Universal Declaration of Human Rights, the ILO (International Labour Organization) Conventions and the O.N.U., and national laws on work and safety at work. This certification has already been confirmed 3 times: in 2015, 2018 and 2021.

The SA8000 certification and the related management system are part of the Internal control and risk Management System: The maintenance of the certification and the periodic evaluation of the Company's performance in this area are promoted through continuous monitoring, The internal audit activities of the various company functions and the widespread audit activity carried out by *the Social Performance Team* (a dedicated body consisting equally of employee representatives and company representatives).

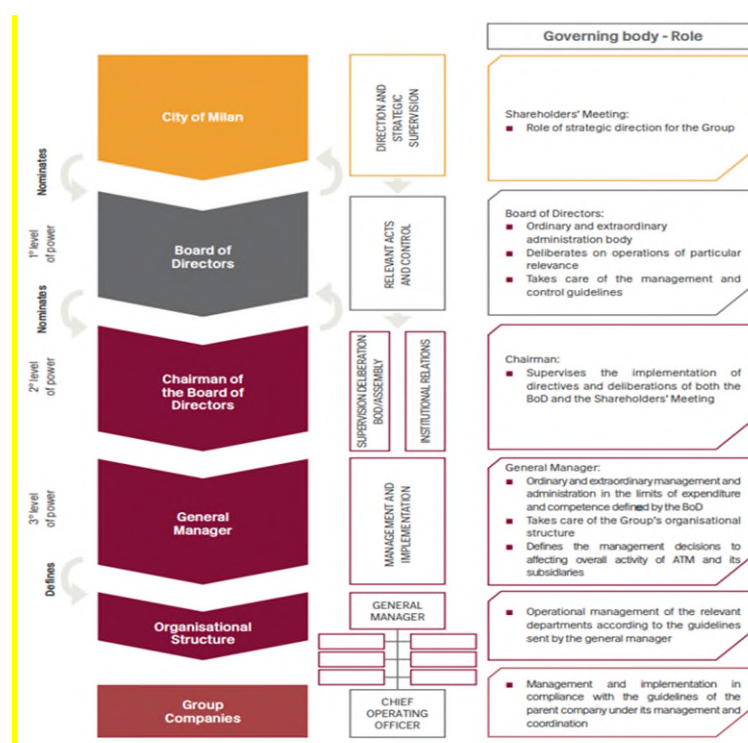
In the context of employee enhancement policies and in the context of corporate social responsibility, ATM has already joined the Family Audit certification program promoted by the Presidency of the Council of Ministers since 2013, ranking, among the leading Italian companies, the basic certification referred to corporate social policies aiming at the continuous improvement of family-work balancing services. These policies are part of the wider **welfare system**, developed in close synergy

with the ATM Foundation, which aims to improve the individual and organizational well-being of the people working within the Group.

The Corporate Governance Model

In relation to the new Group scenarios and as part of the Corporate Governance system, ATM commits to follow the best corporate governance practices, comparing its Corporate Governance model with principles issued by the major associations and best practices in this field, promoting an adequate, effective and efficient Internal Control and risk Management System, calibrated and proportional to the specificities of the Group.

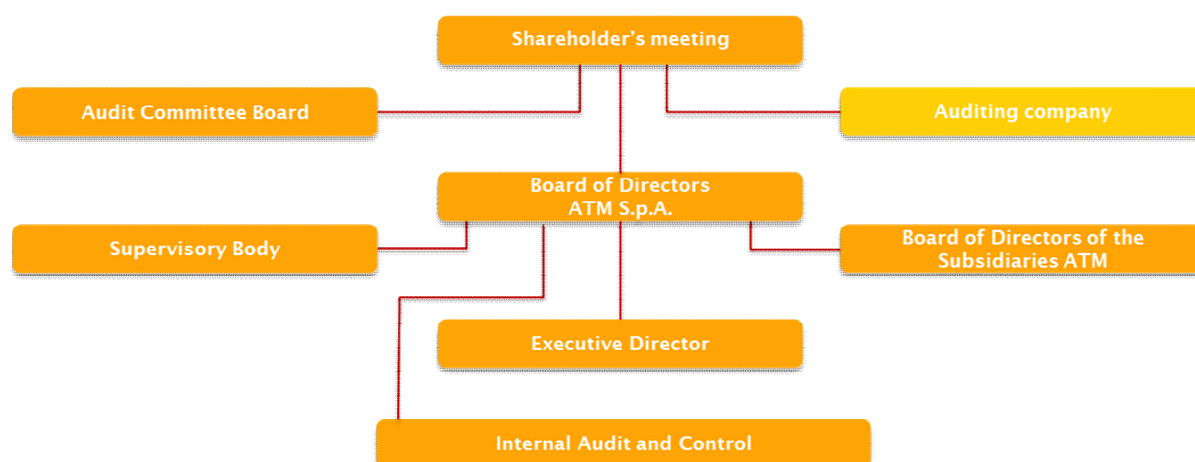
Following the articulation of the governing bodies:



The ATM Corporate Governance System, based on the principles of integrity, transparency and correctness, is fundamental for the good functioning of the Company since it allows to define clear rules for the implementation of strategic guidelines, thus supports the relationship of trust with stakeholders and contributes to sustainable success.

The values that ATM recognizes as fundamental in the performance of the business, and that it shares at all levels of the organization, are expressed in the Code of Ethics, in the 231 models of ATM and of the directly controlled companies and in the anti-corruption model, time by time in force. In this structure, the The Parent Company carries out management and coordination activities, pursuing - in full respect of the management autonomy of the individual companies - a policy of unitary management, through the application and integration of the rules, principles and values that characterize the Group.²

² These elements are regulated on time in the Group's Rules of Procedure.



The model, articulated in the traditional form, gives the Board of Directors of ATM S.p.A. strategic management; moreover, the Board of Directors is required to carry out all the appropriate acts for the implementation and achievement of the social object, except only those which by law are the responsibility of **the Shareholders' Meeting**. The Board of Directors of ATM has delegated part of its management powers to **the Managing Director and General Manager**.

Table 1. *The Board of Directors of ATM S.p.A. at 12.31.2022* ³

Position	Name and Surname
Chairman	Gioia Maria Ghezzi
Managing Director	Giana Arrigo
Directors in office	Oliviero Baccelli
	Elisabetta Pistis
	Fabio Spinelli

Table 2. *The % composition of the Board of Directors of ATM S.p.A. at 12.31.2022, by gender and age*

Age range	Men	Women	Total
30-50	0%	20%	20%
>50	60%	20%	80%
Total	60%	40%	100%

In charge of supervising compliance with the law and the articles of association and compliance with the principles of sound administration and adequacy of the organizational structure, the **Board of Statutory Auditors** is the controlling body of ATM.

In terms of statutory auditing, the audit functions were assigned to **the Audit Company** Deloitte & Touche S.p.A., with the Shareholders' Meeting of November 9, 2017, for nine financial years from 2017

³ The Board of Directors of five members was appointed by the Shareholders' Meeting of April 15, 2020 and remains in office until the approval of the 2022 Financial statements. On August 23, 2021, the Board of Directors, Stefano Pareglio, announced his immediate resignation from the position of member of the Board of Directors of ATM S.p.A.. In his replacement, on January 27, 2022, Arrigo Giana was appointed Director of the Board as Chief Executive Officer.

to 2025, Given the acquisition by the Company of the status of Public Interest Authority (EIP).

In this corporate governance system, the **Audit and Internal control (DACI)**, which is not responsible for any operational area, depends hierarchically and functionally on the Board of Directors of ATM S.p.A., administratively by the Chairman, maintaining a coordination relationship with the Managing Director and General Manager, Senior Management of ATM S.p.A., as well as the administrative and social bodies of the directly controlled companies. DACI verifies, both continuously and in relation to specific needs, the suitability and operation of the Internal control and risk Management System of the ATM Group, through the execution of a risk based and integrated audit plan, approved periodically by the Board of Directors of ATM S.p.A.

The Internal control and risk Management System

The **Internal control and risk Management System** (“SCIGR”), adopted by the ATM Group, consists of the set of rules, procedures and organizational structures aimed at effective and effective identification, measurement, management, monitoring and reporting of the main business risks, in order to contribute to the Group's long-term sustainable success.

This SCIGR is a fundamental and essential element of the Governance of the ATM Group.

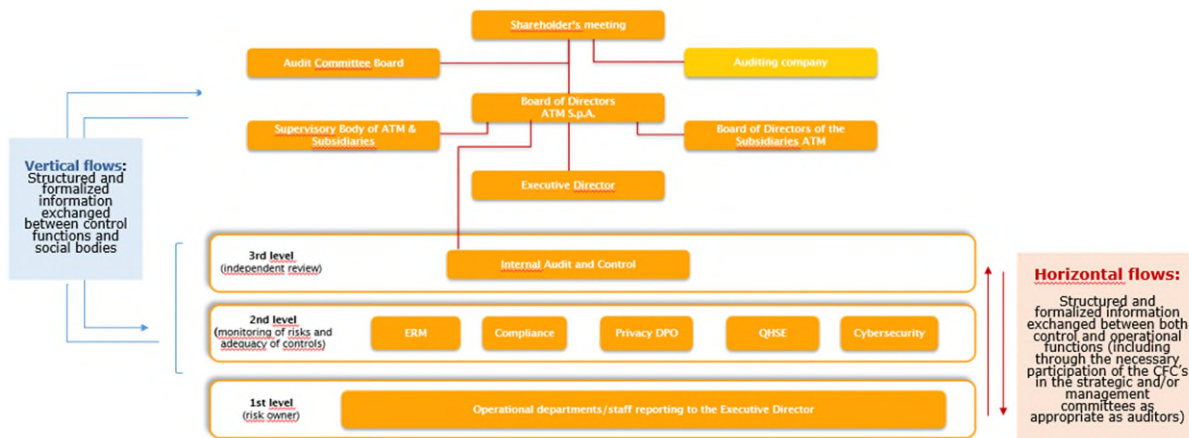
SCIGR contributes to the management of the Group consistent with the business objectives defined by the Board of Directors and contributes to ensuring the protection of the social assets, the effectiveness and efficiency of the business processes, the reliability of the information provided to the social bodies and the market and the respect of laws, internal regulations and procedures.

This system is integrated into the most general organizational and corporate governance structures adopted and is divided into the following key elements:

- Governance, including the design of the SCIGR, as well as the assessment of its adequacy, effectiveness and efficiency;
- The actions and, therefore, the periodic definition and updating, implementation and monitoring of the SCIGR, which include:
 - The implementation of the Board of Directors' guidelines;
 - identification and management of business and process risks (including irregularities);
 - The definition and implementation of risk mitigation controls on processes within the competence of the various process Owners;
- Assurance, i.e. the independent and professional audits of the SCIGR, by the competence control functions.

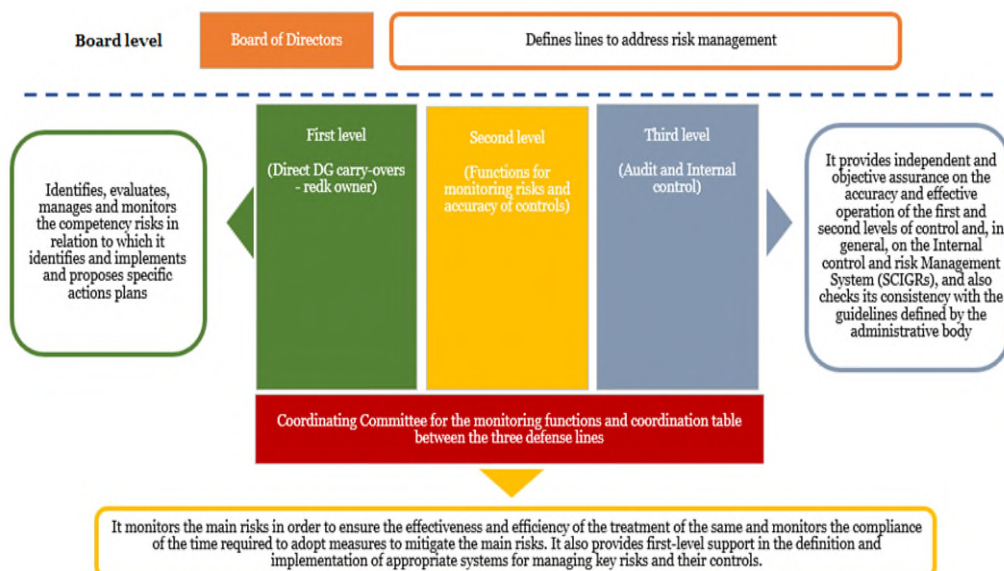
Each corporate governance actor has specific tasks and responsibilities relevant to the SCIGR, and in fact all employees maintain a level of responsibility for the adequacy and effectiveness of the SCIGR in relation to the tasks actually performed.

The system, in line with the regulations and the reference leading practices, gives to all the corporate functions a clear place within the three lines of defense, thus being, in practice, focused on coordination between the different players involved in the SCIGR, in order to maximize the efficiency of the system itself.



Audit and Internal control Management, risk Management, Compliance and other control functions (see chart above), which are formally set up and regulated, the Audit Company and the supervisory bodies cooperate with each other to carry out a specific verification and assurance activity (also called “assurance suppliers”), the Audit Company and the supervisory bodies, cooperate with each other to carry out their respective tasks. These bodies and functions ensure appropriate cooperation, including information, with respect to the Senior Management, the Board of Directors and the Audit Committee Board, for the performance of their respective duties and responsibilities.

The general principles of the Internal control and risk management system are set out in the updated SCIGR guidelines, as last as of November 22, 2021, as more broadly described later in the “ Governance Tools” section.



Participants and tasks

The Parent Company's Board of Directors has defined the guidelines for the internal control and risk management system (ICRMS) in accordance with the Company's strategies, as well as the principles governing the coordination and information flows between the various parties involved in the internal control and risk management system, in order to maximize the system's efficiency, reduce unnecessary activities, and ensure the effective performance of the activities of Supervisory body.

The following control functions are:

- *Audit and Internal control*
- *Risk management;*
- *Compliance;*
- *Privacy and Data Protection (and Data Protection Officer);*
- *Safety, prevention and environment and quality (SPEQ);*
- *Cybersecurity.*

The Board of Directors, on an annual basis, assesses the adequacy and effectiveness of the same system with respect to the characteristics of the enterprise and the risk profile assumed.

In respect of 2022, having taken note of the report on the organization, administrative and accounting structure of the ATM Group, presented at the Board meetings, the Board has assessed the organizational structure, Administrative and accounting system adapted to the current size and type of activity carried out by ATM and its subsidiaries, prepared by the administrative and organizational structures that are the Chief Executive Officer.

The Board of Statutory Auditors, intended as a supervisory body, also as a “Committee for Internal Audit control ” pursuant to Art. 19 of D. 39/2010, carries out the tasks assigned to it by the law, by the Statute and by the internal regulations and supervises the observance of the laws, regulations and statutory regulations, the respect of the principles of correct administration and the adequacy, functionality and reliability of the organizational, administrative and accounting structure.

The supervisory body (“ODV”) monitors the effectiveness and adequacy of the organizational model ex D. 231/2001 (hereinafter also “Model 231”) adopted by the Parent Company and takes the responsibility of the necessary dynamic updating of the Model. The same applies to the ODV of the directly controlled companies, equipped with their own model 231.

Control functions

Audit and Internal control

The internal audit verifies that the internal control and risk management system is functioning, adequate and consistent with the guidelines defined by the Board of Directors. To this end, it carries out its activities on all the components of the Internal control and risk Management System, assessing their adequacy, functionality and consistency with the organizational evolution of the Group and the external regulatory framework, on the basis of an integrated, periodic risk-based audit plan approved periodically by the Council itself.

In this context, and in line with the Internal Audit mandate, the function carries out an independent and objective activity, in line with the relevant professional standards, aimed at monitoring, from a third-

level perspective, the regular performance of operations and the evolution of risks and, from the other hand, to assess the completeness, adequacy, functionality and reliability of the organizational structure and other components of the ICRMS, bringing to the attention of the social bodies possible and/or necessary improvements, including with reference to the Risk Appetite Framework (“RAF”), the risk management process and the tools for measuring and controlling the risks. On the basis of the results of its own audits and of the information flows actually received, it makes recommendations to the company structures through special information to the social organs in line with the regulations in force time for time.

ERM Risk Management

An enterprise risk management system (“the ERM model”) has been adopted within the framework of the Internal control and risk Management System aimed at promoting and managing the integrated business risk management process for all the companies of the ATM Group - in line with national and international best practices, and in particular with the COSO Framework and ISO31000 reference models, and related updates.

The ATM ERM model provides for an integrated, transversal and dynamic risk assessment that enhances existing management systems and supports the risk-based analyzes provided by the specific reference standards and regulations. It is also integrated with the strategic planning process and provides for periodic cross-functional sharing of mapped risks.

The Enterprise risk Management (ERM) system helps to improve the efficiency and effectiveness of business processes, with the main objective being to safeguard corporate assets. The appropriate identification, evaluation - including in perspective -, management and mitigation of risks, in line with the strategic guidelines, favors the pursuit of short- and medium-long-term objectives.

The ATM ERM Guidelines, extended with appropriate adaptations to the subsidiaries GESAM, NET and Rail Diagnostics, identify, as the main objective, the pursuit of a sustainable growth model respectful of people, the environment and the communities, aimed at creating value through three main levers: sustainability, investment, and operational and financial efficiency. ATM, with the objective of maintaining a limited risk profile, considers the governance of risks to be of primary importance, committing itself to promoting a structured and systematic approach based on the following principles:

- To promote and disseminate to all ATM people ethical values and culture of correct and transparent risk management;
- Conduct and manage all business activities with a view to risk prevention, in compliance with laws, the Code of Ethics and company policies and procedures;
- Ensure effective, efficient and consistent risk management in all business processes with the company's strategic objectives and with the guidelines of the Internal control and risk Management System (“ICRMS”), as approved by the Board of Directors;
- ensure, through appropriate organizational, management and procedural systems, that risks are effectively identified, evaluated, managed, periodically monitored and subject to timely information;

- to promote the continuous improvement of the risk management system in the light of the evolution of the external environment, of company strategies and of the interests of stakeholders.

During 2022, the activities of strengthening the ERM model in terms of design and architecture, a model fully integrated with all the company management systems, were completed.

The risk register continues to be updated in relation to risks related to sustainability and having implications of “ESG”, bearing in mind the resulting Materiality matrix of stakeholder engagement activity.

The evolution of climate change scenarios and the prospects for change in the use of energy sources involve potential risks, but also opportunities, for ATM directly and indirectly, which may influence the proper implementation of the strategic plan, with particular reference to the process of energy transition and total electrification of the integrated mobility system, as well as emission reduction.

Climate change could also cause physical risks related to extreme weather events, resulting in potential for more or less prolonged unavailability of assets and infrastructure, recovery costs, and customer disruption.

The process of identifying and evaluating the risks and the associated scenarios, as well as mitigation actions, is fully integrated into the ERM model.

With reference to the circumstances provided for in D. 254/2016, the main risks and opportunities related to environmental, social, personnel-related, human rights and the fight against active and passive corruption are shown in the following table; The risk/opportunity areas associated with sustainability issues are related, within the table, to the areas defined by Legislative Decree no. 254/2016, to the material themes and the methods of handling them.

For identified risk areas related to the Group's economic and financial performance, please refer to the information contained elsewhere in this document.

Summary of key sustainability risks and opportunities - DNF				
Scope Ex. D.Lgs. 254/2016	Material Theme	Risk areas	Opportunities	Summary of management modes
Environmental issues	Climate change, energy consumption and environmental impacts	Air pollution: Atmospheric emissions attributable to the activities of the Group	Better reputation of the company image in the field of effective energy management and environmental protection Reduced costs associated with lower diesel consumption and energy efficiency	Integrated policy for the quality, environment and safety of the ATM Group (ISO 9001, 14001 and 45001 and UNI EN 13816) Sustainable Energy Action Plan (PAES) Strategy for environmental transition Energy efficiency interventions For Italy, purchase of energy free market electricity certified green In Italy, Energy Manager certified expert in Energy Management according to UNI-CEI 11339
		Management of the environmental transition plan/implementation of the full electric project	Greater customer satisfaction with the environmental impacts of the Group's activities Continuity of service against emerging regulatory demands	
		Unavailability of assets and infrastructure		
	Responsible management of resources and waste	Soil and water pollution attributable to the activities of the Group	Efficiency of production processes thanks to innovation Diffusion of green education among users	Integrated policy for the quality, environment and safety of the ATM Group (ISO 9001, 14001 and 45001 and UNI EN 13816) Sustainable Energy Action Plan (PAES) Strategy for environmental transition
		Waste management due to the activities of the Group		
		Maintenance of quality and environmental management systems certifications		
Staff-related topics	Diversity, inclusion and welfare	Welfare and industrial relations management	Improved reputation and corporate image in Diversity & inclusion Improved well-being for its employees Improvement of the capacity to enhance and attract resources Improvement of <i>stakeholders' value</i>	Welfare Policies Social responsibility policy (SA 8000) Whistleblowing channel Procedures for handling discrimination, harassment and Stalking cases and SA8000 reports Diversity Manager
	Training and professional development	Find resources on the market that meet your business needs	Improved performance Professional growth resources	Set of tools integrated in the selection process (interviews, test/assessment according to the characteristics sought) Procedure for the selection and recruitment of staff

		Core competencies in line with strategic plan		Identification and definition of key competencies and development of Talent Management programs
		Loss of key skills		Development plans with a view to both the continuous development of skills and the retention of people with key skills Replacement boards
	Protection of health and safety at work	Health and safety management: Accidents and/or occupational diseases occurring within the operational management	Improved company reputation in terms of protected and protective work environment Maintaining high standards in health and safety, as well as continuous improvement in the management of these aspects	Integrated policy for quality, environment and security of the ATM Group (ISO 45001) Metro Service A/S " Health Policy " Training on Health and Safety Proactive health and safety risk assessment and management, in line with applicable legislation
		Health and Safety Management: Attacks on staff		Security tools and personnel Continuous collaboration with the forces of the order and the Prefecture of Milan
Health and Safety Management: Health emergency Covid-19		Corporate Incident Response Plan		
Social issues	Noise and vibration mitigation	Management of the vibro-acoustic pollution due to the activities of the Group	-	Vibro-Acoustics workshop Maintenance plan relating to rotabals Maintenance plan for noise mitigation on the M2 (subway) line Installation of friction moderators
	Creation and distribution of economic value	For risks related to economic and financial performance, reference is made to the 2020 Annual Report	-	Reference Annual Report 2021 - risk factors and uncertainty - Financial risks
	Quality and accessibility of services	Management of information flows with customers	Improved reputation and corporate image in terms of quality and accessibility of services Improve the quality and accessibility of the service Improvement of <i>stakeholders' value</i> Increased supply of innovative products	Infoline service Official ATM app Website and social networks Stakeholder engagement surveys Budgets, the Mobility Charter and other reference documents Procedure for handling complaints and customer complaints

		Planning for the TPL service		Urban Plan of Sustainable Mobility (PUMS)
				Three-year program of works
				Biennial Program of Supplies
				Service contracts
		Customer Satisfaction detected		Management procedure "Customer satisfaction survey" (monitoring of customer perceived quality)
		Stakeholder engagement surveys		
	Obsolescence/reduced functionality of infrastructure and data facilities in trust by third parties	Continuous monitoring of the quality of transport infrastructure, facilities and services		
	Obsolescence of ATM-owned infrastructure, plant and rolling stock			
	Accessibility of stations			
		Integrated policy for the quality, environment and safety of the ATM Group (ISO 9001, 14001 and 45001 and UNI EN 13816)		
Security & safety	Injuries to third parties during events organized by the Company	Loss prevention Close coordination and collaboration with law enforcement and city realities	Sharing area risk information specific to the location involved	
	Unwell and/or collision		Involvement of location managers to ensure security	
	Functionality of safety-related electrical and/or mechanical systems		For events of more than 200 people, the procedure for obtaining the public show license is activated by the Municipality of Milan, which includes the risk Assessment Document	
			Maintenance plans	
			Personnel training, with particular reference to the areas of operation and maintenance	
			Redundancies and compensatory solutions as an example and not exhaustive adoption of wheeled fire extinguishers and personnel	

		Accidents to people inside the metro stations		<p>Training for intervention at various levels</p> <p>Integrated policy for the quality, environment and security of the ATM Group</p> <p>Security tools and personnel</p> <p>Service contracts</p>
		Fire		<p>Maintenance plan relating to rotables</p>
		Online vehicle accidents in promiscuous environment		<p>Continuous monitoring of driver behavior during driving and in general during service</p> <p>Specific training and training following CTE (Technical operating Commission)</p>
		Terrorist attack		<p>Implementation of cameras in stations and on the media</p> <p>Security tools and personnel</p>
		Robbery/ borseat		<p>Continuous collaboration with the forces of the order and the Prefecture of Milan</p>
Human rights issues and the fight against active and passive corruption	Ethics, integrity and compliance	Compliance with the Code of Ethics, the body of legislation on the subject D. 231 and HSE regulations	Continuous improvement of stakeholders' culture with respect to ethical and compliance issues	<p>Anti-Corruption Model and Management and Organization Model ex D.Lgs. 231/2001</p> <p>Code of Ethics of Italian Law Companies and Code of Ethics of Metro Service A/S</p> <p>Social responsibility policy (SA 8000)</p> <p>Integrated policy for the quality, environment and safety of the ATM Group (ISO 9001, 14001 and 45001 and UNI EN 13816)</p> <p>Responsible for the protection of personal data</p> <p>Compliance Manager</p> <p>AML Compliance Contact</p> <p><i>Tax Control Framework</i> on a voluntary basis</p> <p><i>Cyber security</i> management strategy for business continuity, information security, and data protection</p>
		Labor compliance		
		Personal data management according to GDPR		
		Data security management		

Cross-cutting themes	Responsible supply chain management	Compliance by suppliers with the principles adopted by the Group on sustainability issues	Spreading the culture of sustainability along the supply chain	Rules for the award of contracts Procedure for evaluating suppliers of works, goods and services
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Further information on how to manage the identified sustainability risks can be found in the document.

Compliance

The regulatory compliance control in the Company is organized through a system spread and distributed among different actors: The ATM Compliance System involves in particular specialized Compliance Presidia and control functions dedicated to specific regulatory areas, including the Compliance function which chairs and monitors certain regulatory areas and carries out an overall coordination activity.

The ATM Compliance Model consists of several elements such as, for example, Compliance Governance, legal inventory, compliance risk assessments, training, and reporting on potential non-compliance situations.

In particular, the Compliance function supports the company structures responsible for supervising specific regulatory areas in the definition of regulatory monitoring and non-compliance risk assessment tools; proposes and requires for the adoption of appropriate controls and/or organizational and procedural measures aimed at ensuring adequate control of the risks of non-conformity; checks over time the effectiveness and correct application of the controls and organizational and procedural measures defined, including in the context of the development of special projects; it coordinates and supervises training and information initiatives in the field of regulatory compliance, also in order to spread a corporate culture based on principles of honesty and correctness and prepares appropriate information flows directed to the corporate social organs and other structures involved.

Privacy and Data Protection

The European General Data Protection Regulation (GDPR), which has been in force since May 24, 2016 and is applicable since May 25, 2018, has been in force since 2016 May 679, it intends to strengthen and make more uniform the European legislation on the protection of personal data that companies have. Among the many important innovations is the introduction of *the figure of the Data Protection Officer (DPO)*. The DPO is the figure that, as a priority and in full autonomy, supports the Data Controller (Owner) and the delegates from the Data Manager (Business Data Manager) to evaluate and organize the management and protection of personal data, so that they are treated to the full protection of the data owner and in compliance with European and national privacy regulations.

Safety Prevention and Environment and Quality (SPEQ)

The SPEQ function ensures the definition of the guidelines for quality, health and safety at work and the environment, according to Group's strategic lines and in full compliance with the mandatory standards and management systems implemented (without limitation ISO 9001, ISO 14001, ISO 45001, etc.). It oversees the activities of those responsible for the Prevention and Protection Service (RSPP), as required by the current legislation, by preparing the documents for the assessment of the risks to health and safety and the environment, working together to identify risk elimination or reduction actions and related training and information programs.

The SPEQ function ensures the maintenance of the Quality, Health and Safety, Environment Management System certifications and is responsible for planning and carrying out “internal system audits” and for determining the legal requirements of the scope of responsibility. In addition, it is responsible for the relations and communication with the supervisory authorities (e.g. ATS, ARPA, Region, Metropolitan City, Municipality, Etc.) and workers' representatives for safety .

Cybersecurity

The Cybersecurity function defines policies in the field of cyberdefense and in particular:

- detects and monitors *the level of cybersecurity maturity*;
- outlines short - and long-term cybersecurity strategies and policies from the identified state;
- implements programs, designs, and implements processes to mitigate cd. *cyber risks* detected and shared across the company.

Operational business functions

The remaining business functions (first level operational functions) ensure the system's evolution in accordance with the Group's development and production diversification strategies, as well as the need for ever higher levels of reliability of its own competence processes from which business risks associated with the characteristic activity can derive. Furthermore, the dynamics of specific sectors, decisions to create or deal with new products/services or the decision to expand into new business areas all stimulate and induce the monitoring activity.

The risk management and control process are primarily the responsibility of operational structures. These facilities must identify, measure or evaluate, monitor (cf. "line monitoring"), mitigate, and report risks arising from ordinary business activity during their daily operations, in accordance with the risk management process, in accordance with the regulations in force, internal and external regulations, the operational responsibilities delegated to them, consistent with the business objectives weighted by the level of risk deemed acceptable by the government.

Governance tools

Internal control System and risk Management Guidelines

As stated, ICRMS is a fundamental element of ATM's Corporate Governance.

The Board of Directors of ATM has defined the ICRMS Guidelines, the latest update of which dates back to November 22, 2021.

This Group Regulatory Document (also known as the “Guidelines”) serves as the reference framework for the Internal control System and risk Management, and it outlines the principles and guidelines that must inspire the design, operation and development of a comprehensive control system, that is adequate, functional and reliable in order to ensure sound and prudent management, aimed at long-term success.

The Guidelines also define the system's governance model, including the main roles, tasks, and responsibilities of the Parent Company and the Group's subsidiaries, as well as the modalities of collaboration and coordination.

Enterprise risk Management regulatory framework Guidelines

The Enterprise risk Management Guidelines (“ERM Guidelines”), approved by the Board of

Directors of ATM on January 27, 2020, in line with the evolution of the ERM model, represent the regulatory reference instrument at company level within the integrated risk management process.

The Guidelines apply to the Parent Company ATM and, where appropriate, to the companies controlled by it and subject to management and coordination.

Complementary to the ERM Guidelines, *the risk appetite* Framework Policy, approved by the Board of Directors on January 28, 2021, defines - in line with the business model and strategic plan - the general principles of risk propensity, risk response and related escalation rules, it constitutes a functional management tool for the pursuit of strategic and operational objectives.

Through this instrument, the Company aims to represent in a clear and exhaustive way the general principles of *risk Governance* that underlie the integrated risk Management process, the articulation of roles and responsibilities of the actors involved in the process or the phases in which the process of identification, evaluation, prioritization, reporting, and risk monitoring.

Regulations, Policies and operating procedures

ATM's regulatory system consists of a set of regulations, policies and operational procedures, including:

- **The Group Regulations**, which govern the functioning of the Group and the intercompany relations and which are updated in 2018 as a result of the evolution of the organizational structure and the updates on transparency and anti-corruption;
- **The Contract Procurement Regulation**, issued in its updated version in July 2022, which regulates the procedures for the award of contracts relating to works contracts, the purchase of goods and service contracts for all Group companies;
- **the sales regulation**, which regulates the procedures relating to the sale of goods, materials and services and the granting of contracts for the commercial exploitation of areas and spaces in order to guarantee maximum economic return, with a view to rationalizing and efficient management of resources and assets;
- **Policies** on the assumption of specific business risks;
- **The procedures and operating instructions**, which describe and regulate the business processes and which guarantee, among other things, the respect of quality, of the ISO 14001, ISO 9001, ISO 45001 Management Systems, of the SA8000 Certification System and of the Transport Safety Management System (SGS).

The coordination table

The coordination table (hereinafter also “table” or “TDC”) constitutes, within the ICRMS, an institutional moment for the sharing and treatment of the main issues of risk, control, improvement areas and possible criticalities, according to the roles and responsibilities of each of the participants and according to the architecture and mapping of Group information flows in the three lines of Defense. The table is invited to participate, in addition to the control functions, the apical subjects of the Parent Company ATM and of the directly controlled companies, as well as other Directors and/or subjects identified ad hoc for impacted areas or for relevant time-for-time themes/projects.

The main objective, also to support an increasingly effective internal communication, is to systematically and organically represent the activities that allow to ascertain and report on the state of efficiency and operation of processes, policies, procedures, Controls and alignment with internal and external regulations for the sustainable success of the ATM Group, further favoring in concrete terms:

- Mitigation and risk management of insufficient, partial or misaligned information
- Effective *follow-up activities* systematic and conscious decision-making based on correct information.

All of the above for the purposes of effective coordination and exchange of mutual information flows between the different parties involved in the Internal control and risk management system in order to maximize the efficiency of the system itself, avoid duplication and/or omissions of activities and facilitate the effective performance of the tasks of the social bodies.

The coordination table, chaired by the Director of Audit and Internal control, acts as the Committee for the coordination of control functions where the meetings are only between the second and third line control functions for comparison and operational coordination for the purpose of optimizing all assurance activities and their results (see below).

The coordinating Committee for the Control functions

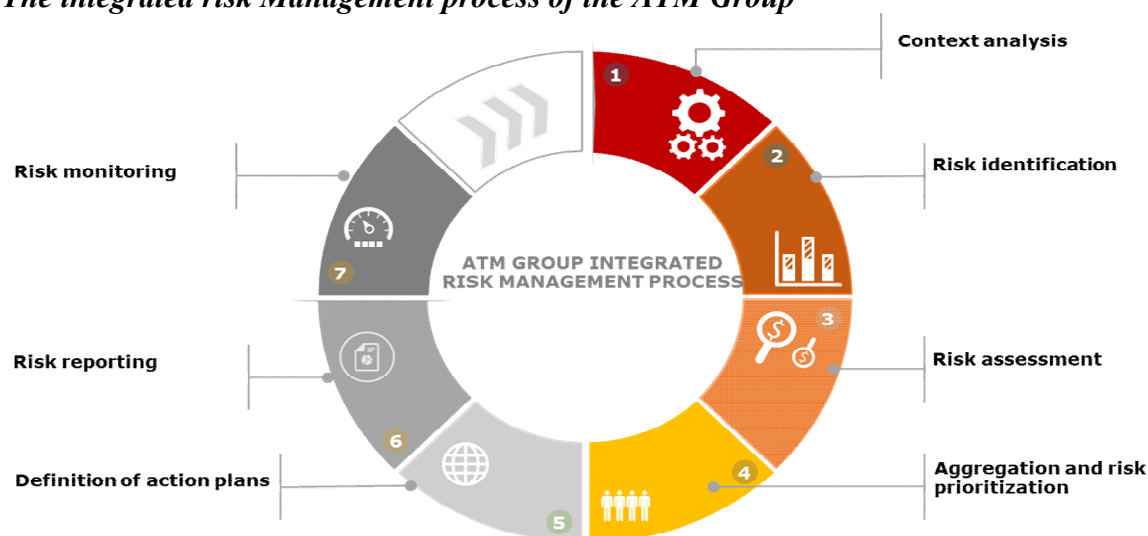
The coordinating Committee for the Monitoring functions (hereinafter also “coordination Committee” or “CCFC”) is intended to provide a summary and comparison of the various monitoring functions, inviting, if necessary, those responsible for any other specialist presides and without prejudice to the respective competences and prerogatives of the second and third lines of defense, in order to:

- to share operational and methodological aspects through synergies that avoid potential overlaps or duplication of activities, as well as omissions;
- Coordinate information flows to social bodies;
- Share the areas of improvement (or “gap”) identified by the control functions, assess their relevance, and consequently assist Management in defining the overall intervention strategies, with an integrated perspective of gap management, in conjunction with the functions responsible for the individual risks. In this way Management is effectively supported in the definition of the appropriate action plans to resolve the gaps effectively mitigating the underlying risks;
- To support the updating of the ICRMS, in line with the changes in the reference context, internal and external to the company;
- To disseminate information on specific risk issues in the context of appropriate periodic assurance meetings with the operational directorates, without prejudice to the above description for the general coordination table for the exchange of mutual information flows in the three lines of Defense.

The Enterprise risk Management process

The ATM ERM model bases its approach on an integrated, transversal and dynamic approach to risk management and the adoption of impact metrics reflecting the specific characteristics of the organization. The identification of the main risks and the management risks, the adequacy assessment of the risks and the identification of further improvement plans for the control system is carried out on a regular basis. The risk assessment process is initiated and coordinated by the Group risk Management function and involves all company structures through the risk Owner figures responsible for identifying, evaluating and updating risk scenarios.

The integrated risk Management process of the ATM Group



The most valuable features of the adopted model are:

- **The inherent and residual risk dimension** - the Management involved in the ERM process, using a common methodology, it assesses the specific risk scenarios in terms of “probability of occurrence” and “impact” in an inherent and residual dimension downstream of the controls and mitigation actions and their effectiveness assessment.
- **the cross-compliance of impact measurement**, i.e. the evaluation of multiple effects relating to economic-financial dimensions, health and safety, reputational, interruption of service, operational efficiency, Legal and Compliance, where applicable;
- **Integration with the process of stakeholder engagement and definition of the Materiality matrix.**

The identification of risk scenarios and control systems was carried out using a unique risk taxonomy that points the individual risks into the main categories as detailed below.

Risk classification

Strategic	External environment	Financial	Legal and Compliance
<ul style="list-style-type: none"> • Stakeholder expectations • Definition of strategies • Implementing strategies/ CAPEX plan • Reactivity to changes • Governance 	<ul style="list-style-type: none"> • Macroeconomic context/ competitive/demand • Natural events • Regulatory changes • Strategic clients e business partner • Suppliers • Acts of terrorism • External illegal acts 	<ul style="list-style-type: none"> • Market • Liquidity • Credit • Financial planning and reporting • Insurance strategies 	<ul style="list-style-type: none"> • Compliance laws and regulations • Compliance of ethical code, Policies, procedures and other internal regulations • Legal
Operating			
<ul style="list-style-type: none"> • Planning and Scheduling • Warehouse/Logistics • Maintenance • Production of the service • Commercial/Customer Service • Procurement/Execution of contracts • ICT (Information & Communications Technologies) • Security 	<ul style="list-style-type: none"> • Environment • Health & Safety • Passenger Safety • Human resources • Organizational framework • Planning/Management and accounting reporting • Tax Framework 		

Legend

- 1st level risk category
- 2nd level risk category

The main risks to which the Group is exposed and which are given more detail in the “risk and uncertainty factors” section are included in this classification.

The organization, management and control model ex D.Lgs. 231/2001

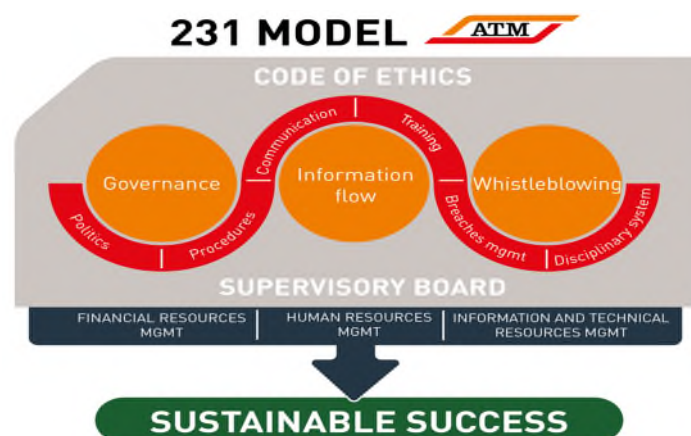
One of the main governance tools implemented by ATM is the organization, management and control models ex D.Lgs. 231/2001 (also “Models 231” or “Models”) of the Parent Company and the directly controlled Companies. Model 231, is an integral part of the ICRMS, and was adopted, as far as the Parent Company ATM S.p.A. is concerned, in its first version, in 2008. It was adopted in the same year by the subsidiary Rail Diagnostics S.p.A., in 2011 by the subsidiaries Nord Est Trasporti S.r.l. and Gesam S.r.l.,

in 2019 these models were systematically reviewed and updated by the subsidiaries CityLink S.r.l.⁴ and International Metro Service S.r.l. with underlying *risk* assessment and gap analysis processes, in coordination with the contextual updating of the Group’s anti-corruption and transparency model (“act”); this is in the light of both regulatory developments and internal organizational developments.

The periodic updating of the 231 models takes into account:

- New regulations and organizational changes;
- An integrated risk Assessment in D. 231/01 and anticorruption, with the underlying process of identification of the business activities in which the crimes called by D. Lgs. No. 231/2001, the description of potential risk-taking and the corresponding prioritization of the different sensitive and instrumental activities identified. The risk Assessment is also integrated into the Group ERM process;
- The need to make the model more and more usable for the recipients.
- the provision of control standards in relation to the sensitive activities identified;
- the process of identifying ways of managing financial resources to prevent the crime commission;
- Management of information flows to and from the supervisory body and specific information obligations to the supervisory body;
- A disciplinary system to penalize infringement of the provisions contained in the models;
- a training plan and communication to employees and other stakeholders who interact with their respective company;
- Appropriate criteria for updating and adapting the 231 models themselves for the evolution of the regulations and in line with organizational changes.

The following are the constituent elements of the ATM Model 231, inspired by leading practices, the Confindustria Guidelines and considering the evolution of majority jurisprudence. They are adequately described in Model 231, General, communicated both inside and outside the Organization.



⁴ The CityLink model is under complete review and rework in the light of the substantial change in its core business.

Supervisory bodies ex D. Lgs 231/2001

The supervisory body of ATM S.p.A., an entity with independent authority of initiative and control, has been in office, in its present composition, since February 2019 and has been reconfirmed by the Board of Directors for the three-year period 2022÷2024. In addition, the Board of Directors of the Parent Company has formally addressed the requirement that the directly controlled companies (all with supervisory bodies due to expire with the approval of the 2021 financial statements) should also reconstitute the supervisory body for the three-year period 2022 ÷ 2024. In this regard, the responsible bodies of the subsidiary companies Gesam S.r.l., Nord Est Trasporti S.r.l., Rail Diagnostics S.p.A., CityLink S.r.l. and International Metro Service S.r.l., have confirmed for the three years 2022 ÷ 2024 the previous components of the respective supervisory bodies. The ATM supervisory body consists of 3 components (2 of which are external to the Company), identified among academics and professionals with proven competence and experience in the issues of Decree 231 (with particular reference, among others, to the sectors of economy, corporate organization and corporate criminal law). The internal component of the supervisory body, in line with the leading practices, is identified by the Audit and Internal control Director, who is responsible for an independent function with respect to the operations of ATM S.p.A. and any other Group company.

It should be noted that the supervisory bodies of the companies directly controlled by ATM S.p.A. are also constituted in collegial form and are composed of the same 3 members of the Parent Company specifically appointed by the competent administrative bodies.

The supervisory bodies of the Parent Company and of the directly controlled companies also meet regularly the control bodies and the Group's Single Auditor.

The supervisory bodies of ATM S.p.A. and of each directly controlled company approve, on an annual basis, a coordinated and *risk-based program* of the supervisory activities, also using both the Audit and Internal control management, as focal point, and the support of external consultants, specifically appointed.

These supervisory bodies shall provide a regular report to their administrative bodies.

All the supervisory bodies, with the support of the above external consultants and the DACI focal point, therefore, monitor the operation of the respective models 231 and, if necessary, recommend their updating, verifying that the contents of the models are adequately communicated and subject to specific training. To this end they use specific flows of information both periodic and event, and receive timely information on the reports received and managed within the Whistleblowing process, reserving the right to ask for further details.

With reference to the fundamental component of the “Training” model, ATM develops a specific three-year plan in the Code of Ethics, 231 and act and also includes, if necessary, the updating of the models (MOG 231 of the Group’s companies and the Group’s anticorruption model). This training activity, addressed to social bodies, Senior Management and Middle Management, is based on *leading practices* and is based on ethical dilemmas and practical cases, which require the active involvement of each participant. The training sessions were delivered remotely in synchronous mode, in order to face the notorious emergency COVID-19, by means of a special platform that has traced both the actual presence and the level of active participation of the participants. Video tutorials were also used, including the one specific to Whistleblowing (“WB”). Once pandemic restrictions have been completed, mixed training sessions have been organized both in-presence and remotely with Campus support

Training can be supplemented by asynchronous lessons to facilitate remote learning. Training 231, in the ATM Group, is therefore calibrated and differentiated according to whether it is aimed at employees/Middle Management working in specific areas of risk, managers, social bodies and the Technical Secretariat of the SB/DACI. In the latter case, there have been external specialist meetings to be continuously prepared to manage the evolution of the “crime catalog 231” and the relevant case law.

The anti-corruption and transparency model

On September 15, 2018, ATM adopted , on a voluntary basis, both for itself and for its subsidiaries, a **Group anti-corruption and transparency model** (hereinafter also “act model”) because it operates in practice by applying a strict ethics of fairness, legality and transparency. The Parent Company has also identified the Anti-Corruption Contact (“ACC”) in the person of the Audit and Internal control Director, who operates for the Company and for all the Group's subsidiaries.

The ATC model of ATM, currently under review and updating in line with what is anticipated in the 231 models section, operates at the Group level and aims to follow the ratio and the principles that inspire the rules on transparency and anti-corruption (including D. Lgs. No. 33/2013 and Law no. 190/2012) ensuring its substantial implementation, where compatible.

The purpose of the ATC model is to build a structured and organic system of principles and controls aimed at preventing any corruption by identifying specific and/or cross-cutting activities exposed to corruptive risk (or instrumental to the same) and mitigation.

The act model allows its "recipients" to be edited in terms of what they must do (compliance with procedures, reporting) and what they must not do (compliance with prohibitions). These obligations have legal significance because, in the event of noncompliance, a disciplinary and sanction system is applied, which is also given express satisfaction.

The ATC model, as last approved by the Board of Directors on December 13, 2021, is published on the Company's corporate website. Employees and collaborators are notified of the publication on the company's intranet, so that they can take note of and comply with the regulations. In any case, such documentation is made available to employees who do not have access to the intranet via alternative means, for example by downloading the digital format to their mobile phone by means of specific QR-code present in the various business locations and, if necessary, by distribution by the hierarchical superior upon request. The act model is also handed over to new hires, at the time of their entry into the ATM Group, for the purpose of taking note of and the express acceptance of the relevant content.

The Group's Anti-Corruption Contact, identified in the person of the Audit and Internal control Director, works in close collaboration with the supervisory bodies and promotes the efficiency and coordination of activities, by carrying out audits, within the framework of the integrated risk based audit plan and, precisely in a coordinated way with the 231-end audits on areas sensitive to corruption risks and related prevention protocols (measures). Specifically, the RAC, through its own structure (Audit and Internal control Management):

- Monitors the adoption and effective implementation of the ATC model by all ICRMS actors through their respective internal regulatory instruments and key corrective risk mitigation provisions;
- It promotes and supervises the training of Group staff in the act field; it also monitors the adequacy of specific training activities for employees working in areas particularly exposed to the risk of corruption. In particular, for the three-year period 2020-2022, this training is harmonized and

coordinated with that in the 231 and Ethics of Business and has also been based on ethical dilemmas, practical cases and role playing, in order to be more engaging and effective, in line with emerging leading practices;

- Ensure, where necessary and in agreement with the Legal and Corporate Affairs Department and/or the Compliance function, the constant monitoring of anti-corruption legislation and case law, the adoption of leading practices, promoting the adaptation, updating and improvement of this act model;
- Facilitates, in coordination with the Group's ODV, the sorting of reports of suspected violations of the ATC model, such as to properly mitigate any conflicts of interest and to ensure adequate management by the competent functions from time to time;
- It is the focal point for possible specialist anti-corruption assistance for employees of the Company and its subsidiaries;
- Promote the review and possible update of the ATC model;
- It submits a periodic report on its activities, including as an RAC, to the Board of Directors of ATM in the annual report of Internal auditors.

Therefore, the communication and training activity on the act model is coordinated with that on Models 231 and the Code of Ethics, it is diversified according to the target audience and is based on principles of completeness, clarity, accessibility and systematicity, in order to enable the different recipients to be fully aware of those company provisions that they are required to comply with and the ethical norms that must inspire their behavior.

Moreover, ATM adopts the disciplinary system already included in the 231 Models in the ACT Model.

The whistleblowing system

ATM has adopted an integrated and systematic approach to the management of reports of suspected/alleged violations and/or illicit, governed by a specific procedure of “integrated management of reports”, systematically updated.

Specifically, ATM:

- Has defined a process of tracking and managing all reports of suspected/suspected violations of the act Model, Code of Ethics and 231 Models, and that are indifferently related to employees, members of social bodies, regulators, auditors and third parties (partners, customers, suppliers, consultants, collaborators, etc.);
- Has adopted, in accordance with the provisions of the current legislation, suitable and effective measures to ensure that confidentiality is always guaranteed as to the identity of the signaling agent or of the person who transmits useful information to identify behavior that is different from that provided for in the Models 231, the act Model and the Code of Ethics, providing itself with an appropriate computer tool. This *tool*, always according to the norms, constitutes the channel of type it and suitable, precisely, to guarantee the confidentiality and identity of the signer according to the law. Finally, it is pointed out that the EU directive 1937/2019 on *whistleblowing was* also transposed by the Italian legislator through D. Lgs. No. 24 of March 10, 2023, which is the subject of first analysis by the Group in order to define any operational implementations that may be necessary.

Responsible management and stakeholder relationships

CNFS

ATM wants to be the reference point and the decisive factor in the integrated mobility system for quality, safety and competitiveness, with full respect for the environment and in step with the continuous socio - territorial changes. The strategic vision of ATM focuses on achieving the objectives set by Agenda 2030 and moves through the guidelines identified by the Strategic Plan 2021 – 2025: Sustainability, innovation and the enhancement of people.

As far as **Sustainability is concerned**, the ATM Group has worked to determine its own sustainability pillars, an analysis that has taken into account all the operational, institutional, social and environmental aspects in relation to its core business and its involvement in the context in which it operates. The five pillars that the Board of Directors of ATM has defined are:

1. Zero emission transport;
2. Responsible consumption;
3. Sustainable supply chain;
4. Inclusive mobility;
5. *Great Workplace*.

Each of them has an internal or external competence area in which the Company operates and is accompanied by performance indicators (KPIs) defined by the Board of Directors, which allow the measurement and progressive verification of sustainable growth on the basis of objectives defined within the sustainability policy, with results that can also be certifiable and that, together with other indicators considered significant, have been included in the Highlights of the Sustainability Policy.

Among the main objectives are: The reduction of carbon dioxide emissions through the renewal of the fleet with electric vehicles that ATM is carrying out with the Full Electric Plan and the implementation of compensation works such as the planting of trees; In terms of responsible consumption, the progressive use of waste water for the washing of the means; in terms of Supply Chain, the use of criteria of selection of suppliers that favor the companies that are attentive to the environmental, social and ethical aspects and that share the values of the ATM Group; The annual increase in the number of initiatives on inclusive mobility, such as the accessibility of means and stations and projects for dematerialization of travel titles (app mass); in the field of social sustainability and sustainable working environment, progressive gender equality and the reduction of the gender pay gap.

Technological and digital innovation: process efficiency and the increase of the level of passenger service;

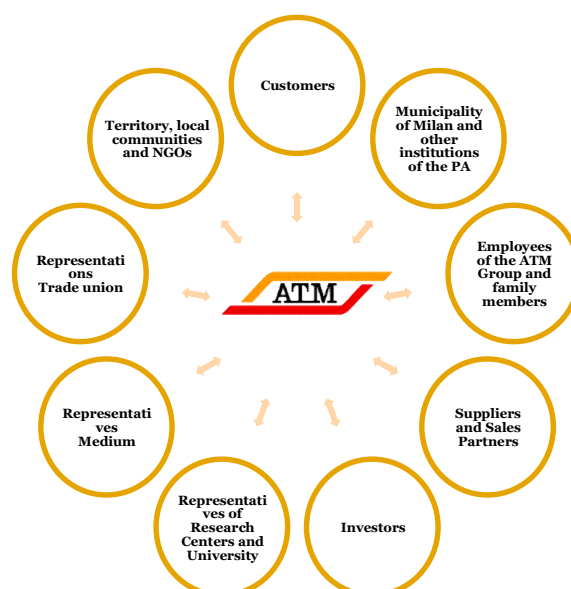
Enhancement of the human resources and professionalism of the ATM Group: Development of new skills and the attraction and growth of talent, in particular through the promotion of a culture open to diversity and inclusion, with the precise aim of improving the gender balance, thus progressively increasing the presence of female gender in a sector which for a long time has had a purely male connotation.

In order to achieve these objectives, the new business model's guidelines are based on these fundamental levers:

- realize *Smart Mobility* for Milan: Development of integrated mobility for the metropolitan city through the creation of a multi-service platform;
- extend and diversify the service offering by enhancing its established and recognized expertise;
- extend geographical boundaries through participation in national and international competitions, including through partnership with other players;
- optimize operating expenses and purchasing processes.

To pursue concrete and shared sustainable development objectives and contribute to the well-being, quality of life and growth of the community in which ATM operates, is committed to establishing relations based on correctness, good administration and transparency toward its stakeholders.

The Group's stakeholders⁵



External relations

2022 saw ATM put in place relevant communication and information campaigns to customers as well as bringing forward new ways of communication. In particular on this aspect, ATM has, on the one hand, developed a project of linguistic simplification of passenger communications with the aim of rendering information, both through the complete revision of the language, clearer and with a greater orientation to the passenger and to the information that are useful in the travels from the other has developed a new version of the app ATM Milan updated with the functionality of download of the receipts of payment of the subscription and with the functionality of enabling/disabling app usage tracking via Google Firebase. In order to monitor the level of Customer Satisfaction ATM has carried out surveys of measurements involving the 4 lines of the subway and 16 among the main lines of urban surface as well as

⁵ For a more detailed discussion on the composition of stakeholders and those that are the Materiality Themes of the ATM Group, please refer to the Chapter on the “Consolidated Declaration of a Non-Financial character”

measurements of *Mystery Client* for the quality delivered on 9 lines of the subway and surface Certified according to UNI EN 13816 standards.

ATM, also in 2022, continued to promote in the public debate the issues of sustainable mobility and technological innovation by participating in important events including metropolitan cities and the future of mobility, organized by Legambiente and Ipsos, aimed at deepening, together with a panel of experts in mobility, health and environment, the results emerged from the first edition of the Observatory Mobility Styles (Monitoring of changes, attitudes, mobility habits of Italians) and to encourage reflections on the complexity of the theme and the implications for policy-makers; the Company, Technical partner of Re-think - Circular Economy Forum 2022, the first Italian forum designed to present a vision on *trends*, on the possible evolutionary paths and on the main national and international projects concerning the circular economy, it has made its contribution with an intervention aimed at promoting the fundamental role that public transport plays in the environmental transition and for the sustainable development of the city. In addition, ATM took part in Innovation Days 2022, organized by *Il Sole 24 Ore* in collaboration with Confindustria to involve companies on the issues of innovation in the fields of digitization and sustainability, with an intervention on the theme of sustainable transition. It took part in e_mobb 2022, the 6th national conference on electricity mobility organized in Milan by local authorities, companies and institutions for the diffusion of the culture of sustainable mobility; the Company, member of the promoting committee, has contributed to the role of some directors in both the institutional and technical sessions, providing an overview of how is facing the challenge of new clean mobility. With a specific focus on the progress of the Full Electric project as a partner, participated in the meeting of the Environment, Climate Change and Energy Commission (ENVE) of the European Committee of the Regions active in the areas related to the European Green deal, sharing their experience in the field of sustainable mobility through an intervention and an information corner addressed to the public. He took part in the first edition of the NME *Next Mobility Exhibition*, an international event organized by Fiera Milano and dedicated to sustainable collective mobility, with interventions by corporate management in the inaugural session, at the Mobility Innovation Tour, To the conferences organized by Agens and Assolombarda and to the Mobility Think Tank of EY. Lastly, ATM hosted the final event of the EU-funded Hitachi IN2SMART2 project at the “Leonardo da Vinci” National Museum of Science and Technology in Milan, which is part of the program of initiatives for research and development of Intelligent Assets Management Systems (IAMS).

Moreover, as a member of UITP, the International Association of Public Transport, ATM continues its efforts in various Technical Committees that promote the exchange of best practices and information between operators in the sector.

In order to confirm the international vocation and in terms of relations with stakeholders and business development, ATM has published the website atminternational.com aimed at potential national and international partners, which illustrates the company's skills and know-how.

ATM is strongly committed to creating an increasingly inclusive environment for people and the entire community with projects based on social sustainability. Among the initiatives realized during 2022 to promote the values of inclusiveness and, at the same time, also to improve the travel experience of customers, ATM launched, with a dedicated campaign, SoundUnderground aimed at offering the possibility to the musicians to express their art in authorized spaces on a hi-tech stage set up in the area inside the turnstiles of Garibaldi and Loreto M2 and Bicocca M5 stations. The project, realized in collaboration with *Open Stage*, has the objective of supporting emerging artists and, at the same time,

of making the subway a place of opportunity, of entertainment and of meeting in the experience of passengers. In order to raise awareness of social responsibility issues throughout the community, Sound Underground became, from December 1 to 11, the stage of ATM for change. The music that does good, initiative in favor of ANGSA Lombardia National Association of Parents Autistic Subjects to whom all the offers collected by Sound Underground artists have been voluntarily donated to support a project that promotes the independent life of autistic people. The project was relaunched and promoted on social channels with a dedicated editorial and live plan.

ATM has collaborated on initiatives of social sustainability and solidarity among which the *Bus degli Angeli*, with which the Company has also supported in 2022 the Association of *City Angels Volunteers* in the project aimed at giving assistance during the winter months to the homeless in Milan, by putting in circulation in the streets of the city, from Monday to Friday from 21.00 to midnight, a bus of 12 meters for distribution of hot meals, drinks, clothes, blankets and qualified assistance. Moreover, for the setting up of beds to give shelter to people without fixed residence, ATM has made available to a cooperative entrusted by the Municipality of Milan the area of the corridor that leads to the exits of square Duca d'Aosta/via Vitruvio at the railway station FS of the subway line 2; the corridor was made available from 20.00 a.m. each evening to 7.00 a.m. the following morning throughout the period of the initiative (December 16, 2022-March 13, 2023), during which it was closed to the public. Moreover, always confirming the commitment to the themes of solidarity, ATM has granted the mezzanine of the station of Porta Venezia M1 for the organization by the Association *Ronda della Carità* of the Christmas Mass and dinner dedicated by the volunteers of the same Association to the homeless people living in the streets of the city.

Industrial relations

2022 was also characterized, at least in the first part of the year, by the need to deal with pandemic-related issues as a matter of priority, particularly related to the adaptation of prevention measures to overcome the state of emergency.

Confirming the approach of a full involvement of workers' representatives with OO.SS. and the MSW Coordination, have been defined new "Indications for the prevention and containment of the spread of Covid-19 at the end of the health emergency", which have replaced, however taking cue from them, the previous "Guidelines for emergency management" adopted since 2020.

In the light of the changed risk situation, shift work has been reintroduced, particularly in maintenance sectors, as the state of emergency has been overcome, before the pandemic that had been subject to remodulation with the aim of reducing possible contacts, reducing the number of simultaneous presences at the workplace and preventing incoming/outgoing gatherings or the use of changing rooms.

In the last part of the year, as part of a gradual return to "normal" conditions, it was possible to overcome the previous punctual provisions in favor of company recommendations through which the Company will continue to indicate the appropriate measures in relation to the situation in place time for time, to ensure the best prevention of infection, in line with the indications of existing health authorities and agencies.

Negotiation at company level has also been developed in order to reach a framework agreement for the regulation of agile work (*Smart working*) through which the parties have established a framework on the basis of which to conclude the individual agreements required under the law, once the transitional derogation introduced in relation to the pandemic has been completed. In addition, in line with the

interventions foreseen by the Joint Owner Body of Milan, within the vade mecum of good practices for energy saving, among the measures planned and shared also with the trade union representatives, the organization of the work and in particular the presence at some company offices has been redefined, even through more and more focused use of agile work. In particular, provision is made for the provision of remote work in certain specific administrative offices for the period from Friday, November 11, 2022 to Friday, April 7, 2023.

The agreement is characterized by the fact that, even if there is a monthly maximum limit of days in which it is possible to render the performance in an agile way in the face of documented personal needs of particular importance (e.g. mono parents of minor children, health conditions, etc.), it is possible to define different periods of agile work, so as to better balance the needs of the worker with those of service.

Further intervention in the perspective of the strengthening of the company welfare system and of the instruments available to support employees in situations of difficulty was achieved by the conclusion of a trade union agreement with which the so-called solidarity holidays were introduced.

In particular, it is expected that in the experimental phase for the year 2023, all permanent employees will be able to voluntarily sell up to 3 days of their holidays not enjoyed in favor of colleagues who need to assist families suffering from serious diseases. The holidays transferred, which will be managed by a special joint committee composed of designated representatives of the company and of the coordination of the RSW, can also be used by the employee with serious pathologies after the end of his/her period of co-operation.

On the national level, however, the conclusion, on May 10, 2022 after a complex and long negotiation, of the National Agreement for the renewal of the National Road-Rail-Internavigation CCL (TPL Mobility), which expired on December 31, 2017, should be noted. The agreement has, through the recognition of a *“one-off”*, regulated the period from January 1, 2021 to June 30, 2022 (the previous period from January 1, 2018 to December 31, 2020 had already been regulated by the national agreement of June 17, 2021) and has determined the wage increases to be recognized during the period of the latter's term of validity, which will expire on December 31, 2023.

The national parties have also provided, in a better-favored perspective for workers, for the treatment to be recognized during the holidays, so as to lay the conditions for overcoming the contentious issue of recognition, on the occasion of the holidays, a level of pay comparable to that perceived in working periods.

It should therefore be noted that in the last part of the year, the company-wide trade union negotiation has concentrated in particular in the search for possible agreement on criteria on the basis of which to lay the basis for the regulation, in a conciliatory perspective, claims on the point also relating to the regularization of previous periods, which are already the subject of the first judicial disputes.

In addition, the national contract, in order to develop the contractual welfare system, has established from January 1, 2023 a contribution to be paid by the companies to finance the TPL Health Fund, whose bodies have consequently updated the available services.

The agreement of May 10, 2022, signed by the trade union party with reservation, was submitted to the referendum, which involved all workers in the sector at national level.

More than 60% of the eligible persons were expressed, and more than 70% of them approved the agreement.

At the end of the year, always at the national level was stipulated by the employers' associations with the OO.SS. also signed a new agreement on the Bilateral Solidarity Fund. This agreement, made necessary following the legislative changes introduced by the Budget Law 2022, once it will be transposed by Ministerial Decree will replace the current regulation on the Fund itself.

The conflict throughout 2022 is due primarily to strikes at national level, in the context of the dispute of renewal of the CCNL (opened in the first months of the year) and general strikes of all sectors, mostly declared by OO.SS. autonomous and basic in support of articulated motivations linked among other things to the general international situation (war in Ukraine, military expenditure) or to general issues (public health, school, etc.).

In December, a general strike against the 2023 budget law, under parliamentary approval, launched only by the CGIL and the UIL.

The corporate unionization rate did not differ significantly from previous years.

Internal communication

The person and his centrality are for ATM the key element for the achievement of the corporate objectives: To implement the Great Workplace, which is one of the cornerstones of the strategic plan 2021-2025 that places sustainability, innovation and valorization of people as its guidelines, ATM has also studied and carried out communication projects and initiatives with the aim of reinforcing within the organization the values of diversity, uniqueness and respect for the person as pillars for improving the quality of relationships. During 2022, the internal communication activities have therefore dedicated ample space to the diversity & inclusion themes through tools such as, in particular, campaigns and videos realized by the Company in line with the integrated value communication plan declined during the year.

It was spread, first within all the company offices and then throughout the city, the multi-object campaign "Diversity" makes us unique that has seen protagonists as testimonials twelve different and unique employees for roles, tasks and personal paths; It was an opportunity to talk about values and share the reflection, which the Company considers fundamental, on the need to recognize, respect and value the uniqueness of each individual: Respect for gender, age, origins, beliefs, skills and personal choices is a commitment that ATM works daily to ensure a fair and inclusive work environment for all its people. The theme of valorization of uniqueness has found further and wider development in the campaign launched in June "The only way to understand is to know" about which you can see the section on "Relations with the community and the territory".

With a view to enhancing the role of its professionals and with the aim of confirming its commitment to promoting an inclusive corporate culture and ensuring equal opportunities, ATM has produced the video *#nonfadifferenza* on the occasion of the International Day of Women and girls in Science (stem) with which, through the faces and words of three graduate colleagues in engineering, he firmly reaffirmed that professionalism and competence never have any kind.

On the same vein, the video *moms beyond every stereotype*, realized by the Company to sensitize and spread a culture increasingly based on equality going beyond every stereotype: Through the faces of some professionals and mothers, the video jokes on the roles that have always been attributed to the man in the collective imagination and that in ATM are also played by women.

Female traveling personnel, operating both on the surface and in the subway, was interested in the initiative Pink Keys that saw the widespread distribution of a kit composed of the new universal key for the use of toilets dedicated exclusively to women, located in the operating premises (stores and kiosks)

and in the main subway stations, and a letter recalling ATM's commitment to the theme of attention to the corporate welfare system, together with a key chain that has aroused enthusiasm and stimulated the spirit of belonging. The Pink Keys initiative allowed over the years to significantly increase the number of toilets for mobile staff thanks to the company's redevelopment project.

Throughout the year, employees have been constantly updated on company news and initiatives, on Welfare, *Diversity & inclusion webinars*, and on various topics related to mobility and public transport through the intranet channel, on which were also published all the contents proposed to external stakeholders.

ATM has carried out specific campaigns to introduce staff to company services and benefits including the Flexible Benefit portal, the Front Office at home, the Push to Open project dedicated to school and career guidance for the children of employees, the opening of registrations to company nests; great diffusion was reserved for the communication campaign dedicated to the Anti-corruption and Transparency Model.

After a long period of suspension due to the restrictions imposed by the emergency Covid-19, in the course of 2022 it was possible to return to organize events in presence, which ATM has always carried out in compliance with the rules in force, among which the awards of Seniors, colleagues who have reached 30 years of company seniority, an event that has seen the participation of more than 300 employees welcomed by the top in a moment of celebration but also of reflection and sharing of strategic objectives.

For the anniversary of the Liberation the custom of the celebration was also resumed in the historical Officina Generale di Teodosio in collaboration with ANPI Associazione Nazionale Partigiani d'Italia and with the participation of staff from all the company offices, representatives of the union organizations active in the company, civil authorities, Religious and military services in Milan.

Finally, to confirm the attention of ATM toward employees, people between lines, a photographic book with which it intends to pay homage, for the daily work at the service of the community, is presented with an event at Palazzo Triennale Milano. To all its 10,000 employees represented by the 84 colleagues and colleagues who are the protagonists of the shots and by the five stories of those who work in the Company.

Our people

Organic

The ATM Group has a headcount of 10,473 at December 31, 2022 (10,468 at December 31, 2021).

Break down by Type of contract	12.31.2021	Hires	Terminations	Other Changes	12.31.2022
Executives	39	0	(3)	(1)	35
Officials/Managersimp	416	15	(13)	(26)	392
Employee	944	56	(63)	43	980
Workers	9,069	679	(666)	(16)	9.066
Total	10,468	750	(745)	0	10,473

In 2022, the ATM Group continued to invest energy in the care of its people, with the aim of constantly guaranteeing the increase in the value of the organization. The year was characterized by a substantial

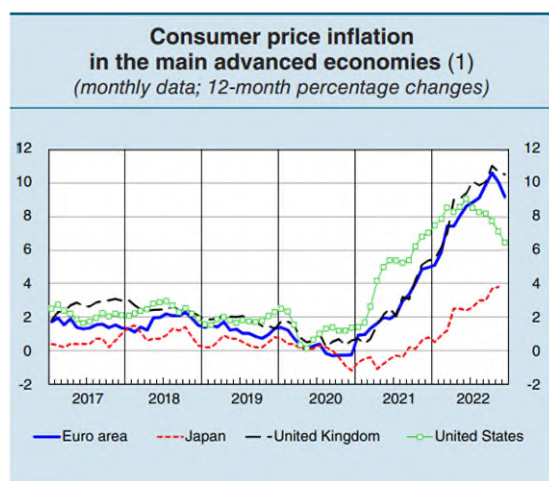
recruitment and selection program, aimed at ensuring a strengthening of internal structures. The selections were aimed in particular at resources to be included in the operational structures of the operation; among these, bus, tram and trolley drivers, station agents, security personnel, other personnel supporting operational management. These assumptions were made both with full-time contracts and – in specific areas of the organization – with part-time contracts, due to the need for organizational flexibility and optimal coverage of the scheduled services.

The macroeconomic scenario

Macroeconomic framework

World economic activity in 2022 was heavily influenced by the geopolitical situation related to the war in Ukraine, high inflation rates, and the restrictive monetary policy stance of central banks in the dollar and euro currency areas. Given these uncertainties, economies sent conflicting signals, confirming a general slowdown in the last quarter of the year. According to OECD estimates, global GDP growth in 2022 stands at +3.2%, but estimates released in November 2022 for 2023 predict a decrease of +2.3%, as a result of still high energy prices of further restrictive monetary policies and relative weakness in household consumption. These projections could be further aggravated by unfavorable developments in the conflict in Ukraine. International trade has also slowed significantly: According to Bankitalia estimates, 2023 would confirm this trend, with a growth rate of global trade, expected to be around 5.6%, lower than the average rate in the pre-pandemic period.

The global inflationary phenomenon, initially viewed as temporary, but raised over the course of the year to levels not experienced for decades, particularly in developed economies, has led major central banks to use both the rate leverage and the volume management of their balance sheets quickly (so-called “*quantitative tightening*”), by finalizing the ongoing action to bring the rate of price growth back to levels close to the stated objectives.



Source: Refinitiv.
(1) For the euro area and the United Kingdom, harmonized consumer price index.

	GDP growth			Inflation	
	2021	2022 Q2 (1)	2022 Q3 (1)	2022 December (2)	2022 (3)
France	6.8	0.5	0.2	6.7	5.9
Germany	2.6	0.1	0.4	9.6	8.7
Italy	6.7	1.1	0.5	12.3	8.7
Spain	5.5	2.0	0.1	5.5	8.3
Euro area	5.3	0.8	0.3	9.2	8.4

Sources: Based on national statistics and Eurostat data.
(1) Quarterly data adjusted for seasonal and calendar effects; percentage changes on the previous quarter. – (2) Monthly data; year-on-year percentage changes in the harmonized index of consumer prices (HICP) – (3) Annual averages; percentage changes on the previous quarter in the harmonized index of consumer prices (HICP).

(Graphic source and table: Bank of Italy economic bulletin – January 2023)

In the eurozone, real GDP growth in the first part of 2022 showed an upward trend, (see Eurostat Table above on the right), partly owing to a consumption recovery related to the easing of restrictive measures in contrast to Covid-19. In the second half of the year, the area's economy slowed, given the exposure to war from geographical proximity and strong energy dependence on Russia. For the year, however, overall growth of 3.9% (adjusted for calendar and seasonally adjusted ISTAT) was set to contract in real terms in the first half of 2023, with growth expected for the year of around 0.9% according to estimates by the European Commission spread in February 2023. Prospects serve a high level of uncertainty, in the absence of decisive developments on the war front.

Inflation in the Euro area has also been high and above the ECB's objectives for the whole of 2022. Although expected to be corrected in 2023, they are not expected to fall below target levels in a short time – see updated estimates of the annual percentage changes issued by the ECB's Study Office in December 2022 (in brackets previous estimates).

	HICP	GDP
2023	6,3% (5,5%)	0,5% (0,7%)
2024	3,4% (2,3%)	1,9% (1,9%)
2025	2,3%	1,8%

Italy, according to ISTAT estimates, recorded sustained GDP growth for the whole of 2022 (+3.9%), mainly driven by domestic demand, driven by the expansion of household consumption and an increase in gross fixed capital formation. Bankitalia estimates that economic activity has weakened in the last part of the year, due to the persistence of high levels of energy Raw materials prices, together with a reduction in the recovery of the trade, transport and tourism sectors.

As a result of the "Survey on inflation and growth expectations", conducted by Bankitalia on a quarterly basis, the evaluations of the sample of companies interviewed between November and December 2022 (including ATM), about the general economic situation, show demand recovery expectations for the first part of 2023. Estimates released by the European Commission in February 2023, indicate the national GDP growth of 0.8% for the year, thus avoiding a technical recession, against an expected level of inflation still high, around 6%.

In Italy, the labour market showed a favourable dynamic, confirming at the end of the year (according to ISTAT estimates) a stable unemployment rate of 7.8%, (23% among young people), down by 0.6%. The growth of permanent jobs has contributed to this figure, thanks to the transformation of temporary contracts activated during 2021.

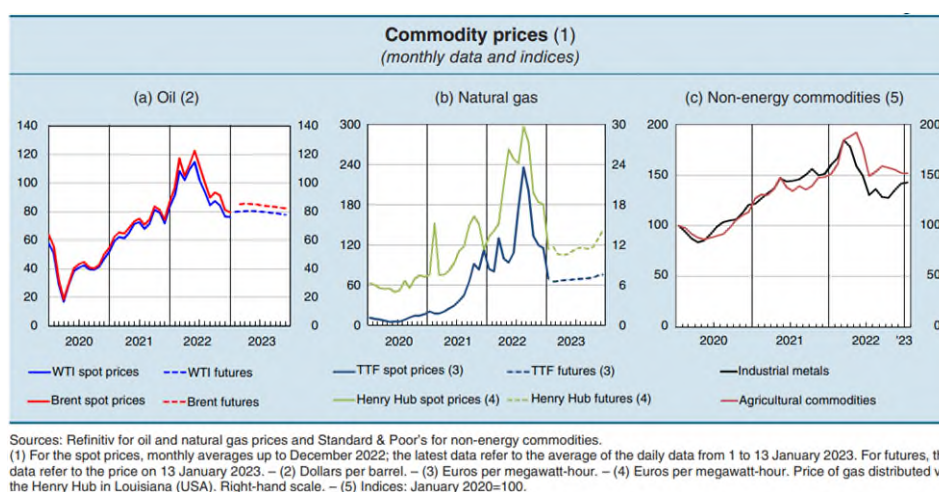
The local public transport sector and the Raw materials market

The TPL sector, already penalized by the pandemic emergency, has suffered further negative impacts during the year from increases in energy raw material, which can have a significant impact on the economic and financial balance in aggregate, with direct effect on margins, since the sector, unlike other 'Utilities' does not have the opportunity to pay the increased costs on travel tickets. The question of mobility of the passengers -although in resumption- turns out in 2022 still inferior of approximately 13% regarding the pre-pandemic course (- 23% and -38% respective in 2021 and 2020), also considered the different working dynamics with the widespread contractualization of the so-called '*agile labor*'. According to a report submitted by Intesa Sanpaolo and ASSTRA in Bologna and entitled "The performance of local public transport companies", the decrease of the transported passengers has

involved - to level aggregate - minor revenues for the sale of the quantifiable travel tickets in measure not less than 1 billion euros.

The combination of European resources (PNRR and other European funds) and national resources (National Strategic Plan for Sustainable Mobility) is one of the main features of the Integrated Strategy for Transport and Infrastructure interventions that MIMS has designed in recent years. This integration will reverse the aging trend of rolling stock, as well as the financing and feasibility of projects on a longer horizon than the 2026 deadline set for the recovery and resilience device's resources.

In the last part of 2022, prices for Energy Raw materials fell from their summer record highs. The reduction is partly due to lower consumption linked to the weather situation with temperatures above average, but also to the loss of speculative tensions, due, inter alia, to the introduction of price correction mechanisms in the EU, both Russian import crude oil and natural gas prices (the latter in force from February 2023).



(Graphic source: Bank of Italy economic bulletin - January 2023)

Going concern and contractual framework

Arrangements for the management of public transport services

The ways in which the entities entrust the management of local public transport and related and complementary activities are attributable to two contractual forms:

- **Gross cost:** Industrial risk is the responsibility of the operator while commercial risk is the responsibility of the managing body, which owns the revenues deriving from the sale of travel tickets.

The operator receives a consideration commensurate with the actual production of the service, re-valuated from year to year on an inflation basis.

The consideration is not influenced to any extent by the trend in revenue from the sale of travel licenses, by the effects of any tariff maneuvers or by a change in the demand for mobility.

This results in the need for the operator to pursue operational efficiency objectives, mainly based on cost control.

- **Net cost:** both industrial and commercial risk is the manager, who owns the revenues from the sale of travel licenses and receives from the issuing body a consideration calculated with reference to the theoretical lack of coverage of production costs by tariff.

The contractual relations in place

The services covered by the Service Agreement between ATM S.p.A. and the Municipality of Milan under *gross cost* are the management of intermodal local public transport (metro, tram, bus and trolleybus), call transport, ancillary activities such as the distribution of travel licenses, the relative information to customers and the control of tariff evasion. With regard to the risk of tariff evasion, ATM although not directly interested in it as service manager under a gross cost contract, puts in place all measures suitable to combat tariff evasion in order to maximize the revenue for the body entrusted to it.

The contract covers the obligations and responsibilities of ATM S.p.A. and the Municipality of Milan:

- ATM S.p.A. is responsible for the management of transport services and complementary services on the basis of the addresses and directives of the Municipality of Milan, which is responsible for planning;
- The Municipality of Milan, the owner of the revenues deriving from the sale of travel licenses, is responsible for the definition and structuring of the tariff system; in this context ATM S.p.A. plays a strategic role as the operator of the sales network on behalf of the municipality. Investment in the development and maintenance of the public transport network and related infrastructure is the responsibility of the Municipality of Milan as owner.

In addition to the transport services ATM S.p.A. manages, by virtue of the same entrustment, services complementary to local public transport, such as parking on the road and in structure and removal and custody of vehicles according to the Road Code. The tariff policy for the rest is the responsibility of the municipality, while the revenue is the responsibility of ATM S.p.A., which corresponds to the municipality a predetermined fee. This forecast has been partially amended as a result of the tariff variations in the payment period introduced by the Municipality of Milan in 2017; The acts of continuation have determined the allocation to the municipality of the part of annual income attributable to the tariff increase conventionally identified as those exceeding the level of 18,490 thousand euro per year.

The operational management of the Service Contract is entrusted to a Technical Committee of equal composition which, according to contractual provisions, performs evaluation functions of all aspects relating to the management and execution of the Service Contract, such as for example the monitoring of contractual performance, the determination of premiums and penalties, the evaluation of changes to services and contractual variations, the evaluation of extraordinary maintenance operations on the City Council's assets.

In the context of existing contractual relations, further to those dealt with so far, are of particular importance:

- The single contract for the management of the M5 metro line between ATM S.p.A. and the subsidiary Metro 5 S.p.A. the contract rules the management activities entrusted to ATM S.p.A. and those related for the entire duration of the concession until 2040;

- The single contract for the management of the M4 metro line between ATM S.p.A. and the licensee SPV M4 line S.p.A. as for the M5 metro line, the contract rules the management activities entrusted to ATM S.p.A. and those related for the entire duration of the concession until 2047. The start of the business of the M4 metro line, starting from the second functional section Dateo-Linate Airport, took place on November 26, 2022. By 2023 is expected the opening of the third functional route that will connect San Babila with Linate Airport. The full line will be opened by the end of 2024;
- Service contracts, under net cost, between the subsidiary Nord Est Trasporti S.r.l. and the Local Public Transport Agency of the Basin of the Metropolitan City of Milan, Monza Brianza, Lodi and Pavia (“Territory Agency” or “Bacino Agency”) for the management of the suburban car service in force until December 31, 2023;
- The Service Contract concluded with Metroselskabet I/S, under *gross cost*, for the management, through the Danish subsidiary Metro Service A/S, of the operation and maintenance of the M1 and M2 Copenhagen metro lines on September 29, 2027;
- The subcontracting agreement with Hitachi Rail STS, which was poor on September 29, 2027, for the mobilization, management and maintenance of the M3 (Cityringen) and M4 metro lines in Copenhagen. Metro Service A/S has completed *the mobilization* of the M3 (Cityringen) and M4 metro lines and on September 29, 2019 opened the business and management of the M3 metro line, while the business and management of the M4 metro line was inaugurated on March 28, 2020;
- The Agreement with Hovedstadens Letbaneselskabet (The Greater Copenhagen Light Rail), where Metro Service A/S *pre-mobilizes* the activities of the greater Copenhagen Light Rail, a service to the suburban area west of Copenhagen. The 15-year management and maintenance contract provides that after completion of the construction of the line, the commercial and operational activities of the line management begin in 2025.

Contractual extensions

The Contract with the Municipality of Milan for the management of the TPL and complementary services

The services carried out by ATM S.p.A. for the Municipality of Milan are governed by the “*Contract for local public transport and related and complementary public transport services*”, the original deadline of which, initially scheduled for April 30, 2017, has been extended until December 31, 2023.

With regard to the service contracts linked to and complementary to the local public transport service contract with the Municipality of Milan, the following is a recognition of the new contractual deadlines after the last extensions:

- The contract for the provision of parking area, parking and removal services has been extended until December 31, 2023, as already described in the 2021 financial report;
- The contract for the provision of Bike Sharing services has been extended until December 31, 2023;
- The contract for the management of Area C and B has been extended to June 30, 2023, except for the possibility of continuation for reasons connected with the performance of the service;

- The contract for the provision of maintenance and management services for SCTT systems of the Municipality of Milan has been extended to June 30, 2023, with the option of renewal to December 31, 2023.

The Contract with the Bacino agency for the management of the extra-urban car services

The contract for the management of the services carried out by NET S.r.l. for the Bacino Agency, that is to say the management of the extra-urban car service, whose expiry, scheduled for October 31, 2020, has been extended further until December 31, 2023.

In this regard, with managerial determination no. The Bacino Agency's 62/2020 of 30/12/2020 first extended the expiry of the existing contracts until December 31, 2021. Subsequently, with managerial determination no. 77 of December 31, 2021 concerning the "*restatement to 12.31.2023 of the deadlines for the expiry of the service contracts and local public transport concessions within the competence of the Agency which expired on 12/31/2021*", the Bacino Agency has further extended the expiry of the contracts currently in force until December 31, 2023 .

Possibility of extending contracts to 2026

With D.L. 4/2022, art. 24, a provision has been introduced providing for the possibility of extending service contracts until the deadline of December 31, 2026 in order to support operators who are making self-financing investments, including partial, and on the basis of a financial economic plan which respects the existing rules and regulatory measures, significant investments, whether or not in the implementation or integration of the interventions relating to the National Recovery and Resilience Plan or other financial instruments, oriented toward environmental sustainability and the improvement of passenger transport services, with a period of amortization greater than the deadline of the entrustment.

Some regions, such as Puglia and Marche, have already extended the duration of existing service contracts with ad-hoc regional laws (Puglia until December 31, 2026, Marche until September 30, 2026). Lombardy has not yet adopted this forecast.

In the light of the regulatory measures that could lead to a deferment of the end of the service contracts currently in place and in view of the time required for the opening of the next tenders for the entrustment of the service, the administrators, in view of the evaluation of the business continuity, consider it plausible to consider the continuation of the extension scheme until the end of December 31, 2024. In fact, in the light of the current interlocutions, it is reasonable to envisage the start of the activities linked to the "*Next Project*" of which a broad description is given in another part of this document as from 1 January 2025.

Going Concern

In the light of the regulatory measures which could lead to a deferment of the end of the service contracts currently in place and in view of the time required for the opening of the next tenders for the service, the directors - in the context of the going concern assessment - consider it plausible to consider the continuation of the extension scheme until the end of December 31, 2024. In fact, in the light of the current interlocutions, it is reasonable to envisage the start of the activities linked to the "*Milano Next*" project, of which a broad description is given in another part of this report, starting from January 1, 2025.

Having regard to the regulatory framework described above and given the world scenario, which is characterized by considerable uncertainty, mainly due to the continuing conflict between Russia and

Ukraine, Administrators are aware that the significant increase in energy costs is a risk factor for the public transport sector unless government interventions are appropriate to its protection.

In this context, the amount of cash and promised credits negotiated at December 31, 2022 amounted to EUR 95 million, while signature credit lines amounted to EUR 53.5 million. In addition, rebalancing in the mix between the types of lines in place to take into account both the potential requirements for optimization of the circulation and the growing needs connected with the issue of guarantees for participation in international competitions.

Cash and promiscuous lines were used for the optimum management of the circulation in 2022, with a view to improving the number of so-called “hot money” and reimbursements, bringing the total amount of short-term financing to December 31, 2022 to EUR 35 million, from EUR 50 million at December 31, 2021.

Having regard to the compliance of the payment obligations relating to the service contracts by the Municipality of Milan and the bodies entrusted to it, the Group may be considered to have the resources to meet its existing contractual obligations within a time horizon of at least 12 months from the date of approval of this Annual Financial Report.

The context and development of operational management

Activities in Italy

Following the cessation of the state of emergency ATM has put in place actions finalized to the revision of the upgrades of the local public transport services. In particular, from April/May 2022 onwards, the flexible reinforcements carried out both on the surface and in the metro have been eliminated by the use of the spare means available to the operating rooms to remedy particular crowding, without, however, affecting the planned frequency of the lines and in particular those of the metro, which have remained unchanged. The disappearance of the emergency state and the lack of the required reinforcements has led to the disappearance of government funds set up in an extraordinary way to bear the increased operating costs.

Following the restoration of full transport capacity on the vehicles (100% of the places offered), the system of metropolitan access quota has been progressively revised, while maintaining the relevant provisions to staff active and update, taking into account a flow rate calculated at 4 passes/m², however, to adapt monitoring to comfort conditions and prevent overcrowding on the dock.

With the end of the emergency measures, which also allowed the lifting of the prohibition of the use of the front door of the vehicles and the segregation of the area around the drivers, allowing, among other things, the reuse of minibuses for the neighborhood Radiobus service and therefore the reactivation of flexible routes, The subcontracting of ATM lines to third parties has ended, which had allowed to recover the productive factors to implement the improvements on the lines most exposed to the reduction of capacity for *social distancing*.

The suppression of such upgrades (excluding school runs on suburban lines and point-to-point shuttles established to connect the most important school plexi, maintained until the end of the school year 21-22) however, it did not affect the lines of force which previously showed high levels of crowding (e.g.: 40-45-56-57-95-98 and 90/91), for which a re-modulation of the service has been carried out thanks to

a partial compensation of the resources deriving from the homogenization of the evening frequencies on the urban network not only on weekdays but also on Saturdays and holidays.

As part of the “Full Electric” renewal plan, the program for the introduction of additional electric buses into the service continued. In particular, during 2022 the line 50 was added to the other automotive lines (45, 54, 84, 88, 42, 51, 60, 81, 82, 86) already fully operated with electric buses, adapting the operating plan to make it consistent with the specific requirements of such vehicles, the productivity of which is linked to the capacity of the batteries or to the possibility of having recharging points.

On September 30, 2022, the tramway service on the Milan-Limbiate extra-urban line was suspended, waiting for the redevelopment work to guarantee operational safety and, above all, the implementation of the new tramway line project. From October first the replacement bus service of line 165 is active, covering the whole of the day with more frequent passages than the tram, in order to guarantee the same transport capacity.

On November 26, 2022, the functional section of the M4 metro line was finally inaugurated with the opening of the first six stations connecting Linate airport to Dateo square, passing through the Repetti, Forlanini Station, Argonne and Susa stations and making two connections with the railway loop. For the moment three trains run on the line for a flat service frequency of 7' between 6.00 and 21.00. The activation of this first section, still not connected to the rest of the metro network and with a reduced level of service, did not induce a reorganization of the surface lines postponed to the subsequent extension up to San Babila expected by the middle of 2023.

As part of the operations on installations and infrastructures, the planned work on the improvement of the tunnel between the Lambrate and Piola stations on the M2 metro line was completed in 2022, and structural reinforcement was implemented in the case of Metro line 1, After extrados waterproofing of the tunnel station joint beams in the Amendola-Lotto section. During the year, ATM continued its program to improve the accessibility of M1 and M2 metro stations. During 2022, the escalators provided for in the San Babila station were installed. In 2022 extraordinary maintenance work was carried out on no. 39 escalators of the M1 metro line, n. 54 escalators of the M2 metro line, n. 43 escalators of the M3 metro line. Finally, on the request of the Municipality of Milan, among the projects aimed at overcoming the architectural barriers, the works have been carried out to modernize the external section of the subway line M2 (Cascina Gobba-Gessate) for a total of 6 stations, of which 3 provide for the complete restyling.

The urban tram network, as part of its work for the Municipality of Milan, continued the renewal and technological updating of the infrastructure, including the application of a radio-frequency system on trade, the application of a remote monitoring system on exchanges and switch-offs and finally a preventive maintenance program aimed at reducing noise emissions and reducing wear phenomena. The yards involved in these interventions were: piazzale Cimitero Monumental, viale Regina Giovanna, via Procaccini, Piazzale di Porta Lodovica and viale Gorizia.

As regards the works on the premises, the work on the adaptation of the fire-fighting systems at the Molise, Leoncavallo and Ticinese warehouses continued in 2022, in the final phase at Leoncavallo; In addition, the Sarca warehouse has been renovated to accommodate the staff that will be transferred from the Zara Depot.

Starting from the year 2022 ATM undertook, on behalf of the City of Milan, a complete renovation of the premises "public toilets" at the stations of the metro lines M1 and M2 of Cordusio, Famagosta, Bisceglie and Cairoli, Lima and Porta Genova.

The internalization of the maintenance activities of the new trains continues; in June 2021 the first 30 "Leonardo" model trains, which ended the full service period, were added to the 46 "Menegino" model trains. At the end of 2023, a further 30 trains will finish their full service. It should be noted that this internalization phase has determined a new way of managing maintenance and engineering processes, given the different technology of the new trains compared to the previous ones whose technology dates back to the years '60. In this phase, third party-activities on patented technologies and structural interventions on the cashier remain at the responsibility of third parties, activities for which there are no particular returns of experience for the company's core business.

As part of the "Full Electric" renewal plan, the program for the introduction of electric buses into the service continues, depending on the gradual increase in the fleet, the adjustment of the deposits and the number of charging points. As of December 31, 2022 the car lines 45, 54, 84, 88, 42, 51, 60, 81, 82, 86 and 50 are operated with electric buses. The operating plan can now be considered consolidated, which has been adapted to the specific needs of vehicles, whose productivity is tied to the capacity of the batteries or the possibility of having charging points.

As regards the M4 metro line, the first Linate-Dateo route was opened to the passenger service in November 2022. During 2022 the ministerial tests of the trains continued for a total of 5 trains currently available for service. For the maintenance part, the activities had already begun with the pre-operation period and are now continuing at full speed in the current operating context according to the trains in operation.

Urban Forestation initiatives

ATM, under the "Full Electric" plan, in addition to the conversion of the entire diesel fleet, foresees the conversion of the deposits and the construction of four new spaces completely automated and with advanced technologies. In this area, particular importance will be given to the area above, which will be exploited as a place of foresting and exploitation of the green for the benefit of the district and of citizenship.

In particular, within the Sustainable Development goal 11 – Sustainable Cities and Communities, and 13 – Climate action ATM is advancing the "green deposits" project whereby old deposits will be converted to accommodate the new buses and columns needed to refill them. They also have a plan of exploitation for the planting of green. The revamping of spaces provides for the use of NBS (Natural based Solutions) instruments, which, in addition to being solutions that help reduce CO₂, can also be an element of modernization of sustainable mobility and of the integration of the city fabric.

In addition, a Green Wall was created in Giambellino's warehouse, a work of 350 square meter that is part of the European Horizon 2020 project within the clever Cities Plan and that has seen the participation and contribution of the local community and the Polytechnic of Milan.

These initiatives are important in the area of CO₂ compensation; in fact, each tree absorbs between 10 and 20 kg of CO₂ per year and 1 square meter of green wall absorbs 2.3 kg of CO₂ from the air and produces 1.7 kg of oxygen. Between autumn 2021 and spring 2022, ATM, through its compensation works, will have contributed to the absorption of more than 4 tons of CO₂, this only for the first year. The project is carried out with the partnership of:

- The Municipality of Milan, both as a 100% shareholder of ATM, and as an entity that allows to converge the local, national and international contributions allocated for the realization of works necessary for its completion;
- Politecnico di Milano and University of Bologna which are involved in the drafting of studies and projects of economic feasibility and study of the absorption of CO₂ and polluting particles through the use of plants
- ForestaMii, the foundation of the Municipality of Milan, which has been the objective of planting 3 million trees in the Metropolitan City, with which ATM has activated a protocol of understanding with which it makes available its own areas inside the deposits to be exploited with works dedicated to the green.

Activities abroad - Copenhagen

In 2022, 62 million passengers were transported on the M1 & M2 lines, an increase of 43% over 2021 and 46.2 million passengers on the M3 & M4 lines, an increase of 51% over 2021. The results for the management of the M1, M2, M3 and M4 metro lines of the Copenhagen metro were of absolute importance. Service availability was 99.3% with a frequency of one train every 104 seconds at peak times for M1 and M2 metro lines and 99.5% for M3 and M4 metro lines with a frequency of one train every 93 seconds in the leg Between Østerport and Copenhagen Central Station.

During 2022, eight trains entered in service on the M1 and M2 lines, which will allow the 90-second frequency of trains to be taken during peak hours. In addition, Metro Service A/A continued the investment program in shares aimed at further reducing carbon dioxide emissions by completing the replacement of the remaining fleet of fossil-fuel-powered service cars with electric vehicles. In addition, the investment program provides for significant interventions on the digitization, development and implementation of a DWH related to the analysis of costs related to operational activities. Finally, as far as personnel are concerned, Metro Service A/S has put in place a Welfare plan aimed at employees.

Business expansion plan

In 2022, the implementation of ATM's strategic industrial business expansion plan, approved in 2021, continued, which aims to consolidate its role as a player of excellence also on the international stage, placing a sustainable, efficient and technologically advanced service at the center of the offer.

ATM has made concrete and presented in 2022 new offers for the management and maintenance of systems on both rubber and iron.

In the international context, the procedure concerning the management of the automatic lines of the Grand Paris Express, the largest project for the construction of a new metro network currently underway in Europe, which comprises four totally driverless lines, continues. Specifically, line 16 will connect the northern suburbs to the eastern suburbs, from Saint-Denis Pleyel to Noisy-Champs, while line 17 will connect the northern suburbs to the northeast suburbs, from Saint-Denis Pleyel to Charles de Gaulle Airport. The project is completed by the construction of a train depot and the construction of a high-tech management and control room in the municipality of Aulnay, just outside Paris. The gradual opening of the lines is expected from 2024 from the terminus of Saint-Denis Pleyel, to Noisy-Champs for the 16, and to Parc des Expositions for the 17, for a total of 13 stations. The award of the tender is planned in 2023.

In 2022 the start of the tender phases was completed for the other 2 lines, 15 and 18, of the Grand Paris Express project.

Participation in the competitions is through a temporary association of companies with Egis SA, a French group internationally recognized and present in 120 countries, which operates in the fields of infrastructure engineering, planning and railway maintenance. Thanks to *the know-how* and the experience of the two companies, the Italian-French company wants to become a reference point in the management of the subways in France, to offer a transport system that combines the best technologies and is based on the needs of passengers and citizens.

With reference to the Italian market, ATM follows the reopening of the market currently in the phase of restarting after the stop deriving from the health emergency, which is expected to lead to the issuing of numerous calls for the operation and maintenance of urban and suburban networks between 2023 and 2024.

In 2022, the implementation of the Industrial Strategic Plan continued with the completion of the procedures for the allocation of rubber services in the capital region of Ile de France. Finally, 2022 saw the opening to the market of the Paris urban surface service with the issuing of calls for tenders for the first lots currently managed by RATP, whose tenders will be launched in 2023 and 2024.

Between the end of 2022 and the beginning of 2023 ATM, also in partnership with Egis SA, participated in the tender for the management of the operation and maintenance of the new automatic subway of Thessaloniki in Greece. The project includes the commissioning of the line and its subsequent management for a period of 10 years.

Investments

CNFS

During 2022, the ATM Group made investments of approximately 85.6 million euros (including investments by Metro Service A/S), of which approximately 63.9 million euros were earmarked for fleet renewal, including extraordinary maintenance for the general tram review.

The investments made by the ATM Group in the three-year period, broken down by macro category, are as follows:

	2022	2021	2020
<i>Fleet renewal</i>	63.9	47.7	112.6
<i>Extraordinary maintenance of the premises</i>	1.9	1.5	1.8
<i>Modernization and upgrading of plants and infrastructure</i>	11.6	14.8	19.5
<i>New technologies for payment and information mobility</i>	8.2	8.7	6.0
Total	85.6	72.7	139.9

The Group makes such investments in order to generate positive effects both for the performance of transport services in terms of *customer experience* - thanks to the improvement of the quality of the service and the relative levels of comfort and accessibility - and for the improvement of the environmental performance and levels of security of the means. In fact, the replacement of older vehicles

by more modern and efficient means will allow the ATM fleet to reduce emissions into the atmosphere from fossil fuels.

As regards the renewal of the Metro fleet, the first half of 2022 saw the invitation to tender for the signing of a framework agreement for the purchase of 46 new trains, 21 of which were destined for the M1 metro line, to replace “*revamping*” trains, and 25 for the M3 metro line, of which 21.5 to replace the part of trains now dated and 3.5 to increase the equipment. The contract for the supply was awarded in September, with the conclusion of the framework agreement and at the same time the signing of the first application contract for the 21 scheduled trains 1; in November the second application contract for the 25 scheduled trains 3 was also signed.

The purchase program for M3 metro trains is part of the line upgrading project, together with the new signaling facility. The renewal projects for M1 and M3 trains and M3 signaling installations will be fully publicly funded.

As part of the “Full Electric” bus fleet renewal plan, ATM concluded a framework agreement in 2019 for the supply of 250 electric vehicles.

The first two application contracts were delivered from 40 (in 2020) and 100 vehicles (in 2021), and two other application contracts were signed in 2022 for a total of 78 vehicles. Deliveries began in December 2022 and will continue in 2023, with a forecast of completion by the end of 2023. The effects of the Covid-19 pandemic and the outbreak of the war in Ukraine have revealed significant difficulties in supplying the Raw materials with batteries and other vehicle components, which is why manufacturers have had to reprogram production activities that would have to be completed by 2022.

The 250-vehicle framework agreement also includes the replacement of the power supply batteries at about half the life of the vehicle, which will replace those installed as original equipment.

Following the allocation of PNRR funds (measure M2C2 – 4.4.1 renewal of buses and green trains - sub-investment BUSES) to the Municipality of Milan, the procedures for the acquisition of a further 310 electric buses were started in the second half of 2022 with the publication of the relevant tender, from 12 and 18 meters.

For the “Full Electric” project, in addition to the supply of the vehicles, it will be necessary to adapt also the spaces for the shelter and the recharging of the vehicles. With regard to the vehicles described above, a 5-year framework agreement was signed for the installation of the columns in the warehouses of Sarca, Giambellino and San Donato depots and the installation of the opportunity chargers at the main terminals of the car service and inside the ATM depots (n.2 at the Sarca depots, N.2 at Giambellino's depot and n.2 at San Donato's depot, which will be activated during 2023). The activities for the installation of the columns in the Sarca warehouse and the installation of 12 opportunity chargers (6+2+4) at the bus terminals of V.le Zara, p.za IV Novembre (Centrale), p.za Bottini/v. Viotti (Lambrate). The activities for the installation of 75 columns in Giambellino have begun and partly completed: The first step (25 columns) was completed in June 2022 and the second step (50 columns) is expected to be completed by the summer of 2023. With regard to the other opportunity chargers, two additional chargers are being installed in Piazza IV Novembre, bringing the resort to 4 plants. Four additional chargers will be installed at the Bisceglie M1 terminal during 2023 and further are being evaluated.

In view of the investments in the “Full Electric” plan and in the pursuit of the “ecological mission”, ATM has signed a contract for the supply of electricity produced from renewable sources, certified Green Energy with guarantee of origin.

The Group's investment strategies in surface vehicles also include the purchase of hybrid vehicles as an intermediate step, both because the market is not yet able to meet the wide requirements of electric buses, and to comply with the regulations, they set time limits on the use of older diesel vehicles.

As far as the supply of hybrid vehicles is concerned, the first application contract for 129 buses was concluded under the framework agreement for 150 vehicles, assigned at the end of 2021 (including full service maintenance extended to the life of the vehicle), which provided for deliveries to be completed by 2022. However, by analogy with the case of electric buses, the manufacturer had to revise the schedule of deliveries, which took the form of the arrival of 63 vehicles between October and December 2022, while the remaining vehicles fell between January and March 2023.

In the first half of 2022, the second 9-vehicle application contract (NET company) was signed, the deliveries of which began in December 2022, with the arrival of 4 vehicles, and the third 21-vehicle application contract (ATM company), including the request to extend the framework agreement to 159 vehicles in total. Deliveries of the latter are expected in sequence to the previous 129 with completion of the supply by April 2023.

In view of the evolution of the bus fleet detailed above, in December 2022, the city bus fleet of ATM S.p.A. consists of: 69% diesel, 18% hybrid, 13% electric⁶. The aim is to have a total of 1.200 electric vehicles running, that will enable the creation of a “Zero Emission Zone” which will allow, on the one hand, a reduction in diesel fuel consumption of 30 million liters per year and, on the other hand, a reduction in CO₂ emissions of around 75,000 tons per year.

With regard to the bus fleet of the subsidiary NET, after the substantial renewal of the equipment in recent years, which has allowed the disposal of obsolete vehicles in favor of Euro 6 diesel engines, an ecological transition to vehicles with a lower environmental impact began in 2022.

The first hybrid buses became part of the fleet under the above-mentioned application contract for 9 vehicles.

For electric buses, in relation to the possible availability of public funding provided by PNRR and National Strategic Plan of Sustainable Mobility, NET was planned, as part of the tender procedure for the new 310 ATM electric buses, the possibility of signing a framework agreement for a further batch of up to 30 electric vehicles.

As part of the renewal of the tram fleet, the framework agreement is in force for the supply of 80 bi-directional trams of 25 meters in length, to be used on the urban and long-distance network. In this context, a first application contract was concluded for 30 trams (10 interurban and 20 urban), the first of which was delivered at the end of November 2022, and two further application contracts for a further 30 urban trams, completing the replacement program for 50 urban trams, which provide for co-financing by the Ministry of Infrastructure and Transport (MIT).

⁶ The percentages are calculated by reference to the vehicle equipment (including vehicles not yet available for the exercise)

The first tram in the series, after delivery, began the period of development and testing at the Precotto depot and on the ATM tram network in preparation for the ministerial test and subsequent entry into service, expected in mid-2023.

In addition, a tender was launched for the purchase of 14 trams of 35 m, fully financed with PNRR funds (measure M2C2 – 4.2 Rapid Mass Transport Development), to serve the future “North Interperipheral” line (line 7). Award procedures are in progress.

As regards the new articulated trolleybuses, under the framework agreement for the supply of 80 vehicles of 18-meter, the second application contract was signed in November 2021 for a further 50 trolleybuses, the first delivery of which took place at the end of 2022. The acquisition is covered by finance from MIT and assigned to the Municipality of Milan.

In the face of additional PNRR financing (measure M2C2 – 4.2 Rapid Mass Transport Development) granted by MIT to the Milan City Council, in the first half of 2022, the process for the application for the extension of the framework agreement and the signing of a third application contract for the supply of a further 10 trolleybuses, which took place in December 2022. Deliveries will be consecutive to the 50 deliveries, as soon as they start.

With these investments and the simultaneous disposal of all the old 12 and 18 meter vehicles, the average seniority of the ATM trolleybus fleet will fall to about 4 years.

The new trams and new trolleybuses purchased will offer customers a better quality of service, in terms of comfort and accessibility; they will be updated to the most modern safety requirements, equipped with anti-collision system and technological systems to allow customers to connect to the network once on board. They will also mitigate the noise emitted in the environment, and thanks to the system of recovery of energy during breaking they will guarantee energy savings.

In the context of the renewal of the fleet of vehicles and in the perspective of sustainability, the project for the replacement of diesel service cars by rental electric cars, to be used for the assistance of on-line vehicles, the control of the operation and for the maintenance of the metro and tramway systems, continues. There are 107 cars at full speed and an increase of another 9 is expected in 2023.

The project for the renewal and upgrading (new installation and replacement) of the wheel reprofiling systems of metropolitan trains is also worth mentioning. This intervention requires a specific design and important civil works for the laying of the machinery in the working pits. The project started with the installation of a new and modern turning station at Gallarate M1; Work is still under way to replace the plants of the Gorgonzola M2 and San Donato M3 depots where machines will be installed capable of reprofiling the 4 wheels of a truck at the same time. The project will then conclude with the replacement of the M1 Precotto storage facility.

With regard to the operations on the installations, the project to upgrade the M2 metro line, co-financed by the State at 60%, has been highlighted, which has seen ATM take over from the Municipality of Milan for the financing of the remaining quota. The project concerns the renewal of the electric traction and power supply systems of the Cascina Gobba-Cologno Nord section, whose activities began in 2020 and will end in 2023, and of the Cascina Gobba-Gessate section, whose work had already been completed in 2019.

ATM also carries out, on behalf of the Municipality of Milan, a series of interventions on the infrastructure of municipal property, among which the works related to the renewal of the M2 metro line, and more specifically:

- the complete reworking of the signaling system, the tender of which was awarded in the first half of 2020, was subsequently subject to technical, administrative and legal checks by a third party. These checks, which confirmed the correct management of the tender procedure, allowed the conclusion of the contract in September 2021 and the start of the design activities by the supplier in November 2021. The project aims to ensure a safer and more efficient service management, to increase the frequency of trains and, consequently, to increase the line transport capacity. The work is fully financed by ministerial contributions and by the Municipality of Milan;
- the renovation of the armament. The works, started in the summer of 2021, are aimed at the renewal of some sections of line in which the armament has suffered a performance decay of mechanical components or has been realized with technical solutions that do not allow the expected increase of the driving speed from 70 km/h to 85 km/h. The work is almost entirely financed by ministerial contributions and by the Municipality of Milan.

Finally, ATM is continuing its work on the complete remaking of the M3 metro line, which will contribute to the modernization of the “yellow” line, together with the renewal of the above-mentioned train fleet. The intervention is entirely financed by MIT. In 2021, the tender was launched, which was awarded in April 2022 and is now awaiting the signing of the contract.

In addition, the project to repair the fire-fighting systems of tunnels and stations of the M1 and M2 metro lines has been started. The interventions are co-financed by the Ministry of Infrastructure and Transport and by the Municipality of Milan and are aimed at adapting the existing installations according to the new regulatory references in the field of fire protection, as identified by DM 21/10/2015.

ATM has been commissioned to coordinate all the phases of the activity, from the executive and constructive planning to the supply of the materials and the execution of the works. The work consists in the construction of the subdivision and a new water fire-fighting system in the stations and tunnels of the M1 line between Molino Dorino and Sesto F.S. and the M2 line between Romolo and Crescenzago, as well as in the installation of new fire detection and alarm systems, instead of the existing stations, in 35 stations on the M1 line (Molino Dorino/Inganni – Sesto F.S.) and in 17 stations on the M2 line (Romolo – Crescenzago route). In the second half of 2022, the corresponding authorization procedures were set up for the issuing of invitations to tender and the signing of contracts. Among the investments there is also the revolution of ticketing in local public transport, of which ATM is the leader. The digital transformation of public transport in Milan is now at a turning point in the ticketing mode; in fact, ATM takes a further step forward in the contactless payment revolution. After two years of operation in the metro, the contactless payment system has been extended and installed also on the first bus lines 56, 70 and 73; the extension of this payment method to the car parks is being planned.

Strategic Industrial Plan 2021 – 2025 and Project “Milano Next”

On March 25, 2021, the Board of Directors approved the ATM Group's Industrial Strategic Plan 2021-2025. The mission of the Group, updated but in substantial continuity with the previous strategic plan, is based on the following aspirations:

- To be a recognized excellence at national and international level for the sustainable management of integrated mobility, through a service characterized by the centrality of the consumer, which is technologically advanced, efficient and resilient;
- To become a promoter of the change and revival of Milan, of its evolution in a more livable, sustainable, secure and smart city;
- Promote the valorization of its people and assets through the development of new skills and the attraction and growth of talent by promoting a culture open to diversity and inclusion.

Thanks to the definition of three main strategic guidelines, operational efficiency, business expansion and sustainability, in contrast to the first two guidelines, we have moved on to the identification of precise strategic initiatives, functional to the achievement of the challenging objectives that have been set.

The guidelines of the strategic plan are based on the assumptions of going concern, which can also be pursued after the expiry of the service contract entrusted to the Company for the management of public transport and related and complementary services in the city of Milan on December 31, 2023, based on the above considerations.

In the same perspective on going concern, as anticipated, ATM and the selected industrial partners have prepared the project “Milano Next”, defining the infrastructure interventions, for the environment, the security and the management of integrated mobility services necessary for the improvement of the local public transport service.

In fact, the implementation of the Strategic Industrial Plan 2019 – 2025, approved on April 1, 2019 by the Ordinary Shareholders' Meeting, and on the basis of the subsequent resolution of the Board of Directors, the draft project financing proposal called “Milano Next” was approved as an instrument implementing the guidelines established in the plan.

Subsequently, on May 23, 2019, the temporary grouping of companies, consisting of ATM, A2A Smart City S.p.A., Bus Italia – Sita Nord S.r.l., Commscon Italia S.r.l., Hitachi Rail STS S.p.A. and IGPDecaux S.p.A., presented to the competent bodies, Bacino Agency and Municipality Milan City Council, thus the project financing proposal called “Milano Next”. The aim of the proposal is the implementation of infrastructure interventions and investments in mobility, environment and security and the operational management, for a period of 15 years of integrated mobility services within the framework of the Bacino of the Metropolitan City of Milan, Monza and Brianza, Lodi and Pavia. The proposal submitted is declared to be of “public interest” and the temporary grouping of undertakings established for that purpose is the successful tenderer of the relevant invitation to tender, therefore the project should provide for the establishment of an SPV.

The Bacino Agency and the Municipality of Milan, as anticipated, must assess the public interest of the proposal which, in the event of a favorable evaluation, will be the subject of the tender procedure referred to in Article 183, paragraph 15, of Legislative Decree no. 50/2016. As anticipated in the event that potential competitors submit improvement offers (both in economic and qualitative terms), “Milano Next”, as the subject “of the promoter”, will be able to exercise, in accordance with the already mentioned art. 183, paragraph 15, of Legislative Decree no. 50/2016, a right of pre-emption.

Following the Presentation of the project financing proposal, between June 2019 and December 2021, work continued on two fronts:

- Inside the proposing team, the interlocutions aimed at defining the perimeter and the contractual conditions of the services of competence of each partner have been started, through the drafting of term sheets aimed at regulating the EPC and O&M operations; Technical tables for detailed activity planning and the definition of transition strategies have also been set up, and regular meetings of the coordination Committee have been held to address the most important issues at collegial level;
- In external relations with the evaluators, a constructive discussion has been initiated, aimed at deepening the contents of the proposal presented through the convening of meetings and the exchange of correspondence aimed at providing the clarifications and the additional elements required.

Precisely in view of the epidemiological effects of COVID-19 and the difficulties for local public transport agencies of having a stable economic and financial framework for the adoption of preparatory acts necessary for the start of the entrusts, the Lombardy Region itself has provided that the Agencies will carry out the procedures for entrusting local public transport services within a time limit which is now set within two years of the end date of the state of emergency (i.e. to date December 31, 2023 – art. 30, Regional Law May 25, 2021 n. 8).

In January 2022, the Bacino Agency and the Milan Commune, in confirming the consistency of the “Milano Next” proposal with the strategic objectives of the two granting entities, announced that they had suspended the feasibility assessment procedure for the latter, in view of the ever-changing environment due to the ongoing pandemic and uncertainty about the resulting economic scenario and emerging financing opportunities.

During 2022, the interlocutions with the evaluators continued, with the aim of analyzing and deepening the proposal presented. In the light of the interlocutions and the timing necessary for the opening of the future tenders, the directors reasonably consider that they are likely to rely on the activities as from 1 January 2025.

Remarks on the financial results of the ATM Group



The financial statements of the ATM Group at December 31, 2022 are drawn up in accordance with the IAS/IFRS principles.

For a better understanding of the 2022 consolidated annual financial statements, characterized by the conflict between Russia and Ukraine and the progressive rise in Raw materials and agricultural prices, partly due to the continued growth of inflation, started in the summer months of 2021 with a value of about 12.3% in Italy in December 2022, the Group, as recommended by ESMA with the Public Statement of May 31, 2022 32-63-1277, in order to assess the recoverability of the invested capital included in the annual consolidated financial statements, it carried out an impairment test and a sensitivity analysis on certain variables directly affected by the effects mentioned. This analysis was carried out in line with the impairment test and, therefore, on the business lines which had suffered the most from the pandemic, namely “local public transport and complementary services” and “local public transport in the long-distance area” as defined in Note 7 “Operational performance – sector analysis”.

The consolidated economic, balance sheet and comparative sustainability results determined taking account of the above:

- > Operating income for 2022 was positive at 31,029 thousand euros (negative at 13,655 thousand euros at December 31, 2021).
- > The Group’s operating profit amounted to 15,544 thousand euros (an operating loss of 16,022 thousand euros at December 31, 2021).
- > Current assets rose from EUR 392,467 thousand at December 31, 2021 to EUR 501,953 thousand at December 31, 2022.
- > Current liabilities rose from EUR 364,806 thousand at December 31, 2021 to EUR 433,592 thousand at December 31, 2022.
- > Net financial debt is positive, taking into account the outstanding amounts of bonds and UCITS held, and an improvement of 38,678 thousand euros and stands at 36.776 thousand euros at December 31, 2022, while it was negative and equal to 1,902 thousand euros last year.
- > The net capital invested rose from 1,405,799 thousand euros at December 31, 2021, to 1,378,618 thousand euros at December 31, 2022, and is covered for 83.8% by net equity.

The consolidated comparative sustainability results are as follows:

- > The value generated in 2022 amounted to 1,099,426 thousand euros (in 2021 1,019,309 thousand euros)
- > The value distributed in 2022 was 1,000,892 thousand euros (in 2021 935,266 thousand euros)
- > The value retained in 2022 was 98,534 thousand euros (in 2021 84,043 thousand euros)

Consolidated income statement

	2022	2021	Variation
Revenue and other operating income			
Core business Revenue	905,587	864,317	41,270
Local Public Transport Revenues of which:	878,343	848,210	30,133
Service Contract Municipality of Milan	697,751	670,415	27,336
Service Contract Copenhagen	114,789	101,738	13,051
Service contract - Intercity	19,227	20,047	(820)
Service Contract M5 Line	24,448	22,724	1,724
Service Contract M4 Line	1,459	-	1,459
Ticket sales - Intercity	10,606	7,054	3,552
Special/dedicated transport services	10,063	26,232	(16,169)
On – street parking management fees	15,716	8,031	7,685
Car parking management fees	7,971	5,222	2,749
Vehicle towing management fees	3,428	2,950	478
Other core business revenues	129	(96)	225
Other revenue	93,317	68,331	24,986
Other income of which:	92,566	76,606	15,960
CCDL contributions	50,190	50,190	-
Total revenues and other operating income	1,091,470	1,009,254	82,216
Operating costs and other expenses			
Purchase of goods and changes in inventories	(88,974)	(76,020)	(12,954)
Services costs	(309,069)	(289,120)	(19,949)
Maintenance and cleaning costs	(158,561)	(146,687)	(11,874)
Electrical traction energy	(49,859)	(47,804)	(2,055)
Subcontracted transport services	(31,682)	(38,533)	6,851
Utilities	(21,417)	(15,795)	(5,622)
Production and distribution of travel titles	(7,678)	(6,350)	(1,328)
Insurance	(6,057)	(6,330)	273
Customer services, advertising and marketing	(4,792)	(3,171)	(1,621)
Personnel Services	(4,908)	(3,810)	(1,098)
Miscellaneous services	(8,859)	(7,316)	(1,543)
Professional services	(12,967)	(10,635)	(2,332)
Costs for supervision	(2,289)	(2,689)	400
Operating leasing costs	(2,110)	(2,090)	(20)
Personnel expenses	(568,910)	(546,427)	(22,483)
Salaries and wages	(413,956)	(408,384)	(5,572)
Social security contributions	(100,618)	(93,064)	(7,554)
Post- Employment benefits	(24,668)	(23,683)	(985)
Other costs	(30,279)	(22,761)	(7,518)
Personnel costs for internal work	611	1,465	(854)
Other costs and operating expenses	(9,088)	(12,299)	3,211
Total costs and other operating costs	(978,151)	(925,956)	(52,195)
EBITDA	113,319	83,298	30,021

	2022	2021	Variation
Amortisation, depreciation and write – down	(82,290)	(96,953)	14,663
Depreciation - Property, plant, and equipment	(118,644)	(122,801)	4,157
<i>Plants and machinery</i>	(106,315)	(109,581)	3,266
<i>Buildings</i>	(5,425)	(6,752)	1,327
<i>Industrial and commercial equipment</i>	(3,566)	(3,149)	(417)
<i>Other goods</i>	(3,338)	(3,319)	(19)
Plant capital grants	40,554	35,947	4,607
Amortization - intangible assets	(1,590)	(1,334)	(256)
<i>Software Licenses</i>	(1,590)	(1,334)	(256)
<i>Depreciation right of use for leased assets</i>	(2,510)	(2,231)	(279)
<i>Impairment – Property, plant, and equipment</i>	(100)	(7,724)	7,624
<i>Impairment – value resets</i>		1,190	(1,190)
EBIT	31,029	(13,655)	44,684
<i>Financial income</i>	3,358	6,682	(3,324)
<i>Financial expenses</i>	(18,990)	(6,484)	(12,506)
Net financial income (expenses)	(15,632)	198	(15,830)
Share of the result of companies measured under the equity method	4,598	3,373	1,225
Pre-tax result	19,995	(10,084)	30,079
Income taxes	(4,451)	(5,938)	1,487
Profit/(loss) for the period	15,544	(16,022)	31,566
Profit/(loss) for the period attributable to:			
Shareholders of the parent company	10,279	(19,393)	29,672
Non-controlling interest (*)	5,265	3,371	1,894
Total	15,544	(16,022)	31,566

(*) values mainly attributable to the minority shareholder of the direct subsidiary International Metro Service S.r.l. and the indirect subsidiary Metro Service A/S.

In order to better understand the economic performance and to allow comparability of the 2022 and 2021 financial statements characterized by significant non-recurring economic effects, the Directors considered that the non-recurring effects were highlighted in the following table in order to identify the “normalized” trend of the economic result; As provided for in the ESMA recommendation, indications are given relating to the nature of the items considered in the reconciliation.

The impact of non-recurring effects is presented belows:

	2022	2021
Profit/(loss) for the period	15,544	(16,022)
Other income	(12,439)	(5,346)
Services costs	(1,180)	-
Personnel costs	1,600	366
Amortization, depreciation and write-down	100	6,533
Total non-recurring effects	(11,919)	1,553
Profit/(loss) for the adjusted period	3,625	(14,469)

The item “*other income*” refers to the non-recurring effect of investment grants for which the title to be registered was completed in 2022 for EUR 5,446 thousand, EUR 4,939 thousand to the non-recurring effect on the electricity tax credit, which was provided with extensive and detailed information in the paragraph “Main Regulatory interventions”, and finally, EUR 2,054 thousand to the operating contributions relating to the Ristori Decrees (Of which EUR 1,526 thousand are the responsibility of NET S.r.l. and EUR 528 thousand are the responsibility of ATM S.p.A. for the management of the Como – Brunate Funicular), EUR 4,385 thousand in 2021. In 2021, the non-recurring effects also referred to, for EUR 961 thousand to the issue of funds entered in previous years for risks related to qualitative penalties or to the penalties for minor mileage of the Service contracts concluded between the Bacino Agency and NET S.r.l. following the definition of the fees for the second half of 2017 and to the year 2018.

The item “*services costs*” for EUR 1,180 thousand refers to the release of the Environmental Fund on the basis of new and more up-to-date information than was available in previous financial years.

The item “*personnel costs*” for a total of EUR 1,600 thousand (EUR 367 thousand as of 31 December 2021) refers to the recognition by the Ministry of Labor of the application for contributions for sickness charges for the year 2014 ÷ 2018 for EUR 10,559 thousand (EUR 17,406 thousand in 2021), limited to the portion compensated for the financial year, for EUR 8,740 thousand (EUR 15,160 thousand in 2021) the provision made to deal with risks related to a staff dispute relating to the recognition of certain specific wage codes during the holiday periods and for EUR 3,419 thousand to the higher non-recurring costs for redundancy incentives granted to staff close to retirement (in 2021 it was EUR 2,612 thousand).

The item “*Amortization, depreciation and write-downs*” is affected by the non-recurring effect of adjusting the value of the land and the deposit located in via Pompei in Monza and owned by the subsidiary Net S.r.l. for EUR 100 thousand. In the financial year 2021, non-recurring effects totaling to EUR 6,533 thousand were recorded, of which EUR 4,026 thousand were the non-recurring effect connected with the devaluation of 5 technologically obsolete trams and EUR 2,507 thousand at the value of the write-downs in the income statement determined by the adjustment to *fair value* in application of the method of revalued cost of property following the expert report prepared by a primary independent third party operator experienced in *the real estate market*.

To further benefit from a better understanding of the consolidated income statement, the main components of revenues, costs, income and expenses are analyzed below.

Revenue and other operating income

"*Revenues and other operating income*" in 2022 amounted to EUR 1,091,470 thousand (EUR 1,009,254 thousand at December 31, 2021) and increased by 82,216 thousand euros. To the total of the revenues they concur the "Revenues of the characteristic management" for EUR 905,587 thousand, the "Other Revenues" for EUR 93,317 thousand and the "Other income" for EUR 92,566 thousand.

The "*Core business Revenue*" amounted to EUR 905,587 thousand (EUR 864,317 thousand at December 31, 2021) and increased by a total of EUR 41,270 thousand.

The item “Revenues from TPL” increased by EUR 30.133 thousands; the following are the determinants:

- The “*Service Contract Municipality of Milan*” increases by EUR 27,336 thousand. The increase is linked to the recognition, by the Board of Directors, of the adjustment, contractually established, of the consideration for the greater distances exercised by the Company and requested by the Board of Directors;
- The “*Service Contract Copenhagen*” increased from 2021 by EUR 13,051 thousand. The higher revenues are linked to the increase in the service thanks to the new trains that have entered into operation, to the recognition by the Board of the contracted indexation and finally to the definition, together with the Board of the Board, of the “*performance bonuses*” that are due to the operator;
- The “*Service Contract – Intercity*” decreases by EUR 820 thousand. The item is based on the definition in July 2021 with Bacino Agency of the fees due to the subsidiary NET S.r.l. for the second half of 2017 and the year 2018;
- The “*Service Contract M5 Line*” increased by EUR 1,724 thousand compared to the previous year. The variation is linked both to the recognition of the indexation of the consideration as contractually foreseen and to the higher performances carried out during 2022;
- The “*Service Contract M4 Line*” increased by EUR 1,459 thousand euros compared to 2021 for the opening of the M4 line on November 26, 2022. The amount shall relate to the period for the operation of the heading from November 26, 2022, the date of its opening to the public, to December 31, 2022;
- The “*Ticket sales – Intercity*” which increases by EUR 3,552 thousand, as a result of the resumption of sales volumes of travel licenses following the disappearance of restrictions on the mobility of persons and restrictions on the capacity of the means imposed by the Italian Government;
- The “*Special/dedicated transport services*” down by EUR 16,169 thousand. The latter variation is linked to the minor additional transport services that ATM S.p.A. and its subsidiary Net S.r.l. have carried out at the request of the bodies entrusted to the Municipality of Milan and to the Bacino Agency. These additional services were carried out for the whole of 2021, while in 2022, in view of the disappearance of the state of emergency on March 31, 2022, for the first half only. These services have been financed through specific regulatory measures by the Italian Government to cover the costs, as described in the chapter “*The ATM Group and the COVID emergency - 19*” of this document;
- The services complementary to the Service Contract with the Municipality of Milan such as station, parking, removal and the other revenues of the characteristic management increased by a total of EUR 10,912 thousand. In particular, “*Revenue from station management*” increased by EUR 7,685 thousand, due to the resumption of the rest-on-payment scheme which was suspended until June 8, 2021; The “*Revenues from parking management*” and the “*revenues from car removal management*” increase by EUR 2,749 thousand and EUR 478 thousand respectively. The increase in the two items is linked to the resumption of activities in 2022.

The "Other core business revenues" for EUR 129 thousand (negative and EUR 96 thousand at December 31, 2021) and refer to the reimbursement of the secondment of staff from the ATM Group in other companies.

As regards other operating income and revenues, "Other revenues" in 2022 amounted to EUR 93,317 thousand (EUR 68,331 thousand at December 31, 2021) and increased by EUR 24,986 thousand. the

increment of the item is attributable to the greater "Revenues for rendered services" in increment regarding 2021 of EUR 15,431 thousand and are tied, mainly, to the major services performed by the Parent Company ATM S.p.A. for maintenance activities on infrastructure owned by the municipality, for the implementation and management of the payment system of Area B and C and the Traffic and Territory Control system, and on a residual basis for the services provided by the Danish subsidiary to the entrusted entity. In addition, for the period January 1, 2022 ÷ November 25, 2022, SPV M4 S.p.A. was charged the costs of maintaining the line following the postponement of the opening of the M4 metro line to November 26, 2022, initially scheduled for July 2021. In addition, the increase in the item under review was positively affected by the increased revenues from advertising for EUR 7,389 thousand and space lease for EUR 998 thousand; an increase due to full application, following the collapse of the emergency situation and the full recovery of economic activities in 2022, contractual forecasts.

The "Other income" in 2022 amounted to EUR 92,566 thousand (EUR 76,606 thousand at December 31, 2021) and increased by EUR 15,960 thousand. The increase in the item is due for EUR 6,615 thousand to "Insurance refunds and costs incurred on behalf of third parties" and for EUR 8,988 thousand to "Contributions". The increase is linked to the share of investment grants for which the security to be registered was perfected in 2022 for EUR 5,446 thousand, in addition, the tax credits on the purchase of electricity granted to non-energy-intensive companies are entered under the heading, which is widely described in the paragraph "Main regulatory measures for the local public transport sector" for EUR 4,939 thousand; a partial compensation were recorded minor contributions related to the "Decreases Rebates" of competence of NET S.r.l. that have passed from EUR 3,524 thousand in 2021 to EUR 1,526 thousand and competence of the parent company referred to the management of the funicular Como - Brunate that have increased from EUR 861 thousand in 2021 to EUR 528 thousand in 2022. From last the increment for EUR 2,927 thousand of the item "Other income" referable in prevailing way to the greater relative returns to the "Fines to the passengers" is reported.

These changes were partially offset by EUR 1,768 thousand by the decrease in "Income for penalties invoiced to suppliers".

The item includes for EUR 50.190 thousand the contributions for CCDL for the year, the amount of which is unchanged compared to the previous year, allocated under Law no. 47 of February 27, 2004 to cover the costs arising from the renewal of the collective employment contract for the two-year period 2002/2003, with Law no. 58 of April 22, 2005 to cover the charges deriving from the renewal of the CCIL two-year period 2004/2005 and with Law no. 296 of December 27, 2006 (Financial 2007) to cover the charges of the renewal of the CCIL two-year period 2006/2007.

Costs and other operating expenses

"Costs and other operating expenses" amounted to EUR 978,151 thousand (at December 31, 2021 amounted to EUR 925,956 thousand) and increased by EUR 52,195 thousand.

The main variations relate to:

- "Purchase of goods and changes in inventories" amounted to EUR 88,974 thousand (EUR 76,020 thousand at December 31, 2021) which increased by EUR 12,954 thousand compared to December 31, 2021. The increase is due to the increased costs incurred by the Parent Company ATM S.p.A. and its subsidiary NET S.r.l. for the purchase of diesel for transport; a cost that is affected by the impact of the conflict between Russia and Ukraine on commodity prices, and stocks of Metro Service A/S to meet the increased maintenance needs related to the

purchase of 8 new trains. Finally, the item discounts the decrease of the excise tax refund on diesel following the regulatory interventions of which has been widely described in the paragraph "Main regulatory interventions for the local public transport sector";

- "Services costs" amounted to EUR 309,069 thousand (EUR 289,120 thousand at December 31, 2021) which increased by EUR 19,949 thousand. The main items, which show an increase compared to December 31, 2021, are:
 - "*Maintenance and cleaning costs*" increased for EUR 11,874 thousand. The increase is due both to the increase in maintenance activity and to the effects of the performance on the reliability. With reference to activities abroad, the increase is due to cyclical maintenance on trains, while with reference to the Holding Company ATM S.p.A. to the higher costs related to the interventions on armament and infrastructure as well as to the higher charges due to the internalization of the rolling stock maintenance activities as a consequence of the expiry of the full contracts maintenance service included in the purchase contracts that were in the hands of the suppliers of the vehicles. With regard to cleaning, the most significant increase refers to the cleaning of vehicles for sanitization and sanitation of vehicles, which have been carried out since the first days of the COVID-19 pandemic in addition to the recognition to suppliers of inflationary adjustments on the performance made;
 - "*Electrical traction energy*", increasing for EUR 2,055 thousand. This item reflects both the higher costs incurred by the Danish subsidiary in indexing the contracts for the supply of traction electricity and the higher costs borne by the parent company. With regard to the latter, in the face of a decrease in service, the effects on the supply price, an increase compared to 2021, were mitigated because the tender for the supply of energy for the year 2022 was allocated in July 2021, before the explosion of energy prices in the autumn period and before the outbreak of the Russia-Ukraine conflict. In fact, the award of the tender took place at a fixed price of about 84 €/MWh (including certification of origin from renewable sources), against a PUN (National Single Price) that in the summer months reached values of 500 €/MWh or more;
 - "*Utilities*" increase compared to 2021 of EUR 5,622 thousand mainly for the increased charges for gas and district heating for EUR 4,728 thousand; this increase is fully affected by the impact on the price of the energy commodities of the conflict between Russia and Ukraine and for the water and sewage service, an increase of EUR 981 thousand compared to 2021;
 - "*Production & distribution of travel titles*" production and distribution of travel securities 1.328 an increase of " thousand euros , as a result of the recovery of sales volumes;
 - "*Customer services, advertising and marketing*" increased by EUR 1,621 thousand compared to 2021. The higher costs incurred in 2022 refer mainly to new comarketing initiatives amounting to EUR 922 thousand, EUR 472 thousand for the resumption of the restaurant tram business – activities suspended in 2021 – and finally the increased toll-free charges of EUR 387 thousand;
 - "*Personnel services*" increased by EUR 1,098 thousand compared to 2021. The increase is attributable to the training activities carried out in favor of employees, which increase by EUR 675 thousand, and to travel expenses, which increase by EUR 301 thousand compared to 2021, medical costs and the management service of nurseries, which increase by EUR 100 thousand and EUR 33 thousand respectively;

- “*Miscellaneous services*” increased by EUR 1,543 thousand compared to 2021; it mainly refers to charges for bank fees for EUR 4,711 thousand (EUR 3,434 thousand in 2021) and the costs related to transport services and material handling and waste disposal for EUR 2,730 thousand (EUR 2,535 thousand in 2021);
- “*Professional services*” increased by EUR 2,332 thousand compared to 2021. The increase is due to the support activities of external consultants to the participation of international competitions in the context of the geographical expansion that the Group is carrying out in a manner consistent with the assumptions of the strategic plan 2021 ÷ 2025.

The main cost items that instead have a decrease are:

- “*Subcontracted transport services*” decreased by EUR 6,851 thousand compared to 2021, the change is due to the lower additional transport services that the ATM Group companies, in view of the deadline of March 31, 2022 of the state of emergency, they had to request carriers to guarantee the same service offering in the face of the reduction in the capacity of the means during the COVID emergency – 19;
 - “*Security costs*” decreases compared to 2021 by EUR 400 thousand. The decrease is linked to the lower performance in 2022 compared to 2021, the year in which the Trustee requested Metro Service A/S for additional services in this regard.
- “*Operating leasing costs*” in line with the recognized costs in the previous year;
- “*Personnel costs*” which amounted to EUR 568,910 thousand (EUR 546,427 thousand at December 31, 2021), increased by a total of EUR 22,483 thousand. This increase stems from higher costs related to “Wages and salaries” for EUR 5,572 thousand, the “Other costs” for EUR 7,518 thousand, the “Personnel costs for internal works” for EUR 854 thousand and the higher “Charges for defined contribution plans” for 985 thousand euros and finally by the major “Social Security Contributions” for 7,554 thousand euros. The higher “Wages and salaries” are mainly linked to the higher salaries of the staff of the Danish subsidiary Metro Service A/S, to the increase in overtime pay, for variable remunerations and to the renewal of the CCNL happened in the course of 2022 with effect July . With regard to the reasons for the decrease, the lower provisions for holidays, renewal of CCNL / pdr and MBO should be reported compared to the previous year. The higher “Social security contributions” are mainly determined by lower reimbursements of sickness costs, minor releases related to PdR and MBO and greater contributions related to the renewal of the CCNL already highlighted in the item “Wages and salaries” as well as the lower non-recurring effect linked to the reimbursement of sickness expenses compensated in the year amounted to EUR 10,599 thousand (EUR 17,406 thousand in 2021). The increase in the item “Other costs” is linked to the non-recurring effect of a dispute with employees, amounting to EUR 740 thousand, concerning the recognition of certain specific pay codes during holiday periods;
- “*Other costs and operating expenses*” which amounted to EUR 9,088 thousand (at 31 December 2021 equal to EUR 12,299 thousand) decrease by EUR 3,211 thousand. The decrease compared to the same period of 2021 is mainly due to the dynamics of the provision for impairment of receivables for EUR 1,791 thousand and the increased provisions made to cope with emerging risks for EUR 252 thousand. Finally, the item decreased by EUR 1,875 thousand due to the dynamics related to contingent liabilities; in fact, in 2021, EUR 1,797 thousand of passive contingency were recognized in

respect of the settlement of a dispute between the Danish subsidiary Metro Service A/S and the Metroselskabet I/S over the recognition of a VAT credit on the service contract;

- “*Amortization, depreciation and write – down*” amounted to EUR 82,290 thousand (EUR 96,953 thousand at December 31, 2021) and decreased by EUR 14,663 thousand. The change is due to lower depreciation, net of contributions, for EUR 7,039 thousand and lower depreciation for EUR 7,624 thousand.

The “*Net financial income (expenses)*” are negative and amounted to EUR 15,632 thousand (at 31 December 2021 positive and amounted to 198 thousand euros) and decrease by EUR 15,830 thousand.

The item “*Financial income*”, totalling to EUR 3,358 thousand (EUR 6,682 thousand at December 31, 2021), decreased by EUR 3,324 thousand. This decrease is linked on the one hand to the lower net profits achieved by the trading of financial assets (decreased compared to the same period of 2021 of EUR 2,037 thousand), the lower income from fair value adjustment of the securities designated FVTPL (down from last year of EUR 1,749 thousand), in addition to the lower interest income of EUR 57 thousand. Other financial income increased by EUR 519 thousand: the value of the item is contributed by adjusting the value of the stake held in Movibus S.r.l. to the representative value of ATM S.p.A. equity for EUR 37 thousand (EUR 131 thousand in 2021).

The item “*Financial expenses*”, equal to a total of EUR 18,990 thousand (EUR 6,484 thousand at December 31, 2021), worsening, compared to 2021, by EUR 12,506 thousand. The change is mainly linked to higher interest for defined benefit plans to employees (increased compared to 2021 of EUR 1,522 thousand), higher charges for adjustment to the fair value of the securities designated FVTPL and financial credits (increased compared to 2021 by EUR 10,058 thousand) and finally to losses on securities for EUR 737 thousand. The item also consists of interest expense recorded on the bond loan and financial debts for the disbursements of the European Investment Bank for an amount of EUR 4,323 thousand (at December 31, 2021 equal to EUR 4,214 thousand) and increased by EUR 109 thousand compared to 2021.

The “*Share of the result of companies measured under the equity method*”, amounting to a total of EUR 4,598 thousand, includes the valuation of the companies Metro 5 S.p.A. for EUR 4,483 thousand, SPV Linea M4 S.p.A. for EUR 17 thousand and Movibus S.r.l. for EUR 98 thousand with the equity method.

The item “*income tax*” includes for EUR 1,104 thousand the repayment of deferred tax liabilities recorded against adjustment to fair value in application of the revalued cost method of real estate and fair value measurement of rolling stock and for EUR 2,282 thousand movements in the period of tax advances on risk funds. The current taxes refer mainly to those of Società Metro Service A/S for EUR 3,425 thousand.

The “*Profit/(loss) for the period*” is equal to EUR 15,544 thousand, included the profit due to third parties that is equal to EUR 5,265 thousand. The contribution to the formation of the operating result of the foreign subsidiary Metro Service A/S is positive and amounted to EUR 10,704 thousand.

Reclassified consolidated balance statement of financial position

	12.31.2022	12.31.2021
NET INVESTED CAPITAL		
Property, plant, and equipment	1,194,606	1,287,531
Intangible assets	4,303	4,201
Right of use for leased assets	6,977	7,778
Financial fixed assets	101,171	78,558
A. FIXED CAPITAL	1,307,057	1,378,068
Trade receivables	229,505	190,900
Other current assets	173,321	102,945
Inventories	99,127	98,622
B. CURRENT ASSET	501,953	392,467
Trade payables	289,795	230,288
Other current liabilities	143,797	134,518
C. CURRENT LIABILITIES	433,592	364,806
Q. WORKING CAPITAL (D=B-C)	68,361	27,661
NET INVESTED CAPITAL (E=A+D)	1,375,418	1,405,729
Asset and liabilities from discounted operation	3,200	70
TOTAL NET INVESTED CAPITAL AND DISCONTINUOUS ASSETS AND LIABILITIES	1,378,618	1,405,799

The total “*net invested capital and discontinuous assets and liabilities*” at December 31, 2022 amounted to EUR 1,378,618 thousand and decreased by EUR 27,181 thousand compared to December 31, 2021.

The “*Fixed Capital*” at December 31, 2022 amounted to EUR 1,307,057 thousand. During the financial year, investments amounted to EUR 85,591 thousand (net of the increase in user rights registered under IFRS 16 for EUR 1,708 thousand), while the shares of amortization and write-downs recorded in the income statement amounted to EUR 122,844 thousand (including amortization’s share of user rights of EUR 2,510 thousand) and before the effect of plant contributions of EUR 40,554 thousand euro.

The “*Working capital*” at December 31, 2022 showed an active balance of EUR 68,361 thousand, a decrease of EUR 40,700 thousand compared to December 31, 2021. The change is due to the dynamics of trade receivables and payables and the timing of the collection of investment contributions. The dynamics of variation of the various components of working capital are better analyzed in the explanatory note.

The Group’s “*Net Financial Debt*” at December 31, 2022 - determined in accordance with ESMA Recommendations 32-382-1138 - for the purposes of this Report on Management taking into account the bonds and UCITS held by the Group - is positive and stands at EUR 36,776 thousand, an improvement of EUR 38,678 thousand compared to December 31, 2021. The change compared to December 31, 2021 is mainly due to the increase in liquidity of EUR 12,387 thousand and the decrease in debt linked to the repayment of a short-term financing facility of EUR 15,000 thousand. The balance of the loan with the European Investment Bank decreases due to the repayments made in the year for EUR 11,067 thousand.

Notes	12.31.2022	12.31.2021	Variation
1 (A) Cash and cash equivalents	(182,196)	(114,146)	(68,050)
(B) means equivalent to Cash and cash equivalents	-	-	-
2 (C) other current financial assets	(159,240)	(214,912)	55,672
D) LIQUIDITY (A+B+C)	(341,436)	(329,058)	(12,378)
3 (E) current debt (including debt instruments, but excluding the current portion of non-current financial debt)	35,159	50,020	(14,861)
4 (F) current part of the non-current financial debt	14,892	14,073	819
(G) current financial debt (E+F)	50,051	64,093	(14,042)
(H) Net current financial debt (G+D)	(291,385)	(264,965)	(26,420)
5 (I) Non-current financial debt (excluding the current part and debt instruments)	184,886	197,305	(12,419)
6 (J) Instruments of Debts	69,723	69,562	161
(K) commercial debts and other non-current debts	-	-	-
(L) Non-current financial debt (I+J+K)	254,609	266,867	(12,258)
Total debt (H+L)	(36,776)	1,902	(38,678)

Notes:

- 1 - Includes the balance item "Cash and cash equivalents and equivalent means" described in Note 21.
- 2 - Includes the balance sheet item "current financial assets" described in Note 17 and the current share of State contributions entered under "other receivables and current assets" (Note 20).
- 3 - Includes the short-term "hot money" line and related interest, the current portion of the loan fund with deposits and loans. The items are entered in the balance sheet item "current financial liabilities" described in Note 24.
- 4 - Includes the current share of financing with the European Investment Bank, the interest share of the bond and the current share of lease liabilities, entered in accordance with the IFRS16 accounting standard. The items are entered in the balance sheet item "current financial liabilities" described in Note 24.
- 5 - Includes the non-current portion of the financing with the European Investment Bank and the non-current portion of the lease liabilities entered in accordance with the IFRS16 accounting standard, entered under the heading "Non-current financial liabilities" described in Note 24.
- 6 - Includes the non-current share of the bond included in the item "Non-current financial liabilities" described in Note 24.

	12.31.2022	12.31.2021
SOURCES OF FINANCING		
Financial payables	304,660	330,960
Financial receivables	-	-
Cash and cash equivalents and notes	(341,436)	(329,058)
F. NET FINANCIAL DEBT	(36,776)	1,902
Employee benefits	89,351	113,579
Provision risks and charges	148,699	141,509
G. NON-CURRENT LIABILITIES	238,050	255,088
H. EQUITY	1,155,399	1,130,414
- Share capital	700,000	700,000
- Reserves	393,878	409,087
- Retained earnings	61,521	21,327
I. NON-CONTROLLING INTERESTS	21,945	18,395
L. SOURCES OF FINANCING (L=F+G+H+I)	1,378,618	1,405,799

The "*Group Equity*" at December 31, 2022 amounted to EUR 1,155,399 thousand, an increase of EUR 24,985 thousand. The increase is attributable to the opposite effect of the positive change in the item "*Retained earnings*" for EUR 40,194 thousand, including the increase in profit of EUR 29,672 thousand and the negative change in the item of "*Reserves*" for a total of EUR 15,209 thousand. This last one is justified by the negative variation for EUR 29,915 thousand deriving from the cover of the "*Loss of exercise*" 2021, from the positive contribution of EUR 10,501 thousand of the total income related to the valuation of severance payments according to the actuarial methodology provided for in IAS 19 and EUR 4,150 thousand to the other positive changes in the comprehensive income related to the valuation of the securities portfolio and the change in "*Cash Flow Hedge Reserve*".

	2022	2021	Variation
Profit/(loss) for the period	15,544	(16,022)	31,566
<i>Adjustments to reconcile net profit to operating cash flow:</i>			
- Amortization, depreciation and write-downs and from consolidation	82,253	76,364	5,889
- net capital gains on asset sales	(313)	(1)	(312)
- income taxes, interest, dividends	20,042	5,930	14,112
- financial asset impairment	78	(59)	137
- other non-monetary changes	(4,671)	10,941	(15,612)
Change in net working capital	1,265	4,366	(3,101)
Change in provision for cash and cash equivalent	30	182	(152)
Non-current liabilities (change in provision for risk and charges and severance indemnity fund)	(3,742)	1,668	(5,410)
Interest paid on leased assets IFRS 16	(157)	(155)	(2)
Income Taxes paid, interest (paid) collected, dividends received	(2,810)	(3,969)	1,159
Consolidated financial cash-flow from operating activities	107,519	79,245	28,274
Investments			
Net capital expenditure	(85,591)	(72,672)	(12,919)
Proceeds from technical disposals.	680	395	285
Change in supplier payables for capital expenditure	27,032	(30,704)	57,736
Investments in financial assets	31,743	(4,100)	35,843
Changes in plant grants	16,230	17,777	(1,547)
Consolidated free cash flow	97,613	(10,059)	107,672
Changes in current and non-current financial payables	(26,067)	4,077	(30,144)
Cash flow of own capital (dividends paid)	(1,715)	(1,470)	(245)
Exchange rate effect	648	253	395
Reimbursement of the principal amount of leased assets IFRS 16	(2,399)	(2,334)	(65)
Consolidated net cash flow in the year	68,080	(9,533)	77,613

The “consolidated cash flow from operating activities” in 2022 amounted to EUR 107,519 thousand, an increase of EUR 28,274 thousand compared to 2021. The dynamics linked to the period result contributed to the formation of the result, mainly: the positive impact of which has been partly offset by the change in taxes and financial items and depreciation which have been offset by the change in non-current liabilities linked to the amount of provision for risk and charges resulting from the definition of the disputes and other non-monetary changes that relate to changes in equity reserves and investments in associates. This flow guaranteed the coverage of the needs deriving from the investment activity (EUR 85,591 thousand net of disposals).

The consolidated free cash flow is positive and equal to EUR 97,613 thousand mainly due to the dynamics linked to investments and payments of investment suppliers, in addition to the dynamics connected with the management of financial investments.

The consolidated net cash flow in the for the consolidated financial year was positive and amounted to EUR 68,080 thousand euros and includes the repayment of EUR 15,000 thousand euros of the hot money lines, the adjustment of the loan installments with the European Investment Bank for EUR 11,067 thousand, the repayment of loans on leased assets for EUR 2,399 thousand and the payment of dividends to Hitachi Rail STS S.p.A. agreed by International Metro Service S.r.l. for EUR

1,715 thousand. The value of cash and cash equivalents rose from EUR 114,416 thousand at December 31, 2021 to EUR 182,196 thousand at December 31, 2022 gross of the related allowance..

CNFS

Comments on the financial results of ATM S.p.A.

The financial statements of ATM S.p.A. at December 31, 2022 have been prepared in accordance with the IAS/IFRS principles.

For a better understanding of the 2022 annual budget, characterized by the conflict between Russia and Ukraine and the progressive rise in Raw materials and agricultural prices, partly due to continued inflation growth, started in the summer months of 2021 with a value that at the end of the year 2022 exceeded 12% in Italy, the Company, as recommended by ESMA with *the Public Statement* of May 31, 2022 32-63-1277, in order to assess the recoverability of the invested capital entered in the financial statements for the year, it carried out an impairment test and the related sensitivity analysis on certain variables directly affected by the effects mentioned. This analysis was carried out in line with the impairment test and, therefore, on the line of business that had suffered the most from the pandemic, namely “local public transport and complementary services” as defined in Note 7 “Operational performance – sector analysis”.

Below are the consolidated comparative economic and equity results determined taking into account the foregoing:

- > The operating income for 2022 was positive at EUR 15,628 thousand (negative for EUR 28,290 thousand at December 31, 2021).
- > Operating income was equal to EUR 256 thousand euros (operating loss for EUR 29,915 thousand euros at December 31, 2021).
- > Current assets amounted to EUR 437,647 thousand (equal to EUR 343,629 thousand at December 31, 2021).
- > Current liabilities amounted to EUR 379,960 thousand (equal to EUR 334,202 thousand at December 231, 021).
- > The net financial position amounted to EUR 21.133 thousand (EUR 42,084 thousand at December 31, 2021).
- > Net invested capital went from EUR 1,366,694 thousand at December 31, 2021 to EUR 1,331,381 thousand at December 31, 2022, and is 82 % covered by equity.

Income statement

	2022	2021	Variation
Revenue and other operating income			
Core Business Revenue	772,418	745,090	27,328
Local Public Transport Revenues of which:	739,498	723,316	16,182
Service Contract Municipality of Milan	697,751	670,415	27,336
Service Copenhagen Contract	-	-	-
Service Contract Intercity for long-distance area service	3,840	3,843	(3)
Service Contract M5 Line	24,448	22,724	1,724
Service Contract M4 Line	1,459	-	1,459
Ticket sales - Intercity	2,789	1,458	1,331
Special/dedicated transport services	9,211	24,876	(15,665)
On-street parking, parking and vehicles towing management fees	27,117	16,203	10,914
Revenues and services from Group companies	5,803	5,571	232
Other revenue	80,574	52,937	27,637
Other income of which:	83,449	65,750	17,699
NCLA contributions	48,644	48,644	-
Total revenues and other operating income	936,441	863,777	72,664
Operating costs and other charges			
Purchase of goods and changes in inventories	(77,182)	(67,064)	(10,118)
Service Costs	(261,504)	(240,935)	(20,569)
Maintenance and cleaning costs	(136,870)	(122,476)	(14,394)
Electrical traction energy	(33,219)	(32,812)	(407)
Subcontracted transport services	(26,101)	(32,528)	6,427
Utilities	(20,835)	(15,364)	(5,471)
Production and distribution of travel titles	(7,679)	(6,350)	(1,329)
Insurance	(6,059)	(6,452)	393
Customer services, advertising and marketing	(4,681)	(3,100)	(1,581)
Personnel services	(4,087)	(3,175)	(912)
Miscellaneous services	(8,580)	(7,719)	(861)
Professional services	(11,189)	(8,374)	(2,815)
Security costs	(2,204)	(2,585)	381
Operating leasing costs	(1,723)	(1,838)	115
Personnel expense	(493,604)	(478,782)	(14,822)
Salaries and wages	(353,209)	(352,793)	(416)
Social security charges	(93,297)	(87,471)	(5,826)
Post-employment charges	(23,914)	(22,934)	(980)
Other costs	(23,795)	(17,049)	(6,746)
Personnel costs for internal work	611	1,465	(854)
Other costs and cooperating expense	(8,182)	(9,828)	1,646
Total costs and other operating costs	(842,195)	(798,447)	(43,748)
EBITDA	94,246	65,330	28,916
Amortization, depreciation and write-downs	(78,619)	(93,620)	15,001
Depreciation - property, plant and equipment	(115,447)	(119,300)	3,853
Plants and machinery	(105,042)	(107,924)	2,882
Buildings	(5,425)	(6,752)	1,327
Industrial and commercial equipment	(2,443)	(2,208)	(235)
Other goods	(2,537)	(2,416)	(121)
Plant capital contributions grants	40,031	35,271	4,760
Amortization - intangible assets	(906)	(946)	40
Software Licenses	(906)	(946)	40
Other intangible assets	-	-	-
Depreciation right of use for leased assets	(2,296)	(2,112)	(184)
Write-down - property, plant and equipment	-	(6,534)	6,534
EBIT	15,627	(28,290)	43,917
Financial income	4,953	8,169	(3,216)
Financial expense	(18,266)	(5,907)	(12,359)
Net financial income (expenses)	(13,313)	2,262	(15,575)
Pre-tax result	2,314	(26,028)	28,342
Income taxes	(2,059)	(3,887)	1,828
Profit/(loss) for the period	256	(29,915)	30,169

For a better understanding of the economic trend and in order to allow comparability of the 2022 and 2021 financial statements characterized by significant non-recurring economic effects, the Directors considered it appropriate to highlight the non-recurring effects in the following table to allow in order to the identification of the “adjusted” trend of the economic result; In accordance with the ESMA

recommendation, indications related to the nature of the items considered in the reconciliation are provided.

The impact of non-recurring effects is shown below:

	2022	2021
(Loss)/Profit for the financial year	256	(29,914)
Other income	(10,912)	(861)
Service costs	(1,180)	
Personnel expenses	1,160	1,053
Amortization, depreciation and write-downs	-	6,533
Total non-recurring effects	(10,932)	6,725
Adjusted (Loss)/Profit for the adjusted period	(10,676)	(23,189)

The item “*other income*” refers mainly to EUR 5,446 thousand to the non-recurring effect on investment grants for which the title to be registered was completed in 2022, EUR 4,939 thousand to the non-recurring effect on the electricity tax credit, which has been given extensive and detailed information elsewhere in the document and, finally, for EUR 527 thousand to the non-recurring effect linked to the financial contributions relating to the Ristori Decrees falling within the competence of ATM S.p.A. (EUR 861 thousand euros in 2021) relating to the management of the Como – Brunate Funicular.

The item “Service Costs” for EUR 1,180 thousand refers to the release of the environmental provision made on the basis of new and more updated information than those available in previous years.

The item “*Personnel Expense*” for EUR 1,160 thousand (EUR 1,053 thousand in 2021) refers to the recognition by the Ministry of Labour of the application for contributions for health costs related to the year 2014 ÷ 2018 for EUR 10,559 thousand (EUR 16,559 thousand in 2021), limited to the portion offset in the year, for EUR 8,300 thousand (EUR 15,000 thousand in 2021) the provision made to deal with risks related to a dispute with the staff relating to the recognition of certain specific pay codes during the holiday period and for EUR 3,419 thousand to higher non-recurring costs for incentives to leave recognized in the staff close to retirement (in 2021 they were equal to EUR 2,612 thousand).

The “*Amortization, depreciation and write-downs*”, total of Euro EUR 6,533 thousand in 2021, EUR 4,026 thousand refers to the non-recurring effect of the devaluation of five technologically obsolete trams and EUR 2,507 thousand to the value of the write-downs recognized in the income statement determined by the adjustment to fair value in application of the method the revalued cost of the property following the expert report prepared by a primary independent third party operator experienced in the real estate market.

To further benefit from a better understanding of the income statement, the main components of revenues, costs, income and charges are analyzed below.

Revenue and other operating income

"Revenues and other operating income" in 2022 amounted to EUR 936,441 thousand (EUR 863,777 thousand at December 31, 2021) and increased by EUR 72,664 thousand. To such variation they concur the "Core business revenue" for EUR 27,328 thousand, the "Other Revenues" for EUR 27,637 thousand and the "Other Income" for EUR 17,699 thousand.

"Core business revenue" in the reporting period amounted to EUR 772,418 thousand (EUR 745,090 thousand at December 31, 2021) and increased by EUR 27,328 thousand. The item "Local Public Transport Revenues" increased by EUR 16,182 thousand, following the determinants:

- The "Service Contract Municipality of Milan" increases by EUR 27,336 thousand. The increment is tied to the acknowledgment, from the entrusting Agency, of the adaptation, contractually established, of the consideration for the greater distances practiced from the Society and demanded from the entrusting Agency;
- The "Service contract M5 Line" increased compared to the previous year by EUR 1,724 thousand, the change is due on the one hand to the adjustment of the 2022 consideration linked to the recovery of inflation and, on the other hand, the adjustments established in the 2021 financial year for 2020 for EUR 159 thousand and EUR 110 thousand for 2021;
- The "Service contract M5 Line" increased by EUR 1,459 thousand compared to 2021 for the opening of line M4 on November 26, 2022. The fee relates to the period November 26, 2022 ÷ December 31, 2022;
- The "Ticket sales - Intercity" increasing by EUR 1,331 thousand as a result of the resumption of sales volumes of travel tickets due to the disappearance of restrictions on the mobility of people and limitations on the capacity of the means imposed by the Italian Government throughout the phase emergency beyond, the "Mobility4MI" Project, an initiative launched at the end of 2022 and aimed at promoting the widespread use of public transport services in an integrated manner, through the provision of facilities and mobility packages to workers;
- "Special/dedicated transport services" are down by EUR 15,665 thousand. This last variation is linked to the additional transport services that ATM S.p.A. has carried out at the request of the Ente Affidante Comune di Milano within the framework of the "Pact for Milan". These additional services were carried out in full during 2021, while in 2022, in view of the disappearance of the state of emergency on April 1, 2022, for the first half only. These services were financed through specific regulatory measures by the Italian Government to cover their costs, as described in the chapter "ATM Group and the COVID emergency - 19" of the document.

Additional services to the service contract with the City of Milan such as on-street parking, parking, removal increase for a total of EUR 10,914 thousand. In particular, "Revenues from parking management" increased by 7,686 thousand euros, "Revenues from parking management" and "Revenues from car removal management" increased by EUR 2,750 thousand and EUR 478 thousand respectively. The increase is due to the fact that these activities were significantly affected by the impact on economic activities resulting from the emergency phase. Finally, the item "Revenues and services from Group companies" increased by a total of EUR 232 thousand.

As regards other operating income and revenues, "Other Revenues" amounted to EUR 80,574 thousand (EUR 52,937 thousand at December 31, 2021) and increased by EUR 27,637 thousand. The increment of the item is attributable to the greater "revenues for provided services" in increment regarding 2021

of EUR 18.222 thousand for the greater performances carried out and reported to maintenance activities on infrastructures of communal property, the payment system of Area B and C and the Traffic and Territory Control system. Moreover, during 2022 SPV M4 S.p.A. was charged the costs for maintaining the line following the postponement of the opening of the M4 metro line to the public on November 26, 2022, initially scheduled for July 2021. These costs charged to SPV M4 S.p.A. amounted to EUR 6,183 thousand (EUR 3,145 thousand at December 31, 2021).

Finally, the increases related to advertising revenues for EUR 7,358 thousand and revenues for space lease for EUR 996 thousand are reported; both items are positively affected by the recovery of economic activities that has allowed to bring the fees in line with the contractual forecasts.

"*Other Income*" in 2022 amounted to EUR 83,449 thousand (EUR 65,750 thousand at December 31, 2021) and increased by EUR 17,699 thousand. The increase in the item is due to higher commissions on the sale of travel tickets, insurance refunds arising from the activity of LPT, the reimbursements granted by the Trusting Body to the Company for the sanitization costs incurred during the emergency phase connected to the Covid-19 pandemic and finally, the revenues for the installation of vending machines in the M5 line stations. Moreover they concur to the increment of the "*Other Income*" the greater returns for the "to the passengers" for EUR 1,698 thousand.

These changes were partially offset by the minor "*income for penalties invoiced to the suppliers*", amounting to EUR 1,727 thousand. During 2021, significant penalties were issued against electricity suppliers.

The entry "*Other income*" also includes the share of the investment grants relating to contributions for which the licence to be registered was perfected in 2022 for EUR 5,446 thousand and the tax credits on the purchase of electricity granted to non-energy-intensive companies described in the paragraph "*Major regulatory interventions for the local public transport sector*" for EUR 4,939 thousand. Finally, item includes EUR 48,644 thousand of contributions per CCNL for the year, the amount of which is unchanged from the previous year, allocated by Law no. 47 of February 27, 2004 to cover the costs arising from the renewal of the collective labour agreement for the two-year period 2002/2003, Law no. 58 of April 22, 2005 to cover the costs arising from the renewal of the CCNL biennium 2004/2005 and Law no. 296 of December 27, 2006 (financial 2007) to cover the costs of renewal of the CCNL biennium 2006/2007. Finally, contributions for the production of electricity through photovoltaic systems and for the training of personnel are included in the analysis. No significant changes are reported for these items.

Costs and other operating costs

The "*Costs and other operating expenses*" amounted to EUR 842,195 thousand (EUR 798,447 thousand at December 31, 2021) and increased by EUR 43,748 thousand.

The main variations relate to:

- "*Purchase of goods and changes in inventories*", equal to EUR 77,182 thousand (EUR 67,064 thousand at December 31, 2021), which increased by EUR 10,118 thousand compared to December 31, 2021. The increment is due to the greater cost of purchase of diesel oil for automotive, to the decrement of the reimbursement excise duty on the diesel oil as a result of the normative participations of which wide description in the paragraph has been given "*Main regulatory interventions for the Local Public Transport sector*" and finally the increase in the purchase of

materials for maintenance. Moreover the voice discounted the dynamics of the bottom obsolescence supplies;

- “Service costs”, equal to EUR 261,504 thousand (EUR 240.935 thousand at December 31, 2021), increase by EUR 20,569 thousand.

The main components, which increased from December 31, 2021, are:

- “*Maintenance and cleaning costs*” an increase of EUR 14,394 thousand. The increase is due to higher maintenance costs incurred on armament and rolling stock. With regard to the increased maintenance costs incurred on iron rolling stock, is due to the internalization of the rolling stock maintenance activities as a consequence of the end of the term of the full service maintenance contracts included in the purchase contracts that were in the hands of the suppliers of the rolling stock on both iron and rubber. As for cleaning costs, the increase is linked both to the increased cleaning, sanitization and sanitation that ATM S.p.A. has undertaken since the first days of the COVID-19 pandemic is to the higher costs related to the recognition of indexation linked to inflationary dynamics;
- “*Electrical traction energy*” in increment for EUR 407 thousand. The extremely small increase is linked to the fact that the tender for the supply of energy for the year 2022 was awarded in July 2021, before the explosion of energy prices in the autumn and before the outbreak of the Russia-Ukraine conflict. In fact, the award of the tender took place at a fixed price of about 84 €/MWh (including certification of origin from renewable sources), against a PUN (National Single Price) that in the summer months reached values of 500 €/MWh or more.
- “*Utilities*” an increase compared to 2021 of EUR 5,471 thousand. The increase is mainly linked to higher costs for gas and district heating, which have been affected by the dynamics of commodity prices following the outbreak of the conflict between Russia and Ukraine, an increase compared to 2021 of EUR 4,729 thousand and the increased charges for water and sewerage for EUR 961 thousand;
- “*Production and distribution of travel titles*” an increase of EUR 1,329 thousand, as a consequence of the resumption of sales volumes of travel tickets;
- “*Customer services, advertising and marketing*” in increment of EUR 1.581 thousand, is legacy to the greater burdens supported for the comarketing initiatives for EUR 922 thousand, for EUR 472 thousand to the resumption of the activities of the tram restaurant - suspended activities in 2021 - and finally to the increased charges for the toll free number for EUR 387 thousand. During the year, costs were incurred for the construction of the green wall of the Giambellino warehouse for EUR 209 thousand;
- “*Personnel Expense*” an increase of EUR 912 thousand refers mainly to the costs of medical expenses incurred for legal obligations and for medical examinations for EUR 1,717 thousand (EUR 1,650 thousand in 2021) and the costs for training for EUR 1,398 thousand (EUR 819 thousand in 2021). The increase is attributable to the training activities carried out in favor of the dependent staff that increase of EUR 578 thousand, to the expenses for trips in increase regarding 2021 of EUR 235 thousand;
- “*Miscellaneous services*” an increase compared to 2021 of EUR 861 thousand; the increase is mainly due to higher transport costs, totalling to EUR 2,042 thousand (EUR 1,984 thousand in 2021) an increase of EUR 57 thousand and bank commission totalling to EUR 4,665 thousand in 2022 (EUR 3,389 thousand in 2021) applied to the sale of travel

documents by electronic payments, as a consequence of the resumption of sales volumes of travel tickets for EUR 1,275 thousand compared to 2021 partly offset by charges for seconded staff amounted to EUR 739 thousand in 2022 (EUR 1,300 thousand in 2021) down by EUR 507 thousand.

- “*Professional service*” in increment for EUR 2.815 thousand. The increase is due to the support activities of external consultants to the participation of international tenders as part of the geographical expansion that the Parent Company is carrying out within the framework of the 2021 ÷ 2025 Strategic Plan;

The main item of cost that instead presents a decrease refers to:

- “*Subcontracted transport services*” decreasing by EUR 6,427 thousand the variation is linked to the smaller additional transport services that ATM S.p.A. had to request in 2022, compared to 2021, carriers in order to ensure the same service offer in the face of the decrease in the capacity of the means during the emergency COVID - 19.
- “*Operating leasing costs*” in line with what was recognized in the previous year.
- “*Personnel costs*” which amounted to a total of EUR 493,604 thousand (EUR 478,782 thousand at December 31, 2021) increased by EUR 14,822 thousand as a result of higher “Salaries and Wages” for EUR 416 thousand and higher “Social Security Charges” for EUR 5,826 thousand. Among the components that led to an increase in the item “Salaries and Wages” should be considered extraordinary wages, variable allowances, incentives to the exodus and especially the renewal of the CCNL occurred during 2022 with effect from July 1, 2022. With regard to the reasons for the decrease, compared to the previous year, the lower provisions for holidays, renewal of the CCNL / PdR and MBO; the increase in the item “Social security contributions” is determined by the opposing effect of the lower charges linked to the lower provisions referred to in the previous point rather than offset by the lower non-recurring effect linked to the reimbursement of sickness expenses compensated in the year for EUR 10,559 thousand (EUR 16,559 thousand in 2021) and increased contribution charges linked to the renewal of the CCNL as already highlighted in the item “Salaries and wages”. Lastly in 2022 greater expenses for “Burdens for plans to defined contribution” for EUR 980 thousand are found, for “Other costs” for EUR 6,746 thousand, the increase of which is linked to the non-recurring effect of EUR 8,300 thousand relating to a provision for a dispute with staff in addition to the minor recoveries related to “Staff costs for internal works” for EUR 854 thousand;
- “*Other costs and operating expenses*” which amounted to a total of EUR 8,182 thousand (EUR 9,828 thousand at December 31, 2021) and decreased by EUR 1,646 thousand. The decrease compared to 2021 is due, in particular, the dynamics of the allowance for doubtful accounts decreased in the period of EUR 1,707 thousand for releases made during the year partly offset by the increased provisions made to cope with emerging risks for EUR 259 thousand.

The “*Amortization, depreciation and write-downs*” amounted to a total of EUR 78,619 thousand (EUR 93,620 thousand at December 31, 2021) and decreased by EUR 15,001 thousand. The change is due to lower depreciation net of contributions of EUR 8,467 thousand and lower write-downs of EUR 6,534 thousand.

“*Net financial Income (Expense)*” is negative and amounted to EUR 13,313 thousand (at December 31, 2021 were positive and amounted to EUR 2,262 thousand) and decreased by EUR 15,575 thousand. The item “*Financial income*”, totalling to EUR 4,953 thousand (EUR 8,169 thousand at December 31, 2021), decreased by EUR 3,216 thousand. The decrease is linked to lower net profits achieved by trading in financial assets (down from the same period of 2021 of EUR 2,037 thousand) and lower income from adjustment to the fair value of securities designated FVTPL (down from the same period last year of EUR 1,750 thousand), the lower interest income decreased compared to the previous year of EUR 118 thousand and finally the increase in other financial income for EUR 689 thousand mainly due to the higher income from participation of EUR 1,750 thousand (EUR 1,530 thousand in 2021). During the year, in order to bring to the representative value of ATM S.p.A.’s equity share, the value of the investment in Movibus S.r.l. was restored for EUR 37 thousand (EUR 131 thousand in 2021).

The item “*Financial expenses*” totalled EUR 18,266 thousand (EUR 5,907 thousand at December 31, 2021) down from 2021 of EUR 12,359 thousand. The trend is due to higher interest for defined benefit plans for employees (increased compared to 2021 of EUR 1,469 thousand) as well as higher charges for adjustment to the fair value of securities designated FVTPL and financial credits (increased compared to 2021 of EUR 9,679 thousand). The item also consists of the interest expense recorded on the bond loan and financial debts for the disbursements of the European Investment Bank totalling to EUR 4,323 thousand (at December 31, 2021 equal to EUR 4,214 thousand) and an increase compared to 2021 for EUR 109 thousand.

The item “*Income tax*” includes for EUR 1,216 thousand the repayments of deferred tax liabilities recorded against adjustment to fair value in application of the revalued cost method of real estate and fair value measurement of rolling stock and for EUR 2,895 thousand movements in the period of tax advances on risk funds..

The “*Profit for the year*” totals EUR 255 thousand.

Statement of financial position

	12.31.2022	12.31.2021
NET INVESTED CAPITAL		
Property, plant, and equipment	1,180,958	1,270,902
Intangible assets	2,631	2,404
Right of use for leased assets	5,987	7,227
Financial fixed assets	84,118	76,732
A. FIXED CAPITAL	1,273,694	1,357,265
Trade receivables	187,535	165,600
Other current assets	165,007	91,317
Inventories	85,105	86,712
B. CURRENT ACTIVITIES	437,647	343,629
Trade payables	256,498	220,445
Other current liabilities	123,462	113,757
C. CURRENT LIABILITIES	379,960	334,202
Q. WORKING CAPITAL (D=B-C)	57,687	9,427
E. NET INVESTED CAPITAL (E=A+D)	1,331,381	1,366,694
Assets and liabilities from discontinued operation	-	-
TOTAL NET INVESTED CAPITAL AND DISCONTINUOUS ACTIVITIES AND LIABILITIES	1,331,381	1,366,694

The total of “*net invested capital*” amounted to EUR 1,331,381 thousand, with a net decrease of EUR 35,311 thousand compared to December 31, 2021.

The “*fixed capital*” at December 31, 2022 amounted to EUR 1,273,694 thousand. During the financial year, investments amounted to EUR 81,000 thousand (net of the increase in user rights registered under IFRS 16 for EUR 1,057 thousand), while the shares of amortization and write-downs recorded in the income statement amounted to EUR 118.649 thousand, this includes amortization’s share of user rights of EUR 2,296 thousand, before the effect of plant contributions of EUR 40,031 thousand.

The “*working capital*” at December 31, 2022 has a positive balance of EUR 57,687 thousand, with an improvement of EUR 48,260 thousand compared to December 31, 2021, due to the dynamics of loans and the collection of investment contributions. The dynamics of variation of the various components of working capital are better analyzed in the explanatory note.

Notes	12.31.2022	12.31.2021	Variation
1 (A) Cash and cash equivalents	(153,830)	(98,508)	(55,322)
(B) means equivalent to Cash and cash equivalents	-	-	-
2 (C) other current financial assets	(152,873)	(208,133)	55,260
D) LIQUIDITY (A+B+C)	(306,703)	(306,641)	(62)
3 (E) current debt (including debt instruments, but excluding the current portion of non-current financial debt)	59,380	68,340	(8,960)
4 (F) current part of the non-current financial debt	14,625	13,942	683
(G) current financial debt (E+F)	74,005	82,282	(8,277)
(H) Net current financial debt (G+D)	(232,698)	(224,359)	(8,339)
5 (I) Non-current financial debt (excluding the current part and debt instruments)	184,108	196,881	(12,773)
6 (J) Instruments of Debt	69,723	69,562	161
(K) commercial debts and other non-current debts	-	-	-
(L) Non-current financial debt (I+J+K)	253,831	266,443	(12,612)
Net financial position (H+L)	21,133	42,084	(20,951)

Notes:

- 1 - includes the budget item "Cash and cash equivalents and equivalent means" described in Note 19.
- 2 - includes the balance sheet item "current financial assets" described in Note 15 and the current share of State contributions entered under "other receivables and current assets" (Note 18).
- 3 - includes the short-term "hot money" line and related interest, the current portion of the loan fund with deposits and loans. The items are entered in the balance sheet item "current financial liabilities" described in Note 22.
- 4 - includes the current share of financing with the European Investment Bank, the interest share of the bond and the current share of lease liabilities, entered in accordance with the IFRS16 accounting standard. The items are entered in the balance sheet item "current financial liabilities" described in Note 22.
- 5 - includes the non-current portion of the financing with the European Investment Bank and the non-current portion of the lease liabilities entered in accordance with the IFRS16 accounting standard, entered under the heading "Non-current financial liabilities" described in Note 22.
- 6 - includes the non-current share of the bond included in the item "Non-current financial liabilities" described in Note 22.

The Company's "Net financial position" at December 31, 2022 – determined in accordance with the ESMA recommendations 32-382-1138 – determined for the purposes of this management report taking into account the bonds and UCITS held by the Company – is negative and stands at EUR 21,133 thousand a decrease of EUR 20,951 thousand compared to December 31, 2021. The change from the previous year is mainly due to the absorption generated by the investment activity and the income management. The balance of the financing with the European Investment Bank decreases as a result of the repayments made in the year amounting to EUR 11,067 thousand. In addition, the financial debt from *cash pooling* to subsidiaries for EUR 18,320 thousand (EUR 24.210 thousand as of December 31, 2021) contributes to the formation of the balance.

	12.31.2022	12.31.2021
SOURCES OF FINANCING		
Financial payables	327,835	348,725
Financial receivables	(10)	-
Cash and cash equivalents and Titles	(306,692)	(306,641)
F. NET FINANCIAL POSITION	21,133	42,084
Post-employee benefits	86,138	109,615
Provision for risks and charges	132,747	127,818
G. NON-CURRENT LIABILITIES	218,885	237,433
H. EQUITY	1,091,363	1,087,177
- Share capital	700,000	700,000
- Reserves	391,107	417,091
- Retained earnings	256	(29,914)
I. NET ASSETS OF THIRD PARTIES	-	-
L. SOURCES OF FINANCING (L=F+G+H+I)	1,331,381	1,366,694

The “*Net equity*” at December 31, 2022 amounted to EUR 1,091,363 thousand. The increase was due to the change in the new profit/loss item for EUR 30,170 thousand and to the change in reserves for EUR 25,983 thousand, of which EUR 29,914 thousand for the use of the profit reserves to cover the loss for the year 2021 and EUR 3,880 thousand other changes in the total income statement, mainly related to the valuation of the TFR according to the actuarial methodology provided for in IAS 19 positive for EUR 10,231 thousand and the valuation of the negative portfolio of securities for EUR 6,351 thousand.

Reclassified Cash Flow Statement	2022	2021	Variation
Profit/(loss) for the period	256	(29,914)	30,170
<i>Adjustments to reconcile net profit to operating net cash flow:</i>			
- amortization, depreciation and write-downs of fixed assets	78,581	73,030	5,551
- net capital gains on asset sales	(261)	5	(266)
- income taxes, interest, dividends	15,349	1,960	13,389
- financial asset impairment	61	(205)	266
- other non-monetary variations	50	14,448	(14,398)
Change in net working capital	(2,020)	4,042	(6,062)
Change in provisions for cash equivalents	11	32	(21)

Non-current liabilities (change in risk provisions and severance indemnity fund)	(5,316)	(95)	(5,221)
Interest paid on leased assets IFRS 16	(138)	(148)	10
Income taxes paid, interest (paid)/collected, dividends received	(1,106)	(2,189)	1,083
Cash flow from operating activities	85,467	60,966	24,501
Investments			
Net capital expenditure	(81,000)	(70,535)	(10,465)
Proceeds from technical disposals	537	375	162
Change in supplier payables for capital expenditure	25,556	(30,708)	56,264
Investments in financial assets	31,836	(4,133)	35,969
Changes in plant capital grants	14,619	17,602	(2,983)
Free cash flow	77,015	(26,433)	103,448
Changes in current and non-current financial payables	(20,177)	13,957	(34,134)
Exchange rate effect	713	372	341
Reimbursement of the principal amount of leased assets IFRS 16	(2,217)	(2,202)	(15)
Net cash flow for the year	55,334	(14,306)	69,640

Reference should be made to the Statement of cash flows balance sheet for a detailed analysis of cash flows, it is noted here that the “operating cash flow” in 2022 was positive and amounted to EUR 85,467 thousand. The higher margin recorded in the period and the net working capital dynamics contributed mainly to the formation of the result.

The “net cash flow for the year” is positive and equal to EUR 55,334 thousand; as can be seen from the previous prospectus, the operating cash flow was only partly absorbed by the investments made in 2022, resulting in the net cash flow of EUR 77,015 thousand. The value of the Cash and cash equivalents increased to EUR 153,956 thousand compared to EUR 98,622 thousand at December 31, 2021, before the related depreciation fund.

Risk and uncertainties

CNFS

This section describes the main risks to which the Group is exposed in its ordinary management for the production of integrated mobility services.

The changes in the regulatory, operational and financial context of reference are the subject of constant monitoring within a structured *risk management framework*, which provides for the use of a plurality of tools useful for the correct identification of risks and the elaboration of the corresponding mitigation plans.

In line with the sustainability policies approved by the Board of Directors, the Group will continue in 2023 the activity started in 2022 to define, in line with the TCFD guidelines, *the framework* for the analysis and management of risks related to climate change.

With reference to financial risks, reference is made to the analysis in Notes 5 and 6 “Financial risk Management” of the financial statements and consolidated financial statements.

As for the health emergency from COVID-19, see paragraph “ATM and the emergency COVID-19” for specific details.

External context risks

Risk of regulatory and regulatory change

With art. 30 of Law No. 8 of May 25, 2021, the Region of Lombardy decided that “in view of the epidemiological effects of COVID-19 and the difficulties for local public transport agencies in having a

stable economic and financial framework for the adoption of the preparatory acts necessary for the start of the entrusts, the Agencies shall carry out the procedures for entrusting local public transport services, in accordance with Article 22(2), within two years of the end of the state of emergency". The Government, by D.L. 105 of July 23, 2021 "urgent measures to deal with the epidemiological emergency from COVID-19 and for the safe exercise of social and economic activities" has first extended the state of emergency until December 31, 2021 and, last, By D.L. 221 of December 24, 2021 "extension of the state of national emergency and further measures to limit the spread of the outbreak from COVID-19", until March 31, 2022.

On December 31, 2022, Legislative Decree no. 201, released on December 31, 2022, ("reorganization of the local public services of economic importance"), which relates to the regulation of services of general economic interest provided at local level. At a preliminary analysis, the decree would raise interpretative doubts as to the exact identification of the scope of the application and, in particular, the relationship with local public transport sector rules (including Regulation (EC) No 1249/96) 1370/2007 and the regulation of the Transport Regulatory Authority). The new legislation will be further investigated by the Legal and Corporate Affairs Department, which will monitor its practical application and its impacts on the Company.

At its meeting 16 December 16, 2022, the Council of Ministers approved, in advance, a legislative decree reforming the Code of Public contracts, in implementation of Article 1 of Law 2022 June 21, no. 78, delegating to the Government in the field of public contracts. In the state, it is expected that the new Code of Public contracts, subject to further delays, will be applied for all new proceedings as from April 1, 2023, while from July 1, 2023 the previous Code (Legislative Decree no. 50/2016) and the application of the new rules to all proceedings already in progress. The new legislation will be monitored to assess its practical application and related impacts for the Company.

Cybersecurity

The digital transformation of the transport sector, the evolution of *information and communication technology (ICT)* systems, and the sophistication and proliferation of *cyber threats*, even borrowed from the "hybrid" mode of work, have expanded the attack surface of malicious actors with potential capital pour, reputational and business operations.

Moreover, the continuing shift in the geopolitical framework, together with the resurgence of attack campaigns and the growing need for interconnections and interdependencies among computer systems, has redefined the technological risk scenario, confirming the need to implement a strategic it security risk management process tailored to the priorities of the business and consistent with the potential of the digitization process.

ATM recognizes its information and information assets as a determining factor for the creation of value and the achievement of business objectives, in the knowledge that the protection of its technological assets is an indispensable condition to ensure the delivery of its services and to increase its efficiency and competitiveness.

In the context of the implementation of cyber security controls, ATM is inspired by national and international best-practices in the sector, combining them with *the principles of security by design* and *security by default*, already starting from the processes of technological demand. This is to enable its systems to respond from the beginning to potential disturbances and, more generally, to any action that compromises and/or could compromise the confidentiality, integrity and availability of company data and information, strategic technological assets and intellectual property.

In line with the evolution of the *ICT* security framework, ATM has designed and developed – in coherence with the internal compliance system – processes that ensure an adequate level of physical, logical and organizational security, for which continuous monitoring, measurements and subsequent revisions are foreseen.

The adoption of technical and organizational measures appropriate and proportionate to risk management is a fundamental activity both for the strengthening of the capacity of defense and resilience of the infrastructures and for the guarantee of a high standard of reliability and quality of the service offered.

The Company has therefore developed a *cyber security management strategy* according to an integrated multi-level approach (operational, management and strategic) for operational continuity, information security and data protection.

Consequently, the organized structure has evolved with the aim of guaranteeing both governance and operational management, all the necessary assets that are functional to an effective process of protection of its information and information assets.

The Company continued the process of strengthening and continuous improvement of the government of *cyber risks* confirming the allocation of adequate resources in the strategic industrial plan in addition to the constant investments in maintenance to avoid the obsolescence of the systems and to guarantee reliability, security and efficiency. In particular, support has been given to investments aimed at expanding system monitoring activities and additional resources have been allocated to strengthen the ability to respond to cyber security incidents. Further investment has also been allocated to continuing training plans to strengthen internal skills.

To this end, in the field of cyber security awareness, awareness-raising initiatives and continuous training have been promoted to spread the security culture at all levels of the organization, with periodic verification moments, paying particular attention to the professional profiles most exposed to cyber risk.

During 2022, ATM delivered 4 training sessions and 3 hands-on training activities through phishing campaign simulations to measure the level of learning from a lesson learned perspective. Specifically, in 2022, the campaign, already successfully launched in 2021, continued in the field of awareness and training on the main issues of computer security applicable both in the working and private context. During the year, the only e-learning path called “Cybersecurity awareness”, composed of various modules, reached the remarkable number of 2,392 hours of total training consumed by the population most engaged in activities that foresee the use of the company pc.

Operating risks

Risks related to the production of the service

Operating risks are mainly attributable to any **malfunction and unexpected interruption of the service** caused by accidental events and extraordinary events; such situations could cause harm to people and cause a negative economic impact. With reference to vibrational levels and acoustic emissions linked to the operation of metropolitan and tram lines, the Company adopts measures to monitor and mitigate the intrinsic risk linked to infrastructure.

In view of the problems that have arisen in the past years with reference to the operation of the M5 line, ATM continued in 2022 the operations in the extraordinary maintenance activity supplementary to the

basic maintenance plans, in accordance with the contractual forecasts, working with Metro 5 to overcome and/or mitigate the possible impacts of extraordinary events related to infrastructure and *assets*.

The ATM Group is engaged with specific renewal, modernization and upgrading plans aimed at mitigating the obsolescence not only of the property assets but also of those supplied in management, in particular infrastructures. For specific details on the actions undertaken during 2022, see chapter “Investment” of the financial report.

In addition, the Company is exposed to operational risks related to the occurrence of claims, which can cause significant damage to third party people and property, with any compensation obligations, or to properties. The framework of activated insurance covers guarantees the protection of the Group, both from the point of view of civil liability and of the protection of the assets.

The trend in claims may have negative effects on insurance coverage in terms of increasing the costs for franchise reimbursement and premiums. Through a dedicated structure and through its subsidiary GeSAM S.r.l., the claims settlement center which also acts as the representative of the insurance company, the Group oversees and manages all claims within relief, in collaboration with the relevant operating sectors, it also contributes to the training of personnel with a view of prevention.

In general, the Internal control system and the action plans put in place by the Group are aimed at ensuring the security and continuity of service and the safeguarding of the social patrimony, in full compliance with laws and regulations.

Commodity price risk

In view of the nature of its business, the ATM Group is exposed to the price risk of energy commodities, i.e. electricity and petroleum products. The supply of energy, improved through the purchase on the market, is affected by the fluctuations of the prices of these *commodities* either directly or through indexation formulas. In addition, some contracts contain an implicit exchange risk in indexing formulas, which adds an additional level of exposure to non-influencers exogenous variables.

The Group's policy has been aimed at minimizing the need to use the financial markets for hedging operations, both in oil products and in the supply of traction electricity.

For the latter, the Group has in the past perfected the supply through tendering procedures aimed at acquiring supply contracts with fixed price and time horizon throughout the following year.

In line with this approach, the 2022 tender for energy supply, awarded in 2021, at a fixed price of approximately EUR 84/MWh (including certification of origin from renewable sources), has ensured a cost profile in line with previous years, sterilizing the effect of the marked increases that occurred during the year, culminating in a price of 500 €/MWh in the summer months.

In view of the extreme volatility of the markets, in 2022, in the absence of the availability of suppliers to offer fixed price conditions, ATM signed contracts for 2023 variable price requirements, with a view to mitigating the risk of price fluctuations, the operations of partial coverage of the said provision at the beginning of 2023. This is in order to seize possible opportunities arising from downward price corrections.

Risk related to climate change

The evolution of the climate environment and the scenarios that are envisaged in the use of energy sources involve potential risks, but also opportunities, for ATM directly and indirectly, which may

influence the correct implementation of the strategic plan, with particular reference to the process of energy transition and total electrification of the integrated mobility system, as well as emission reduction.

Climate change could also cause physical risks related to extreme weather events, resulting in potential for more or less prolonged unavailability of assets and infrastructure, recovery costs, and customer disruption.

In order to identify in a structured and coherent way with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) the main types of risk and opportunities and the impacts on the business associated with them, a framework representing the main and reports will be adopted by the Group during 2023 types of risk and opportunities and consequent mitigation and adaptation measures. This process will take into account the results of the Materiality matrix and the priorities in terms of protecting business assets and ensuring continuity in service production.

The two main risk/opportunity macro-categories identified are those deriving from the evolution of physical variables and those deriving from the evolution of transition scenarios.

In scenarios, the role of climate change is increasingly important and has effects not only in terms of the transition to “*Net Zero*” emissions, which the group contributes primarily through the “*Full Electric*” fleet transition process, but also in terms of physical impacts. classifiable in acute phenomena (such as heat waves, extreme rainfall), and chronic phenomena related to structural changes in the climate, such as the temperature rise trend, and their potential impact on corporate assets.

The framework will consider physical scenarios for global warming ranges from official market sources.

The effects can be assessed over three time horizons: The short to medium period (1-3 years); the medium period (until 2029), in which it will be possible to appreciate the effects of the energy transition foreseen by the strategic industrial plan; the long period (beyond 2030), the horizon over which assessments of any structural changes in climate have a range of random variability.

Risks related to environmental aspects, health and safety of workers

In line with the QAS policy, the constant application of QHSE management systems, together with the consolidated training and training processes, allow the minimization of the major risk factors relating to environmental and health and safety aspects at work.

The maintenance of efficient management systems also allows a rapid and effective assessment of potential risks arising from context factors, the specific situations of company locations and local and national regulatory developments.

The systemic execution of verification moments by the control functions, which are additional to the monitoring moments carried out by the certification companies, allows an effective monitoring of the maintenance of mitigation measures and allows the identification of any processes that are the subject of improvement actions. The coordination between the control functions has allowed this activity to be carried out by ensuring the minimization of the impact on the operation of the structures.

The above-mentioned headmasters did not suffer from the national health situation which continued for most of the financial year 2022.

Human resources

At ATM, people are one of the key pillars of sustainability policy, which is an integral part of business and at the heart of mobility. The Company is strongly committed to promoting a positive work environment and building company policies that enhance the individual and diversity.

The risk and uncertainty factors related to the management of human resources are considered one of the main elements of attention, which emerged particularly in the emergency phase relating to the diffusion of the Covid-19, mitigated by the presides that have been activated time by time by the Group, they also maintained *business continuity* during 2022, significantly limiting the incidence of pandemic-related phenomena.

In terms of enhancing the human resources and professionalism of the ATM Group, the 2021-2025 plan aims to develop new skills, as well as to strengthen the capacity to attract talent and guarantee continuity of growth.

During 2022, the Group's commitment to constant updating, training and the search for professionalism was further strengthened, including through collaborations with the university world, which can bring value to society in pursuit of the Group's objectives.

With reference to *Diversity & inclusion policies*, a specific set of initiatives has been defined within the framework of the implementation of the Industrial Plan with a view to revisiting processes and enhancing the skills that will be implemented in 2023. The enhancement of differences is a key tool for mitigating the risks related to turn over of people. For specific details on the actions undertaken during 2022, please refer to the chapters "Human Capital, Resource and leverage for Development" and "The Group's Human Capital" of the Financial Report.

Legal and compliance risks

During the financial year 2022, the Legal and Corporate Affairs Directorate continued to establish a constant activity of support to the Company to ensure the knowledge and application of the measures for the containment of the COVID-19 emergency until March 31, 2022 and the subsequent measures for the exceeding of the measures Countering the spread of the outbreak from Covid-19, as a result of the cessation of the state of emergency issued time by time. This, through a continuous monitoring activity and diffusion of matrices to the other company structures concerned, both as regards the management of the personnel and in relation to the execution of the service in order to ensure the respect of the anti COVID-19 regulation and to avoid any legal risks related to the non-application of the rules. Legal and compliance risks include the risk of judicial or administrative sanctions, suffering losses or reputational damage as a result of non-compliance with directly applicable European laws, regulations and standards or supervisory measures or self-regulatory rules, such as statutes, codes of conduct or codes of self-discipline; risk arising from unfavorable changes in the regulatory framework or jurisprudential guidelines.

This category includes, among others, the risks linked to the Commission of predicate offenses referred to in Legislative Decree no. 231/2001 which provides for the Company's liability for administrative offenses dependent on crime in relation to certain expressly regulated cases. In this context, ATM and the directly controlled companies have adopted their own model 231 (periodically and systematically updated with underlying *risk assessment* and *gap analysis*), in order to represent the system of control assets in place for the prevention of the illicit Commission ex D.Lgs. 231/2001. The 231 models are also harmonized with the act model, adopted on a voluntary basis and, last, updated on December 13, 2021.

In this context, appropriate procedures have also been set up for the verification of delegated powers time by time and their adequacy to operational and management requirements.

As regards environmental issues (D. 152/2006) and Health and Safety (D. 81/2008) ATM and some directly controlled companies have adopted and maintain environmental management systems (ISO 14001) and health and safety systems (ISO 45001) all governed by ISO 9001 quality management systems certified and verified annually by external entities.

With regard to the protection and processing of personal data, ATM has continued to adapt its processes in line with the rules laid down in European Regulation No. 679/2016 (General Data Protection Regulation), from the Personal Data Protection Code (Legislative Decree no. 101/2018) and the guidelines and recommendations of the supervisory authorities.

The approach of European legislation, aimed at the protection of the rights of individuals, has meant that ATM implemented a system of protection of personal data of an essentially preventive type, based on the minimization of the risk of infringement, through techniques of protection from the design and with predefined settings, the accountability of the data controller (accountability principle) and the introduction of the impact assessment institute for data processing that presents a high risk to the rights and freedoms of individuals.

Finally, legal and *compliance risks* are the risks associated with the absence or failure to comply with internal procedures and regulations. ATM has adopted a comprehensive system of regulations and operational procedures, including:

- **The Group Regulations**, which govern the functioning of the Group and the intergroup relations,
- **The Contract-awarding Regulation** governing the procedures for the award of contracts relating to works contracts, the purchase of goods and service contracts for all Group companies,
- **The Sales Regulation**, which governs the procedures for the sale of goods, materials and services and the award of contracts for the commercial exploitation of areas and spaces,
- **operating procedures and instructions**, which describe and govern business processes.

In order to govern the risks of non-compliance, as anticipated, ATM is implementing its own compliance model consisting of various elements such as, for example, compliance governance, legal inventory (inventory of relevant legislation), compliance risk assessments, training, etc.

Main disputes pending

ATM is a party in criminal, administrative and civil proceedings, as well as in legal actions related to the normal conduct of its own activities. The following is a summary of the proceedings opened before the most important national authorities in place. Unless otherwise specified, no elements have emerged in the various outstanding disputes that could lead to an exposure to probable liabilities or consistency losses such as to have a considerable impact on ATM's equity, economic, and financial position.

In detail, as regards the Juslabor dispute, the causes considered to generate probable liabilities are set out below and the appropriate provision has been recorded under the heading "*Fund disputes and environmental risks*" and commented on in Note 25 "*Provision for risks and charges*" of the Explanatory Memorandum of this Consolidated Half-Year Financial Statements:

- In relation to the legal disputes and procedures initiated against ATM, it should be noted that the newly established disputes opened in the year 2022 were 45: The number of cases concerning the termination of employment was 23; The other cases concerned claims relating to alleged demanctions/higher frameworks/mobbing/straining (6 cases), calls to ATM for joint liability (7 cases), requests relating to salary differences allegedly due during the holidays (5 cases), differences in end-of-relationship treatment (1 case), Differences in economic treatment due to the type of employment relationship (1 case), claims for damages for suspension from failure to show Green Pass reinforced (1 case), claims for damages (1 case).
- With regard to the causes of salary differences allegedly due during the holiday period enjoyed by workers, it should be pointed out that they affect a problem affecting the entire population of ATM. In addition to the above-mentioned causes, there are several others. The risk of succumbing, given the consolidated jurisprudence on the subject, appears high as evidenced also by the analysis of external lawyers involved in the Company. In view of the renewal of the CCNL, which establishes a flat-rate amount that is recognized from July 1, 2022 as a holiday allowance, the Company is evaluating, in the context of first and second-degree reviews still in progress, conciliatory solutions for the periods before July 1, 2022. In the meantime, the only partially unfavorable ruling for the Company has been appealed and a case has been reconciled with the recognition of sums purely in a transactive way.
- The case, which was established before 2022, is still pending, and is subject to an accident at work of particular economic importance, since the amount requested in respect of the sum is approximately EUR 900 thousand with a high risk of succumbing. It should be noted that, with reference to the same event, a criminal proceeding is also pending at the Public Prosecutor's Office of the Republic of Milan, during preliminary investigations, with an unknown model;
- The first stage of the Fornero rite in the case concerning the removal of the former head of ATM Points, in relation to facts in respect of which ATM decided to lodge a formal complaint, It has been defined by order in favor of ATM S.p.A. the opposition to the order of rejection of the appeal is currently pending. Of the cases previously instituted by the other former employees-sportsmen of ATM Points carried out in the same or similar facts, there is still one pending, which is currently before the Court of Cassation (the first two degrees of judgment were defined by judgments favorable to ATM). The other cases were closed by past decisions of the Court of first Instance and/or the Court of Appeal which confirmed the legality of the company's work.

As regards disputes relating to the Public Transport Service, the most important causes are explained, and for those deemed to generate probable liabilities a special risk fund has been entered as commented on in Note 26 “*Provision for risks and charges*” of the explanatory note to the consolidated annual financial statements:

- Among the cases inherent in the Public Transport Service, there is the case with Caronte S.r.l. (“Caronte”) relating to the period October 1997-2010, on the basis of the counterparty assumption that the urban lines managed by the company were part of the SITAM system. The judgment of the first instance ended with the deposit of judgment No. 8098 of September 11, 2019 which ordered ATM to pay Caronte the sum in principal of EUR 6,421 thousand in addition to legal interests from the due to the balance, legal expenses and accessories. ATM has appealed to the Court of Milan against a judgment which points out that it is unfair for the legal

reconstruction carried out by the Judge of first Care. On October 22, 2019, the interim procedure aimed at suspending the performance of the judgment was concluded with no purpose in providing for and with an agreement between the parties on the point or with the payment by ATM of EUR 2,052 thousand. The appeal judgment was concluded with judgment 1476/2021, which rejected the applications for reform of the ATM appellant. As a result of the unsuccessful payment in 2021, ATM paid Caronte the residual sum of EUR 4,260 thousand for a total amount of EUR 6,421 thousand, however, it is lower than the sentence because ATM has retained the sum of EUR 1,991 thousand which it considers has already been paid to Caronte by the Municipality of Cinisello Balsamo for the same title. Appeal for Cassation has been filed to appeal against the judgment of the Court of Appeal and the Company is awaiting the hearing for discussion. Taking into account the strategy of opposition adopted by the Company to the judgments and considering the probable risk of succumbing, it should be noted that in previous years adequate provisions have been entered in the risks and charges fund.

- It should also be noted that, although ATM is not involved in the proceeding, in 2019 ATM received a notice and a formal notice from the Municipality of Cinisello Balsamo in relation to an arbitration procedure operated by Caronte S.r.l. toward the aforementioned municipality. The economic claim is equal to EUR 4,169 thousand in addition to VAT and moralizing interests related to non-payment for lines 710 – 711, for annuality from 2000 to 2011, and 712 municipal for annuality from 2000 to 2010. On February 7, 2020, the Arbitration Committee issued the Lodo which accepted Caronte's application and ordered the Municipality of Cinisello Balsamo to pay about EUR 5.2 million for capital, interest and legal expenses. The Arbitration Committee originates from the legal relationship between Caronte and the Municipality of Cinisello Balsamo for the management of the urban transport service as defined in the contract signed on July 22, 1997 and subsequently extended to December 31, 2011. The fee for the service consisted of a public contribution and revenue from the tariff revenue by contract. In a special appendix to the contract dated May 21, 1999, the Municipality of Cinisello Balsamo also acted as guarantor against Caronte for the activities of reporting the proceeds from tariff following the agreement concluded with ATM (October 13, 1997). This guarantee has legitimized Caronte's request to his dante cause. The arbitrators have recognized Caronte, in respect of the lines and annuities indicated above, a kilometric consideration of 1,842 EUR/km for the annuities from 2000 to 2007 (in accordance with what was indicated by the Milan Court in the judgment issued between ATM and Caronte), 2.5058 EUR/km for 2008, 2.6345 for annuality from 2009 to 2011. This average kilometer value would have been derived from the ratio of total ATM revenues to the kilometers of the whole SITAM network detectable by ATM balance sheets. Although the Lodo was appealed, on May 27, 2020 the Municipality of Cinisello sent formal notice to ATM, giving notice to it of payment of all the sums due to Caronte, including those brought by the Lodo. On June 8, 2020 ATM formally challenged the claims of the Municipality of Cinisello, however reserving to the outcome of the judgment pending before the Court of Cassation any further consideration regarding the debt of sums in favor of Caronte. In the event of repeated requests, ATM will maintain the rejection position pending the outcome of the judgment before the Court of Cassation.

From the recognized partial overlap between the extension of the Award and the ongoing dispute directly between ATM and Caronte, the risk must be assessed separately for the two periods:

- Remote for the claims relating to annuality from 2000 to 2008, since it is superposable to what Caronte had already requested at ATM in the case before the Court of Milan, which ended with judgment no. 8098 of September 11, 2019;
 - Possible for the claims referring to the years 2009-2011, since the time scale in question is not included in the pending judgment before the Court of Appeal of Milan. Moreover, given the actions that Caronte is carrying out in various locations and with regard to multiple entities, not least the municipality of Sesto San Giovanni, it was considered necessary to set aside in 2020 a provision for the years from 2009 to 2011, For an amount of EUR 2 million, calculated by reference to the revaluation carried out by the Arbitration Board of the kilometer value indicated in the judgment in 8098/2019, beyond any legal interest, since, in the case of a second instance, this proves to be the most likely valuation.
- It should also be noted that the Municipality of Segrate, has served to obtain the refund of the amounts paid to Caronte as SITAM revenues for the year 2009 following a judgment in which ATM was not a party. The claim for compensation amounts to EUR 790 thousand, including capital, interest and expenditure. The risk of the dispute appears at a remote state since the recourse of the Municipality of Segrate (in relation to the original dispute between the aforementioned Municipality and Caronte pending appeal for cassation) originates from procedural errors which have affected the outcome of the judgment and which cannot, for that only fact, to be overturned on ATM. At the outcome of the hearing on March 16, 2021, the Judge, accepting the request for ATM in advance, ordered the suspension of the trial established by the Municipality of Segrate “*until the judgment issued by the Court of Appeal of Milan no. 4536/2019 or of the assessment contained therein (in case of cassation with reference)*”. The trial is therefore suspended; from the date of the final judgment rendered between the Municipality of Segrate and Caronte (or of the assessment contained therein, in case of cassation with postponement), the period of three months for the re-assumption of the trial will take place. In the absence of a re-employment, the process will be terminated. The state of the trial pending before the Court of Cassation, R.G., will be monitored 4148/2020, between the municipality and Caronte, of which ATM is not a party, concerning the appeal against the sentence of the Milan Court of Appeal No. 4536/2019.
- It should also be noted that the Consorzio Trasporti Pubblici in liquidazione (CTP) has notified two summons in opposition to the two injunctive decrees operated by ATM, aimed at establishing that any regulatory change that had affected the measure of the regional contribution of operation, it should have led to an automatic proportional reduction in the size of the unit consortium contribution. CTP also contests the non-payment by ATM of revenues from advertising and from user sanctions: On the ATM point, it pointed out that no agreement to this effect was provided for in the Convention. CTP also applied for a counterclaim based on Provincial deliberation n. 22/09, cited above, with an application to ATM to pay an amount of more than 8 million euros plus VAT for the years 2000-2007 and 2000 to 2008. In the judgment of 898/2021 and 922/2021, the Court of Monza, on the one hand, accepted, correctly and appropriately, the defenses and demands of ATM rejecting the oppositions proposed by CTP declaring, for the effect, the executive decrees themselves. On the other hand, in its judgment of 898/2021, the Court of first Instance upheld CTP's counterclaim by condemning ATM to payment of the lowest sum of EUR 7,957 thousand. The two judgments therefore determine creditor and debt charges which, net of the precise calculation of legal and moralizing interests, see ATM as the creditor of the sum of EUR 5,283 thousand toward

CTP. Both judgments have been challenged and are pending judgments before the Court of Appeal. It should be noted, however, that the enforceability of the judgment in 922/2021 has been suspended and therefore ATM cannot activate its credit, while the enforceability of the judgment in 898/2021, which sees ATM in a debt position, has not been suspended. CTP has made requests for payment on a slope of appeal judgments. On February 3, 2022, CTP wrote to ATM, formally inviting it to comply with the provisions of judgment no. 898/2021, without however quantifying the amounts requested for payment and without indicating the manner in which payment is to be made. In view of the complete operative part of the judgment of the Court of Monza, n. 898/2021 and the current position of CTP, ATM has requested the support of a legal expert in bankruptcy law, in view of the alleged financial difficulties of CTP, in order to evaluate the possible scenarios for the recovery of the credit that the Company has against CTP and in particular the possibility of achieving the effect of a compensation between ATM credit and CTP countercredit. Following the detailed information ATM on March 21, 2022 sent in turn a request for payment of all its claims under penalty of forced execution and on May 5, 2022 activated its credit by notifying notice. CTP challenged the act with the formal opposition to enforcement and enforcement. In the context of the initiation of the opposition process, the parties attempted, without result, through the legal authorities. To reach an agreement for the suspension of any cooperative action for the recovery of the respective claims - and so on the relevant appeals - pending the judgment of the Court of Appeal on the substance of the appeal proceedings;

- It should also be noted that ATM has notified Caronte to the Public Transport Consortium in liquidation, To the Municipality of Cinisello Balsamo and to the Municipality of Sesto San Giovanni an act of citation for negative assessment aimed at clarifying who and to what extent should proceed to the payment of sums in favor of Caronte in order to prevent ATM from being in a position to make payments multiple titles for the same titles to different subjects. The Judge did not consider it necessary to carry out any investigation and fixed the hearing for the clarification of the Opinion for June 2022 and then took the case for the decision. Following the reorganization of the roles of the Chamber of first Instance, the case was assigned to a new judge who returned to the hearing on April 19, 2023 to clarify the conclusions;
- Lastly, on January 21, 2022 ANAC initiated the procedure to assess the existence of irregularities reported by the Municipality of Sesto San Giovanni and Caronte in their respective submissions to the Authority. With reference to the settlement agreement between the Municipality of Milan and the municipalities of Bresso, Cinisello Balsamo, Cologno Monzese, Cormano, Cusano Milanino and Sesto San Giovanni for the regulation of the management of urban area TPL services for the years 2010-2017, the Municipality of Sesto San Giovanni has pointed out that, After the contract expired on April 30, 2017 the same was unilaterally extended by the Municipality of Milan, without the involvement of the other entities involved, in favor of ATM S.p.A. in the absence of a specific invitation to tender. According to the representative, the extension would be without an effective time limit, given the absence of publication of the call for tenders and outside any legal system for the allocation of the service, since, to date, the fourth unilateral extension. Caronte considered that it would forward to the Authority an additional and supplementary statement denouncing further, in its opinion, unlawful conduct by ATM which would have been removed from the reporting obligations of the proceeds from charging despite the first and second grade judgments favorable to Caronte. Moreover, the company denounces the omissive conduct of the municipalities of Cinisello Balsamo, Segrate and the Public Transport Consortium always in relation to the non-payment to the same company by ATM of what is due in account of revenue from charging. Moreover, Caronte contests the particularly favorable attitude of the Municipality of Milan toward ATM both for the

non-exercise of the activity of control on compliance with the obligations of the convention and for the recognition of contributions for additional services not adequately documented. In the exposed Caronte finally shadowed the illegitimate conduct of the commune of Segrate in the conduct of public tenders in 2009 and in the concession of extensions to ATM. The Company submitted its counter-claims on February 18, 2022.

- ATM brought an action against the Territorial Cohesion Agency and the Ministry of Economy and Finance for the annulment of the measure of the Territorial Cohesion Agency of April 6, 2021 by which the Agency applied to the Municipality of Milan as an intermediate body, To withdraw and recover the contribution paid to the same company Trasporti Milanese S.p.A. for the project “PON Metro Milano 2014/2020. Operation MI2.2.4.b areas for Bicycle Mobility” and the final audit report carried out by the Ministry of Economy and Finance, State General Accounting.

The municipality of Milan, with DD n. 815 of 28/12/2007, has entrusted to the Company Trasporti Milanese S.p.A. the bike sharing service within the framework of the management of the TPL service, which also includes complementary services and accessories (including car sharing and bike sharing). The entrusting to ATM S.p.A. of the management of the TPL service and of the related and complementary ones was carried out through a public tender procedure.

In order to verify compliance with the program, the Ministry of Economy and Finance carried out an audit on the amount of EUR 817 thousand eligible for financing. In the course of the above procedure, the Municipality of Milan submitted specifications, detailed and reasoned counter-arguments to the audit authority's complaints, which, however, were not accepted. Nevertheless, the audit authority's final report reported irregularities in ATM's reliance on Clear Channel.

Consequently, the Territorial Cohesion Agency, by measure of April 6, 2021, requested the Municipality of Milan, as an intermediate body, to withdraw and recover the contribution to ATM. The municipality communicated this outcome to ATM by note dated May 6, 2021. Following a comparison with the Municipality of Milan, the latter appealed against the Agency for Territorial Cohesion and the Ministry of Economy and Finance for the annulment of the measure of 6 April 2021 of the Agency for Territorial Cohesion on June 3, 2021; Since ATM was the final beneficiary of the contribution and, therefore, in fact, the recipient of the withdrawal, it brought an autonomous appeal having the right to challenge those acts. In view of the opposition strategy adopted by the Municipality of Milan and ATM, the risk to ATM must be considered possible at present.

As regards the litigation of jurisdiction of the Civil Judge (courts, courts of Appeal, offices of the Judge of Peace), the same is based on both extrajudicial and judicial disputes relating to issues related to the figure of ATM as the local public transport service manager and activities connected to it and complementary to it (For example , but not exhaustive, claims for damages from transport; claims for damages from public service interruption; recovery of claims; rental reports, pathology of contracts) in 2022 , in particular , it appears that in the course of the proceedings (both in the judicial and extrajudicial phase) no. 622 positions of civil law. The most important causes are:

- On December 3, 2021, ATM was notified of an act of summons by which Bluestone Verona S.r.l. and BLUESTONE HOLDING S.R.L requested the assessment of the pre-contractual and contractual liability of ATM with the consequent conviction to the payment of the amount of EUE 3,039,444.52 as compensation of the damage suffered by the actresses companies for greater direct and indirect costs for the reclamation of war, the removal of unreported tanks, the reworking of the plan of construction and for the increase costs of the Raw materials and the price offered in the race, in addition to the damage to the image quantified in EUR 1,000,000.00. Moreover, the actors have

reserved to request additional amount that will go, if necessary, to pay for the cancellations of the buyers for the delay accumulated, with obligation to return the double of the deposit confirmatory. Acting as purchasers following the public procedure of the company's property located in Milan, Via Verona - has claimed a pre-contractual and contractual responsibility of ATM for having been forced to face unexpected costs to clean up the site from war devices, the removal of unreported metro tanks and price increase due to the considerable delay in the construction of the property. On the basis of the existing documentation, also in view of the fact that the City of Milan was subject to numerous bombings during the second World War, ATM firmly rejected the requests made by the other party. ATM has been ritually constituted in court by rejecting all the opposing applications. At the first hearing on May 26, 2022, the Judge, after hearing the arguments of the parties, invited them to assess conciliatory hypotheses while granting the time limits for the filing of the preliminary statements. The mid-time negotiations that took place did not succeed. Following the discussion of the parties at the next hearing on January 10, 2023, held in the course of the new Judge-Assignee, the latter considered that the preliminary procedural and substantive exceptions of ATM were not clearly unfounded and therefore deserve immediate reference to the case in decision, and for this purpose fixed the hearing for the purpose of specifying its Opinion on May 23, 2023. In view of the decision of the Judge, it is believed that no further transactive proposals are made and that it is expected to wait for possible contacts from the actors.

- With contract no. 3000061701 ATM has entrusted Cofely Italia S.p.A. (at the time Cofathec Servizi S.p.A. - now Engie) with the integrated heat service concerning business locations, to be carried out also through the installation of cogeneration plants for the supply of self-produced electricity that ATM would then use directly. In the execution of the contract, disputes arose concerning the management of the heat management service (for disservices) and the lower quantity of electricity produced by the plant than the guaranteed quantity. This resulted in a judgment in which Engie asked for the payment of the amount of EUR 315 thousand for invoices which it claims have not been paid and which are equal to the sum of the penalties which ATM charged to the counterparty for the lesser amount of electricity produced than it to the guaranteed one. On September 21, 2021 by judgment no. 7580 the Court of first Instance ordered ATM to pay for Engie the amount of EUR 313 thousand plus interest on late payment referred to in Legislative Decree no. 231/2002 and liquidated litigation costs. Medium tempore ATM has applied contractual penalties of EUR 1,077 thousand for the period January 2015 December 2020, bringing them in compensation with the contractual consideration. In a note dated April 7, 2021, Engie contested the application of penalties and warned ATM not to make any compensation. In order to define the whole case in a good way both procedural and extrajudicial way, the parties have reached an agreement which, among other agreements, sees the issue of a credit note for EUR 800 thousand by ATM with partial transfer of contractual penalties previously invoiced with reciprocal renunciation of the parties to any other application and exception. The agreement was finalized and ATM paid the agreed amount.
- The company Firema Trasporti S.p.A. has been in extraordinary Administration since 2010 and since that date it has requested ATM to pay invoices in various ways. In particular, in 2007, following a public invitation to tender, a contract was concluded between ATM (Contractor Station) and ATI composed of the ELMAC Consortium, as the representative of ATI, and various agents including Firema Traporti, That subcontracted part of the business to the company I.EMME Impianti Tecnologici S.r.l. in the period April/May 2010, the subcontractor I.EMME denounced to ATM the non-payment of the compensation due by Firema, and asked ATI to grant approval so that the ATM contracting station would pay directly the subcontractor the services performed: ATI refused approval by communication of June 29, 2010, since Firema opposed "the impossibility of carrying

out this request for technical reasons". In such a situation, ATM, according to Art. 118, third paragraph, D.Lgs. 163/06, suspend payment of the fee to the contractor Firema, pending delivery of copies of the receipted invoices relating to the payments paid by the contractor to the subcontractor. Firema, although requested, has never provided such documentation as is necessary to unlock the payment: Over the years, after the declaration of insolvency, it continued to require ATM to release the payment of the contract contract's consideration, justifying its claim that the credit claimed by I.EMME on the same contract had in the meantime been admitted to the insolvency. ATM has always rejected it, in fear that I.EMME would then make its claims to credit, which were unmet by the default of the procedure. This deadlock was only released in October 2020 when the procedure transmitted to ATM what was necessary to unblock payments: On April 8, 2021, ATM paid the capital amount requested by Firema, equal to EUR 324,674.18, on receipt of the documentation. With certified email on October 5, 2021, the extraordinary Commissioner of Firema Trasporti applied for payment of interest on arrears on this amount, quantified at EUR 292,593.43. ATM has opposed a clear refusal, excepting that the suspension of the payments happened legitimately according to art. 118, third paragraph, D.lgs. 163/2006, with the consequence that, until the necessary documentation was sent, Firema's claim was not due and, therefore, no default interest accrued. In the face of Commissioner Extraordinary's challenge to the procedure, on February 17, 2022 ATM formulated a settlement hypothesis that provides for the payment in favour of the default interest procedure accrued since the date of the judgment of the Court of Cassation to United Chambers of March 2, 2020 that resolved the jurisprudential contrast that had induced ATM to suspend payments. The procedure did not find the proposal of ATM and on December 13, 2022 it notified an injunctive decree for the sum of EUR 292,593.43 as default interest. The injunctive decree was opposed in the appropriate courts and the task of the defense was entrusted to Prof. Avv. Daniele Maffei.

In relation to civil liability disputes and passive causes (road accidents, transport accidents, liability for property in custody) the exposure and the probable risk for the ATM Group appears to be largely covered by the "Fund for the settlement of damages/claims" (Note 25 to the Explanatory Memorandum of the Half-Yearly Consolidated Financial Statements). The "Claims/Damages Settlement Fund" is estimated by the Insurance Strategies Department, which will update the economic risk of each case, which originates in the out-of-court phase, also considering the progress of the current judgments. With regard to other disputes (debt collection, contract pathology, etc.), the Legal Department acts, on the basis of a constant flow of information, in synergy with the Directorates concerned in order to quantify the risk risk, depending on the case. These cases are covered by the "Credit Impairment Funds" set out in Note 19 to the Explanatory Note to the Annual Consolidated Financial Statements.

As regards criminal litigation, ATM was formed in civil part in 2022 in no. 33 criminal proceedings for the purpose of obtaining compensation for damages suffered as a result of offenses committed by third parties, charged in those proceedings. The most important causes are:

- With regard to the complaint lodged by ATM concerning the facts relating to ATM Points for which the above-mentioned work cases are pending, two criminal proceedings have been launched as a result of the removal of the complaint. The first is to be borne by the former head of ATM Point, with the next preliminary hearing scheduled before the GPup in Milan on March 2, 2023 (ATM has formed a civil part). The second process is the responsibility of all other employees involved. The first preliminary hearing will be held before the Rome Public Forum in Milan on February 23, 2023 with the constitution of a civil party;

- There is always a criminal procedure under way concerning the emergency braking that has occurred in recent years on the M1 and M2 metro lines in order to establish causes and possible responsibilities. Following the conclusion of the preliminary investigations against the summits of Alstom Ferroviaria S.p.A. and Engie EPS Italia S.r.l., the Public Ministry has arranged supplementary investigation activities, which are still in progress;
- With reference to the alleged overruns of the tabular limits of sewerage waters established by ATO at the Gallarate and Messina depots, it was established that a Director of ATM (who at the time of the facts was not yet environmental delegate) was charged with the offense referred to in art. 137 paragraph 5 Single environmental text, in relation to which the Public Ministry has autonomously requested the filing for the purpose of the fact. The Director's defense has filed opposition to the above-mentioned request for filing in order to obtain full filing. The State is awaiting the fixing of the Chamber hearing before the GIP in Milan, which will make such a request;
- The request for filing submitted by the Public Ministry for Criminal proceedings is still pending and is charged to a Director of ATM (and his predecessor, now retired). Concerning the serious injuries suffered by a motorcyclist due to a fall allegedly due to the difference between asphalt and tram tracks in the vicinity of the Messina depot;
- Following the fall of the crane on the railway lines at Bussero station on August 30, 2022, criminal proceedings were initiated for the offense of "collapse of buildings or other malicious disasters", culpably involving, among others, an ATM official (now dismissed);
- The first preliminary hearing of the so-called Subway investigation was held before the GIP in Milan, in which ATM formed a civil part. The next hearing will be held on March 16, 2023;
- There are no criminal proceedings against ATM under Legislative Decree no. 231/2001, before the Court of Auditors or the national or Community authorities.

Tax disputes

ATM S.p.A. received in 2021 the notification of tax assessment notices, referring to the tax years 2015 and 2016, both for IRES and IRAP purposes. The object of the claim relates to the tax treatment (deductibility for income tax and IRAP) of the contribution paid to Fondazione ATM for the indicated tax years.

IRES inspections, following the presentation of the IPEC and IPEA models, amounted to about 192 thousand euros per tax and penalties, while IRAP inspections amounted to about EUR 683 thousand per tax and penalties, for a total of about EUR 875 thousand (for tax and penalties), plus statutory interest.

In June 2022, the Tax Boards of First Instance commented on the complaints lodged. For three of them, the Commission accepted the arguments of ATM, while in one case, referring to IRAP, the courts ruled against ATM. For this last dispute the appeal was presented to the Regional Tax Commission.

It is considered that at present the risk of being unsuccessful linked to the abovementioned investigations should be considered possible.

It should also be noted that the questionnaire received for a similar request for tax year 2017 was answered, together with the request for clarifications on the use and carry-over of losses for the tax years 2016 and 2017 and earlier.

Subsequent events

Activities in Italy

- > January 9, 2023 - The adjustment of travel rates, approved by the Local Public Transport Agency, begins. The increase applies to the lines of all transport operators of the integrated tariff system of the Milan-Monza Brianza Mobility Basin; ATM informs customers through all its channels, updates the information in the stations, digital information systems for calculating tariffs and all materials in digital format and distributed throughout the territory (travel documents, service guides, map of the metro network, etc.).
- > At the beginning of 2023, with the aim of rebalancing the debt structure in favour of the medium term, compared to the cash lines currently in existence, and to address potential incremental liquidity needs that are expected to occur even in a discontinuous manner during the year, interlocuments have been initiated with reporting banks to activate credit lines c.d. "RCF - Revolving Credit Facility" with duration from 24 to 30 months. Three institutions were identified, with which they were subscribed within the first quarter, lines totalling to EUR 150 million, to be considered as effective debt only at the time of the draw. As a result of the activation of these lines, the entrustments of the C.D. Denaro Caldo have been reduced, which, as a short-term instrument, has appeared less adequate to the Group's changing financial needs and market conditions.
- > On January 27, 2023, Fitch Ratings confirmed the long-term ATM rating at "BBB" (Long Term Issuer Default Rating) with stable outlook, "F2" for the short term and "a-" as a single valuation on the company.
- > As a result of continuous monitoring of the price trend of the futures contracts on electricity traded on the regulated market, taking advantage of the significant drop in prices and following a resolution of the Board of Directors of November 24, 2022, the Company has started, during the first quarter, to sign (through contracts c.d. 'swap') hedging operations on forward purchase prices, expiring within the year.

Initiatives and campaigns of positioning

- > January 27, 2023 - ATM, as part of the initiatives of the City of Milan to celebrate the Day of Memory, set up a Sirietto tram with a livery characterized by an expanse of poppies symbol of hope and rebirth and with the words "January 27 Remembrance Day" and "Shoah Memorial Track 21". The tram, running from January 24 to February 7 on line 9, which ends at the Central Station near the Memorial, aims to help make known a place of Memory so that its existence and its location is known to all.

Social sustainability and solidarity initiatives

- > January 2023-March 2023 - ATM continues the initiative the Bus of the Angels which, for the 2022/2023 winter season, was restarted on December 12, 2022, through which it supports the association of volunteers City Angels in the project aimed at giving assistance during the winter months to the homeless in Milan, putting in circulation through the streets of the city, from Monday to Friday from 21.00 to midnight, a 12-metre bus for the distribution of hot meals, drinks, clothing, blankets and qualified assistance..

Outlook

Despite the difficulties associated with the particular historical moment, first the pandemic from COVID-19 and then the conflict in Ukraine, ATM will have to be able to reinvent and redefine its business model, creating new opportunities to continue to create added value.

The objectives will be sustainable management of public transport, innovation and business development, objectives that will connect and accelerate the development of the main initiatives and projects that ATM will put in the field.

The company's choices will be made in compliance with and in implementation of the Group's Sustainability Policy, structured on 5 fundamental pillars:

- Zero emission transport: Achieve net zero emissions in transport and reduce local pollutants through direct and compensatory actions in company processes;
- Responsible consumption: Use the minimum indispensable resources required by means of processes to increase of efficiency of consumption and to recover, reconditioning and recycle the resources used;
- Sustainable Supply Chain: To favor suppliers that are attentive to environmental, social and ethical aspects and share the values of the ATM Group;
- Inclusive mobility: Ensuring social inclusion through the provision of sustainable, multimodal and innovative mobility services;
- Great workplace: Promoting a positive work environment that attracts and enriches, building company policies to enhance the person and diversity.

In fact, in line with the objective relating to environmental sustainability and innovation, ATM will continue its investment policy in ecological vehicles, mainly “*full electric*”, implementing a system choice that will gradually become a reference point also thanks to increasingly performing technologies.

In addition, with a view to consolidating and developing the business, ATM will oversee the competitive procedures for the assignment of LPT services to be launched in Italy, even in the suburban area, with particular attention to those in which the Group is already present. Moreover, considering the excellent results achieved abroad with the Danish subsidiary Metro Service A/S and with a view to developing its business abroad, ATM will pay particular attention to seizing the opportunities for diversification and extension of activities in selected international markets, in corporate partnership with high-profile companies.

The Group is therefore ready to face the next challenges effectively, capitalizing on the experience acquired in this difficult year thanks to the professionalism of its staff and the important investments that are intended to be made.

It is noted that, in the light of the regulatory measures which could lead to a deferment of the end of the service contracts currently in place, and in view of the time required for the opening of the next tenders for the service, the Directors consider it plausible to consider the continuation of the extension scheme until the end of December 31, 2024.

In the light of the regulatory scenario, the timing of the tenders and of what has been said in other parts of the document, and in particular regarding business continuity, about the start-up times of the “*Milano Next*” project, it is considered reasonable to assume the start-up from January 1, 2025.

More information

Other notifications pursuant to art. 40 of Legislative Decree no. 127/91

In accordance with the provisions of Art. 40 of Legislative Decree no. 127/91 the following is communicated:

- Due to the nature of the operations activity carried out, the Group has not undertaken any Research and development activities in 2021;
- No company in the ATM Group owns or has acquired or sold Treasury Stock or those of the Parent Company, including through trustees or nominees ;
- In 2021, the Group did not make use of financial derivative instruments in the framework of asset and financial management and operating income.

Information regarding intercompany and Related parties relationships

The ATM Group, wholly-owned by the Municipality of Milan, carries out transactions for its shareholder operations regulated by the Service Contract involving the management of local intermodal public transport (metro, tram, bus and trolleybus), As well as all related and complementary activities as described in more detail in the section “*Business continuity and contractual framework*”.

ATM S.p.A., as Parent Company, carries out transactions with the subsidiaries that essentially concern the provision of services and the provision and use of financial resources. The relationships are strictly commercial and financial in nature, so they do not include atypical and/or unusual transactions and are regulated by contracts on terms in line with market conditions.

ATM S.p.A. adheres to the Fiscal Consolidation for IRES purposes together with the following subsidiaries: Citylink S.r.l., gesam S.r.l., International Metro Service S.r.l., NET S.r.l., Rail Diagnostics S.p.A.

The contract provides, in the case of transfer of positive taxable income, that the consolidated is debited towards the consolidation of an amount equal to the results of the application of the IRES rate to the taxable amount transferred. Conversely, in the event of a transfer of negative tax base, it will be the consolidating agent to be debited towards the consolidated for an amount equal to the results of the application of the IRES rate to the tax loss transferred, if used.

ATM has also joined the option for the application of group VAT with the following subsidiaries: Citylink S.r.l., gesam S.r.l., NET S.r.l., Rail Diagnostics S.p.A.

This agreement provides for the transfer of the monthly VAT balance to Parent ATM S.P.A., which is therefore the only debtor/creditor Company vis-à-vis the Treasury, while the subsidiaries record their credit/debt relations with the Parent Company.

Note 43 of the ATM Group Explanatory Note provides information on related parties based on the nature of the service.

Milan, March 30, 2023

For the Board of Directors
The Chairperson
Gioia Maria Ghezzi

Consolidated Non-Financial Statement pursuant to Legislative Decree no. 254/2016

METHODOLOGICAL NOTE

This report, inserted in the integrated annual report, constitutes the Consolidated Non-Financial Statement (hereinafter also “CNFS”) drawn up in accordance with Legislative Decree no. 254 of December 30, 2016 (hereinafter also “Decree”), of the ATM Group, constituted by the Parent Company Transports Milanese S.p.A. (hereinafter also “ATM S.p.A.”) and its subsidiaries. In accordance with the provisions of Art. 5 of Legislative Decree no. 254/16 the ATM Group has chosen to integrate the Declaration into its Management Report.

This report has been prepared in accordance with the GRI Standards with reference to the latest update of the GRI Standards, which came into force on January 1, 2023: “*in accordance*” option, and covers the period from January 1, to December 31, 2022. In line with GRI Standards, the ATM Group has been inspired by the Materiality principles, *stakeholder inclusiveness*, sustainability and completeness context for content definition; balance, clarity, accuracy, timeliness, comparability, verifiability and completeness to ensure the quality of the information and the adequacy of the presentation arrangements. The “GRI Content Index” is attached to this document, detailing the contents reported in accordance with the GRI.

As part of the process of progressive and continuous development of non-financial reporting, it is noted that this CNFS has been prepared in line with the *International “IR” Framework guiding principles of the International Integrated Reporting Council (IIRC)*, updated in January 2021.

This CNFS covers the themes of Art. 3 and 4 of the Decree and those deemed relevant by the Group and *its stakeholders*. In particular, the Group selected sustainability performance indicators in line with the standards used for reporting and analysis of Materiality updated in 2022. The Materiality matrix and the list of material themes, results of the analysis carried out, were approved by the Board of Directors of ATM S.p.A. on December 22, 2022. With regard to the Materiality principle, the degree of deepening with which the various topics are dealt with in the reporting was determined on the basis of the relative weight with respect to the Group's objectives and strategies and the relevance for the identified stakeholders. On the basis of the results of the Materiality, the structure of this entire document has therefore been prepared.

In line with the provisions of the Decree, in order to ensure an understanding of the Group's activities, its performance, results and impact, it is noted that the perimeter of economic data is the same as the consolidated financial statements of the Group at December 31, 2022. It should also be noted that the perimeter of the information and data reported in the CNFS is related to the Parent Company and its subsidiaries at December 31, 2022, consolidated with an integral method. Any perimeter limitations with respect to what is indicated, where present, are expressly indicated in the text.

Where possible, the information contained in CNFS was provided with a comparison in relation to the two-year period 2021-2020, in order to allow an overall assessment of the Group's performance in the three-year period 2022-2020.

If it was not possible to obtain quantitative data with the reporting tools available to the Group, the reporting necessarily made use of estimates, appropriately reported, based on the best available methodologies to guarantee the reliability of the reported information.

In continuity with the previous financial years, it is noted the continuous strengthening of the non-financial reporting process also through a greater involvement of the structures of Metro Service A/S that has led to a further improvement in the definition of roles, responsibilities and information flows. The ATM Group undertakes to further deepen its risk analysis in the context of Climate Change, in line with the priorities defined by the European Securities and Markets Authority (ESMA), and on the basis of the evolution of the relevant legislation.

The process of drawing up the integrated annual report of ATM S.p.A. provided for the involvement of all the functions, management and companies of the ATM Group and a process of Materiality analysis carried out on the basis of the update of the GRI Standards 2021, which came into force since January 2023, which requires the organization to focus on the reporting process related to the most important sustainability issues, also considering the impacts generated related to the related issues.

This CNFS was approved by the Board of Directors of ATM S.p.A. on March 30, 2023.

The document is submitted to a conformity assessment (“*Limited Assurance engagement*” according to the criteria set out in the ISAE 3000 revised Standard) by the auditing firm Deloitte & Touche S.p.A.. The audit was carried out in accordance with the procedures set out in the “Independent Auditing Company Report” at the bottom of the document.

It should also be noted that the Group has the obligation to include in the CNFS, starting from the publications made after January 1, 2022, the information required by the legislation on the so-called “EU Taxonomy” in relation to the environmental activities carried out by the Group, for which reference is made to the paragraph “European Taxonomy”.

According to Art. 10 of the EU Delegate Regulation 2021/2178 of July 6, 2021, this information for the financial year 2022 concerns the proportion, relative to the total, of the Group’s turnover, investments and Operating expenses relating to eligible (“*eligible*”) and aligned (“*aligned*”) activities. The Taxonomy with reference to the objectives of mitigation and adaptation to climate change, as set out in the Annexes to EU Delegate Regulation 2021/2139 of June 4, 2021, as well as some qualitative information.

In this connection, it is noted that the limited examination of this Consolidated Non-Financial Statement carried out by the said auditing firm does not extend to this disclosure.

The CNFS has an annual frequency in line with the provisions of the Decree.

For further information on the publication of the Consolidated Non-Financial Statement, please write ATMsostenibile@atm.it. The document is also available on the ATM Group website www.atm.it.

For further information on the initiatives carried out by the ATM Group, the main risks generated or suffered, including their management methods, and the objectives set in these areas, please refer to the relevant sections contained in this document.

SUSTAINABILITY IN THE ATM GROUP

For the Group, the sustainability of its offer starts from the consideration of the needs and expectations of its stakeholders and represents a strategic lever of fundamental importance also for the positioning of ATM in the local public transport market (LPT). The constant attention to the environmental, social and governance aspects linked to the business, in fact, makes the ATM Group more attentive and inclined to respond promptly to changes in the needs of stakeholders, with particular reference to the legislative context of reference and to the behavior habits of customers.

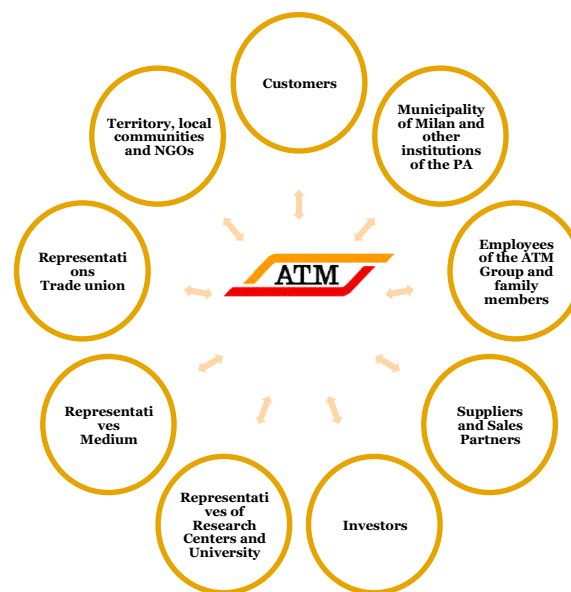
Therefore, the Group has adopted a structured approach for the management of sustainability issues, which is based on the analyzes carried out with respect to emerging trends in the sector and on the structured survey of areas considered to be of greatest interest by its *stakeholders*.

The Stakeholders of the Group

Aware of the role that the Group plays for the territory and of the significant impacts of its business activities toward the community in which it operates, ATM considered it appropriate to map the main stakeholders that are directly and indirectly influenced by its business, they can also influence the Group's activities.

This process has led to the identification of 9 key *stakeholder categories* for the Group.

Stakeholder map



During the normal course of its activities, the Group promotes the realization of multiple initiatives of involvement and interaction with *stakeholders*, maintaining relations based on principles of transparency, listening and collaboration, better described in the table below which represent the main stakeholders of the ATM group and the actions of involvement.

Stakeholders	Key engagement actions
Customers	Customers have the opportunity to interact with the Group by transmitting their suggestions and complaints through the many physical and digital channels available to them. ATM considers the monitoring of perceived quality, through periodic customer <i>satisfaction surveys</i> , an important lever of listening to its customers in order to guarantee a constant improvement of the service.
Municipality of Milan and other institutions of the PA	Several working tables guarantee the comparison and continuous collaboration between the ATM Group, the Municipality of Milan and the other institutions of the PA.
Employees of the ATM Group and their families	The multiple channels at disposal ensure a constant interaction between the Group and its employees, aimed at ensuring the analysis and resolution of the problems linked to the sphere of the employees. Among these channels, the presence of the whistleblowing channel and the SA8000 signaling boxes for certified companies is reported.
Suppliers and Sales Partners	The involvement of the suppliers is ensured during the course of normal business relations and with reference to the procedures identified by the management system SA8000.
Investors	Relations with investors are ensured through the normal channels established by the Group for this purpose (e.g. <i>conference call</i> , <i>website</i> , regular financial reports).
Representatives of Research Centers and Universities	ATM makes its know-how related to the management of local public transport systems available to the various research centers and universities with which it collaborates through educational partnerships, such as the course " <i>Mobility: Infrastructures & Services</i> " in collaboration with the Polytechnic of Milan and docences and scholarships for the Master "Management of Local Public Transport" of the University of Bicocca. In addition, ATM works with several universities to activate curricula internships and student internships within the company.
Media Representatives	The media are involved through press conferences, corporate events and public and institutional meetings.
Trade union representatives	The involvement of the trade union representatives is continuous and develops in the context of normal relations with the trade unions present within the ATM Group.
Territory, local communities and NGOs	Every year ATM organizes initiatives aimed at involving local communities in the company's life, stimulating the comparison between the organization and the territory. One example is the ATM Porte Aperte initiative, aimed at discovering the "behind the scenes" of public transport and making known the people who are dedicated to providing services every day.

The Materiality analysis

The Materiality analysis is the survey aimed at identifying and evaluating the environmental, social and economic issues that are most relevant to society from the point of view of its governance and stakeholders. In this context, during 2022 ATM updated the analysis of Materiality in order to understand the possible changes in the expectations and needs of the interested parties in relation to the events that took place during the year. In line with the new sustainability reporting standards of the global reporting initiative (GRI), published in 2021 and effective from January 2023, which provide for the review of the steps envisaged for the analysis of Materiality.

The new GRI Materiality aims to identify the relevant issues after determining the impacts generated (positive and negative) by the Group on society, the surrounding environment and the economy, including human rights.

The methodology for identifying and prioritizing relevant issues and their impacts has outlined the following steps:

- **PHASE 1:** Identification of the impacts generated by the Group, updating of material themes and involvement of stakeholders, Top Management and Board of Directors;
- **PHASE 2:** Strategic evaluation and approval by the Board of Directors of the material themes identified and reported.

PHASE 1: In the first phase, the sustainability issues and the relevant impacts previously mapped were submitted to the evaluation of internal and external stakeholders, as well as Top Management members and Group Directors. In particular, the updating of the analysis involved more than 1440 external stakeholders among clients, the Municipality of Milan and other public administration institutions, employees of the ATM Group and family members, suppliers and business partners, investors, representatives of research centers and universities, media, trade union representatives and territory, Local communities and NGOs, through the dissemination of specific questionnaires. In fact, all stakeholders have been asked to provide an assessment of sustainability issues and related positive and negative impacts identified and reported in online surveys, in which it has also been proposed to suggest possible further impacts relevant to the Group if not previously mapped. The description of the 13 themes and their identified impacts are summarized in Table 4 below.

STEP 2: The collected assessments were analyzed and revised to identify the values to be used for the construction of the Materiality matrix. In particular, **the relevance of material issues** and their impacts **for the ATM Group** and **stakeholders** has been defined in relation to the results obtained from the surveys administered to Top Management, including the Directors, and to external stakeholders, respectively. The relevance of sustainability issues and their impacts to ATM Group stakeholders has been calculated taking into account the average of the votes received by stakeholder category, by weighting the results of the evaluations in order to give greater emphasis to the opinion of those categories of stakeholders that could influence and/or be more influenced by the management of specific issues. This analysis made it possible to position the 13 sustainability issues identified within the Materiality matrix presented below. The Materiality matrix was approved by the Board of Directors of ATM S.p.A. at its session of December 22, 2022.

In addition to determining the areas of the Group's intervention in the field of sustainability, the material themes identified by the above-described analysis are also the starting point for the identification of the contents of this document and the foundations on which the Group has drawn up its sustainability plan.

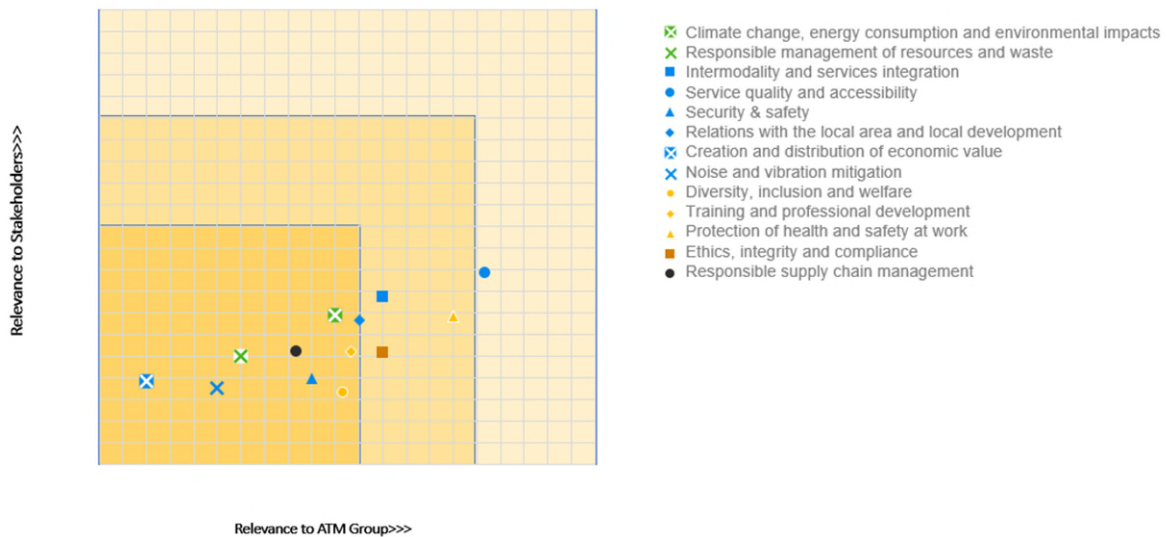
Below, in tabular form, the material themes and impacts of the ATM Group

AREA	MATERIAL THEME	IMPACTS	GROUP INVOLVEMENT
Environmental issues	Climate change, energy consumption and environmental impacts	<ul style="list-style-type: none"> · Promotion of energy efficiency/use of energy from renewable sources within the organization and along the Group chain · ATM Group energy consumption and related direct and indirect greenhouse gas emissions (scope 1/scope 2) · Energy consumption along the ATM Group value chain and related indirect greenhouse gas emissions (scope 3) · Other atmospheric emissions (e.g. atmospheric particulate matter) 	Caused by the Group and directly connected through a business relationship
	Responsible management of resources and waste	<ul style="list-style-type: none"> · Production / disposal of hazardous and non-hazardous waste · Water withdrawals and discharges (e.g. for washing equipment) 	Caused by the Group and directly connected through a business relationship
Social issues	Intermodality and integration of services	<ul style="list-style-type: none"> · Customer satisfaction through an efficient, integrated, more accessible and personalized mobility offering · Reduction of ticketless waste 	Caused by the Group and directly connected through a business relationship
	Quality and accessibility of services	<ul style="list-style-type: none"> · Customer satisfaction through a quality offer of transport services · Accessibility of public transport (e.g. vulnerable, disabled) 	Caused by the Group
	Security & safety	<ul style="list-style-type: none"> · Physical safety of persons (group staff and passengers) · Coordination and collaboration with law enforcement and urban realities in the fight against crime 	Caused by the Group both directly and indirectly
	Relations with the territory and local development	<ul style="list-style-type: none"> · Contribution to the socio-economic development of local communities · Contribution to the development of training and professional opportunities in collaboration with Universities and Research Centers 	Caused by the Group
	Creation and distribution of economic value	<ul style="list-style-type: none"> · Contribution to socio-economic development through the payment of taxes · Distribution of economic value to shareholders/stakeholders 	Caused by the Group
	Noise and vibration mitigation	<ul style="list-style-type: none"> · Vibro/acoustic pollution 	Caused by the Group

		<ul style="list-style-type: none"> · Promotion of noise and vibration mitigation initiatives with impacts on residents' quality of life 	
Staff-related topics	Diversity, inclusion and welfare	<ul style="list-style-type: none"> · Promoting an inclusive culture that fosters diversity, equity, and inclusion · Potential incidents of discrimination/harassment/abuse 	Caused by the Group
	Training and professional development	<ul style="list-style-type: none"> · Higher quality of customer service and therefore greater customer satisfaction · Personnel training and diffusion of company culture 	Caused by the Group
	Protection of health and safety at work	<ul style="list-style-type: none"> · Spread of the culture of prevention, training of workers in health and safety, increased awareness of risks in the workplace · Potential accidents at work, occupational diseases 	Caused by the Group
Issues relating to respect for human rights and the fight against active and passive corruption	Ethics, integrity and compliance	<ul style="list-style-type: none"> · Diffusion of awareness and culture in the field of business ethics · Potential non-compliance with applicable sustainability laws, regulations, internal and external standards with negative social/environmental/economic consequences · Potential corruption, anti-competitive behavior, antitrust, and monopoly practices with adverse effects on the economy/markets · Potential customer privacy violations and loss of customer and/or other stakeholders' data, including potential intentional security breaches from third parties (e.g. cyber attacks) 	Caused by the Group
Cross-cutting themes	Responsible supply chain management	<ul style="list-style-type: none"> · Spreading the culture of sustainability along the supply chain · Local supply with positive impacts on the economy of the territory · Contribution to the improvement of suppliers' ESG performance and their success, including through screening and social/environmental assessment activities 	Caused by the Group and directly connected through a business relationship

		<ul style="list-style-type: none">· Potential violations of human rights along the value chain (e.g. child labor, forced labor, discrimination, other rights in employment, etc.) with impacts on human dignity and the development of communities	
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The Materiality matrix of the ATM Group



Compared to what was published last year, the positioning of some material themes of the Group has undergone significant deviations within the Materiality matrix. For the ATM Group, the relevance of the issues related to the quality of the service offered, such as the quality and accessibility of services and relations with the territory and local development, has increased, and the issues related to environmental protection, such as noise and vibration mitigation, remain of primary importance. human resources issues, such as training and professional development.

As regards the relevance of the issues to stakeholders, attention is drawn to the quality of the service offered.

The Sustainability Strategy and the Environmental transition

Since its inception, the ATM Group aims to contribute positively to the development of cities and to play a central role in the communities in which it operates, as well as for the entire country system in the development of local public transport, gradually positioning itself as a reference point in terms of institutional sustainability, operational (mobility services), economic, social and environmental.

It has been for several years now, in fact, that ATM has started a path of integration of sustainability issues within its own organizational model showing its commitment to responding actively and effectively to the evolutionary context in which it operates. Aware of the role it plays in the communities in which it offers its services, ATM recognizes the importance of mobility in the context of metropolitan cities for its essential contribution to sustainable development and urban planning based on the needs and needs of citizens.

To this end, the Group has also defined a business strategy that incorporates the principles of sustainability and allows to create value for the Group and its *stakeholders*. The strategy articulated and declined in the Industrial Strategic Plan 2021-2025, which was shared and approved by the Board of Directors of the Parent Company, was developed in line with its own peculiarities, as well as in view of the evolution of market trends.

The business strategy is divided into three guidelines and involves the pursuit of objectives relating to the economic and financial sphere, as well as the development of an increasingly sustainable mobility service, especially from the point of view of the protection of environmental resources. Initiatives of strategic importance have therefore been developed, with the aim of making the Group a reference point in the field of digital innovation in order to increase the level of service to the passenger, to become sector benchmarks in the field of sustainability, to be a leader in the operational management of the sector, To extract the full potential from all the Company's non -core assets and finally to attract, develop and value the Company's human resources.

In addition to the industrial plan, and in line with the environmental transition “Milano Mix” promoted by the Municipality of Milan, the Group has followed the refining activities of its sustainability strategy, which is embodied in the Sustainability Policy. The Policy outlines the sustainability commitments undertaken by the Group through five pillars of action, summarized below:

1. Zero-emission transport – as the name suggests, this pillar aims to achieve net zero emissions from transport activities and to reduce local pollutants;
2. Responsible consumption – the responsible consumption pillar provides for the use of the minimum necessary and the efficiency of resource consumption;
3. Sustainable Supply Chain – this pillar aims to raise awareness and favor the Group's business partners share the same values in environmental, social and ethical terms;
4. Inclusive mobility – the purpose of this pillar is to ensure the social inclusion of all members of the community through the provision of sustainable, multimodal and innovative mobility services;
5. Great Workplace – “Great Job” in Italian, this pillar aims to promote a positive work environment for all employees that attracts and enriches people and enhances diversity.

The Group concluded its activities to develop the specific objectives of the Sustainability Policy in the first months of 2021. Among the main objectives, to give some examples: The reduction of CO₂ emissions; the annual increase in the number of relevant initiatives in the area of inclusive mobility; the annual increase in the number of initiatives relevant to minimize resources used, such as water resources; the progressive gender equality and the reduction of the wage gap between different kinds; a network of suppliers increasingly responsible and sensitive to environmental issues.

As a last step, since 2021 the Sustainability Pillars have fully entered the incentive system for staff. In fact, for the first year in ATM's history, in addition to the objectives linked to the respect of the budget, one of the projects that define the MBOs (Management by Objective, or result awards) of each business manager must contribute to achieving a defined sustainability target year-to-year.

All initiatives are part of the broader project to strengthen the Group's policies to achieve the objectives of Agenda 2030 for Sustainable Development, “Sustainable Development Goals,” defined in the context of the United Nations.

ATM and Sustainable Development Goals

The Sustainable Development Goals (SDGs) consist of 17 goals to be achieved to ensure sustainable global development. The objectives were approved by the United Nations in 2015 as part of Agenda 2030

for Sustainable Development. The 17 targets are in turn divided into 169 targets to be achieved by 2030. The SDGs require the action of all members of society: Businesses, the public sector, civil society, non-profit institutions, universities and research centers, as well as information and culture operators.



For this reason, ATM has committed itself to identifying the SDGs that are most aligned with its strategy, that is, those to which the Group can make a more significant contribution.

The identification and association of the identified SDGs with the Group's strategic objectives allows to further highlight the effort undertaken by ATM, through its strategy and business activities, in addressing the sustainability challenges for the community of which it is at its service. The Group has refined the analyzes launched last year to reach a series of targets for 5 SDGs to which it provides or could make a more significant contribution:



Achieve gender equality and empowerment (greater strength, self-esteem and awareness) of all women and girls



Ensure everyone has access to economic, reliable, sustainable and modern energy systems



Foster lasting, inclusive and sustainable economic growth, full and productive employment, and decent work for all



Make cities and human settlements inclusive, safe, durable, and sustainable



To promote action, at all levels, to combat climate change

In particular, the Group contributes to the achievement of SDGs through initiatives and investments realized according to its strategic industrial plan, as they aim to enhance their human resources through the development of new skills, to attract and grow talent, and to ensure access to a secure and accessible public transport system, with particular attention to the most vulnerable. These activities generate clear benefits in terms of employment and are able to create economic value for the whole Group, and indirectly also for suppliers and customers-citizens, as well as for the whole local economy.

FINANCIAL CAPITAL

What is financial capital

Financial capital is the set of financial resources, both own and third parties, necessary and functional to ensure the proper development of current management and investment coverage. The management of financial capital is linked to the cash flows generated by the characteristic management, to third-party resources provided in the form of public contributions, to financial indebtedness, represented by bank financing (EIB - European Investment Bank - other banking institutions) and recourse to the capital market.

Material themes related to financial capital			
Climate change, energy consumption and environmental impacts	Responsible management of resources and waste	Intermodality and integration of services	
Quality and accessibility of services	Security & safety	Relations with the territory and local development	
	Noise and vibration mitigation	Diversity, inclusion and welfare	
Training and professional development	Protection of health and safety at work	Ethics, integrity and compliance	Responsible supply chain management

As foreseen by the International <IR> Framework for the drafting of the Integrated Report, the main inputs, outputs and outcome as well as the main business activities that act with reference to financial capital are reported in the following table.

INPUT	BUSINESS ACTIVITIES	OUTPUT	OUTCOME
		· Active NFP per Euro	· Financing for projects to increase the quality and regularity of the service
		· Revenue	
		· MOL	· Distribution in society of the economic value created
· Capital structure (mix of equity and debt capital)	· Financial management	· Useful	
		· Personnel costs	
		· Financial expenses	
		· Taxes	
		· Reclassified Operating expenses	
		· Liberality, sponsorship and collaboration	

The financial capital of the ATM Group

For ATM, proper financial capital management is critical to ensuring business continuity and sustainability. The Group's economic sustainability depends on the effective management of financial capital and debt capital, which enables value to be created also as a result of the impact that economic choices can have on other capital (e.g. through investment choices).

Through the use of financial capital inputs, such as government grants, liquidity reserves, and bank financing, ATM provides continuity to the Group's operations, transforming financial capital into inputs to other capital and ensuring financial stability in the short, medium, and long term.

Fees and contributions from the Public Administration

ATM and the Municipality of Milan have signed a Service Contract which regulates local public transport services and related and complementary public transport services. As provided for in the Contract, the Municipality provides the ATM Group with a consideration for the performance of the LPT service, which represents about 64% of the Group's total revenues for the financial year 2022.

In order to better manage the contractual and economic aspects relating to the Service Contract, ATM has set up the Service Contract Unit which manages all relevant documents relating to the Contract. The unit is responsible for analyzing and reporting the data on minimum quality standards and for calculating any deviations between the services provided and what is provided in the contract. To this end, the Group has provided itself with a specific procedure to ensure:

- contractual relations correctly channeled;
- the objectives of the contract correctly disseminated and known by the persons responsible for the functions which are entrusted with the performance of the contract;
- Sharing of management problems with contractual interpretations, among the various internal ATM directions;

- Proper management and storage of the flow of information to and from the municipality;
- approval of any changes to contractual commitments.

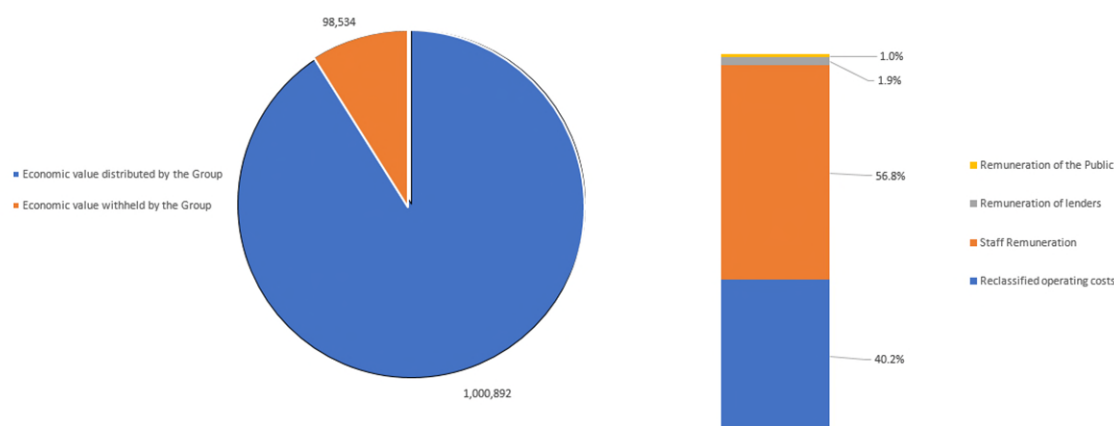
In addition, the Service Contract provides for the establishment of a Technical Committee composed of representatives of interested parties for the regulation of various aspects such as monitoring activity, evaluation of changes in contracts or evaluation of the management of the system of any penalties and premiums paid.

Value generation and distribution

The “generated and distributed economic value”, i.e. the wealth produced by the ATM Group and distributed among the various stakeholders in various forms, is representative of the impacts deriving from the performance of its services and is realized in the form of the macroeconomic benefits generated by the conduct of the Group's activities.

In 2022, the Group generated an economic value of approximately EUR 1,099.4 million. The Group has distributed EUR 568.9 million to staff in the form of remuneration for activities carried out during the year, while more than EUR 401.9 million have been allocated to suppliers to cover Operating expenses deriving from the purchase of services, Raw materials, consumables and goods. In the form of payment of financial charges, taxes and liberality, sponsorship and collaboration, the Group distributed approximately EUR 30 million. Finally, approximately of EUR 98 million was retained by the Group⁷ in the form of depreciation, write-downs, deferred taxes and reserve profits. In the following table the graphical representation of the distribution of the economic value generated by the ATM Group:

Figure 1 – Distribution of the economic value of the ATM Group in 2022 (thousands of euros, %)⁸



⁷ These values are to be considered before the profit distributions realized. During 2022, dividends were distributed to Hitachi Rail STS S.p.A. for EUR 1,715,000.

⁸ In addition, the value of liberality, sponsorship and collaboration, or the economic value distributed in the community, is equal to 0.09% of the total economic value distributed by the ATM Group.

Tax transparency

The function that chairs corporate taxation guarantees the correctness and formal conformity of the declarative compilation for the determination of the related taxes. From an organizational point of view, corporate taxation belongs to the Financial Directorate. The management and monitoring of tax risk resides within the owner Directorates of the individual business processes, which are relevant in this area.

The Group has provided itself with regulations and procedures that govern, within the specific processes, also tax compliance. In relation to the system of control of the fiscal risk, ATM operates in compliance with the following objectives, to be pursued in the continuous, applicable also to companies subject to the management and coordination:

- **Tax obligations:** properly manage the tax obligations linked to its activities, in compliance with the rules and regulations provided for and with the principles and objectives of the tax system of the competent jurisdiction.
- **Risk management:** control and manage tax risks and protect the Company's reputation through appropriate processes, procedures, organizational solutions and fully integrated tools at the Internal control and risk Management (ICRMS) level;
- **Tax Compliance:** ensure the integrity of tax compliance and the correct determination of taxes, in compliance with their associated timelines and requirements, while minimizing disputes with tax authorities;
- **Sharing of values:** to promote awareness at all levels of the company of the importance attributed by the Company to the values of transparency, honesty, correctness and respect of the law;
- **Exploitation of resources:** to develop and strengthen the personal and professional skills of the resources involved in the tax process and in the management of the risks associated with them, ensuring the correct level of experience and understanding of the business in order to guarantee the appropriate professional diligence in reaching adequately motivated conclusions.

The Company, as stated in the risk appetite Statement approved by the Board of Directors, has an adverse propensity to tax risk and the assessment of tax risks also takes into account the potential ESG value.

The approach to tax risks is derived from the corporate enterprise risk management model, adapted to the specific nature of the matter, and is fully integrated into the ICRMS framework.

ATM has adopted, in line with the provisions of Legislative Decree no. 128/2015 and on a voluntary basis, the Tax Control Framework (TCF) as a government and corporate asset management tool for the detection, measurement, management and control of tax risk. The instrument, subject to periodic updating, is jointly governed by the risk Management and Corporate Taxation function, the latter with the role of competence center and is distributed at all levels of the organization for the areas of respective competence.

As a mechanism for reporting criticalities relating to non-ethical or illegal behavior and the integrity of the organization in tax matters, ATM provides the whistleblowing process which is also open to such reports.

The assurance of tax information is guaranteed, in addition to the auditor in charge, by an external tax advisor responsible for the verification and control of compliance.

In the following tables, the financial, economic and tax information is reported for each jurisdiction in which the ATM Group operates (the data reported are published annually in November of the year following the reference year):

Table 9. Reporting of financial, economic and tax information for each jurisdiction in which ATM operates (Italy, Euro) – as at 12/31/2021⁹

Italy	Revenue from sales to third parties (including Related parties)	Revenue from intra-group transactions with other tax jurisdictions (Denmark)	Pre-tax profit/loss	Material activities other than Cash and cash equivalents	Taxes on the income of companies paid on the basis of the cash criterion	Taxes on accrued company income on profits/losses
Total Italy	902,352,000		(22,965,000)	1,284,448,000	3,270,921	3,256,000

Table 10. Reporting of financial, economic and tax information for each jurisdiction in which ATM operates (Denmark, Euro) – as at 12/31/2021

Denmark	Revenue from sales to third parties (including Related parties)	Revenue from intra-group transactions with other tax jurisdictions (Denmark)	Pre-tax profit/loss	Material activities other than Cash and cash equivalents and equivalent means	Taxes on the income of companies paid on the basis of the cash criterion	Taxes on accrued company income on profits/losses
Total Denmark	119,977,000		9,509,000	3,083,000	1,731,483	2,682,000

With reference to the Italian data, the difference between the amount of taxes on the income of companies accrued on profits/losses and the tax due is motivated by different withholding taxes and payment deadlines, meanwhile as regards the expressed values for Denmark, the amount of corporation tax on profits/losses refers to advances paid in 2021, while the tax due is the total amount due for 2021. The difference between the two was paid in 2022 on balance.

⁹ With regard to the information in this table, it is specified that it is published annually in November of the year following the reference year.

PRODUCTIVE CAPITAL¹⁰

Main results related to productive capital

Table 11. Summary of results related to the productive capital of the ATM Group

95.3% buses equipped with video surveillance systems	Over 1,245 km² of territory served ¹¹
Over 189 million of kilometers traveled ¹²	71.3% stations equipped with lifts and/or lifts ¹³
Over 677 million of passengers carried ¹⁴	

What is productive capital

ATM's productive capital consists of the Group's infrastructure, owned or leased, including plants and machinery relating to scheduled rolling stock and to the facilities for the operation of the transport service, land and buildings mainly related to rolling stock and office buildings, industrial and commercial equipment mainly related to auxiliary vehicles, as well as assets essential for the smooth running of the service.

In order to ensure the adequacy of the performances, constantly in line with the new needs of the customers-citizens, ATM is committed to reaching ever greater levels of environmental sustainability, safety, accessibility and comfort, guaranteeing ever more smart infrastructures.

Material themes related to productive capital

Climate change, energy consumption and environmental impacts	Responsible management of resources and waste	Intermodality and integration of services
Quality and accessibility of services	Security & safety	Relations with the territory and local development
Creation and distribution of economic value	Noise and vibration mitigation	Diversity, inclusion and welfare

¹⁰ Unless otherwise specified, this chapter refers exclusively to the data of the Italian companies of the ATM Group.

¹¹ The data also includes Metro Service A/S.

¹² The data also includes Metro Service A/S.

¹³ This data considers the M1, M2 and M3 metro lines as provided for in the Service Contract.

¹⁴ The data also includes Metro Service A/S.

Training and professional development	Health protection and safety and safety at work	Ethics, integrity and compliance	Responsible supply chain management
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As foreseen by the International <IR> Framework for the preparation of the Integrated Report, the main *inputs*, *outputs* and *outcomes* as well as the main *business activities* that act with reference to productive capital are reported in the table below.

INPUT	BUSINESS ACTIVITIES	OUTPUT	OUTCOME
<ul style="list-style-type: none"> Rolling park Mobility infrastructure Infrastructure supporting integrated mobility 	<ul style="list-style-type: none"> Integrated mobility management Design, engineering and maintenance Realization of ICT systems, ticketing systems and advanced <i>loading plans</i> 	<ul style="list-style-type: none"> Thousands of square kilometers of territory served Implementation of new technologies Integrated service on the territory Accessible transportation for all 	<ul style="list-style-type: none"> Efficient mobility sustainable, secure Social inclusion Satisfactory public service

The main sustainability objectives

The table below shows the main sustainability objectives and the level of achievement of the same as at December 31, 2022 with reference to the production capital of the ATM Group.

Table 12. Sustainability objectives related to the production capital of the ATM Group

Objectives	Status as of December 31, 2022
<ul style="list-style-type: none"> 100% of full-electric rolling stock reached. 	 <p>In 2022, 72.4% of the total kilometers traveled by the Group's rolling stock were connected to electricity, compared to 27.6% related to diesel traction.</p>
<ul style="list-style-type: none"> Progressive improvement of the main KPIs relating to the quality and accessibility of the service, including through the requalification and/or reconstruction of the stops and stations, as well as the acquisition of new rolling stock and/or the realization of <i>revamping</i> of the vehicles. Definition of a new security plan and progressive increase of dedicated resources and video surveillance systems installed on the means and infrastructures: <ul style="list-style-type: none"> 100% of buses with video surveillance systems reached (83.7% in 2017). 	 <p>95.3% of buses are equipped with video surveillance systems.</p> <p>In order to make the service increasingly accessible, comfortable and sustainable, it is noted that the provision of 80 new low-floor two-way trams (the first arrived in November 2022), 80 new trolleybuses 18 meters, are included in the plan of renewal of the fleet (The first delivery took place at the end of 2022), 21 M1 and 25 M3 trains, 150 12-meter hybrid buses, the first 63 of which arrived between October and December 2022 and the remaining will arrive in early 2023.</p> <p>As far as electric buses are concerned, 40 vehicles were delivered in 2020 and 100 in 2021.</p> <p>In 2022 the deliveries of the other 78 electric buses began and will continue throughout 2023.</p> <p>In the second half of 2022, procedures were initiated for the acquisition of a further 310 electric buses, measuring 12 and 18 meters.</p> <p>For further details, see the paragraph "Investment" of the Management Report.</p>
<ul style="list-style-type: none"> Recorded noise level reduction. 	 <p>During 2022 it was installed no.1 friction moderator in Porta Lodovica, next generation system that completely solved the noise problem.</p>

The productive capital of the Group

As a local public transport service provider, the modernization and maintenance of production capital is a fundamental element for the ATM Group, not only in compliance with the regulatory requirements necessary to carry out the activities - the maintenance of the company assets, in fact, especially as regards the average age of the fleet, It is regulated by European directives as well as by the provisions of the Service Contract concluded with the Municipality of Milan for the provision of local public transport services - but above all in order to guarantee a high level of service in a constant way over time, key to business sustainability.

The Group is committed, therefore, to renewing the company fleet in a continuous way and to developing a modern and efficient support infrastructure in order to achieve ever higher levels of performance in terms of environment, accessibility and *comfort*.

Investments for the modernization and renewal of the fleet for the continuous improvement of environmental performance

As regards the investments supported by the ATM Group for fleet and infrastructure modernization, see the “Investment” chapter of the Management Report.

Safety and corporate security

The protection of the company's assets, of the security of ATM personnel and of passengers is guaranteed by *the security sector* in agreement with the law enforcement forces present in the territory (local police, state police, Carabinieri, Guardia di Finanza), with particular attention to the high-traffic transport lines, to the parking facilities managed by ATM and to the areas of interchange with the railway network.

In recent years, the modernization of the fleet and the adoption of increasingly innovative technological solutions, have allowed the progressive expansion of the company skills monitored through CCTV equipment installed on board the car and at the stations, allowing the improvement of the safety activities to protect the personnel, Passengers and ATM assets.

Since 2019, *the Security Operations Center* (SOC) has been active, that is, *the Security Control Room*, which works in close contact with the operational centers of metropolitan and surface operation and of the forces of the order.

The *Security Operations Center* operates 24 hours a day 24, 7 days a week, with at least three specialized security operators monitoring and managing the more than 11,000 video surveillance cameras installed in the stations. In the offices and on the means and of the more than 4,000 alarms that are managed on the field through more than 200 daily interventions by *the Security staff*, with the possible support of the forces of the order.

The video surveillance of the new ATM trolleybuses reached 64.62%, that of the new buses reached 99.83% of the entire fleet, while for NET 100% of the fleet.

The ATM Security Committee has maintained intense and daily collaboration with the bodies managed by the public security authorities (Prefecture and Police) and with all the institutional components involved in the territory: Local Police, State Police, Carabinieri. In the exchange of information, the

problems arising from the different experiences and reports coming from the various sectors of the company are analyzed.

In particular, joint services were organized in 2022 both in metropolitan and surface areas, aimed at resolving these repeated problems and ensuring a better perception of safety for staff and passengers.

Since 2020, Security has also acquired the process of handling criminal complaints in the property sector of the ATM Group, further intensifying its relations with the commands of the law enforcement authorities in the territory in order to further guarantee the timeliness of their preventive actions, Control and repression of illicit phenomena to the detriment of ATM.

Since 2022, the desire to protect ATM personnel has led to the implementation of a joint service program alongside the Front Line staff in service within the metropolitan lines and the Tutor personnel operating both along the metropolitan lines and on the surface in the control activities.

In 2022, the benchmark activity of security continued among the main public transport realities, through participation in remote meetings between the business leaders of the sector, characterized in principle by the sharing of practices.

Metro Service A/S has also set up a management system for railway safety issues to ensure compliance with applicable laws, regulations and contractual provisions. The company shall record and assess railway safety risks annually and set quantitative and qualitative targets subject to review during the annual management review.

Infrastructure management and development and accessibility to transport services

In order to ensure the satisfaction of the citizens and of all those who use the service, it is essential to ensure that a modern and efficient infrastructure is maintained which ensures that everyone is highly accessible to the public transport service.

In particular, the infrastructures to support the service offered by ATM, from the metro network, to the stations and to the headquarters of the Group, allow to guarantee an adequate performance of the service to which they are destined, allowing to offer services constantly in line with the needs of the customers-citizens, in compliance with their expectations.

Aware of its role in the relationship between the citizen and the city, the Group plans the routes of bus lines and plans the construction of new metropolitan lines so as to offer a higher level of accessibility to all citizens.

The urban plan for sustainable mobility (PUMS), which sets out the guidelines for infrastructure management strategies, as well as security, reliability and flexibility toward the customer and his needs, is the main focus of the planning of the metropolitan area of Milan. The three-year program of works and the Biennial program of supplies also define the operational elements and the short-medium-term interventions that the municipality plans to develop for the realization of new infrastructures and the maintenance of existing ones.

In addition, ATM has implemented appropriate mobility survey tools that are updated periodically to evaluate the progress, demand and mobility flows for individual transport modes. The indications on

the interventions to be carried out - extraordinary maintenance, improvements, modifications - are also received through the other channels responsible for this purpose (institutional channels, customers and maintainers).

Moreover, in order to guarantee the safety of the circulation of the surface means, devices are installed on board which allow a constant connection with its operating center for the whole duration of the service; these systems are kept in efficiency on time through the appropriate maintenance activities.

Instead, for the safe circulation and spacing of the trains of the metropolitan lines, signaling systems are present with different protection technologies and automation degrees and capable of sending and managing information related to the position of the trains and to the conditions of the line.

In particular, in the context of the renewal of the line M2, the signaling system is completely rebuilt. The new plant, fully financed by ministerial contributions and the Municipality of Milan, will ensure a safer and more efficient service management, allowing an increase in the frequency of train passage to increase the transport capacity accordingly. In close association with the intervention on signaling plants it will be necessary to implement the timely renewal of the armament. The interventions will be carried out on the sections of line in which the armament has suffered a performance decay of the mechanical components or had been realized with technical solutions that do not allow the expected increase from 70 km/h to 85 km/h of the driving speed.

In addition to the M2 signaling program, the M3 signaling system is also being completely rebuilt, which will contribute to the modernization of the “yellow” line, together with the renewal of the train fleet, in the medium term; intervention entirely financed by THE MIT.

Accessibility to purchasing services

Alongside these interventions, ATM is the leader in the revolution of *ticketing* in local public transport, facilitating the digital transformation of Milan public transport, which to date is at a turning point in *the ticketing mode*. In fact, the Group has committed itself to ensuring accessibility to the services offered through the implementation of new automatic ticketing machines that facilitate the purchase of the travel license. In other words, *through the offer of smart services* that allow the purchase of travel tickets through SMS or *App* and making it possible to use the journeys in dematerialized mode with the use of *QR code* and, in the near future, NFC technology.

Thanks to *the smart technology*, ATM has introduced since 2018 the sale of the travel license directly to the turnstiles of the subway, implementing payment systems capable of detecting *contactless bank cards* belonging to the EMV circuit (*Europay Mastercard & Visa*). This innovative payment system allows access to the entire metro network, guaranteeing the passenger the application of the most convenient fare (logical *beast*) according to the number and type of trips made within 24 hours from the first validation of the day. The contactless payment system has subsequently been extended also on some bus lines 56, 70 and 73 and is being designed in the parking spaces.

Accessibility to vulnerable people

The Group is committed to ensuring full accessibility to the services offered to the highest possible number of users, paying particular attention to passengers with physical, visual and auditory disabilities.

To this end, the Group is working to increase the percentage share of stops, stations and accessible means, putting in place specific initiatives, including:

- Installation of tactile routes and protective measures, such as THE LOGS (Guidance and Safety Line) routes and automatic doors that protect against the risk of falling, to ensure the accessibility of services to passengers with visual disabilities;
- Upgrading or rebuilding of bus, tram and trolley stops;
- Acquisition of new trains of the metropolitan fleet with a seat reserved for passengers in wheelchairs, as well as trains already in operation;
- Acquisition of trams, buses and trolleybuses equipped with a low floor and *revamping* of some cars that provides for the installation of a lift for the entrance and exit of people in wheelchairs;
- During 2022 work was completed on the installation of lifts and the construction of access ramps in the stations of Cimiano, Vimodrone, Cassina de' Pecchi, Bussero, Gorgonzola and Gessate on the M2;
- With regard to the replacement plan for the escalators, which has allowed since 2012 the renewal of more than 100 plants¹⁵ in 2021 the installation of all 14 escalators has been completed: 6 in the railway station of Centrale FS, 2 in Cologno Sud, 4 in Cologno Nord and 2 in Cascina Gobba on the M2. During 2022 the planned ones in the San Babila station were also completed; extraordinary maintenance work on no. 39 escalators of the M1 metro line, no. 54 escalators of the M2 metro line, no. 43 escalators of the M3 metro line. The authorization procedure for the signing of the contract for the replacement of the escalators and lifts in the M3 stations for the end of technical life has also been started; In addition, several projects are under way for the renovation of further escalators and the installation of new lifts in the M1, M2 and M3 lines, partly financed by the Municipality of Milan and partly subject to financing under the PNRR.
- The investments made in recent years have allowed to increase the number of vehicles equipped with a low floor, a seat reserved for the passenger in wheelchairs and a lift or manually operated tilting platform for entry and exit from the car: to date, the entire fleet of buses and 66% of trolleybuses circulate with this arrangement. Within the tram fleet, 48.2% of the cars that circulate in the territory of the city of Milan are equipped with an electrically operated platform.
- ATM carries out awareness raising and training actions for the management of the relationship with customers with disabilities in respect of front line staff and new staff¹⁶; training is provided to the newly hired personnel, in particular, concerning the devices with which the means for transporting passengers with mobility difficulties or in wheelchairs are provided;

¹⁵ The plan, which was launched in 2012, allowed the replacement of more than 100 installations at more than 34 stations in the M1 and M2, respectively 56 and 35; The stations involved were on the M1 Sesto 1° Maggio FS (2 plants), Sesto Marelli (2), Sesto Rondo (2), Villa San Giovanni (2), Prepotto (2), Gorla (2), Turro (2), Rovereto (2), Pasteur (2), Lima (2), Loreto (2), P.ta Venezia (4), Palestro (2), San Babila (2), Cairoli (3), Cordusio (3), Cadorna FN (4), Conciliazione (2), Pagano (2), Buonarroti (2), Amendola (2), Lot (2), QT8 (2), Black bands (2), Molino Dorino (2); on the M2 the substitutions were carried out in the stations of Romolo (2 plants), Moscova (7), Lanza (6), Cadorna FN (4), S. Ambrose (3), S. Agostino (3), P.TA Genova FS (3), Cologno Centro (2), Gessate (5). The plan also provides for extraordinary maintenance to improve the functionality and reliability of the systems most prone to failure.

¹⁶ New hire staff with the role of bus, trolley and tram driver, station operator, M5 line agent, driver.

- The site www.atm.it in the accessible means section provides information on the accessibility of the stations: The customer finds, specified station by station, the equipment of lifts, stairlifts, escalators and accessible toilets; Lifts, stairlifts and escalators are also marked on the diagram of the metro network published on the site, on the ATM app and in the stations, distributed free of charge to customers at all ATM Points and by metro at the station operators' cabins. On the lines and timetables section, available directly from the home page of the site, each stop of the five metro lines is provided with information about the presence of lifts and stairlifts and their position with respect to the surface. The accessible version of the section, characterized by an essential format to facilitate the visually impaired, offers the functionality of the calculation of the path; it works with the main *screen readers* to allow to reach the results of the path only listening to what elaborated by the program. The list of surface lines served by low-floor vehicles is also available on the accessible vehicles page.

For the improvement of information on the accessibility of transport by subway to people with mobility disabilities and for its real-time delivery, ATM has created the web platform called information without barriers illustrated in the dedicated box.

On the basis of the data of the reports received and the results of the Customer Satisfaction survey, ATM has carried out since March the mapping, which is progressively and constantly updated, of the entire transport network on the subject of accessibility in order to identify the priorities of infrastructural intervention to be shared, in anticipation of the Winter Olympics Milan-Cortina 2026, with the Municipality of Milan, owner of the local public transport infrastructure.

Table 13. KPIs relating to the accessibility of ATM media ¹⁷

% surface vehicles fitted with a folding platform				
Mode	Target 2022	2022	2021	2020
Surface lines	75	86.1	85.2	84.7

% metro stations with lifts and/or lifts				
Mode	Target 2022	2022	2021	2020
Metro stations	75	71.3	71.3	70.2

% metro stations with sensitive flooring in the center of the quay				
Mode	Target 2022	2022	2021	2020
Metro stations	100	97.9	95.7	95.7

Real-time information on transport accessibility: Infoline ATM and new barrier-free information web platform

The Company makes available to its customers the Infoline ATM 02.48.607.607, *call center* coordinated by the structure Relations with customers, active every day from 7.30 to 19.30 for information on the hours of the service, the routes of the lines, the travel rates; Infoline is operating until

¹⁷ These indicators do not include means operated by Nord Est Trasporti S.r.l..

24 p.m. for assistance to passengers with disabilities by operators who can help passengers with disabilities to plan their trip with useful information on: accessibility of stations and stops, real-time situation of plants (in service, out of service for maintenance), easy routes and devices with which means and stations are provided, real-time information on the line of interest.

In order to improve information on accessibility to metro transport, ATM published in 2022 the web platform called Information without barriers, available on the website www.atm.it and on the ATM Milano app, which provides real-time information, updated every 10 minutes, on the operation of lifts and stairlifts in metro stations. For this project, the Company has carried out, together with a group of passengers with motor disabilities and with LEDHA “League for the Rights of persons with APS¹⁸”, an experiment for the development of the system's functionalities starting from the customer's travel experience; The platform, which was presented to LEDHA prior to release, is available online from December 6, 2022.

Reduction of vibro-acoustic pollution

Constant is the commitment to minimize the vibro-acoustic impact during the operation of trams and metropolitan cars through an increase in diagnostics, to the improvement/adaptation of the armament, to the introduction of grinding for the elimination of the anomalous consumption of the rolling plane and of the systems of friction modification on the tramway network punctual analysis of indicators linked to the daily monitoring of the vibro-acoustic impact of infrastructures in compliance with the legislative framework in force.

The ATM Group uses a dedicated internal structure, the physical Agents and Metrology Unit, which dedicates part of its activities to the measurement and evaluation of noise and vibration disturbances that can derive both from sources located in the company's operating locations and from public transport systems (trams, subway, Buses and trolleybuses) under management by the Group.

The analysis gives rise to a continuous collaboration with the technical functions that is manifested in particular in the renewal programs of the fleets of the rotables and components for network plants, as well as in the definition of the specific maintenance plans, aimed at the rotables and the metropolitan armament, always in a perspective of prevention and improvement, in order to protect customers and for the quality of life of the community.

In this context, in 2022 the Group will:

- carried out grinding operations on the metros with grinding train by the company Mecno Service, with the grinding carriage HSG City by the company Vossloh and with the road-rail grinding machine Man Meccanica - Speno RLT16-EVO by the company Rail Diagnostics S.p.A. for a total of about 138,000 meters, of which about 53,700 meters for periodic grinding operations (27,700 meters in line M1, 25,300 in line M2 and 700 in line M3).
- Approximately 4,250 meters of rails with a higher hardness have been installed, which therefore have better performance in terms of weaning development, on 13 curves of the M1 metro line. He has carried out grinding and routine maintenance work on tram tracks with Man Meccanica -

¹⁸ LEDHA, the League for the Rights of persons with Disabilities APS, is a social promotion association that works for the protection of the rights of persons with Disabilities, offering information, free advice and legal assistance and making itself an interlocutor of the institutions of Lombardy; It represents numerous organizations of people with disabilities and their families throughout Lombardy.

Speno RLT16-EVO road-rail grinding machine of Rail Diagnostics S.p.A. and with HSG City grinding trolley of Vossloh, on 22 sections for a total of about 18,000 meters. The results of the evaluation of the effectiveness of the measures carried out have demonstrated a satisfactory reduction in noise and vibrations produced by the operation of the tram lines;

- 1,7 km of track were renewed, including the complex replacement of the entire tramway infrastructure of P.ta Lodovica, replacing the previous infrastructure with a floating slab with anti-vibration mattress and elastic attachment that mitigates the propagation of vibrations and reduces the production of rolling noise (Narrow radius curve Col di Lana – Teuliè).

Specifically:

- Porta Lodovica 641 m on stalls (2/05-8/09/2022)

- Monumental (Nono side) 96 m of which 75 m on stalls (10/01/2022 – 31/01/2022)

Viale Gorizia 574 m of which 76 m on stalls and 498 m on ballast with stringers in cap with underbench mattress and layer of cls C16/20 below;

- Viale Regina Giovanna 271 m of which 72 m on stalls and 199 m on ballast in reserved seat with crosses in cap (no mattress).

- Some exchange control systems have been replaced with the least impactful “radio frequency systems” equipped with hydraulic shock absorbers on the maneuvering boxes, and the installation of flexible tongue switches instead of the “hinge” models, which are also less acoustically impactful due to their construction characteristics, including the complexes of Piazza di Porta Lodovica.

Within the processes of containment of the vibro-acoustic phenomena, there is also the ordinary and extraordinary maintenance of the wheels of the vehicles. Of particular importance are the vibration monitoring systems in metropolitan tunnels, which allow to identify the state of wear of the metropolitan trolleys, so as to initiate targeted actions of turning of the wheels.

The management by the team of processes of structural order continued over time, within the environmental protection deriving both from specific obligations dictated by the current legislation, and from the company's will to continue a path of improvement of its performance on the subject.

In 2022, the structure completed the updating of the noise mapping of the M2 railway infrastructure relating to the surface sections and started the updating of the resulting action plan, which includes sound mitigation measures by installing noise barriers along the noise propagation route.

INTELLECTUAL CAPITAL

Main results related to intellectual capital

Table 14. Summary of results related to the intellectual capital of the ATM Group

<p>5</p> <p>Companies of the Group equipped with model 231</p>	<p>4</p> <p>The Group Companies are certified SA8000</p> <p>-----</p> <p>Approximately 490 hours of training</p> <p>Human rights and SA8000</p>
<p>4</p> <p>The Group Companies certify ISO 9001</p>	<p>0 significant penalties</p> <p>environmental and social issues</p> <p>0 cases of discrimination during 2022</p>

What is intellectual capital

Intellectual capital constitutes the whole of the Intangibles assets that contribute to the creation of value. These skills translate into business functions dedicated to developing ideas and innovations in how to design and deliver the services offered.

Material topics related to intellectual capital

<p>Climate change, energy consumption and environmental impacts</p>	<p>Responsible management of resources and waste</p>	<p>Intermodality and integration of services</p>
<p>Quality and accessibility of services</p>	<p>Security & safety</p>	<p>Relations with the territory and local development</p>
<p>Creation and distribution of economic value</p>	<p>Noise and vibration mitigation</p>	<p>Diversity, inclusion and welfare</p>
<p>Training and professional development</p>	<p>Protection of health and safety at work</p>	<p>Ethics, integrity and compliance</p>
		<p>Responsible supply chain management</p>

As foreseen by the *International <IR> Framework* for the drafting of the Integrated Report, the following table shows the main inputs, outputs and outcomes as well as the main business activities that act with reference to intellectual capital.

INPUT	BUSINESS ACTIVITIES	OUTPUT	OUTCOME
<ul style="list-style-type: none"> • <i>Know-how</i> in the management of complex mobility systems • <i>Competence centers</i> in process design and management 	<ul style="list-style-type: none"> • Development of innovative and <i>smart</i> systems for mobility management • Customer <i>satisfaction level detection</i> • Conduct internal climate surveys • Implementation of operational management and governance tools and systems 	<ul style="list-style-type: none"> • Obtaining certification systems: ISO 9001, ISO 14001, ISO 45001, SA8000 • Ethical Business Management • Innovative service offerings 	<ul style="list-style-type: none"> • Quality of service provided • Process efficiency and control along the value-creation chain • Rights protection for employees and customers

The main sustainability objectives

The table below shows the main sustainability objectives and their level of achievement as at December 31, 2022 with reference to the intellectual capital of the ATM Group.

Table 15. Sustainability objectives related to the intellectual capital of the ATM Group

Objectives	Status as of December 31, 2022
<ul style="list-style-type: none"> • Integration of sustainability risks related to ATM activities and operations within the Group risk assessment process. 	<p>During 2019, ATM completed the implementation of the new Enterprise risk Management process. The first application of the new model and the updating of the risk register were also completed, identifying and evaluating risks related to sustainability and having "ESG" implications (environmental, social and governance).</p> <p>With respect to the ESG objectives, for the "S" ("Social") and "G" ("Governance") part, it is also specified that they have been integrated into the Group risk assessment process, also through a timely reconciliation of ERM risk scenarios to specific 231 and anti-corruption risks, it also maps its hotspots. Due to the above updates to the 231 models, the ERM risk register has been harmonized in order to align it with the update of the 231 models and the Group Anti-Corruption Model, adopted on a voluntary basis and also updated in 2021.</p> <p>The ATM Group undertakes to further deepen its risk analysis in the context of Climate Change, in line with the priorities defined by the European Securities and Markets Authority (ESMA), and on the basis of the evolution of the relevant legislation.</p> <p>During 2022, the activities of strengthening the ERM model in terms of design and architecture, a model fully integrated with all the company management systems, were completed.</p> <p>For further details, see the chapters "Corporate Governance Report" and "Risk and uncertainty factors".</p>

The intellectual capital of the Group

The intellectual capital, consisting of the knowledge and skills that the Group has built and developed in about 90 years of service, is expressed in the form of regulations, procedures and systems of operational management and governance. These instruments, in addition to ensuring compliance with the reference standards, allow to optimize the value generated both in monetary terms, deriving from the performance of the service, and in terms of innovations and flexibility of the offer in response to the needs of the stakeholders. These elements thus contribute to ensuring the integrity, transparency, loyalty, accountability and virtuosity with which the Group carries out its *business activities* and promotes ATM's leadership in the local public transport sector.

The approach to service innovation

ATM is constantly engaged in the experimentation and use of new technologies applied to mobility services and the commitment to an increasingly sustainable offer is a fundamental principle of the Group's strategic plan.

In this context, the ATM Group has developed distinctive skills in the creation of platforms for the integrated management of mobility information and has also launched an internal program aimed at the search for innovative and technological strategic solutions for its employees in order to improve the quality of the working environment.

There are numerous projects carried out in 2022 for the purpose of technological innovation addressed to both internal and external customers; among others we highlight:

- **Digital identity for all employees in the group**

During 2022, the process was completed to provide all of the company's employees, regardless of their role, with a personal digital identity. In addition to making a number of basic services available immediately, such as e-mail and consultation of its online coupon, the operation lays the foundations for a strong acceleration in the digitization of a large part of the business-employee relationship processes.

- **SAP platform**

Project aimed at drawing up the financial statements (both economic and capital) for service contracts and modes of transport, as requested by the Transport Regulatory Authority for companies operating in the local public sector with Resolution 154/2019 and later.

The companies of the group concerned are ATM S.p.A. and NET S.r.l.

The project has led to the automatic preparation, on the internal ERP system, of a separate accounting in document splitting that has touched all the business processes with accounting implications, in addition to the creation of a *cloud platform* that will allow the Finance and Control Administration management to manage and prepare the balance sheet data according to the provisions of the art resolution.

The new platform allows to collect and manage in a single tool the information necessary for the preparation of the data for management, as well as comparing the values themselves with those of the two companies' balance sheets.

- **“Ordinary” Reimbursement Procedure**

Since June 2022 ATM has activated a new reimbursement procedure for “ordinary” customers, in continuity with the procedure already used since 2021 for “convention” customers. The process involves the insertion of the reimbursement request by the customer, in total autonomy, from the ATM website following the indications of the application form implemented. The customer can then deactivate his contract, for which he has requested reimbursement, by approaching his card to any of the totems present in the stations of the metro lines. Thanks to this project, the presence of customers at ATM Point counters was limited to requests for assistance only; the use of paper was considerably reduced, in full compliance with ATM sustainability policies, and the working times of reimbursement practices.

- **Transport Bonus Project 2022**

Since September 2022 ATM has made available to all its customers an online procedure that allows to benefit from the “Transport Bonus” under the decree-law of May 17, 2022, n. 50, converted, with modifications, by law of July 15, 2022, no. 91.

The procedure provided allowed ATM and NET customers with a subscription (monthly, annual, multi-monthly) purchased between September and December 2022, after the payment of the Transport Bonus through the special portal of the Ministry of Labor and Social Policies, To insert through a dedicated section of the ATM website the request for the settlement of your *voucher*.

The process has allowed to manage digitally about 250,000 requests, including all types of subscriptions (ordinary, facilitated, Key Account, Family employees, etc.) purchased through any sales channel.

- **Digitization of Information Reports**

Since November 2022 a new application for the drafting of information reports has been in production. The instrument is used to record events related to the operation and personnel during the service. The application is in use for all Metro personnel and for those involved in the exercise of surface areas. Approximately 90 information reports are drawn up daily with the new instrument.

Here are the main objectives achieved:

- ✓ Dematerialization
- ✓ Integration with upstream systems (operating Room Diaries – SOMD, OVD)
- ✓ Integration with downstream systems (Sinpraleg and disciplinary)
- ✓ Better quality and usability of the data
- ✓ Better readability and accuracy of the information collected
- ✓ Document traceability with specialized and structured approval cycle
- ✓ Reduced management time of information reports (from max 20days to max 2days)

- **ISB site – information without barriers**

Since December 2022 a new application is active usable by all citizens that shows the status of the vertical systems, lifts and stairlifts of the stations of all the metro lines, returning a accessibility information related to the station. The site is adequate in terms of accessibility also for the visually impaired.

The information can be reached by means of a banner from the ATM corporate site and the ATM App (for more information see the dedicated box in the chapter on “productive Capital”).

- **Business Intelligence Portal**

Implementation of an analysis model, development of reporting and publishing on the business intelligence platform for the following business areas:

- ✓ Data Analysis ATM Contact Center Contract. The model dedicated to an internal user allows to monitor the progress of the inbound management of the ATM call center service, Area C, Area B and to provide the data of the accounting of the service levels useful for the calculation of any penalties to be applied to the supplier.
- ✓ Sales data analysis and specific customer management for ATM Points. The model dedicated to the operators of the ATM sales network allows to provide a dedicated tool for the analysis of the volumes of securities sold, and the quantity of customers/services detailed for single ATM Point.

- **Indicator Portal M4**

In the context of the fulfillment of contractual and service obligations with the M4 consortium, the following outputs were produced:

- ✓ Implementation of the data analysis model and the related KPIs for monitoring the service contract with the M4 consortium, covering kilometers and quantitative assessment of runs.
- ✓ Publication of the data on the BI business platform and on an external web portal dedicated for the consultation and sharing of the data with stakeholders involved in various ways in the fruition of the data (Bacino Agency, Metro4)

- **Metro passenger flow simulation application**

The implementation of an application that allows the simulation of the flows of passengers along the metro network and for the whole duration of the service, also in the face of new scenarios of demand and/or supply.

The application, provided to the direction of the programming of the service, starting from historical series concerning the origin-destination matrix of the users of the metro network and the data of crowding of the cars provides a forecast scenario of the crowding of the trains for a given day type and per time slot.

The refining of the data of the origin-destination matrix and the definition of the algorithms applied to the historical series have been of the objectives achieved thanks to the research work of the group set up with the Polytechnic of Milan.

- **Adaptation of ZTL Area C, Area B.**

During 2022 the Municipality of Milan adopted a series of measures aimed at reducing traffic and improving air quality. ATM as a technological partner of the Municipality of Milan, has worked constantly on the adaptation of all the infrastructures and systems linked to the ZTL, with the aim of maintaining compliance with the measures decided.

It has also invested in creating the conditions to ensure market opening and greater competition of the services offered for the payment of Area C, integrating new payment channels and services usable by users into the platform.

The activities of adapting the Area C site in order to make the applications in use to the users more user-friendly are particularly important.

- **Ministry of Infrastructure and Transport – Single disabled mark**

ATM has participated with the Municipality of Milan in the experimentation phase started by the Ministry of Infrastructure and Transport (MIT) to facilitate the movement of people with

disabilities throughout the national territory, guaranteeing them the full right to mobility. ATM has integrated its technology solution with MIT's central systems. This technological solution, which implements the provisions of the Decree of July 5, 2021 in implementation of Law 145/2018, allows a citizen holding the “standardized European Disability Mark” (CUDE) to move by car to another municipality without having to ask for permission to enter restricted traffic areas and use reserved parking spaces in advance.

- **Stop**

In order to take more effective measures to combat the evasion of road-parking payments, ATM has worked to make its control systems more efficient. All the hardware devices used by the auxiliary staff have been optimized and its procedures have been efficient to reduce control and verification time.

Compliance with the relevant regulations

In line with the ICRMS Guidelines of ATM S.p.A.¹⁹ since 2021, the ATM Group has started the formalization of a *Compliance System* consisting of specific organizational instruments and processes aimed at ensuring the adaptation to internal and external reference regulations, thus, it also protects itself from risks related to judicial or administrative sanctions, to potential losses or reputational damage as a result of non-compliance with the applicable law.

Within this path, a specific *Compliance function was set up*, which completed, in the first months of 2022, the creation of a *Compliance Assessment* for the identification of the main regulatory areas applicable to ATM and the definition of a maturity level of the individual assets.

This has formalized and made ATM aware of its non-compliance risk profiles which, to date, are managed through a system spread and distributed among different actors: The ATM Compliance System involves in particular specialized Compliance Presidia and control functions dedicated to specific regulatory areas, including the Compliance function which chairs and monitors certain regulatory areas and carries out an overall coordination activity.

The activities that characterized, also in 2022, the control functions on specific regulatory areas concerned the evaluation of the instruments, of the processes functional to the management of these risks but more in general the robustness of the ATM Compliance model in order to protect the Company from possible regulatory violations.

The protection of personal data

The right to the protection of personal data is a fundamental right of the individual under the Charter of Fundamental Rights of the European Union (art. 8) and is today protected, in the first place, by EU Regulation No. 679/2016 which regulates the protection of individuals with regard to the processing of personal data and by Legislative Decree no. 101 of 2018, adapting the Code on the Protection of Personal Data (Legislative Decree no. 196, 2003) to the provisions of that Regulation.

The ATM Group has always regarded “data” as one of the most valuable assets owned by a company and for this reason has paid particular attention to the protection of personal data, not so much because it is

¹⁹ Properly transposed by the subsidiaries if and as compatible.

a legal obligation, but because it is considered a competitive asset. In recent years, this view has been all the more favored by people increasingly aware of the importance of their data.

The approach of European legislation, aimed at the protection of the rights of individuals, has ensured that ATM continues to adapt its processes in line with the rules and implements a system of protection of personal data of an essentially preventive type, based on the minimization of the risk of infringement, by means of protection techniques from the planning and with predefined settings, on the responsibility of the data controller (*accounting principle*) and on the introduction of the institute of impact assessment for the processing of data presenting high risks to the rights and freedoms of persons.

This system involved the creation of a new, very important figure, the Data Protection Officer (DPO). This figure is unique for all the companies of the Group and has as its main function that of supporting the owner, the employees and the persons responsible for the data processing so that it treats the data and the relative risks according to the principles and indications of the European regulation and of the other regulations in force.

The Code of Ethics: Principles, values and social responsibility

As already explained in the chapter “Report on Corporate Governance” of the Report on Management, transparency, ethics/correctness, loyalty, quality of life of communities and continuous search for excellence are only some of the guiding principles considered by the ATM Group in adopting a governance structure adapted to its nature, size and operational structure. These principles are expressed in value areas aimed at guiding the action of ATM people on both the internal and external front.

The values that the ATM Group recognizes as fundamental in the performance of its business, and which it shares at all levels of the organization, are set out in the Code of Ethics, introduced in 2007, updated in 2018, in accordance with the act model, updated later in December 2021 and under review as of 2022.

The Code of Ethics, which summarizes in extreme synthesis the set of values and lines of conduct that make up the identity of ATM and the company group that is responsible for it, sets out the relative ethical and social responsibilities and engages the social organs, the Management, the personnel, the external collaborators, the suppliers and, more generally, all those who, in various ways, act on behalf of the ATM Group or who come into contact with it. The same applies, in fact, to the Parent Company ATM S.p.A. and to the Group companies and, together with the models of organization, management and control ex D. 231/01 and act form an integral part of the general Internal control and risk Management System of the ATM Group.

Social responsibility, is one of the driving factors of ATM's corporate and social policies, which are declined, with a view to continuous improvement, bearing in mind the reference model and specific international recommendations: This principle is certified through compliance with the SA8000 standard and integrated into the Group's Code of Ethics.

For further information, please refer to the “Corporate Governance Report” chapter.

Certified management systems

ATM instructs third-party, independent and accredited agencies that report on companies' compliance with reference standards and suggest improvement suggestions based on annual periodic audits.

As already explained in the chapter “Report on Corporate Governance” of the Management Report, the QHSE function (*Quality, Health, Safety & Environment*) ensures the definition of guidelines on quality, health and safety at work and the environment, in keeping with the Group's strategic lines and in full compliance with the mandatory rules and management systems implemented.

The QHSE function ensures the maintenance of certifications related to the Quality, Environment, Health & Safety Management System in the workplace, and is responsible for planning and carrying out “internal system audits” and determining the legal requirements of the scope of responsibility.

In line with the corporate mission and the Sustainability Policy defined by the Board of Directors, ATM S.p.A. in 2022 expanded the number of certified public transport lines in compliance with the UNI EN 13816 technical standard “Quality of service in public transport”: The tramway line 4, the car line 60 and the metro lines M1 and M2, after specific audit by accredited bodies, obtained the appropriate certification of conformity to the standard by adding to the lines 14, 54, 90/91 and M3 already certified in 2021.

In the field of management systems for safety and health in the workplace, ATM S.p.A. and Rail Diagnostics S.p.A. have obtained the confirmation of ISO 45001:2018 certification.

During 2022, NET S.r.l. started the certification process of its ISO 45001:2018 management system, which ended December 13 with positive results.

As regards the respect of the Human Rights Group and the Worker, as of 2022, the companies ATM S.p.A., GESAM S.r.l., Nord Est Trasporti S.r.l. and Rail Diagnostics S.p.A. are certified SA8000

As evidence of the Group's commitment to the proper management of environmental and social issues, it should be noted that no significant sanctions were found in 2022 in relation to environmental and socio-economic laws and regulations.

Table 16. Ex. D. Lgs Models 231/01, anti-corruption and transparency model and certified management systems

Company of the ATM Group	Ex D. model Lgs 231/01	Group Anti-Corruption and transparency Model²⁰	SA8000 certified	ISO 14001 certified	ISO 9001 certified	ISO 45001 certified
ATM S.p.A.	X	X	X	X	X	X

²⁰ The anti-corruption and transparency model was adopted on a voluntary basis on 15 September 2018 and revised in 2021.

Citylink S.r.l.	<i>Update within the first half of 2023, following a change in core business</i>	X	-	-	-	-
GESAM S.r.l.	X	X	X	-	-	-
North East Transports S.r.l.	X	X	X	X	X	X
Rail Diagnostics S.p.A.	X	X	X	X	X	X
International Metro Service S.r.l.	X	X	-	-	-	-
Metro Service A/S	NO	NO	-	<i>Adoption of the management system by the first quarter of 2023</i>	X	<i>Adoption of the management system by the first quarter of 2023</i>

Protection of human rights

The Group is committed to ensuring the protection of human rights, in full compliance with the requirements of the SA8000 standard. This rule draws inspiration from the principles of the UN Universal Declaration of Human Rights and the ILO conventions and outlines the virtuous practices to be respected in relation to freedom of expression, abstention from the use of forced or child labor, equal treatment and the fight against discrimination and harassment, both within the Group and its suppliers. In particular, the SA8000 standard defines 9 requirements of particular importance:

- do not use or support the use of child labor;
- not to use or support the use of forced or compulsory labor, not to retain identity documents in the original and not to require staff to pay “securities” at the beginning of the employment relationship;
- to ensure a safe and healthy working environment and to take effective measures to prevent potential accidents, injuries or diseases which may occur as a result of, in relation to, or during work;
- respect the right of all personnel to train, participate in, and organize trade unions of their own choice and to contract collectively with the organization; effectively inform staff that they can freely join any organization of workers of their choice, without any negative consequences or retaliation from the organization;
- not to resort to or support any form of discrimination in recruitment, remuneration, access to training, promotion, termination of employment or retirement, on the basis of race, national, territorial or social origin, caste, birth, religion, disability, gender, sexual orientation, family responsibilities, marital status, trade union membership, political opinions, age, or any other condition that could give rise to discrimination;
- treat all personnel with dignity and respect, not use or tolerate the use of corporal punishment, physical or mental coercion and verbal abuse;

- comply with applicable national laws, collective or corporate bargaining (where applicable) and industry standards for working hours, rest and public holidays;
- respect the right of staff to a decent wage, and ensure that the salary paid for a normal working week, excluding overtime, always corresponds at least to legal standards or industry minimum standards, or collective agreements (where applicable);
- Continuously establish and improve the SA8000 Management System.

In order to continuously monitor the performance of the SA8000 certified companies, the Group makes use of multiple instruments aimed at ensuring the ethical management of business along the entire value chain. In addition to internal audits at its facilities, management systems have been adopted for the treatment of possible cases of discrimination, harassment and stalking and, as far as suppliers are concerned, the Group has implemented selection criteria based on compliance with the SA8000 requirements. In addition, by conducting internal random audits along the supply chain.

As regards the maintenance of compliance with the SA8000 standard and the monitoring of its internal climate, the SA8000 Management System also makes use of some specific signaling channels such as:

- Dedicated mailboxes located at all corporate offices;
- Dedicated e-mail box (sa8000@atm.it) or by physical mail through which to address your message also and possibly through the appropriate Online form, available on the Intranet or on the Internet site;
- In person, addressing directly to the members of the Social Performance Team (a body dedicated to and composed equally by employees' representatives and company representatives).

Through these channels, Group and third-party personnel can deliver reports, suggestions or complaints.

In addition, training courses on respect for human rights – or more generally on social responsibility issues – are carried out regularly for all professional categories. For the Group companies in Italy, the specific training hours on the subject of respect for human rights refer to the SA8000 certification, while for the Metro Service company, training courses are provided on the issues of Corporate Social responsibility which also include these issues. At the end of 2022, 98% of Metro Service employees completed the CSR e-learning program.

In 2022, more than 670 employees were trained in SA8000 and human rights.

Table 17. Hours of training and % of employees trained in SA8000 and human rights

ATM Group	2022			2021			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
No training hours	383	106	490	406	50	456	213	54	267
% Employees trained ²¹	6%	16%	7%	6%	8%	6%	3%	9%	4%

²¹ Percentage calculated by comparing the number of employees who have received training in human rights policies and procedures to the total number of employees of the ATM Group.

HUMAN CAPITAL

Main results related to human capital

Table 18. Summary of results related to the human capital of the ATM Group

<p>10,473 employees to December 31, 2022</p>	<p>750 new hires during 2022</p>	<p>319,168 training hours paid in the year</p>
<p>7.2% incoming turnover</p>		<p>7.1% outgoing turnover</p>

What is human capital

Human capital is represented by the people who make their contribution to the Group's activities every day, through their own know-how, their competence, loyalty and commitment to a collaborative climate aimed at optimizing organizational processes.

Material themes related to human capital

Climate change, energy consumption and environmental impacts	Responsible management of resources and waste	Intermodality and integration of services	
Quality and accessibility of services	Security & safety	Relations with the territory and local development	
Creation and distribution of economic value	Noise and vibration mitigation	Diversity, inclusion and welfare	
Training and professional development	Protection of health and safety at work	Ethics, integrity and compliance	Responsible supply chain management





As foreseen by the *International <IR> Framework* for the drafting of the Integrated Report, the following table shows the main inputs, outputs and outcomes as well as the main business activities that act with reference to human capital.

INPUT	BUSINESS ACTIVITIES	OUTPUT	OUTCOME
<ul style="list-style-type: none"> • Know how to make people of the Group • Investments in training plans • <i>Welfare and worklife balance projects</i> and positive internal climate 	<ul style="list-style-type: none"> • Personnel selection and management • Continuous training of staff at all levels • Management of the health and safety of employees • Employee career path management processes • Skills assessment • Climate analysis 	<ul style="list-style-type: none"> • Support the personal needs of employees • Hours of training provided • Health and safety at work 	<ul style="list-style-type: none"> • Strengthening the culture of health and safety • Employment • Motivation and satisfaction of people

The main sustainability objectives

The table below shows the main sustainability objectives and their level of achievement as at December 31, 2022 with reference to the human capital of the ATM Group

Table 19. Sustainability objectives related to the human capital of the ATM Group

Objectives	Status as of December 31, 2022	
<ul style="list-style-type: none"> Progressive widening and expansion of existing <i>diversity management policies</i>. 		<p>In 2022, 10 new pink baths were built, thus reaching 76 bathrooms distributed in the warehouses, in the metro network and over the city.</p> <p>In 2022, 5 coaching paths were activated for maternity support and 3 for disability support.</p>
<ul style="list-style-type: none"> Gradual creation of <i>co-working workstations</i> in the various company offices and for the use of <i>smart working</i>. 		<p>After the experience of the pilot project started in September 2019 and given the covid-19 emergency, <i>smart working</i> was introduced as a working tool for more than 1200 <i>staff employees</i> and continued throughout 2021 in accordance with the state of emergency. The agile working mode continued also in 2022 and was maintained even after the end of the pandemic phase through a specific contract.</p> <p>The first 4 <i>co-working sites</i> have been built at some management locations, Zadar, Monte Rosa and San Donato to allow employees who need to stay at these locations for meetings or other work commitments, to reduce the movement of home work and maximize your time.</p> <p>Also in other places work stations have been made available for those who want to work in presence on Friday (closing day of some places in the perspective of energy saving).</p>
<ul style="list-style-type: none"> Development and implementation of <i>age management policies</i>. 		<p>In the context of active aging, the skills balance, a work on <i>employability</i> and <i>self-branding</i>, was realized in 2021.</p> <p>In 2022, <i>Age Management activities</i> were incorporated into <i>Diversity & inclusion policies</i>.</p>
<ul style="list-style-type: none"> <i>Employee counseling service</i> to support them with a multidisciplinary team in both personal and work issues. 		<p>320 cases dealt with in 2022 with 2,240 talks and interventions.</p>

The Group's human capital

ATM works with the constant objective of promoting an organizational context made up of people of value, aware of themselves and of their role, motivated to make their contribution to the quality of the service and to the satisfaction of the internal and external customer.

The growth and development of ATM people has always been a fundamental element in achieving the Group's objectives. Therefore, the Group is committed to providing its employees with a working environment that favors inclusiveness and a sense of belonging to the large community of professionals within the Organization. This commitment is realized through the implementation of procedures and

policies in favor of the principles of meritocracy, leadership and inclusion, as well as the effective involvement of all levels of management in the development and management of human resources.

The people of ATM

In 2022, in the face of a new complexity that emerged in the labor market at a global level, with the emergence of the phenomenon of “great resignation” and the concomitant continuation of the trend, started in 2021, which led to a decline in candidatures for all the profiles sought, the ATM Group has implemented new actions aimed at increasing the number of candidates, while continuing to invest energy in the care of its people. The year was characterized, therefore, by a substantial program of recruitment and selection, aimed at guaranteeing the relay of the internal structures thanks also to the new projects implemented, among which are mentioned as an example: CQC Project (i.e. the achievement of the Driver Qualification Card subsidized by ATM), Technical Academy of Maintainers, New Career Site, increase in advertising dedicated to the Recruitment campaign, involvement of ethnic communities present in the territory, significant increase in all Employer Branding activities.

New resources have been included in the maintenance departments and strategic structures such as the Information Technology area, activities aimed at participating in international competitions in the public transport sector or the scope of Smart Mobility projects have been strengthened.

The recruitment was also necessary to cope with the number of exits that have particularly affected the figures of the automotive and metropolitan area, which represent respectively about 48% and 13% of the total exits. The latter, unlike in the past, see a significant increase in voluntary resignation, which accounts for almost half of the total expenditures exceeding the exit from access to retirement.

From the viewpoint of gender balance, the activities and professions carried out in the ATM Group are among the sectors in Italy with a high percentage of gender inequality. The employment of women in Italy accounted for about 20% of the entries recorded in 2022, a substantial number in relation to the company's strength. The assumptions and policies undertaken have helped to improve the gender balance with positive results evident in the distribution of force.

Most of the entries, Italy side, took place with fixed-term contracts (slightly less than 70%) to a lesser extent than in previous years, with the aim of increasing the number of fixed-term contracts. Moreover, even in the complex phase of progressive exit from the pandemic phase, no. 380 employment contracts. Finally, for 2022, the ATM Group did not use the sector's bilateral fund to deal with the market crisis.

As of December 31, 2022, the ATM Group's strength consisted of 10,473 people, of which 9,875 in Italy and 598 in Denmark²². In particular, in Copenhagen, the resources used increased by around 2% compared to last year. Almost all employees have established a stable working relationship with the Group. In fact, about 97% of the workforce is employed on an indefinite contract, slightly increasing compared to the previous year.

The company's population as of December 31, 2022 is composed as follows:

²² These figures refer only to the employees of the Group (expressed in *Head Count*). It should be noted that external collaborators are a residual component in relation to the total number of employees.

Table 20. Number of employees of the ATM Group at December 31, by contract type and type (determined/ indeterminate)

Region	Type of contract	12.31.2022			12.31.2021			12.31.2020		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
ATM GROUP (WORLD)	Indeterminate time	9.156	954	10.110	9.108	937	10.045	9.114	909	10.023
	Determined time	275	88	363	389	34	423	294	47	341
	TOTAL	9.431	1.042	10.473	9.497	971	10.468	9.408	956	10.364
Of which in ITALY	Indeterminate time	8.703	827	9.530	8.664	806	9.470	8.681	776	9.457
	Determined time	262	83	345	378	31	409	282	43	325
	Sub-total Italy	8.965	910	9.875	9.042	837	9.879	8.963	819	9.782
Of which ABROAD ²³	Indeterminate time	453	127	580	444	131	575	433	133	566
	Determined time	13	5	18	11	3	14	12	4	16
	Sub-total abroad	466	132	598	455	134	589	445	137	582

Table 21. Number of employees of the ATM Group at December 31, by gender and contract (full-time/part-time)

ATM GROUP	12.31.2022			12.31.2021			12.31.2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time employees	9.096	891	9.987	9.034	825	9.859	8.976	797	9.773
Part-time employees	335	151	486	463	146	609	432	159	591
TOTAL	9.431	1.042	10.473	9.497	971	10.468	9.408	956	10.364

In the same way as in previous years, in order to reconcile the working life times of the staff, most of the requests received from workers to transform their contract from full-time to part-time were accepted.

There is a reduction in part-time contracts in the LPT companies of the ATM Group, since full-time contracts were used during the recruitment phase and were considered to be more stable, by reducing the partial contracts necessary for greater organizational flexibility and optimal coverage of the scheduled services.

As of 12.31.2022, the ATM Group²⁴ also has 12 external collaborators: 8 interns who have an internship contract and 4 people who work with a collaboration contract.

The activities carried out by these people depend on the needs of the Group. Interns generally support staff functions while external collaborators are usually professionals of which the ATM Group uses for project and/or legal activities.

²³ The data includes three male employees of ATM S.p.A. posted to Metro Service A/S.

²⁴ During 2022, the ATM Group began to collect information on the number of external workers. The data does not include Rail Diagnostics Spa, Gesam Srl and City Link Srl.

In the ATM Group there is in fact a decrease of employees with *part-time contracts*, - 20% compared to 2021 of the ATM force (which represent about 5% of the total).

The increase in ATM's strength was due to the 750 recruits in 2022, of which 154 women and 596 men, compared to 745 exemptions (660 men and 85 women). The Group's turnover rate in 2022 was 7.2%, while the turnover rate in the year 2000 was 7.1%.

Table 22. Number of revenue and turnover, by age group and gender

Age group	2022				2021				2020			
	Men	Women	Total	Turnover rate	Men	Women	Total	Turnover rate	Men	Women	Total	Turnover rate
<30	221	64	285	35.3%	257	38	295	36.7%	216	32	248	33.1%
30-50	330	80	410	7.1%	346	42	388	6.7%	294	60	354	6.1%
>50	45	10	55	1.4%	48	6	54	1.4%	12	8	20	0.5%
TOTAL	596	154	750	7.2%	651	86	737	7.0%	522	100	622	6.0%
Incoming turnover rate	6.3%	14.8%	7.2%		6.9%	8.9%	7.0%		10.5%	5.5%	6.0%	

Table 23. Number of outgoing and turnover outgoing, by age group and gender

Age group	2022				2021				2020			
	Men	Women	Total	Turnover rate	Men	Women	Total	Turnover rate	Men	Women	Total	Rate Turnover
<30	73	13	86	10.6%	64	10	74	9.2%	55	14	69	9.2%
30-50	269	38	307	5.3%	189	27	216	3.7%	111	23	134	2.3%
>50	318	34	352	9.1%	309	34	343	8.9%	312	18	330	8.8%
TOTAL	660	85	745	7.1%	562	71	633	6.0%	478	55	533	5.1%
Rate Outgoing turnover	7.0%	8.2%	7.1%		5.9%	7.3%	6.0%		5.1%	5.8%	5.1%	

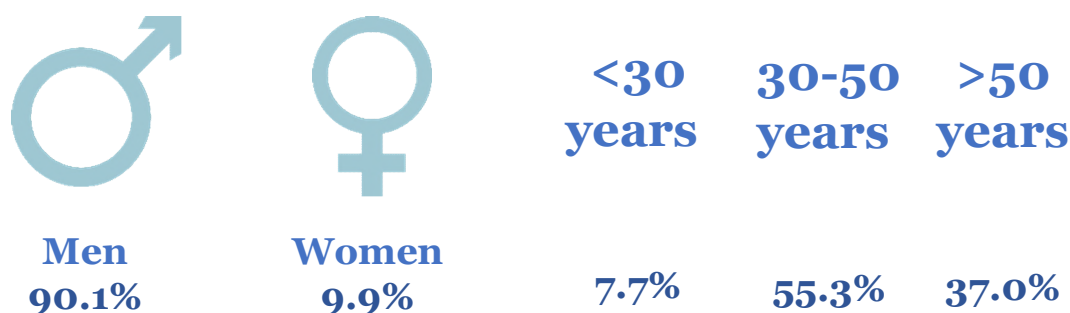
The diversity of ATM people

For the ATM Group, the diversity of its employees is a strong element. Therefore, the Group works to promote the diversity and inclusion of employees, creating a sense of organizational cohesion and a corporate culture in which the different individual experiences are valued.

Specifically, the Group has appointed a Diversity Manager, in charge of monitoring, coordination and monitoring of projects and actions activated with the aim of promoting these issues.

Analysis of the figures relating to the composition of the Group's strength confirms the prevalence of male workers in analogy with previous years (about 90.1%). The female presence for professional areas is on average constant compared to last year. However, there was a slight increase in management (28.6% in 2022 compared to 28.2% in 2021). Employees aged between 30 and 50 represent the majority of the corporate population, about 55.3%, followed by over 50 (about 37%) and finally under 30, about 7.7%, in line with 2021.

Composition % of the workforce at December 31, 2022, by gender and age groups



As of December 31, 2022, the Group is composed by gender, professional category and age group:

Table 24. Composition % of the Group's staff, by professional category and gender²⁵

ATM GROUP	to 12.31.2022			to 12.31.2021			to 12.31.2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Management area	71.4%	28.6%	0.3%	71.8%	28.2%	0.4%	75.7 %	24.3 %	0.4 %
Officials area	75.3%	24.7%	3.7%	78.1%	21.9%	4.0%	78.1 %	21.9 %	3.5 %
Exercise area	93.8%	6.2%	58.6%	94.5%	5.5%	59.3%	94.5 %	5.5 %	59.6 %
Administration and Services area	65.7%	34.3%	9.4%	66.2%	33.8%	9.0%	66.8 %	33.2 %	8.8 %
Plant and workshop maintenance area	99.7%	0.3%	19.2%	99.6%	0.4%	18.7%	99.7 %	0.3 %	18.7 %
Auxiliary services area for mobility	77.0%	23.0%	8.8%	77.7%	22.3%	8.6%	76.3 %	23.7 %	9.0 %

Table 25. Composition % of the Group's staff, by professional category and age group²⁶

ATM GROUP	to 12.31.2022				to 12.31.2021				to 12.31.2020			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Management area	0.0%	34.3%	65.7%	0.3%	0.0%	38.5%	61.5%	0.4%	0.0%	40.5 %	59.5 %	0.4 %
Officials area	0.3%	47.7%	52.0%	3.7%	0.7%	50.0%	49.3%	4.0%	0.3 %	46.0 %	53.7 %	3.5 %
Exercise area	6.4%	59.9%	33.6%	58.6%	7.5%	60.1%	32.4%	59.3%	7.8 %	61.5 %	30.7 %	59.6 %
Administration and Services area	11.2%	50.4%	38.4%	9.4%	9.7%	50.2%	40.0%	9.0%	6.6 %	48.5 %	45.0 %	8.8 %
Plant and workshop maintenance area	12.6%	49.5%	37.9%	19.2%	10.4%	50.1%	39.6%	18.7%	8.0 %	51.1 %	40.9 %	18.7 %
Auxiliary services area for mobility	5.3%	46.0%	48.7%	8.8%	4.6%	46.3%	49.2%	8.6%	5.8 %	46.2 %	48.0 %	9.0 %

The Group pays particular attention to the needs of persons belonging to protected and disabled categories, in addition to what is required by the reference regulations. In 2022, there were 241 people with disabilities and/or protected categories in the Group, of which 38 women and 203 men. ATM, moreover, through continuous investments on its own structures, wants to allow more and more access to the workplaces to all, be they ATM workers or possible visitors with mobility disabilities. Moreover, in 2020 an agreement was drawn up with the competent offices of the Metropolitan City of Milan, which provides for the acquisition of no. 12 disabled workers by 2027.

²⁵ The percentage of the staff composition by professional category, gender and age group were calculated in relation to the total by professional category.

²⁶ See previous note.

Table 26. Number of employees belonging to protected and disabled categories

ATM GROUP	12.31.2022			12.31.2021			12.31.2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees belonging to protected categories	8	3	11	4	3	7	8	3	11
Disabled employees	195	35	230	179	33	212	175	33	208
TOTAL	203	38	241	183	36	219	183	36	219

Employee remuneration

The Group undertakes to pay particular attention to the issue of diversity. In fact, management policies are implemented to ensure that the compensation system is sustainable, aligned with the business objectives, the market situation and the long-term interests of stakeholders. The remuneration instruments and methods are constantly updated in relation to the regulations and time-by-time reference contracts. Through them the Company intends:

- ensure a fair remuneration of all employees, in relation to the skills expressed daily in the achievement of their respective professional objectives;
- attracting, retaining and motivating highly qualified employees who can provide decisive support to maintaining and improving the group's operating standards;
- ensure long-term sustainable performance;
- create an inclusive working environment of all forms of diversity that can foster the expression of individual potential.

Below is the ratio of remuneration between women and men employees by professional area and significant operating locations, i.e. those present in Italy and abroad.

Table 27. Annual basic salary ratio for women and men for significant professional areas and operations²⁷

ATM GROUP	2022			2021			2020		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Management area	100%	66%	92%	88%	71%	84%	101%	80%	96%
Officials area	91%	89%	91%	91%	93%	91%	89%	101%	90%
Exercise area	83%	100%	84%	85%	98%	86%	79%	89%	80%
Administration and Services area	94%	88%	93%	93%	92%	93%	91%	94%	91%
Plant and workshop maintenance area	102%	97%	101%	93%	98%	94%	97%	105%	98%
Auxiliary services area for mobility	87%	N/A.	N/A.	89%	N/A.	89%	89%	N/A.	89%

²⁷ The Group's ratio of man/woman's annual basic salary per professional area was calculated as a weighted average on the number of employees per professional area of the operating locations.

Table 28. Overall average remuneration ratio for women/men for significant professional areas and operating locations²⁸

ATM GROUP	2022			2021			2020		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Management area	100%	59%	91%	88%	65%	83%	101%	72%	95%
Officials area	86%	89%	86%	87%	93%	89%	87%	101%	88%
Exercise area	77%	96%	78%	77%	97%	78%	71%	86%	72%
Administration and Services area	90%	90%	90%	89%	94%	90%	85%	95%	86%
Plant and workshop maintenance area	93%	87%	93%	82%	93%	83%	96%	104%	97%
Auxiliary services area for mobility	82%	N/A.	N/A.	83%	N/A.	83%	80%	N/A.	80%

As regards the ATM Group²⁹, new information required by the GRI on the remuneration³⁰ aspect was reported.

There are two new elements:

- The ratio of the total annual salary of the person most paid to the median total annual salary of all employees (excluding the person most paid) equal to 14.72.
- The ratio of the percentage change in the total annual salary of the person most paid to the percentage change in the median value of the total annual salary of all employees (excluding the person most paid) equal to 2.12.

Welfare Diversity & inclusion Programs

For several years, the company Welfare in the ATM Group has played a crucial role, since, in addition to its employees, it also generates benefits for their families and reference communities. The challenges posed by the Fourth Industrial Revolution, and exacerbated by the pandemic, are disrupting all organizational and management processes. According to the latest research, well-being is the biggest global challenge for organizations. Therefore, in addition to implementing new working methods, "new ways of working" has begun to be envisaged, for which personal skills and cross-functional skills will be essential in addition to technical skills. The theme will be to redesign the working experience of people, inside and outside the company, in order to create working environments capable of favoring inclusion and mental, emotional and relational well-being.

The European Union's objectives for 2030 also include a number of targets linked to diversity and inclusion. The European Union is committed to promoting diversity in the world of work and to ensuring

²⁸ The Group's ratio of overall annual remuneration for men and women for professional areas was calculated as a weighted average of the number of employees per professional area of the operating premises.

²⁹ The data does not include Rail Diagnostics Spa, Gesam Srl and City Link Srl.

³⁰ The salaries of employees who entered and left between 2021 and 2022 were removed from the count. This practice is equivalent to equating remuneration over the two years for those individuals for whom the total variation would be 0.

equal opportunities for all workers. In this sense, ATM has been active in significantly reducing wage inequality between men and women and in promoting gender equality.

In addition, awareness of diversity and inclusion has been initiated in the company to promote an inclusive and diversity-friendly work environment. To this end, various forms of “online” training have been developed, which can be used by all workers, so that the needs of the various social communities, including those of public transport customers, can be understood and respected.

The new trusted advisor was created in 2022, which is an open and transparent communication channel to enable employees to report concerns or concerns about harassment. Stalking and all forms of violence in the workplace consistent with ATM's diversity and inclusion policies, in order to receive timely and competent listening and response.

In 2022, the Care Manager was also established with the aim of addressing, in a structured and organized way, the increasing complexity resulting from aggression or serious accidents on the part of the staff in service. A choice that responds to the company's will to have a dedicated professional, on the net with all services, and able to provide support in overcoming conditions of need and psycho-emotional discomfort following the extraordinary event. ATM has also created a cross-functional team that meets periodically to evaluate the actions to be taken. Created in October 2022, the care manager has allowed 23 cases to be managed during the last 3 months of the year.

Finally, with the participation in the Milan Municipality's work Pact, a collaboration with external organizations (the municipality's associated companies) has begun to promote diversity and inclusion, as well as within the company, also in the city community, through various actions, among which, for example, the sharing of welfare initiatives.

The Welfare ATM system is based on many dimensions and is aimed at promoting employee satisfaction in order to establish a participatory and responsible “internal climate”. This system, realized in synergy with the ATM Foundation, and with the whole network of services of the city, is divided into three areas of work:



The following are the main actions and projects of *Welfare*, Diversity and inclusion that are offered across the board to all professional families:

- **Counseling service** (within which the 2020 #ready-to-make service was integrated) to employees to support them with a multidisciplinary team in personal and working criticalities. The number of employees targeted in 2022 was around 2,240 interventions and interviews carried out by the company welfare team;
- **Coaching disability** addressed to employees enrolled in the protected categories, their manager and colleagues (peers) with the activation of 3 coaching;
- **Support for motherhood** through the coaching process that was opened for the first time also to women of operation, for a total of 5 coaching in 2022;
- **Prevention of harassment and stalking:** 2022 was a very important year for the issue of preventing harassment at work because, in accordance with the regulatory obligations introduced by ILO Convention No. 190 received with L. 4/2021, the figure of the trusted advisor, expert criminal lawyer for mediation, has been introduced, who has been dealing since July with all reports of discrimination, harassment and stalking. In January 2022, the first group, whose functions are impacted by the subject, participated in training on the prevention of harassment at the workplace.
- New “**Diversity & inclusion**” webinar cycle, which saw live participation by 78 people, then made available to all employees on demand;
- Management **of company nests** for 89 children and grandchildren of employees
- Grants for children and student employees are awarded through a Support and Financial Development Committee which in 2022 recognized 969 study awards and 22 advances in TFR. The latter concerned socio-economic situations which, with the disbursement of the FT, enabled a rebalancing of the financial exposure of staff;
- Activation of a **Marketplace platform** for the purchase of goods at agreed prices dedicated to all employees and their families with more than 250 items of expenditure;
- **Housing for new hires and employees** in situations of temporary need: Arrangement of accommodation at agreed prices with 3 structures to facilitate the insertion of new hires and of those who have temporary difficulties. There are 9 locations, distributed in Milan and hinterland with options of single, double, shared or self-contained rooms.
- **Time care:** realization of ad hoc times dedicated to the staff of surface exercise with specific family situations. In detail, time care is offered to single parents (exclusive entrustment or widowed) with minors under the age of 15 and allows to make shifts with start between 8:00 and 9:00 and end by 17:00, with fixed rest on Sunday. In 2022 there are 10 time-care.
- **Complex cases:** for the management of situations particularly multi-problematic at personal and family level, and also in a preventive perspective, 6 teams have been established composed of line managers, management, occupational medicine and welfare that meet periodically for monitoring. Currently, the teams are: Surface operation, metro operation, maintenance of buildings and fixed installations, security GPG and security guards;
- **Training of complex cases:** ad hoc training for no. 25 line managers and management on the topic of complex cases provided by Prof. Rabboni, psychiatrist and primary psychiatry in Bergamo;
- **Complex cases Desk** Italian Center for mediation: Specific support paths have been activated for ad hoc situations of psychological intervention on the subject of trauma and management of aggressiveness. In 2022, 10 support paths were activated;

- **Service to accompany the achievement of civil disability and disability;**
- **Pink keys:** in 2022 10 new pink baths were built for a total of 76 bathrooms;
- **4WEEKS 4 INCLUSION initiative (4W4I):** An initiative involving more than 200 companies, which, during 4 weeks, presented a program of content-rich webinars, particularly exploring issues related to “diversity” and “inclusion” at 360 grade. These events were opened to the 70,000 employees of the partners of the initiative.

Every year, the Group publishes all the policies of Welfare, Diversity & inclusion in the report for the Group managers who manage all professional families in ATM.

In 2022, 770 employees applied for parental leave, of which 86% were men and 14% were women. Moreover, although the tools for managing children in the pandemic context have been completed, there has been a significant increase in the use of parental leave days (+40%) due to the regulatory changes introduced with Legislative Decree no. 105/2022 which have extended the limits of the use of leave.

The agile working mode has been maintained even after the end of the pandemic phase as an effective tool of organizational flexibility and environmental sustainability, since it has been found able to contribute to the reduction of home-work movements. In view of the environmental sustainability objectives, and in view of the macro-economic context, extraordinary measures have been taken to save energy. Among the measures envisaged, in line with the interventions foreseen by the Municipality of Milan, the organization of the work has been redefined, also through a greater and concentrated use of the agile work on Friday for the staff of some company offices. Given the need to ensure the closure of the premises, the agile working days were redefined for the eight-day staff. Moreover, co-working stations have been arranged in another seat not subject to closure. Overall, compared to these measures, agile working days were more than 69,037 more concentrated on Fridays (25.3%).

Protection of the health and safety of employees

The protection of the health and safety of its employees is always a priority for the ATM Group. In order to ensure and guarantee the well-being of its employees, the Group has committed itself to spreading a culture of promotion and prevention in its working environments and to increasing the quality of working life, not only to comply with regulatory obligations. Full compliance with current legislation on safety and hygiene at work constitutes an indispensable social commitment to ATM workers and all interested parties in the territory in which the Group operates.

ATM, in compliance with its mission and in line with its own values, during 2022, despite the prolonged emergency situation, continued to implement actions aimed at protecting the environment, health and safety of its employees, Also with reference to corporate responsibility for safety at work and environmental offenses covered by D. 231/2001, having as its main objectives the continuous improvement of its management systems and that of raising the level of environmental and social responsibility.

In 2022, the evolution of the pandemic linked to the spread of COVID-19 led to the constant and timely updating of the prevention protocols by the Internal crisis Committee, established since the first pandemic phase. with the constant aim of defining and implementing rules to guarantee the protection of passengers and the safety of employees, collaborators and also the regular performance of the public transport service. Discussions with trade union organizations were continued through meetings with the

coordination of the RSUs and with the RLS, also in compliance with the regulations issued by the authorities.

As the emerging situation evolves, ATM has adapted its Covid-19 infection Prevention Guidelines. During the financial year, the “indications for Prevention from Covid-19 infection” were formalized on March 30, 2022, and subsequently updated on July 7, 2022, in continuity with the guidelines until now in force.

In view of the improvement of the general situation, the above mentioned prevention protocols ended in force on November 30, 2022, replaced by recommendations in line with mandatory legislation.

In continuity with the past exercise, in order to protect the health of its own people, the ATM Group in the area of local public transport management has put in place all the actions foreseen by the protocols of prevention time by time issued. In particular:

- **Internal coordination:** Shift work management aimed at minimizing the possibility of contagion;
- **Workplace protection:** cleaning and sanitizing of structures and means, prohibition of access from the front doors on surface means, so as to ensure distance for drivers of the means and supply to them of kits containing the personal protective devices suitable to minimize the possibility of infection;
- **Remote work:** Promotion of the working mode in smart working for all employees whose activities are managed remotely, in order to reduce the physical presence and consequently hinder the spread of the infection, and flexibility of access to services for employees in the company premises;
- **Support for the management of extraordinary conditions:** Implementation of emergency support services such as psychological support desks, e-learning distance training and interactive webinars on topics such as health, parenting, physical activity and nutrition.

During the exercise, consistent with the functional organization charts in place, the necessary powers were assigned in the field of the protection of the health and safety of the workplace, in accordance with Art. 2 D. Lgs. April 9, 2008 no. 81. The new positions of environmental manager have also been defined in compliance with the provisions of the current legislation on environmental protection, including the obligations laid down by Decree no. Lgs. 152/2006.

During 2022 activities continued to confirm compliance with international voluntary standards ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. The audits carried out by the certification body found that the ATM group was able to respond to the requests of the context and the interested parties, as well as at all the extraordinary corollary events, implementing strategic planning, timely monitoring and guaranteeing the planned quality parameters. The Certification Authority has verified the substantial alignment of the organization, processes and working environments with the requirements of the standards.

Certification is a decisive and significant factor, which highlights the priority of pursuing the defined objectives, focusing attention on all interested parties, including the performance of its suppliers.

ATM constantly pays attention to identifying health and safety hazards, assessing residual risks, and implementing appropriate prevention measures.

The ISO 45001 standard covers about 98% of the ATM Group's staff (ATM Spa, Rail Diagnostics Spa and NET Srl).

Fire-fighting adjustments for some company locations have also continued.

The Group acts to prevent accidents and occupational diseases of its personnel constantly and to ensure the effectiveness and efficiency of the process control. Therefore, the adequacy of risk management and opportunities in this regard is crucial for ATM.

The catalog of enterprise protection devices is constantly updated according to the needs of the departments, taken from the respective risk assessment documents and according to the technological progress offered by the suppliers.

The protection of the safety and health of employees and the attention to environmental sustainability are in fact a focal point in the identification, design and implementation of each process or work carried out during the financial year 2022, in continuity with the previous years. In general terms, in the face of situations that are dangerous for the health and safety of workers, which are identified by accidents or accidents, an analysis is carried out based on four types of intervention:

- Organization (e.g. working modes, shifts, operating sequences, etc.);
- Staff (e.g. information, training and training);
- Environment (work environment, desk lay-out, etc.);
- Equipment (equipment for personnel, departments, etc.).

The ATM Group places the utmost attention on the monitoring of these risks, setting itself as a constant objective the reduction of the number of accidents and occupational diseases. This goal is achieved through a constant delivery of training sessions, so as to guarantee awareness and knowledge.

In line with these principles and with attention to corporate responsibility for safety at work and environmental offenses covered by D. 231/2001, in 2021 ATM continued the process of continuous improvement of its environmental and safety quality management systems, maintaining a high degree of social responsibility and committed to ensuring all interested parties.

This has been implemented, also in 2022, as a whole a set of activities aimed at:

- identify any hazards to health and safety at work by assessing their degree of risk and the related prevention and protection measures to be taken to mitigate their potential impact;
- strengthen safety training programs, with the involvement of all staff, at different organizational levels, ensuring that operational responsibilities and procedures are accurately defined, communicated appropriately and correctly applied;
- ensure the constant and correct flow of information on health, safety at work and the environment, internal and external stakeholders;

Metro Service, in turn, has developed its own "*health policy*" based on a model recommended by the Danish National Health Service " Sundhedsstirelsen". The model is composed of five phases that focus on the following topics: Diet, smoking, alcohol, exercise and stress.

The Corporate Health Service, through the management of the health surveillance activity, guaranteed to all the Group personnel, is also a fundamental element of prevention. A special contract, signed with structures of the National Health Service, provides all the services of Occupational Medicine and the activities of the Doctors provided for by the reference regulations. In addition, the Group considers that

legislative compliance, the fulfillment of the requirements issued by the control bodies (such as ATS) and the succession/succession of figures or roles required by SSL regulations are essential.

The processes available to workers to report on issues related to safety at work are defined by a specific procedure. The various channels such as the computer tool “*Whistleblowing*” or the e-mail addresses of the SB guarantee the confidentiality of the subjects in various ways involved.

During 2022, the Group recorded 257 accidents (of which 2 were serious) for employees, with an increase of about 32% and there were no cases of a request to open an accident at work from Covid-19. With regard to the pandemic, the summary of the entire emergency period ended with 190 requests for injury opening, of which only 40 are recognized.³¹

The rate of accidents at the workplace recorded is 15.63 (16.04 for men and 11.23 for women). For the two-year period 2021-2022, no fatal injuries were recorded in the workplace.

In the case of occupational diseases, five applications were received during 2022 for the practical opening of occupational diseases. These cases have been indicated as events for which ATM has produced a complaint to INAIL at the request of the Authority itself³². The Group is not given evidence of any acceptance or other action taken by the Institution or of any other information regarding the employee's status.

As for the previous year, in 2022, the Group offered staff the opportunity to vaccinate against “seasonal” influence. Just under 400 employees of the Group have benefited from this possibility.

As regards the workers to particularly tiring and heavy work - the so-called arduous work - in relation to the characteristics of the operations carried out by the ATM Group, the case studies concerning the drivers of vehicles with a total capacity not less than 9 seats used for public service are of particular importance Collective transport and night workers, as regulated by Legislative Decree no. 67/2011. In addition, in the context of the recognition of the best benefit for the maturation of the pension right, the INPS circular no. 99 of 16/6/2017 identifies the figures of particularly “arduous” activities, among which the railway convoy operator. The professional figures of metropolitan driver and transviary convoy conductor (Interministerial Decree of February 5, 2018) were excluded.

In the area of health and safety at work, the involvement of staff at every level is constant as an action to promote culture on the issues of prevention and protection from risks and useful tool for increasing awareness in individuals of their behavior on accidental events. Despite the health emergency, during the year the Group continued with safety training for all personnel. Training plans have been regularly carried out for workers, managers, safety officers and first intervention team members.

The Prevention and Protection Service, in addition to staff training and the necessary support for the various functions of the company, has committed itself to various improvement initiatives, such as:

³¹ All reported events of at least 1 day were considered for the injuries related to the employees of the Italian companies of the Group, excluding the events in itinere, at the date of publication of this document; further refoulations by INAIL are not excluded. The data does not include any cases of infection at work with COVID-19. The main types of injuries that have occurred in the Group are related to: Aggressions or collisions, falls/slips or incisions and road accidents.

³² Data on occupational disease cases do not include Metro Service A/S as they are not available. The types of diseases at work are related to mesothelioma, disc hernia and bladder cancer. It is pointed out that no occupational diseases related to possible deaths occurred in 2021/2022.

- drafting of new working procedures and operating instructions for the safe carrying out of the activities carried out in the corporate and citizen contexts;
- verification of workplaces;
- updating specific risk assessments;
- Improvement projects on PPE, chemicals, clothing.

Health surveillance was carried out in accordance with the programs established by the competent doctors and in implementation of their indications, which were also conditioned in 2022 by the emergency health situation.

Training initiatives

ATM has always been committed to supporting the continuous improvement of the quality of the service to the customer through numerous training initiatives aimed at the different professional roles present.

In fact, the training activity is provided daily to enrich and enhance the skills of people both at the technical and behavioral/managerial level, as well as to fulfill obligations deriving from national regulations, contracts and/or company agreements. In addition, development levers are managed with the goal of ensuring that people can fully express their potential by optimizing performance.

Training is considered a strategic lever: The lines of direction and management are developed both at the central level by the Parent Company ATM S.p.A. through a dedicated structure, and at the local level by the subsidiaries. In 2022, in view of the high number of recruits, one of the most significant activities was the training and training of personnel entering the company, with diversified interventions according to the role held.

A second activity of particular importance, in coherence with the regulations in force and the company policies on this subject, has been training for safety at work, both through periodic updates and through interventions aimed at specific categories of workers (workers, managers, managers, users of personal protective equipment or equipment, emergency teams). The aim of the work is to make every worker more and more aware that the level of safety of the vehicles, the activities and the services offered to the city depends mainly on their actions. In addition, the staff of front line of recent hiring has been able to take advantage of specific training related to an increasingly effective relationship with the customers, while the managers have been involved in training activities aimed at supporting the collaborators, also in the management of the complexities related to the period addressed: Leadership Program, complexity Management, the Challenge of Trust, the emotional Management Gym are just some of the proposals put in place, among others, in support of leaders and collaborators.

Compared to 2021, despite the continuing limitations imposed by the health rules on distance, all activities continued and increased both the participants and the overall volume of training.

In order to ensure maximum transparency regarding training and resource development, ATM has optimized the training site, as well as laying out specific internal procedures.

The activities are carried out in the training center, the ATM Campus, accredited to the Lombardy Region for the design and delivery of training and orientation activities. The Campus is certified ISO 9001, ISO 45001 and ISO 14001 and has been recently renovated with the most modern digital teaching tools.

An important role is the e-Learning training, which has partly made it possible to mitigate the effect of the limitations of distance and has progressively involved a growing number of people remotely. Several courses are now offered permanently in mixed mode, combining synchronous training in presence and distance, in order to optimize the opportunities for participation and to minimize the impact, including energy, due to movements and crowding in the company premises.

In 2022, the ATM Group provided 319,168 hours of training, a slight increase of about 3.4% compared to 2021.

Among the many new features introduced in 2022 we would like to mention:

- **Leadership to Women:** a path entirely dedicated to women and to the development of the potential of those who, in the company, already carry out coordination and *management activities* and can grow and represent a model of the new *paradigm of leadership* for the entire ATM Group. The activity, enriched by moments of deepening also personal, work in subgroups and plenary sessions, has also realized the objective of creating a women's business-network and, together, to form women Ambassadors who will be agents of change continuing *the inspiration journey* in the course of 2023.
- **Management of complexity:** in a scenario in sudden and continuous change, it is necessary not only to reflect on the elements that characterize the precariousness of our private and working life, but above all to take awareness of our being an active part in the constant transformation. The goal of the path is to develop the ability to govern our resources to navigate the complexity that surrounds us by training anti-fragile behaviors.
- **Empowerment Summit Team:** an intervention that, starting from individual instances in this period of great challenges and sudden organizational changes, aims to strengthen the cohesion and functionality of the Summit Team, sharing modalities and initiatives deemed necessary for the empowerment of the entire ATM team.
- **Course with crime, team building on-line:** an interactive course designed to develop the sense of belonging to the team, once again with new ways and taking advantage of the opportunities offered by technology, in the Wake of a line in which the ATM Campus has started several successful experiments over the years. The "crime Course" engages each participant in a highly engaging gaming experience, where information, roles and strategies are essential to the success of the whole team, reaching out through puzzles and a gripping storyline to the final mystery.

Throughout 2022, compulsory technical training continued on health and safety at work in compliance with the current regulations and in support of technical skills, both for newly hired personnel and for personnel already in force.

In particular, the figure of the person in charge has been worked on, which, following a regulatory update of TU 81/08, has seen a reduction in the training update intervals. This, together with an internal re-evaluation of the personnel responsible, has led to an important training program dedicated to this central figure for health and safety at work.

There was the continuation in 2022 of a route, started in 2021, aimed at all maintenance personnel operating by metro during the suspension of the service. The aim of the course is to train the staff to perform the operational role and, with a further training module, to enable the staff to accompany third companies in the metropolitan area during the suspension of the service.

Another important project, started in 2021 and consolidated in 2022, was the start of the ATM Technical School. The aim of the project is to support training in the selection process of young graduates to be included in the various maintenance areas. In fact, the newly identified students carried out a period of technical training, both theoretical and practical, of more than 140 hours, before concluding the selection process. A total of 90 new-level young people participated in the project, 70 of them passed the selection and were hired as maintainers.

In 2022 an intensive training program for technical staff was held with the aim of increasing the skills related to railway safety in the areas of infrastructure, installations, non-destructive testing and welding. This is to support the future passage of ATM under the control regime by ANSFISA.³³

Always in this perspective, the hours of training carried out on-line by the technical staff have been strengthened through a progressive emergence of on the job training activities carried out directly by the departments and brought to system thanks to a capillary work of dialog with the operational structures.

In 2022, a process of systematization of the training carried out by the newly hired personnel, aimed at providing the necessary operational skills in the carrying out of the daily activities, also continued.

The use of the interprofessional training funds “Fonservizi” and “Fondirigenti”, through strict internal discipline in the administrative field, finally ensured, also in 2022, the coverage of the training costs.

Table 29. Average training hours per capita, broken down by professional category and gender

ATM GROUP	2022			2021			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Average hours	29.4	40.3	30.5	29.6	28.5	29.5	17.6	25.8	18.4
Management area	11.8	15.8	13.0	16.4	23.1	18.3	12.7	26.1	16.0
Officials area	33.1	30.3	32.4	32.6	28.8	31.8	22.6	23.7	22.9
Exercise area	30.7	73.8	33.4	32.6	53.5	33.8	21.2	51.0	22.9
Administration and Services area	19.5	18.6	19.2	15.1	14.9	15.0	9.6	11.8	10.3
Plant and workshop maintenance area	35.3	45.9	35.4	32.0	76.9	32.2	12.8	30.9	12.8
Auxiliary services area for mobility	10.2	20.4	12.5	9.7	6.0	8.9	6.8	6.9	6.8

Professional and personal development and training also play a central role in Metro Service. Although training and retraining related to safety-related activities and the specific work performed by each employee is a high priority, employees are encouraged to undertake training paths that are not directly

³³ National Agency for the Safety of Railway and Road and Highway infrastructures.

related to the work they are currently doing, but they may be relevant to future work and personal development.

Also in Copenhagen, requirements have been established to ensure compliance with the railway safety certification required by the Danish Transport, Construction and Construction Agency. This requires that employees performing safety-related activities undergo periodic testing training programs to ensure that relevant skills are maintained. To promote the further professional and personal development of employees, Metro Service manages all administrative work related to relevant business education, including flexible working hours. In addition, the Company has set up three educational committees, representing stewards, technicians and staff in the control room. The purpose of the committees is to promote the development and training of this group of employees.

Professional development

ATM works with the constant objective of promoting an organizational context made up of people of value, aware of themselves and of their role, motivated to make their contribution to the quality of the service and to the satisfaction of the internal and external customer.

Actions aimed at achieving this objective accompany ATM people at every stage of their cycle within the Group.

They start from the selection stages, in which the company's efforts are aimed at ensuring the effective coverage of external turnover and the strengthening of key areas.

Great attention is focused at this stage on **mapping the skills** necessary for the correct coverage of each individual role and, on the basis of these, on identifying the best applications. This is achieved through an articulated **selection process**, at the disposal of which a set of integrated instruments is arranged - from interviews, to tests, to assessment paths, to technical-practical tests, etc. - suitably composed according to the characteristics of the various figures to be searched.

The efforts for a correct exploitation of resources have therefore continued through integrated actions with the aim of **enhancing and developing the talent of each employee** with a view to contributing to the individual and organizational growth of our people: **performance evaluation, skills evaluation, position weighing, benchmarks and payroll management, internal mobility paths** and succession table management.

Since 2021, **a three-year plan to clear the gender gap has been implemented**, as has an extraordinary pay policy for women who pay less than the average of men in the same positions. In 2022, interventions confirmed the trend in 2021, with a positive impact in terms of reducing the gap by more than one percentage point compared to the previous year.

SOCIAL AND RELATIONAL CAPITAL

Main results related to social and relational capital

Table 30. Summary of results related to the social and relational capital of the ATM Group

324 Safety employees	over 1,800 suppliers
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What is social and relational capital

The social and relational capital is constituted by the relationships with all the entities involved (shareholders and stakeholders) in the Group's operations, in order to maximize the quality of the service offered through a presence rooted in the territory.

Material themes related to social and relational capital

Climate change, energy consumption and environmental impacts	Responsible management of resources and waste	Intermodality and integration of services	
Quality and accessibility of services	Security & safety		Relations with the territory and local development
Creation and distribution of economic value	Noise and vibration mitigation		Diversity, inclusion and welfare
Training and professional development	Protection of health and safety at work	Ethics, integrity and compliance	Responsible supply chain management



As foreseen by the *International <IR> Framework* for the drafting of the Integrated Report, the following table shows the main inputs, outputs and outcomes as well as the main *business activities* that act with reference to social and relational capital.

INPUT	BUSINESS ACTIVITIES	OUTPUT	OUTCOME
<ul style="list-style-type: none"> • Collaboration with public bodies, institutions, research bodies, citizens, media, associations and institutions • Communication channels • Commitment to social communities 	<ul style="list-style-type: none"> • Constant dialog with stakeholders • Focus groups and stakeholder engagement activities • Customer satisfaction survey • Infomobility, press office, social media and public relations activities 	<ul style="list-style-type: none"> • Constant interaction with local authorities • Partnership with stakeholders • Sponsorship of events and projects • Customer Satisfaction 	<ul style="list-style-type: none"> • Strengthening relationships with stakeholders. • Spreading the culture of sustainability

The main sustainability objectives

In the table below, the main sustainability objectives and the level of achievement of the same as at December 31, 2022 are reported with reference to the share capital and relational of the ATM Group.

Table 31. Sustainability objectives related to the social and relational capital of the ATM Group

Objectives	Status as of December 31, 2022	
<ul style="list-style-type: none"> Launch of <i>Mobility as a Service</i> (Maas) in 2022. The Maas will provide end users with an integrated and 'seamless' experience of the various mobility services (subway, buses, trams, trains, sharing services, parking, etc.) and value-added services linked to the city. Maas will enable the following sustainability objectives: A) dematerialization of tickets; b) evolution of mobility habits (<i>behavioral change</i>) in favor of more sustainable forms of mobility. 		<p><i>Beauty Contest</i> to select the technological partner dedicated to the implementation of the Maas platform, the commissioning and <i>operation</i> of the service in the metropolitan area of Milan. Assignment suspended due to appeal by the runner-up.</p> <p>In December 2022, ATM decided to launch, in parallel with the Maas project, an internal project aimed at creating a new official ATM app in a Maas key.</p>
<ul style="list-style-type: none"> Reduction of the recorded noise level, the Group has given continuity to the installation plan of new friction moderators and updating of existing systems, aimed at eliminating the squeal produced by the rail wheel contact generated by the tramway cars on tight bends. A total of 6 new friction moderating systems have been installed. 		<p>During 2022 it was installed no.1 friction moderator in Porta Lodovica, next generation system that completely solved the noise problem.</p> <p>More information can be found in the section "reducing noise pollution".</p>

The social and relational capital of the Group

The social and relational capital of the Group refers to the relations that ATM undertakes with all *stakeholders* involved in the conduct of *business activities* among which, in particular, customers-citizens, suppliers, employees and the local community in which it also operates in order to disseminate, at all levels, an increasingly integrated and sustainable mobility-oriented culture.

The relationship with customers and citizens

ATM manages relations with customers and citizens through a variety of tools to promote the integration and intermodality of TPL services, to guarantee the quality of the customer experience and to ensure high levels of security for all users of the media.

As the Group's Code of Ethics mentions, "Customer relations must be continuously strengthened through the quality, reliability and efficiency of the service provided, as well as through timely, accurate, clear, easily accessible and truthful information on the services and services offered."

Intermodality and integration of services

The current environment is characterized by the need to face increasingly complex challenges with increasingly limited resources. We face challenges such as urbanization, population growth and aging, the need to carry out an ecological transition (*carbon neutrality*), the need to manage processes and infrastructure, and to ensure (physical and digital) security. One of the biggest challenges is to revolutionize the current mobility system by making the infrastructure increasingly accessible, leveraging data and *analytics* to better understand the needs of end users in order to build the most efficient and personalized mobility offer possible. In order to manage this challenge, it will be increasingly necessary to create new *partnerships* and build integrated services, develop new *business models*, to enable an increasingly efficient, sustainable and *user-centric mobility system*. And as cities become more digitized and mobility grows, managing their related systems and services is becoming increasingly critical with the utmost respect for *cyber security* and *privacy*. these must be increasingly

considered from the conceptual stages of each project and initiative “*cyber security and privacy by design*”.

In order to respond more and more adequately to the needs of the customers and the communities in which it operates, the ATM Group is committed to the development and innovation of transport services. The aim is to make the travel on the territory more and more efficient in terms of intermodality and integration of services, regardless of the mode of transport chosen and thanks to the collaboration between the companies that provide the service. To this end, the integration of information and tariffs, as well as the travel documents available to passengers, are essential.

On April 16, 2021, the Board of Directors of ATM approved the 2021-2025 strategic plan that defines the Company’s strategies to face the future post-pandemic with new business models that focus on the expansion of the business perimeter and on innovative services. ATM, while maintaining sustainability, innovation and the enhancement of people at the center of the company guidelines, is projected on a new phase of development to respond to the challenges of the current and prospective scenario and to the new *trends* of demand.

One of the main objectives of the smart mobility agenda is to implement new concepts related to the development of mobility of the future, exploiting new strategies, methodologies and the most innovative and emerging technologies. The Flagship project managed by this new area provides for the design and implementation of the concept Mobility as a Service (Maas) , in order to integrate local public transport with private mobility services (e.g. bike sharing, car sharing, etc.) and city-related ancillary services. ATM has decided to give the mandate to build the Maas to its own subsidiary, called CityLink, which in 2022 has coordinated the work necessary for the governance of this new project and its design. Although, Maas’s concept stems from a desire to create an integrated, efficient, and sustainable mobility system, ATM’s vision sees the implementation of Maas as a starting point, not an end point, as it will enable new value-added services to be designed for the citizen.

Information offer

ATM informs and communicates with customers and *stakeholders* through multiple channels and tools; in particular, the real-time information activity, carried out in synergy with the surface and metro operating rooms, is declined through the site, the app, the Twitter account , the announcements at the stations and on board the vehicles, the variable message panels at the surface stops, the Infoline call center; The Company’s accounts on social channels are also an integral part of the ATM strategy , which, with different language records and modalities, make it possible to deliver in a diversified manner consistent with the target audience.

In the event of scheduled changes to the service connected to road works, maintenance and network renewal that can modify the normal service of the lines, ATM prepares dedicated communication plans to the customer. The Company has produced leaflets distributed by Customer Service employees to passengers and residents of the areas concerned with the timetable of the works and the changes to the service, has disseminated the information with messages posted on the posts and on the shelters of bus and tram stops, with announcements by subway, with messages through the monitors along the docks of the stations and with appropriate signs at the stations involved, it provided real-time updates through the Twitter channel, the app and the site on which it published maps, timetables, routes and bus stops for replacement buses. He also sent direct mail to loyal customers to inform them of changes in service

during their M2 work and made a video broadcast on the YouTube channel to tell them about the complexity of the interventions.

Through the campaigns, ATM informs and keeps customers up-to-date on travel rules, promotes the services of the Company, spreads its values, values the knowledge of its history, makes known the promotional initiatives related to its services; in this regard ATM launched the campaign “ATM Ticket in 2022? You already have it: Your bank card” in order to promote access to travel by metro through contactless payment with ATMs and credit cards directly to the dedicated turnstiles, identified by the orange color; The message was spread across all ATM channels and, in parallel, through a digital marketing campaign on the site and on Instagram, Google and YouTube.

Also in 2022 ATM launched the “share subscription campaign with ATM. Today the card is more smart” with the aim of promoting the digital mode, that is, the site and the app for the purchase of the card on which the subscription is loaded and, at the same time, to promote the use of Tessy, hi-tech stations located in the main stations of the subway, To print in self-service mode the electronic card purchased online to upload travel tickets without the need for customers to go to ATM Points or wait for delivery times to receive it at home; the campaign also drew the benefits offered to those who bought an annual subscription (conventions with theaters, museums and cinemas). It has been spread over all the channels available to the Company and, at the same time, a digital marketing campaign has been launched on Instagram, Google and for the first time on Tik Tok with the creation of videos by content creator.

Customer communication channels

Below in detail the channels and tools of information and communication to the customer through which ATM declines its information offer:

- **the website www.atm.it** provides real-time information on the status of the service, on planned changes to the service of trams, buses, trolleybuses and metros (upgrading of lines for events, diverting of lines for construction sites, moving or suspending stops, etc.), on call services, On STIBM travel tickets and fares, on ATM initiatives. It allows the calculation of the route and the planning of the journey; as regards the accessibility aspect, see the chapter on “productive capital”. Moreover, also for the planning of the journey, the client has at his disposal the function, available in Italian and English and can be consulted from *browser*, that allows to check the attendance in the stations of the subway according to the different time bands. Through the site the customer can purchase/reload a subscription (weekly, monthly, yearly) or the electronic card, consult the status of their subscription or the expiration of their card and download the respective payment receipts, consult the purchase history and the details of the trips paid with contactless bank cards, submit a complaint, report a claim, pay a penalty for travel cards; These features are also available on the ATM Milano app, which can be downloaded free of charge, available in Italian and English, operating on Android and iOS systems. As of June 2022, the new updated app version is online with subscription payment receipt download functionality and the ability to enable/disable app usage tracking via Google Firebase, through which users can choose, both during installation/upgrade and in the Profile section. whether to accept or not to accept statistical tracking of app usage;
- The call center Infoline 02 48 607 607 provides information on the status of the service in real time and on company initiatives. It is available daily for information on service times, line routes, travel

rates. For further information, please refer to the “Information without barriers” box in the chapter on” productive capital “;

- **Social media:** through the Twitter account @ATM_informa the Company spreads updates and provides real-time responses on the status of the service, updates followers on its projects, activities and development plans in the field of sustainability, technological innovation and transport service improvement. The Instagram atm_milano page is the travel diary made of images, stories and curiosities linked to the activities and people that every day make possible the carrying out of the public transport service; through the Stories function are also disseminated information on programming and changes of the service. On the LinkedIn ATM page - Milanese Transport Company, aimed at positioning the brand at national and international level, publishes job offers aimed at professionals and operators of local public transport, offers a look on their own world and tells the participation in discussion tables and events of sector;
- **Social network:** on its page YouTube ATM publishes videos that tell the path of growth and the projects for an increasingly efficient, sustainable and customer-oriented service, which concern initiatives and campaigns, tutorials on travel rules and how to recharge subscriptions;
- **ATM Points,** offices for information and sales of travel titles located in the metro stations of Duomo M1-M3, Cadorna FN M1-M2, Garibaldi FS M2-M5, Central Station FS M2-M3, Loreto M1-M2, Romolo M2, Zara M3 open from Monday to Saturday from 7.45 to 20.00; Duomo, Cadorna FN and Centrale FS are also open on Sundays from 10.15 to 13.15 and from 14.00 to 17.30. The access to the counters is exclusively by appointment by booking to one of the employees at the ATM Point entrance or through the ATM Milano app choosing the service, the date and the time slot of your turn;
- **information at the stops of the surface lines:** line plans and timetables, electronic displays that inform in real time about waiting times and changes of the service, leaflets and dedicated signs in case of, for example, changes to the network, the establishment of new services; Maxi-tablet customers are available at a few stops along the most popular surface lines, providing real-time status information, service changes, a map of metro lines, and access to the Twitter channel;
- **information on board surface vehicles:** sound announcements, two-sided monitors on board 500 buses that broadcast real-time information on the movement of vehicles, news on the promotion of the service, informative videos and sound announcements on travel rules; notices in the event of, for example, changes to the network, the establishment of new services;
- **Information in the metro stations:** sound announcements, digital monitors installed above the line of entry gates for real-time information, monitors along the docks of the main stations, line and time plans, diagram of the metro network, map of Milan, travel rules, Dedicated signs and signs in the case of network interventions, for example, a map of the metro network (A3 folding format) distributed free of charge to ATM Point counters and to station operators' cabins on lines 1, 2 and 3;
- **information on board the metro trains:** outline of the metro network, travel rules, sound announcements that disseminate information on the status of the traffic in real time and on the service, warnings;
- **direct mail** addresses in particular to loyal customers to inform them about changes and news of the service;
- **The Mobility Charter,** published annually, in which the factors on which the quality of the services entrusted to ATM depends are explained and in which the results achieved in the past year are stated and the objectives for the current year are made known according to the main quality indicators provided for in the service contracts in force; The card is also a useful tool to know the

Company, the timetable, the timetables and frequencies of the local public transport service, to consult information about the transport by call, about BikeMe, how to submit a complaint, other services managed by ATM such as correspondence parking and parking for payment at the road in the municipal territory, removal and storage of vehicles;

- **information guides:** The guides of the series "ATM for..." are available to customers aimed at specific targets of customers such as families, young people, seniors, companies, municipalities and schools, and guides on ticket prices and on the transport of bicycles and micromobility devices on ATM lines; are all accessible and downloadable from the site and are distributed free of charge at the counters of the ATM Point;
- **Brochures and/or flyers:** when working on the network, the Company produces *brochures* and/or flyers to inform passengers about the scheduled changes in the service and to provide them with useful information on travel, material that is published *online* and distributed at the surface stops and stations concerned;
- **The map of the metro network:** published on the site and on the app, it is distributed free of charge at ATM Point counters and at stations at station operators' cabins;
- **The ATM newsletter travel informed:** it broadcasts information on news, services, promotions, subscriptions and scheduled changes to the service via e-mail to subscribers;
- **The magazine Lineadiretta.atm.it:** is the company's online magazine on the Medium platform, a press magazine that periodically publishes news, stories and insights on ATM activities and initiatives;
- **The Customer Service:** a team of traveling operators on the surface and in the stations that offers information support to customers on the road with regard to transport network, timetables, transport routes, fares and travel tickets; It deals with immediate interventions on problems reported by the operating rooms of the subway and surface and by the Office Relations with customers, sells travel tickets for particular events such as football matches, fairs and concerts, provides information in case of changes in the route of the vehicles.

During 2022, ATM worked on several projects aimed at improving information/communication to the customer, see "*Customer experience*".

Quality and accessibility of services

The ATM Group, by its natural vocation, places the customer at the center of all its activities.

To this end, in order to ensure an ever higher level of quality of service and to guarantee a comfortable travel experience, the Group is committed to listening to its customers, their needs and expectations in order to understand the emerging requirements and, consequently, to offer more and more efficient, effective solutions, technologically advanced and sustainable.

Since the beginning of the health emergency and even more in the recovery phase, the ATM Group, through the structure of relations with customers, has maintained a constant presence in the relationship with passengers, through the timely *response strategy* to their requests and reports, The targeted management of *the call center* and the massive sending of *direct mail* to loyal customers; in particular thanks to this activity a new mode of relationship has been established to consolidate their trust in the Group and to encourage a responsible and secure return on the means.

Customer experiences

The Municipality of Milan, under the Service Contract and on the basis of transport policies, defines and plans the public transport service in the City and *in the hinterland* by establishing precise quantitative and qualitative standards for ATM performance, measured by a series³⁴ of indicators selected based on their relevance from the customer's point of view.

Table 32. Regularity of ATM means (tram, trolley bus, bus, subway)

REGULARITY ³⁵				
Mode	Target 2022	2022	2021	2020
Tram	97.5	98.3	99.1	99.1
Trolley buses	97.7	98.3	98.9	98.7
Bus	98.2	99.1	99.4	99.5
Metro	99.6	99.6	99.9	99.7

Table 33. ATM punctuality (tram, trolleybus, bus, subway)

PUNCTUALITY ³⁶				
Mode	Target 2022	2022	2021	2020
Tram	97.6	99.1	99.2	99.5
Trolley buses	97.8	98.5	98.9	99.4
Bus	97.2	99.1	99.2	99.6
Metro	99.5	99.8	99.8	99.8

Table 34. ATM crowding (surface, subway)

³⁴ Unless otherwise specified, the quantitative data on the quality of the metro service in the Municipality of Milan refer to the M1, M2 and M3 lines.

³⁵ The regularity indicator of the service includes only the data relating to ATM S.p.A. and represents the percentage ratio between the runs carried out and the scheduled runs during the day, in line with the requirements of the Service Contract concluded with the Municipality of Milan. The parameter is calculated monthly on a daily basis.

³⁶ The punctuality indicator of the Service includes only the data relating to ATM S.p.A. and represents the percentage of runs arriving at the terminal (also subcontracted lines) with delays of less than 10' for the surface lines and 3' for the metro lines, in line with the requirements of the Service Contract with the Municipality of Milan. The parameter is calculated monthly on a daily basis.

CROWDING ³⁷				
Mode	Target 2022	2022	2021	2020
Surface	70%	35,2%	28,2%	26,9%
Metro	80%	November 35.3%	November 29.9%	October 17.1%

ATM constantly works to improve the travel experience through listening to the customer through the constant care of information and communication and the realization of new services and new digital functionalities. In fact, the ATM Group believes that the monitoring of perceived (*Customer Satisfaction*) and delivered (*Mystery Client*) quality, which is managed on the basis of the *Customer Satisfaction and Mystery Client management procedure*, is a fundamental lever of listening to its customers for a constant improvement of the service. In 2022, the annual customer satisfaction survey was carried out in June on a sample of 4,516 passengers by means of interviews with surface stops, metro stations and vehicles on quality of service factors such as, among others, communication and information, the ease of purchasing tickets and subscriptions, the offer of the service. The 2022 survey shows a further improvement over the 2021 results: The overall satisfaction for the ATM service was expressed, on an evaluation scale from 1 to 10, with an average rating of 7.9 compared to 7.4 recorded in 2021; the area of satisfaction also improves in comparison with the same period, from 97% to 99% of those who say they are very or quite satisfied with the service by expressing a rating from 6 to 10. Overall, the assessment represents the highest result in the last eleven years.

In addition, during 2022, further *Mystery Client measurements* were carried out with the passengers of nine lines of the ATM network, such as tram lines 4 and 14, bus lines 54 and 60, trolleybus lines 90 and 91, metro lines 1, 2 and 3. The measurements were carried out to obtain the UNI EN 13816:2002 certification, an international standard that evaluates the customer's point of view in terms of expectation and perception with respect to eight criteria (availability, accessibility, information, time, customer attention, Comfort, safety, environmental impact), certification achieved by the ATM Group for these lines in the second half of the year.

ATM, through the structure Relations with customers, maintains a constant presence in the listening and in the relationship with passengers both through the targeted management of *the call center* and through timely responses to complaints and to the reports that are managed, also in this case, with appropriate procedure: In 2022, ATM guaranteed an average response time of 3,44 days against the standard of 10 days required by the indicator "Relations with the Public – complaints" established in the Service Contract with the Municipality of Milan. The Presentation procedures for complaints are available to passengers on the website, on the app and on the Mobility Charter 2022 edition.

Numerous projects that ATM has put in place in 2022 for the improvement of *the customer experience*, ranging from the interventions of revision of the language used in information to the customer to the initiatives of promotion of its services, from the integrated communication plans realized in the occasion of major changes in circulation to the realization of new digital functionalities.

³⁷ The service crowding indicator includes only data relating to ATM S.p.A. and represents the relationship between passengers transported and seats offered per line. It is obtained both for surface lines and for metropolitan lines 1, 2 and 3, in line with the requirements of the Service Contract concluded with the Municipality of Milan.

In addition, activities include the creation of *an online platform* dedicated to making the request for reimbursement of the annual or monthly subscription faster. To enable eligible persons to redeem the bonus granted by the Ministry of Labor and Social Policies for the purchase of monthly or annual subscriptions to public transport services from 1 September to December 31, 2022, ATM has prepared on the site a functionality on the reserved area and a dedicated page with all the information useful for the request; on the social channels it has created infographics to answer *the FAQ* and to provide assistance to the users.

Safety of personnel and passengers

The protection of the company's assets, of the security of ATM personnel and of passengers is guaranteed by *the security sector* in agreement with the law enforcement forces present in the territory (local police, state police, Carabinieri, Guardia di Finanza), with particular attention to the high-traffic transport lines, to the parking facilities managed by ATM and to the areas of interchange with the railway network.

In recent years, the modernization of the fleet and the adoption of increasingly innovative technological solutions, have allowed the progressive expansion of the company skills monitored through CCTV equipment installed on board the car and at the stations, allowing the improvement of the safety activities to protect the personnel, Passengers and ATM assets.

ATM has a corporate protection structure committed to guaranteeing access control and the protection of its infrastructures as well as the carrying out of all subsidiary security services taken on progressively with the application of what is foreseen in DM 154/09 since 2015.

For the latter, it employs more than 140 particular Guards certified at the Police Headquarters of Milan, to carry out services that normally exist in: monitoring of the main metro stations, control and prevention on board trains and vehicles along the surface lines, with particular attention to those considered sensitive, as well as in the business locations.

The continuous turn over of this specialized staff also involved new entries in 2022 (6 resources) and the provision of theoretical and practical training courses for the whole group of personnel for subsidiary safety. With regard to the KPIs of safety factors historically analyzed by the Group, from a comparison with the overall data of 2021, it can be noted that the evolution of the general context linked to the post-pandemic period, has led to an increase in the number of attacks on ATM personnel (62 in 2022, compared to 47 in 2021), a 35% increase in metro railway fouling (70 in 2022 compared to 45 in 2021), while vandalism in the metro and surface recorded a 12% decrease (1728 in 2022, compared to 1972 in 2021).

In 2022, 439 complaints were also made for offenses committed against ATM, of which 60% in the metropolitan area and 40% in the area of surface transport, and were deposited at the local offices of the local authorities of the order, which are competent for each area. This will intensify the attention of public safety authorities to a service essential to the community.

ATM corporate protection has established intense and daily collaboration with the bodies managed by the public safety authorities (Prefecture and Police) and with all the institutional components involved in the territory: Local police, State police, Carabinieri. The exchanges of information analyze the problems that emerged from the different experiences and from the reports that come from the various business sectors, programming activities also joint aimed to solve repeated criticalities or to monitor potentially critical phenomena and to have a concrete and rapid support in their resolution. Since 2020,

Security has also acquired the process of handling criminal complaints in the property sector of the ATM Group, further intensifying its relations with the commands of the law enforcement authorities in the territory in order to further guarantee the timeliness of their preventive actions, Control and repression of illicit phenomena to the detriment of ATM.

As already explained in the “*Security*” paragraph of the chapter on “productive capital”, the *Security Operations Center* (SOC), that is, the Security Control Room, has been active since 2019 and operates in close contact with the operational centers of metropolitan and surface operations.

The *benchmark activity* of the ATM corporate protection structure among the main public transport companies in the world continues, through the participation in remote meetings between the business leaders of the sector, characterized mainly by the sharing of practices.

Over the last year, ATM has increased the number of security workers to 324 in December 2022, with an increase of 9 armed operation units.

Table 35. Security personnel

SECURITY PERSONNEL ³⁸			
Type	to 12.31.2022	to 12.31.2021	to 12.31.2020
Armed	144	135	119
Not armed	180	151	149
TOTAL	324	286	268

Noise and vibration mitigation

The ATM Group is aware of the impact on the community and on the relationship with citizens of noise and vibrations generated by its means. Therefore, it is actively engaged in the reduction of vibro-acoustic pollution with the aim of improving services and responding to the needs of customers-citizens exposed to this type of pollution in order to improve the quality of life of those who reside in the areas in which the Group operates.

To this end, various actions have been put in place for the monitoring and management of this subject, both through active collaboration with the technical operational functions of the Municipality of Milan and through the internal structure of the Group dedicated to this purpose (Vibro-Acoustics Laboratory).

For further details, see paragraph “reducing noise pollution” of the chapter on “productive capital”.

³⁸ This data refers to the security personnel of ATM S.p.A. and NET S.r.l..

ATM's relationship with its suppliers

As stated in the Code of Ethics, each company in the Group “guarantees a relationship of real and correct competition between the suppliers”.

In turn, the Policy for Quality, Environment and Safety States that the Group’s sustainable development strategies require, among other things, a commitment to continuous improvement of the environmental, health and safety aspects of its activities, focusing attention on all interested parties, including the performance of its suppliers, and in fact these principles are inherent in the Purchase to pay process of each Group Company.

Indeed, the sustainability aspect of our suppliers’ production processes is increasingly an element of evaluation among the criteria for the technical evaluation of the offers presented.

Moreover, the attention that all Group companies pay to the aspects of inclusion and gender equality determines that this commitment is sought also from suppliers. The above is now also reinforced by the provisions for the investment contracts financed by the PNRR, which concern the supply of new electric buses and the upgrading of existing infrastructure to achieve the “Full Electric” objective in 2030.

During 2022, 1,212 tender procedures were launched through the SRM platform, highlighting continued attention from ATM in rationalizing the entire purchase process. The process of reviewing the purchasing process is also constant, in order to increase its effectiveness by providing for periodic revisions of the “Contract-based Regulation” and training moments for all the players involved in the purchasing process.

In accordance with the regulations, the entire Purchase to pay process is developed on computer platforms. All of the above purchasing processes were carried out and managed exclusively in “Electronic tenders” mode, guaranteeing technological and process coverage on all types of contracts provided for in the Code of Procurement and the Internal Procurement Regulation. The process adopted allows full traceability of the authorization process and guarantees full respect for the principles of transparency and equal treatment of all the interested parties.

The ATM Group is related to a wide supply chain composed of over 1.800 suppliers, mainly divided into the categories supplies, services and works. “supply” costs account for about 69 % of the total purchased and are mainly related to the purchase of rolling stock, maintenance spare parts and energy. The “Services” category represents about 23% of the total purchased, and includes mainly the maintenance activities of the equipment and plants, as well as the maintenance services linked to *the Information Technology* (it). Finally, some 8% of expenditure relates to the “jobs” category, with particular reference to extraordinary interventions on the network and infrastructure.

Composition of the supply chain of the ATM Group and % purchased.

69%

23%

8%



The management of relations with suppliers is an important theme for the Group. The purchase in Italy is characterized by a preponderance of Italian suppliers (about 95%), which has translated into about 86% of the value of the purchased from local firms. With reference to Metro Service, the percentage of the value of the local purchase on the total purchases is 88%.³⁹

The responsible management of the supply chain, as sanctioned by the Group Code of Ethics and by the Policy for Quality, Environment and Safety, is an essential component of the Group's strategy, which is committed to ensuring the highest quality of the products and services purchased, in compliance with the technical criteria, Environmental and social measures established by the tender documents, contractual arrangements and regulations of the ATM Group.

For these reasons, the company's rules for contract custody fully govern the authorization procedure for expenditure, the signing of orders and contracts and, for procedures under a certain defined purchase threshold, the methods of custody.

Equally essential, in order to guarantee the pursuit of the above principles, is the continuous commitment of ATM in the training process addressed to all the subjects involved in the purchase process.

Finally, it should be noted that ATM is active the procedure for evaluating the suppliers of work, of goods and services that aims to promote and support them in actions to improve the service and environmental impact and to assess their performance globally in relation to the Group Policy on Quality, Environment and Safety. In line with the indications contained in the ATM strategic plan, with particular reference to the chapter on the sustainable supply chain, ATM has placed even more attention to the sustainable management by its suppliers, by increasingly using environmental criteria as elements of rewarding evaluation in the tenders assigned to the most economically advantageous offer, thus rewarding the virtuous enterprises in these aspects.

In accordance with the requirements of the SA8000 standard, the ATM Group companies collaborate exclusively with suppliers and partners that adopt and practice the same operating principles of respect for the employee and the customer: In fact, before receiving an order from the Group's SA8000 certified companies, suppliers must produce the same certification or a self-certification in which they subscribe to fulfill their obligations under the standard.

It should be noted that 2022, as it was the previous year, was characterized at global and national level, in particular by two factors that have affected, and still affect, supply policies: The difficulty in finding materials and the consequent exponential increase in prices. ATM, too, is obviously suffering the shocks

³⁹ Local is defined as suppliers with registered offices in Italy and Denmark, respectively for Italian companies of the ATM Group and for Metro Service.

of this crisis, though, thanks to ongoing multi-year contracts, consolidated partnerships with strategic suppliers, and the fact that the cost of electricity was fixed in 2021. the impact of the same has not caused any consequences which would affect the service level and the proper maintenance of the vehicles.

Relations with the community and the territory

The ATM Group, as an integral part of the community in which it operates, intends to promote local development also through its participation in social and cultural initiatives.

To this end, ATM has adopted a special regulation governing the participation of the Group companies in this type of project, defining the aims of the initiatives in which the ATM Group can participate that must be coherent and functional in the pursuit of the corporate mission.

These initiatives include projects, activities or events, promoted or carried out by the Municipality of Milan or implemented with its patronage and activities to enhance the territorial context of Milan and the Metropolitan City. The modalities of collaboration are also regulated by an internal procedure, which regulates the management of the entire process.

ATM is committed to establishing relations based on fairness, good administration and transparency toward all its *stakeholders* in order to pursue concrete and shared sustainable development objectives and contribute to the well-being, quality of life and growth of the community in which it operates.

It collaborates with the institutions and bodies responsible for the government of the territory by participating in tables of discussion on the themes of mobility, innovation, environmental, social and economic sustainability.

It is also active in spreading the principles and culture of sustainable development within its organization, constantly transmitting and sharing its values and best practices with institutions, partners, suppliers and customers; all business sectors are involved and target their internal and external activities for these purposes.

In addition to the projects and campaigns which have been described in detail in other parts of this document, ATM is highlighted here in 2022, in line with its strategic plan, has carried out various initiatives aimed at communicating and promoting the values of diversity and inclusion and has chosen to act in parallel with its employees and outside the organization with campaigns and participation in events on these themes, both to transfer the values in which he believes and to promote the image of a company capable of contributing to the growth of the whole community.

With the aim of confirming the commitment to promote an inclusive corporate culture, the Company has also produced two videos for two special occasions:

- For the International Women's Day (March 8), she paid homage to her employees who each day give their professional contribution to the Company and the city of Milan: A series of faces, taken in a video, that tell through the images their commitment and their skills. The video has been posted on the company intranet, digital and social channels, and on the monitors in the metro stations.
- For Mother's Day (May 8) the Company has released the video entitled “moms beyond stereotypes” to celebrate the professional women of ATM who work for Milan every day; the video, which has some mothers working as protagonists, was realized with the aim of sensitizing

people to the culture of inclusiveness and to help overcome the barriers of stereotypes also in an ironic way. It has been published on your company's intranet, YouTube, and the Corriere della Sera website.

Within the framework of the “Regulation for the participation of ATM in initiatives in harmony with the corporate social purpose”, the Company has also supported several cultural and social events in the city of Milan, including Milan to be read, Radio Italia Live – Il Concerto, Re-Bikei, Concerto for Milan, Back to the City Concert, Wired Next Fest, do the right thing!. ATM has also supported some important awareness campaigns on health and prevention issues, including *the make sense Campaign* promoted by AIOCC Italian Association of Cervical-Cephalic Oncology.

In order to protect and enhance its historical heritage, ATM took part in the Auditorium of the AEM Foundation in the initiative “Sharing *the Heritage*: the memory of public enterprise in the digital age”, planned for the 8th week Open Archives organized by Network Photography, With an intervention aimed at illustrating its historical archive and its digital platform, a collaboration that has had an excellent audience feedback and that fits into the policy of reputational strengthening of the Company.

The Company hosted the international exercise *EU-Modex Italy 2022*, organized by the National Department of Civil Protection within the framework of the annual program Modex (*Module exercise*) of the Union Civil Protection mechanism, in order to promote its environment in a fully operational structure and, at the same time, To improve its capacity for emergency management, for this reason it has made available to the organizers a train, the M3 station of San Donato and the railway test ring in the homonymous depot where the collapse of a tunnel of the metro line due to an air accident was simulated. Among others, civil protection, fire brigades and USAR (*Urban Search and Rescue*) teams from Italy, France and Romania took part. The initiative was a valuable opportunity to test the territorial organizational capacity and to learn about new systems and methods of emergency coordination, implementing interoperability and cooperation between the components of emergency relief. The main scenario is linked to the Emergency Plan for the 2026 Milan-Cortina Winter Olympics.

NATURAL CAPITAL

Main results related to the Natural Capital

Table 36. Summary of results related to the Natural Capital of the ATM Group

Approximately 86.000 tCO ₂ avoided (Scope 2 – market based) ⁴⁰	Approximately 58% of recovered waste
100% of electricity purchased from Free Market in Italy certified green	

What is the Natural Capital

Natural capital means both the Raw materials used by the Group to carry out its activities, such as water, sand and energy sources such as electricity and fossil fuels.

⁴⁰ Thanks to the purchase in Italy of only Green certified electricity with guarantee of origin.

Material themes related to the Natural Capital

Climate change, energy consumption and environmental impacts	Responsible management of resources and waste	Intermodality and integration of services	
Quality and accessibility of services	Security & safety	Relations with the territory and local development	
Creation and distribution of economic value	Noise and vibration mitigation	Diversity, inclusion and welfare	
Training and professional development	Protection of health and safety at work	Ethics, integrity and compliance	Responsible supply chain management


As foreseen by *the International <IR> Framework* for the preparation of the Integrated Report, the following table shows the main *inputs*, *outputs* and *outcomes* as well as the main *business activities* that act with reference to Natural Capital.

INPUT	BUSINESS ACTIVITIES	OUTPUT	OUTCOME
<ul style="list-style-type: none"> All natural resources, such as water and sand All energy sources, such as electricity, diesel, methane and petrol 	<ul style="list-style-type: none"> Management of the use of energy resources Washing and sanitizing of the means Sandblasting of the tramway tracks Efficiency of heating systems Fleet management and renewal Digitizing the service Disincentives for the use of single-use plastic at the Italian offices 	<ul style="list-style-type: none"> CO2 emissions generated Waste produced Waste water produced Reduction of the use of polluting materials 	<ul style="list-style-type: none"> Improvement of local air quality Less impact on the quality of the local and non-local environment

The main sustainability objectives

The table below shows the main sustainability objectives and their level of achievement as at December 31, 2022 with reference to the ATM Group's natural capital.

Table 37. Sustainability objectives related to the Natural Capital of the ATM Group

Objectives	Status as of December 31, 2022
<ul style="list-style-type: none"> The following composition of the car fleet is achieved: 60% of diesel buses; 25% of hybrid buses; 15% of electric buses 	 <p>At the end of 2022 the composition of the car fleet is as follows:⁴¹</p> <ul style="list-style-type: none"> Diesel: 72,6% Hybrids: 14,8% Electrical: 12,4%

⁴¹ The data reported refers to the total public transport offered by the ATM Group and refers to the vehicles available for the year.

		<ul style="list-style-type: none"> Hydrogen: 0,2% <p>It is specified that hydrogen buses are part of an EU-funded test project.</p>
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The Natural Capital of the Group

ATM has always sought to position itself as a reference point in the field of integrated and sustainable mobility. In fact, the provision of a zero-impact mobility service is a guiding thread in the Group's sustainability strategy, which is divided into the "Zero-Emission Transport" and "responsible consumption" pillars.

In order to follow the objectives proposed by these pillars, the Group designs and develops several initiatives aimed at reducing the impact of its activities.

In particular the green wall in Giambellino: The first plant wall of ATM has taken shape on the facade of the bus depot in Giambellino. There are over 10,000 plants that compose it, with more than 20 different species, to cover an area of 350 square meters. The aim of this innovative *green wall* is not only to absorb pollution, but also to make the building cooler and the environment more pleasant. This work is consistent with the urban integration policies that ATM is pursuing, starting with *the Full Electric Plan*, which provides for the conversion to electricity of all its 1.200 buses and the upgrading of deposits, in order to have a more resilient and sustainable city. The project is co-financed by the Municipality of Milan in the context of the BE2 call and the European project H2020 CLEVER Cities.

With regard to the Group's environmental impact management system, as anticipated in the "Intellectual Capital", ATM S.p.A., Rail Diagnostics S.p.A. and NET S.r.l. use an environmental management system that complies with the environmental standard UNI EN ISO 14001:2015. In order to maintain this certification, companies adopt specific organizational documents (e.g. manuals, work instructions and procedures) relating to practices for the good management of environmental resources, the management of environmental emergencies and the assessment of the significance of environmental impacts.

Management of energy consumption and environmental impact

In following the objectives set in relation to the management of energy consumption and the resulting environmental impact, ATM reduces the adverse effects on the environment of its activities, implementing efficiency initiatives to reduce its energy consumption, and replacement of the rubber fleet by electrically powered means in order to reduce the emissions generated. To this end, ATM is committed to progressively renewing the park, with the aim of reaching a fleet of 100% *full-electric buses* by 2030, and consequently to zero the related emissions.

The Group seeks to involve and empower its employees, as well as external stakeholders, in the implementation of these initiatives. According to Law 10/91 and for the purpose of the periodic monitoring and monitoring of energy consumption and polluting emissions, the Group has appointed an *Energy Manager* certified expert in Energy Management according to UNI-CEI 11339. *The Energy Manager* is responsible for disseminating good practices for the efficiency of energy use and for carrying out periodic consumption controls, monitoring and collecting data on energy consumption and production (electricity, diesel, gas, etc.).

The timely communication of energy consumption in primary sources is sent to FIRE (Italian Federation for rational Energy consumption) for all the Italian companies of the Group. In the same way, ATM communicates to ENEA (National Agency for New Technologies, Energy and Sustainable Economic Development) the energy diagnosis for both the “public transport” service and the Group’s production sites.

In 2022, energy consumption was recorded totaling around 4.235 TJ, a slight decrease compared to last year. With regard to electricity consumption in Italy, the increases recorded were also due to the opening of the new M4 metro line.

Table 38. Total ATM Group primary energy consumption in 2022 in TJ⁴²

Energy consumption sources	2022	2021	2020
Total energy consumed from renewable sources	2,604	2,539	2,437
Electricity purchased from Free Market (Italy)	2,589	2,523	2,423
Electricity purchased from photovoltaic plants	15	13	11
Self-produced electricity from photovoltaic and consumed	0.5	3	3
Total energy consumed from non-renewable sources	1,630	1,749	1,700
Electricity purchased from free market (Denmark)	536	551	502
Energy purchased from cogeneration plants	54	142	150
<i>of which electricity</i>	32	83	85
<i>of which heat</i>	22	59	65
Diesel fuel	832	858	868
<i>Of which self traction</i>	831	857	868
<i>Of which heating</i>	0.5	0.6	0.4
Methane	195	181	165
LPG	0.2	0.3	0.3
District heating	12	17	14

⁴² The energy consumption expressed in TJ was calculated using the conversion factors indicated by the Ministry of Economic Development circular (MESI) of December 18, 2014 and corresponding to the same ones presented to THE FIRE by annual communication: 1 kWh electric = 0,00187 toe; 1 M liters diesel = 858,3 toe; 1Sm³ methane gas = 0,000836 toe; 1 GWht – district heating = 103 toe; 1 M liters LPG = 549,5 toe; toe/TJ = 0,042 (except for the heat from cogeneration for which conversion factors specific to the plants concerned have been used).

Total energy consumed	4,235	4,288	4,137
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With regard to emissions from the activities, the Group undertakes to monitor carefully the emissions of greenhouse gases released into the atmosphere. With regard to the emissions generated by the consumption of the Group's workshops and storage facilities, ATM ensures that its authorizations are kept up-to-date, and monitors the parameters foreseen by the authorizations, such as total dust, nitrogen oxides and carbon oxides through external laboratories.

With regard to emissions from the fleet, emissions are controlled according to the regulations on combustion efficiency and emission control devices. In 2022, the Group followed several projects to reduce energy consumption and GHG emissions, such as the renewal of the fleet with less polluting buses (electric buses) and the purchase of new trams and trolleybuses which, thanks to the energy recovery system under braking, they will save energy.

As regards the consumption of electricity supplied by the free market and consumed in Italy, the totality is produced from renewable sources and is certified "Green Energy" with guarantee of origin (according to AEGSI Resolution ARG/elt no. 104/11 and s.i.m.). Thanks to the purchase of this "Green Energy" with a guarantee of origin, the Group was able to avoid the emission of about 86.000 tons of CO₂ in 2022 (scope 2 – Market based).

The Group's objective is to reach 100% of electric-drive rolling stock by 2030, with the consequent reduction in CO₂ and atmospheric particulate matter (PM₁₀).

In this respect, with regard to direct emissions (scope 1), which are related to the energy consumption of methane, diesel and LPG, the Group has registered a decrease of about 0.1% compared to the previous year.

Table 39. Direct emissions (scope 1) – ATM Group – tons of CO₂ equivalent⁴³

ATM GROUP	2022	2021	2020
CO _{2e} emissions	70,459	70,501	71,065

The reporting standard used (GRI Sustainability Reporting Standards 2016) provides two different approaches to calculating the objective 2 emissions: "Location-based" and "Market-based". The "Location-based" approach involves the use of average emission factors for the specific national energy mix of electricity generation. The "Market-based" approach involves the use of emission factors defined on a contractual basis with the electricity supplier. In the absence of specific contractual agreements between the Organization and the electricity supplier (e.g. purchase of guarantees of origin), the emission factor for the national "residual mix" was used for the "Market-based" approach.

With regard to indirect emissions (scope 2), which can be attributed to electricity and district heating consumption, the Group has registered a decrease of about 2% according to *the location based calculation method*, as detailed in the table below. As regards indirect emissions (scope 2), calculated according to *the market-based calculation method*, there is an increase in emissions generated by about 3%.

⁴³ For the purposes of calculating scope 1 emissions in 2022, the conversion factors reported in 2022 UK Government GHG Conversion factors for Company Reporting were used. See footnote 46 for further information on the data update carried out.

Table 40. Indirect emissions (scope 2) – ATM Group – tons of CO₂⁴⁴

ATM GROUP	2022	2021	2020
Location based CO ₂ emissions	108,830	110,912	116,939
CO ₂ emissions (market based)	39,567	38,443	38,501

Table 41. Emission factors used (2022)

Electricity (Location based) Italy	GCO ₂ /kWh	259.8	Source: ISPRA 2022
Electricity (market based) Italy	GCO ₂ /kWh	459.0	Source: AIB, European residual Mixes 2020 (version 2022)
Electricity (Location based) Denmark	GCO ₂ /kWh	292.0	Source: Terna International comparisons 2019
Electricity (market based) Denmark	GCO ₂ /kWh	529.0	Source: AIB, European residual Mixes 2020 (version 2022)
Diesel fuel for automotive use	KgCO ₂ e/L	2.558	Source: DEFRA 2022
Diesel fuel for heating	KgCO ₂ e/L	2.759	Source: DEFRA 2022
Natural gas	KgCO ₂ e/m ³	2.016	Source: DEFRA 2022
Heat from cogeneration	KgCO ₂ /kWh	0.171	Source: DEFRA 2022
District heating	KgCO ₂ /kWh	0.171	Source: DEFRA 2022
LPG	KgCO ₂ e/L	1.557	Source: DEFRA 2022

Eco-compactors

During 2021, ATM started a trial that foresees the installation of the first two eco-compactors, for the recycling of PET plastic, inside the company space of Monte Rosa and at the station of the subway of Cascina Gobba. The operation of the eco-compactor is very simple: By inserting a plastic bottle of any size that has contained alimentary liquids, it will be recycled and destined to the production of new bottles (bottle to bottle). In addition to the environmental benefits, this also brings personal benefits. By logging in through the Coripet App, in fact, for each recycled bottle you can earn points. The prize list is constantly updated. The initiative is in collaboration with CORIPET, a voluntary non-profit consortium, recognized by the Ministry of the Environment.

In October 2022 a third car was placed at the Como-Brunate funicular station. Since the beginning of the installations and for the whole of 2022, 37,047 bottles have been awarded, for a total of 366 kg of plastic, corresponding to little more than 2 ton of CO₂ saved.

Water dispensers

Between 2019 and 2020, two water dispensers were installed experimentally in the Foro Buonaparte offices and in the Ticinese warehouse in via Custodi. The machines dispense H₂O instead of the plastica

⁴⁴ For the purpose of calculating scope 2 emissions in 2022, the emission factors reported in the specially marked table contained on the following page were used. Scope 2 (location based) emissions are expressed in tons of CO₂, however the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO₂equivalents) as can be deduced from the technical reference literature.

bottles distributed in the vending machines, at the price of 0.30 cents instead of 0.60. In 2019, ATM donated branded bottles to all its employees.

In 2022, an additional distributor was installed in the premises of via Monte Rosa and in December 5 new machines in the kiosks of the stops of the surface capilinea, which supply water free of charge of the traveling staff. At the end of 2022, the saving was 3,415 bottles of water, equivalent to about 34 kg of plastic, which corresponds to 0.2 ton of CO₂.

Management responsible for the use of water resources

The Group is committed to managing the use of water resources in an efficient and responsible manner, in full compliance with the current regulations of the sector. The use of water resources is monitored and managed through the Ecology department, a structure specialized in the analysis and management of environmental processes.

Water resources are used by the Group mainly for civil and industrial purposes, i.e. for normal use in the Group offices, changing rooms and canteens and for the washing of the vehicles and plants. The trend in water consumption is linked to the operational needs and directly linked to the number of resources, installations and employees of the Group.

Approach to responsible water consumption

The waters are taken and used directly by the public aqueduct of the Municipalities where the various company establishments are located. In addition to industrial and civil waters are the rainwater for the first and second rain areas for most of the company's plants, in particular the automotive plants.

The Group carries out periodic checks on the discharge of water in which it monitors the main parameters indicated by the regulations, which refer mainly to the activities carried out on site. With respect to the limit values laid down by law, should the concentration values of the contaminants determined exceed the threshold value of 80 % of the legal limit value, monitoring prevention and control measures shall be implemented in order to intercept the possible source "pollutant" and to solve the problem by reporting the values below this threshold. These controls, in addition to assessing water quality, enable the effectiveness and efficiency of purification processes to be determined.

Monitoring and prevention of water impacts

All the types of water (civil, industrial and weather of first and second rain) are discharged in public sewerage except in the case of the Famagosta warehouse, where they are discharged into the surface water body (Lambro Southern-Olona river), after treatment thereof. In fact, ATM uses water treatment plants, which guarantee the maintenance of environmental standards.

These plants are the subject of maintenance and control activities, as well as periodic analysis of the quality of the waste water, in full compliance with the regulations (part III, Legislative Decree no. 152/06 and s.i.m.).

In the event of conditions in which the discharge requirements are lost, the water is conveyed into appropriate tanks (following the sewerage line inside the plant) and instead of being discharged, in the absence of the necessary authorizations, they are removed and disposed of as waste by means of companies authorized to transport the waste to plants also authorized to be treated.

The consumption recorded as at December 31, 2022 may be the subject of any information communicated after the date of publication of this document. The development of water discharge volumes is directly linked to the trend of withdrawals.

Table 42. *Withdrawals of water supplied by the company from the public aqueduct and area of origin.*

ATM GROUP Source of supply	UOM	2022 ⁴⁵	2021 ⁴⁶	2020
Third-party water resources - total	ML	2,650	2,795	2,784
<i>of which fresh water</i>	ML	2,650	2,795	2,784
<i>of which coming from areas with water stress⁴⁷</i>	ML	0	0	0
TOTAL WITHDRAWALS	ML	2,650	2,795	2,784

Table 43. *Water discharges by type and destination⁴⁸*

ATM GROUP Discharge destination	UOM	2022 ⁴⁹	2021 ⁵⁰	2020
Destination of the exhaust	ML	0.1	3	6
Surface water - Total	ML	0.1	3	6
<i>of which fresh water</i>	ML	0.1	3	6
<i>of which are intended for areas with water stress⁵¹</i>	ML	0	0	0
Third-party water resources - total	ML	2,634	2,224	2,767
<i>of which fresh water</i>	ML	2,634	2,224	2,767
<i>of which are intended for areas with water stress⁵²</i>	ML	0	0	0
TOTAL DRAINS	ML	2,634	2,227	2,773

In order to improve the quality of the waste water, ATM is launching a *revamping campaign* of the existing plants, starting from the tram sites, with the integration of ion exchange resin plants for the removal of heavy metals that will be added to the pre-existing chemical-physical and final filtration plants. To these will be added at the end of the treatment process “Volanization tanks” suitable for the accumulation of water, before being discharged into the public sewerage or the surface water body, in order to check the quality of the same more precisely and the possibility of reusing the purified water for the cleaning of the cars.

Campaigns are also in place to reduce water consumption for air conditioning by replacing, where possible, machines that require the use of disposable water with plants that provide for air condensation as much as possible.

⁴⁵ The data for 2022 were compiled on the basis of estimates of water withdrawals carried out during 2021.

⁴⁶ The data for 2021 were compiled on the basis of estimates of water withdrawals carried out during 2020.

⁴⁷ The Aqueduct tool was used to identify water stress sites and found that none of the Group sites are in water stress areas.

⁴⁸ The data does not include water discharges from Metro Service A/S.

⁴⁹ The data for 2022 were partly drawn up on the basis of estimates of water discharges made during 2021.

⁵⁰ Data for 2021 were compiled on the basis of estimates for water discharges in 2020.

⁵¹ See note 8.

⁵² See note 8.

Responsible management of the use of sand

In order to improve the safety and adhesion of vehicles on surface iron in times of adverse weather conditions, the Group performs sandblasting operations on the rails. This intervention, considered strictly necessary for the safety of passengers on board the vehicles, inevitably generates dust pollution.

Since 2020, the sand used by the Group also includes the consumption of Metro Service due to the recent entry into operation of the Copenhagen M3 (late 2019) and M4 (early 2020) metro lines. Also for these lines, sand is used for safe operation of the train brakes.

Over the last 3 years, the sand used by the Group has been:

Table 44. Tons of sand used

Year	Tons of sand used
2020	1,126
2021	1,282
2022	1,058

The consumption of sand is influenced by weather conditions: With the reduction of days with temperatures below zero, the consumption of sand decreases.

Responsible waste management

With regard to the responsible management of waste, the ATM Group undertakes to strictly comply with the relevant legislation, ensuring transparency, efficiency and tracking in the registration and issue of waste identification forms. To this end, the Group prepares the unique Model of Environmental Declaration (MUD), which denounces the production of its waste in the calendar year.

Waste generation due to operational activities can have an impact on various environmental aspects if not handled properly. In the specific case of ATM, the impacts of the production of its waste demonstrate the following characteristics:

- **Current impact.** The carrying out of the operating activities generates waste, until they are removed from the site: Any generation of waste inevitably creates an impact on the environment in the act in which it is produced;
- **Potential impact.** Any waste generation generates an impact “at potential risk of contamination” if the waste is not handled in an appropriate manner;
- **Direct impact.** The generation of company waste creates this impact on the site and production area when they are produced. This impact is perceived in the short term when the waste generated remains on the site for a minimum of 3 months, at the maximum of 1 year (according to the cases provided by Legislative Decree no. 152/06 and s.i.m.);
- **Indirect impact.** This type of impact occurs when waste is started to waste disposal and/or recovery activities at authorized centers, generating indirect impacts on the environment as a result of these activities. This impact can be felt in the long term.

In general, ATM undertakes to supply itself with eco-compatible, biodegradable or performance products with low environmental impact, seeking to improve as much as possible the sorting and

differentiation of its waste and to give priority, as far as possible, to the recovery activities of the same with respect to the disposal activities.

As regards municipal waste (e.g. paper, cardboard, wood, wet, plastic and unsorted), ATM benefits from the Municipal Service of separate collection.

Industrial waste (special hazardous or non-hazardous) solids and liquids are managed through a contract with companies authorized to treat waste, renewed through a call for tenders.

Other types of special waste, including metal waste (Fe, Al, Cu, etc.), batteries, oils and tires, are mainly started to recover at authorized centers.

The table below shows the total waste generated in 2022. The total net weight of waste produced by the Group in 2022 was 7,694.5 tons, an increase compared to the 6,417.6 tons recorded in 2021.

Table 45. Breakdown of waste produced by type and method of disposal (ATM Group)

Type	2022			2021		
	Waste generated (t)	Recovered waste (t)	Waste for disposal (t)	Waste generated (t)	Recovered waste (t)	Waste for disposal (t)
Dangerous	1,458.0	1,338.1	119.7	1,196.4	965.2	231.2
Non-hazardous	6,236.4	3,114.2	3,122.2	5,221.2	2,917.8	2,303.5
TOTAL	7,694.5	4,452.3	3,241.9	6,417.6	3,883.0	2,534.7

Table 46. Breakdown of waste produced by recovery operations (ATM Group)

Recovery operation	2022	2021	2020 ⁵³
	Total waste recovered from third parties (t)	Total waste recovered from third parties (t)	Total waste recovered from third parties (t)
Hazardous waste	1,338.1	965.2	3,204.2
Waste for recycling	10.0	14.1	8.7
Started at preliminary storage facilities	1,328.1	951.1	3,195.3
Non-hazardous waste	3,114.2	2,917.8	2,305.7
Waste for recycling	118.2	83.7	132.6
Started at preliminary storage facilities	2,996.0	2,834.1	2,173.1
TOTAL	4,452.3	3,883.0	5,509.7

⁵³ See footnote 12.

Table 47. Breakdown of waste produced for disposal operations (ATM Group)

Disposal operation	2022			2021		
	Waste disposed of independently (t)	Waste disposed of by third parties (t)	Total	Waste disposed of independently (t)	Waste disposed of by third parties (t)	Total
Hazardous waste	0	119.7	119.7	0	231,2	231,2
<i>Started at preliminary storage facilities</i>	<i>0</i>	<i>119.7</i>	<i>119.7</i>	<i>0</i>	<i>231,2</i>	<i>231,2</i>
Non-hazardous waste	0	3,122.2	3,122.2	0	2.303,5	2.303,5
<i>Waste intended for heat-recycling</i>	<i>0</i>	<i>599.2</i>	<i>599.2</i>	<i>0</i>	<i>283,1</i>	<i>283,1</i>
<i>Started at preliminary storage facilities</i>	<i>0</i>	<i>2,523.0</i>	<i>2,523.0</i>	<i>0</i>	<i>2.020,4</i>	<i>2.020,4</i>
TOTAL	0	3,241.9	3,214.9	0	2.534,7	2.534,7

The European Taxonomy

In the light of the provisions of Regulation (EU) 2020/852 (hereinafter also the “Taxonomy Regulation”), and of the additional rules of reference to this associate, the ATM Group reports for the financial year 2022 the share of turnover, Capital expenditure and operating expenditure associated with economic activities considered to be environmentally sound within the meaning of Articles 3 and 9 of the Taxonomic Regulation.

In particular, the reference legislation provides that for the reporting period 2022, a series of information should be provided on the economic activities considered eligible⁵⁴ or ineligible⁵⁵ for the European Taxonomy (hereinafter also “eligible activities” and “non-eligible activities”).

Since 2022, the legislation also provides for a second step.

With regard to “eligible activities” it is necessary to identify activities aligned⁵⁶ or not aligned with the European Taxonomy (hereinafter also “aligned activities” and “non aligned activities”).

The ATM Group has therefore examined the list of economic activities included in the reference documentation, which at the date of publication of this document is available exclusively for two of the six environmental objectives defined by Art. 9 of the Taxonomic Regulation: Mitigation of climate change and adaptation to climate change. This process of analysis was carried out by comparing the activities carried out by the Group with those defined by the technical reference documentation available to date.

On the date of publication of this document and on the basis of its interpretation, The operations that characterize the work of the Group are mainly related to the economic activities “*Transport of urban and extra-urban passengers by road*” and “*Operational management of personal mobility devices*” defined by the technical documentation in the context of the European Taxonomy available to date.

⁵⁴ Economic activity described in delegated acts adopted pursuant to Article 10(3) of Article 11(3) of Article 12, article 13(2), article 14(2), And Article 15(2) of Regulation (EU) 2020/852, whether or not such economic activity meets one or all of the technical screening criteria set out in such delegated acts.

⁵⁵ Economic activity not described in delegated acts adopted pursuant to Article 10(3) of Article 11(3) of Article 12, article 13(2), article 14(2), And Article 15(2) of Regulation (EU) 2020/852.

⁵⁶ Economic activities complying with all the requirements of art. 3 of Reg. EU 2020/852.

In the light of this interpretation, and as described in detail below, the Group has calculated the proportion of turnover, Capital expenditure and operational expenditure linked to economic activities currently considered eligible or ineligible with reference to the climate change mitigation and climate change adaptation objectives defined, with the following values:⁵⁷

KPIs	2022	
	Allowable / eligible	Not permissible / not eligible
Revenue	89.11%	10.89%
CAPEX	99.47%	0.53%
OPEX	97.91%	2.09%

With regard to the alignment of turnover, Capex and Opex the Group began to carry out analyzes for the determination of values. At present the Group has undertaken the first analyzes, but reserves the right to elaborate further analyzes on what is required by Article 9 of Reg. EU 2020/852 which, as far as environmental objectives are concerned, defined the first 2 of 6. It also introduced the need to assess whether the possible turnover value, Capex and Opex aligned with the first two, will also be in line with the other four whose publication will take place later. In the light of these elements, the Group which, in the context of actions aimed at preventing Climate Change, already uses, on the Italy side, certified Green electricity (see in this regard the paragraph “Management of energy consumption and environmental impacts” of Natural Capital), from a prudential perspective, it has opted for a value of zero to minimize possible inconsistencies in prospective values.

References to calculation methodology

Revenue

The denominator was considered to be consolidated net sales in accordance with IAS 1.82(a). As far as the numerator is concerned, on the basis of the interpretation of the Tonomic Regulation, revenues relating to parking, parking and removal, advertising and renting of spaces, rent of vending machines in action at the metro stations, management of the B-C area, sale of materials, contributions from the National collective Contract, Withholding for employee services (e.g. nursery) and EU contributions for training courses. The financial data included in this KPI reflect what is reported in note 31 to the consolidated financial statements, in relation to revenues and other operating income.

CAPEX

⁵⁷ The KPI analysis and reporting were carried out in the light of the interpretation gained by the Information Group as defined in Annex I of the “European Commission Regulation (EU) 2021/2178 of July 6, 2021 supplementing Article 8 of Regulation (EU) 2020/852) And the document “Draft Commission notice on the interpretation of certain legal propositions of the Disclosures delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of eligible economic activities and assets” of February 2, 2022. The potential double counting in the allocation to the turnover numerator, CapEx and OpEx, was avoided for the calculation of the KPIs through the use of financial information as accounted for in the consolidated financial statements on December 31, 2021, subsequently linked to the economic activities recalled by the Climate Delegate Act.

In the denominator, increases in tangible and intangible assets for the financial year 2022 were taken into account, before depreciation and any revaluations, including those arising from revaluations and reductions in value, excluding changes in fair value. The denominator includes, in particular, all investments in tangible and intangible assets and rights of use.

For the calculation of the numerator, increases in fixed assets were considered eligible in line with the adopted interpretation of the Taxonomic Regulation and the additional regulatory references. In fact, increases in fixed assets linked to the purchase of output from economic activities eligible for taxonomy and/or related to measures taken to reduce emissions to the atmosphere were considered eligible. For this reason, in line with the turnover numerator, investments in parking, parking and removal, advertising and renting of spaces, B-C AREA and SCTT, and crèches were excluded. The financial data included in this KPI reflect the investments reported in the consolidated financial statements, in the section Remarks to the financial results of the ATM Group - balance sheet and financial statements.

OPEX

In the denominator, the non-capitalized direct costs related to Research and development, measures for the renovation of buildings, short-term lease and variable lease, maintenance and repair, as well as any other direct expenditure related to the daily maintenance of Property, plant, and equipment, were taken into account. The expenses related to the daily operation of Property, plant, and equipment were not included.

To the numerator, the costs included in the denominator relating to the acquisition of output from economic activities eligible for taxonomy and/or measures taken to reduce emissions to the atmosphere were considered eligible: In particular, the Group's maintenance labor costs, material consumption costs and services costs related to maintenance and short-term leasing/rental were included. Consequently, the remaining part of the costs included in the denominator were considered ineligible. The data included in this KPI reflect the non-capitalized direct costs reported in the consolidated financial statements, in the section Remarks to the financial results of the ATM-Costi Group and other operating expenses.

GRI - PERIMETER AND TYPE OF IMPACTS

Material Theme	Reconciliation with GRI Standards	Perimeter of impact	Role of the ATM Group
Quality and accessibility of services	GRI 3-3 (2021): Management procedures GRI 203 (2016): Indirect economic impacts	ATM Group	Direct – caused by the ATM Group
Creation and distribution of economic value	GRI 3-3 (2021): Management procedures GRI 201 (2016): Economic performance GRI 207 (2019): Taxes	ATM Group	Direct – caused by the ATM Group
Relations with the territory and local development	GRI 3-3 (2021): Management procedures GRI 203 (2016): Indirect economic impacts	ATM Group	Direct – caused by the ATM Group
Security & Safety	GRI 3-3 (2021): Management procedures	ATM Group	Direct – caused by the ATM Group
		Forces of the order	Indirect – to which the ATM Group contributes
Intermodality and integration of services	GRI 3-3 (2021): Management procedures	ATM Group	Direct – caused by the ATM Group
		Other public transport and mobility companies	Indirect – connected to the activities of the ATM Group through business relationships
Noise and vibration mitigation	GRI 3-3 (2021): Management procedures	ATM Group	Direct – caused by the ATM Group
Climate change, energy consumption and environmental impacts	GRI 3-3 (2021): Management procedures GRI 302 (2016): Energy GRI 305 (2016): Emissions	ATM Group	Direct – caused by the ATM Group
		Electricity suppliers	Indirect – connected to the activities of the ATM Group through business relationships
Responsible management of resources and waste	GRI 3-3 (2021): Management procedures GRI 303 (2018): Water and water drains GRI 306 (2020): Waste	ATM Group	Direct – caused by the ATM Group
		Water and waste disposal service providers	Indirect – connected to the activities of the ATM Group through business relationships
Ethics, integrity and compliance	GRI 3-3 (2021): Management procedures GRI 205 (2016): Anti-corruption	ATM Group	Direct – caused by the ATM Group
Diversity, inclusion and welfare	GRI 3-3 (2021): Management procedures GRI 405 (2016): Diversity and equal opportunities GRI 401 (2016): Employment	ATM Group	Direct – caused by the ATM Group
Training and professional development	GRI 3-3 (2021): Management procedures GRI 404 (2016): Training and education	ATM Group	Direct – caused by the ATM Group
Protection of health and safety at work	GRI 3-3 (2021): Management procedures GRI 403 (2018): Health and safety at work	ATM Group	Direct – caused by the ATM Group
Responsible supply chain management	GRI 3-3 (2021): Management procedures GRI 204 (2016): Supply practices	ATM Group	Direct – caused by the ATM Group

INDEX OF GRI CONTENTS

The table of GRI indicators, in accordance with GRI Standards, is presented below: “*in accordance-core*” option. Any omissions are reported as notes to individual disclosures, where applicable.

Declaration of use	The ATM Group has presented a report in accordance with the GRI Standards for the period January 1, 2022 – December 31, 2022
Used GR1	GRI 1 - Basic principles - Version 2021
Relevant GRI industry standard	Not applicable

Standard GRI	Informative	Pages and Notes
GRI 2: General Disclosure (2021)		
Organization profile and reporting practices		
GRI 2: General information (2021)	2-1 Organizational Details	I; VI; XXIV-XXVI; 91-92
	2-2 entities included in the organization’s sustainability reporting	XXVII-XXIX; 91-92
	2-3 Reporting period, Frequency and Contact	91-92
	2-4 Restatement of Information	91-92
	2-5 External Assurance	91-92
Activities and workers		
GRI 2: General information (2021)	2-6 assets, value chain and other business relationships	XXVII-XXIX; 28-31
	2-7 employees	31; 128-129
	2-8 non-dependent workers	130
Governance		
GRI 2: General information (2021)	2-9 structure and composition of governance	X; 3-5;15-18; 20-24
	2-10 appointment and selection of the maximum governing body	XXVII-XXIX; 2-3
	2-11 President of the highest organ of government	3
	2-12 role of the highest governing body in the control of impact management	94-99
	2-13 Delegation of responsibility for the impact management	94-99
	2-14 role of the highest governing body in sustainability reporting	91-94
	2-15 conflicts of interest	10-16; 37-38
	2-16 Communication of critical issues	17; 20-24;146
	2-17 collective knowledge of the maximum	5; 24

	governing body	
	2-18 Evaluation of the performance of the maximum governing body	93-99
	2-19 Rules on remuneration	16; 132-133
	2-20 Procedure for the determination of salary	132-133
	2-21 Annual Total Compensation Report	133
Strategy, policies and practices		
GRI 2: General information (2021)	2-22 Declaration on the strategy of sustainable development	94; 98-102
	2-23 Policy commitment	17-18; 99-102
	2-24 Integration of commitments in terms of policies	99-102; 124-127
	2-25 processes aimed at remedying impacts negative	94-102
	2-26 mechanisms for requesting clarification and raise concerns	15-16; 146
	2-27 Compliance with laws and Regulations	1-5; 15-22; 91-92; 120-121
	2-28 Membership of associations	UITP International Association of Public Transport, AGENS Federal Agency for Transport and Services
Stakeholder involvement		
GRI 2: General information (2021)	2-29 approach to involvement of the stakeholders	24-28; 93-94; 147-150
	2-30 collective agreements	In 2022, about 99% of the employees of the ATM Group were covered by collective bargaining agreements. In particular, 100 % in Italy and about 79 % in Denmark.

SPECIFIC DISCLOSURE (2016)**Material themes**

GRI 3: Material themes (2021)	3-1 process of determining material themes	94-98
	3-2 List of material themes	94-98
Creation and distribution of economic value		
GRI 3: Material themes (2021)	3-3 Management of material themes	94-98; 104-107
GRI 201: Economic performance (2016)	201-1 Economic value directly generated and distributed	103
	201-4 significant financing received from the Public Administration	102-103
GRI 207: Taxes (2019)	207-1 approach to taxation	104-105
	207-2 Tax governance, control and risk management	104-105
	207-3 stakeholder involvement and management tax concerns	104-105

	207-4 Country by Country Reporting	104-1057
Quality and accessibility of services		
GRI 3: Material themes (2021)	3-3 Management of material themes	94-98; 43-47; 108; 117-120
GRI 203: Economic impacts indirect (2016)	203-1 Investment in infrastructure and supported services	42-47; 108; 117-120
Responsible supply chain management		
GRI 3: Material themes (2021)	3-3 Management of material themes	94-98; 154-156
GRI 204: Supply practices (2016)	204-1: Portion of the expense from local suppliers	154-156
Ethics, Integrity and Compliance		
GRI 3: Material themes (2021)	3-3 Management of material themes	94-98; 120-121
GRI 205: Anticorruption (2016)	205-3 Number of corruption cases and actions taken	There are not verified cases Of corruption during the 2022 120-121
GRI 406: Non-discrimination (2016)	406-1 incidents of discrimination and corrective measures taken	118-121
Climate change, energy consumption and environmental impacts		
GRI 3: Material themes (2021)	3-3 Management of material themes	94-98; 160-161
GRI 302: Energy (2016)	302-1 Energy consumption within the organization	160-161
GRI 305: Emissions (2016)	305-1 greenhouse gas emissions from energy consumption (purpose 1)	162-163
	305-2 greenhouse gas emissions from energy consumption (purpose 2)	162-163
	305-5 reduction of greenhouse gas emissions	162-163
Responsible management of resources and waste		
GRI 3: Material themes (2021)	3-3 Management of material themes	94-98; 163-168
GRI 303: Water and water drains (2018)	303-1 interaction with water as a shared resource	163-165
	303-2 Management of impacts related to water discharge	163-165
	303-3 water collection	165
	303-4 water drain	165
GRI 306: Waste (2020)	306-1 waste generation and significant impacts on waste	166-168
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	306-3 wastes produced	166-168
	306-4 waste not intended for disposal	166-168

	306-5 waste intended for disposal	166-168
Diversity, inclusion and welfare		
GRI 3: Material themes (2021)	3-3 Management of material themes	94-98; 127-133
GRI 401: Employment (2016)	401-1 Total number of new hires and turnover	130
GRI 405: Diversity and equal opportunities (2016)	405-1 Diversity of government bodies and employees	130-132
	405-2 ratio of basic salary and remuneration of women to men	132-133

Protect the health and safety of employees		
GRI 3: Material themes (2021)	3-3 Management of material themes	94-98; 140-141
GRI 403: Health and safety at work (2018)	403-1 Health and safety management system at work	136-140
	403-2 Hazard identification, risk assessment and accident investigation	136-140
	403-3 Labor medicine services	136-140
	403-4 participation and consultation of workers and communication on health and safety at work	136-140
	403-5 Training of workers in the field of health and safety at work	136-140
	403-6 promoting the health of workers	136-140
	403-7 Prevention and mitigation of health and safety impacts at work in trade relations	136-140
	403-8 workers covered by a health and safety management system at work	136-140
	403-9 accidents at work	This is not available for external workers. 136-140
	403-10 Occupational diseases	Data on occupational disease cases do not include Metro Service A/S 136-140
Training and development of human resources		
GRI 3: Material themes (2021)	3-3 Management of material themes	94-98; 128; 140-144
GRI 404: Training and education (2016)	Average 404-1 hours of training per employee per year	140-144
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GRI 3: Material themes (2021)	3-3 Management of material themes	94-98; 42-47;108; 117-120
GRI 203: Indirect economic impacts (2016)	203-2 significant indirect economic impacts	42-47;108; 117-120

Security & Safety		
GRI 3: Material themes (2021)	3-3 Management of material themes	94-98; 108-109; 152-154
Intermodality and integration of services		
GRI 3: Material themes (2021)	3-3 Management of material themes	94-98; 109-112; 150
Noise and vibration mitigation		
GRI 3: Material themes (2021)	3-3 Management of material themes	94-98; 113-114

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	12.31.2022	12.31.2021
Assets			
Property, plant, and equipment	9	1,194,606	1,287,531
Intangible assets	10	4,303	4,201
Right of use for leased assets	11	6,977	7,778
Investments	12	49,994	34,730
Non-current financial assets	13	51,177	43,828
<i>Of which: Related Parties</i>	43	12,654	22,575
Deferred Tax Assets	14	45,702	52,500
Other receivables and non-current assets	15	-	-
Non-current assets		1,352,759	1,430,568
Inventories	16	99,127	98,622
Current financial assets	17	159,240	214,912
Tax Receivables	18	16,375	18,852
Trade receivables	19	229,505	190,900
<i>Of which: Related Parties</i>	43	160,132	129,801
Other receivables and current assets	20	111,244	31,593
Cash and cash equivalents	21	182,196	114,146
Current assets		797,687	669,025
Discontinued Operations	22	3,200	70
Total assets		2,153,646	2,099,663

CONSOLIDATED FINANCIAL POSITION

Notes	12.31.2022	12.31.2021
Equity		
Share capital	700,000	700,000
Legal reserve	119,048	140,000
Other reserves	274,830	269,087
Retained earnings	51,242	40,720
(Loss)/profit for the year	10,279	(19,393)
Advances on Dividends	-	-
Equity of the Group	1,155,399	1,130,414
Equity of third parties	21,945	18,395
Total Equity	1,177,344	1,148,809
Liabilities		
Non-current financial liabilities	24 254,609	266,867
Employee benefits	25 89,351	113,579
Provisions for risks and charges	26 98,955	90,788
Deferred tax liabilities	27 49,744	50,721
Non-current liabilities	492,659	521,955
Current financial liabilities	24 50,051	64,093
Current income tax liabilities	28 1,008	1,013
Trade payables	29 289,795	230,288
<i>Of which: Related Parties</i>	43 50,228	43,514
Other payables and current liabilities	30 142,789	133,505
<i>Of which: Related Parties</i>	43 -	-
Current liabilities	483,643	428,899
Discontinued operations	-	-
Total liabilities	976,302	950,854
Total equity and liabilities	2,153,646	2,099,663

CONSOLIDATED INCOME STATEMENT

	Notes	2022	of which related parties	2021	of which related parties
Revenue and other operating income					
Core Business Revenue	30	905,587	731,380	864,317	716,503
Other revenue	30	93,317	51,017	68,331	33,079
Other income	30	92,566	3,208	76,606	1,469
Total revenues and other operating income		1,091,470	785,605	1,009,254	751,051
Operating costs and other charges					
Purchases of goods and changes in inventory	31	(88,974)		(76,020)	
Service costs	32	(309,069)	(3,005)	(289,120)	(2,873)
Operating leasing costs	33	(2,110)	(424)	(2,090)	(349)
Personnel expenses	34	(568,910)	(2)	(546,427)	
Other costs and operating charges	35	(9,088)	(797)	(12,299)	(188)
Total costs and operating charges		(978,151)	(4,228)	(925,956)	(3,410)
Ebitda		113,319		83,298	
Amortization, depreciation and write-downs	36	(82,290)		(96,953)	
Ebit		31,029		(13,655)	
Financial income		3,358	901	6,682	1,299
Financial Expenses		(18,990)		(6,484)	
Net Financial income (expenses)	37	(15,632)	901	198	1,299
Net income of companies valued by the Equity method	38	4,598		3,373	
Pre-tax result		19,995		(10,084)	
Income taxes	39	(4,451)		(5,938)	
Net (Loss)/profit of the year		15,544		(16,022)	
Net (Loss)/profit of the year attributable to:					
Shareholders of the parent company		10,279		(19,393)	
Third party holdings (*)		5,265		3,371	
Total		15,544		(16,022)	

(*) values mainly attributable to the minority shareholder of the direct subsidiary International Metro Service S.r.l. and the indirect subsidiary Metro Service A/S.

OVERVIEW OF OTHER COMPONENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2022	of which related parties	2021	of which related parties
Profit/(loss) for the financial year		15,544		(16,022)	
Consolidated other comprehensive income statement items					
Items which will not be reclassified in the P&L account					
Revaluations of net liabilities / (assets) for defined benefits	22	13,817		(237)	
Income taxes on items which will not be reclassified in the P&L account	22	(3,316)		56	
Total items which may not be reclassified in the P&L account		10,501		(181)	
Items which may be reclassified subsequently in the P&L account					
Exchange differences from conversion of foreign operations	22	-			
Investments valued using the Equity method - Cash flow hedge reserve	22	10,631		3,327	
Taxes on investments valued using the Equity method - Cash flow hedge reserve	22	(130)		(41)	
Valuation at fair value of properties	22			20,458	
Income Taxes on valuation at fair value of properties	22			(5,769)	
Financial assets held to Collect and Sell	22	(5,151)		(372)	
Income taxes on items available for sale - held to collect and Sell	22	(1,200)		(24)	
Total items which may be reclassified subsequently in the P&L account		4,150		17,579	
Total consolidated other comprehensive income statement items		14,651		17,398	
Total comprehensive profit (loss)		30,195		1,376	
Total comprehensive profit (loss) attributable to:					
Shareholders of the parent company		24,930		(1,995)	
Third party holdings (*)		5,265		3,371	
Total		30,195		1,376	

(*) values mainly attributable to the minority shareholder of the direct subsidiary International Metro Service S.r.l. and the indirect subsidiary Metro Service A/S.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity	12.31.2021	Allocation of profit	Distributed dividends	Other changes	IFRS 9 impacts	Other comprehensive income items	Profit / (loss) for the year	12.31.2022
Share capital	700,000							700,000
Legal reserve	140,000	(20,952)						119,048
Other reserves	269,087	(8,963)	-	5	50	14,651	-	274,830
<i>Conferment reserve</i>	3,199	(3,199)						-
<i>Extraordinary reserve</i>	5,764	(5,764)						-
<i>Revaluation reserve</i>	1,397							1,397
<i>Translation reserve</i>	1			3				4
<i>Rounding reserve</i>	-			2				2
<i>FTA reserve</i>	154,105							154,105
<i>Actuarial losses reserve</i>	(13,621)					10,501		(3,120)
<i>Cash Flow Hedge reserve</i>	(7,202)					10,501		3,299
<i>Property, Fair value revaluation reserve</i>	125,288					-		125,288
<i>Held to Collect and Sell reserve</i>	120					(6,351)		(6,231)
<i>OCI reserve</i>	36				50			86
Retained earnings	40,720	10,522						51,242
Profit / (loss) for the year	(19,393)	19,393					10,279	10,279
Group shareholders' equity	1,130,414	-	-	5	50	14,651	10,279	1,155,399
Non-control. Int. equity	18,395	-	(1,715)	-	-	-	5,265	21,945
Share capital	572							572
Retained earnings	14,452	3,371	(1,715)					16,108
Profit / (loss) for the year	3,371	(3,371)					5,265	5,265
Total equity of the Group	1,148,809	-	(1,715)	5	50	14,651	15,544	1,177,344
Equity	12.31.2020	Allocation of profit	Distributed dividends	Other changes	IFRS 9 impacts	Other comprehensive income items	Profit / (loss) for the year	12.31.2021
Share capital	700,000							700,000
Legal reserve	140,000							140,000
Other reserves	268,428	(16,491)	-	(13)	(235)	17,398	-	269,087
<i>Conferment reserve</i>	19,690	(16,491)						3,199
<i>Extraordinary reserve</i>	5,764							5,764
<i>Revaluation reserve</i>	1,397							1,397
<i>Translation reserve</i>	14			(13)				1
<i>FTA reserve</i>	154,105							154,105
<i>Actuarial losses reserve</i>	(13,440)					(181)		(13,621)
<i>Cash Flow Hedge reserve</i>	(10,488)					3,286		(7,202)
<i>Property, Fair value revaluation reserve</i>	110,599					14,689		125,288
<i>Held to Collect and Sell reserve</i>	516					(396)		120
<i>OCI reserve</i>	271				(235)			36
Retained earnings	92,311	(51,591)						40,720
Profit / (loss) for the year	(68,082)	68,082					(19,393)	(19,393)
Group shareholders' equity	1,132,657	-	-	(13)	(235)	17,398	(19,393)	1,130,414
Non-control. Int. equity	16,494	-	(1,470)	-	-	-	3,371	18,395
Share capital	572							572
Retained earnings	14,312	1,610	(1,470)					14,452
Advances on dividends	(1,979)	1,979						-
Profit / (loss) for the year	3,589	(3,589)					3,371	3,371
Total equity	1,149,151	-	(1,470)	(13)	(235)	17,398	(16,022)	1,148,809

CONSOLIDATED CASH FLOW STATEMENT

2022

2021

TO Cash flows from operating activities			
Net Profit/(loss) for the period		15,544	(16,022)
Income taxes	4,451		5,938
Interest income/expense net of impairment of financial activities and dividends and interest expense as per IFRS 16	15,591		(8)
(Gains)/losses on sale of assets	(313)		(1)
1. Profit/(loss) of the year before taxes, interest, dividends and gains/(losses) from disposals		35,273	(10,093)
<i>Non-cash adjustments non impacting working capital</i>			
Change in provisions for risk and charges	10,571		20,357
Changes in employee benefits	106		99
Changes in the provision for impairment on cash and cash equivalents	30		182
Depreciation/Amortisation	82,190		89,229
Adjustments to fixed assets value	100		(12,734)
Adjustments to the value of equity investments	(37)		(131)
Impairment on financial assets	78		(59)
Other changes	(4,671)		10,941
<i>Total non-cash adjustments</i>		<i>88,367</i>	<i>107,884</i>
2. Cash flow before working capital changes		123,640	97,791
<i>Change in net working capital:</i>		<i>1,265</i>	<i>4,366</i>
Inventories	(365)		(5,675)
Trade receivables	(38,666)		(8,157)
Other receivables	1,672		8,846
Accrued income and prepaid expenses	105		(969)
Trade payables	32,823		8,594
Short-term payables for IFRS 16 leasing	(286)		168
Other payables	7,251		(6,848)
Accrued expenses and deferred income	(1,269)		8,407
Payables to shareholders for dividends	-		-
<i>Changes in assets not included in the net working capital</i>			
3. Cash flow after net working capital changes		124,905	102,157
<i>Other adjustments</i>		<i>(17,386)</i>	<i>(22,912)</i>
Interest collected/(paid)	(2,777)		(3,818)
Interest collected/(paid) on leased assets as per IFRS 16	(157)		(155)
(Paid income taxes)	(33)		(151)
Dividends collected	-		-
(Utilization of provision for risks and charges)	(2,404)		(6,354)
(Utilization of provision for employee benefits)	(12,015)		(12,434)
Cash flow of operating activities (A)		107,519	79,245

CONSOLIDATED STATEMENT OF CASH FLOWS

	2022	2021
B. Cash flows from investment/divestment		
<i>Property, plant & equipment</i>		
(Investments)	(83,747)	(70,987)
Sales price of disposals	526	423
<i>Intangible assets</i>		
(Investments)	(1,844)	(1,685)
Sales price of disposals	154	(28)
Increase/(decrease) in trade payables for fixed assets	27,032	(30,704)
<i>Financial fixed assets</i>		
(Investments)	(17,269)	(21,268)
Sales price of disposals	8,729	3,110
<i>Current financial assets</i>		
(Investments)	(25,382)	(124,307)
Sales price of disposals	65,665	138,365
Changes in plant and capital grants	16,230	17,777
Cash flow of investment/divestment activity (B)	(9,906)	(89,304)
C. Cash flows from/ the financing activities		
<i>Third party funds</i>		
Increase /(decrease) short-term loans to banks	(15,000)	15,000
Repayment of loans	(11,067)	(10,923)
Reimbursement of share capital loans on IFRS 16 leased assets	(2,399)	(2,334)
<i>Own funds</i>		
Paid Dividends (and advances in dividends)	(1,715)	(1,470)
Cash flows from financing activities (C)	(30,181)	273
Exchange rate effect	648	253
Increase/(decrease) in cash and cash equivalents and current securities	68,080	(9,533)
Cash and cash equivalents at the beginning of the year *	114,415	123,948
Cash and cash equivalents at year-end *	182,495	114,415

(*) Gross of the provision for liquidity write-down

1. General information

ATM S.p.A. (hereinafter also the “Company”, the “Parent Company” or “ATM”) is a company established and domiciled in Milan and organized according to the legal order of the Italian Republic. The Company has its registered office in Milan – Foro Buonaparte, 61.

The Company and its subsidiaries (jointly the “Group” or the “ATM Group”) manage the public transport service for urban and long-distance areas of Milan and Monza, the Copenhagen subway, the parking and removal areas, Area B and C, as well as the integrated maintenance of vehicles and infrastructures.

The publication of these consolidated financial statements was authorized by the Directors on March 30, 2023 and will be submitted to the Shareholders' Meeting for approval and subsequent filing, within the terms required by law. The Shareholders' Meeting has the power to make changes to these financial statements.

Deloitte & Touche S.p.A. is responsible for the statutory audit of the accounts, based on the assignment entrusted to on 9 November 2017.

In the preparation of these consolidated financial statements, the same accounting principles were applied as those adopted in the preparation of the consolidated financial statements as at 31 December 2021 were applied, supplemented by the provisions described in the paragraph “*Accounting principles, International Financial Reporting Standards and IFRIC amendments and interpretations approved by the European Union, applied by the Group since 1 January 2022*”.

2. Basis of presentation of the consolidated financial statements

These consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with *the International Accounting Standards* (International Accounting Standards – IAS and International Financial Reporting Standards - IFRS) issued by *the International Accounting Standards Board* (IASB), and interpretations issued by the *International Financial Reporting Standards Interpretations Committee* (IFRIC) and *the Standing Interpretations Committee* (SIC), endorsed by the European Union pursuant to European Regulation (EC) No. 1606/2002 of July 19, 2002 and in force at the reporting date (together these standards and interpretations defined hereinafter referred to as “IAS-IFRS principles”). In particular, Law Decree no. 38 of 28 February 2005, which governs this regulation in Italy, introduced the mandatory application of the IAS-IFRS standards for the preparation of the separate and consolidated financial statements to the companies issuing financial instruments admitted for trading on regulated markets in any Member State of the European Union.

It should also be noted that these consolidated financial statements have been prepared based on the best knowledge on the IAS-IFRS Standards and taking into account the best practice; any further orientations and interpretative updates will be reflected in subsequent years, in accordance with the procedures from time to time provided by the relevant accounting standards.

The consolidated financial statements have been prepared on a going concern basis, in accordance with paragraphs 24 and 25 of IAS 1, since the Directors have verified that there are no financial, management operating or other factors that could indicate critical issues regarding the Group's ability to meet its obligations in the foreseeable future and in particular in the next 12 months, taking into account the high levels of capitalization of the Group, Cash and cash equivalents and access to the financial

market. This assessment also takes into account what is described in the Management Report in the section “*Going concern and contractual framework*” referred to.

In addition, in order to evaluate the going concern basis, the directors have considered the provisions of Law Decree 4/2022, art. 24, by which a provision was introduced that provides the possibility of extending service contracts until the date of 31 December 2026, in order to support operators with ongoing self-financing investments, including partial investments, and based on a financial economic plan that complies with the current regulatory provisions and measures, significant investments, also in implementation or in addition to the interventions pertaining to the National Recovery and Resilience Plan or other financial instruments, oriented to environmental sustainability and improvement of passenger transport services, having a longer depreciation period than the expiration of the entrustment.

Some regions, such as Puglia and Marche, have already extended the duration of existing service contracts with ad-hoc regional laws (Puglia until 31 December 2026, Marche until 30 September 2026). Lombardy has not yet adopted this provision.

In the light of the regulatory measures that could lead to a postponement of the term of the service contracts currently in place and considering the time required to call the next tenders for the entrusting of the service, the Directors, with a view to assessing the going concern basis, think it is plausible to consider the continuation of the extension scheme until the end of 31 December 2024. In fact, in the light of the current interlocutions, it is reasonable to assume the start of the activities related to the “*Milano Next*” project, which is fully described elsewhere in this document as of 1 January 2025.

Moreover, regarding the subsidiary Net S.r.l., by executive determination n. 77 of 31 December 2021 concerning the “*redermination to 31 December 2023 of the expiration of the terms of service contracts and local public transport concessions under the Agency’s jurisdiction expiring on 31 December 2021*”, the Basin Agency has further extended the term of the above contracts to 31 December 2023.

In addition, on the basis of the regulatory measures that provide the possibility of extending service contracts until the end of 31 December 2026, and in the light of the technical time required for the evaluation and calling of new tenders, the Directors believe it is reasonable to assume the continuation of the extension scheme of the received contracts until the end of 31 December 2024.

As already reported in the Management Report attached to the 2022 financial statements, considering the fact that 2022 was characterized by the conflict between Russia and Ukraine and by the gradual rise in the prices of raw and agricultural materials, partially due to the continued rise of the inflation rate, which started in the summer months of 2021 with a value that reached in December 2022 about 12% rise in Italy, when preparing the consolidated financial statements 2022 and the financial statements of the subsidiaries, the Parent Company and the subsidiary Net S.r.l. carried out an *impairment test*, to verify the recoverability of the net invested capital recorded in the financial statements, which corresponds, at the level of the consolidated financial statements to the Group’s different business lines (according to the subdivision provided by IFRS 8 and reported in the Note 7 “*operating performance – segment analysis*”) as previously carried out as at the closing of the 2021 financial statements. The results of the *Impairment test* confirmed that the book values of the assets are based on the analyzed business lines (see Note 5, “*use of estimates*”, below).

A description of how the Group manages the financial risks is contained in Note 6 – “*Financial risk Management*”.

The consolidated financial statements consist of the consolidated statement of financial position, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated Statement of cash flows and the relative notes.

In particular, the consolidated statement of financial position has been prepared in accordance with the scheme that shows the breakdown of “current/non-current” assets and liabilities as permitted by IAS 1. An asset/liability is classified as current when it meets one of the following criteria:

- it is expected to be realized/settled or it is expected to be sold or used in the normal operating cycle; or
- it is principally held to be traded; or
- It is expected to be realized/settled within twelve months from the reporting date.

Where none of these conditions apply, assets/liabilities are classified as non-current. The receivable and payable balances also disclose the amounts related to the relationship with related parties.

The consolidated income statement was prepared according to the classification scheme of revenues and costs by nature, indicating interim results relating to EBITDA, EBIT and EBT, in order to provide a better representation of normal operating performance. The form chosen complies with the internal reporting and *business management methods*, is in line with international practice and is therefore considered more representative than the presentation by destination, providing more reliable and more and more performance indications for the sector. Revenue and cost items also detail the amounts referring to related party transactions. The costs and revenues from related parties are detailed by counterparty in the table in Note 43.

The consolidated statement of other comprehensive income includes changes during the year, generated by transactions other than those with shareholders and based on specific IAS-IFRS standards. The changes to “other consolidated comprehensive income (loss)” are presented separately from the related tax effects.

The Statement of changes in Consolidated Shareholders' Equity has been prepared in accordance with IAS 1 and outlines the changes in the items of the Consolidated Shareholders' Equity related to:

- allocation of the consolidated result for the financial year;
- Each item of profit and loss account, net of any tax effects which, as required by the IAS-IFRS standards, are alternatively recognized directly to consolidated shareholders' equity (actuarial gains and losses generated by the measurement of defined benefit plans, measurement of financial assets at *fair value* and measurement of derivative financial instruments at *fair value* held by related companies valued using the equity method) or are recognized in a reserve of net worth whose impact is therefore directly reflected in equity;
- the effect deriving from changes in accounting or introduction of new accounting standards.

The Consolidated Statement of Cash flows presents cash flow movements during the year, classified as operating, investment and financing activities; cash flows from the operating activities are presented according to the indirect method.

The consolidated financial report also includes the Management Report which accompanies the consolidated financial statements. In compliance with the requirements introduced by Law Decree no. 254 of 30 December 2016 implementing Directive 2014/95/EU, and in accordance with *the GRI*

Sustainability Reporting Standards - published by the *Global Reporting Initiative (GRI)* - the ATM Group has prepared the Consolidated Non-Financial Report to ensure an understanding of the Company's business and performance, its results and impact from the same product, covering the 5 relevant areas: environment, social aspects, personnel management, human rights and the fight against corruption. The 2022 Consolidated Non-Financial Statement is included within the Management Report and is prepared in accordance with the provisions of D. Law 254/2016. The Consolidated Non-Financial Statement is a specific section of the Report and contains information on the company's management and organizational methods, policies, risks and risk management methods, and performance on sustainability issues relevant to the Group. Where necessary and appropriate, its content shall be supplemented, by reference, with information available in other sections of the management report, identified by the symbol.

The functional currency of the Group is the euro, which is the basis for the presentation of the consolidated financial statements, representing the currency of the country in which the Group operates; the consolidated financial statements and all the amounts included in the tables of the Notes, unless otherwise indicated, are expressed in units of euros.

The consolidated financial statements were prepared applying the historical cost method, taking into account, where appropriate, value adjustments, with the exception of financial statement accounts which, according to IAS-IFRS standards, must be recognized at *fair value*, as indicated in the accounting policies and without prejudice to cases where the IAS-IFRS standards permit different valuation criteria and these alternative cost criteria have been adopted (in this case, the valuation of the properties' portfolio at fair value).

No events occurred after the end of the financial year that modify conditions that already existed at the financial statement date and require changes in the values of assets and liabilities and on the economic result at the end of the financial year. For subsequent events at the closing date of the financial statements, for which there is no impact on the income statement, balance sheet and financial position, please refer to the appropriate paragraph in the Management Report.

3. Consolidation criteria and methods

Subsidiaries

The consolidated financial statements include, in addition to the Parent Company, the companies over which the Parent Company exercises control, directly or indirectly through its subsidiaries, from the date on which it is acquired until the date on which such control ceases. Control may be exercised either by direct or indirect ownership of the majority of the exercisable votes, or as a result of the right to receive variable returns deriving from its relationship with them, affecting those returns and exercising power over the company, even apart from shareholder relationships. The existence of potential exercisable voting rights as of the financial statement date is considered for the purposes of determining control.

In the case of acquisition of not fully controlling interests, goodwill is recorded only for the part attributable to the parent company. The value of non-controlling interests is determined proportionally to the minority interests in the net identifiable assets of the acquiree.

If the business combination is carried out in stages, at the time of the acquisition of control, the previously held equity interests are remeasured at fair value and any difference (positive or negative) is recognized in the income statement.

In the case of the acquisition of minority shares, after obtaining control, the positive difference between the acquisition cost and the book value of the minority interests acquired is considered as a reduction of the Group's share of equity. On the other hand, in the case of the sale of shares, from which the control of the entity is not lost, the difference between the price received and the book value of the shares sold is recognized directly as an increase in the equity, without passing through the income statement.

The financial statements of subsidiaries and associated companies subject to consolidation are prepared as of December 31, the reference date of the consolidated financial statements, specially prepared and approved by the administrative bodies of the individual entities, appropriately adjusted, where necessary, to comply with the accounting standards applied by the ATM Group.

The subsidiaries are consolidated according to the full method, as follows:

- The assets and liabilities, expenses and income of the fully consolidated entities are assumed line by line basis, attributing to minority shareholders, where applicable, their share of shareholders' equity and net income for the period; These shares are presented separately within the consolidated shareholders' equity and the consolidated income statement;
- Business combinations between entities not under common control, whereby control of an entity is acquired, are accounted for by applying *the purchase method*. The acquisition cost is *the current value (fair value)* at the date of purchase of the assets transferred, liabilities assumed and equity instruments issued. Identifiable assets and liabilities, that are acquired and assumed respectively, are recorded at their fair value as of the acquisition date. The difference between the acquisition cost and the fair value of the identifiable assets and liabilities acquired, if positive, is recorded under intangible assets as goodwill, or, if negative, after the verification of the correct measurement of the fair values of the aforementioned assets and liabilities acquired and the acquisition cost, is recorded directly in the income statement, as income. Where *the fair value* of the identifiable assets and liabilities acquired can only be determined provisionally, the business combination is recognized using these provisional values. Any adjustments resulting from the completion of the evaluation process are recognized within twelve months from the acquisition date, restating the comparative figures;
- gains and losses, including their tax effects, deriving from transactions between fully consolidated companies and not yet realized against third parties, are eliminated, except for unrealized losses which are not eliminated, if the transaction provides evidence of impairment of the transferred asset. Mutual debt and credit relationships, costs and revenues, and financial charges and income are also eliminated;
- For acquisitions of minority interests related to companies for which control already exists, any difference between the acquisition cost and the relative portion of shareholders' equity acquired is recognized in equity.

All controlled entities are included in the scope of consolidation from the date on which control is acquired by the Group. Entities are excluded from the scope of consolidation from the date on which the Group loses control.

List of companies consolidated using the comprehensive consolidation method:

Company	Consolidation method
Citylink S.r.l. - Smart mobility by ATM	Comprehensive
GE.SAM S.r.l.	Comprehensive
International Metro Service S.r.l.	Comprehensive

Metro Service A/S	Comprehensive
North East Transports S.r.l.	Comprehensive
Rail Dignostics S.p.A.	Comprehensive

Associates

Related companies are those over which the ATM Group has a significant influence, understood as the power to participate in the determination of the financial and management policies of the investee, without having control or joint control. In assessing the existence of significant influence, potential voting rights that are actually exercisable or convertible are also taken into consideration.

Investments in associates are initially recorded at the cost incurred for their purchase and are subsequently valued using the equity method. The equity method is described below:

- The book value of investments in related companies is aligned with the shareholders' equity of these companies, adjusted, where necessary, applying the standards adopted by the ATM Group and includes the recognition of the higher values attributed to assets and liabilities and any goodwill identified at the acquisition date;
- The profits or losses pertaining to the ATM Group of related companies are accounted for from the date on which the significant influence began and until the date on which the significant influence ceases; in the event that, as a result of the losses, the companies present negative equity, the book value of the investment is cancelled and any surplus pertaining to the ATM Group, where the latter has undertaken to fulfill the legal or implicit obligations of the related company, or in any case to cover its losses, is recognized in a special provision account; The components of the comprehensive income statement of the companies, that are valued using the equity method, are recognized in the specific shareholders' equity reserves;
- The unrealized gains and losses generated on transactions between the Parent Company/subsidiaries and the investee company valued using the equity method are eliminated in accordance with the value of the ATM Group's shares in the investee company; losses not realized are eliminated, except where they represent an impairment.

The economic results of the related companies are incorporated in the consolidated income statement under "Net income of companies valued using the equity method".

If the value determined is higher than the recoverable amount, the associated equity investment is adjusted by recording the relevant impairment loss in the income statement.

Investments held in subsidiaries, associates and other companies whose consolidation or recognition in the consolidated financial statements with equity method does not have a significant effect on the Group's financial position or economic performance, they are excluded from the scope of consolidation and are recognized at *fair value*, where available, which is at cost less any impairment losses.

List of companies consolidated with Equity method:

Company	Consolidation method
Metro 5 S.p.A.	Equity
Movibus S.r.l.	Equity
SPV M4 S.p.A. line	Equity

List of shares in companies recognized at the cost net of any impairment losses:

Company	Consolidation method
CO.MO. Fun&Bus s.c.a.r.l	Cost
SBE consortium	Cost
Full Green Consortium	Cost

The financial statements of subsidiaries and associated companies are prepared using the currency of the primary economic environment in which they operate (functional currency). The rules for the translation of the financial statements of Metro Service A/S (Denmark) expressed in functional currency other than the euro are as follows:

- Assets and liabilities are converted using the exchange rates in force at the financial statement closing date;
- expenses and revenues are converted at the average exchange rate for the year;
- The reserve for translation differences, included among the items of consolidated shareholders' equity, holds both the exchange differences generated by the conversion of the amounts at a rate different from the closing rate and those generated by the translation of the opening shareholders' equity at an exchange rate different from the closing rate of the reporting period. This reserve is reversed to the income statement when the relevant equity investment is sold.

The exchange rates adopted for the translation of the financial statements of Metro Service A/S (Denmark), having the Danish krone as its functional currency, are as follows:

- Historical exchange rate as of 31 December 2008 used for the conversion of opening shareholders' equity: DKK 7.4428 for the equivalent of EUR 1;
- exchange rate as of 31 December 2022 used for the conversion of assets and liabilities: DKK 7.4365 for the equivalent of EUR 1 (DKK 7.4364 as of 31 December 2021);
- average exchange rate for the financial year 2022 used for the conversion of expenses and revenues: DKK 7.4396 for the equivalent of EUR 1 (DKK 7.4370 for 2021).

4. Evaluation criteria

Property, plant, and equipment

Property, plant and equipment (excluding warehouses disposed from the production process and those for which restructuring, and upgrading are planned) are measured at *fair value*, which allows the value of the asset to be periodically recalculated so as to align with its *fair value* at the date of the revaluation, net of accumulated depreciation and any impairment losses.

The plant and equipment are recorded at the purchase or production cost. The value is recorded net of accumulated depreciation and any impairment losses. The purchase or production cost includes the directly incurred costs to prepare the assets for their use, as well as any dismantling and removal costs that will be incurred as a result of the contractual obligations requiring the asset to be restored to its original condition.

Costs of improvement, modernization and transformation of tangible assets are recognized in the statement of financial position. In particular, maintenance activities defined as "General Audit" or

“General Audit Media”, which aim to bring the metropolitan and tram rolling stock back to conditions comparable to those of a newly acquired corresponding means, should be considered in this context, by providing for the substantial reconstruction of the cars starting from bare frames or, as for interventions defined as revamping, including significant technological improvements/adaptations. These interventions are carried out from the point of view of time, depending on the type of rolling stock, the degradation suffered and therefore the operating stresses to which it is subjected, the mileage, and the need for technological improvements/adaptations. The capitalization of the above-described interventions related to expansion, modernization or improvement is carried out to the extent that they meet the requirements to be separately classified as an activity or part of an activity, by applying *the component approach criterion*, according to which each component susceptible to an independent assessment of useful life and its value must be treated individually.

The costs incurred for maintenance and repairs of an ordinary nature are directly charged to the income statement when incurred.

Depreciation is calculated systematically and consistently based on the rates considered representative of the estimated economic and technical life of the tangible assets. Depreciation is calculated from the moment that the asset is available for use, according to the intentions of the management. Land is not depreciated.

The estimated useful lives for the financial year are as follows:

	Service life years
Property, plant, and equipment	
Buildings	50
Plants and machinery	
- Line plant	
- Depot Fixed plant	20
- Water supply plant	9
- Line switch plant	10
- Industrial plant	17
- Signaling plant	25
- Operating offices	17
- Substation Power	17
- Localisation	17
- Magnetic-electronic ticketing	10
- Line rolling stock	
- Rail rolling stock	30
- Road rolling stock	7 - 13
Industrial and commercial equipment	
- Ancilliary vehicles	5 - 13
- Other equipment	5 - 10
- Tour buses	12
- Sentry/Shelters	20
Other assets	5 - 8

The economic and technical life of the material assets and their residual value shall be reviewed and updated, where necessary, at least at the end of each financial year.

Tangible assets are also audited to identify any impairment annually or whenever there is an indication that the asset may have been reduced in value. Reference is made to the following paragraph “Impairments of assets” for the criteria of determining any write-downs.

Buildings also include properties of a non-instrumental nature. Similarly, to land, warehouses and offices, investment property is measured on the cost-revalued at *fair value criterion*, which allows the value of the asset to be revalued periodically so as to align with a *value equal to fair value* at the revaluation date, net of cumulative depreciation and any impairment losses.

In the case of the sale of the property, any higher price collected over the recorded value of the property, is credited to equity under “other reserves” into which is also the residual part of OCI, attributable to the property or land transferred flows.

Intangible assets

Intangible assets are non-monetary, identifiable and without physical substance, controllable and capable of generating future economic benefits. These items are recognized at the purchase and/or production cost, including the expenses directly attributable to prepare the activity for its use, net of cumulative depreciation and any impairment losses.

Amortization begins when the asset is available for use, according to the intentions of the management, and is systematically allocated according to the residual use of the asset or based on the estimated useful life.

Software licensing costs, including expenses incurred to make *the software* ready for use, are amortized at constant rates based on its duration (5 years), while *costs related to the maintenance of software programs* are charged to the income statement at the time they are incurred.

Intangible fixed assets with a defined useful life are also audited to identify any impairment whenever there is an indication that the assets may have suffered an impairment. Reference is made to the following paragraph “impairment of the assets” regarding the criteria of determining any write-downs.

Goodwill represents the difference between the cost of acquiring an asset and the fair value of the identifiable assets and liabilities acquired at the time of acquisition. Goodwill is classified as an intangible asset of indefinite life and, therefore, is not subject to systematic amortization, but to at least an annual assessment to identify any impairment losses. Goodwill is not allowed to be restored in the event of a previous write-down for impairment.

Assets held under lease agreements

The tangible assets held under lease contracts through which the control (*right of use*) of an asset is acquired, are recognized by the lessee as assets recording *the leased asset* in the statement of financial position with a counter-entry of a financial liability. The elements of *leased assets* are the following: the identification of the asset, the right to replace it, the right to obtain substantially all the economic benefits deriving from the use of the asset and, lastly, the right to manage the use of the asset under the lease contract.

The right to use is amortized systematically from the moment, that the asset is available for use, over the contractual term of the lease contract, according to management's intentions.

The right to use is also submitted to an impairment test to identify any reduction in value annually or whenever there is an indication that the asset may have suffered an impairment loss, as a result of the implementation of management conditions that make the lease contract onerous in accordance with IAS 37.

Investments in subsidiaries, associates and other companies

The economic results and the assets and liabilities of investments in associates and other companies are recognized in the consolidated financial statements using the Equity method, as described in Note 3 “Consolidation criteria and methods”, with the exception of those investments whose consolidation with Equity method does not have a significant effect on the statement of financial position, as well as on the Group’s economic performance, which are recognized at *fair value*, where available, or at cost less any impairment.

Any positive difference, arising at the time of acquisition of third parties, between the acquisition cost and the group’s share of the investee’s equity at fair value, is included in the book value of the investment.

Investments in affiliates and other companies are subject to annual or, if necessary, more frequently, impairment loss test. If there is evidence that these investments have suffered a loss of value, it is recognized in the income statement as an impairment loss. In the event that the Group’s share of the investee’s losses exceeds the book value of the investment, and the Group has an obligation recognize it, the value of the investment is written-off and the group’s share of further losses is recognized as a provision for risks and charges in liabilities. If, subsequently, the impairment loss of value ceases to exist or is reduced, a reversal of impairment is recognized in the income statement within the limits of the original cost.

Impairment of assets

- *Tangible and intangible assets with a definite useful life and investments*

At each reporting date, a verification is carried out to ascertain whether there are indicators that tangible and intangible assets (including rights to use, whose impairment is linked to the provision of conditions of use of the asset based on an onerous contract under IAS 37) and the investments may have suffered an impairment loss and whether, with respect to the value of the land and property, *the fair value* may be different from the cost restated to *fair value* at the audit reference date (thus including accumulated depreciation recognized between *the two fair value measurement dates*). For this purpose, both internal and external sources of information shall be considered. With regard to the first (internal sources) we consider: The obsolescence or the physical deterioration of the asset, any significant changes in the use of the asset and the economic evolution of the asset with respect to what foreseen. With regard to external sources, the following shall be considered: the trend in the assets’ market prices, any technological, market or regulatory discontinuities, the trend in market interest rates or the cost of capital used to evaluate investments are considered.

If the presence of these indicators is identified, the recoverable amount of the aforementioned assets (*impairment test*) and subsequently imputed to the income statement. The recoverable amount of an asset is the largest of *the fair value*, net of ancillary sales costs, and its value of use, which is the present value of the estimated future cash flows for that asset. In determining the value of use, expected future cash flows are discounted using a discount rate that reflects current market valuations of the cost of money, in relation to the investment period and asset-specific risks. For an asset that does not generate largely independent cash flows, the recoverable amount is determined in relation to the cash generating unit (CGU) to which that asset belongs.

A loss of value is recognized in the income statement if the value of the asset, or of the relative cash *generating unit* to which it is allocated, is higher than its recoverable amount. The loss in value of *the cash generating unit* is recognized as an impairment loss, in proportion to their book value and within the limits of the relative recoverable amount, including the rights of use. When the reasons of the write-down no longer exist the book value of the asset is restated by crediting the income statement, up to the value at which the asset would be recognized if no write-down had taken place and amortization or depreciation had been recognized.

See Note 5 below “use of estimates” for a more detailed analysis of the results of *the impairment test* carried out as of 31 December 2022.

- *Goodwill and intangible assets not yet available for use*
The recoverable amount of goodwill and that of intangible assets not yet available for use is subject to impairment tests annually or more frequently, in the presence of indicators that may suggest that such assets may have been reduced in value. The original value of the goodwill is not restored if the reasons that led to impairment cease to exist.
- *Land and buildings measured at cost restated to fair value*
In the *fair value determination exercise*, the positive difference between the restated fair value and the book value (*fair value* at the previous restatement adjusted for depreciation) is recognized in equity, while, in the case of a negative difference, the same is recognized in equity (OCI) up to the residual value of the revaluation of *the fair value* of each property and for the part in excess in the income statement.

Financial assets

Financial assets are classified into the following three categories: (I) financial assets valued at amortized cost; (ii) financial assets valued at *fair value*, with effects being charged to other components of overall profit (hereinafter also FVTOCI); (iii) Financial assets measured at *fair value* with the effect charged to the income statement (hereinafter also FVTPL).

The initial recognition of financial assets is at *fair value*.

(i) *financial assets valued at amortized cost*

After initial recognition, financial assets that generate contractual cash flows exclusively representing capital and interest payments are measured at the amortized cost if held for the purpose of collecting the contractual cash flows (so-called business model *held to collect*). According to the amortized cost method, the initial book value is subsequently adjusted to take into account capital repayments, any write-downs and depreciation of the difference between the repayment value and the initial book value. Depreciation is made based on the actual domestic interest rate, which represents the rate that makes the present value of the expected cash flows and the initial book value equal at the time of initial recognition. Receivables and other financial assets valued at amortized cost are presented in the statement of financial position net of the relevant accumulated depreciation.

(ii) *Financial assets measured at fair value, recognizing the effects among other components of the comprehensive income (hereinafter also FVTOCI)*

The financial assets representing debt instruments whose business model provides both the possibility of collecting contractual cash flows and the possibility of realizing capital gains on disposal (so-called business model *held to collect and sell*), are measured at *fair value* with effects charged to OCI (FVTOCI). In this case, changes in *the fair value* of the instrument are recognized in equity, among other components of comprehensive income. The accumulated amount of changes in *fair value*, recognized to the equity reserve holding other components of comprehensive income, is reversed to the income statement when the instrument is derecognized.

(iii) *Financial assets measured at fair value with the effects recognized in the income statement (hereinafter also FVTPL)*

A financial asset that is not measured at amortized cost or FVTOCI is measured at *fair value* against the imputation of the effects to the income statement (FVTPL); This category includes financial assets held for trading purposes as well as financial assets whose cash flows have characteristics that do not meet the conditions for valuation at amortized cost or FVTOCI.

The assessment of the recoverability of financial assets not measured at *fair value* with effects on the income statement effects is carried out on based on the so-called *expected Credit losses model*.

Financial assets sold are removed from assets when contractual rights related to obtaining cash flows associated with the financial instrument expire, or are transferred to third parties.

With regard to value adjustments (“impairment”), loans and debt securities classified under “Financial assets” at amortized cost, financial assets measured at fair value with an impact on comprehensive income and significant off-balance-sheet exposures are subject to calculation of adjustments of value.

In this regard, these instruments are classified in stage 1, stage 2 or stage 3 according to their absolute or relative credit quality with respect to the initial payment. In particular:

- Stage 1: Includes (i) credit exposures of new origin or acquisition, (ii) exposures which have not suffered a significant deterioration in credit risk compared to the date of initial recognition, and (iii) exposures with low credit risk (“low credit risk exemption”).
- Stage 2: Includes credit exposures which, although not deteriorated, have suffered a significant deterioration in credit risk compared to the date of initial recognition.
- Stage 3: Includes impaired credit exposures. For exposures belonging to stage 1, the total value adjustments are equal to the expected loss calculated over a time horizon of up to one year. For exposures belonging to stages 2 or 3, the total value adjustments are equal to the expected loss calculated over a time horizon equal to the entire duration of the relative exposure.

The Group has developed specific models for the calculation of expected loss, based on the parameters of probability of default (“PD”), Loss given default (“LGD”) and exposure at the date of default (“EAD”) used for regulatory purposes and to which specific adjustments are made in order to ensure full consistency with accounting regulations. In this context, “forward looking” information was also included through the development of specific scenarios.

Inventories

Inventories - related to materials for rolling stock - are recorded at the lowest between the purchase cost (including ancillary costs) and the net realizable value. The cost is determined according to the weighted average cost method. The net realizable value is represented by the replacement cost.

Obsolete and/or slow-moving inventories are written down in relating to their expected future use or realization through the recognition of special provision adjusting the value of inventories. The written downs made are restored in subsequent periods if the reason for write-down no longer exist.

Trade receivables and other receivables

Trade receivables and other receivables are recognized initially at *fair value* and then measured according to the amortized cost method net of Allowance for doubtful accounts. Where there is objective evidence of indicators of impairment, the asset is reduced to such an extent as to be equal to the discounted value of future cash flows. The objective evidence of impairment is tested by considering, among other things, significant contractual defaults, significant financial difficulties and the risk of counterparty insolvency. Receivables are presented net of provisions for impairment. If in subsequent periods the impairment of the asset is ascertained, the allowance for impairment is used; otherwise, if the reasons for the previous write-downs cease to exist, the value of the assets is restored to the extent that the value that would have resulted from the application of the amortized cost if the impairment had not been made.

Cash and cash equivalents

Cash and cash equivalents include cash, available bank deposits, other short-term investments with a maturity of three months or less. Items included in the Cash and cash equivalents are measured at *fair value*.

Financial liabilities

Loans, trade payables and other financial liabilities are initially recorded at *fair value*, net of the ancillary costs of direct charge, and then are measured at amortized cost, using the effective interest rate criterion. If there is a change in the estimation of expected cash flows, the value of liabilities is recalculated to reflect this change based on the present value of the new expected cash flows and the actual internal rate initially determined. Loans, trade payables and other financial liabilities are classified as current liabilities, except for those which have a contractual maturity of more than 12 months from the financial statement date and those for which the Group has an unconditional right to defer their payment for 12 twelve months after the reference date. Financing, trade payables and other financial liabilities are removed from the statement of financial position at the time of their termination and when the Group has transferred all risks and charges related to the liability.

Employee benefits

The Group has both defined contribution plans and defined benefit plans.

Defined contribution plans are managed by third party managers, in relation to which there are no legal or other obligations to pay additional contributions if the fund does not have sufficient assets to fulfill its commitments to employees. For defined contribution plans, the Group makes contributions, either voluntary or contractually established, to public and private pension insurance funds. Contributions are

recognized as personnel expenses on an accrual basis. The prepaid contributions recognized as an asset that will be refunded or compensate future payments, if they are due.

A defined benefit plan is a plan that cannot be classified as a defined contribution plan. In programs with defined benefits, the amount of benefit to be paid to the employee is quantifiable only after the termination of the employment relationship, and is linked to one or more factors such as age, years of service and remuneration. The obligations for defined benefit plans are therefore determined by an independent actuary using the “*projected unit credit method*”. The present value of the defined benefit plan is determined by discounting future cash flows at an interest rate equal to that of high-quality corporate bonds issued in the currency in which the liability will be liquidated and taking into account the duration of the relevant pension plan. The profits and losses arising from the actuarial calculation are fully charged to the net worth, in the reference period, taking into account the relative deferred tax effect.

In particular, it should be noted that the company has a defined benefit plan, represented by Employee termination indemnities (“TFR”). The TFR is compulsory for Italian companies under Art. 2120 of the Civil Code; it is in the nature of deferred remuneration and is related to the duration of the working life of the employees and to the remuneration received during the period of service provided. As of 1 January 2007, Law No 296 of 27 December 2006 “Financial Law 2007” and subsequent decrees and regulations introduced significant changes to the TFR framework. This includes the choice of the employee as to whether his or her FRS will be used by the supplementary pension funds, or the “Treasury Fund” managed by the INPS. It follows, therefore, that the obligation to INPS and contributions to supplementary pension schemes have determined, under IAS 19 “Employee Benefits”, the nature of defined contribution plans, whereas the shares recorded in the TFR provision account as at 1 January 2007 maintain the nature of defined benefit plans.

Provisions for risks and charges

Provisions for risks and charges are recognized against losses and charges of a specific nature, of a certain or probable existence, of which, however, the amount and/or date of occurrence cannot be determined. The provision is recorded only when there is a current obligation (legal or implicit) for a future outflow of economic resources as a result of past events and it is probable that such an outflow is required to meet the obligation. This amount represents the best estimate of the charge to settle the obligation. When the financial effect of the time is significant and the obligation payment dates can be reliably estimated, the provisions are valued at the present value of the expected disbursement using a rate that reflects market conditions, the change in the cost of money over time, and the specific risk related to the obligation. The increase in the value of the provision due to changes in the cost of money over time is recorded as interest expense.

The risks for which the occurrence of a liability is deemed possible are indicated in the relevant information section on Contingent liabilities and no allocation is made for them.

Revenue recognition

Revenues are recognized for the amount equal to *the fair value* of the consideration received or to be received, to the extent that the economic benefits flow to the Group and are reliably determined.

The consideration for service contracts related to local public transportation services is recognized in the income statement on an accrual basis for the mileage and routes made during the reporting year, net of penalties, discounts, rebates and premiums, as well as directly related taxes.

Service revenues services (in particular, parking, management, parking lots, car removal) are recognized when the service is performed, sales revenues when the transfer occurs or when the counterparty obtains control of the asset.

Rental income for commercial spaces, advertising and sponsorship is recognized on accrual basis, according to the contractual agreements signed.

Public grants

Public grants, where there is a formal resolution of allocation, are recognized on accrual basis in direct correlation with the costs incurred. In the event of uncertainty of allocation, they are recognized on a cash basis in the year in which they are definitively received.

- **Capital grants**
Public capital grants relate to sums paid for the acquisition of rolling stock or for the implementation of initiatives aimed at the construction, reactivation and expansion of property, plant, and equipment. Capital grants are recognized with a direct reduction of the assets to which they refer and contribute, as a decrease, to the calculation of depreciation's rates.
- **Operating grants**
Operating grants refer to sums paid by the Municipality of Milan or other public entities to the company as a reduction of costs and expenses incurred. Operating grants are charged to "other income" as a positive component of the income statement.

Recognition of costs

Costs are recognized when they relate to assets and services purchased or consumed during the period or by systematic allocation.

Dividends

They are recognized in the income statement when the shareholders' right to receive the payment which normally corresponds to the shareholders' meeting decision on the distribution of dividends arises.

Financial income

Financial income is recognized on accrual basis and includes interest on the financial assets invested, profit on the sale of financial assets and exchange differences in assets. Interest income is recorded to the income statement at the time of maturity, taking into account the actual yield.

Financial expenses

Financial expenses are recognized on an accrual basis and include interest expense on financial debts calculated using the effective interest method, losses on the sale of financial assets and exchange differences.

Income taxes

Current taxes are calculated based on taxable income for the period, applying the tax rates in force at the reporting date. Deferred taxes are calculated against all differences between the taxable amount of an asset or liability and its book value.

Advance taxes are recognized to the extent that a future taxable income is likely to be available for which they can be recovered. Deferred taxes are determined using the tax rates that are expected to apply in periods in which differences will be made or extinguished. The recoverability of assets for deferred tax is reviewed at each period closure. Deferred tax assets not recognized in the statement of financial position are reanalyzed at each reporting date and are recognized to the extent that it has become probable that future taxable income will enable the deferred tax asset to be recovered.

Current and deferred taxes are recognized in income statement, with the exception of those relating to items directly charged or credited to equity, in which cases the tax effect is recognized directly to equity and in the consolidated total profit and loss account. Taxes shall be compensated when applied by the same tax authority and when there is a legal right of compensation, and a settlement of the net balance is expected.

ATM S.p.A. with its subsidiaries pursuant to art. 2359 of the Civil Code adheres to the National Tax Consolidation of the ATM Group as a consolidating company; this allows the IRES to be determined on the algebraic sum of the taxable income of the individual participants. The economic relations, responsibilities, and mutual obligations between the consolidating company (ATM S.p.A.) and the consolidated group companies are defined in *the “Agreement concerning the joint exercise of the option for national consolidation by the companies belonging to the ATM Group”*.

Other non-income taxes, such as property taxes, are included in “other operating costs and charges.”

Conversion of accounts in foreign currencies

Transactions in currency other than functional currency are recognized at the exchange rate in place at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the euro are subsequently adjusted to the exchange rate outstanding at the year-end date. Non-monetary assets and liabilities denominated in currencies other than the euro are recorded at the historical cost using the exchange rate in force at the date of initial recognition of the transaction. Any emerging exchange-rate differences are reflected in the income statement.

Accounting standards, IFRS and IFRIC amendments and interpretations approved by the European Union, applied by the Group since 1 January 2022.

The following International Financial Reporting Standards accounting standards, amendments and interpretations were first applied by the Group from 1 January 2022.

- On 14 May 2020, the IASB published the following amendments:
 - *Amendments to IFRS 3 Business combinations:* The purpose of the amendments is to update the reference in IFRS 3 to the conceptual framework in the revised version, without resulting in changes to the provisions of the Standard.
 - *Amendments to IAS 16 property, plant and Equipment:* the purpose of the amendments is to disallow the deduction of the amount received from the sale of goods produced in *the testing*

phase of the asset from the cost of property, plant and equipment. These sales revenues and related costs will therefore be recognized in the income statement.

- *Amendments to IAS 37 provisions, Contingent Liabilities and Contingent assets:* the amendment clarifies that in the estimation on whether a contract is onerous, all costs directly attributable to the contract must be taken into consideration. Accordingly, the assessment on whether a contract is onerous includes not only incremental costs (such as the cost of the direct material used in the processing), but also all costs that the entity cannot avoid because it has entered into the contract (such as, for example, the part of the depreciation of machinery used for the performance of the contract).
- *Annual improvements 2018-2020:* amendments were made to IFRS 1 *first-time adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture* and *illustrative Examples* of IFRS 16 *leases*.

The adoption of these amendments had not any significant impact on the Group's consolidated financial statements.

IFRS accounting standards, amendments and interpretations approved by the European Union, not yet mandatory and not adopted in advance by the Group as of 31 December 2022

- On May 18, 2017, the IASB published the IFRS 17 – *Insurance contracts*, which is intended to replace the IFRS 4 – *Insurance contracts*.

The aim of the new standard is to ensure that an entity provides relevant information that fairly represents the rights and obligations arising from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single, *principle-based framework* to take into account all types of insurance contracts, including reinsurance contracts that an insurer holds.

The new Standard also includes presentation and disclosure requirements to improve comparability between entities in this sector.

The new standard measures an insurance contract based on a *General Model* or a simplified version of this, called *the Premium Allocation approach* (“PAA”).

The main features of *the General Model* are:

- estimates and assumptions of future cash flows are always current;
- the measurement reflects the time value of money;
- the estimates involve extensive use of observable market information;
- there is a current and explicit measurement of risk;
- the expected profit is deferred and aggregated into groups of insurance contracts at the time of initial recognition; and,
- the expected profit is recognized during the contractual period taking into account the adjustments resulting from changes in assumptions relating to cash flows for each group of contracts.

The PAA approach provides for the measurement of liability for the residual coverage of a group of insurance contracts, provided that, at the time of initial recognition, the entity expects the liability to reasonably represent an approximation of *the General Model*. Contracts with a coverage period

of one year or less are automatically eligible for the PAA approach. The simplifications resulting from the application of the PAA method do not apply to the measurement of liabilities for outstanding claims, which are measured with *the General Model*. However, it is not necessary to update those cash flows if the balance to be paid or paid is expected to occur within one year of *the date on which the claim occurred*.

An entity shall apply the new principle to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held, and also to investment contracts with *a discretionary participation feature (DPF)*. The Standard applies as of 1 January 2023, but early application is permitted, only for entities applying IFRS 9 – Financial Instruments and IFRS 15 – *Revenue from contracts with customers*.

This accounting standard is not applicable by the Group.

- On December 9, 2021, the IASB published an amendment called “*Amendments to International Financial Reporting Standards 17 insurance contracts: Initial Application of International Financial Reporting Standards 17 and International Financial Reporting Standards 9 – Comparative Information*”. The amendment is a transition option for comparative information on financial assets submitted at the initial date of application of IFRS 17. The amendment seeks to avoid temporary accounting misalignments between financial assets and liabilities of insurance contracts, and thus to improve the usefulness of comparative information for readers of financial statements. The amendments will apply from 1 January 2023, together with the application of the International Financial Reporting Standards 17 principle.
The Directors do not expect a significant effect on the Group's consolidated financial statements since the adoption of this amendment.
- On 12 February 2021, the IASB published two amendments entitled “*Disclosure of Accounting Policies—Amendments to IAS 1 and International Financial Reporting Standards practice Statement 2*” and “*Definition of Accounting estimates—Amendments to IAS 8*”. The changes aim to improve *disclosure of accounting policies* to provide more useful information to investors and other primary users of financial statements, and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from 1 January 2023, but advance application is allowed.

The Directors do not expect a significant effect in the Group's consolidated financial statements since the adoption of this amendment.

- On 7 May 2021, the IASB published an amendment called “*Amendments to IAS 12 income taxes: Deposited Tax related to assets and liabilities arising from a Single Transaction*”. The document clarifies how deferred taxes on certain transactions that may generate equal amounts of assets and liabilities, such as leasing and decommissioning obligations, should be accounted for. The amendments will apply from 1 January 2023, but advance application is allowed.

The Directors do not expect a significant effect on the Group's consolidated financial statements since the adoption of this amendment.

International Financial Reporting Standards accounting standards, amendments and interpretations not yet approved by the European Union

At the reference date of this document, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and principles described below.

- On 23 January 2020, the IASB published an amendment called “*Amendments to IAS 1 Presentation of Financial statements: Classification of liabilities as current or non-current*” and on 31 October 2022 published an amendment called “*Amendments to IAS 1 Presentation of Financial statements: Non-current Liabilities with covenants*”. The purpose of the documents is to clarify how to classify payables and other short- or long-term liabilities. The amendments come into force on 1 January 2024; however, they are allowed to be applied in advance. The Directors do not expect a significant effect on the Group’s consolidated financial statements since the adoption of this amendment.
- On September 22, 2022, the IASB published an amendment called “*Amendments to International Financial Reporting Standards 16 leases: Lease liability in a sale and leaseback*.” The document requires the seller-lessee to assess the liability for the lease arising from a sale & leaseback transaction so as not to recognize any income or loss related to the retained right of use. The amendments will apply from 1 January 2024, but early application is allowed. The Directors do not expect a significant effect on the Group’s consolidated financial statements since the adoption of this amendment.
- On January 30, 2014, the IASB published the IFRS 14 – *Regulatory Deferral Accounts principle*, which allows only first-time adopters of IFRSs to continue recognizing amounts related to rate-regulated activities (“*Rate Regulation activities*”) under the previous accounting standards adopted. Since the Group is not a *first-time adopter*, this standard is not applicable.

5. Use of estimates

The application of the IAS-IFRS principles for the preparation of the consolidated financial statements involves the execution, by the directors, of accounting estimates, often based on complex and/or subjective assessments, based on past experience and assumptions considered reasonable and realistic in relation to the information known at the time of the estimate, even with expert support. The use of these estimates is reflected in the carrying amount of assets and liabilities and the disclosure of assets and Contingent liabilities at the date of the consolidated financial statements, as well as the amount of income and costs in the accounting period represented. Actual results may differ from those estimated due to uncertainty in the assumptions and conditions on which estimates are based.

For this reason, estimates and assumptions are periodically reviewed and the effects of any change are reflected in the consolidated income statement.

For a better understanding of the consolidated financial statements, below are the most significant estimates in the process of preparing the consolidated financial statements because they involve a high use of subjective judgments, assumptions and estimates relating to issues of an uncertain nature. Changes in conditions based on judgments and assumptions could have a significant impact on subsequent results.

Recoverability of the value of tangible, intangible assets and investments

As already indicated, 2022 was characterized not only by the consequences of the COVID-19 pandemic, which represented a trigger event of an exogenous nature to the ATM Group that made it necessary to

carry out an *impairment test* on the recoverability of the net invested capital recorded in the consolidated financial statements as of 31 December 2021, as previously carried out at the time of the closing of the 2020 consolidated financial statements, especially the consequences of the war between Russia and Ukraine, which had a significant impact on current and prospective inflation and interest rates, as well as on the price of traction electricity energy and fuels, thus raising the need, as recommended by ESMA in *the Public Statement* of 31 May 2022 32-63-1277, to assess the recoverability of net invested capital. In line with the previous year, *the impairment test* was carried out on the *cash generating units*, that were most affected by the pandemic and the impact of the ongoing conflict on *commodity prices* and interest rates, i.e., “*local public transport and complementary services*”, “*Local public transport in the long-distance area*”.

In the analysis carried out, the directors have suggested, as highlighted in the paragraph on “going concern”, given the regulatory provisions and the time likely needed to call for new tenders, the continuation of the extension scheme through next 31 December 2024. Moreover, with reference to the CGU “*Local public transport and complementary services*” – relating to the activities carried out by ATM S.p.A., the recoverable amount, considered as value in use, was determined by applying an analysis that considered three alternative scenarios, with a different degree of probability of occurrence:

- The first scenario, based on the assumption of an extension of the current service contract and subsequent continuation of the concession activities following the award of the TPL invitation to tender according to three different developments: (i) perpetual renewal, (ii) renewal for a period of 15 years and subsequent disposal of the assets and liabilities for their net carrying amount (iii) renewal for a period of 15 years plus further 15 years and subsequent disposal of the assets and liabilities for their net carrying amount. The expected future cash flows used for this scenario have been taken from the Business Plan 2023 – 2039 (period corresponding to the extension of the service contract or the expected renewal in continuity of concession and more detailed in the management report referred to, updating the previous Business Plan 2022 - 2037), which includes – the impacts of the war between Russia and Ukraine – prudent assumptions of trends in revenues and costs on the basis of historical trends, with the introduction of certain expected effects of reasonably achievable leverage efficiency;
- Second scenario, based on the assumption of an extension of the service contract until 31 December 2024 and its termination in the event of the award of the TPL tender to a third party. This scenario assumes perpetual lease to the new operator of the fixed-driving rolling stock, of the installations and the sale of the buses.
- Third scenario, based on the assumption of an extension of the service contract until 31 December 2024 and its termination in the event of the award of the TPL tender to a third party. This scenario assumes the disposal of assets and liabilities for their net carrying amount outstanding at the service contract expiration date.

In the implementation of the impairment test, the directors assumed the updating of the time horizon inferred from the 2023 – 2039 Business Plan with respect to the original assumptions and scenarios identified for the 2021 Financial Statements and determined from the 2022 – 2037 Business Plan (the “Business Plan”), constructed in accordance with the Group’s strategic plan 2021 - 2025 (the “strategic plan”), the latter of which was, approved by the Directors at the meeting of 25 March 2021. On the basis of the business plan and the probable multi-scenarios, prepared according to the management’s expectations, economic and financial projections consistent with medium to long term

investment planning were prepared. These projections have been revisited on the basis of the events already recorded and of the impacts that are expected to result in the short to medium term and which by their nature are necessarily uncertain.

On March 30, 2023, the Board of Directors approved the Company's economic and financial forecasts, as well as *the results of the impairment test* and took note of the results of the sensitivity analysis.

This procedure for the determination of the impairment of tangible and intangible assets and equity investments involved – in estimating the value in use – the definition of the above-mentioned multi-scenarios and the use of a business plan which are based on a set of assumptions and hypotheses relating to future events and actions of the administrative bodies and the competent regulatory bodies of the TPL services, which will not necessarily occur. In fact, the assumptions concerning future performance and the consequent forecast data used to carry out *the impairment test* are characterized, given their forecasting nature, by a certain degree of uncertainty and, therefore, it cannot be ruled out that the occurrence of future results that differ from those estimated may require possible adjustments to the value of tangible, intangible assets and equity investments recorded in the financial statements.

It is also recalled that the post-tax WACC, which takes account of the specific risks of the asset and reflects current market assessments of the cost of money, has been used as the discount rate for the discounting of future cash flows, on the basis of a weighting between the cost of debt and the cost of equity, based on the values of comparable groups and which are subject to impairment as they operate in the same sector of activity. The WACC value thus determined was equal to 6.62% (pre-tax equal to 8.71%).

The impairment test on this CGU made it possible to confirm the carrying value of the net invested capital in the ATM Group's consolidated annual financial statements at December 31, 2022; *The test cover* achieved and *the sensitivity analysis* carried out on the rates assuming an increase in WACC of up to more than 100 basis points or on EBITDA assuming a negative impact of up to 30% make it possible to consider the aforementioned carrying value recoverable even in the event of divergence of actual data from forecasts.

These updating activities with respect to the recruitment, scenarios and results resulting from *the impairment test* were also carried out with reference to *the cash generating unit* for “local public transport in the long-distance area”, relating to the activities carried out by NET S.r.l. *The impairment test* has confirmed the value of the net invested capital in the consolidated annual financial statements as of December 31, 2022. On 16 March 2023, the above was presented to the Board of Directors of the subsidiary which approved the assumptions, scenarios and results of *the impairment test*. *The test cover* achieved has allowed to consider the above-mentioned book value recoverable even in case of divergence of the actual data from forecasts within ranges of variability confirmed by historical experience.

The subsidiary Rail Diagnostics S.p.A. did not carry out *the impairment test*, since with reference to the 2022 financial statements, the directors have not identified indicators of durable losses, which was necessary to proceed with the verification by *impairment test* of the carrying value of tangible and intangible assets. It should also be recalled that the final figures in financial year 2022 present improved balances both in terms of profitability and cash flows compared to the estimates, at the time of approval of the 2021 financial statements, in the 2021 – 2025 Business Plan approved by the Board of Directors on 15 March 2021, on the basis of which *the impairment test* carried out in 2021 was constructed.

Restated value of land and buildings at fair value

The Fair Value Measurement of land and buildings used for the periodic cost redetermination is a complex process which depends on the characteristics of the property, on the criteria for identifying the market parameters used for the valuation, and the methodological approach used in the determination of portfolio discount.

In order to assess the consistency of the valuations made in the preparation of the 2022 financial report, a leading independent third-party expert in the field of real estate valuations was commissioned to conduct a market analysis aimed at providing the update about the real estate market trends. This analysis confirmed the book values of owned land and buildings.

Useful life of tangible and intangible assets

Tangible and intangible assets with a defined useful life are depreciated over the estimated useful life of the related assets. The economic and technical life of the assets is determined by the directors at the time the asset was purchased; it is based on historical experience for similar fixed assets, market conditions and predictions on future events that could have an impact on useful life. Therefore, the actual economic-technical life may differ from the estimated useful life. The Group periodically evaluates technological and sector changes to update the remaining useful life. This periodic update could lead to a change in the period of depreciation and therefore also in depreciation charge for future year. It should be noted that, at the time of the first adoption of the IAS-IFRS standards, updates were made to the useful lives relating to metro and tramway rolling stock, whereas in the fiscal year 2018, a new economic and technical life *was defined* for buildings subject to *fair value measurement as part of the change in the valuation criterion for buildings*.

It is also noted that following the performance of an analysis of the recoverability of the values recorded in the financial statements, with reference to the metropolitan rolling stock, resulting from the derecognition of the production cycle of some rolling stock due to technological obsolescence, the impairment of 5 trams no longer used in the transport service was recorded, the equity and economic effects of which are explained in Note 9.

Recoverability of inventory

Inventory valuation is an estimative process subject to the uncertainty of the determination of the replacement value of rolling stock and consumable components which varies over time and according to market conditions as well as from the conditions of use of the different types of vehicles that make up the fleet based on fleet renewal plans that may vary over time.

Recoverability of the balance that guarantees TPL benefits

The estimation of the outcome of the negotiations on penalties, the definition and settlement by the customers of the balance to guarantee the services provided under the TPL service contracts, involve, with particular reference to the extra-urban public transport services in the North East of the province of Milan and the city of Monza and its hinterland, the adoption of assessments on the recoverability of the amounts allocated to invoices to be issued, also related to previous years, which depend on elements that may change over time and that could therefore have significant effects with respect to the current

estimates made by the Directors for the preparation of the consolidated financial statements of the Group.

Recoverability of deferred taxes

The consolidated financial statements include deferred tax assets, mainly related to income components with deferred tax deductibility, for an amount whose recovery in future periods is considered highly likely. Significant executive judgments are required to determine the amount of deferred taxes that can be recognized on financial statements based on the timing and amount of future taxable income.

In addition, it should be noted that in these consolidated financial statements, deferred taxes have been recorded for income components with deferred tax deductibility for the portion that the directors consider recoverable against future taxable income assumed having a time horizon after the end of the current term of the Service Contract with the Municipality of Milan extended until 31 December 2023.

Processes for estimating provisions for risks and charges

The Group is subject to lawsuits and tax cases as well as environmental risks that may arise from complex and difficult issues, which are subject to varying degrees of uncertainty, including the facts and circumstances inherent in each cause, jurisdiction and different applicable laws. Given the uncertainties inherent in these issues, it is difficult to predict with certainty the outlay that might arise from such litigation. Accordingly, the directors, after consulting their legal, tax, and environmental consultants and experts, determine a liability in respect of such litigation when they believe it is probable that a financial outlay will occur and when the amount of losses that will result can be reasonably estimated. This estimation involves assumptions that depend on factors that may change over time and that could therefore have significant effects with respect to the current estimates made by the Directors in the preparation of the Group's consolidated financial statements.

Factors for assessing employee benefits

Employee benefit liabilities are valued with an actuarial methodology that requires the use of estimates and assumptions for the determination of the value of the obligation. The estimates and assumptions inherent in the actuarial valuation concern exogenous factors such as the discount rate and subjective factors such as the rate of increase in future wages, mortality and resignation.

Determination of the fair value of financial assets

The fair value of certain financial assets that are not listed on asset markets is determined using valuation techniques. The ATM Group uses valuation techniques that use inputs directly or indirectly observable from the market at the end of the year, related to the activities being evaluated. While considering the estimates of the above fair values reasonable, possible variations in the estimation factors on which the calculation of the above values is based could produce different valuations.

Climate change disclosure

As already mentioned in previous sections of this paper, the process of decarbonization and electrification of the global economy are underway globally, which are crucial to achieve the “Net Zero” goal. This could make it possible to prevent a temperature rise of more than 1.5 °C and avoid serious consequences for the environment.

In this context, the Group considered the risks related to climate change in the preparation of these financial statements as of 31 December 2022, which appropriately reflects the effects of achieving *carbon neutrality* in assets, liabilities, and income statement by highlighting their significant impacts as required by the Conceptual Framework of International Financial Reporting Standards.

In this regard, in accordance with the IFRS Foundations’ published document “*International Financial Reporting Standards and climate-related disclosures*”, as required by ESMA in its “*European common enforcement priorities*”, The Group provides explicit disclosures in the Notes to these financial statements on how climate change is reflected in the accounts.

For a more effective and comprehensive communication in relation to the climate change disclosures prepared within the Notes to these financial statements, the various issues related to climate change are outlined below.

IAS 1 – Presentation of financial statements

IAS 1 requires entities to provide disclosures, for example, climate-related issues, which are not specifically required by IFRS Standards and not presented elsewhere, but that are relevant to an understanding of the financial statements.

Regarding assumptions and estimates, IAS 1 requires disclosure of assumptions that an entity makes about the future that have a significant risk of resulting in a material adjustment within the next year. Therefore, it may be necessary to make explicit assumptions about climate-related issues.

Management does not identify specific impacts arising from climate-related risks, to be considered in the application of accounting standards.

It should be noted, however, that assessment, and more specifically, the quantification of climate-related risks generally requires the application of assumptions about highly uncertain future developments, such as future technological developments, policy developments and government actions that have been considered in the preparation of the financial statements with respect to the following.

IAS 36 – impairment of assets

The impairment test is carried out starting from the Group's business plan, which in turn derives from the short, medium and long-term strategic objectives. The cash flows used are therefore derived from this plan and include both risks and opportunities related to climate change (for example, CO₂ reduction, replacement of energy sources, development of activities as *solution providers*, etc.). In addition, specific *sensitivity is carried out* to take into account different future scenarios.

IAS 16 Property, plant, and equipment and IAS 38 intangible assets

IAS 16 and IAS 38 define the criteria for capitalizing costs. Costs, including those of developing new solutions that reduce consumption, are capitalized when they meet the requirements of the two

standards. The useful life of the Property, plant, and equipment, as well as that of intangible assets, is determined in a manner consistent with the Group's strategic objectives and business plan.

IAS 37 provisions, contingent liabilities and contingent assets

Legislation introduced in response to climate change may give rise to new obligations that did not previously exist. In addition, an entity may make a public commitment to behave in a certain way or undertake certain activities in response to climate change.

It is also possible that previously recognized provisions for future events could have a faster realization with the consequent change in estimate to be recognized. Climate change and related legislation may require reconsidering this assumption, in the need to recognize previously unrecognized liabilities. A specific disclosure of contingent liabilities is also provided if the conditions are present.

6. Financial risk management

This section summarizes the Group's policies for managing and controlling the financial risks to which it is exposed:

- 1) credit risk deriving from the possibility of default of a counterparty;
- 2) liquidity risk resulting from the lack of financial resources to meet short-term commitments;
- 3) risk of non-compliance *covenants* on the debt and possible default;
- 4) risk deriving from exposure to fluctuations in interest rates, exchange rates, commodity price fluctuations and downgrades of the rating on medium/long-term debt.

During the financial year 2022 – as in the previous year – the Group did not use financial derivatives to cover the effects of these risks.

1) Credit risk

Credit risk represents the Group's exposure to potential losses arising from the failure to fulfill the obligations assumed by its commercial counterparts, mainly represented by the Municipality of Milan and its subsidiaries, as well as by financial counterparties in relation to the portfolio of financial assets, deposits with banks and capital injections also in the form of financing granted to related companies.

In the context of risk management for the investment financial instruments, the Group, in accordance with the approved policy, and with the objective of preserving the capital invested in real terms, uses instruments to monitor the possible deterioration of credit risk.

In particular, with regard to counterparty credit risk, the Group adopts procedures and instruments for the valuation, selection and monitoring of investments on the basis of credit standing (including but not limited to explicit rating assessments, monitoring of CDS - Credit Default Swaps, Loss Given Default, IDR - Implicit Default Rate), and periodically develops stress test scenarios.

The management benefits from investment security before liquidity and liquidity before yield. The parameters subject to continuous evaluation include the above indicators, in addition to compliance with the minimum rating thresholds defined by the policy, and the minimum size of the individual assets included in the portfolio; the overall weighted average duration profile is also evaluated for the purpose of mitigating the sensitivity of the portfolio.

ATM's portfolio includes Cash securities, for the selection of which rating constraints are met, equal to at least to “Investment Grade”, for the predominant part of the assets, as well as the duration and issuer weighting relative to the overall portfolio, and shares of OICR with limited risk profile, harmonized at the EU level and with broad sector and geographical diversification.

The Group is, moreover, exposed to credit risk in relation to financial guarantees (share pledges) issued in favor of financial institutions on *project finance operations* for the related company Metro 5 S.p.A. and SPV Line M4 S.p.A. The Group's maximum exposure is equal to the value of the shares of the two companies of the project, pledged for a total of 12.09 million euros as of 31 December 2022.

Moreover, in accordance with the provisions of the European Securities and Markets Authority (“ESMA”) and in accordance with IFRS 9, the above value contributes to the formation of total financial debt only to the extent of the related expected credit loss, or cash shortfall, that ATM S.p.A. as guarantor may have to bear.

The exposure to counterparty credit risk is confirmed by the findings of *the impairment analysis*, as detailed in the next section.

Regarding the business counterparties, the Group has adopted internal instruments for selecting and assessing the economic and financial reliability of customers and suppliers, as well as external sources for monitoring their credit situation. Continuous monitoring of exposure to counterparties and the implementation of appropriate mitigation actions also includes measures to recover credit.

The following table shows the Group's exposure to credit risk as of December 31, 2022 compared with the balance as of December 31, 2021.

	12.31.2022	12.31.2021	Variation
Non-current financial assets	51,177	43,828	7,349
Non-current financial assets net of allowance for doubtful accounts	51,177	43,828	7,349
Current financial assets	159,240	215,037	(55,797)
Allowance for doubtful accounts		(125)	(125)
Current financial assets net of Allowance for doubtful accounts	159,240	214,912	(55,672)
Current trade receivables	242,047	206,705	35,342
Allowance for doubtful accounts	(12,542)	(15,805)	3,263
Current trade receivables net of Allowance for doubtful accounts	229,505	190,900	38,605
Other current assets and receivables	112,707	32,573	80,134
Allowance for doubtful accounts	(1,463)	(980)	(483)
Other receivables and current assets net of Allowance for doubtful accounts	111,244	31,593	79,651
Cash and cash equivalents and equivalent means	182,495	114,415	68,080
Allowance for doubtful accounts	(299)	(269)	(30)
Cash and cash equivalents and equivalent means	182,196	114,146	68,030
Total exposure net of the Allowance for doubtful accounts *	733,362	593,736	139,606

The change in current financial assets and Cash and cash equivalents is reflected in the impact of investment dynamics and operating expenses that have absorbed liquidity, as well as resources for adjusting the rates of the loan with the European Investment Bank.

Non-current financial assets include loans and credits to Related parties and third parties; The increase in the year is due, mainly, to the advance payment to a supplier in the context of the work relating to the new signaling system for the line M2, to interest accrued in the year 2022 partly offset by the proceeds received from the related company Metro 5 S.p.A.

The decrease in the Allowance for doubtful accounts is linked to the dynamics connected with the use and releases carried out during the year in order to adjust the value to the change in expected losses (for more details see Note 19 – *Trade receivables*), of which the main ones refer to the use of the allowance for doubtful accounts from the parent company, Municipality of Milan for 238 thousand euros, the release of the allowance for doubtful accounts from the Municipality of Milan for 2.340 thousand euros and from third-party customers for 155 thousand euros partly offset by the provision made against probable risks from third-party customers for 225 thousand euros.

The increase in other current receivables and assets is related to the recognition of receivables for investments grants approved, by the allocating company, but not yet requested by the Company.

The following tables show credit risk exposure by counterparty, in absolute value and percentage value, presented excluding Cash and cash equivalents, as well as current and non-current financial assets:

	12.31.2022	12.31.2021
Municipality of Milan	152,376	124,852
Receivables from tax authorities	2,842	1,221
Receivables from entities (State, Region, Province)	104,057	20,401
Receivables from third party customers	69,801	61,099
Receivables from associates	2,180	1,861
Receivables from other debtors	4,345	8,328
Receivables from subsidiaries of the parent companies	5,148	3,088
Total exposure of trade receivables, other current and non-current receivables	340,749	220,850

	Inc. %	Inc. %
Municipality of Milan	44.7%	56.5%
Receivables from tax authorities	0.8%	0.6%
Receivables from entities (State, Region, Province)	30.5%	9.2%
Receivables from third party customers	20.5%	27.7%
Receivables from associates	0.7%	0.8%
Receivables from other debtors	1.3%	3.8%
Receivables from subsidiaries of the parent companies	1.5%	1.4%
Total exposure of trade receivables, other current and non-current receivables	100.0%	100.0%

It should be noted that a significant proportion of trade receivables and other current and non-current receivables is attributable to the controlling entity Municipality of Milan. The amount of financial assets considered to be of doubtful recoverability and of a non-significant amount is covered by appropriate allocations to the Allowance for doubtful accounts, which also take into account the general risk of write-downs of non-expired claims, determined on the basis of historical experience, in accordance with IFRS 9.

The following tables provide a breakdown of financial assets as of 31 December 2022 and 31 December 2021, net of the provision for bad debts, grouped by maturity and presented excluding Cash and cash equivalent, as well as current and non-current financial assets.

	12.31.2022	Not expired	0-180	180-360	360-720	over 720
Municipality of Milan (gross)	152,790	104,852	23,577	10,745	10,575	3,041
Doubtful debt provision	(414)	(152)	(71)	(2)	33	(222)
Municipality of Milan (net)	152,376	104,700	23,506	10,743	10,608	2,819
Receivables from tax authorities (gross)	2,842	2,637	-	205	-	-
Doubtful debt provision	-	-	-	-	-	-
Receivables from tax authorities (net)	2,842	2,637	-	205	-	-
Receivables from entities (gross)	104,057	98,943	5,114	-	-	-
Doubtful debt provision	-	-	-	-	-	-
Receivables from entities (net)	104,057	98,943	5,114	-	-	-
Receivables from third party customers (gross)	81,915	54,854	11,225	1,377	1,768	12,691
Doubtful debt provision	(12,114)	(65)	(128)	(153)	(406)	(11,362)
Receivables from third party customers (net)	69,801	54,789	11,097	1,224	1,362	1,329
Receivables from Associates (gross)	2,187	1,973	81	-	28	105
Doubtful debt provision	(7)	(4)	-	(3)	-	-
Receivables from Associates (net)	2,180	1,969	81	(3)	28	105
Receivables from other debtors (gross)	5,808	4,618	211	291	207	481
Doubtful debt provision	(1,463)	(273)	(211)	(291)	(207)	(481)
Receivables from other debtors (net)	4,345	4,345	-	-	-	-
Receivables from subsidiaries of parent companies (gross)	5,154	4,903	25	46	130	50
Doubtful debt provision	(6)	(6)	-	-	-	-
Receivables from subsidiaries of parent companies (net)	5,148	4,897	25	46	130	50
Total exposure of trade receivables, other current and non-current receivables net of allowance for doubtful accounts	340,749	272,280	39,823	12,215	12,128	4,303

	12.31.2021	Not expired	0-180	180-360	360-720	over 720
Municipality of Milan (gross)	127,770	47,731	42,479	14,979	8,474	14,107
Doubtful debt provision	(2,918)	(41)	(101)	(20)	(2)	(2,754)
Municipality of Milan (net)	124,852	47,690	42,378	14,959	8,472	11,353
Receivables from tax authorities (gross)	1,221	1,016		205		
Receivables from tax authorities (net)	1,221	1,016		205		
Receivables from entities (gross)	20,401	20,368				33
Receivables from entities (net)	20,401	20,368				33
Receivables from third party customers (gross)	73,973	42,110	10,042	8,087	1,659	12,075
Doubtful debt provision	(12,874)	(156)	(358)	(193)	(95)	(12,072)
Receivables from third party customers (net)	61,099	41,954	9,684	7,894	1,564	3
Receivables from Associates (gross)	1,871	1,812	46		4	9
Doubtful debt provision	(10)	(1)	(9)			
Receivables from associates (net)	1,861	1,811	37		4	9
Receivables from other debtors (gross)	9,308	8,619		208		481
Doubtful debt provision	(980)	(499)				(481)
Receivables from other debtors (net)	8,328	8,120		208		
Receivables from subsidiaries of parent companies (gross)	3,092	2,834	43	141	25	49
Doubtful debt provision	(4)	(4)				
Receivables from subsidiaries of parent companies (Net)	3,088	2,830	43	141	25	49
Total exposure of trade receivables, other current and non-current receivables net of the allowance for doubtful accounts	220,850	123,789	52,142	23,407	10,065	11,447

During the year, the write-down provisions were adjusted according to the level of risk recognized for each type of receivables. Please refer to the comment sections of the Notes for details regarding the changes occurred in Allowance for doubtful accounts.

Impairment of financial assets

At each reporting date, financial assets other than those measured at *fair value* through profit or loss (FVTPL) and securities classified to FVTOCI are subject to an assessment aimed to identify a change in credit risk, in order to include that change in the estimated expected credit loss (“ECL”). The ECL quantification of each recorded financial instrument is based on financial parameters provided by leading market providers. A similar analysis is also carried out for current account and cash balances, commitments to provide loans to third parties, and guarantees issued that fall within the scope to *be subject to impairment* under IFRS 9.

IFRS 9 principle requires the valuation of the provision correlated to the presumable reduction in the value of financial assets using a classification in three categories (stage allocation) based on the degree of deterioration of creditworthiness. The measurement of the expected loss for financial assets depends on the debtor's credit risk at the first recognition date, and on the change between the initial recognition and the reporting date. In detail:

- in Stage 1, are classified the financial assets that have not undergone a significant deterioration in creditworthiness from that found at the time of initial recognition in the financial statements; exceptions are financial assets that were already impaired at the time of purchase. For classification purposes, maintaining “*investment grade*” status, as defined by the ECB-accredited rating agencies, is a discriminatory factor. On the exposures included in this category, the Group quantifies the provision for loss coverage in an amount equal to the expected losses deriving from a possible default event in the following 12 months (*12-months expected credit loss -ECL*);
- in Stage 2, are classified the financial assets for which there has been a significant increase in credit risk compared to the initial recognition date. Financial assets are *considered, however, performing* but their quality is lower than that of Stage 1. Regarding the exposures included in this category, the Group assesses the provision for an amount equal to the expected losses over the entire life of the financial instrument (*expected losses on residual life - lifetime expected credit loss - ECL*, taking into account potential future income).
- In Stage 3, are classified the “*impaired*” financial assets, i.e., assets for which a loss event has occurred that permanently deteriorates the creditworthiness. Similar to the assets classified in Stage 2, the Group assesses the provision for an amount equal to the expected losses over the entire life of the financial instrument (*expected losses on residual life - lifetime expected credit loss - ECL*, but no longer taking into account future income from the financial instrument).

The following tables show the values of ECL (“*expected Credit Loss*”) as of December 31, 2022 and December 31, 2021:

	12.31.2022	Expected Credit Loss		
		Stage 1 ECL 12 months	Stage 2 ECL Lifetime	Stage 3 ECL Lifetime
Cash and cash equivalents	144	144		
Financial assets held to Collect & Sell	86	86		
Financial guarantees	15	15		
Trade receivables	13	13		
Other receivables	1	1		
Total	259	259	-	-

	12.31.2021	Expected Credit Loss		
		Stage 1 ECL 12 months	Stage 2 ECL Lifetime	Stage 3 ECL Lifetime
Cash and cash equivalents	125	125		
Financial activities held to Collect & Sell	36	36		
Trade receivables	16	16		
Other receivables	1	1		
Total	178	178	-	-

In view of the credit risk identified, all financial assets other than trade receivables fall into Stage 1, with probability of default measured at 12 months.

2) Liquidity risk

Liquidity risk represents the risk that the financial resources will not be sufficient to meet financial and commercial obligations in the pre-established terms and deadlines, also due to the difficulty of raising funds or liquidating assets in the market.

The Group manages the liquidity risk by maintaining adequate reserves, committed *credit lines*, and has capital capacity to obtain additional *funding*, either through access to the capital market or by resorting to leading financial institutions, including supranational ones. Risk management is carried out in the first instance through the continuous monitoring of expected and current cash flows and the correlation of maturity profiles of financial assets and liabilities.

The following tables provide a breakdown of the residual maturity of the medium-to-long-term financial liabilities based on the undiscounted cash flows, based on the earliest maturity at which the Group will be required to repay them. The amounts include both the cash flows related to repayment of the principal amount and the interest flows. Where interest-related flows are variable, the non-discounted value of the interest flows is estimated by applying, for subsequent maturities, the latest variable rate applied by the financing institution in 2022.

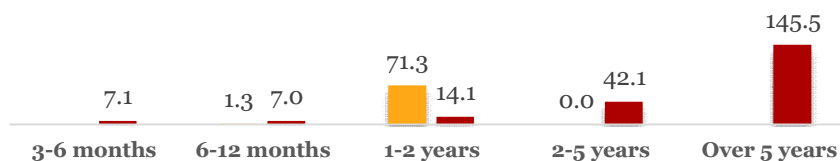
	12.31.2022	Contractual cash flows	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Bonds	70,248	72,626	-	1,313	71,313	-	-
Bank loans	191,564	215,786	7,054	7,050	14,079	42,084	145,519
Total*	261,812	288,412	7,054	8,363	85,392	42,084	145,519

* Financial liabilities deriving from the application of IFRS 16 are not included

	12.31.2021	Contractual cash flows	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Bonds	70,087	73,938	-	1,313	1,313	71,313	-
Bank loans	202,631	226,721	6,879	6,879	13,756	41,255	157,952
Total*	272,718	300,659	6,879	8,192	15,069	112,568	157,952

* Financial liabilities deriving from the application of IFRS 16 are not included

Contractual cash flow maturities 12.31.2022 (€ million)



Contractual cash flow maturities 12.31.2021 (€ million)



The Group is able to meet its payment obligations both through the generation of cash flows from operating activities, and through the use of available, wide and diversified liquidity. Cash and financial assets in the portfolio, which can be liquidated as they are listed on regulated markets, exceed the medium-to-long-term debt stock, and in addition to the above, the Group has committed credit lines for a total of 95 million euros as of December 2022.

During the year, withdrawals and reimbursement were made, reporting a balance as of 31 December 2022 equal to a total of EUR 35 million, for the purpose of an appropriate balancing of sources and short-term loans and with a view to optimal working capital management.

The capital structure as set out before has been positively evaluated by the Fitch Ratings Agency during the periodic review of the rating.

In 2021, the Group adopted a “RAF – Risk Appetite Framework” policy and the related KRI (Key risk Indicators) aimed at defining maximum risk-assumption thresholds that do not affect the financial balance and the prospective capital strength.

3) Default and covenant debt risk

The default risk consists of the possibility that, when specific circumstances arise, whether contained in the loan agreements or bond settlement, lenders are entitled to activate contractual protections that can lead to early repayment of the loan (so called “*acceleration*”), thus generating potential liquidity risk.

As of 31 December 2022, the Parent Company has loan agreements with the European Investment Bank and a bond loan in Eurobond format, which is expected to be repaid in a single solution in 2024.

The loan agreements, as well as the bond loan, in line with international practice for similar transactions, generally provide for the lender/bondholder’s right to claim the repayment of her/his

credit by terminating in advance the relationship with the debtor in all cases where the latter is declared insolvent and/or subject to bankruptcy proceedings, or has initiated a liquidation procedure or other proceedings with similar effects.

In particular, loan agreements and the regulation of the bond loan, as normally happens on the market, contain a series of typical clauses, whose violation leads to the obligation of the immediate repayment of the bonds by the issuer. Among these, the main: (I) *negative pledge clauses*, as a result of which the financed company undertakes not to constitute collateral on the assets of the ATM Group in favor of new lenders, beyond a specifically identified threshold; (ii) *cross-default clauses* providing, in the event that insolvency is declared for an obligation, for the extension of the insolvency status to all outstanding financial liabilities and *cross-acceleration clauses* requiring immediate repayment of debt upon the occurrence of specific default events; (iii) clauses obliging ATM Group to treat lenders in the same way as other unsecured creditors (*equal passu*).

Specifically:

- The EIB grants provide for an obligation to comply, throughout the duration of the loans, pre-established levels of financial ratios such as:

$$\frac{\text{Consolidated net equity}}{\text{Group debt}} > 2$$

$$\frac{\text{Operating Cash Flows before changes in CCN}}{\text{Annual Debt Service}} > 3$$

$$\frac{\text{Real and personal guarantees given}}{\text{Consolidated net equity}} \leq 18\%$$

On 1 July 2022, an amendment to the first and the third ratio referred to above (known as “Waiver”) was negotiated with the BEI in order to be consistent with the IFRS accounting standards to which ATM is required to comply with, to identify the actual financial debt by excluding guarantees from its calculation, for the third to represent the same nominal values, while increasing the ratio level, in order to allow adequate sizing in response to the potential needs related to the approved investment plan.

- the bond involves the obligation to respect throughout the duration of the debt the following financial ratio:

$$\frac{\text{Consolidated net equity}}{\text{Group debt}} > 2$$

As of 31 December 2022, as for previous years, covenants are also widely respected.

ATM S.p.A. is also required to ensure, for the duration of the loans and the bond, that the debt of the subsidiaries is less than 10% of the Group’s debt. Also in this case, the parameter is widely respected since the parent company ATM S.p.A., which is responsible for the management of the centralized treasury, extends its lines to the subsidiaries.

Compliance with *covenants* is monitored by the Group every six months. At the date of approval of the financial statements, the Group is not aware of the existence of any default situation or of events that may affect the respect of *covenants in the future*.

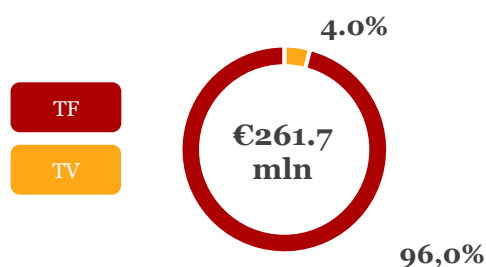
- 4) Risk deriving from exposure to fluctuations in interest rates, exchange rates, commodity price fluctuations and the downgrading of the rating on the medium/long-term debt.

Interest rate risk

The risk of interest rate changes is linked to fluctuations in interest rates which affect the market value of the Group's financial assets and liabilities and the level of net financial charges. In particular, the Group is exposed to fluctuations in interest rates (mainly Euribor and IRS) on financial assets and to a marginal extent on payables from loans, taking into account that approximately 96% of the medium/long-term financial debt is indexed to a fixed rate.

The following table shows the medium-long-term liabilities at fixed and variable-rates.

Fixed and variable rate breakdown 2022 (%)



	12.31.2022	Contractual cash flows	Current dimension	1 and 2 years	2 and 5 years	over 5 years
Variable rate	10,549	13,657	1,064	1,038	2,962	8,593
Fixed rate	251,263	274,754	14,353	84,353	39,122	136,926
Total *	261,812	288,411	15,417	85,391	42,084	145,519

* Financial liabilities deriving from the application of IFRS 16 are not included

	12.31.2021	Contractual cash flows	Current dimension	1 and 2 years	2 and 5 years	over 5 years
Variable rate	11,230	11,553	718	716	2,133	7,986
Fixed rate	261,488	289,106	14,353	14,353	110,434	149,966
Total *	272,718	300,659	15,071	15,069	112,567	157,952

* Financial liabilities deriving from the application of IFRS 16 are not included

The *sensitivity analysis* on financial liabilities below illustrates the effects determined on the income statement by a hypothetical translation of the rate curves of +50 or -50 *basis point* with respect to the levels of rates actually applied in 2022 and 2021:

2022	Shift + 50 bps	Shift - 50 bps
Higher/(lower) interest expense on variable rate debts	56	(56)
Total	56	(56)

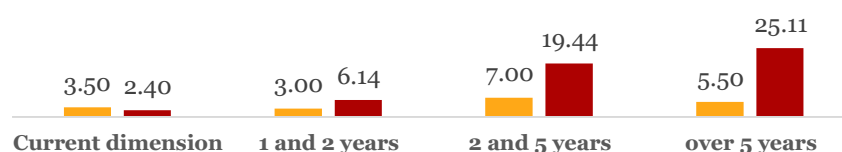
2021	Shift + 50 bps	Shift - 50 bps
Higher/(lower) interest expense for variable rate debts	60	(60)
Total	60	(60)

With regard to financial assets, the following table shows the subdivision of government bonds and corporate bonds at a fixed and variable rate on the basis of the non-discounted repayment flows of the nominal value of the instruments at their respective due dates:

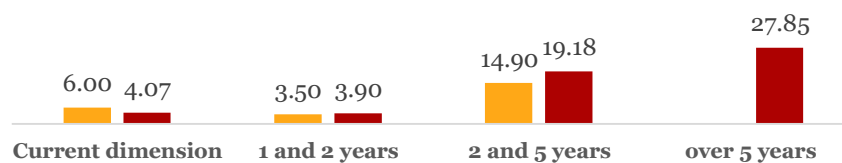
	12.31.2022	Contractual cash flows	Current dimension	1 and 2 years	2 and 5 years	over 5 years
Variable rate	18,795	19,000	3,500	3,000	7,000	5,500
Fixed rate	47,055	53,085	2,400	6,142	19,436	25,107
Total	65,850	72,085	5,900	9,142	26,436	30,607

	12.31.2021	Contractual cash flows	Current dimension	1 and 2 years	2 and 5 years	over 5 years
Variable rate	24,245	24,400	6,000	3,500	14,900	-
Fixed rate	55,332	55,000	4,070	3,900	19,184	27,845
Total	79,577	79,400	10,070	7,400	34,084	27,845

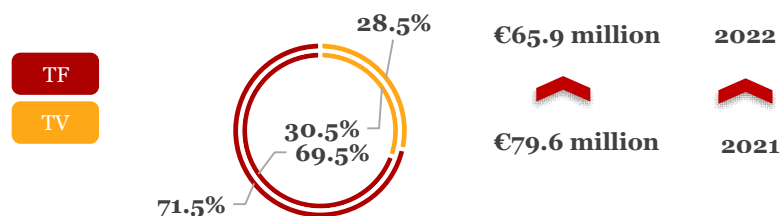
Reimbursement of contractual cash flows 31.12.2022 (€ million)



Reimbursement of contractual cash flows 31.12.2021 (€ million)



TF and TV breakdown by CASH securities (2022 vs 2021)



P.N.: the comparative pie chart highlights, respectively, the 2022 data externally and the 2021 data internally

To complete the analysis, *the sensitivity analysis* on the bond portfolio is carried out by using *the modified duration* of the individual securities in the portfolio as a benchmark, assuming an increasing change of 50, 150 and 250 *basis points respectively* in interest rates. The assumption of the analysis is the linear relationship between the prices of the securities and the relative returns/yields.

Coupon flows were not taken into account, since, considering the portfolio presence of a component of variable rate indexed bonds.

	12.31.2022	Sensitivity Analysis		
		0.50%	1.50%	2.50%
Bond securities	65,850	(924)	(2,516)	(4,109)
Total	65,850	(924)	(2,516)	(4,109)

	12.31.2021	Sensitivity Analysis		
		0.50%	1.50%	2.50%
Bond securities	79,577	(624)	(3,058)	(5,491)
Total	79,577	(624)	(3,058)	(5,491)

Regarding the activities invested in OICR, a parametric sensitivity is reported against a hypothetical variation of +/- 10% of the market value as of 31 December 2022 and 31 December 2021.

	12.31.2022	Sensitivity Analysis	
		+10%	-10%
OICR	93,391	9,339	(9,339)
Total	93,391	9,339	(9,339)

	12.31.2021	Sensitivity Analysis	
		+10%	-10%
OICR	125,208	12,521	(12,521)
Total	125,208	12,521	(12,521)

The Group has not put into place any derivative financial instrument on “interest rates” after the reporting date of the financial statements. Instead, it has completed forward purchase transactions through ‘swap’ of the electricity requirements, at half of the expected consumption, taking advantage of the significant price declines that occurred at the beginning of 2023.

Exchange Risk

The Group operates in the domestic market and in Denmark; it holds financial assets denominated in foreign currency and is therefore exposed to exchange risk deriving from exchange rate fluctuations.

12.31.2022					
euro/000	USD	AUD	TRY	DKK	
Bond securities	2,929	-	-	6,379	
Total	2,929	-	-	6,379	

12.31.2021					
euro/000	USD	AUD	TRY	DKK	
Bond securities	4,471	-	-	6,781	
Total	4,471	-	-	6,781	

The following table illustrates the Group’s sensitivity analysis to a hypothetical +10 or -10 *basis points change* in exchange rates applied to financial assets as of 31 December 2022 and 31 December 2021:

12.31.2022		
	Shift + 10 bps	Shift - 10 bps
Change in value of financial assets in foreign currency	(335)	389
Total	(335)	389

12.31.2021		
	Shift + 10 bps	Shift - 10 bps
Change in value of financial assets in foreign currency	(452)	525
Total	(452)	525

There is no material exchange risk for trade receivables and payables.

Commodity price risk

The Group is exposed to the price risk of energy commodities, i.e., electricity and oil products, since supplies are affected by fluctuations in the prices of these commodities directly or through indexation formulas. Moreover, since some contracts contain exchange rates with other currencies within the price indexation formulas, the Group is also exposed to exchange risk.

The Group's policy is aimed at minimizing the need to use the financial markets for hedges, which are addressed only if the coverage is considered appropriate and convenient, both for oil products and for the supply of electricity traction.

For the latter, the Group has completed the supply through tender procedures aimed at finalizing fixed price contracts and a time horizon throughout the following year.

In line with this approach, the 2022 call for energy supply, allocated in 2021, at a fixed price of approximately € 84/MWh (including the certification of origin from renewable sources), has ensured a cost profile in line with previous years, sterilizing the effect of the market price increases that occurred during the year, culminated around a price of 500 €/MWh in the summer months.

In view of the extreme volatility of the markets, in 2022, in the absence of the availability of suppliers to offer fixed price conditions, ATM signed contracts for 2023 requirement at a variable price, with a view to mitigate the risk of price fluctuations, the operations of partial coverage of the aforementioned supply at the beginning of 2023. This is in order to seize possible opportunities arising from downward price corrections. In the first months of the year, coverage operations were therefore finalized to the extent of half of the estimated consumption for the year.

Downgrading of the medium/long-term debt rating

Without prejudice to the “*credit linkage*” with the State and, consequently, with the Municipality of Milan, the sole shareholder, the Group constantly monitors the performance of the indicators underlying the rating assessment, as well as the evolution of the capital structure, in order to maintain or improve the rating agency's judgment.

In line with current ESG issues and with the sustainability policies adopted by the Group, the achievement of a rating linked to sustainability factors can be assessed, also in relation to possible future openings to the capital market.

Financial assets and liabilities by category

In addition to the financial risk disclosure, the following table shows a reconciliation between financial assets and liabilities as reported in the statement of financial position and the categories of financial assets and liabilities identified on the basis of the requirements of IFRS 7:

12.31.2022	Financial assets and liabilities at amortized cost	Financial assets and liabilities with fair value in reserve	Non-financial assets and liabilities	Total
Non-current financial assets	51,177	-	-	51,177
Current financial assets	12,605	146,635	-	159,240
Current trade receivables	229,505	-	-	229,505
Other receivables and current assets	111,244	-	-	111,244
Non-current financial liabilities	254,609	-	-	254,609
Current financial liabilities	50,051	-	-	50,051
Trade payables	289,795	-	-	289,795
Other payables and current liabilities	142,789	-	-	142,789

12.31.2021	Financial assets and liabilities at amortized cost	Financial assets and liabilities with fair value in reserve	Non-financial assets and liabilities	Total
Non-current financial assets	43,828	-	-	43,828
Current financial assets	10,127	204,785	-	214,912

Current trade receivables	190,900	-	-	190,900
Other receivables and current assets	31,593	-	-	31,593
Non-current financial liabilities	266,867	-	-	266,867
Current financial liabilities	64,093	-	-	64,093
Trade payables	230,288	-	-	230,288
Other payables and current liabilities	131,862	-	-	131,862

Determination of fair value

The fair value of financial assets and financial liabilities is determined in accordance with IFRS 13, which requires that these values be classified on the basis of a hierarchy of levels, reflecting the characteristics of the inputs used in its determination:

- Level 1: valuations made based on prices quoted on active markets for financial assets and liabilities identical to those being valued;
- Level 2: valuations made on the basis of inputs, other than the listed prices referred to in Level 1, which for the financial asset or financial liability are observable either directly (prices) or indirectly (price derivatives);
- Level 3: Assessments that refer to parameters that cannot be observed on the market.

With reference to the above classification, procedures were put in place for assessing the assets and liabilities in place as of 31 December 2022 and 31 December 2021 with reference to observable market parameters:

- The fair value of financial assets and liabilities with standard terms and conditions listed on an active market is measured with reference to prices published in the market by leading market contributors (Bloomberg info providers);
- The fair value of other financial assets and liabilities is measured, where the conditions are met, by applying the discounted cash flow method, using the reference values for prices recognized for recent market transactions by leading market contributors for similar instruments. In particular, for the valuation of certain investments in bond instruments, in the absence of a regular functioning of the market, or of a sufficient and continuous number of transactions and a sufficiently low bid/offer spread, the determination of fair value is carried out with reference to specific quotations of leading contributors issued at the Group's request;
- In the valuation of investments in OICR, the fair value is determined on the basis of the NAV calculated and communicated by the relevant fund administrator at the reporting date. In cases where this information is not available at the date of the preparation of the financial statements, the last available official communication is used, but not earlier than one month from the closing date of the financial statements.

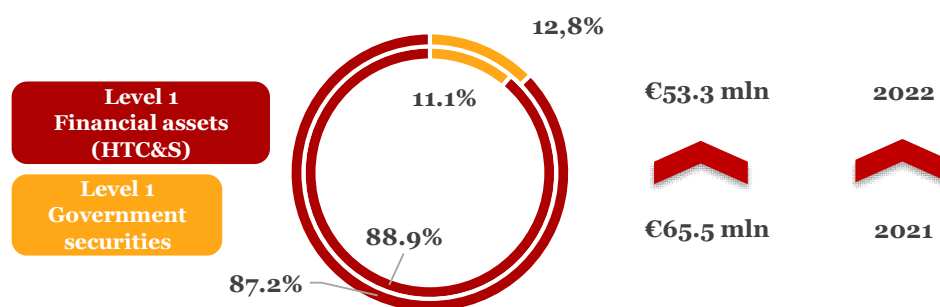
The following table shows the financial assets measured at fair value, and classified according to the level hierarchy defined above:

	12.31.2022	Fair value at reporting date		
		Level 1	Level 2	Level 3
Financial assets HTC&S	53,244	53,244	-	-
Government securities	6,792	6,792	-	-
Bond securities	46,452	46,452	-	-
Other Financial assets	105,996	99,429	6,567	-

Bond securities	12,605	12,605	-	-
OICR	93,391	86,824	6,567	-
Total	159,240	152,673	6,567	-

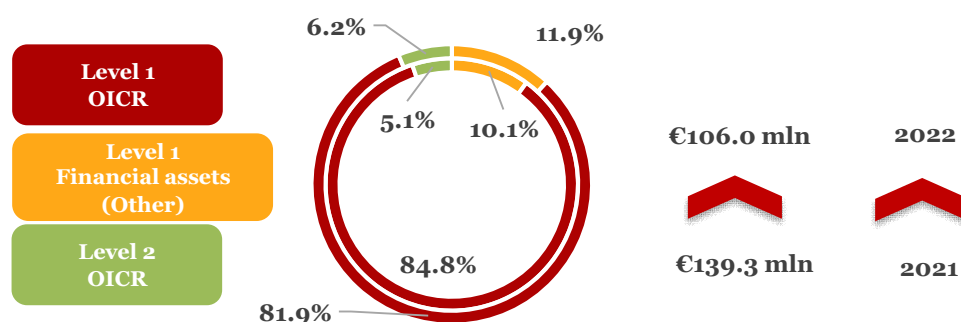
	12.31.2021	Fair value at reporting date		
		Level 1	Level 2	Level 3
Financial assets HTC&S	65,529	65,529	-	-
Government securities	7,262	7,262	-	-
Bond securities	58,267	58,267	-	-
Other Financial assets	139,256	132,170	7,086	-
Bond securities	14,048	14,048	-	-
OICR	125,208	118,122	7,086	-
Total	204,785	197,699	7,086	-

PV hierarchy for HTC&S securities (2022 vs 2021)



P.N.: the comparative pie chart highlights, respectively, the 2022 data externally and the 2021 data internally

PV Hierarchy for OICR (2022 vs 2021)



P.N.: the comparative pie chart highlights, respectively, the 2022 data externally and the 2021 data internally

In accordance with the provisions of IFRS 13, the fair value of financial liabilities as of 31 December 2022 and 31 December 2021, including the bond loan, measured in the financial statements at amortized cost, is reported for disclosure purposes.

	12.31.2022	12.31.2021
Bond loans	66,363	69,791

Loans from banks	148,917	197,348
Total (*)	215,279	267,138

(*) values are net of IFRS 16

7. Operating performance – sector analysis

The main areas of activity in which the Group is organized are:

Local public transport and complementary services

The area of activity relating to TPL and complementary services includes the local public transport services carried out:

- the Service Contract stipulated with the Municipality of Milan and the connected and complementary services to the TPL service such as on-street parking, car parks and towing management. The area of activity also includes the management of Area B and C and of the traffic and territory control system, rents of commercial areas in the metro, the management of advertising spaces and other residual and complementary activities;
- the single management contract for the metro line M5 between ATM S.p.A. and the concessionaire Metro 5 S.p.A. The contract regulates the management activities entrusted to ATM S.p.A. and those related to the same for the entire duration of the concession until 2040.

The main revenue items of the business area refer to the Service Contract with the Municipality of Milan for 697,751 thousand euros, the revenues of the complementary services refer to 7,971 thousand euros for the on-street parking revenue, 15,716 thousand euros for the parking revenues, EUR 3,428 thousand for the towing service, as well as the single contract for the management of the M5 metro line for EUR 24,448 thousand.

The costs mainly refer to personnel expenses totaling EUR 493,602 thousand, as well as service costs for EUR 261,503 thousand, including EUR 136,870 thousand for maintenance and cleaning activities, EUR 54,053 thousand for electricity and utility consumption.

Depreciation and impairment losses discount the non-recurring effect of the write-down carried out, in order to adjust the net carrying amount of the land and the warehouse owned by the subsidiary Net S.r.l. to the value of the purchase offer received.

In 2021, the item discounted the non-recurring effect of the write-down on the residual value of 5 trams, which, in view of their technological obsolescence, they are no longer used in the transport service in addition to the share recognized in the income statement relating to the impairment of the buildings resulting from the expertise entrusted to an external professional and aimed at updating and aligning the values of the buildings and land to their fair value.

Intercity Local Public Transport

This activity is based on the service contracts, under the net cost scheme (as better defined in the Management Report), between the subsidiary NET S.r.l. and the Local Public Transport Agency of the Basin of the Metropolitan City of Milan, Monza Brianza, Lodi and Pavia (“Bacino Agency”) for the management of the suburban car service. With reference to going concern and contractual extensions, it should be noted that the Directive n. 77 of 31 December 2021 concerning the “*restatement as of 31 December 2023 of the deadlines for the expiry of the service contracts and local public transport concessions within the competence of the Agency, which expire on 31 December 2021*”, the Bacino Agency has extended the period of validity of the above contracts to 31 December 2023.

The decrease in revenues is mainly due to the opposite effect of the higher revenues generated by the sale of travel tickets, and of the lower contributions received against the “Decreti Ristori” as well as the lower fees related to the service management in the intercity area. Regarding costs, the most significant changes are related to the purchases of raw materials, which mainly refer to purchases of diesel fuel for motor vehicles.

Management of the Copenhagen Metro

This area of activity refers to the Service Contract for the management by the Danish subsidiary Metro Service A/S. The company is controlled by the sub-holding International Metro Service S.r.l. and is responsible for the operation and maintenance of the Copenhagen metro. The current contract, which relates to the management and maintenance of the M1 and M2 metro lines, expires on 29 September 2027 and, in addition, Metro Service A/S has completed *the mobilization* of the M3 and M4 (Cityringen) metro lines and inaugurated the business and management of the M4 line on 29 September 2019 and 28 March 2020 respectively. The latter are governed by an additional subcontracting agreement with Hitachi Rail STS, which also expires on 29 September 2027.

Other activities

These activities refer to the ancillary and complementary services carried out by the companies of the ATM Group, CityLink S.r.l. - Smart mobility by ATM, Rail Diagnostics S.p.A. and Gesam S.r.l., in the areas of claims settlement, maintenance and diagnostics on armament and diversified services.

The following tables summarize the economic trends of 2022 and 2021 in the sectors in which the ATM Group operates:

2022	Local Public Transport and Complementary Services	Local public Transportation in Interurban Areas	Copenhagen Metro Management	Other Activities	Intercompany	Consolidated
Operating Revenues	936,440	28,604	133,122	9,935	(16,631)	1,091,470
Operating Costs	(842,193)	(28,068)	(116,786)	(7,735)	16,631	(978,151)
Gross Operating Margin	94,247	536	16,336	2,200	-	113,319
Depreciation and impairment	(78,619)	(870)	(1,852)	(949)	-	(82,290)
Operating Result	15,628	(334)	14,484	1,251	-	31,029
Financial income and expenses						(15,632)
Share of profit from equity investments recognized under the equity method						4,598
Pre-Tax result						19,995
Income Taxes						(4,451)
Net Profit						15,544

2021	Local Public Transport And Complementary Services	Local public Transportation in Interurban Areas	Copenhagen Metro Management	Other Activities	Intercompany	Consolidated
Operating Revenues	863,778	30,71	121,774	7,866	-14,874	1.009.254
Operating Costs	-798,444	-24,883	-110,925	-6,578	14,874	-925,956
Gross Operating Margin	65,334	5,827	10,849	1,288	-	83,298
Amortization and impairment	-93,62	-930	-1,424	-979	-	-96,953
Operating Result	-28,286	4,897	9,425	309	-	-13,655
Financial income and expenses						198
Share of profit from equity investments recognized under the equity method						3,373
Pre-Tax result						-10,084
Income Taxes						-5,938
Net Loss						-16,022

8. Workforce

The average number of employees increased from 10,468 in 2021 to 10,473 in 2022. The net change is attributable to 750 recruits and 745 exits. The number of exits is slightly higher than that of the recent years and includes all the reasons related to the termination of the employment; among these, the most frequent are retirement and spontaneous resignation.

International Metro Service S.r.l. does not have employees and relies on the services provided by the parent company ATM S.p.A. to carry out its activities.

The workforce at the end of the year reported the following changes:

Description	12.31.2021	Hired (+)	Discharged (-)	Other variations	Transfers between Group companies	12.31.2022
ATM S.p.A.	9,540	585	(606)	1	8	9,528
CITYLINK S.r.l. Smart mobility by ATM		4				4
GeSAM. S.r.l	13		(1)			12
Metro Service A/S	589	125	(115)			598
North East Transports S.r.l.	277	21	(19)		(9)	270
Rail Diagnostics S.p.A.	49	15	(4)		1	61
Total	10,468	750	(745)	1	-	10,473

It should be noted that, limited to companies operating in Italy, during the period under review, the companies have not made any objective redundancies in accordance with the provisions of Law Decree No. 137/2020, cd. “Ristori Decree” and its subsequent amendments.

Notes to consolidated statement of financial position

Assets

9. Property, plant, and equipment

The value of the “*Property, plant, and equipment*” as of 31 December 2022 amounted to 1,194,606 thousand euros net of accumulated depreciation, capital grants and accumulated write-downs.

	12.31.2022	12.31.2021
Plants and machinery	752,841	869,828
Land and buildings	366,485	373,603
Industrial and commercial equipment	13,647	14,711
Other goods	6,075	6,884
Assets in progress	55,558	22,505
Total	1,194,606	1,287,531

This item refers to:

- “*Plant and machinery*”, for 752,841 thousand euros relating to line rolling stock and the transport system plant owned by the Group;
- “*Land and buildings*”, amounting to 366,485 thousand euros mainly related to rolling stock depots and office buildings. This item includes “*investment property*” represented by non-instrumental property, leased for commercial purposes whose net book value as of 31 December 2022 was 11,859 thousand euros (11,702 thousand euros at 31 December 2021);
- “*Industrial and commercial equipment*”, for 13,647 thousand euros mainly related to auxiliary vehicles;
- “*other assets*”, for 6,075 thousand euros;
- “*assets in progress*”, for 55,558 thousand euros.

The component “*assets in progress*” refers to advances paid to suppliers for supplies and investments for tangible assets which at the closing date of the financial statements have not yet been completed and entered into operation. This item is recognized net of the recorded grants of 21,981 thousand euros. The following are the main components:

- Renewal or expansion of the fleet including:
 - 21 M1 line metro trains for 25 thousand euros and 13,448 M3 line metro trains for 16,009 thousand euros;
 - 50 two-way urban trams for 10 thousand euros and 13,446 two-way intercity trams for 5,288 thousand euros;
 - hybrid buses from 12 mt for 8,154 thousand euros;
 - trolleybus 18 mt for 5,374 thousand euros;
 - Urban hybrid buses for 1,178 thousand euros, for the company NET;
 - general overhaul of tramcars model “1928” for special services and “4700” for 233 thousand euros.

- Modernization of plants and infrastructures including:

- extraordinary maintenance and expansion of company depots, for 3,021 thousand euros;
 - realization of power supply/charging systems for electric vehicles at the warehouses and terminal in the city for 1,996 thousand euros;
 - magnetic-electronic ticketing system, for 1,326 thousand euros;
 - Recononstruction of power supply and electric traction systems for the enhancement of the M2 metro line for 1,095 thousand euros;
 - renovation and new UPS for signaling M1, for 782 thousand euros;
 - parking equipment for 442 thousand euros;
- Other investments including:
- 2 lathes in pit for Metro depots of Gorgonzola and San Donato, for 560 thousand euros;
 - service vehicles for 187 thousand euros;
 - New bike-sharing stations under the “P.O.N. Metro” project for 109 miles euro;
 - Railroad spark welder for 750 thousand euro for the company Rail Diagnostics;
 - Railroad vehicle for cleaning tram rails for 415 thousand euros for the company Rail Diagnostics;
 - other tangible assets in progress for 882 thousand euros.

The details of the contributions are as follows:

- NO. 50 two-way urabn trams for 13,446 thousand euros;
- NO. 8 two-way urban trams for the Milan – Limbiate line, for 4,014 thousand euros;
- NO. 51 hybrid buses, for 1,605 thousand euros;
- NO. 27 electric city buses, for 903 thousand euros;
- NO. 9 hybrid buses, for 878 thousand euros;
- NO. 10 trolleybuses, for 829 thousand euros;
- NO. 21 hybrid buses, for 297 thousand euros;
- Advance payment for the purchase of the Corporate Control Center (CCA), for 9 thousand euros.

The following table shows the movements during the financial year and the previous one.

Property, plant, and equipment	Plants and machinery	Land and buildings	Industrial and commercial equipment	Other assets	Assets in progress and advances	Total
Historical cost	2,939,799	523,965	77,959	53,395	31,424	3,626,542
Accumulated depreciation	(1,639,628)	(129,177)	(63,248)	(44,596)	-	(1,876,649)
Accumulated grants	(414,075)	(17,020)	-	(1,915)	(7,042)	(440,052)
Accumulated impairment	(16,268)	(4,165)	-	-	(1,876)	(22,309)
Net book value as at 12.31.2021	869,828	373,603	14,711	6,884	22,505	1,287,531
Historical cost						
<i>Investments and acquisitions of the year</i>					83,747	83,747
<i>Transfers to finished plant</i>	30,398	-	2,509	1,656	(34,563)	-
<i>Disposals, sales and reclassifications</i>	(99,708)	(5,131)	(2,260)	(84)	(3,069)	(110,252)
<i>Fair value rating (land and buildings)</i>		-				-
Accumulated depreciation						
<i>Depreciation of the year</i>	(106,341)	(5,425)	(3,566)	(3,338)	-	(118,670)
<i>Disposals, sales and reclassifications</i>	87,191	(1)	2,253	85	-	89,528
Grants						
<i>Increases</i>	(80,329)	-	-	-	(21,973)	(102,302)
<i>Amount accrued in the year</i>	39,290	392	-	872	-	40,554
<i>Disposals, sales and reclassifications</i>	270	-	-	-	7,034	7,304
Impairment						
<i>Increases</i>	-	(100)	-	-	-	(100)
<i>Accumulated write-downs on disposals</i>	-	-	-	-	-	-
<i>Utilizations of accumulated depreciation</i>	-	26	-	-	-	26
<i>Disposals, sales and reclassifications</i>	12,242	3,122	-	-	1,876	17,240
Historical cost	2,870,489	518,834	78,208	54,967	77,539	3,600,037
Accumulated depreciation	(1.658.778)	(134.603)	(64.561)	(47,849)	-	(1,905,791)
Accumulated grants	(454.844)	(16.628)	-	(1,043)	(21,981)	(494,496)
Accumulated impairment	(4.026)	(1.118)	-	-	-	(5,144)
Net carrying amount as at 12.31.2022	752,841	366,485	13,647	6,075	55,558	1,194,606

Property, plant, and equipment	Plants and machinery	Land and buildings	Industrial and commercial equipment	Other assets	Assets in progress and advances	Total
Historical cost	2,913,105	506,000	73,430	50,392	66,567	3,609,494
Accumulated depreciation	(1,588,832)	(122,425)	(60,697)	(41,360)		(1,813,314)
Accumulated grants	(445,863)	(17,411)		(2,838)	(575)	(466,687)
Accumulated impairment	(24,217)	(3,001)			(3,066)	(30,284)
Net book value as at 12.31.2020	854,193	363,163	12,733	6,194	62,926	1,299,209
Historical cost						
<i>Investments and acquisitions of the year</i>					70,987	70,987
<i>Transfers to finished plant</i>	97,867	14	5,165	3,085	(106,131)	-
<i>Disposals, sales and reclassifications</i>	(71,172)		(637)	(84)		(71.893)
<i>Fair value rating (land and buildings)</i>		17,951				17.951
Accumulated depreciation						
<i>Depreciation of the year</i>	(109,607)	(6,752)	(3,149)	(3,319)		(122.827)
<i>Disposals, sales and reclassifications</i>	58,809		599	85		59.493
Grants						
<i>Increases</i>	(2,925)				(7,034)	(9.959)
<i>Amount accrued in the year</i>	34,632	392		923		35.947
<i>Disposals, sales and reclassifications</i>	81				568	649
Impairment						
<i>Increases</i>	(4,026)	(1,190)				(5.216)
<i>Accumulated write-downs on disposals</i>					1,190	1.190
<i>Utilizations of accumulated depreciation</i>		26				26
<i>Disposals, sales and reclassifications</i>	11,976					11.976
Historical cost	2,939,799	523,965	77,959	53,395	31,424	3.626.542
Accumulated depreciation	(1,639,628)	(129,177)	(63,248)	(44,596)		(1.876.649)
Accumulated grants	(414,075)	(17,020)		(1,915)	(7,042)	(440.052)
Accumulated impairment	(16,268)	(4,165)			(1,876)	(22.309)
Net book value as at 12.31.2021	869,828	373,603	14,711	6,884	22,505	1.287.531

As can be inferred from the movement tables, during the year, investments referring to “*Property, plant, and equipment*” were made for 83.747 thousand euro.

The main investments during the year include:

- The renewal or extension of the fleet, including:
 - purchase of hybrid buses 12 mt, for 16,887 thousand euros of which 15,047 thousand euros funded through municipal resources and 1,368 thousand euros through regional resources;
 - Purchase of 25 trains for the M3 metro line, for 16,009 thousand euros, entirely funded by state resources;
 - Purchase of 21 trains for the M1 metro line, for 13,448 thousand euros, funded entirely from state resources;

- purchase of two-way trams for 11,183 thousand euros, of which 5,047 thousand euros funded by state resources and 2,217 thousand euros funded by regional resources;
 - purchase of electric buses 12 mt for 2,508 thousand euros of which 1,916 thousand euros funded through regional resources;
 - purchase of trolleybus 18 mt for 1,529 thousand euros fully funded through state resources;
 - Urban hybrid buses for 1,178 thousand euros, for the company NET of which 869 thousand euros funded by regional resources.
 - General overhaul of cars model “1928” for special services and “4700”, RCS equipment for new two-way trams for 1,018 thousand euros;
 - service vehicles for 397 thousand euros.
- The modernization of plants and infrastructures includes:
- new equipment and software development for the magnetic-electronic ticketing system, for 4,920 thousand euros, of which 903 thousand euros funded through municipal resources;
 - realization of power supply/charging systems for electric vehicles at the warehouses and terminal in the city, for 2,502 thousand euros, of which 2,499 thousand euros funded by state resources;
 - extraordinary maintenance works and depot expansions, for 2,404 thousand euros;
 - Upgrade and implementation of new features of the signaling system for the M1 metro line, for 2,344 thousand euros;
 - Renovation of power supply and electric traction systems for the upgrading of the M2 metro line, amounting to 2,226 thousand euros, of which 1,093 thousand euros funded by ministerial resources;
 - modernization and upgrading of IT network and equipment, for 1,196 thousand euros;
 - Lathe in pit for reprofiling wheels Gallarate depot for 652 thousand euros;
 - 2 lathes in pit for Metro depots of Gorgonzola and San Donato, for 520 thousand euros;
 - Railroad spark welder for 750 thousand euro for the company Rail Diagnostics;
 - Railroad vehicle for cleaning tram rails for 415 thousand euros for the company Rail Diagnostics.

During the financial year, assets with an historic cost of 110,252 thousand euros and an accumulated depreciation of 89,528 thousand euros were sold/ disbarred. The capital gains realized during the period amounted to 319 thousand euros, mainly related to the sale of 89 ATM buses and 12 buses owned by the subsidiary CityLink S.r.l., as described under “*Other income*” (Note 31), while losses amounted to 6 thousand euros as described under “*Other operating costs and charges*” (Note 36).

Regarding the disposals of rolling stock by the Group companies for a total of EUR 12,318 thousand, the specific accumulated impairment recorded in previous years for the amount of EUR 12,312 thousand was used. In particular, against the disposal, by the Parent Company, of metro trains no longer used in the transportation service with a net book value of 12,242 thousand euros, the accumulated impairment recorded in previous years was used for an amount of 12,242 thousand euros; Against the disposal by the subsidiary CityLink S.r.l. of buses no longer used for service and recorded the last year among the discontinuous assets, for a net book value of 70 thousand euros, the accumulated impairment for 70 thousand euros was used. The transaction had no impact on the income statement as described under “*Other operating costs and expenses*” (Note 36), since the capital loss of 12,242 thousand euros was recognized and accumulated impairment was used for the same amount.

In addition, the accumulated impairment of “land and building” was used, against the depreciation recorded during the period, in the amount of 26 thousand euros.

The “depreciation” recorded in the income statement is adjusted by the proportion of grants received to cover the investments for the financial year, amounting to a total of EUR 40,554 thousand.

The details of these grants by contributing authorities are as follows:

- 20,962 thousand of euros from the State;
- EUR 11,827 thousand from the Lombardy Region;
- EUR 61 thousand from the Metropolitan City;
- EUR 7,704 thousand from the Municipality of Milan.

The “Property, plant, and equipment” purchased with regional co-financing are constrained by non-disposal restrictions pursuant to Regional Decree 14795/2003 and subsequent amendments and supplements. The details of the restrictions required by the regulation are the following:

- urban buses: 8 years;
- suburban and intercity buses: 10 years;
- trolleybus: 15 years;
- metro trains and trams: 30 years;
- technologies: 7 years;
- infrastructure: 30 years.

For the automotive rolling stock co-financed by the Lombardy Region under the 2009 allocation plan, in accordance with laws n. 296/2006 and no. 133/2008, the restrictions on disposal refer to the entire useful life of the fixed bus, unless otherwise established by the service contracts, as 15 years by specified by Regional Decree No. IX/4619 of December 28, 2012.

The residual net value of the “Property, plant, and equipment” held under lease agreements amounted to 9,939 thousand euros (9,793 thousand euros as of 31 December 2021).

Considering the fact that the properties are valued at *the restated fair value criterion*, in 2022 a leading independent third-party operator was entrusted with the task of carrying out an analysis aimed at providing an update on the performance of the real estate market. The analysis carried out did not show, taking into account the intended use to which the individual properties of the Parent Company ATM S.p.A. belong, the need to make an adjustment to fair value.

In order to verify the correctness of the assessments made during the preparation of the consolidated financial statements as of 31 December 2022, an impairment test was carried out as detailed in Note 5 “*use of estimates - recoverability of the value of Property, Plant and Equipment, Intangible assets and Equity investments*”.

10. Intangible assets

The value of “intangible assets” as of 31 December 2022 amounted to EUR 4,303 thousand, consisting of:

	12.31.2022	12.31.2021
Goodwill	472	472
Software Licenses	3,676	3,615
Intangible assets in progress	155	114
Total	4,303	4,201

The following table shows the movements during the financial year and the previous one.

Intangible assets	Goodwill	Software Licenses	Intangible assets in progress	Total
Historical cost	5,968	12,626	114	18,708
Accumulated amortization	(5,496)	(9,011)	-	(14,507)
Net book value as at 12.31.2021	472	3,615	114	4,201
Historical cost				
<i>Investments and acquisitions of the year</i>	-	-	1,844	1,844
<i>Transfers to finished plant</i>	-	1,805	(1,803)	2
<i>Disposals, sales and reclassifications</i>	-	(188)	-	(188)
Accumulated Amortisation				
<i>Depreciation of the year</i>	-	(1,590)	-	(1,590)
<i>Disposals, sales and reclassifications</i>	-	34	-	34
Historical cost	5,968	14,243	155	20,366
Accumulated amortization	(5,496)	(10,567)	-	(16,063)
Net book value as at 12.31.2022	472	3,676	155	4,303

Intangible assets	Goodwill	Software Licenses	Intangible assets in progress	Total
Historical cost	5,968	11,012	-	16,980
Accumulated amortization	(5,496)	(7,662)	-	(13,158)
Net carrying amount at 12.31.2020	472	3,350	-	3,822
Historical cost				
<i>Investments and acquisitions of the year</i>			1,685	1,685
<i>Transfers to finished plant</i>		1,571	(1,571)	
<i>Disposals, sales and reclassifications</i>		43		43
Accumulated Amortisation				
<i>Depreciation of the year</i>		(1,334)		(1,334)
<i>Disposals, sales and reclassifications</i>		(15)		(15)
Historical cost	5,968	12,626	114	18,708
Accumulated amortization	(5,496)	(9,011)	-	(14,507)
Net book value as at 12.31.2021	472	3,615	114	4,201

The Goodwill recognized for 472 thousand euros refers to the residual difference between the acquisition cost and the current value of identifiable assets and liabilities acquired with reference to Rail diagnostics S.p.A. and has been subject to *impairment testing* – along with tangible assets and other intangible assets – as described in Note 9 above.

The “software licenses” of 3,676 thousand euros relate to the operational management systems owned by the Group.

During the year, investments under “*Intangible assets*” were made for 1,844 thousand euros, relating to software purchase.

11. Rights of use for leased assets

During the year, rights of use for leased assets of EUR 6,977 thousand were recorded.

The following table shows the movement during the year and the previous one.

The increases refer to the rental of 21 new vehicles in benefit and, as regards the buildings, the increases refer to the rental contract of the warehouse in which the maintenance activities on the rolling stock will be carried out by Metro Service A/S. The contract is effective on 1 May 2022 and is assumed to expire on 29 September 2027. The expiration date was assumed in accordance with the expiration date of the Management contracts entered into by the Company and the entrusted entity Metroselskabet I/S.

Rights of use for leased assets	Equipment	Buildings	Vehicles	IT equipment	Other assets	Total
Historical cost	332	4,959	7,044	862	611	13,808
Accumulated amortisazion	(220)	(1,475)	(3,522)	(222)	(591)	(6,031)
Net book value as at 12.31.2021	112	3,484	3,522	640	20	7,778
Historical cost						
<i>Rights of use acquired during the year</i>	94	618	534	-	462	1,708
Accumulated Amortisazion						
<i>Amortisazion of the year</i>	(89)	(695)	(1,402)	(95)	(228)	(2,510)
Historical cost	426	5,578	7,578	862	1,074	15,518
Accumulated Amortisazion	(309)	(2,171)	(4,924)	(317)	(820)	(8,541)
Net book value as at 12.31.2022	117	3,407	2,654	545	254	6,977

Rights of use for leased assets	Equipment	Buildings	Vehicles	IT equipment	Other assets	Total
Historical cost	332	1,379	6,645	813	535	9,704
Accumulated amortisazion	(146)	(863)	(2,153)	(128)	(508)	(3,798)
Net book value as at 12.31.2020	186	516	4,492	685	27	5,906
Historical cost						
<i>Rights of use acquired during the year</i>		3,580	399	50	76	4,105
Accumulated Amortisazion						
<i>Amortisazion of the year</i>	(73)	(613)	(1,369)	(94)	(82)	(2,231)
Historical cost	332	4,959	7,044	862	611	13,808
Accumulated Amortisazion	(220)	(1,475)	(3,522)	(222)	(591)	(6,031)
Net book value as at 12.31.2021	112	3,484	3,522	640	20	7,778

12. Investments

The amount of EUR 49,994 thousand relates to the following holdings:

	12.31.2022	12.31.2021
Related companies	44,196	29,894
SBE consortium	48	48
Full Green Consortium	150	150

CO.MO Fun&Bus s.c.a.r.l		4	4
Metro 5 S.p.A.		40,337	26,168
Movibus S.r.l.		3,657	3,524
Other companies		5,798	4,836
SPV M4 S.p.A. line		5,798	4,836
Total		49,994	34,730

The following is a list of the Group's equity investments and their variations, with the effects of the valuation with Equity method regarding Movibus S.r.l., Metro 5 S.p.A. and SPV Line M4 S.p.A.

	12.31.2021	Valuation at equity	Effect on income statement	Adjustment of participation in the separate	Effect at PN	12.31.2022
SBE consortium	48	-	-	-	-	48
Full Green Consortium	150	-	-	-	-	150
Co.mo. Fun&Bus S.C.A.R.L	4	-	-	-	-	4
Metro 5 S.p.A.	26,168	14,169	4,483		9,686	40,337
Movibus S.r.l.	3,524		98	35	-	3,657
Other companies						
SPV M4 S.p.A. line	4,836	962	17		945	5,798
Total	34,730	15,264	4,598	35	10,631	49,994

The portion of 2022 adjustment of the carrying value of the investments recognized in the consolidated statement of Comprehensive Income was positive and amounted to 10,631 thousand euros, while the portion recognized in the income statement was positive and equal to 4,633 thousand euros, before tax effects.

The recoverability of the carrying value of the investments – in particular for Metro 5 S.p.A. and SPV Line M4 S.p.A. – was subject to *impairment testing* as part of the *cash generating unit* relating to the TPL and the complementary activities, as described in Note 9 “*Property, Plants and Equipment*” to which reference should be made.

Regarding the information relating to the subsidiaries, whose financial statements refer to the last available financial statements prepared in accordance with Italian accounting standards, please refer to the information contained in Note 10 of the Notes to the separate financial statements of ATM S.p.A.

13. Non-current financial assets

	12.31.2022	12.31.2021
Loans and receivables	51,177	43,828
Metro 5 S.p.A.	1,944	10,864
SPV M4 S.p.A. line	9,803	10,705
Coop S.E.D. ATM/S.C.C.C.T.I.	908	1,006
Financial receivables from third parties	38,522	21,253
Total	51,177	43,828

The “loans and receivables” as of 31 December 2022 are as follows:

- Subordinated shareholders’ loan for 1,944 thousand euros granted to Metro 5 S.p.A., of which 1,988 thousand euros in principal, 52 thousand euros in interest and 96 thousand euros of cumulative negative effect linked to the measurement at *fair value*. On April 29, 2022, M5 S.p.A. repaid the loan for 5,418 thousand euros in principal and in interest and on July 31, 2022, another tranche of the loan was repaid for a total of 3,211 thousand euros including the interest accrued through 31 July 2022. In 2022, the accrued interest was 314 thousand euros and the effect related to *fair value measurement* was negative and equal to 605 thousand euros;
- Subordinated shareholders’ loan for 9,803 thousand euros, paid to SPV line M4 S.p.A., of which 8,820 thousand euros in principal, 2,095 thousand euros in interest and 1,112 thousand euros of cumulative negative effect linked to the measurement at *fair value*. In 2022, the interest accrued amounted to 551 thousand euros and the effect of the *fair value measurement* was negative and equal to 1,453 thousand euros. Interest on the subordinated loan will be collected, as contractually agreed, in accordance with the economic and financial plan approved in September 2019;
- Loan for 908 thousand euros granted to the SED-ATM and SCCATI building cooperatives for the realization of social housing projects, of which 1,032 thousand euros in capital and 124 thousand euros of cumulative negative effect linked to the measurement at *fair value*. In the financial year 2022, loans were repaid in the amount of 100 thousand euros, while the effect of the *fair value measurement* was positive and equal to 2 thousand euros;
- advances paid to suppliers for works of 38,522 thousand paid under art. 35 Law Decree 50/2016. The increase is almost entirely linked to the advance payment to Siemens Mobility GmbH, Siemens Mobility S.r.l. and Generale Costruzioni Ferrovie S.p.A. for a total of 15,550 thousand euros under the contract for the implementation of the new M2 signaling system.

The following are the movements of the year:

	12.31.2021	Reimbursement	Payments	Accrued interest	IFRS 9	12.31.2022
Metro 5 S.p.A.	10,864	(8,629)	-	314	(605)	1,944
SPV M4 S.p.A. line	10,705	-	-	551	(1,453)	9,803
Coop S.E.D. ATM/S.C.C.C.T.I.	1,006	(100)	-	-	2	908
Third parties	21,253	(1,574)	18,843	-	-	38,522
Total	43,828	(10,303)	18,843	865	(2,056)	51,177

The effects, before tax effect, related to *the impairment test of “non-current financial assets”* are shown below.

	Equity as at 01.01.2022	Economic result 2022	Total
Metro 5 S.p.A.	509	(605)	(96)
SPV M4 S.p.A. line	341	(1,453)	(1,112)
Coop S.E.D. ATM/S.C.C.C.T.I.	(126)	2	(124)
Total	724	(2,056)	(1,332)

	Equity as at 01.01.2021	Economic result 2021	Total
Metro 5 S.p.A.	(114)	622	509
SPV M4 S.p.A. line	760	(419)	341
Coop S.E.D. ATM/S.C.C.C.T.I.	(147)	21	(126)
Total	499	224	724

14. Deferred Tax assets

	12.31.2022	12.31.2021
Deferred Tax assets	45,702	52,500
Total	45,702	52,500

Deferred tax assets of EUR 45,702 thousand are calculated in relation to the amount of temporary differences with reference to tax provisions. As explained and justified in the Management Report in the course of the financial year 2022, deferred tax assets related to provisions allocated in previous financial years totaling 2,074 thousand euros were used.

The nature of the temporary differences which generated the deferred tax assets is summarized below:

	Deferred Tax assets to 12.31.2021	Recorded to Income statement	Recorded to Statement of financial position	Deferred tax assets to 12.31.2022
Provisions for risks	47,145	(2,074)	-	45,071
Employee termination indemnities valuation	4,722	(66)	(3,316)	1,340
Financial assets at fair value	(384)	158	(1,200)	(1,425)
Plants and equipment	1,017	(301)	-	716
Total	52,500	(2,282)	(4,516)	45,702

The value of IRES tax losses of ATM S.p.A. resulting from the last declaration submitted, tax year 2021, is equal to 864,382 thousand euros fully deductible and 44,866 thousand euros deductible to a limited extent.

Even considering the taxes for 2022, the value of the losses carried forward for the tax year 2022 does not change, as the losses recognized flow into the consolidated financial statements based on the existing Group contractual agreements.

15. Other receivables and non-current assets

As of 31 December 2022, no receivables due beyond 12 months were recorded.

16. Inventories

The balance of “Inventories” as of 31 December 2022 is as follows:

	12.31.2022	12.31.2021
Consumable maintenance materials	125,490	125,339
Diesel	846	769
Other materials	852	869
Total Inventory	127,188	126,977
Inventory obsolescence provision	(29,718)	(29,626)
Total Net Inventory	97,470	97,351
Advances	1,657	1,271
Total	99,127	98,622

Inventories, before “*advances*” and “*inventory obsolescence provision*”, are substantially in line with the value as of December 31, 2021 and the increase is equal to 211 thousand euros. Regarding the change in inventories, the Parent Company ATM S.p.A. carried out a project of reduction and optimization of inventories, which involves the disposal of obsolete maintenance materials whose alienation has been compensated by the use of the provision for the depreciation of inventories, while the subsidiary Metro Service A/S has increased its stocks in line with the arrival of 8 new trains and the start of the operation of the four metro lines.

As a result of the reconnaissance of the assets present in the warehouse, 3,041 thousand euros of obsolete assets were sold and, consequently, the “*Inventory obsolescence provision*”, established in previous years for this purpose, was used for the same amount. Moreover, as of 31 December 2022, in order to adjust the value of the provision to the varying consistency of inventories, a provision of EUR 3,133 thousand was made, taking into account, on the one hand, the assets with a low turnover rate and on the other hand, the results of the analysis carried out to evaluate the obsolescence of the inventories to be disposed, with reference mainly to the vehicles for which the disposal from the service is assumed and in coherence with the maintenance requirements.

Below are reported the movements in the “*Inventory obsolescence provision*”.

	12.31.2021	Additions	Disposals	12.31.2022
Inventory obsolescence provision	29,626	3,133	(3,041)	29,718
Total	29,626	3,133	(3,041)	29,718

The provision for “*Inventory obsolescence provision/ (Allowance for Inventory Impairment)*” is included in the income statement under “*Purchase cost of goods and changes in inventories*” (Note 32).

17. Current financial assets

	12.31.2022	12.31.2021
Current financial assets	159,240	214,912
Total	159,240	214,912

Current financial assets as of 31 December 2022 are as follows:

- “Held to collect & Sell” government securities classified as FVTOCI for 6,792 thousand euros whose changes in *fair value* continue to be recognized with a contra-entry to the equity reserve (recognized in the OCI) until they are realized or reclassified;
- “Held to Collect & Sell” corporate bonds “classified as FVTOCI for 46,452 thousand euros whose changes in *fair value* continue to be recognized with a contra-entry to the equity reserve (recognized in the OCI) until they are realized or reclassified;
- “Other” corporate bonds classified as FVTPL for 12,605 thousand euros whose changes in *fair value* are recognized in the income statement and contribute to the formation of the economic result of the year;
- “Other” shares of OICR classified as FVTPL for 93,391 thousand euros whose changes in *fair value* are recognized in the income statement and contribute to the formation of the economic result of the year.

The net change from 31 December 2022 is attributable to the movements of the portfolio of invested assets and to the management of the portfolio. The analysis of portfolio movements is presented in the Cash Flow Statement to which reference is made.

18. Current tax assets

	12.31.2022	12.31.2021
Receivables for withholding tax	14,735	16,507
Receivables for advanced taxes (IRAP)	1,640	2,345
Total	16,375	18,852

The “Receivables for *withholding taxes*”, equal to 14,735 thousand euros, refers to receivables for withholding taxes incurred by ATM S.p.A. and the subsidiaries participating in the consolidation.

The “Receivables for *advanced taxes (IRAP)*” amounting to EUR 1,640 thousand relate to the amount of advances paid in excess of the tax accruing in previous years.

19. Trade receivables

The item “Trade Receivables” as of 31 December 2022 has a balance of 229,505 thousand euro composed as follows:

	12.31.2022	12.31.2021
Receivables from third parties	69,801	61,099
Receivables from related parties	159,704	129,801
Receivables from parent	152,376	124,852
Receivables from associates	2,180	1,861
Receivables from subsidiaries of the parent	5,148	3,088
Total	229,505	190,900

The “Receivables from third parties” refer mainly to receivables from Italian and European Union entities and to services provided for advertising, sponsorships and rental of the commercial premises in the metro stations. The increase of 8,702 thousand euros refers to the higher trade receivables from the Danish subsidiary Metro Service A/S, partly offset by lower receivables from IVOL and IVOP transfers to Trenord S.r.l.

The receivables are recognized net of the specific allowance for doubtful accounts, which as of 31 December 2022 amounted to 12,874 thousand euros (12,114 thousand euros at 31 December 2021), established to specifically cover receivables from doubtful accounts and receivables for which legal action is currently being taken.

The movement of the Allowance for doubtful accounts is as follows:

	12.31.2021	Accruals	Uses	Releases	12.31.2022
Allowance for doubtful accounts	12,874	224	(828)	(156)	12,114
Total	12,874	224	(828)	(156)	12,114

During the financial year, the provision of EUR 828 thousand was use, adjusted by EUR 224 thousand and released by EUR 156 thousand euros in response to new and more complete information regarding the status of disputes with some creditors, with these amounts being recorded under “Other operating costs and expenses” (Note 36).

“Receivables from related parties” include:

- “Receivables from parent company” for 124,852 thousand euros (152,376 thousand euros at 31 December 2021) net of the specific allowance for doubtful accounts, which as of 31 December 2022 amounted to 414 thousand euros. This item refers to receivables from the Municipality of Milan, mainly for invoices issued for the consideration of the Local Public Transport Service Contract (TPL) of December 2022 (53,236 thousand euro), and withholdings under the aforementioned contract amounting to 5% of the consideration for the months of May and June 2022 (totaling 5,603 thousand euro) and for the invoices to be issued in the same case from July to December 2022 (16,811 thousand euro). In addition, receivables, equal to 27,794 thousand euros, are included, for the increased routes exercised in 2022 by the company in response to requests from the Municipality of Milan, equal to 7,250 thousand euros, for invoices to be issued for additional services that the Parent Company carried out at the request of the entrusted entity of the Milan Municipality, in order to guarantee the same service offer in view of the reduction in the capacity of the means during the COVID emergency – 19. These services have been funded by specific regulatory measures of the Italian Government to cover the costs, as described in the chapter “the ATM Group and the COVID emergency - 19” of the financial report 2021 and 5,165 thousand euros

relating to sanitation services carried out in 2022 and 2021. Finally, there are invoices issued and to be issued related to work carried out on metro and tram infrastructure, higher commissions within the sales network and, miscellaneous services including the implementation of the traffic control system, for a total amount of EUR 69,537 thousand.

As of the date of preparation of this financial report, the amount of 53,236 thousand euros had been collected from the Municipality of Milan in respect of the TPL Service Contract consideration for December 2022.

The movements of the Allowance for doubtful accounts are shown below:

	12.31.2021	Increases	Uses	Releases	12.31.2022
Allowance for doubtful accounts vs. parent	2,918	74	(238)	(2,340)	414
Total	2,918	74	(238)	(2,340)	414

During the financial year, the provision was used for 238 thousand euros, adjusted for 74 thousand euros and released for 2,340 thousand euros in response to new and more precise information on some specific positions, with these amounts being recorded under “*Other operating costs and expenses*” (Note 36).

- “*Receivables from associates*” for 2,180 thousand euros (1,861 thousand euros as of 31 December 2021), related to services and services rendered under existing contracts. The balance is composed as follows:

	12.31.2022	12.31.2021
Co. Mo. Fun&Bus s.c.a.r.l	278	330
Metro 5 S.p.A.	1,878	1,516
Movibus S.r.l.	31	25
Total	2,187	1,871
Allowance for doubtful accounts	(7)	(10)
Total	2,180	1,861

Receivables mainly refer to services and services rendered under existing contracts. The receivables from Metro 5 S.p.A. have been increased due to the increase in the service contract fee.

During the financial year, the item “*Allowance for doubtful accounts to associates*” was adjusted. The movements of the year are shown below:

	12.31.2021	Increases	Releases	12.31.2022
Allowance for doubtful accounts vs. associates	10	2	(5)	7
Total	10	2	(5)	7

The provision of 2 thousand euros and the release of 5 thousand euros are recorded under “*Other operating costs and expenses*” (Note 36).

- “*Receivables from subsidiaries of parent*”, amounting to 5,148 thousand euros (3,088 thousand euros as of 31 December 2021). Receivables refer to services and services rendered under existing

contracts. The increase compared to 31 December 2021 is due to the charge back to SPV M4 S.p.A., of the costs of maintaining the line following the postponement of the opening of the M4 metro line to the public on 26 November 2022, and the portion of the service contract consideration for the period 26 November - 31 December 2022. The value is expressed net of the specific Allowance for doubtful accounts, which as of 31 December 2022 amounted to 6 thousand euros. During the financial year, the “Allowance for doubtful accounts from subsidiaries of the parent” was adjusted by setting aside the amount of EUR 2 thousand with the recognition of this amount under “Other operating costs and expenses” (Note 36).

	12.31.2021	Accruals	12.31.2022
Allowance for doubtful accounts vs. parent	4	2	6
Total	4	2	6

20. Other receivables and current assets

The item “Other receivables and current assets” as of December 31, 2022, shows a balance of 111,244 thousand euros net of the allowance for doubtful accounts, which as of December 31, 2022, was equal to 1,463 thousand euros.

	12.31.2022	12.31.2021
Grants	104,057	20,401
Other tax credits	2,842	1,221
Prepayments	2,805	2,910
Other receivables	1,540	7,061
Total	111,244	31,593

The most significant change compared to 31 December 2021, relates to the item “Receivables for grants”, which shows an increase of 83,656 thousand euros due to both higher receivables for regional and municipal grants on account of plants and to the receivable related to the grant for the “transportation bonus”, established by Decree-Law no. 50 of May 17, 2022 and converted with amendments into Law no. 91 of 15 July 2022. This initiative led to the recognition of a bonus set up to provide support for the mobility of students, workers and pensioners in the amount of up to EUR 60, for the purchase of annual or monthly subscriptions to public transport and concerning all persons with an annual income of less than 35,000 euro.

As of 31 December 2022, the CCDL grants for the financial year 2022 were almost fully collected.

The following is a detail of the item “Receivables from grants”:

- EUR 18,554 thousand (EUR 19,404 thousand as of 31 December 2021) concerning the grants required for investments to be granted by public bodies. The contributions recorded refer to 14,005 thousand euro to receivables related to investments funded by the State (5,276 thousand euro for rolling stock, 5,005 thousand euro for infrastructure and 3,724 thousand euro for safety projects), EUR 2,895 thousand receivables funded by the Lombardy Region (of which EUR 1,902 thousand for the purchase of buses and EUR 993 thousand for on-board bus safety systems) and EUR 1,654 thousand in receivables funded by the municipality (of which 1,622 thousand euro for the purchase of buses and 32 thousand euro for *the bike sharing project*);

- EUR 79,617 thousand relating to grants resolved by the institutions and recorded on an accrual basis, of which EUR 67,266 thousand for the purchase of rolling stock, EUR 11,132 thousand for recharging facilities and EUR 1,219 thousand for infrastructure;
- EUR 763 thousand (EUR 997 thousand as of December 31, 2021) concerning contributions resolved by the institutions and related mainly to free movement cards issued to eligible persons (EUR 426 thousand) and to contributions provided and disbursed pursuant to Decree Law 267/2020 (EUR 331 thousand);
- 5,123 thousand euro referring to contributions received in relation to the transportation bonus. As of the date of the preparation of this document, the receivable has been fully collected.

The “Other tax receivables” refer to the tax receivables on the purchase of electricity recognized to non-energy-consuming companies for EUR 2,472 thousand, as described in the section “Main regulatory measures for the local public transport sector”, for 100 thousand to the receivable for diesel excise taxes yet to be collected related to the fourth quarter of 2022, and for 270 thousand euro to tax receivables provided for in art. 1 paragraphs from 184 to 194 of Law 160 of 27 December 2019.

The “prepayments” refer to insurance premiums and maintenance services for the following financial year, whose financial presentation took place in 2022.

The “Other receivables” refer to advances paid to staff in accidents on behalf of INAIL, to receivables from employees for subscriptions issued to family members and to securities paid to different institutions. The decrease compared to 2021 of 5,521 thousand euro is mainly related to the receivable from INPS related to the reimbursement of 4,678 thousand euro for sickness provisions, which had been recorded in 2021 and had been compensated in January 2022, and to the receivable accrued in 2021 (related to the period from 16 December to 31 December) for Telepass passes in Area C, settled in 2022 for 573 thousand euros.

In the course of the year, for doubtful receivables of EUR 1,463 thousand, the amount of EUR 483 thousand was set aside in the specific Allowance for doubtful accounts, with a balancing entry in the income statement under “Other operating costs and expenses” (Note 36).

21. Cash and cash equivalents

	12.31.2022	12.31.2021
Cash and cash equivalents	182,196	114,146
Total	182,196	114,146

The balance includes current account balances, cash funds, prepaid corporate credit card balances, as well as endowments to the tellers, and issuer’s endowments.

All accounts are denominated in euro, with the exception of the current account in Danish crown held by the subsidiary Metro Service A/S for a value of EUR 23,157 thousand as of December 31, 2022 (EUR 14,347 thousand as of December 31, 2021).

The item “Cash and cash equivalent” is recorded net of the relevant provision for loss coverage totaling 299 thousand euros. In 2022, the provision was set aside for 30 thousand euros.

It should be noted that during 2022, short-term liquidity (“hot money”) was repaid for 15 million euros. As of December 31, 2022, the hot money shows a balance of 35 million euros.

22. Discontinuous operations

During the financial year, following the acceptance of a purchase proposal, the presumed sale value of the land and the depot located in via Pompei in Monza and owned by Net S.r.l. was reclassified for the value of 3,200 thousand euros.

23. Equity

The “share capital” amounts to 700,000 thousand euro and consists of n. 70.000.000 ordinary shares with a nominal value of 10 euro each. It is fully subscribed and paid and there were no changes occurred during the financial year and the previous year. The Municipality of Milan is the sole shareholder of the Parent Company ATM S.p.A.

Changes in the items constituting *Shareholders’ Equity* are shown in the “Statement of changes in Equity” contained in the section of the schemes to which reference is made.

The item “Other reserves” includes the “Actuarial gains/(losses) reserve for defined benefit plans” which includes the effects of recording the defined benefit plan gains/(losses) net of the relative tax effect under “Other Comprehensive Income”.

The changes indicated in the Consolidated statement of other components of Comprehensive income are detailed and described in the “Statement of changes in Equity”.

The portion of the first-time adoption reserve that has become available is 131,603 thousand euros.

The following table shows the reconciliation of the consolidated equity and the parent company:

	Capital and reserves as at 12.31.2021	Result as at 12.31.2022	Variation of OCI components	IFRS 9 impacts	Dividend distribution	Other movements	Capital and reserves as at 12.31.2022
ATM S.p.A. Equity	1,087,177	256	3,880	50			1,091,363
Investment elimination	(29,937)						(29,937)
IAS 19 Reserve	(335)						(335)
Equity of consolidated companies	123,389	20,381	270				144,041
Translation reserve	1					5	6
Dividends	(62,079)	(9,839)			(1,715)		(73,633)
Equity valuation of associated companies	15,822	4,544	10,501				30,867
Consolidation adjustments	14,771	202					14,973
Total equity	1,148,809	15,544	14,651	50	(1,715)	5	1,177,344
Group equity	1,130,414	10,279	14,651	50		5	1,155,399
Equity of third parties (Minority)	18,395	5,265			(1,715)		21,945

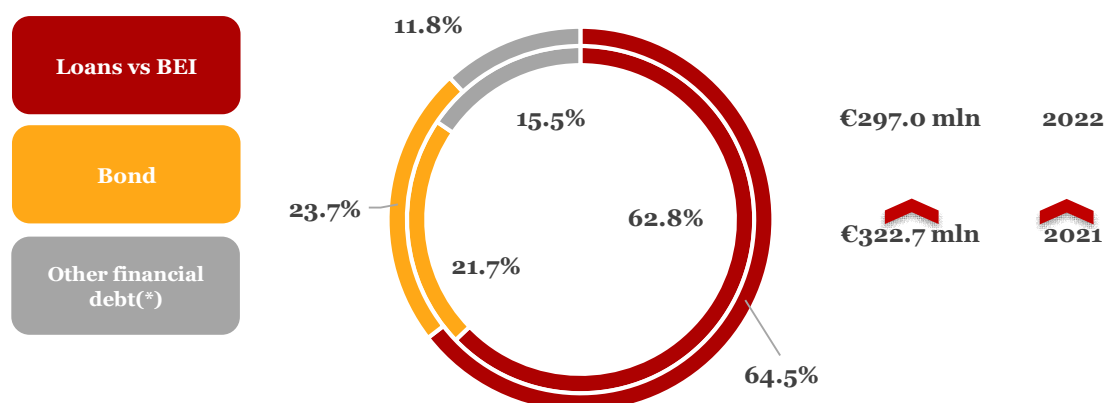
24. Non-current and current financial liabilities

	12.31.2022	12.31.2021
Non-current financial liabilities	254,609	266,867
Current financial liabilities	50,051	64,093
Total	304,660	330,960

The breakdown of financial liabilities by nature and by maturity is as follows:

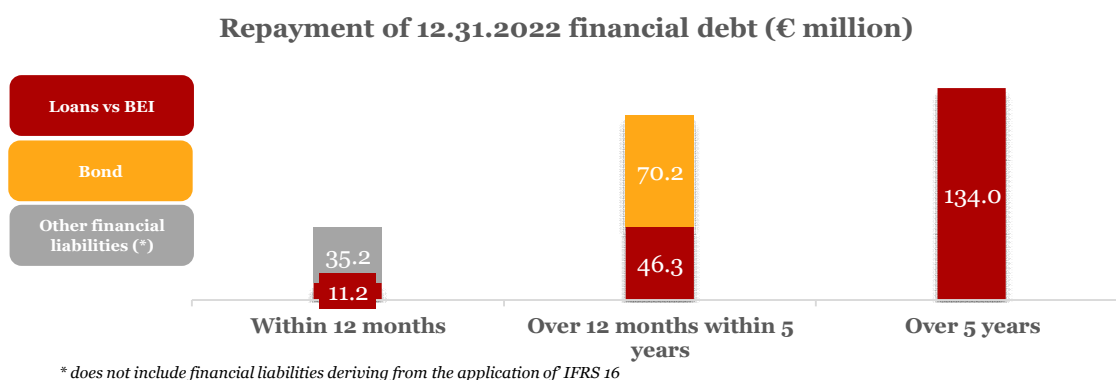
Financing	Within 12 months	Between 1 year and 5 years	Over 5 years	Total
<i>BEI Mortgage</i>	11,212	46,349	134,002	191,563
<i>Bond</i>		69,723		69,723
<i>Hot money</i>	35,000			35,000
Total financing	46,212	116,072	134,002	296,286
Interest rates				
<i>Bond</i>	525			525
<i>Hot money</i>	159			159
Total interest rates	685			685
Payables for Leasing Liabilities IFRS 16	3,154	4,535		7,689
TOTAL	50,051	120,607	134,002	304,660

Breakdown of financial debt (2022 vs 2021)



P.N.: The comparative pie chart shows, respectively, 2022 data externally and 2021 data internally.

* does not include financial liabilities deriving from the application of IFRS 16



The amount of EUR 304,660 thousand refers to:

- 191,563 thousand euros (of which 11,212 thousand euros are current and 180,352 thousand euros are not current) to accruals, net of repayments, under the loan agreement of a total of EUR 250,000 thousand signed with the European Investment Bank for the financing of the new M1 and M2 metro trains. The loan agreement places on the Company the obligation to comply with certain equity and financial parameters. As of 31 December 2022, as in previous financial years, *the covenants* contractually established by the loan agreement have been met. The debt is fully due on 30 June 2038 and is therefore recorded mainly under “*Non-current financial liabilities*”;
- EUR 70,248 thousand to the bond loan placed on 8 August 2017 by the Company (of which EUR 69,723 thousand relating to the principal amount of the bond loan and EUR 525 thousand relating to interest accrued in the period that will be paid on the maturity date), unsecured by collateral and intended only for qualified investors with a total nominal value of 70 million euros. The bonds expire on 8 August 2024 and the interest is calculated at the fixed annual rate of 1.875 %. The stock is listed on the Dublin Stock Exchange (ISIN code XS1653969953). On January 27, 2023, the international agency Fitch ratings confirmed the ATM’s long-term rating at “BBB” (Long term Issuer Default Rating) with a stable outlook, “F2” for the short term and “a-” as a single rating on the company. The bond is valued at amortized cost, which therefore has taken into account the expenses incurred and the release discounts. The actual and fixed interest rate for the entire duration of the loan is considered representative of the market conditions as of 31 December 2022. At the end of the financial year, the Company has the necessary financial resources for the full repayment of the loan as can be seen from the balance of the Cash and cash equivalents and securities;
- 35,159 thousand for the drawing of a short-term “hot money” line, including interest of 159 thousand euro;
- 7,689 thousand euro to *the value of the lease liability* recorded following the entry into force of IFRS 16 *leases from 2019* (of which 3,154 thousand euro due within 12 months and 4,535 thousand euros due beyond 12 months). During the financial year, the item moved as a result of the recording of new contracts for 1,708 thousand euros, the recognition of the interest involved for 157 thousand euros and the payment of fees in the amount of 2,397 thousand euros. As described, the increase is linked to the lease contract of the new Metro Service a/S depot, which resulted in a lease liability of EUR 557 thousand.

With regard to the loan provided by the European Investment Bank (EIB), the Group has subscribed loans totaling EUR 250,000 thousand, of which EUR 235,367 thousand at a fixed rate.

The details of EIB disbursements are as follows:

	Drawdown date	Currency	Initial amount of debt	Amount of repayable debt as at 12/31/2022	Interest rate as at 12/31/2022	Expiration
Dispensing 1	11/29/2013	EUR.	14,633	10,549	1.102% (*)	06/30/2038
Dispensing 2	11/28/2014	EUR.	40,000	30,491	1.99%	06/30/2038
Dispensing 3	04/23/2015	EUR.	55,367	41,047	0.96%	06/30/2038
Dispensing 4	13/15/2017	EUR.	70,000	54,786	1.45%	06/30/2038
Dispensing 5	01/31/2018	EUR.	40,000	31,252	1.37%	06/30/2038
Dispensing 6	01/31/2018	EUR.	30,000	23,439	1.37%	06/30/2038
Totals			250,000	191,564		

(*) withdraws indexed at variable interest rate

The disbursements are recorded at the amortized cost represented by the nominal value as there are no contractual transaction costs, and the actual interest rate for each disbursement, fixed for the entire duration of the loan, was considered to be representative of the market conditions as of 31 December 2022. Similarly, the variable rate tranche was recognized at the nominal value, as with reference to forward interest rates, the rate is considered representative of market conditions in the medium term.

25. Employee benefits

The defined benefit plans are calculated by estimating, using actuarial techniques, the amount of future benefit that employees have accrued in the current period and in previous years. The calculation is carried out by an independent actuary using *the "projected Unit Credit method"*. For the purposes of the calculation, the interest or discount rate used was taken from the listing as of 31 December of each year of the iBoxx Corporate EUR benchmark index with a duration of 7-10 and AA rating.

	12.31.2022	12.31.2021
Employee termination indemnities (TFR)	89,351	113,579
Total	89,351	113,579

The Employee termination indemnities (TFR), governed by art. 2120 of the Civil Code, includes the estimated obligation relating to the amount payable to employees upon termination of employment relationship. The indemnity, paid in the form of capital, is equal to the sum of accruals calculated on the salary items paid depending on the employment relationship and revalued up to the time of termination of the employment relationship. As a result of the legislative changes introduced as from 1 January 2007, for enterprises with more than 50 employees, the accruing termination indemnity is classified as a defined contribution plan, since the enterprise's obligation is exclusively the payment of contributions to pension funds, or to the INPS. The liability related to the termination indemnity prior to 1 January 2007 represents a defined benefit plan to be valued according to actuarial techniques. The Employee Termination Indemnity is part of the *"unfunded"* defined benefit plans and therefore there are no assets to serve the plan.

For the TFR, the following changes occurred during the year:

	Variation
Opening balance	113,579
Service cost	106
Interest cost	1,498
Actuarial (gains)/ losses	(13,817)
Benefits paid	(12,015)
Closing balance	89,351

The amount of the Employee termination indemnities (TFR) calculated according to the provisions of Article 2120 of the Civil Code is equal to 95,001 thousand euros.

The actuarial loss for the period, equal to 13,817 thousand euro, was recognized under the other components statement of Comprehensive Income by adjusting the balance of the Employee Termination Indemnities with a contra-entry in an equity reserve and is composed as follows:

	Variation
Actuarial (earnings)/ losses due to experience	5,769
Actuarial (earnings)/ losses due to changes in financial assumptions	(19,586)
Closing balance	(13,817)

The effect is mainly due to the change in discount rates, from 0.44% on 31 December 2021 to 3.63% on 31 December 2022.

With reference to the Employee termination indemnities (TFR), the actuary evaluations were carried out based on the economic-financial and demographic assumptions summarized in the tables below:

12.31.2022	ATM S.p.A. 12.31.2022	GESAM S.r.l. 12.31.2022	Net S.r.l. 12.31.2022	Rail Diagnostics S.p.A. 12.31.2022
<i>Mortality rate</i>	IPS55 tables	IPS55 tables	IPS55 tables	IPS55 tables
<i>Invalidity rates</i>	INPS-2000 tables	INPS-2000 tables	INPS-2000 tables	INPS-2000 tables
<i>Employee turnover rate</i>	5.81%	4.08%	4.53%	6.90%
<i>Discount rate*</i>	3.63%	3.63%	3.63%	3.63%
<i>Salary Increase rate</i>	1.50%	1.50%	1.50%	1.50%
<i>Rate of advances</i>	0.64%	5.07%	2.99%	0.90%
<i>Inflation rate</i>	2.30%	2.30%	2.30%	2.30%

*Listing on 31/12/2022 of the iBoxx Corporate EUR benchmark index with duration 7-10 and AA rating

The sensitivity analysis on the discount rate represents the change in the value of the actuarial liability obtained from the year-end valuation data, by varying the discount rate, subject to the other assumptions:

	Variation
Turnover rate +1%	89,656,479

Turnover rate -1%	89,017,952
Inflation rate +025%	90,266,764
Inflation rate -0.25%	88,442,960
With discount rate +0.25%	87,928,348
With discount rate -0.25%	90,806,844

26. Provisions for risks and charges

	12.31.2022	12.31.2021
Provision for disputes and environmental risks	68,163	61,130
Provision for damages/claims settlements	16,912	17,182
Other provisions	13,880	12,476
Total	98,955	90,788

The most important items contributing to the formation of the balance are:

- From the “*Provision for disputes and environmental risks*” for 68,163 thousand euro, referred to the Contingent liabilities for suppliers, customers, third parties, workers, related parties and the environment, deriving from the ordinary business management, whose occurrence is considered probable.

During the year, the provision’s balance was updated on the basis of the expected effects of the ongoing disputes and the outcome of the completed disputes and based on the revision of estimates, resulting in provisions of 9,523 thousand euro, uses of 773 thousand euro and releases of 1,717 thousand euro, as specified below.

Provisions for 9,523 thousand euro were made in 2022, of which:

- 8,958 thousand euro relating to disputes with personnel and, in particular, the dispute relating to the recognition of specific payment parameters during the vacation period;
- 285 thousand euro relating to disputes with some suppliers;
- EUR 200 thousand related to the settlement of penalties and adjustments for less journeys relating to service contracts for the year 2022 of the subsidiary NET S.r.l.;
- EUR 80 thousand for the ongoing dispute with Caronte, which was extensively disclosed in the Management Report in the “*Main outstanding disputes*” section.

The movements in the use of the provision for 773 thousand euro refer to:

- EUR 386 thousand to the use related to the settlement of disputes with personnel;
- EUR 329 thousand to use for specific maintenance operations carried out at some company sites and plants;
- EUR 39 thousand to the use for the settlement of penalties and mileage adjustments related to the service contract of the subsidiary NET S.r.l and the 2019 inflation adjustment;
- EUR 19 thousand to the use related to a dispute with a supplier.

Moreover, as a result of the revised estimates due to events during the year and in view of new and more complete information than that available at the time the original estimates were made, the provision was released for 1,717 thousand. In fact, in view of new and more complete and up-

to-date information, the provision for environmental disputes and risks was released for EUR 1,180 thousand and the provision for disputes with personnel for EUR 408 thousand, In addition, following the settlement by the subsidiary NET S.r.l. of the service contract consideration for the year 2019 with the Bacino Agency, the provision was released for 61 thousand euros, finally, in view of the settlement of some disputes with suppliers, the provision was released for 68 thousand euros.

- The “Provision for claims settlement” for 16,912 thousand euro, whose value is commensurate with the estimated compensation to be settled in the coming years for damages/accidents related to the circulation of the scheduled cars, limited to the risk range not covered by the insurance policies stipulated with the various companies. The evaluation of non-performing claims was carried out through the examination of the individual practices as of 31 December 2022.
- “Other provisions”: The item refers mainly to the “Provision for restoration costs” and is attributable to the costs that Metro Service A/S will have to bear, as required by the Service Contract stipulated with the Municipality of Copenhagen, to return to their state of use the assets received at the start of metro line management. The provision has been revised against the contractual forecasts.

The provisions include the best estimates of legal expenses related to the disputes.

The following table shows the changes in the provisions for risks and charges:

	12.31.2021	Increases	Uses	Releases	12.31.2022
Provision for disputes	61,130	9,523	(773)	(1,717)	68,163
Provision for damages/claims settlements	17,182	1,412	(1,632)	(50)	16,912
Other provisions	12,476	1,405	(1)		13,880
Total	90,788	12,340	(2,406)	(1,767)	98,955

For considerations on the estimation processes underlying the valuation of disputes and contingent liabilities, reference should be made to Note 5 "Use of estimates".

27. Deferred tax Liabilities

	12.31.2022	12.31.2021
Deferred tax liabilities	49,744	50,721
Total	49,744	50,721

The nature of the temporary differences which generated deferred taxes is summarized below:

	Deferred tax Liabilities as at 12.31.2021	Recognized in Income statement	Recognized in Equity	Deferred tax Liabilities as at 12.31.2022
Land and buildings - IAS 16	44,128	(341)	-	43,787
Fair value rolling stock and financial leases	6,164	(470)	-	5,694
Financial assets at fair value	237	(344)	-	(104)

Investments	192	51	130	373
Total	50,721	(1,104)	130	49,744

28. Current income tax liabilities

	12.31.2022	12.31.2021
IRAP	29	9
Income taxes Metro Service A/S	979	1,004
Total	1,008	1,013

The item refers to the current tax payables for IRAP of the Italian subsidiary Rail Diagnostics S.p.A. for 29 thousand euro and to the current tax payables of the Danish subsidiary Metro Service A/S. for 979 thousand euro.

The Italian companies do not record taxes for IRES purposes.

29. Trade payables

	12.31.2022	12.31.2021
Payables – third parties	239,804	186,774
Payables to related parties	49,991	43,514
<i>Payables to parent company</i>	47,274	40,612
<i>Payables to associates</i>	1,060	1,839
<i>Payables to subsidiaries of the parent companies</i>	1,657	1,063
Total	289,795	230,288

The amount of Euro 239,804 thousand for “*payables-third-parties*” (Euro 186,774 thousand at December 31, 2021) includes payables for unsettled invoices and payables for invoices to be received for the purchase of capitalized materials, services and goods, mainly from Italian and European Union suppliers. The increase of Euro 53,030 thousand is mainly due to the resumption of the supply of rolling stock.

“*Payables to Related parties*” mainly include “*Payables to parent company*”, which at 31 December 2022 have a balance of Euro 47,274 thousand (40,612 thousand euros at 31 December 2021) and are entirely attributable to the Municipality of Milan. The increase is mainly related to the trend in revenues for travel tickets and therefore higher payables for repayments for December 2022 compared to the same period in 2021 are recorded.

The balance of “*Payables to parent company*” refers to:

- Euro 31,055 thousand (Euro 28,523 thousand at December 31, 2021) to the payable for the repayment to the Municipality of Milan of the revenues deriving from the sale of tickets in December 2022;
- Payables for the transfer of the on-street parking revenues remained to the Municipality as defined in the “on-street parking agreement” of April 27, 2017, of which Euro 4,878 thousand referring to 2018 and Euro 4,830 thousand referring to 2019. For the years 2021 and 2022, no

payables for on-street parking revenues to be paid to the Municipality are recorded, since the amount of on-street parking revenues made in 2020 was less than the minimum amount guaranteed to ATM S.p.A. equal to Euro 18.5 million;

- Euro 2,707 thousand to the balance to be paid against the invoice for the return of revenue from travel tickets in November 2022;
- Penalties for the Service Contract for non-compliance with certain quality standards as contractually provided for, equal to 2,498 thousand euros for the 2022 year;
- Euro 1,001 thousand to the reversals of revenues from Area C for December 2022;
- Euro 304 thousand for the part of the contribution recognized by the municipality and aimed at the “*Mobility4MI*” project not used in 2022.

The “*Payables to associates*” are detailed below:

	31.12.2022	31.12.2021
Co. Mo. Fun&Bus S.c.a.r.l.	1	19
Consorzio SBE	408	21
Metro 5 S.p.A.	75	314
Movibus S.r.l.	576	1,485
Total	1,060	1,839

The most significant change compared to the previous year refers to the decrease in payables for transfers from STIBM to Movibus S.r.l., partly offset by the increase in payables for consortium contributions to the SBE Consortium referring to investment grants relating to the construction of the platform informatics.

The “*Payables to subsidiaries of parent companies*” of 1,657 thousand euro mainly refer to the payables arising from the services provided to SPV S.p.A. and residually to MM S.p.A.

30. Other payables and current liabilities

	31.12.2022	31.12.2021
Employee payables	46,706	41,184
Payables to social security institutions	33,835	35,640
Payables for unused holidays	25,812	23,533
Other tax liabilities	14,306	14,241
Other payables	12,389	7,377
Tarsu	54	53
VAT payable	1,949	2,470
Accruals and deferred income	7,738	9,007
Total	142,789	133,505

The item “*Other payables and current liabilities*” was Euro 142,789 thousand as at December 31, 2022. The main changes are related to the increase in “*Employee payables*”, “*other payables*” and “*Payables for unused holidays*”, offset by the decrease in “*Payables to social security institutions*” and “*Accruals and deferred income*”.

Here are the main components of this item:

- Euro 46,706 thousand from payables to employees, the variation of which is due to higher payables than those set aside in the last year, for the redundancy incentive programs for staff employee close to accrual of retirement rights;
- Euro 33,835 thousand from payables to INPS, Previdai, INAIL and to category pension funds and were settled according to legal deadlines in the first months of 2023;
- Euro 25,812 thousand, from the economic value of the vacations not taken by employees and from the equivalent of the extraordinary hours worked, which can be used as paid permits, which have not yet been used;
- EUR 14,306 thousand from Irpef withholding taxes made by the Group as a substitute for tax on employee income;
- For 12,389 thousand euros, from payables of various kinds including the payables for deposits of Euro 2,072 thousand and the payables to the ATM Foundation for contributions and payments of services provided for Euro 433 thousand. The increase is linked to the inclusion of the portion of investment grants, not yet collected, equal to Euro 4,254 thousand relating to the purchase of electric buses that have not yet been delivered;
- Euro 7,738 thousand, from deferred income relating to revenues invoiced during the year but pertaining to 2023

Notes to the consolidated profit and loss account

31. Revenue and other operating income

The value of “*revenues and other operating income*” consists mainly of:

- “*Core business revenue*”, which refer to the revenues generated by the Service Contract for the Management of the Local Public Transport Service (LPT) concluded with the Municipality of Milan, to the revenues for the operation of the Copenhagen Metro lines, with consideration of the contract for the management of the M5 metro line with Metro 5 S.p.A., with consideration of the contract for the management of the M4 line with SPV Metro 4 S.p.A., the second Linate – Dateo functional route of which entered into operation on 26 November 2022, with revenues related to the management on-street parking, parking and towing services and custody and, residually, the revenues related to other transport services, including the management of the Como-Brunate funicular and THE POMA 2000 light rail service;
- “*Other revenues*”, which include revenues from advertising, rental of properties, revenues from works on municipal property, including maintenance services on infrastructure, and services for the management of Area B and Area C;
- “*Other income*”, which mainly includes operating grants, reimbursements for damages and penalties charged to suppliers.

Revenues are realized in Italy and in the European Union.

	2022	2021
Core business revenue	905,587	864,317
Other revenue	93,317	68,331
Other income	92,566	76,606
Total	1,091,470	1,009,254

The details of the “Core business revenue” are set out below:

	2022	2021
Revenue from TPL	878,343	848,210
<i>Corresponding Service Contract Municipality of Milan</i>	697,751	670,415
<i>Corresponding Service Contract Copenhagen</i>	114,789	101,738
<i>Corresponding Service Contract Interurban area</i>	19,227	20,047
<i>Corresponding Management Contract line 5</i>	24,448	22,724
<i>Corresponding Management Contract line 4</i>	1,459	-
<i>Income from fees - interurban area</i>	10,606	7,054
<i>Special/dedicated transport services</i>	10,063	26,232
Revenues from management of on – street parking services	15,716	8,031
Revenue from parking management	7,971	5,222
Revenue from car removal management	3,428	2,950
Other revenue	129	(96)
Total	905,587	864,317

“TPL revenues” amounted to 848,210 thousand euros (878,343 thousand euros in the previous year) and increased by 30,133 thousand euros.

The main changes in the item “TPL revenues” refer to:

- “Corresponding Service Contract Municipality of Milan” an increase of 27,336 thousand euros compared to 2021. The increase is linked to the recognition, by the Board of Directors, of the adjustment, contractually established, of the consideration for the greater distances exercised by the Company and requested by the Board of Directors;
- “*Corresponding Service Contract Copenhagen*” an increase of 13,051 thousand euros compared to the previous year. The higher revenues are linked to the increase in the service thanks to the new trains that have entered, to the recognition, by the Board, of the contractually envisaged indexation and finally to the definition, with the Board of the contracting entity, of the “*performance bonuses*” due to the manager;
- “*Corresponding Service Contract Interurban Area*” the decrease of 820 thousand euros compared to 2021 is linked to the positive effect recognized in the preparation of the 2021 financial report due to the definition, as at July 2021, of the fees payable to the subsidiary NET S.r.l. for the second half of 2017 and for the year 2018;
- “*Line 5 management contract consideration*” an increase of 1,724 thousand euros compared to the previous year. The increase is linked both to the adjustment of the consideration to the change in the inflation rate and to the increase in the service. In 2021, penalties for less journeys of Euro 159,031 were also recorded;
- “*Line 4 management contract*” equal to 1,459 thousand euros and deriving from the single contract for the management of the M4 metro line between ATM S.p.A. and the SPV subsidiary line M4 S.p.A. .The start of the business of the M4 metro line, relating to the second Dateo-Linate Airport functional section, took place on 26 November 2022;
- “Income from fees - Interurban area” increased by 3,552 thousand euros compared to the previous year. The increase was mainly due to the reopening of the productive and commercial activities which led to the increase in passengers and, as a result, to an increase in the income from

fees relating to the STIBM share due to NET of about 80% of the pre-Covid-19 amount for 2,219 thousand euros, the increased revenue from passenger traffic generated by the management of the Como-Brunate funicular for 1,256 thousand euros and the revenue from the management of THE POMA 2000 light rail system for 57 thousand euros and finally, to the grands for the MOBILITY Y4MI project for 96 thousand euros. These variations are the direct consequence of the return to normal activities, and of the elimination of restrictions on the mobility of persons and on the capacity of means, imposed at the time by the Italian Government during the whole emergency phase.

- “*Special/dedicated transport services*” decreased 16,169 thousand euros. The variation is linked to the additional transport services that ATM S.p.A. and its subsidiary Net S.r.l. have carried out at the request of the bodies of the Municipality of Milan and the Bacino Agency. These additional services were carried out for the whole of 2021 and in 2022, in consideration of the end of the state of emergency on 31 March 2022, until the end of 30 June 2022. These services have been financed by specific regulatory interventions of the Italian Government to cover the costs, as described in the chapter “*the ATM Group and the COVID emergency - 19*” of the document.

To complete the analysis of “*LPT revenues*”, it is noted that the complementary services to the Service Contract with the Municipality of Milan increased by a total of 10,912 thousand euros. In particular:

- “*Revenues from management of on-street parking services*”, increased by 7,685 thousand euros, suffering from the suspension until 8 June 2021 of the payment rest scheme;
- “*Revenues from parking management*” and “*Revenues from car removal management*”, increased by 478 thousand euros and 2,749 thousand euros respectively. The increase in the two items is linked to the resumption of activities in 2022.

The “*other revenues*” are composed as follows:

	2022	2021
Service revenues	66,931	51,500
Advertising and sponsorship revenues	15,386	7,997
Commercial lease metro stations	5,895	4,897
Other revenue	5,105	3,937
Total	93,317	68,331

The “*other revenues*” increased by a total of 24,986 thousand euros, the details of the items under analysis are as follows:

- “*Services revenues*” increased by 15,431 thousand euros compared to the previous year mainly due to the increased services carried out for the payment system of Area B and C, the Traffic and Territory Control system, for extraordinary maintenance not planned on the M5 metro line and to a residual extent for the higher performance carried out by the Danish subsidiary Metro Service A/S in favor of the owner. In addition, until 25 November 2022, as well as for the period July ÷ to December 2021, SPV M4 S.p.A. was charged with the costs of maintaining the line following the postponement of the opening of the M4 metro line to the public, initially scheduled for July 2021. These costs charged to SPV M4 S.p.A. amounted to 6,183 thousand euros (3,145 thousand euros as of 31 December 2021). The second functional section, Linate ÷ Dateo, of the M4 line was opened to the public on 26 November 2022;

- “Advertising and sponsorship revenues” increased by 7,389 thousand euros following the revision of the terms of the contract. In addition, the variable portion of the contract stipulated with IGP Decaux S.p.A not envisaged in 2021 is included, for 1,167 thousand euro;
- “Commercial lease metro stations” increased by 998 thousand euros, in 2021 to cope with the effects of the emerging state the rent was revised, which, in 2022, were back in line with the contractually expected conditions;
- “Other revenues” increase by 1,168 thousand euros. The increase is mainly due to the higher revenues for the sale of magnetic cards for 982 thousand euros as a result both of the resumption of sales of travel tickets compared to 2021 and of the transfer of travel cards from paper to electronic and to a residual extent to the higher revenues for the sale of operating materials for 89 thousand euros, revenues linked to the disposal of warehouse materials whose effects also reverberated on the dynamics of the provision for inventory write-downs.

Below is the detail of the item “other income”, an increase of 15,960 thousand euros compared to last year:

	2022	2021
Insurance receivables and costs undertaken for third parties	12,310	5,695
Adjustments to payables and release of provisions	99	961
Income for penalties invoiced to suppliers	2,635	4,403
Capital gains for the sale of property, plant and machinery	319	259
Grants	65,750	56,762
Other income	11,453	8,526
Total	92,566	76,606

The item “Insurance receivables and costs undertaken for third parties” increases by Euro 6,615 thousand, particularly in view of the increased Commission on the sale of travel tickets, insurance reimbursements deriving from TPL activities, reimbursements recognized by the Entity assigning the Company for sanitization costs incurred during the emergency phase connected to the pandemic Covid-19 for 1,010 thousand euros and, finally, of the revenues for the installation of vending machines in the stations of the M5 line.

The “Risk provision release” decreases by 862 thousand euros. The effect is due to the release made in 2021 by the subsidiary NET S.r.l. of funds registered in previous years for qualitative penalties or lower kilometric adjustments on the 2017 and 2018 service contracts, having the company defined with the Bacino Agency, the closure of the payments referring to those annuities.

The item “Income for penalties invoiced to suppliers” decreases by 1,768 thousand euros. During the financial year 2021, 2,088 thousand euro were invoiced to electricity supply companies.

The item “Capital gains for sale of Property, plant, and equipment” for 319 thousand euros refers to the sale of 89 buses by the parent company and 12 buses by the subsidiary CityLink S.r.l. (31 thousand euros as of 2021 December 259).

The item “Grants” increases by 8,988 thousand euros. The increase is linked to the portion of grants for investments relating to grants for which the entitlement to be recognized was finalized in 2022 for 5,446 thousand euros, in addition, tax credits on the purchase of electricity for non-energy companies are included in the item, which is described in the paragraph “Main regulatory measures for local public

transport” for Euro 4,939 thousand; as partial compensation, minor contributions were recognized relating to the “Refreshments Decrees” pertaining to NET S.r.l. which went from 3,524 thousand euros in 2021 to 1,525 thousand euros and pertaining to the parent company relating to the management of the Como – Brunate funicular, which went from 861 thousand euros in 2021 to 527 thousand euros in 2022.

Contributions for the production of electricity by means of photovoltaic systems, and contributions for the training of personnel are also included in this item.

The item also refers to the contributions for CCNL for the financial year for 50,190 thousand euros, the amount of which is unchanged from the previous financial year, allocated by Law No 47 of 27 February 2004 to cover the costs arising from the renewal of the collective employment contract for the two-year period 2002/2003, with Law n° 58 of 22 April 2005 to cover the charges deriving from the renewal of the CCIL two-year period 2004/2005 and with Law n° 296 of 27 December 2006 (Finanziaria 2007) to cover the charges of the renewal of the CCIL two-year period 2006/2007.

The increase in “Other income” of 2,927 thousand euros refers to 1,698 thousand euros for the fines collected by the parent company and for the remaining part of the proceeds from the Danish subsidiary Metro Service A/S.

32. Costs for the purchase of goods and changes in inventories

	2022	2021
Purchases of goods	90,123	82,932
Change in inventories	(118)	(5,559)
Consumption of Raw materials for internal work	(1,031)	(1,353)
Total	88,974	76,020

The item, equal to Euro 88,974 thousand, includes the purchase costs for the materials necessary for the maintenance of vehicles and systems, for diesel fuel and travel and parking tickets, as well as the change in inventories net of uses and provisions made at *the’ obsolesce provision*”. The increase in the period is linked to the higher purchase costs of diesel for motor vehicles, which is affected by the impact of the conflict between Russia and Ukraine on commodity prices, and by the supply of Metro Service A/S to meet the higher maintenance requirements associated with the purchase of 8 new trains.

The value is adjusted for the consumption of materials for internal work related to extraordinary maintenance on the fleet of metropolitan trains for 1,353 thousand euros (1,031 thousand euros in 2021).

33. Service costs

	2022	2021
Maintenance and cleaning costs	158,561	146,687
Electrical traction energy	49,859	47,804
Subcontracted transport services	31,682	38,533
Utilities	21,417	15,795
Professional services	12,967	10,635
Various services	8,859	7,316
Production and distribution of travel titles	7,678	6,350
Insurance	6,057	6,330
Personnel services	4,908	3,810
Customer services, advertising and marketing	4,792	3,171
Security costs	2,289	2,689
Total	309,069	289,120

The item's "Maintenance and cleaning costs", increase of 11,874 thousand euros compared to 2021, refers to the interventions of third companies aimed at ordinary and extraordinary maintenance for 110,911 thousand euros (121,524 thousand euros in 2021) and 37,037 thousand euros (Euro 35,776 thousand in 2021) to cleaning operations carried out on plants, warehouses, sites and vehicles during the financial year.

The increase in maintenance costs incurred in the year, amounting to 10,613 thousand euros, they are linked to the higher costs incurred for the maintenance activities of the rolling stock for a total of 5,072 thousand euros as a consequence of the insourcing of the maintenance activities following the end of *the full* maintenance service contracts that were in the part of the vehicle suppliers and included in the contracts of purchase and as regards Metro Service A/S for the higher charges related to cyclical maintenance on rail rolling stock, the higher period costs related to maintenance operations carried out on the track and infrastructure, increased by 2,962 thousand euros and 10,752 thousand euros respectively and increased hardware and software maintenance costs by 1,403 thousand euros. Against to these increases, during 2022 there were decreases in both the maintenance services on the total of 2,123 thousand euros and the maintenance services to be adjusted for 3,312 thousand euros.

The increase in cleaning costs incurred in the year, amounting to a total of Euro 1,261 thousand. This increase is linked both to the greater cleaning, sanitization and sanitation interventions that ATM S.p.A. has undertaken since the first days of the COVID-19 pandemic and to the higher costs associated with the recognition of indexations linked to inflationary dynamics.

In 2022, in the face of specific maintenance operations carried out, the environmental risks provision set up in previous financial years, was used, for 329 thousand euros and released for 1,180 thousand euros. Regarding the recovery charges provision of the Danish subsidiary Metro Service A/S, EUR 1,405 thousand has been set aside.

The item "Electric traction energy" increased by 2,055 thousand euros compared to 2021. The higher charges are linked both to the higher costs incurred by the parent company during the period and to the higher charges incurred by the Danish subsidiary Metro Service A/S. As far as the parent company is concerned, the effect on the one hand affects the lower periods of time, on the other hand, a mitigated increase in procurement costs; in fact, the 2022 energy supply tender was assigned in July 2021, before

the explosion in energy prices in the fall and before the outbreak of the Russia-Ukraine conflict. The tender was awarded at a fixed price of approximately 84 €/MWh (including certification of origin from renewable sources), compared with a PUN (National Single Price) which reached values equal or greater than 500 €/MWh in the summer months. As regards the Danish subsidiary Metro Service A/S, on the other hand, the electricity supply contracts are fully affected by the increases in inflation.

The item “subcontract transport services” includes the fees granted to subcontractors of transport services in the Milan urban area and the removal service. The decrease, equal to 6,851 thousand euros, is attributable to the lower additional transport services required in 2022, in order to guarantee the same service offer in view of the reduction in the capacity of the means until the end of 30 June 2022.

The item “Utilities” increased by 5,622 thousand euros compared to 2021, mainly due to the higher charges for gas and district heating of 4,728 thousand euros; this increase is entirely affected by the impact on the price of energy commodities of the conflict between Russia and Ukraine and by the increase in water and sewage service, compared to 2021, of EUR 918 thousand.

“Professional Services” refers mainly to professional services provided by third parties in the IT, legal, corporate and engineering fields. The increase compared to 2021 is linked to support for participation in international competitions as foreseen in the “Strategic Plan 2021 – 2025” and the Group’s business expansion programs.

The item “Miscellaneous services” increased by 1,543 thousand euros compared to 2021 and mainly refers to charges for bank commissions of 4,711 thousand euros (3,434 thousand euros in 2021) 2,730 thousand euros (2,535 thousand euros in 2021) related to transport and material handling and waste disposal services.

The item “Production and distribution of travel tickets” refers to the remuneration payable to retailers for the sale of travel, on-street parking and parking tickets, Area B and Area C. The increase in the item, equal to 1,328 thousand euros compared to 2021, is the result of the resumption of sales volumes.

The item “Insurance” refers to the costs inherent in the insurance branch and the savings realized are the result of the reductions achieved during the tender.

The item “Personnel services” rose by 1,098 thousand euros compared to 2021 and refers mainly to medical expenses incurred for legal obligations and for health inspections for 1,800 thousand euros (1,700 thousand euros in 2021) and training costs of 2,020 thousand euros (1,345 thousand euros in 2021). The increase is attributable to the training activities carried out for employees, which increase by 675 thousand euros, and to travel expenses, which increase by 301 thousand euros compared to 2021, medical expenses and the management service of nurseries, which increased respectively by 100 thousand euros and 33 thousand euros.

The item “Customer services, advertising and marketing” mainly refers to expenses incurred for communication and information to customers and increases by 1,621 thousand euros compared to 2021. The increased costs incurred in 2022 refer to new *comarketing initiatives* of 922 thousand euros, of 472 thousand euros for the resumption of the restaurant tram activities – activities suspended in 2021 – and finally the increased toll-free number of 387 thousand euros. During the year, 209 thousand euros were incurred for the construction of the green wall of the Giambellino deposit.

The item “Security Services” decreased by Euro 400 thousand compared to 2021 and refers to the value transport service and security services carried out in order to combat vandalism and to guarantee the safety of passengers on board vehicles.

34. Operating lease costs

	2022	2021
Rental charges	273	331
Vehicle hire	333	548
Plant and equipment hire	1,504	1,211
Total	2,110	2,090

The costs incurred in 2022 are in line with those incurred in the previous year; also for the year under review, the parking area management fee for to be paid to the entrusted body – Municipality of Milan – was not recorded, since the revenues of the paid-for-stay activity did not exceed the contractually established threshold.

35. Personnel expenses

	2022	2021
Wages and salaries	413,956	408,384
Social security charges	100,618	93,064
Post-employment benefits	24,668	23,683
Other costs	30,279	22,761
Personnel costs for internal work	(611)	(1,465)
Total	568,910	546,427

The “Personnel expenses” of 568,910 thousand euro include costs incurred for wages and social security contributions, statutory provisions and pursuant to category contracts, as well as costs for holidays and deductible hours accrued but not used in the year. Overall, the item increased by Euro 22,483 thousand. The change is related, on the one hand, to higher wages and salaries of 5,572 thousand euros, social security charges of 7,554 thousand euros, and to higher charges for other costs of 7,518 thousand euros and for defined contribution charges for 985 thousand euros. In addition, in the period under review, there were lower costs for internal work of Euro 854 thousand.

The higher “Wages and salaries” are mainly linked to the higher salaries of the staff of the Danish subsidiary Metro Service A/S, to the increase in overtime pay, in variable compensation pay and to the renewal of the CCDL in 2022 with effect from 1 July. With regard to the causes of decrease, the lower provisions for holidays, the CCDL/PDR renewal and MBO should be reported compared to the previous year.

The higher “Social Security Contributions” are mainly due to lower reimbursement of disease charges due to the lower non-recurring effect linked to reimbursement of compensated disease charges in the year of 10,559 thousand euros (17,406 thousand euros in 2021), to lower releases and to higher social

security contributionw linked to the renewal of the CCDL already highlighted in the item “wages and salaries”.

The increase in “Other costs” is linked to the non-recurring effect of a dispute with employees concerning the recognition, during the holiday period, of some specific salary items of Euro 8,740 thousand.

Costs are recorded net of capitalized personnel costs for internal works of 611 thousand euros (internal costs of 1,465 thousand euros in 2021) and refer to the share of capitalized personnel costs for extraordinary maintenance works carried out on the metropolitan train fleet and trams.

The headcount as at 31 December 2022 amounted to 10,473 resources (10,468 as at 31 December 2021).

Type of contract	12.31.2021	Recruitment	Outputs	Other variations	12.31.2022
Senior Executives	39	0	(3)	1	35
Managers	416	15	(13)	(26)	392
Clerks	944	56	(63)	43	980
Operational Workers	9,069	679	(666)	(16)	9,066
Total	10,468	750	(745)	0	10,473

It should be noted that the change in the number of personnel departures concerns voluntary resignation and therefore no objective redundancies have been made during the period considered in accordance with the provisions of D. Lgs. No. 137/2020, cd. “Ristori Decree” and its subsequent amendments.

36. Other operating costs and charges

	2022	2021
Municipal taxes	5,747	5,558
TPL claims Management	1,679	1,707
Contingencies	62	1,937
Taxes and duties	681	678
Other operating charges	2,305	2,266
Accruals /(release) of bad debt provision	(1,712)	79
Accruals for risks and charges	326	74
Total	9,088	12,299

“Other operating costs and charges” show a decrease of 3,211 thousand euros compared to the previous year. The items with the main variations refer to the provisions/releases of the Allowance for doubtful accounts, decreased Euro 1,791 thousand, the dynamics of which are explained in detail in Note 19 “Trade receivables” to this illustrative Note, to the Provisions for risks and charges increased by 252 thousand euros, for which more information is given in note 26 of this explanatory note and in the Management Report in the part relating to “Main Outstanding disputes” and finally to minor “contingencies” for 1,875 thousand euros, the decrease of which is due to the findings in 2021 regarding

the settlement of a dispute between the Danish subsidiary Metro Service A/S and the Metroselskabet I/S relating to the recognition of a VAT credit on the service contract;

The most important cost items include:

- “*Municipal taxes*” which refer mainly to the charge for Tarsu for 3,830 thousand euros and IMU for 1,888 thousand euros;
- “*Other operating costs*” relate mainly to membership of associations, expenses on the endorsement of notarial documents, representation expenses, and expenses of various kinds. The capital loss recognized in the income statement for a total of 12,318 thousand euros refers to 12,312 for the sale of metropolitan trains owned by the parent company and buses owned by the subsidiary CityLink S.r.l. which are no longer used in the transport service and for which the provision for write-downs recorded in previous years was used for a portion equal to Euro 12,312 thousand as highlighted in Note 9 – “*Property, plant, and equipment*”. The residual capital loss of 6 thousand euros refers to the sale of other assets recorded in the company's assets for which a specific provision had not been set aside;
- “*TPL claims management*” relating to 1,828 thousand euros to the charge borne for the settlement of damages related to the movement of vehicles and 121 thousand euros for motor vehicle practices, and 1,412 thousand euros to provisions, Euro 1,632 thousand for the use and finally Euro 50 thousand for the use of the specific provision included in the “*Provisions for risks and charges*” (Note 26);
- “*Accrual/(release) of bad debt provision*” refers to the release of provisions for bad debts for 2,499 thousand euros and to provisions for 787 thousand euros made to cover the risks on on the credits recorded in the financial statements, of which 485 thousand euros for “*Different receivables*”, Euro 224 thousand for “*Receivables from third parties*”, Euro 74 thousand for “*receivables from parent companies*”, Euro 2 thousand for “*receivables from subsidiaries of the parent company*” and finally Euro 2 thousand for “*receivables from subsidiaries*”. Please refer to Note 19 – “*Trade receivables*” and Note 20 – “*other receivables and current assets*” of these explanatory notes for the comments of the constituent elements;
- “*Accruals (releases) for risks and charges*”, which refer to provisions made to adjust the “*Provisions for risks and charges*” (Note 26) following the review of the estimates and against the events of the period and considering new and more complete information than those available at the time when the original estimates were made.

During the year, credit losses for 1,066 thousand euros were recognized, entirely covered by the use of the doubtful debt provisions .

37. Depreciation and impairment losses

	2022	2021
Depreciation - property, plant and machinery	118,644	122,801
<i>Plants and machinery</i>	<i>106,315</i>	<i>109,581</i>
<i>Buildings</i>	<i>5,425</i>	<i>6,752</i>
<i>Industrial and commercial equipment</i>	<i>3,566</i>	<i>3,149</i>
<i>Other goods</i>	<i>3,338</i>	<i>3,319</i>
Plant capital grants	(40,554)	(35,947)
Amortization - intangible assets	1,590	1,334
<i>Software Licenses</i>	<i>1,590</i>	<i>1,334</i>
Amortization right of use for leased assets	2,510	2,231
<i>Equipment</i>	<i>89</i>	<i>73</i>
<i>Buildings</i>	<i>695</i>	<i>613</i>
<i>Vehicles</i>	<i>1,402</i>	<i>1,369</i>
<i>IT equipment</i>	<i>96</i>	<i>94</i>
<i>Others</i>	<i>228</i>	<i>82</i>
Write-down of fixed assets	100	7,724
Write-down of impairments	-	(1,190)
Total	82,290	96,953

“Amortization, depreciation and impairments” for a total of Euro 82,290 thousand are charged to the year, adjusted for the portion pertaining to the year for Euro 40,554 thousand relating to the contributions received in respect of the investments made. The write-downs recorded in the period in question, for 100 thousand euros, refer to the adjustment of the value of the deposit of NET S.r.l. located in Monza at the value of the purchase offer received from the company.

Please refer to the Management Report for a description of the non-recurring components that affect this entry.

38. Financial income and expenses

	2022	2021
Financial income	3,358	6,682
<i>Interest income</i>	2,006	2,063
<i>Gains on securities</i>	540	2,577
<i>Income from fair value adjustment</i>	(274)	1,475
<i>Others</i>	1,086	567
Financial expenses	(18,990)	(6,484)
<i>Interest on employee defined benefits</i>	(1,498)	24
<i>Interest expense on loans and bond issues</i>	(4323)	(4,214)
<i>Other interest expenses</i>	(88)	(194)
<i>Losses on securities</i>	(1,071)	(334)
<i>Fair value adjustment</i>	(11,424)	(1,366)
<i>Impairment of financial assets</i>	(78)	59
<i>Others</i>	(351)	(304)
<i>Interest expense IFRS 16</i>	(157)	(155)
Total	(15,632)	198

The interest income assets are composed as follows:

	2022	2021
Interest on deposits and current accounts	120	9
Interest income on securities	1,022	886
Interest on loans to associates	314	649
Interest income from parent's subsidiaries	550	519
Total	2,006	2,063

“*Interest income on securities*” of 1,022 thousand euros (886 thousand euros as of 31 December 2020) refer to interest on government bonds and bond loans.

The “*interest on loans to associates*” of 649 thousand euros (314 thousand euros as of 31 December 2021) refer to interest accrued on the financing granted to Metro 5 S.p.A.

The “*interest payable to subsidiaries of the parent company*” of 550 thousand euros (519 thousand euros as of 31 December 2021) refers to interest accrued on the loans granted to SPV line M4 S.p.A.

“*Gains on securities*” amounting to 540 thousand euros (2,577 thousand euros as of 31 December 2021) refer to gains realized with reference to securities trading.

The “*Income from fair value adjustments*”, negative and equal to 274 thousand euros, and the “*Expenses from fair value adjustments*”, negative and equal to 11,424 thousand euros, Euro 605 thousand refer to the *fair value measurement* of financial receivables from the related company Metro 5 S.p.A., Euro 1,453 thousand to the *fair value measurement* of financial receivables from the parent company SPV Line M4 S.p.A., Euro 9,642 thousand for the *fair value* of the FVTPL financial instruments and, finally, Euro 2 thousand for the *fair value* of the financial receivables from the SED-ATM construction cooperatives.

The item "Other" refers for 989 thousand euros at different revenues and for 97 thousand euros at amortized cost of designated securities HTC&S. The item includes the reset value of the investment of Movibus S.r.l. at the acquisition value. The adjustment amounted to 37 thousand euros (131 thousand euros in 2021).

The "financial expenses" mainly refer, in addition to the "Income from fair value adjustments" described above, to "Interest on employee defined benefits" positive and equal to 1,498 thousand euros, "Interest expense on loans and bond issues" included in debts of Euro 4,323 thousand and "losses on securities" of Euro 1,071 thousand.

The "interest expense" resulting from the application of the IFRS 16 leases amounted to 157 thousand euros.

39. Net result of companies valued under the Equity method

The economic effect of the valuation of the investment in Metro 5 S.p.A. with equity method was positive and amounted to 4,483 thousand euros, the effect of the valuation of the investment in SPV M4 S.p.A. was positive and amounted to 17 thousand euros, while the effect of the valuation of the investment in Movibus S.r.l. was positive and equal to 98 thousand euros (Note 12).

40. Income taxes

	2022	2021
Current income taxes	4,184	2,711
IRES	322	60
IRAP	758	28
Income tax Metro Service A/S	3,425	2,682
Income (charges) from tax consolidated	(321)	(59)
Prior year taxes	(911)	115
IRES	(39)	34
IRAP	(872)	81
Deferred tax charge	1,178	3,112
Total	4,451	5,938

The Group adhered to the National Tax Consolidation; it follows that the Group's taxable income is determined as the algebraic sum of the results of the individual member companies, deducted from the reported tax losses, within the limit of 80%.

The "income from tax consolidation" refers to the transfer to the parent company of IRES of the individual companies that have joined the tax consolidation, up to 80%.

"Deferred tax charge" mainly refers to the release of deferred tax credits registered against taxed risk provision. The prepaid and deferred taxes reversed to the income statement respectively amounted to Euro 2,82 thousand, of which Euro 2,074 thousand relating to the release of the prepaid taxes recorded against tax provisions for risks and, 1,104 thousand euros as detailed in Note 14 and Note 27.

The table of reconciliation between theoretical and actual effective is given below.

THEORETICAL TAX BURDEN	ATM GROUP		
	IRES	IRAP	FOREIGN TAX
VALUE OF PRODUCTION		958,356	133,122
PRODUCTION COSTS		(943,842)	(116,607)
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION		14,514	16,515
PERSONNEL COSTS (NOT RELEVANT FOR IRAP PURPOSES)		568,910	0
PRE-TAX PROFIT/LOSS	6,219		13,776
THEORETICAL TAX RATE	24.00%	4.20%	22.00%
THEORETICAL TAX BASE	6,219	583,424	13,776
THEORETICAL TAX CHARGE	1,493	24,504	3,031
COSTS NOT ALLOWED IN DEDUCTION - NON TAXABLE REVENUE	IRES	IRAP	FOREIGN TAX
CO-ORDINATED AND ONGOING / OCCASIONAL COLLABORATIONS	0	26	0
NOT-DEDUCTIBLE TAX	(23)	1,887	0
PHONES	119	119	0
OTHER NON-DEDUCTIBLE COSTS			
- personnel	27,026	0	0
- amortisation/depreciation (Item B10)	2,277	4,593	0
- provisions not required by TUIR/L.446/97	6,051	6,148	0
- extraordinary write-downs/credit losses	100	100	0
- other non-deductible costs	10,418	7,236	0
EXEMPT REVENUE			
- issue/use of taxed funds	(9,030)	(10,042)	0
- personnel	(19,239)	0	0
- other exempt income	(17,330)	(16,184)	0
TOTAL INCREASE (+)	369	(6,117)	0
DEDUCTED COSTS – IRAP DIFFERENT ASSESSABLE BASE	IRES	IRAP	FOREIGN TAX
IFRS	15,406	15,209	
INAIL		156	0
COSTS FOR DISABLED STAFF		3,239	0
CIRCULAR TAX AUTHORITY NO. 22/E OF 09/06/2015 AND VARIOUS		494,230	0
ADDITIONAL DEDUCTION / EMPLOYMENT INCREASE		16	0
SUPER DEPRECIATION	131	0	
DEDUCTION OF PAYMENT FOR SUPPLEMENTARY PENSION SCHEMES	927	0	
ECONOMIC GROWTH HELP (ACE)	254	0	
TAX FUND ROUNDING	(13)	(758)	0
IRES DEDUCTION FOR IRAP PAID ON T.D. STAFF COST	10	0	
TOTAL DECREASE (-)	16,715	512,092	0
EFFECTIVE TAX CHARGE	IRES	IRAP	FOREIGN TAX
TAXABLE ACTUAL TAX BURDEN/INCOME	(485)	18,162	0
EFFECTIVE TAX CHARGE	321	758	3,425
EFFECTIVE TAX INCOME	(438)	0	0
EFFECTIVE TAX CHANGE RATE	5.17 %	0.13%	24.86%

41. Remuneration of directors and Audit Committee Board

According to the law, the remuneration of the directors and the statutory auditors is reported, it should be noted that the amount is exposed gross of any contribution charges and ancillary charges.

	2022	2021
Directors fees	221	190
Audit Committee fees	238	238
Total	459	428

42. Statutory Auditor fees

The fees paid by the companies of the ATM Group to the auditing firm Deloitte & Touche S.p.A. and to the Danish auditing firm Deloitte Statsautoriseret Revisionspartnerselskab for the financial year 2022 amounted to a total of 425 thousand euros for the activities related to the statutory audit, of which Euro 131 thousand related to the fees for the audit of the financial statements of Metro Service A/S, and Euro 39 thousand for verification services aimed at issuing other certificates. Deloitte & Touche S.p.A. and the companies belonging to its network have not provided services other than auditing or certifications.

Type of services	The person who provided the service	Recipient	Compensation
Audit			425
Statutory audit of the accounts of the financial statements and the consolidated financial statements, periodic checks on the regular bookkeeping of the accounts	Auditor of the Parent Company	Parent company	257
Limited audit of the consolidated half-year report, prepared on a voluntary basis, of the companies of the ATM Group from 30.06.2018 to 30.06.2025	Auditor of the Parent Company	Parent company	37
Statutory audit of the accounts on the financial statements	Network of the Parent Company's auditor	Subsidiary companies Metro Service A/S	102
Limited audit of the half-year report	Network of the Parent Company's auditor	Subsidiary companies Metro Service A/S	29
Certification Services			39
Annual and half-year certification of Covenants to the European Investment Bank	Auditor of the Parent Company	Parent company	13
Subscription of claims/certifications required by current regulations and pro tempore regulations.	Auditor of the Parent Company	Parent company	21
Subscription of the claims/certifications required by the regulations and pro tempore regulations in force in the tax field	Network of the Parent Company's auditor	Subsidiary companies Metro Service A/S	5
Total			464

43. Intercompany and related parties transactions

ATM S.p.A., as the Parent Company, carries out operations with the subsidiaries that essentially concern the provision of services and the provision and use of financial resources. The relationships are strictly of a commercial and financial nature, so they do not include atypical and/or unusual transactions and are regulated by contracts on terms in line with market conditions.

ATM S.p.A. adheres to the tax consolidation together with the following subsidiaries: Citylink S.r.l., GeSAM S.r.l., International Metro Service S.r.l., NET S.r.l., Rail Diagnostics S.p.A.

The contract provides, in the case of transfer of positive taxable income, that the consolidated company is debtor to the consolidating company of an amount equal to the results of the application of the IRES tax rate to the transferred taxable amount. On the other hand, in the case of a negative taxable transfer, the consolidating company will be recognized as a debtor to the consolidated company for an amount equal to the results of the IRES rate appliance to the transferred tax loss.

ATM S.p.A. also opted to apply the application of the Group VAT system with the following subsidiaries : Citylink S.r.l., GeSAM S.r.l., NET S.r.l., Rail Diagnostics S.p.A.

This agreement provides for the transfer of the monthly VAT balance to the parent company, which is therefore the only debtor company to the Tax Authority.

RECEIVABLES	Trade*	Financial	Contributions	12.31.2022
- Parent				
MUNICIPALITY OF MILAN	152,790		6,494	159,284
- Associates				
Co.mo. Fun&Bus s.c.a.r.l	278			278
Metro 5 S.p.A.	1,878	1,944		3,822
Movibus S.r.l.	31			31
- Other companies				
FOUNDATION THEATER ALLA SCALA	17			17
SCUOLE CIVICHE MILANO	2			2
METROPOLITANA MILANESE S.P.A.	298			298
SPV M4 S.P.A. LINE	4,833	9,803		14,636
MILANOSPORT S.P.A.	1			1
Milano Ristorazione S.p.A.	4			4
- Other transactions with Related Parties				
Coop S.E.D. ATM/S.C.C.C.T.I.		908		908
Total	160,132	12,655	6,494	179,281

* Trade receivables are expressed gross of the bad debt provision

PAYABLES	Trade	Financial	Dividends	12.31.2022
- Parent				
MUNICIPALITY OF MILAN	47,274			47,274
- Associated (*)				
CO.MO. FUN&BUS S.C.A R.L.	1			1
CONSORZIO SBE	408			408
METRO 5 S.P.A.	310			310
MOVIBUS S.R.L.	576			576
- Other companies				
METROPOLITANA MILANESE S.P.A.	837			837
SPV M4 S.P.A. LINE	822			822
Total	50,228			50,228

(*) before IFRS 16

INCOME STATEMENT TRANSACTIONS	Core Business Revenue	Other revenue	Other income	Financial income
- Parent				
MUNICIPALITY OF MILAN	704,872	44,241	2,697	
- Other companies				
METROPOLITANA MILANESE SPA	85	150		
Fondazione Piccolo Teatro di Milano - Teatro d'Europa		70		
SPV LINEA M4 S.P.A.	1,459	6,212		550
- Associates				
CO.MO. FUN&BUS S.C.A R.L	516		7	
METRO 5 S.P.A.	24,448	290	106	314
MOVIBUS S.R.L.		54	393	37
CONSORZIO SBE			5	
Total	731,380	51,017	3,208	901

INCOME STATEMENT TRANSACTIONS	Service costs	Operating lease costs	Costs for employee benefits	Other operating costs and charges
- Parent				
MUNICIPALITY OF MILAN	(51)			(75)
- Other companies				
METROPOLITANA MILANESE SPA	(2,368)	(11)		
Fondazione Piccolo Teatro di Milano - Teatro d'Europa	(66)		(2)	(4)
SPV LINEA M4 S.P.A.	(282)			-
- Associates				
CO.MO. FUN&BUS S.C.A R.L.		(200)		(2)
METRO 5 S.P.A.		(213)		(1)
MOVIBUS S.R.L.	(238)			(19)
CONSORZIO SBE				(696)
Total	(3,005)	(424)	(2)	(797)

44. Commitments, guarantees and potential liabilities not recognized in the Financial Statements

The item, which at 31 December 2022 has a balance of Euro 6,085,208 thousand, is composed as follows:

	12.31.2022	12.31.2021
Assets in use	5,735,787	5,083,839
Guarantees of which:	349,421	313,201
- Guarantees in favor of third parties	31,823	30,701
- Guarantees given to third parties	300,172	265,724
- Guarantees to investees	17,426	16,776
Total	6,085,208	5,397,040

This item includes guarantees, commitments and third-party assets held by the Group and Group assets held by third parties.

The guarantees are recognized for a value equal to that of the guarantee given or, if not determined, to the best estimate of the risk taken in consideration of the existing situation. Commitments are recognized for a value equal to the nominal value while any non-quantifiable commitments are commented on the Explanatory Note. Third-party assets held by the Group are recognized at nominal value, current market value or value derived from existing documentation depending on the type of assets.

The adequacy of the amounts recognized for commitments and guarantees in the Explanatory Note is revalued at the end of each year.

The amount of Euro 5,735,787 thousand for “*assets in use*” mainly refers to:

- Euro 5,565,112 thousand to the value of the assets in use by the Municipality of Milan for the operation of the LPT service;
- Euro 163,351 thousand for the value of on-street parking areas and parking areas in use under service contracts;
- For Euro 7,193 thousand euros to the materials owned by Metro 5 S.p.A. and SPV Line M4 S.p.A. received for the maintenance activities under warranty;
- Euro 131 thousand to the value of assets in use by the Municipality of Milan (works of art).

The “Guarantees in favor of third parties”, equal to Euro 31,823 thousand, refer to guarantees issued in favor of third parties.

The “The guarantees given to third parties” of 300,172 thousand euros refer to guarantees or securities issued by third parties in favor of the Group.

The “Guarantees to associates and subsidiaries of the parent companies” amounting to Euro 17,426 thousand refer to:

- For a total of 12,096 thousand euros to the pledge registered on 106,600 shares of Metro 5 S.p.A. and to the pledge registered on 13,720 shares of SPV Linea M4 S.p.A. in favor of a pool of financial banks in the context of the related projects for the construction and management of the new M5 lines And M4;
- For 5,330 thousand euros to co-obligations and guarantees for the subsidiary Metro 5 S.p.A. and SPV Line M4 S.p.A.;

The value of contractual commitments for investment supply contracts is 670,715 thousand euros.

45. Information on public disbursements – Article 1, paragraphs 125 to 129 of Law No 124/2017

The amounts of contributions collected in the 2021 financial year by nature and entity are displayed below:

- CCNL contributions, paid by the Region of Lombardy through the TPL Agency for 50,190 thousand euros, of which 6 thousand euros for the year 2021 and 50,184 thousand euros for the year 2022, before the 4% withholding tax;
- Grants for the reimbursement of sickness charges relating to annuity 2015÷2018 for 10,559 thousand euro, paid by the Ministry of Labor;
- Euro 2,323 thousand for the implementation of interventions to ensure safety in the metro paid by the State;
- Contributions for the purchase of bi-directional trams, provided by the State, amounting to Euro 9.000 thousand;
- Contributions for the purchase of buses and trams, paid by the Lombardy Region for 11,636 thousand euros;
- Contributions for the purchase of hybrid buses, paid by the municipality for Euro 3,240 thousand;

- Contributions for lower tariff revenues D.L. 267/20, D.L. 137/20, determines 48/22 and determines 94/22 for 2,064 thousand euros;
- Investment tax credit L. 160/2019, L.178/2020, D.L. 50/2017 and determines 48/2022 for 115 thousand euros and tax credit for energy D.L. 50/2022 art. 3, D.L. 21/2022 art. 3 and D.L. 144/22 for 4,939 thousand euros, all offset in tax payments for the year;
- Refund bonus transport for 24 thousand euros.

STATEMENT OF FINANCIAL POSITION OF ATM S.P.A.

	Notes	12.31.2022	12.31.2021
Activity			
Property, plant, and equipment	7	1,180,957,819	1,270,901,922
Intangible assets	8	2,631,381	2,404,396
Right of use for leased assets	9	5,987,319	7,226,910
Investments	10	32,941,221	32,903,977
Non-current financial assets	11	51,176,493	43,828,370
<i>Of which: Related parties</i>	40	12,664,737	22,575,086
Deferred Tax assets	12	40,435,955	47,761,374
Other receivables and non-current assets	13	-	-
Non-current assets		1,314,130,188	1,405,026,949
Inventories	14	85,104,965	86,711,752
Current financial assets	15	152,872,561	208,133,420
<i>Of which: Related parties</i>		10,483	-
Tax receivables	16	13,625,248	14,097,622
Trade receivables	17	187,535,029	165,599,703
<i>Of which: Related parties</i>	40	168,659,997	139,548,094
Other receivables and current assets	18	110,946,255	29,458,780
Cash and cash equivalents	19	153,830,125	98,507,611
Current assets		703,914,183	602,508,888
Discontinued Operations	20	-	-
Total assets		2,018,044,371	2,007,535,837

STATEMENT OF FINANCIAL POSITION OF ATM S.P.A.

	Notes	12.31.2022	12.31.2021
Equity			
Share capital		700,000,000	700,000,000
Legal reserve		119,048,468	140,000,000
Other reserves		272,058,374	277,090,837
Retained earnings		-	-
(Loss)/profit for the year		256,108	(29,913,729)
Total Equity	21	1,091,362,950	1,087,177,108
Liabilities			
Non-current financial liabilities	22	253,831,189	266,442,927
Employee benefits	23	86,138,027	109,614,591
Provisions for risks and charges	24	83,789,873	77,645,036
Deferred tax liabilities	25	48,957,014	50,173,102
Non-current liabilities		472,716,103	503,875,656
Current financial liabilities	22	74,004,784	82,282,153
<i>Of which: Related parties</i>	40	24,220,358	18,320,367
Current income tax liabilities	26	-	-
Trade payables	27	256,498,047	220,444,511
<i>Of which: Related parties</i>	40	55,575,575	49,189,484
Other payables and current liabilities	28	123,462,487	113,756,409
<i>Of which: Related parties</i>	40	-	-
Current liabilities		453,965,318	416,483,073
Discontinued operations		-	-
Total liabilities		926,681,421	920,358,729
Total equity and liabilities		2,018,044,371	2,007,535,837

INCOME STATEMENT OF ATM S.P.A.

	Notes	2022	of which related parties	2021	of which related parties
Revenue and other operating income					
Core Business Revenue	29	772,416,407	737,058,271	745,090,465	722,171,109
Other revenue	29	80,573,842	51,455,629	52,937,079	33,548,543
Other income	29	83,448,935	3,676,688	65,749,555	1,800,645
Total revenues and other operating income		936,439,184	792,190,588	863,777,099	757,520,297
Operating costs and other charges					
Purchases of goods and changes in inventory	30	(77,181,870)		(67,063,684)	
Service costs	31	(261,501,849)	(13,045,542)	(240,934,751)	(11,168,761)
Operating leasing costs	32	(1,722,650)	(423,999)	(1,838,398)	(457,046)
Personnel expenses	33	(493,602,619)	(1,500)	(478,782,001)	
Other costs and operating charges	34	(8,183,040)	(751,126)	(9,828,587)	(184,845)
Total costs and operating charges		(842,192,028)	(14,222,167)	(798,447,421)	(11,810,652)
Ebitda		94,247,156		65,329,678	
Ammortisation, depreciation and write-downs	35	(78,618,584)		(93,619,786)	
Ebit		15,628,572		(28,290,108)	
Financial Income		4,952,714	2,686,291	8,169,120	2,846,729
Financial Expenses		(18,266,067)	(50,896)	(5,907,035)	
Financial income and expenses	36	(13,313,353)	2,635,395	2,262,085	
Pre-tax result		2,315,219		(26,028,023)	
Income taxes	37	(2,059,111)		(3,885,706)	
Net (Loss)/profit of the year		256,108		(29,913,729)	

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2022	of which related parties	2021	of which related parties
Profit/(loss) for the financial year		256,108		(29,913,729)	
Consolidated other comprehensive income statement items					
Items which may not be reclassified subsequently in the P&L account	314				
Revaluations of net liabilities for defined benefits	21	13,461,460		33,568	
Income taxes on items which may not be reclassified subsequently in the P&L account	21	(3,230,750)		(8,056)	
Total items which may be reclassified subsequently in the P&L account					
Valuation at fair value of properties	21	-		20,458,547	
Income Taxes on valuation	21	-		(5,769,310)	
Total items which may not be reclassified subsequently in the P&L account		10,230,709		14,714,749	
Items which may be reclassified subsequently in the P&L account	314				
Foreign exchange differences from conversion of foreign operations	21	-		-	
Investments accounted with Equity method - Cash flow hedge reserve	21	-		-	
Taxes on investments accounted with Equity method - Cash flow hedge reserve	21	-		-	
Financial assets Held to Collect and Sell	21	(5,151,419)		(372,450)	
Income taxes Held to Collect and Sell	21	(1,199,562)		(22,873)	
Total items which may be reclassified subsequently in the P&L account		(6,350,981)		(395,323)	
Total consolidated other comprehensive income statement items		3,879,728		14,319,426	
Total comprehensive profit (loss)		4,135,836		(15,594,303)	

STATEMENT OF CHANGES IN EQUITY OF ATM S.P.A.

Equity	12.31.2021	Allocation of Profit	Other Changes	Other Comprehensive Income Items	Net Profit	12.31.2022
Share capital	700,000,000					700,000,000
Legal reserve	140,000,000	(20,951,532)				119,048,468
Other reserves	277,090,837	(8,962,197)	50,006	3,879,728	-	272,058,374
<i>Conferment reserve</i>	3,198,425	(3,198,425)				-
<i>Extraordinary reserve</i>	5,763,772	(5,763,772)				-
<i>Rounding reserve</i>	(2)		-			(2)
<i>FTA reserve</i>	155,710,246					155,710,246
<i>Actuarial Losses reserve</i>	(13,026,025)			10,230,709		(2,795,316)
<i>Available for Sale reserve</i>	-					-
<i>Property, Fair value revaluation reserve</i>	125,287,882					125,287,882
<i>Held to Collect and Sell reserve</i>	120,446			(6,350,981)		(6,230,535)
<i>OCI reserve</i>	36,093		50,006			86,099
Retained earning (loss)	-	-				-
Net Profit / (loss) of the year	(29,913,729)	29,913,729			256.108	256,108
Total Equity	1,087,177,108	-	50,006	3,879,728	256,108	1,091,362,950

Equity	12.31.2020	Allocation of profit	Other changes	Other Comprehensive Income Items	Net Profit	12.31.2021
Share capital	700,000,000					700,000,000
Legal reserve	140,000,000					140,000,000
Other reserves	279,497,066	(16,491,132)	(234,523)	14,319,426		277,090,837
<i>Conferment reserve</i>	19,689,557	(16,491,132)				3,198,425
<i>Extraordinary reserve</i>	5,763,772					5,763,772
<i>Rounding reserve</i>	-		(2)			(2)
<i>FTA reserve</i>	155,710,246					155,710,246
<i>Actuarial Losses reserve</i>	(13,051,537)			25,512		(13,026,025)
<i>Property, Fair value revaluation reserve</i>	110,598,645			14,689,237		125,287,882
<i>Held to Collect and Sell reserve</i>	515,769			(395,323)		120,446
<i>OCI reserve</i>	270,614		(234,521)			36,093
Retained earnings (loss)	53,868,390	(53,868,390)				-
Net Profit / (loss) of the year	(70,359,522)	70,359,522			(29,913,729)	(29,913,729)
Total Equity	1,103,005,934	-	(234,523)	14,319,426	(29,913,729)	1,087,177,108

CASH FLOW STATEMENT OF ATM S.P.A.

	2022	2021
A Cash flows from operating activities		
Net Profit/(loss) of the period	256,108	(29,913,729)
Income taxes	2,059,111	3,885,706
Interest income/expense net of impairment of financial activities and dividends and interest expenses as per IFRS 16	15,074,909	(395,756)
Dividends	(1,785,000)	(1,530,000)
(Gains)/losses on sale of assets	(260,754)	5,296
1. Profit/(loss) of the year before taxes, interest, dividends and gains/(losses) from disposals	15,344,374	(27,948,483)
<i>Non-cash adjustments not impacting working capital</i>		
Changes in provisions for risk and charges	8,490,722	18,040,030
Changes in employee benefits	69,598	1
Changes in the provision for impairment on cash and cash equivalents	11,279	31,855
Amortisation	78,618,584	87,086,048
Adjustments to fixed assets value	-	(13,924,809)
Adjustments to the value of equity investments	(37,244)	(131,290)
Impairment on financial assets	60,688	(205,039)
Other changes	50,008	14,448,441
<i>Total non-cash adjustments</i>	<i>87,263,635</i>	<i>105,345,237</i>
2. Cash flow before working capital changes	102,608,009	77,396,754
<i>Change in net working capital:</i>	<i>(2,019,809)</i>	<i>4,042,045</i>
Inventories	1,606,787	(2,334,069)
trade receivables	(22,898,690)	(10,668,194)
intercompany trade receivables	(764,014)	474,687
other receivables	(325,264)	7,683,944
other receivables intercompany	(14,881)	(195,061)
accrued income and prepaid expenses	110,397	(969,932)
trade payables	11,943,313	9,670,202
Short-term payables for IFRS 16 leasing	(286,116)	167,565
intercompany trade payables	(1,600,025)	(1,331,443)
other payables	9,479,691	1,074,489
other payables intercompany	500,914	519,206
accrued expenses and deferred income	228,079	(49,349)
3. Cash flow after net working capital changes	100,588,200	81,438,799
<i>Other adjustments</i>	<i>(15,119,957)</i>	<i>(20,471,839)</i>
interest collected/(paid)	(2,891,267)	(3,568,983)
Interest collected/(paid) on leased assets as per IFRS 16	(137,737)	(148,133)
(Paid income taxes)	-	(150,000)
Dividends collected	1,785,000	1,530,000
(Utilisation of provision for risk and charges)	(2,345,885)	(6,089,829)
(Utilisation of provision for employee benefits)	(11,530,068)	(12,044,894)
Cash flow income management (A)	85,468,243	60,966,960

CASH FLOW STATEMENT OF ATM S.P.A.

	2022	2021
B. Cash flows from investment/divestment		
<i>Property, plant & equipment</i>		
(Investments)	(79,867,463)	(69,550,749)
Sales price of disposals	536,754	374,805
<i>Intangible assets</i>		
(Investments)	(1,133,015)	(984,270)
Sales price of disposals	-	-
Increase/(decrease) in trade payables for fixed assets	25,555,988	(30,707,880)
<i>Financial fixed assets</i>		
(Investments)	(17,268,955)	(21,269,506)
Sales price of disposals	8,729,309	3,110,224
<i>Current financial assets</i>		
(Investments)	(22,094,461)	(120,390,881)
Sales price of disposals	62,469,866	134,416,755
Changes in plant capital grants	14,618,992	17,601,671
Cash flow of investment/divestment activity (B)	(8,452,98)	(87,399,831)
C. Financial flows from the financing activity		
<i>Third party funds</i>		
Increase/(decrease) short-term loans to banks	(15,000,000)	15,000,000
Repayment of loans	(11,066,612)	(10,923,045)
Reimbursement of share capital loans on IFRS 16	(2,217,321)	(2,202,248)
Increase/(decrease) of Cash Pooling	5,889,508	9,879,827
<i>Own funds</i>		
Paid Dividends (and advances in dividends)	-	-
Cash flows from financing activities (C)	(22,394,425)	11,754,534
Exchange rate effectct	712,960	372,301
Increase/(decrease) in cash and cash equivalents	55,333,793	(14,306,036)
Cash and cash equivalents at the beginning of the year *	98,622,231	112,928,267
Cash and cash equivalents at year end **	153,956,024	98,622,231

(*) Gross of the provision for liquidity write-downs

1. General information

ATM S.p.A. (hereinafter also the “Company” or “ATM”) is a company established and domiciled in Milan and organized according to the legal order of the Italian Republic. The Company has its registered office in Milan – Foro Buonaparte, 61.

The Company manages the public transport service for urban and long-distance areas of Milan and Monza, the management of car parks, on-street parking and towing, Area B and C, as well as the integrated maintenance of vehicles and infrastructures.

The publication of this Financial statements was authorized by the Directors on March 30, 2023 and will be submitted to the Shareholders’ Meeting for approval and subsequent filing, within the terms required by law. The Shareholders’ Meeting has the power to make changes to these Financial Statements.

Deloitte & Touche S.p.A. is responsible for the statutory audit of the accounts.

In the preparation of these Financial Statements, the same accounting principles were applied as those adopted in the preparation of the Financial Statements as of December 31, 2021, were applied, supplemented by the provisions described in the paragraph “*Accounting principles, International Financial Reporting Standards and IFRIC amendments and interpretations approved by the European Union, applied by the Company since 1 January 2022*”.

2. Basis of Presentation of the Financial Statements

These Financial Statements for the year ended December 31, 2022 have been prepared in accordance with *the international Accounting Standards (International Accounting Standards – IAS and International Financial Reporting Standards - IFRS)* issued by *the International Accounting Standards Board (IASB)*, and interpretations issued by the *International Financial Reporting Standards interpretations Committee (IFRIC)* and *the Standing Interpretations Committee (SIC)*, endorsed by the European Union pursuant to European Regulation (EC) No. 1606/2002 of July 19, 2002 and in force at the reporting date (together these standards and interpretations defined hereinafter referred to as “IAS-IFRS principles”). In particular, Law Decree no. 38 of 28 February 2005, which governs this regulation in Italy, introduced the mandatory application of the IAS-IFRS Standards for the separate and consolidated financial statements to the companies issuing financial instruments admitted for trading on regulated markets in any Member State of the European Union.

It should also be noted that these financial statements were prepared based on the best knowledge on the IAS-IFRS Standards and taking into account the best practice; any further orientations and interpretative updates will be reflected in subsequent years, in accordance with the provisions of the accounting standards.

The financial statements have been prepared on a going concern basis, in accordance with paragraphs 24 and 25 of IAS 1, since the Directors have verified that there are no financial, management, operating or other factors that could indicate critical issues regarding the Company's ability to meet its obligations in the foreseeable future and in particular in the next 12 months, taking into account the high levels of capitalization, cash and cash equivalents and access to the financial market. This assessment also takes into account what is described in the Management Report in the section “*Going concern and contractual framework*” to which is referred to.

In addition, in order to assess the going concern, the Directors have considered the provisions of Law Decree 4/2022, art. 24, by which a provision was introduced that provides the possibility of extending service contracts until the deadline of December, 31 2026 in order to support operators that have ongoing self-financed investments, including partial investments, and on the basis of a financial economic plan that complies with the current regulatory rules and measures, significant investments, including in execution or as supplement to the integration of the interventions pertaining to the National Recovery and Resilience Plan or other financial instruments, oriented toward environmental sustainability and the improvement of passenger transport services, having a payback period longer than the expiration of the entrustment.

Some regions, such as Puglia and Marche, have already extended the duration of existing service contracts with ad-hoc regional laws (Puglia until December 31, 2026, Marche until September 30, 2026). Lombardy has not yet adopted this provision.

In the light of the regulatory measures that could lead to a deferment of the term of service contracts currently in place and in consideration of the time required for the holding of the next tenders for the entrusting of the service, the Administrators, in view of the evaluation of company's going concern, consider it plausible to consider the continuation of the extension regime until December 31, 2024. In fact, in light of the current interlocutions, it is reasonable to assume the start of activities related to the "Milano Next" project, which is fully described in another part of this document as of January 1, 2025.

As already reported in the Management Report attached to the 2022 financial statements and in accordance with IAS 36 – "impairment of assets", and as recommended by ESMA in the *Public Statement* of May 31, 2022 32-63-1277, in order to assess the recoverability of the invested capital recorded in the financial statements, it carried out an impairment test and a sensitivity analysis on certain variables directly affected by the aforementioned effects and in particular on WACC forecasting an impact of up to 100 basis points and on EBITDA forecasting an impact of up to 30% base 2022. This analysis was carried out consistently with what was done for the *impairment test performed* on the preparation of the separate 2021 financial statements. In fact, 2022 is characterized by the conflict between Russia and Ukraine and by the gradual rise in the prices of raw and agricultural materials, partly due to the continued rise in inflation, which began in the summer months of 2021 with a value that at the end of the year exceeded 12% in Italy, the Company, as recommended by ESMA with *Public Statement* of May 31, 2022 32-63-1277 carried out an *impairment test*, to verify the recoverability of the net invested capital recorded in the financial statements. *The results of the impairment test* and sensitivity analyses confirmed the book values of the assets of the analyzed business lines are maintained (see Note 4 below, "use of estimates").

A description of the ways in which the Company manages financial risks is illustrated in Note 5 below – "Financial risk Management".

The Financial Statements consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flows statement and the related Explanatory Note.

In particular, the Statement of Financial Position has been prepared in accordance with the format that shows the breakdown of "current/non-current" assets and liabilities as permitted by IAS 1. An asset/liability is classified as current when it meets one of the following criteria:

- it is expected to be realized/settled or it is expected to be sold or used in the normal operating cycle; or
- it is principally held to be traded; or
- It is expected to be realized/settled within twelve months from the reporting date.

Where none of these conditions apply, assets/liabilities are classified as non-current. The receivable and payable balances also disclose the amounts related to the relationship with related parties.

The income statement was prepared in accordance with the format used to classify revenues and costs by nature, indicating interim results relating to EBITDA, EBIT and profit before taxes, in order to provide a better representation of normal operating performance. The form chosen complies with internal reporting and *business management methods*, is in line with international practice and is therefore considered more representative than the presentation by destination, providing more reliable and more performance indications for the sector. Revenue and cost items also detail the values related to the relationship with Related parties. The costs and revenues to related parties are also detailed by counterparty in the table in Note 40.

The Prospectus of the other components of the statement of comprehensive income includes changes in the period during the year, generated by transactions other than those with Shareholders and based on specific IAS-IFRS Standards. The changes to “*other comprehensive profits/(losses)*” are presented separately from the related tax effects.

The Statement of changes in equity has been defined in accordance with IAS 1 and outlines the changes to the equity accounts:

- allocation of the consolidated result for the year;
- each item of profit and loss account, net of any tax effects which, as required by the IAS-IFRS standards, are alternatively recognized to consolidated equity (actuarial profits and losses generated by the measurement of defined benefit plans, measurement of financial assets at *fair value*) or are recognized in a reserve of net worth whose impact is therefore directly reflected in equity;
- the effect deriving from changes in accounting or introduction of new accounting standards.

The Statement of Cash Flows presents cash flow movements during the year, classified as operating, investment and financing activities; cash flows from the operating activities are presented according to the indirect method.

The financial report also includes the Management Report which accompanies the financial statements. Moreover, in compliance with the requirements introduced by Law Decree no. 254 of December 30, 2016 implementing Directive 2014/95/EU, and in accordance with *the GRI Sustainability Reporting Standards* – published by *the Global Reporting Initiative (GRI)* – the Company has prepared the Consolidated Non-Financial Report to ensure an understanding of the Company's business and performance, its results and impact from the same product, covering the 5 relevant areas: environment, social aspects, personnel management, human rights and the fight against corruption. The Company has therefore benefited from the exemption from the provision of the Non-Financial Declaration for its business in the presence of the publication of the Consolidated Declaration.

The Company's functional currency is the euro, which is the basis for the presentation of the Financial Statements, representing the currency of the country in which the Company operates; the Financial

Statements and all amounts included in the tables in the Notes to the Financial Statement, unless otherwise indicated, are expressed in units of euro.

The financial statements were prepared applying the historical cost method, taking in consideration, where appropriate, value adjustments, with the exception of items of financial statements accounts which, according to IAS-IFRS principles, must be recognized at *fair value*, as indicated in the accounting policies and without prejudice to cases where the IAS-IFRS standards permit a different valuation criteria and this alternative criteria to the cost has been adopted (in this case, the valuation of the real estate portfolio at fair value).

No events occurred after the end of the financial year that modify conditions already existing at the financial statement date and require changes in the values of assets and liabilities and in the economic result at the end of the financial year. For subsequent events at the closing date of the financial statements, for which there is no impact on the income statement, balance sheet and financial position please refer to the specific paragraph in the Management Report.

3. Valuation criteria

Property, plant, and equipment

Property, consisting of land, warehouses and offices (excluding warehouses sold off from the production process and those for which restoration and upgrading are planned) are measured at *fair value*, which allows the value of the asset to be recalculated periodically so as to align with its *fair value* at the date of recalculation, net of accumulated depreciation and any impairment losses.

The plants and machinery are recorded at the purchase or production cost. The value is recorded net of accumulated depreciation and any impairment losses. The cost of purchase or production includes the directly incurred costs to prepare the assets for their use, as well as any dismantling and removal costs that will be incurred as a result of contractual obligations requiring the asset to be returned to its original condition.

The costs of improvement, modernization and transformation of an incremental nature of fixed assets are allocated as an asset. In particular, these improvements include the maintenance activity defined as “General Revision” or “Ongoing General Revision”, which aim to bring the metropolitan and tram rolling stock back to conditions comparable to those of a newly acquired vehicle, with its substantial reconstruction commencing from the carriage structure or, for revamping interventions, including significant technological modernization/upgrading. These interventions are based on the aging, type of rolling stock, deterioration of the stock and therefore its general usage and number of journeys and distances clocked and the need for technological modernization/upgrading. The capitalization of the interventions described above relating to expansion, modernization or improvement is made only when they satisfy the requirements for being classified separately as an asset, in accordance with *the component approach*, according to which the useful life and the relative value of each component is measured separately.

The expenses incurred for maintenance and repairs of an ordinary nature are directly charged to the income statement when incurred.

Depreciation is calculated on a straight-line basis, based on depreciation rates representative of the economic technical life of the tangible assets. Depreciation is calculated from the moment the asset is available for use, according to the intentions of the management. Land is not depreciated.

The estimated useful lives are as follows:

	Service life years
Property, plant, and equipment	
Buildings	50
Plants and machinery	
- Line systems	
- Depot fixed plant	20
- Refueling plant	9
- Line switch plant	10
- Industrial plant	17
- Signaling plant	25
- Operating offices	17
- Substation power	17
- Localisation	17
- Magnetic-electronic ticketing	10
- Line rolling stock	
- Rail rolling stock	30
- Road rolling stock	7 ÷ 13
Industrial and commercial equipment	
- Auxiliary vehicles	5 ÷ 13
- Other equipment	5 ÷ 10
Other assets	5 ÷ 8

The useful life of tangible assets and their residual value shall be reviewed and updated, where necessary, at least at the end of each financial year.

Tangible assets are also subject to verification to identify any reductions in value annually or whenever there is an indication that the asset may have been reduced in value. Reference should be made to the contents of the following paragraph “Impairment of assets” for the criteria for determining any write downs.

The Buildings also include properties owned that are not instrumental in nature. Similarly to land, deposits and offices, real estate investments are valued at the criteria of the cost recalculated at *fair value*, a criteria that allows periodically redetermining the value of the asset to align it with *a value equal to fair value* at the revaluation date, net of accumulated depreciation and any impairment losses.

In the event of the sale of the property, the possible higher price collected with respect to the value of the property is recognized in the equity under “other reserves” which also includes the residual share of OCI attributable to the property or land transferred.

Intangible assets

Intangible assets are non-monetary, identifiable and without physical substance, controllable and capable of generating future economic benefits. These items are recognized at the purchase and/or production cost, including the costs of bringing the asset to its current use, net of accumulated amortization and any loss in value.

Amortization begins when the asset is available for use, according to the intentions of the management, and is recognized on a straight-line basis in relation to the residual possibility of use and thus over the estimated useful life of the asset.

In particular, *the cost of software license*, including expenses incurred to make *the software* ready for use, are amortized on a straight-line basis over five years, while *software programs* maintenance costs are charged to the income statement when incurred.

Intangible fixed assets with a definite useful life are tested for losses in value when there is an indication that the asset may have incurred a loss in value. Reference should be made to the paragraph below "*Impairment of assets*" for impairment criteria.

Assets held under lease agreements

Tangible assets held under lease contracts through which the control (*right of use*) of an asset is acquired, are recognized as assets of the Company assets through the registration of *the leased asset* in the assets with a counter-entry to a financial payable. The elements of the *leases* are the following: The identification of the asset, the right to replace it, the right to obtain substantially all the economic benefits deriving from the use of the asset and, lastly, the right to direct the use of the asset under the lease contract.

The right of use is systematically depreciated from the moment the asset is available for use, over the contractual term of the lease contract, according to Management's intentions.

The rights of use are also audited to an impairment test to identify any reductions in value annually or whenever there is an indication that the asset may have suffered a reduction in value as a result of the implementation of management conditions that make the lease contract onerous under IAS 37.

Investments in subsidiaries, associates and other companies

Investments in subsidiaries, associates and other enterprises are valued at the purchase cost (including the ancillary costs of direct charges), which may be reduced due to losses of value. Reference to the following paragraph "*Impairment of assets*" for the criteria to determine any write-downs.

Any positive difference, arising on acquisition from third parties, between the purchase cost and fair value of net assets acquired in an investee company is included in the carrying amount of the investment.

Investments in subsidiaries, associates and other companies are tested for impairment annually or more frequently if necessary. If there is evidence that these investments have incurred an impairment loss, the loss is recorded in the Income Statement. When the share of losses pertaining to the Company in the investment exceeds the book value of the investment and the Company has an obligation to cover such loss, the value of the investment is written down and the share of further losses is recognized as a provision for risks and charges in the liabilities in the statement of financial position. If an impairment loss is subsequently reversed, the increase in book value (up to a maximum of purchase cost) is recognized through the income statement.

Impairment of assets

- *Tangible and intangible assets with a defined useful life and investments*

At each reporting date, an assessment is made to establish whether there are indicators that tangible and intangible assets (including rights of use, the impairment of which is linked to the emergence of terms of use on the basis of an onerous contract under IAS 37) and investments may have been impaired and whether, with reference to the value of the land and buildings, *the fair value* may be different from the cost restated at *fair value* at the reference date of the assessment (i.e. including accumulated depreciation recognized between *the two fair value measurement dates*). For this purpose, both internal and external sources of information are considered. With regard to the former (internal sources) the following are considered: the obsolescence or physical impairment of the asset, any significant changes in the use of the asset and the economic performance of the asset with respect to expectations. With regard to external sources, the following are considered: the trend in market prices of assets, any technological, market or regulatory discontinuity, the trend in market interest rates or the cost of capital used to evaluate investments.

If the presence of such indicators is identified, the recoverable value of the above mentioned assets (*impairment test*) is estimated, and subsequently imputed to the income statement. The recoverable value of an asset is represented by the higher of *its fair value*, net of accessory selling costs, and its value of use, which is the present value of the estimated future cash flows for the asset. In determining the value of use, the expected future cash flows are discounted to the present value using a discount rate that reflects current market value, compared to the investment period and specific risks of the business. For an asset that does not generate largely independent cash flows, the recoverable amount is determined in relation to the cash generating unit (CGU) to which that asset belongs.

A loss of value is recognized in the income statement when the book value of the asset, or of the relative cash *generating unit* to which it is allocated, is higher than its recoverable value. The impairment of *the cash generating unit* is recognized as a reduction of the asset, in proportion to its book value and within the limits of the relative recoverable value, including the rights of use. When the reasons for the write-down no longer exist, the book value of the asset is restored through the income statement, up to the value at which the asset would be recognized if no write-down had taken place or depreciation had been recognized.

See the following Note 4 “use of estimates” for a more detailed discussion of the impairment test results as December 31, 2022.

- *Land and buildings values at cost restated at fair value*

In the *fair value determination exercise*, the positive difference between the restated fair value and the recognition value (previous recalculated *fair value* adjusted with previous amortization) is recognized in equity, while, in the event of a negative differential, it is recognized in the

shareholders' equity (OCI) up to the residual value of the revaluation of *the fair value* of each property and for the part exceeding the income statement.

Financial assets

Financial assets are classified into the following three categories: (I) financial assets measured at amortized cost; (ii) financial assets measured at *fair value*, with recognition of the effects among the other components of comprehensive income (hereinafter also FVTOCI); (iii) Financial assets measured at *fair value* with recognition of the effects in the income statement (hereinafter also FVTPL).

The initial recognition of financial assets is at *fair value*.

(i) *financial assets valued at amortized cost*

After initial recognition, financial assets that generate contractual cash flows that are representative exclusively from capital and interest payments are valued at the amortized cost if held with the purpose of collecting the contractual cash flows (so-called business model *held to collect*). According to the amortized cost method, the initial recognition value is subsequently adjusted to take into account capital repayments, any write-downs and amortization of the difference between the repayment value and the recognition value. Amortization is based on the effective internal interest rate, which represents the rate that makes the present value of the expected cash flows and the initial book value equal at the time of initial recognition. Receivables and other financial assets measured at amortized cost are presented in the balance sheet net of the relevant depreciation fund.

(ii) *Financial assets measured at fair value, with recognition of the effects among the other components of comprehensive income (hereinafter also FVTOCI)*

The financial assets representing debt instruments whose business model provides both the possibility of cashing contractual cash flows and the possibility of realizing capital gains from sale (so-called business model *held to collect and sell*), They are measured at *fair value* with effects charged to OCI (hereinafter also FVTOCI). In this case, changes in *the fair value* of the instrument are recognized in shareholders' equity, among other components of comprehensive income. The cumulative amount of changes in *fair value*, recognized in the shareholders' equity reserve that includes the other components of the comprehensive income, is reversed to the income statement when the instrument is derecognized.

(iii) *Financial assets measured at fair value with effects recognized in Income Statement (hereinafter also FVTPL)*

A financial asset that is not measured at amortized cost or FVTOCI is measured at *fair value* against with the effects being recognized to the income statement (FVTPL); this category includes financial assets held for trading purposes as well as financial assets whose cash flows have characteristics that do not meet the conditions for valuation at amortized cost or FVTOCI.

The measurement of the recoverability of financial assets not measured at *fair value* with effects on income statement is made based on the so-called Expected Credit losses.

Financial assets sold are derecognized when contractual rights associated with obtaining cash flows associated with the financial instrument expire, or are transferred to third parties.

With regard to value adjustments ("impairment"), loans and debt securities classified as Financial Assets at amortized cost, financial assets measured at fair value with impact on comprehensive income and significant off-balance-sheet exposures are the subject of value adjustments.

In this respect, these instruments are classified in stage 1, stage 2 or stage 3 according to their absolute or relative credit quality with respect to the initial supply. In particular:

- Stage 1: Includes (i) newly originated credit exposures, (ii) exposures that have not undergone a significant deterioration in credit risk with respect to the date of initial recognition, and (iii) exposures with low credit risk (“low credit risk exemption”).
- Stage 2: Includes credit exposures which, although not impaired, have undergone a significant deterioration in credit risk compared to the date of initial recognition.
- Stage 3: Includes impaired credit exposures. For exposures belonging to stage 1, the total value adjustments are equal to the expected loss calculated over a time horizon of up to one year. For exposures belonging to stages 2 or 3, the total value adjustments are equal to the expected loss calculated over a time horizon equal to the entire duration of the relative exposure.

The Company has developed specific models for the calculation of expected loss based on the parameters of probability of insolvency (“PD”), Loss in view of insolvency (“LGD”) and exposure at the insolvency date (“EAD”) used for regulatory purposes and to which specific corrections are made in order to ensure full consistency with accounting legislation. In this context, (“*forward looking*”) information was also included through the development of specific scenarios.

Inventories

The stock inventories relating to materials to be used for maintenance activities of the rolling stock - are recorded at the lowest between the purchase cost (including ancillary costs) and the net realizable value. The cost is determined according to the weighted average cost method. The net realizable value is represented by the replacement cost.

Obsolete and/or slow-return inventories are written-down in relation to its expected future utilization or future realization through the recognition of an obsolescence provision. The devaluation is eliminated in subsequent periods if the reason for the depreciation is lost.

Trade receivables and other receivables

Trade and other receivables are recognized initially at *fair value* and subsequently measured according to the amortized cost method net of doubtful debt provision. When there is an indication of reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. Indicators of loss in value is verified by considering, among other, significant contractual non-compliance, significant financial difficulties and the risk of insolvency of the counterparty. Receivables are reported net of doubtful debts. When in subsequent periods the reduction in the value of the asset is confirmed, the doubtful debt provision is utilized; otherwise, where the reasons for the previous write-downs no longer exist, the value of the assets is reversed to the recoverable amount derived from applying the amortized cost method had the write-down had been made.

Cash and cash equivalents and equivalent means

Cash and cash equivalents include cash, available bank deposits, other short-term forms of investment, due within three months. Cash and cash equivalents are recognized at *fair value*.

Financial liabilities

Loans, trade payables and other financial liabilities are initially recognized at *fair value*, net of directly allocated accessory costs, and subsequently recognized at amortized cost, using the effective interest rate

criterion. When there is a change in the estimate of expected cash flows, the value of liabilities is recalculated to reflect this change based on the present value of the new expected cash flows and the actual internal rate initially determined. Loans, trade payables and other financial liabilities are classified as current liabilities, except where the contractual maturity is beyond 12 months compared to the reporting date and when the Group has an unconditional right to defer their payment for 12 months after the reporting date. Loans, trade payables and other financial liabilities are derecognized from the financial statements when they are settled and when the company has transferred all risks and charges related to the instrument.

Employee benefits

The Company has both defined contribution plans and defined benefit plans.

Third party fund operators, in relation to which there is no legal or other obligation to pay further contributions where the fund does not have sufficient assets to meet the obligations to the employees. For the defined contribution plans, the Company pays contributions, voluntary or established contractually, to public and private pension funds. The contributions are recognized as personnel expense in accordance with the accruals principle. Advance contributions are recorded as an asset that will be reimbursed or made to offset future payments if they are due.

A defined benefit plan is a plan that cannot be classified as a defined contribution plan. In the defined benefit plans, the amount of benefit to be paid to the employee is quantifiable only after the termination of the employment relationship, and is linked to one or more factors such as age, years of service and remuneration. The obligations for defined benefit plans are therefore determined by an independent actuary using the “*projected unit credit method*”. The present value of the defined benefit plan is determined by discounting future cash flows at an interest rate equal to the obligations (high-quality corporate) issued in the currency in which the liability will be settled and taking into account the duration of the relevant pension plan. The profits and losses arising from the actuarial calculation are entirely recognized under equity in the year, in the reference period, taking into account the relative deferred tax effect.

In particular, it should be noted that the company operates a defined benefit plan, represented by the Employment Termination Indemnities (“TFR”). The TFR is obligatory for Italian companies under Art. 2120 of the Civil Code; it is a form of deferred remuneration and is related to the duration of the employment service and to the remuneration received during the period of service provided. From January 1, 2007, Law No 296 of December 27, 2006 (“Financial Law 2007”) and subsequent decrees and regulations introduced significant changes to the TFR framework. This includes the choice of the employee as to allocate maturing benefits to supplementary pension funds or the “Treasury Fund” managed by the INPS. Therefore, the obligations with INPS and the complementary pension contributions, in accordance with IAS 19 “Employee Benefits” are considered defined contribution plans, while the amounts recognized in the Employment Termination Indemnities as January 1, 2007 are considered defined benefit plans.

Provisions for risks and charges

Provisions for risks and charges are recognized to cover known or likely losses or liabilities, the timing and extent of which are not known with certainty at the reporting date. They are recognized only when there exists a current obligation (legal or implicit) for a future payment resulting from past events and it is probable that the obligation will be settled. This amount represents the best estimate of the costs required to settle the obligation. If the financial effect of the period is significant and the payment dates

of the obligations can be reliably estimated, the provisions are valued at the present value of the expected payment, utilizing a rate, which reflects market conditions, the change in the cost of money in the period, and the specific risk related to the obligation. The increase in the value of the provision from changes in the cost of money in the period is recognized as interest expense.

Possible risks that may result in a liability are disclosed in the notes on potential liabilities without any provision.

Revenue recognition

Revenues are recognized for the amount equal to *the fair value* of the consideration received or to be received, to the extent that the economic benefits flow to the Company and are determined reliably.

The fee for Service Contracts relating to local public transport services is recognized in the income statement based on the temporal competence of the distances and sections carried out in the reference year, net of penalties, discounts, allowances and premiums, as well as taxes connected.

The revenues from services (in particular, on-street parking, car parking, vehicle tow removing) are recognized at the completion of the service, sales revenue are recognized on the transfer of the risks and rewards related to the goods sold.

Rental Income for commercial spaces, advertising and sponsorship are recognized in the period they mature, according to the contractual agreements underwritten.

Public Grants

Public grants, in the presence of a formal resolution, are recognized on an accrual basis in direct correlation with the costs incurred. In the event of uncertainty on their allocation, they are recognized in accordance with the cash criteria in the year in which they are received.

- **Capital Grants**

Public grants relate to sums paid for the acquisition of rolling stock or direct construction interventions, reconstruction and expansion of Property, plant, and equipment. The capital grants are recognized as a direct reduction of the assets to which they refer and contribute to the reduction in the calculation of the depreciation.

- **Contributions in the financial year account**

Operating grants refer to sums received from the Municipality of Milan or other public Entities by the company as a reduction of costs and charges incurred. Operating grants are allocated to the account "*Other Income*" as an income item in the income statement.

Recognition of costs

Costs are recognized when relating to assets or services acquired or consumed in the year or by systematic breakdown.

Dividends

They are recognized in the income statement when the right of the shareholders' to receive the payment arises, which normally occurs at the shareholders' meeting for the distribution of dividends.

Financial income

Financial income is recognized by competence and includes interest on the financial assets invested and profit on the sale of financial assets, and exchange differences in assets. Interest income shall be charged to the income statement at the time of maturity, considering the effective yield.

Financial charges

Financial expenses are recognized by competence and include interest on financial payables calculated using the effective interest method, losses on the sale of financial assets and currency losses.

Income taxes

Current Income taxes are calculated on the basis of taxable income for the period, applying the tax rates in force at the balance sheet date. Deferred taxes are calculated against all differences between the taxable amount of an asset or liability and its book amount.

Deferred taxes are recognized only for those amounts for which it is probable there will be future taxable income to recover the amounts. The deferred taxes are calculated utilizing the tax rates which are expected to be applied in years when the temporary differences will be realized or settled. The recovery of the deferred tax asset is reviewed at each reporting date. Deferred tax assets not recognized in the financial statements are reanalyzed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred taxes are recognized in the income statement, except those relating to accounts directly credited or debited to equity, in which case the fiscal effect is recognized directly to equity and to the consolidated comprehensive statement of income. Income taxes are offset when applied by the same fiscal authority, there is a legal right of offsetting and the payment of the net balance is expected.

The Company applies the National Tax Consolidation of the ATM Group as the consolidating company; this allows the IRES to be determined on the algebraic sum of the taxable amount of the individual participants. The economic relations, responsibilities and reciprocal obligations between the consolidating company (ATM S.p.A.) and the companies of the ATM Group within the National Tax Consolidation are defined in the *“Agreement concerning the joint exercise of the option for national consolidated by the companies belonging to the ATM Group”*.

The IRAP is determined exclusively with reference to the Company.

Other taxes not related to income, such as taxes on property, are included under *“Other operating costs and charges”*.

Conversion of Accounts in Foreign Currencies

Transactions in currencies other than functional currency are recognized at the exchange rate in place at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the euro are subsequently adjusted to the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in currencies other than the euro are recorded at the historical cost utilizing the exchange rate on the date of initial recognition of the transaction. Any emerging exchange-rate differences are reflected in the income statement.

Accounting standards, International Financial Reporting Standards and IFRIC amendments and interpretations approved by the European Union, applied by the Company from January 1, 2022.

The following Accounting Standards, International Financial Reporting Standards amendments and interpretations were applied for the first time by the Company from January 1, 2022.

- On May 14, 2020, the IASB published the following amendments:
 - *Amendments to International Financial Reporting Standards 3 “Business combinations”*: the purpose of the amendments is to update the reference in IFRS 3 to the revised conceptual framework, without any change to the provisions of International Financial Reporting Standards 3.
 - *Amendments to IAS 16 “Property, plant and Equipment”*: the purpose of the modifications is not to allow the amount received from the sale of goods produced in the testing phase of the asset to be deducted from the cost of the tangible assets. These sales revenues and related costs will therefore be recognized in the income statement.
 - *Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent assets”*: the amendment clarifies that in the estimate of the possible oneness of a contract, all costs directly attributable to the contract must be taken into account. Consequently, the assessment of the possible oneness of a contract includes not only incremental costs (such as the cost of the direct material used in the processing), but also all costs that the enterprise cannot avoid because it has entered into the contract (such as, for example, the portion of the depreciation of the machinery used for the performance of the contract).
 - *Annual improvements 2018-2020*: the changes were made to all IFRS 1 “*First-time Adoption of International Financial Reporting Standards*”, IFRS 9 “*Financial Instruments*”, IAS 41 “*Agriculture*” and *illustrative Examples of IFRS 16 “Leases”*.

The adoption of these amendments did not have any significant effect on the Company’s financial statements.

Accounting standards, amendments and interpretations International Financial Reporting Standards approved by the European Union, not yet mandatory and not adopted in advance by the Group as at December 31, 2022

- On May 18, 2017, the IASB published the International Financial Reporting Standards 17 – *insurance contracts*, which is intended to replace the International Financial Reporting Standards 4 – *insurance contracts principle*.
The aim of the new principle is to ensure that an entity provides relevant information that accurately represents the rights and obligations arising from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single *principle-based framework* to take into account all types of insurance contracts including reinsurance contracts that an insurer holds.
The new Standard also provides for Presentation and disclosure requirements to improve comparability between entities in this sector.
The new principle measures an insurance contract on the basis of a *General Model* or a simplified version of this, called *the Premium Allocation approach (“PAA”)*.

The main features of *the General Model* are:

- estimates and assumptions of future cash flows are always current;
- the measurement reflects the time value of the money;

- the estimates provide for extensive use of market-observable information;
- there is a current and explicit measurement of risk;
- the expected profit is deferred and aggregated into groups of insurance contracts at the time of initial recognition; and,
- the expected profit is recognized during the contractual period taking into account the adjustments resulting from changes in the assumptions relating to cash flows for each group of contracts.

The PAA approach provides that, for the measurement of liability for the residual coverage of a group of insurance contracts, at the time of initial recognition, the entity provides that such liability reasonably represents an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications resulting from the application of the PAA method do not apply to the valuation of liabilities for outstanding claims, which are measured with *the General Model*. However, it is not necessary to update those cash flows if the balance to be paid or collected is expected to occur within one year of the date on which the claim occurred.

An entity shall apply the new principle to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held, and also to investment contracts with a *discretionary participation feature* (DPF). The Standard applies from January 1, 2023 but early application allowed, only for entities that apply IFRS 9 – Financial Instruments and IFRS 15 – *Revenue from contracts with customers*.

This accounting policy is not applicable by the Company.

- On December 9, 2021, the IASB published an amendment called “*Amendments to International Financial Reporting Standards 17 insurance contracts: Initial Application of International Financial Reporting Standards 17 and International Financial Reporting Standards 9 – Comparative Information*”. The amendment is a transition option for comparative information on financial assets submitted at the initial date of application of IFRS 17. The amendment seeks to avoid temporary accounting misalignments between financial assets and liabilities of insurance contracts, and thus to improve the usefulness of comparative information for readers of financial statements. The amendments will apply from January 1, 2023, together with the application of the International Financial Reporting Standards 17 principle.

The Directors do not expect a significant effect on the Company’s financial statements from the adoption of this amendment.

- On February 12, 2021, the IASB published two amendments entitled “*Disclosure of Accounting Policies—Amendments to IAS 1 and International Financial Reporting Standards practice Statement 2*” and “*Definition of Accounting estimates—Amendments to IAS 8*”. The changes aim to improve disclosure of accounting policies in order to provide more useful information to investors and other primary users of financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from January 1, 2023, but advance application is allowed.

The Directors are currently evaluating the possible effects on the Company's financial statements from the adoption of this amendment.

- On 7 May 2021, the IASB published an amendment called “*Amendments to IAS 12 income taxes: Deposited Tax related to assets and liabilities raising from a Single Transaction*”. The document clarifies how deferred taxes on certain transactions that may generate equal amounts of assets and liabilities, such as leasing and decommissioning obligations, should be accounted for. The amendments will apply from 1 January 2023, but advance application is allowed.

Directors do not expect a significant effect on the Company's financial statements from the adoption of this amendment.

Accounting Standards, International Financial Reporting Standards amendments and interpretations not yet approved by the European Union

At the date of reference of this financial report, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and principles described below.

- On January 23, 2020, the IASB published an amendment called “*Amendments to IAS 1 Presentation of Financial statements: Classification of Liabilities as Current or Non-Current*” and on 31 October 2022 published an amendment called “*Amendments to IAS 1 Presentation of Financial statements: Non-current Liabilities with covenants*”. The purpose of the document is to clarify how to classify debts and other short-long-term liabilities. The amendments will start being applied on January 1, 2023; however, they are allowed to be applied in advance. The Directors do not expect a significant effect on the Company's financial statements from the adoption of this amendment.
- On September 22, 2022, the IASB published an amendment called “*Amendments to IFRS 16 Leases: Lease liability in a sale and leaseback*”. The document requires the seller-lessee to measure the lease liability arising from a sale & leaseback transaction so as not to recognize any income or loss that that refers to the withheld right of use. The changes will apply from January 1, 2024, but they are allowed to be applied in advance. The Directors do not expect a significant effect on the Company's financial statements from the adoption of this amendment.
- On January 30, 2014, the IASB published the *International Financial Reporting Standards 14 – Regulatory Deferral Accounts principle*, which allows only those who adopt the International Financial Reporting Standards for the first time to continue to recognize amounts relating to activities subject to “*Rate Regulation activities*” in accordance with the previous accounting principles adopted. Since the Company is not a *first-time adopter*, this principle is not applicable.

4. Use of estimates

The application of the IAS-IFRS principles for the preparation of financial statements entails the making, by the directors, of accounting estimates, often based on complex and/or subjective assessments, based on past experience and assumptions considered reasonable and realistic in relation to the information known at the time of the estimate, also with the support of experts. The use of these estimates is reflected in the book value of assets and liabilities and the disclosure of assets and Contingent liabilities at the date of the financial statements, as well as the amount of income and costs in the accounting period represented. Actual results may differ from estimated results due to uncertainty characterizing assumptions and conditions on which estimates are based. For this reason, estimates and

assumptions are periodically reviewed and the effects of any change are reflected in the income statement.

For a better understanding of the budget, below are the most significant estimates of the budgetary process because they involve a high use of subjective judgments, assumptions and estimates relating to issues of a uncertain nature. Changes in conditions based on judgments and assumptions could have a significant impact on subsequent results.

Recoverability of the value of tangible, intangible assets and investments

As already indicated, 2022 has been characterized, in addition to the consequences of the COVID-19 pandemic, which represented a trigger event of an exogenous nature at ATM such as to make it necessary to carry out *an impairment test* concerning the recoverability of the net invested capital entered in the financial statements as December 31, 2021, as previously done in the closing of the 2020 financial statements, especially the consequences of the war between Russia and Ukraine, which had significant impacts on current and prospective inflation and interest rates, thereby raising the need, as recommended by ESMA in *the Public Statement* of May 31, 2022 32-63-1277, to assess the recoverability of net invested capital. In line with the previous year, *the impairment test* was carried out on *cash generating units* that were most affected by the pandemic, namely “*Local Public Transport and Complementary Services*”. “*Local Public Transport in the Intercity Area*” as defined in Note 7 “*Operating performance –Segment analysis*”.

In the analyses carried out, the directors assumed, as highlighted in the paragraph on “*Business continuity*”, according to the regulatory provisions and the time likely needed to call for new tenders, the continuation of the extension regime through next December 31, 2024. Furthermore, with reference to the CGU “*Local public transport and complementary services*” – pertaining to the activities carried out by ATM S.p.A., the recoverable value, considered as value of use, was determined through the application of an analysis that considered three alternative scenarios, with a different degree of probability of occurrence:

- The first scenario, based on the assumption of an extension of the current service contract and subsequent continuation of the concession activities following the award of the TPL tender according to three different developments: (I) perpetual renewal, (ii) renewal for a period of only 15 years and subsequent disposal of the assets and liabilities for their net carrying amount (iii) renewal for a period of 15 years plus further 15 years and subsequent disposal of the assets and liabilities for their net carrying amount. The expected future cash flows used for this scenario have been taken from the Industrial Plan 2023 – 2039 (period corresponding to the extension of the service contract or the expected renewal in continuity of concession and more detailed in the management report to which reference is made, updating the previous Industrial Plan 2022 - 2037), which includes the impacts of the war between Russia and Ukraine – conservative assumptions of revenue and cost trends on the basis of historical trends, with the introduction of certain expected effects of operating leverage efficiency that are reasonably achievable;
- Second scenario, based on the assumption of an extension of the service contract until December 31, 2024 and its interruption in the event of the award of the TPL tender by a third party. This scenario assumes the perpetual rent to the new operator of the fixed-driving rolling stock, of the installations and the sale of the buses.

- Third scenario, based on the assumption of an extension of the service contract until December 31, 2024 and its interruption in the event of the award of the TPL tender to a third party. This scenario assumes the disposal of assets and liabilities for their net carrying amount outstanding at the service contract expiration date.

In the implementation of the impairment test, the Directors have therefore suggested updating the time horizon drawn from the 2023 – 2039 Industrial Plan with respect to the original assumptions and scenarios identified for the 2021 financial statements and determined from the 2022 – 2037 Industrial Plan (the “Industrial Plan”), built in accordance with the Group’s Strategic Plan 2021 - 2025 (The “Strategic Plan”), the latter approved by the advisers in the meeting of March 25, 2021. On the basis of the Industrial Plan and the probable multi-scenarios, prepared in accordance with the Management’s expectations, economic and financial projections consistent with medium to long term investment planning have been developed. The aforementioned projections have been revisited on the basis of the events already recorded and of the impacts that are believed to result in the short to medium term and which by their nature are necessarily uncertain.

On March 30, 2023, the Board of Directors approved the Company’s economic and financial forecasts, as well as *the results of the impairment test* in addition to noting the results of the sensitivity analysis.

This procedure for determining the loss of value of tangible and intangible assets and equity investments involved in estimating the value of use – the definition of the multi-scenarios mentioned above and the use of an industrial plan which are based on a set of assumptions and assumptions relating to future events and actions of the administrative bodies and the relevant regulatory bodies of the TPL services, which will not necessarily take place. In fact, the assumptions concerning future developments and the consequent forecast data used for the execution of *the impairment test* are characterized, given their predictive nature, by a certain degree of uncertainty and, therefore, it cannot be excluded that the occurrence of future results other than those estimated may require any adjustment of the value of tangible, intangible and financial assets entered in the financial statements.

It is also recalled that the post-tax WACC, which takes account of the specific risks of the asset and reflects current market assessments of the cost of money, has been used as the discount rate for the discounting of future cash flows, on the basis of a weighting between the cost of debt and the cost of equity, based on the values of comparable groups and which are subject to impairment as they operate in the same sector of activity. The WACC value thus determined was equal to 6.62% (pre-tax equal to 8.71%).

The impairment test on this CGU confirmed the value of the net invested capital in the ATM Group’s Annual Consolidated Financial Statements as December 31, 2022; *the test cover* achieved and *the sensitivity analysis* carried out on the rates assuming an increase in WACC to more than 100 basis points or on the EBITDA assuming a negative impact up to 30% make it possible to consider the aforementioned value recoverable even in the event of divergence of the actual data from forecasts.

Cost restated to the fair value of land and property

The Fair Value Measurement of land and buildings used as a reference for the periodic restatement of the cost is a complex estimation process which depends on the characteristics of the property, on the identification criteria of the market parameters used for the evaluation, as well as on the methodological approach adopted in the determining the portfolio discount.

Useful life of tangible and intangible assets

Tangible and intangible assets with a defined useful life are amortized over the estimated useful life of the related assets. The economic useful life of the assets is determined by the directors at the time the asset was purchased; it is based on historical experience for similar fixed assets, market conditions and advances on future events that could have an impact on useful life. Therefore, the actual economic-technical life may differ from estimated useful life. The Company periodically evaluates technological and sector changes to update the remaining useful life. This periodic update could lead to a change in the period of Amortization and therefore also in Amortization's share of future periods. It should be noted that, at the time of the first adoption of the IAS-IFRS standards, updates were made of the useful lives relating to metropolitan and tramway rolling stock, whereas in the year 2018, a new economic and technical life of buildings subject to *fair value measurement* was defined.

It is also noted that following the carrying out of an analysis of the recoverability of the values entered in the balance sheet, with reference to the metropolitan rolling stock, consequent to the taking of action of the exit from the production cycle of some rotables for technological obsolescence, the depreciation of 5 trams no longer used in the transport service has been entered, the capital and economic effects of which are described in Note 7.

Recoverability of warehouse inventories

The valuation of the warehouse is an estimate process subject to the uncertainty of the determination of the replacement value of the components of rolling stock and of consumable material which varies over time and according to market conditions and from the conditions of use of the different types of vehicles that make up the fleet on the basis of fleet renewal plans that may vary over time.

Recoverability of deferred tax assets

Deferred tax assets are recorded in the Financial Statements, mainly related to income components with deferred tax deductibility, for an amount whose recovery in future periods is considered highly probable. Significant judgments by the Directors are required to determine the amount of prepaid taxes that can be recognized in the Financial Statements based on the timing and amount of future taxable income.

In particular, it should be noted that in this financial statements advanced taxes have been entered for income components with deferred tax deductibility for the portion that the directors consider recoverable against future taxable income assumed having a time horizon after the end of the current term of the Service Contract with The Municipality of Milan is extended until December 31, 2023.

Processes for estimating funds for risks and charges

The Company is subject to legal and tax causes as well as environmental risks that may arise from complex and difficult issues, which are subject to a different degree of uncertainty, including the facts and circumstances inherent in each cause, jurisdiction, and different applicable laws. Given the uncertainties inherent in these issues, it is difficult to predict with certainty the outlay that might arise from such disputes. Consequently, the Directors, after having heard the opinion of their consultants and experts in legal, tax, and environmental matters, ascertain a liability against these disputes when they believe it is probable that a financial outlay will occur and when the amount of the losses that will derive from them can be reasonably estimated. This estimate involves the adoption of assumptions that depend on factors that may change over time and that could therefore have significant effects compared to the current estimates made by the directors for the preparation of the Company's financial statements.

Demonstration of such estimation uncertainty are the impacts recognized in the 2022 balance sheet as a result of the redefinition of certain estimates in light of new and relevant information.

Factors for assessing employee benefits

Liabilities for Employee benefit are valued with an actuarial methodology that requires the use of estimates and assumptions for the determination of the value of the obligation. The estimates and assumptions inherent in the actuarial valuation concern exogenous factors such as the discount rate and subjective factors such as the rate of increase in future wages, mortality and resignation.

Determination of the fair value of financial assets

The fair value of certain financial assets that are not listed on asset markets is determined using valuation techniques. The Company uses valuation techniques that use inputs directly or indirectly observable from the market at the end of the financial year, related to the activities being assessed. While considering the estimates of the aforementioned fair values reasonable, possible changes in the estimation factors, on which the calculation of the above values is based, could produce different valuations.

Information on climate change

As already mentioned in previous sections of this paper, the process of decarbonization and the process of electrification of the global economy are underway globally, which are crucial in achieving the “Net Zero” goal. This should prevent an increase in temperature above 1,5 °C and avoid serious consequences for the environment.

In this context, the Company has considered the risks related to climate change in the preparation of these Financial statements as of December 31, 2022, which appropriately reflects the effects of achieving carbon neutrality in assets, liabilities and income statement by highlighting their significant impacts as required by the Conceptual Framework of International Accounting Standards.

In this regard, in accordance with the IFRS Foundation’s published document “IFRS Standards and climate-related disclosures”, as required by ESMA in its “European common enforcement priorities”, the Company provides explicit disclosures in the explanatory note to these financial statement regarding how climate change is reflected in the accounts.

For a more effective and comprehensive communication in relation to the climate change information set out in the notes to these financial statements, the various issues relating to climate change are outlined below.

IAS 1 – Presentation of financial statements

IAS 1 requires entities to provide information, for example, climate-related issues, which are not specifically required by IFRS and not presented elsewhere, but that are relevant to understanding the financial statements.

Regarding the assumptions and estimates, IAS 1 requires disclosure of assumptions that an entity makes about the future that present a significant risk of resulting a material adjustment within the following financial year. Therefore, it may be necessary to make explicit assumptions about climate-related issues. With reference, management does not identify specific impacts arising from climate-related risks, to be considered in the application of accounting standards.

It should be noted, however, that the assessment, and more specifically the quantification, of climate-related risks generally require the application of assumptions about highly uncertain future developments, such as future technological developments, policy developments and government actions have been considered in the preparation of the financial statements with respect to the following cases.

IAS 36 – impairment of assets

The impairment test is carried out starting from the Group's industrial plan, which in turn derives from the short, medium and long term strategic objectives. The cash flows used are therefore derived from this plan and include both risks and opportunities related to climate change (for example, CO₂ reduction, replacement of energy sources, development of activities as *solution provider*, etc.). Specific *sensitivities* are also carried out to account for different future scenarios.

IAS 16 Property, plant, and equipment and IAS 38 intangible assets

IAS 16 and IAS 38 define the criteria for capitalization of costs. The costs, including the development of new solutions that reduce consumption, are capitalized when they meet the requirements of the two standards. The useful life of the Property, plant, and equipment, as well as that of intangible assets is determined in a manner consistent with the Group's strategic objectives and industrial plan.

IAS 37 provisions, contingent liabilities and contingent assets

Legislation introduced in response to climate change may give rise to new obligations that did not previously exist. In addition, an entity may make a public commitment to behave in a certain way or undertake certain activities in response to climate change.

It is also possible that previously recognized provisions for future events may have a faster realization with the consequent variation of estimate to be recognized. Climate change and related legislation may require this assumption to be reconsidered resulting in the need to recognize previously unrecognized liabilities. Specific disclosure of contingent liabilities is also provided in case the conditions are present.

5. Financial risk management

This section summarizes the Company's policies for managing and controlling financial risks to which it is exposed:

- 1) credit risk arising from the possibility of default of a counterparty;
- 2) liquidity risk resulting from the lack of financial resources to meet short-term commitments;
- 3) risk of non-compliance with *debt covenants* and possible default;
- 4) risk arising from exposure to fluctuations in interest rates, exchange rates, fluctuations in the price of commodities and the downgrade of the credit rating on medium/long-term deb.

During the financial year 2022 – as in the previous year – the Company did not make use of derivative financial instruments to cover the effects of the aforementioned risks.

- 1) Credit risk

Credit risk represents the Company's exposure to potential losses deriving from the non-fulfillment of the obligations assumed by commercial counterparts, mainly represented by the Municipality of

Milan and its subsidiaries, as well as by financial counterparties in relation to the portfolio of financial assets, to deposits with banks and capital contributions also in the form of loans granted to investee.

In the context of the management of risks related to the financial instruments subject to investment, the Company, in accordance with the approved policy, with the objective of preserving the capital invested in real terms, uses instruments to monitor the possible deterioration of the credit risk.

For counterparty credit risk deriving from the use of instruments, the Company adopts procedures and tools for the evaluation, selection and monitoring of counterparties on the basis of *credit standing*, (explicit ratings, Monitoring of CDS – Credit Default Swaps and Loss Given Default), continuous exposure monitoring and adoption of *stress test scenarios*.

In the management, the security of investment is privileged before liquidity and liquidity before yield. The parameters subject to continuous evaluation include the above indicators, in addition to compliance with the minimum rating thresholds defined by the policy, and the minimum size of the individual assets; the overall weighted average duration profile is also evaluated for the purpose of mitigating the sensitivity of the portfolio.

The ATM portfolio includes Cash securities, for the choice of which the rating constraints are respected, equal to at least, for the majority of the assets invested, "Investment Grade", as well as the duration and incidence of the issuer with respect to the total of the portfolio, and OICR units with a limited risk profile and broad sectoral and geographical diversification.

The Company is, moreover, exposed to credit risk in relation to financial guarantees (pledges on shares) issued in favor of lenders on *project finance operations* for the associated companies Metro 5 S.p.A. and SPV Line M4 S.p.A. The maximum exposure of the Company is equal to the value of the shares of the two project companies pledged for a total of Euro 12,095,700 as December 31, 2022.

Moreover, in accordance with the provisions of *the European Securities and Markets Authority* ("ESMA") and in accordance with the accounting standard International Financial Reporting Standards 9, the above value contributes to the formation of total financial debt only to the extent of the related *expected credit loss*, or cash shortfall, that ATM as guarantor could have to bear.

The exposure to counterparty credit risk is confirmed by the findings of *the impairment analysis*, as detailed in the next section.

With regard to its business counterparts, ATM has provided itself with internal methods for the selecting and evaluation of the economic and financial reliability of customers and suppliers as well as external sources for monitoring their credit situation. The continuous monitoring of exposure to various counterparties and the implementation of appropriate mitigation actions also include the adoption of credit collection measures.

The following table illustrates credit risk of the Company as of December 31, 2022, compared with the balance as December 31, 2021.

	12.31.2022	12.31.2021
Non-current financial assets	51,176,493	43,828,370
Non-current financial assets net of allowance for doubtful accounts	51,176,493	43,828,370
Current financial assets	152,872,561	208,133,420
Current financial assets net of Allowance for doubtful accounts	152,872,561	208,133,420
Current trade receivables	200,073,809	181,355,867
Doubtful debt provision	(12,538,780)	(15,756,164)
Current trade receivables net of allowance for doubtful accounts	187,535,029	165,599,703
Other current assets and receivables	112,409,733	30,438,635
Doubtful debt provision	(1,463,478)	(979,855)
Other receivables and current assets net of allowance for doubtful accounts	110,946,255	29,458,780
Cash and cash equivalents	153,956,024	98,622,231
Doubtful debt provision	(125,899)	(114,620)
Cash and cash equivalents	153,830,125	98,507,611
Total exposure net of doubtful debt provision*	656,360,463	545,527,884

* The items exclude tax receivables.

The change in current financial assets and Cash and cash equivalents is reflects the effect of investment dynamics and operating expenses that have absorbed liquidity, as well as resources for adjusting the rates of the loan with the European Investment Bank.

Non-current financial assets include loans and receivables from related parties and third parties; the increase in the year is due, mainly, to the advance paid to a supplier in the context of the work relating to the new signaling system for line M2, to interest accrued in the year 2021 partly offset by the proceeds received from the related company Metro 5 S.p.A.

The decrease in the doubtful debt provision is due to the dynamics related with the use and releases made during the year (for more details, see Note 17 – *Trade receivables*), the main ones of which refer to the use of the doubtful debt provision toward its controlling entity, Municipality of Milan for 238.104 euros, the provision of the fund to third-party customers for 483.623 euros in the face of probable risks and to release doubtful debt provision to the Municipality of Milan for 2.340.054 euros.

The increase in other current receivables and assets is due to the recognition of receivables for investments grants approved, by the assigning body, but not yet requested by the Company.

The following tables show the exposure to credit risk by counterparty, in absolute value and as a percentage, excluding Cash and cash equivalents, as well as current and non-current financial assets:

	12.31.2022	12.31.2021
Receivables from subsidiaries	8,528,037	9,747,014
Receivables from tax authorities	2,763,820	987,639
Receivables from entities (State, Region, Province)	103,658,407	19,283,676
Receivables from third party customers	19,303,486	26,051,609
Receivables from associates	2,179,301	1,861,456
Receivables from other debtors	4,524,028	9,187,465
Municipality of Milan	152,376,300	124,852,075
Receivables from subsidiaries of parent companies	5,147,905	3,087,549
Total exposure of trade receivables, from other current and non-current receivables	298,481,284	195,058,483

	Inc. %	Inc. %
Receivables from subsidiaries	2.9%	5.0%
Receivables from tax authorities	0.9%	0.5%
Receivables from entities (State, Region, Province)	34.8%	9.9%
Receivables from third party customers	6.5%	13.4%
Receivables from associates	0.7%	1.0%
Receivables from other debtors	1.5%	4.7%
Municipality of Milan	51.1%	64.0%
Receivables from subsidiaries of parent companies	1.6%	1.5%
Total exposure of trade receivables, from other current and non-current receivables	100.0%	100.0%

It should be noted that a significant part of trade receivables and other current and non-current receivables are attributable to receivables to the Municipality of Milan, its controlling entity. The amount of the financial assets considered to be of doubtful recoverability and of a non-significant amount is covered by appropriate provisions to the doubtful debt provisions, which also takes into account the general risk of write-downs of non-expired receivables, determined on the basis of historical experience, in accordance with IFRS 9.

The following tables provides a breakdown of financial assets as of December 31, 2022 and as of December 31, 2021, net of the doubtful debt provision, grouped by overdue and excluding cash and cash equivalents, as well as current and non-current financial assets:

	12.31.2022	Not expired	0-180	180-360	360-720	over 720
Receivables from subsidiaries (gross)	8,528,037	5,663,718	529,918	2,257,522	47,948	28,931
Receivables from subsidiaries (net)	8,528,037	5,663,718	529,918	2,257,522	47,948	28,931
Receivables from tax authorities (gross)	2,763,820	2,691,820	-	72,000	-	-
Receivables from tax authorities (net)	2,763,820	2,691,820	-	72,000	-	-
Receivables from entities (gross)	103,658,407	98,544,263	5,114,144	-	-	-
Receivables from entities (net)	103,658,407	98,544,263	5,114,144	-	-	-
Receivables from third party customers (gross)	31,413,813	11,610,117	4,681,229	667,627	1,767,672	12,687,168
Doubtful debt provision	(12,110,327)	(61,457)	(128,125)	(152,581)	(406,272)	(11,361,891)
Receivables from third party customers (Net)	19,303,486	11,548,660	4,553,104	515,046	1,361,399	1,325,277
Receivables from third party customers (gross)	2,186,828	1,972,783	81,274	254	27,755	104,762
Doubtful debt provision	(7,527)	(4,716)	(427)	(1,604)	(331)	(449)
Receivables from third party customers (net)	2,179,301	1,968,067	80,847	(1,350)	27,424	104,313
Receivables from other debtors (gross)	5,987,506	4,796,747	210,904	291,161	207,224	481,470
Doubtful debt provision	(1,463,478)	(272,719)	(210,904)	(291,161)	(207,224)	(481,470)
Receivables from other debtors (net)	4,524,028	4,524,028	-	-	-	-
Municipality of Milan (gross)	152,790,677	104,851,423	23,576,681	10,745,157	10,575,913	3,041,502
Doubtful debt provision	(414,377)	(152,147)	(70,875)	(1,495)	32,709	(222,570)
Municipality of Milan (Net)	152,376,300	104,699,277	23,505,806	10,743,662	10,608,622	2,818,933
Receivables from subsidiaries of parent companies (gross)	5,154,454	4.902.857	25.370	46.420	130.496	49.311
Doubtful debt provision	(6,549)	(6.229)	(32)	(59)	(166)	(63)
Receivables from subsidiaries of parent companies (net)	5,147,905	4.896.627	25.338	46.361	130.331	49.248
Total exposure of trade receivables, other current and non-current receivables net of doubtful debt provision	298,481,284	234,536,462	33,809,157	13,633,241	12,175,724	4,326,702

	31.12.2021	Not expired	0-180	180-360	360-720	over 720
Receivables from subsidiaries (gross)	9,747,014	9,660,194	-	57,889	21,879	7,052
Receivables from subsidiaries (net)	9,747,014	9,660,194	-	57,889	21,879	7,052
Receivables from tax authorities (gross)	987,639	891,639	-	96,000	-	-
Receivables from tax authorities (net)	987,639	891,639	-	96,000	-	-
Receivables from entities (gross)	19,283,676	19,251,176	-	-	-	32,500
Receivables from entities (net)	19,283,676	19,251,176	-	-	-	32,500
Receivables from third party customers (gross)	38,874,698	11,476,465	6.419.581	7,243,279	1,662,999	12,072,374
Doubtful debt provision	(12,823,089)	(150,862)	(312.742)	(193,098)	(94,014)	(12,072,374)
Receivables from third party customers (Net)	26,051,609	11,325,603	6.106.840	7,050,181	1,568,986	-
Receivables from Associates (gross)	1,871,829	1,811,736	45.091	-	3,814	11,188
Doubtful debt provision	(10,373)	(1,474)	(8.899)	-	-	-
Receivables from associates (net)	1,861,456	1,810,262	36.192	-	3,814	11,188
Receivables from other debtors (gross)	10,167,320	9,187,465	291.161	-	207,224	481,470
Doubtful debt provision	(979,855)	-	(291.161)	-	(207,224)	(481,470)
Receivables from other debtors (net)	9,187,465	9,187,465	-	-	-	-
Municipality of Milan (gross)	127,770,377	47,730,981	42.478.747	14,978,914	8,474,547	14,107,188
Doubtful debt provision	(2,918,302)	(41,280)	(100.565)	(19,772)	(1,590)	(2,755,095)
Municipality of Milan (Netto)	124,852,075	47,689,701	42.378.182	14,959,142	8,472,957	11,352,093
Receivables from subsidiaries of parent companies (gross)	3,091,949	2,833,894	43.164	140,916	24,666	49,309
Doubtful debt provision	(4,400)	(4,059)	(56)	(186)	(33)	(66)
Receivables from subsidiaries of parent companies (net)	3,087,549	2,829,835	43.107	140,730	24,633	49,244
Total exposure of trade receivables, other current and non-current receivables net of doubtful debt provision	195,058,483	102,645,876	48.564.321	22.303.941	10.092.269	11.452.076

During the year, the write-down provisions were adjusted according to the risk recognized for each type of credit. Please refer to the comment sections of the explanatory note for details regarding the handling of funds.

Impairment of financial assets

At each balance sheet date, financial assets other than those measured at *fair value* with impact to income statement (FVTPL) and securities classified to FVTOCI shall be subject to an assessment to identify a change in credit risk, in order to insert this change in the estimate in *the estimate of the expected credit loss* ("ECL"). The ECL quantification of each financial instrument entered is based on financial parameters provided by primary market providers. A similar analysis is also carried out for current account and cash balances, commitments to lend to third parties, and guarantees fall within the scope of subjects to impairment under IFRS 9.

IFRS 9 requires the valuation of the provision correlated to the presumable reduction in the value of financial assets using a classification in three categories (stage allocation) based on the degree of deterioration of creditworthiness. The measurement of the expected loss for financial assets depends on the debtor's credit risk on the first reporting date, and on the change in the same observed between the initial recognition and the balance sheet date. In detail:

- in Stage 1, financial assets that have not undergone a significant deterioration in creditworthiness with respect that found at the time of initial recognition in the Financial Statements; financial assets impaired upon purchase are an exception. For the purposes of classification, the maintenance of the “investment grade” status, as defined by the BCE accredited rating agencies, constitutes a discriminating element. On the exposures included in this category, the Company quantifies the provision to the provision to cover losses to an extent equal to the expected credit losses resulting from a possible event of default in the following 12 months (12-months expected credit loss - ECL);
- in Stage 2, financial assets for which there has been a significant increase in credit risk with respect to the date of initial recognition are classified. Financial assets are considered, however, performing but their quality is lower than that of Stage 1. On the exposures included in this category, the Company evaluates the provision to the fund for an amount equal to the expected losses over the entire life of the financial instrument (expected losses on residual life - lifetime expected credit loss - ECL, taking into account potential future income);
- in Stage 3, are classified the financial assets “impaired”, assets for which a loss event has occurred which definitively deteriorates the creditworthiness. Similarly, to the assets classified in Stage 2, the Company assesses the provision to the fund for an amount equal to the losses expected over the entire life of the financial instrument (*expected losses on the residual life - lifetime expected credit loss* – ECL, but no longer considering future income from the financial instrument).

The following table shows the ECL (“*expected Credit Loss*”) values as of December 31, 2022, and December 31, 2021:

	12.31.2022	Expected Credit Loss		
		Stage 1 - 12m ECL	Stage 2 - ECL Lifetime	Stage 3 - ECL Lifetime
Cash and cash equivalents	125,899	125,899		
Financial assets held to collect & Sell	86,099	86,099		
Financial guarantees	15	15		
Trade receivables	12,539	12,539		
Other receivales	1,464	1,464		
Total	226,016	226,016	-	-

	12.31.2021	Expected Credit Loss		
		Stage 1 - 12m ECL	Stage 2 - ECL Lifetime	Stage 3 - ECL Lifetime
Cash and cash equivalents	114,619	114,619		
Financial assets held to collect & Sell	36,092	36,092		
Financial guarantees	16	16		
Trade receivables	15,756	15,756		
Other receivables	980	980		
Total	166,463	166,463	-	-

In consideration of the credit risk identified, all financial assets other than trade receivables fall within Stage 1, with probability of default measured at 12 months.

2) Liquidity risk

The liquidity risk represents the risk that the financial resources are not sufficient to meet the financial and commercial obligations in the pre-established terms and deadlines, also due to the difficulty in finding funds or liquidating assets on the market.

The Company manages the liquidity risk through the maintenance of adequate reserves, *committed lines* and has the capital capacities to obtain additional *funding*, both through access to the capital market and through resource to primary financial institutions, including supranational ones. Risk management is carried out in the first instance through continuous monitoring of expected and current cash flows and the correlation of maturity profiles of financial assets and liabilities.

The following tables provide a detail of the residual maturity of the medium-long-term financial liabilities based on non-discounted cash flows, based on the first maturity date at which the Company will be required to repay them. The amounts include both the cash flows relating to the repayment of the principal amount and the interest flows. In the case in which the interest flows are at a variable rate, the non-discounted value of the same is estimated by applying, for subsequent maturities, the last variable rate applied by the lending institution in 2022.

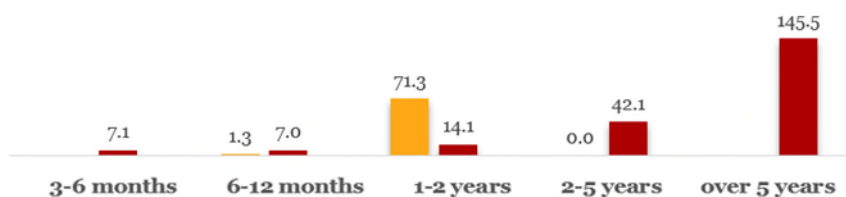
	12.31.2022	Contractual cash flows	0 -3 months	3-6 months	6-12 months	1-2 Years	2-5 years	Over 5 years
Bonds	70,248,441	72,625,000	-	-	1,312,500	71,312,500	-	-
Bank loans	191,564,018	215,785,697	-	7,054,122	7,049,937	14,078,949	42,083,609	145,519,080
Total*	261,812,459	288,410,697	-	7,054,122	8,362,437	85,391,449	42,083,609	145,519,080

* Financial liabilities arising from the application of IFRS 16 are not included

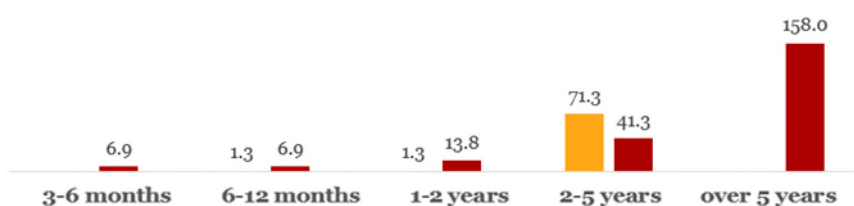
	12.31.2021	Streams financial contract	0 -3 months	3-6 months	6-12 months	1-2 Years	2-5 years	Over 5 years
Bonds	70,087,204	73,937,500	-	-	1,312,500	1,312,500	71,312,500	-
Bank loans	202,630,631	226,721,461	-	6,879,379	6,879,111	13,756,193	41,254,882	157,951,896
Total*	272,717,835	300,658,961	-	6,879,379	8,191,611	15,068,693	112,567,382	157,951,896

* Financial liabilities arising from the application of IFRS 16 are not included

Maturities Contractual financial flows 12.31.2022 (€ million)



Maturities Contractual financial flows 12.31.2021 (€ million)



The Company can satisfy its payment obligations both by generating cash flows from operating activities, and by using the available, wide and diversified liquidity. Cash and financial assets in the portfolio, both liquid as they are listed on regulated markets, exceed the medium/long-term debt stock, and in addition to the above, the Company can count on lines of credit committed for a total of Euro 95 million as December 31, 2022.

During the year, draws and repayments were made, with a balance of Euro 35 million at 31.12.2022, for the purpose of adequate balancing of short-term sources and uses and with a view to optimal working capital management.

The capital structure as described above was the subject of a positive assessment by the FitchRatings Agency during the periodic review of the rating.

In 2021, the Company adopted a “*RAF – Risk Appetite Framework*” policy and the related *KRIs (Key risk Indicators)* at Group level aimed at defining maximum risk assumption thresholds that do not affect the financial balance and the prospective capital strength.

3) Default risk and debt *covenant*

The default risk consists in the possibility that upon the occurrence of specific circumstances, included in the loan agreements or in the settlement of bonds, the lenders are entitled to activate contractual protections that may go as far as the early repayment of the loan (so called “*acceleration*”), thus generating a potential liquidity risk.

As of December 31, 2022, the company had loan agreements in place with the European Investment Bank and a bond loan in Eurobond format, whose repayment is expected to be repaid in a single installment in 2024.

The loan agreements, as well as the bond loan, in line with international practice for similar transactions, generally provide for the lender's right to request the repayment of his credit by terminating the relationship with the debtor in advance, in all cases in which the latter is declared insolvent and/or is subject to bankruptcy proceedings or has started a liquidation procedure or another procedure with similar effects.

In particular, the loan agreements and the regulation of the bond loan, as normally happens on the market, contain a series of typical clauses whose violation causes the issuer of the obligation to immediately repay the issued bonds. These include the main: (I) *negative pledge clauses*, as a result of which the financed company undertakes not to constitute collateral on the assets of the ATM Group in favor of new lenders, beyond a specifically identified threshold; (ii) *cross default clauses* which envisage, in the event that insolvency is declared for an obligation, the extension of the state of insolvency to all outstanding financial liabilities and *cross acceleration clauses* which entail the obligation to immediately repay the debt at occurrence of specific default events;; (iii) clauses that oblige ATM to reserve to lenders a treatment similar to that due to other unsecured creditors (*pari passu*).

Specifically:

- the loans granted by the EIB provide for the obligation to comply, for the entire duration of the loans, pre-established levels of financial ratios such as:

$$\frac{\text{Consolidated net equity}}{\text{Group debt}} > 2$$

$$\frac{\text{Operating cash flows before changes in CCN}}{\text{Annual Debt Service}} > 3$$

$$\frac{\text{Real and personal guarantees given}}{\text{Consolidated net equity}} \leq 18\%$$

On July 1, 2022, an amendment was negotiated with the EIB to the first and third ratios mentioned above (so-called "Waiver") aimed, for the first, in accordance with the IFRS accounting standards to which ATM is required to comply, to identify the actual financial debt by excluding guarantees from its calculation, for the third to represent the same at nominal value, while increasing the ratio level, in order to allow adequate sizing in response to the potential needs related to the approved investment plan.

- the bond involves the obligation to respect for the entire duration of the debt the following financial ratio:

$$\frac{\text{Consolidated net equity}}{\text{Group debt}} > 2$$

As of December 31, 2022, as in previous years, covenants are widely respected.

ATM is also required to ensure, for the duration of the loans and the bond loan, that the debt of the Subsidiaries is less than 10% of the Group's debt. Also in this case, the parameter is widely respected

since the parent company ATM, which is responsible for the management of the centralized treasury, extends its lines to the subsidiaries.

Compliance with *the covenants* is monitored by the Company every six months. At the date of approval of the financial statements, the Company is not aware of the existence of any default situation or of events that could jeopardize compliance with the covenants in the future.

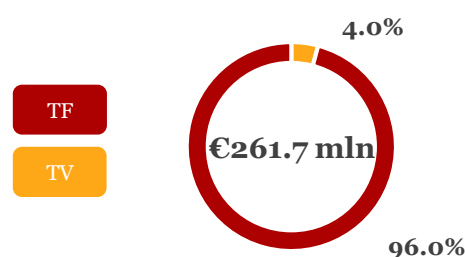
- 4) Risk deriving from exposure to fluctuations in interest rates, exchange rates, fluctuations in the price of commodities and the downgrade of the rating on the medium/long-term debt.

Interest rate risk

The risk of changes in interest rates is linked to fluctuations in interest rates that affect the market value of the Group's financial assets and liabilities and the level of net financial charges. In particular, the Company is exposed to fluctuations in the interest rate (mainly Euribor and IRS) on financial assets and to a marginal extent on loans payable, considering that approximately 96% of medium/long-term financial debt is indexed at a fixed rate.

The following table represents the variable rate and fixed rate of medium/long-term loans.

Fixed and variable rate breakdown 2022 (%)



	12.31.2022	Contractual cash flows	Current portion	1 and 2 years	2 and 5 years	over 5 years
Variable rate	10,549,375	13,657,180	1,063,510	1,038,399	2,961,961	8,593,309
Fixed rate	251,263,084	274,753,518	14,353,050	84,353,050	39,121,648	136,925,770
Total *	261,812,459	288,410,698	15,416,560	85,391,449	42,083,609	145,519,080

* Financial liabilities arising from the application of IFRS 16 are not included

	12.31.2021	Contractual cash flows	Current portion	1 and 2 years	2 and 5 years	over 5 years
Variable rate	11,229,980	11,552,393	717,941	715,643	2,133,233	7,985,576
Fixed rate	261,487,855	289,106,568	14,353,050	14,353,050	110,434,149	149,966,320
Total *	272,717,835	300,658,961	15,070,990	15,068,693	112,567,382	157,951,896

* Financial liabilities arising from the application of IFRS 16 are not included

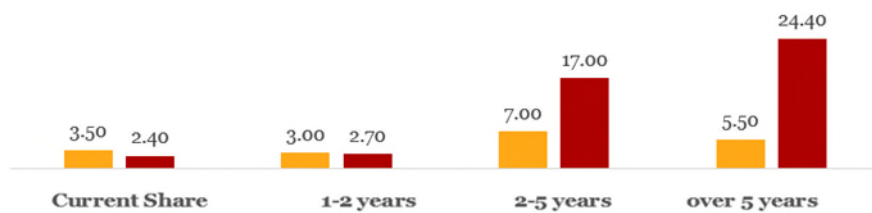
The sensitivity analysis on financial liabilities below illustrates the effects determined on the Income statement by a hypothetical translation of the rate curves of +50 or -50 basis points with respect to the levels applies in 2022 and 2021:

2022	Shift + 50 bps	Shift - 50 bps
Higher/(lower) interest expense on variable interest loans	55,909	(55,909)
Total	55,909	(55,909)
2021	Shift + 50 bps	Shift - 50 bps
Higher/(lower) interest expense on variable interest loans	59,510	(59,510)
Total	59,510	(59,510)

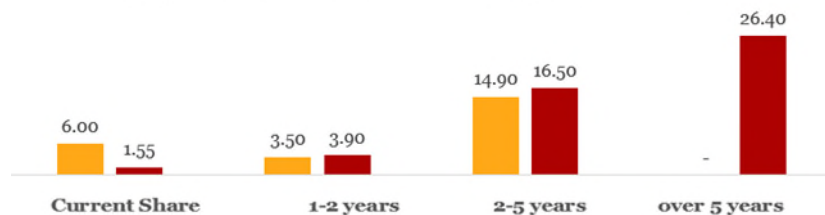
With reference to financial assets, the following table shows the subdivision of government bonds and corporate bonds at a fixed rate and variable rate based on the non-discounted repayment flows of the nominal value of the instruments at the respective due dates:

	12.31.2022	Contractual cash flows	Current portion	1 and 2 years	2 and 5 years	over 5 years
Variable rate	18,794,997	19,000,000	3,500,000	3,000,000	7,000,000	5,500,000
Fixed rate	40,675,754	46,500,000	2,400,000	2,700,000	17,000,000	24,400,000
Total	59,470,751	65,500,000	5,900,000	5,700,000	24,000,000	29,900,000
	12.31.2021	Contractual cash flows	Current portion	1 and 2 years	2 and 5 years	over 5 years
Variable rate	24,245,270	24,400,000	6,000,000	3,500,000	14,900,000	-
Fixed rate	48,552,612	48,350,000	1,550,000	3,900,000	16,500,000	26,400,000
Total	72,797,882	72,750,000	7,550,000	7,400,000	31,400,000	26,400,000

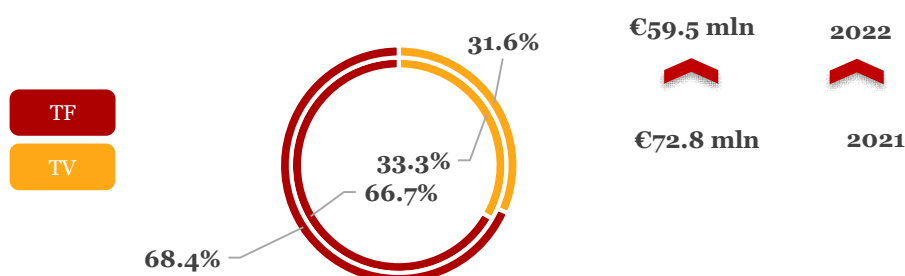
Repayment of contractual cash flows 31.12.2022 (€ mln)



Repayment of contractual cash flows 31.12.2021 (€ mln)



TF and TV breakdown by CASH securities (2022 vs 2021)



P.N.: the comparative pie chart highlights, respectively, the 2022 data externally and the 2021 data internally

To complete the analysis, *the sensitivity analysis* on the bond portfolio is carried out by using *the modified duration* of the individual securities in the portfolio as benchmark, assuming an increase of 50, 150 and 250 *basis points* in interest rates, respectively. The assumption of the analysis is the linear relationship between the bond prices and the relative yields.

Coupon flows have not been taken into account, given the portfolio presence of a component of floating rate indexed bonds.

	12.31.2022	Sensitivity Analysis		
		0.50%	1.50%	2.50%
Bonds Securities	59,470,751	(856,994)	(2,315,965)	(3,774,935)
Total	59,470,751	(856,994)	(2,315,965)	(3,774,935)

	12.31.2021	Sensitivity Analysis		
		0.50%	1.50%	2.50%
Bonds Securities	72,797,882	(504,321)	(2,698,607)	(4,892,893)
Total	72,797,882	(504,321)	(2,698,607)	(4,892,893)

For the activities invested in OICR are subject to a parametric sensitivity against a hypothetical variation of +/- 10% of the market value as at December 31, 2022.

	12.31.2022	Sensitivity Analysis	
		+10%	-10%
OICR	93,391,327	9,339,133	(9,339,133)
Total	93,391,327	9,339,133	(9,339,133)

	12.31.2021	Sensitivity Analysis	
		+10%	-10%
OICR	125,208,057	12,520,806	(12,520,806)
Total	125,208,057	12,520,806	(12,520,806)

ATM did not put into place derivative financial instruments on “interest rates” after the end of the reporting period. Instead, it has completed forward purchase transactions through ‘swaps’ of electricity

requirements, to the extent of half of the projected consumption, taking advantage of the significant declines in rates that occurred in early 2023.

Currency risk

The Company operates in the domestic market and holds financial assets denominated in foreign currency and is therefore exposed to the exchange risk deriving from fluctuations in exchange rate.

Fair value in Euro	31.12.2022		
	USD	AUD	TRY
Bond Securities	2,929,346	-	-
Total	2,929,346	-	-
Fair value in Euro	31.12.2021		
	USD	AUD	TRY
Bond Securities	4,470,758	-	-
Total	4,470,758	-	-

The following table details the Company's sensitivity analysis to a hypothetical change +10 or -10 *basis points* in the exchange rates applied to financial assets at December 31, 2022 and December 31, 2021:

Variation in exchange rate	31.12.2022	
	Shift + 10 bps	Shift - 10 bps
Variation in exchange rate	(251,101)	303,057
Total	(251,101)	303,057
Variation in exchange rate	31.12.2021	
	Shift + 10 bps	Shift - 10 bps
Variation in exchange rate	(362,710)	432,961
Total	(362,710)	432,961

There are no exchange risks for trade receivables and payables.

Commodity price risk

The Company is exposed to the price risk of energy commodities, namely electricity and petroleum products, since supplies are affected by fluctuations in the prices of these commodities directly or through indexing formulas. Furthermore, since some contracts contain exchange rate with other currencies within the price indexing formulas, the Company is also exposed to exchange risk.

The Company's policy is aimed at minimizing the need to resort to financial markets for hedges, which are addressed only if the coverage is deemed appropriate and convenient, both for oil products and for the supply of electricity of traction.

For the latter, the Group completes the supply through tender procedures aimed at finalizing fixed price contracts. The tenders are held once a year for the following year.

In line with this approach, the 2022 energy supply tender, awarded in 2021, at a fixed price of approximately € 84/MWh (including certification of origin from renewable sources), ensured a cost profile in line with previous years, sterilizing the effect of the market price increases that occurred during the year, culminating around a price of 500 €/MWh in the summer months.

Given the framework of extreme market volatility in 2022, in the absence of willingness on the part of suppliers to offer fixed price conditions, ATM signed contracts for 2023 requirement at variable prices, by postponing, with a view to mitigating the risk of price fluctuations, partial hedging of the aforementioned provision to the beginning of 2023. This was in order to take advantage of possible opportunities arising from downward price corrections. In the early months of the year, hedging transactions were therefore finalized to the extent of half of the estimated consumption for the year.

Downgrading of the medium/long-term debt rating

Except for the “credit linkage” with the State and the Municipality of Milan, the only shareholder, ATM constantly monitors the performance of the indicators underlying the rating assessment, as well as the evolution of the Group’s capital structure, in order to maintain the judgment assigned by the rating agency.

In line with current ESG issues and with the sustainability policies adopted by the Group, the achievement of a rating linked to sustainability factors can be assessed, also in relation to possible future openings to the capital market.

Financial assets and liabilities by category

Completing the disclosure on financial risks, the following table shows a reconciliation between financial assets and liabilities as reported in the statement of financial position and the categories of financial assets and liabilities identified based of the requirements of IFRS 7:

12.31.2022	Financial assets and liabilities at amortized cost	Financial assets and liabilities at fair value	Non-financial assets and liabilities	Total
Non-current financial assets	51,176,493			51,176,493
Current financial assets	53,255,526	99,617,035		152,872,561
Current trade receivables	187,535,029			187,535,029
Other current assets and receivables	110,946,255			110,946,255
Non-current financial liabilities	253,831,189			253,831,189
Current financial liabilities	74,004,784			74,004,784
Current trade payables	256,498,047			256,498,047
Other payables and current liabilities	123,462,487			123,462,487

12.31.2021	Financial assets and liabilities at amortized cost	Financial assets and liabilities at fair value	Non-financial assets and liabilities	Total
Non-current financial assets	43,828,370			43,828,370
Current financial assets	10,127,481	198,005,939		208,133,420
Current trade receivables	165,599,703			165,599,703
Other current assets and receivables	29,458,780			29,458,780
Non-current financial liabilities	266,442,927			266,442,927
Current financial liabilities	82,282,153			82,282,153
Current trade payables	220,444,511			220,444,511
Other payables and current liabilities	113,756,407			113,756,407

Determination of fair value

The fair value of financial assets and liabilities is determined in accordance with IFRS 13, which requires that these values be classified on the basis of a hierarchy of levels, which reflects the characteristics of the inputs used in determining fair value:

- Level 1: valuation made based on prices quoted on active markets for financial assets and liabilities identical to those being valued;
- Level 2: valuations made on the basis of inputs, different from the listed prices referred to in Level 1, which for the financial asset or liability are observable either directly (prices) or indirectly (price derivatives);
- Level 3: assessments that refer to parameters that cannot be observed in the market.

With reference to the above classification, valuation procedures have been carried out for the fair value of the assets and liabilities outstanding as December 31, 2022 and December 31, 2021 with reference to observable market parameters:

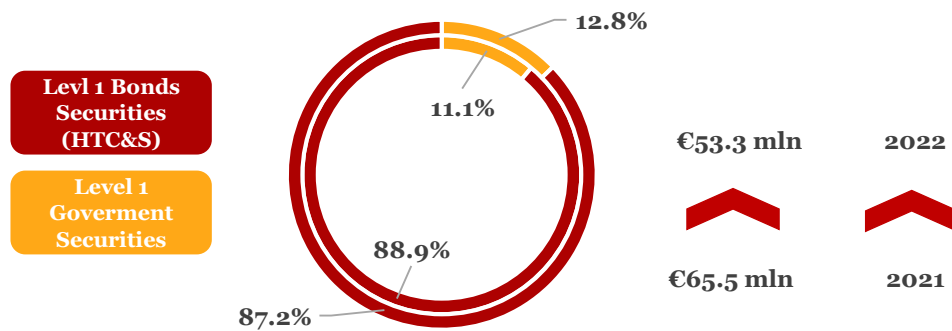
- *The fair value* of financial assets and liabilities with standard terms and conditions listed on an active market is measured with reference to prices published on the market by leading market contributors (Bloomberg info provider);
- *The fair value* of other financial assets and liabilities is measured, where the conditions exist, by applying the discounted cash flow method, using the reference values for prices recognized for recent market transactions by leading market contributors for similar instruments. In particular, for the valuation of certain investments in bond, in the absence of a regular functioning of the market, or of a sufficient and continuous number of transactions and a sufficiently low bid/offer spread, the determination of fair value is carried out with reference to specific quotations of primary contributors issued at the Group's request;
- *In the valuation of investments in OICR funds, the fair value* is determined on the basis of the NAV calculated and communicated by the relevant *fund administrator* at the reporting date. In the event that this information is not available at the date of preparation of the financial statements, the last available official communication is used, in any case not earlier than one month from the closing date of the financial statements.

The following table shows the financial assets and liabilities measured at *fair value*, and classified according to the hierarchy of levels defined above:

	12.31.2022	Fair value at the reporting date		
		Level 1	Level 2	Level 3
Financial Assets HTC&S	53,245,042	53,245,042	-	-
Government Securities	6,792,567	6,792,567	-	-
Bond securities	46,452,475	46,452,475	-	-
Other Financial Assets	99,617,034	93,049,689	6,567,345	-
Bond Securities	6,225,707	6,225,707	-	-
OICR	93,391,327	86,823,982	6,567,345	-
Total	152,862,077	146,294,731	6,567,345	-

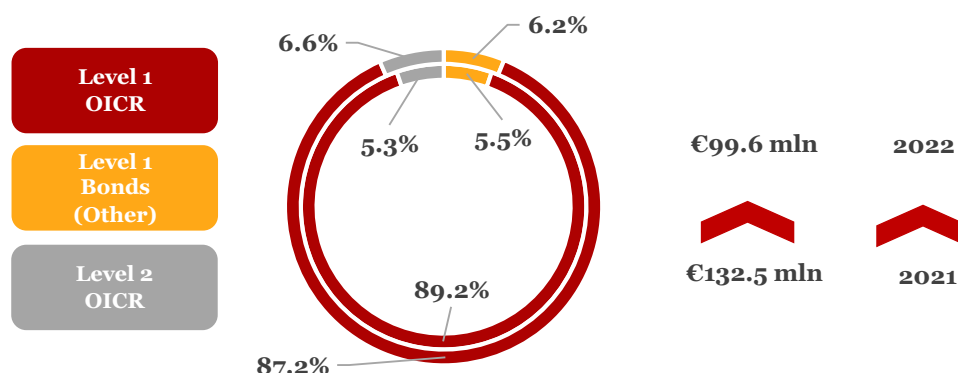
	12.31.2021	Fair value at the reporting date		
		Level 1	Level 2	Level 3
Financial Assets HTC&S	65,529,660	65,529,660	-	-
Government Securities	7,262,097	7,262,097	-	-
Bond securities	58,267,563	58,267,563	-	-
Other Financial Assets	132,476,279	125,389,329	7,086,950	-
Bond securities	7,268,222	7,268,222	-	-
OICR	125,208,057	118,121,107	7,086,950	-
Total	198,005,939	190,918,989	7,086,950	-

PV hierarchy for HTC&S securities (2022 vs 2021)



NP.N.: the comparative pie chart highlights, respectively, the 2022 data externally and the 2021 data internally

PV Hierarchy for OTHER securities (2022 vs 2021)



N.B.: il grafico a torta comparativo evidenzia, rispettivamente, i dati 2022 esternamente ed i dati 2021 internamente

In accordance with the provisions of International Financial Reporting Standards 13, the fair value of financial liabilities as of December 31, 2022, and December 31, 2021, including the bond loan, measured in the balance sheet at amortized cost, is reported for information purposes:

	12.31.2022	12.31.2021
Bonds	66,362,552	69,790,541
Bank loans	148,916,745	197,347,640
Total	215,279,297	267,138,181

The average headcount, broken down by category, had the following changes compared to the previous year:

Type of contract	12.31.2022	12.31.2021	Changes
Executives	28	30	(2)
Managers	323	312	11
Clerks	825	781	44
Operational workers	8,340	8,364	(24)
Total	9,516	9,487	29

The following changes in the workforce were recorded at the end of the year:

	31.12.2021	Hire (+)	Hire (-)	Intragroup transfers	12.31.2022
Workforce	9,540	585	(606)	9	9,528

The number of staff as at December 31, 2022 was 9,528, compared with 9,540 at December 31, 2021. The net change is mainly attributable to 585 recruits and 606 outflows. The output data is in line with that of recent financial years and includes all causes related to termination of employment; Among these, the most frequent are the quiet location and the spontaneous resignation and therefore during

the period under consideration the Company did not make any objective redundancies in accordance with the provisions of D. Lgs. No. 137/2020, cd. “Ristori Decree” and its subsequent amendments.

Notes to the balance sheet and financial statements

Assets

7. Property, plant, and equipment

The value of the “*Property, plant, and equipment*” as of December 31, 2022, amounted to Euro 1,180,957,819 euros net of accumulated depreciation, capital grants and accumulated write-downs.

	12.31.2022	12.31.2021
Plant and machinery	747,471,414	863,703,723
Land and buildings	366,375,061	371,382,774
Industrial and commercial equipment	10,609,702	10,963,587
Other assets	2,977,460	3,542,434
Assets in progress	53,524,182	21,309,404
Total	1,180,957,819	1,270,901,922

This item refers to:

- “*Plant and machinery*”, for Euro 747,471,414 relating to line rolling stock and the transport system plant owned by the Company;
- “*Land and buildings*”, for Euro 366,375,061 mainly related to deposits for rolling stock and office buildings. This item includes “*investment property*” represented by non-instrumental property, leased for commercial purposes whose net book value as of December 31, 2022 was EUR 11,701,764 (EUR 11,859,374 as December 31, 2021);
- “*Industrial and commercial equipment*”, for Euro 10,609,702 mainly related to auxiliary vehicles;
- “*other assets*”, for Euro 2,977,460;
- “*Assets in progress*”, for Euro 53,524,182.

The item “*Assets in progress*” refers to advances paid to suppliers for supplies and investments for fixed assets which at the closing date of the financial statements have not yet been completed and entered into operation. The item is recorded net of the accrued contributions amounting to Euro 21,093,684. The following are the main components:

Fleet renewal or expansion including:

- 21 metro trains M1 line for Euro 13,447,728 and 25 metro trains M3 line for Euro 16,009,200;
 - 50 two-way urban trams for Euro 13,445,88 and 10 two-way intercity trams for Euro 5,288,364;
 - hybrid bus of 12 mt for Euro 8,154,481;
 - trolleybus 18 mt for Euro 5,373,622;
 - general overhaul of tramcars model “1928” for special services and “4700” for Euro 233,495.
- Modernization of installations and infrastructures including:
- extraordinary maintenance and expansion of company deposits, for Euro 3,021,071;
 - realization of power/charging systems for electric vehicles at the warehouses and terminal in the city for Euro 1,996,387;
 - magnetic-electronic ticketing system, for Euro 1,326,322;

- Power supply and electric traction systems for the upgrading of the M2 metro line for Euro 1,094,642;
- Renewal and new UPS for signaling M1, for Euro 782,459;
- parking equipment for Euro 441,850;

- Other investments including:
 - 2 pit lathes for Gorgonzola and San Donato metro depots, for Euro 559,800;
 - service vehicles for Euro 187,500;
 - New bike-sharing stations under the “P.O.N. Metro” project for Euro 109,500;
 - other tangible assets in progress for Euro 881,981.

The details of the contributions are as follows:

- NO. 8 bi-directional city trams for the Milan – Limbiate line, for Euro 4,013,640;
- NO. 27 electric city buses, for Euro 902,750;
- NO. 21 hybrid buses, for Euro 296,881;
- NO. 51 hybrid buses, for Euro 1,604,890;
- NO. 50 two-way city trams, for Euro 13,445,880;
- NO. 10 trolleybuses, for Euro 829,643.

The following table shows the movements during the year and the previous one.

Property, plant, and equipment	Plants and machinery	Land and buildings	Industrial and commercial equipment	Other assets	Assets in progress and advances	Total
Historical cost	2,901,128,842	518,722,906	63,158,132	45,138,856	28,343,504	3,556,492,240
Accumulated depreciation	(1,611,212,384)	(129,176,858)	(52,194,545)	(39,681,369)		(1,832,265,156)
Cumulative grants	(409,944,883)	(17,019,775)		(1,915,053)	(7,034,100)	(435,913,811)
Cumulative impairment	(16,267,852)	(1,143,499)				(17,411,351)
Net book value at 12.31.2021	863,703,723	371,382,774	10,963,587	3,542,434	21,309,404	1,270,901,922
Historical cost						
<i>Investments and acquisitions in the year</i>					79,867,463	79,867,463
<i>Transfer to finished plant</i>	30,397,925		2,094,174	1,101,003	(33,593,102)	-
<i>Disposals, sales and reclassifications</i>	(99,705,061)		(2,153,470)	(81,146)		(101,939,677)
<i>Investments and acquisitions in the year</i>						-
Accumulated Depreciation						
<i>Depreciation of the Year (Note 35)</i>	(105,068,096)	(5,425,005)	(2,442,844)	(2,536,927)		(115,472,872)
<i>Disposals, sales and reclassifications</i>	87,193,772		2,148,255	80,116		89,422,143
Grants						
<i>Increases</i>	(80,329,396)				(21,093,683)	(101,423,079)
<i>Amount accrued in the year (Note 35)</i>	38,767,259	391,692		871,980		40,030,931
<i>Disposals, sales and reclassifications</i>	269,754				7,034,100	7,303,854
Impairment						
<i>Increases</i>						-
<i>Utilizations of accumulated depreciation</i>		25,600				25,600
<i>Disposals, sales and reclassifications</i>	12,241,534					12,241,534
Historical cost	2,831,821,706	518,722,906	63,098,836	46,158,713	74,617,865	3,534,420,026
Accumulated depreciation	(1,629,086,708)	(134,601,863)	(52,489,134)	(42,138,180)	-	(1,858,315,885)
Cumulative grants	(451,237,266)	(16,628,083)	-	(1,043,073)	(21,093,683)	(490,002,105)
Cumulative impairment	(4,026,318)	(1,117,899)	-	-	-	(5,144,217)
Net book value at 12.31.2022	747,471,414	366,375,061	10,609,702	2,977,460	53,524,182	1,180,957,819

Property, plant, and equipment	Plants and machinery	Land and buildings	Industrial and commercial equipment	Other assets	Assets in progress and advances	Total
Historical cost	2,872,564,948	500,758,001	59,505,921	42,700,562	63,487,540	3,539,016,972
Accumulated depreciation	(1,560,339,110)	(122,424,979)	(50,566,879)	(37,349,512)		(1,770,680,480)
Cumulative grants	(441,053,421)	(17,411,467)		(2,837,883)	(565,522)	(461,868,293)
Cumulative impairment	(24,147,355)	(1,169,098)				(25,316,453)
Net book value at 12.31.2020	847,025,062	359,752,457	8,939,042	2,513,167	62,922,018	1,281,151,746
Historical cost						
<i>Investments and acquisitions of the year</i>					69,550,749	69,550,749
<i>Transfer to finished plant</i>	97,866,906	13,777	4,290,945	2,523,157	(104,694,785)	-
<i>Disposals, sales and reclassifications</i>	(69,303,012)		(638,734)	(84,863)		(70,026,609)
<i>Investments and acquisitions in the year</i>		17,951,128				17,951,128
Accumulated depreciation						-
<i>Depreciation of the year (note 35)</i>	(107,949,622)	(6,751,879)	(2,207,678)	(2,416,184)		(119,325,363)
<i>Disposals, sales and reclassifications</i>	57,076,348		580,012	84,327		57,740,687
Grants						
<i>Increases</i>	(2,925,017)				(7,034,100)	(9,959,117)
<i>Amount accrued of the year (note 35)</i>	33,956,746	391,692		922,830		35,271,268
<i>Disposals, sales and reclassifications</i>	76,809				565,522	642,331
Impairment						
<i>Increases</i>	(4,026,319)					(4,026,319)
<i>Utilization of accumulated depreciation</i>		25,600				25,600
<i>Disposals, sales and reclassifications</i>	11,905,821					11,905,821
Historical cost	2,901,128,842	518,722,906	63,158,132	45,138,856	28,343,504	3,556,492,240
Accumulated depreciation	(1,611,212,384)	(129,176,858)	(52,194,545)	(39,681,369)		(1,832,265,156)
Cumulative grants	(409,944,883)	(17,019,775)		(1,915,053)	(7,034,100)	(435,913,811)
Cumulative impairment	(16,267,852)	(1,143,499)				(17,411,351)
Net book value at 12.31.2021	863,703,723	371,382,774	10,963,587	3,542,434	21,309,404	1,270,901,922

As illustrated in the tables above, investments were undertaken during the year relating to the item “Property, plant, and equipment” for Euro 79,867,463.

The main investments for the year include:

- The renewal or extension of the fleet, including:
 - purchase of hybrid buses 12 mt, for Euro 16,887,301 of which Euro 15,047,125 financed through municipal resources and Euro 1,367,855 through regional resources;
 - Purchase of 25 metro trains for the M3 line, for Euro 16,009,200, fully financed by state resources;
 - purchase of 21 trains for metro line 1, for 13,447,728 euros, fully financed by state resources;
 - purchase of two-way trams for Euro 11,183,094, of which Euro 5,047,068 financed from state resources and Euro 2,217,051 financed from regional resources;
 - purchase of electric buses 12 mt, for Euro 2,507,640 of which Euro 1,916,088 financed through regional resources;
 - purchase of trolleybus 18 mt, for Euro 1,529,122 entirely financed through state resources;
 - General revision of cars model “1928” for special services and “4700”, RCS equipment for new two-way trams for Euro 1,018,392;
 - service vehicles for Euro 397,000.
- The modernization of plants and infrastructures including:
 - new equipment and software development for the magnetic - electronic ticketing system, for Euro 4,919,906, of which Euro 902,540 financed through municipal resources;
 - realization of power supply/charging systems for electric vehicles at the deposits and terminal in the city, for Euro 2,501,785, of which Euro 2,499,261 financed by state resources;
 - extraordinary maintenance and expansion of deposits, for Euro 2,404,183;
 - Update and implementation of new functions signaling system of the M1 metro line, for Euro 2,344,188;
 - Renovation of power supply and electric traction systems for the upgrading of the M2 metro line, for Euro 2,225,646, of which Euro 1,093,098 financed by ministerial resources;
 - modernization and upgrading of network and computer equipment, for Euro 1,196,239;
 - Pit lathe for reprofiling wheels deposit Gallaratese for Euro 651,814.

During the year, assets with a historic cost of Euro 101,939,677 and an accumulated depreciation of Euro 89,422,143 were sold/disbarred. The capital gains realized during the period amounted to Euro 267,000 and mainly related to the sale of 89 buses owned by ATM S.p.A., as described under “other income” (Note 29), while the losses amounted to Euro 6,245 as described under “other operating costs and expenses” (Note 34).

In view of the disposals of metropolitan trains no longer used in the transport service, the doubtful debt provision recorded in previous years was used for an amount of Euro 12,241,534. The transaction did not have any effect on the income statement as described under “*other operating costs and expenses*” (Note 34) since the accumulated depreciation was used for the same amount regarding the recognition of the impairment loss of metropolitan trains for Euro 12,241,534.

In addition, the provision of “*land and buildings*” was used against depreciation of Euro 25,600 over the period.

The “*depreciation*” recognized in the income statement is adjusted by the proportion of grants received to cover the investments for the financial year, amounting to a total Euro 40,030,931. The details of these grants by contributing authorities is as follows:

- Euro 20,961,870 by the State;
- Euro 11,366,104 by the Lombardy Region;
- Euro 7,702,957 by the Municipality of Milan.
- Euro 8,551,265 by the Municipality of Milan.

The “Property, plant, and equipment” purchased by regional co-financing are constrained by non-disposal restrictions pursuant to Regional Decree No. 14795/2003 and subsequent amendments and supplements. The details of the restrictions required by the regulation are as follows:

- urban buses: 8 years;
- suburban and intercity buses: 10 years;
- trolleybus: 15 years;
- metro trains and trams: 30 years;
- technologies: 7 years;
- infrastructure: 30 years.

For the automotive rolling stock material co-financed by the Lombardy Region with the 2009 relaunch plan, pursuant to Laws No. 296/2006 and no. 133/2008, the restrictions on disposal refer to the entire useful life of the buses fixed, where not otherwise established by the service contracts, as 15 years by Regional Decree No. IX/4619 of December 28, 2012.

The net residual value of the “Property, plant, and equipment” held under lease agreements amounted to Euro 9,793,182 (Euro 9,939,349 as of December 31, 2021).

Taking into account that the properties are valued at *the restated fair value criterion*, in 2021 a primary independent third-party operator experienced in the field of real estate valuation, was entrusted with the task of carrying out an analysis aimed at providing an update on the performance of the real estate market. The analysis carried out did not show, taking into account the uses to which the company’s individual properties belong, the need make an adjustment to the *fair value*.

In order to verify the correctness of the assessments made in the preparation of the financial statements as December 31, 2022, an impairment test was carried out as described in detail in note 4 “*use of estimates - recoverability of the value of tangible, intangible assets and equity investments*”.

8. Intangible assets

The value of “intangible assets” as of December 31, 2022, amounted to Euro 2,631,381 and consisting of:

	12.31.2022	12.31.2021
Software Licenses	2,486,545	2,290,050
Intangible assets in progress	144,836	114,346
Total	2,631,381	2,404,396

The following table shows the handling during the year and the previous year.

Intangible assets	Software Licenses	Intangible assets in progress	Total
Historical cost	8,278,485	114,346	8,392,831
Accumulated ammortisation	(5,988,435)	-	(5,988,435)
Net book value at 12.31.2021	2,290,050	114,346	2,404,396
Historical cost			
<i>Investments and acquisitions in the year</i>		1,133,015	1,133,015
<i>Transfers to intangible assets</i>	1,102,525	(1,102,525)	-
Accumulates ammortisation			
<i>Ammortisation of the Year (Note 35)</i>	(906,030)		(906,030)
Historical cost	9,381,010	144,836	9,525,846
Accumulated ammortisation	(6,894,465)		(6,894,465)
Net book value at 12.31.2022	2,486,545	144,836	2,631,381

Intangible assets	Software Licenses	Intangible assets in progress	Total
Historical cost	7,408,561	-	6,403,599
Accumulated ammortisation	(5,042,681)	-	(4,121,998)
Net carrying amount at 31.12.2020	2,365,880	-	2,365,880
Historical cost			
<i>Investments and acquisitions in the year</i>		984,270	984,270
<i>Trasfers to intangible assets</i>	869,924	(869,924)	-
Accumulated Ammortisation			
<i>Ammortisation of the year (note 35)</i>	(945,754)		(945,754)
Historical cost	8,278,485	114,346	8,392,831
Accumulated ammortisation	(5,988,435)		(5,988,435)
Net book value at 12.31.2021	2,290,050	114,346	2,404,396

Software licenses equal to Euro 2,486,545 relate to operational management systems.

During the year, there were made investments in “Intangible Assets” for Euro 1,133,015 euros related to the software purchase.

For the analysis of the recoverability of intangible assets, see footnote 7 above.

9. Rights of use for leased assets

During the year, rights of use for leased assets were recorded in the amount of Euro 5,987,319, detailed below.

	12.31.2022	12.31.2021
Equipment	39,093	112,268
Buildings	2,559,677	3,035,278
Vehicles	2,589,562	3,419,194
IT equipment	544,992	640,056
Others	253,995	20,114
Total	5,987,319	7,226,910

The following table shows the changes that occurred during the year and the previous year. The increases refer, mainly to the rental of 21 new benefit *vehicles* and the renewal of the contract with the associated company Metro 5 S.p.A. for the installation of vending machines in metro stations.

Rights of use for leased assets	Rights of use for leased assets					
	Equipment	Buildings	Vehicles	IT equipment	Other assets	Total
Historical cost	331,790	4,248,332	6,853,975	862,212	610,942	12,907,251
Accumulated Amortization	(219,521)	(1,213,054)	(3,434,781)	(222,156)	(590,828)	(5,680,340)
Net book value at 12.31.2021	112,268	3,035,278	3,419,194	640,056	20,114	7,226,910
Historical cost						
<i>Rights of use acquisition of the year</i>		60,651	534,175		461,797	1,056,623
Accumulated Ammortization						
<i>Ammortisation of the Year (Note 36)</i>	(73,174)	(536,252)	(1,363,807)	(95,064)	(227,916)	(2,296,213)
Historical cost	331,790	4,308,983	7,388,150	862,212	1,072,739	13,963,874
Accumulated Ammortisation	(292,697)	(1,749,306)	(4,798,588)	(317,220)	(818,744)	(7,976,555)
Net book value at 12.31.2022	39,093	2,559,677	2,589,562	544,992	253,995	5,987,319

Rights of use for leased assets	Rights of use for leased assets					
	Equipment	Buildings	Vehicles	IT equipment	Other assets	Total
Historical cost	331,790	1,198,626	6,455,028	813,276	535,465	9,334,185
Accumulated ammortisation	(146,348)	(681,554)	(2,104,230)	(128,317)	(508,092)	(3,568,541)
Net book value at 12.31.2020	185,442	517,072	4,350,798	684,959	27,373	5,765,644
Historical cost						
<i>Rights of use acquisition of the year</i>		3,049,706	398,947	48,936	75,477	3,573,066
Accumulated Ammortisation						
<i>Ammortisation of the year (note 35)</i>	(73,173)	(531,500)	(1,330,551)	(93,839)	(82,736)	(2,111,799)
Historical cost	331,790	4,248,332	6,853,975	862,212	610,942	12,907,251
Accumulated ammortisation	(219,521)	(1,213,054)	(3,434,781)	(222,156)	(590,828)	(5,680,340)
Net book value at 12.31.2021	112,268	3,035,278	3,419,194	640,056	20,114	7,226,910

10. Investments

The “*Investments*” as of December 31, 2022, amounted equal to Euro 32,941,221 and refers to the following investments:

	12.31.2021	Restoration of value	12.31.2022
Subsidiaries			
Citylink S.r.l.	100,000		100,000
GeSAM S.r.l.	20,000		20,000
International Metro Service S.r.l.	357,000		357,000
North East Transports S.r.l.	715,631		715,631
Rail Diagnostics S.p.A.	13,000,000		13,000,000
Total subsidiaries	14,192,631	-	14,192,631
Associates			
CO.MO Fun&Bus S.C.A.R.L	4,000		4,000
Full Green Consortium	150,000		150,000
SBE consortium	45,000		45,000
Metro 5 S.p.A.	10,660,000		10,660,000
Movibus S.r.l.	2,109,546	37,244	2,146,790
Total associates	12,968,546	37,244	13,005,790
Other companies			
SPV M4 S.p.A. line	5,742,800		5,742,800
Total other companies	5,742,800	-	5,742,800
Total	32,903,977	37,244	32,941,221

The recoverability of the value of the investments in Metro 5 S.p.A. and SPV Line M4 S.p.A. has been the subject of impairment tests in the context of the TPL cash generating unit and the complementary activities, as described in Note 7. As regards the recoverability of the value of the equity investment in Net S.r.l. was the subject of a specific *impairment test*, in the context of the cash generating unit relating to the TPL of the long-distance area.

The value of the equity investments in Movibus S.r.l. has been reinstated up to the book value, which is equal to the acquisition cost.

The information on the companies involved, whose data refer to the last available financial statements (in thousands of euros), is as follows:

Group Company	Registered office	Group Holding %	Book value	Equity share	Equity	Profit/Loss	Equity share pertaining to the group
CITYLINK S.r.l. - Smart Mobility by ATM	Milan, Foro Buonaparte, 61	100	100	100	554	59	554
GeSAM S.r.l.	Milan, Foro Buonaparte, 61	100	20	20	637	86	637
International Metro Service S.r.l.	Milan, Via Monte Rosa, 89	51	357	700	8,822	7,860	4,499
North East Transports S.r.l.	Milan, Via Monte Rosa, 89	100	716	925	11,609	401	11,609
Rail Dignostics S.p.A.	Milan, Via Teodosio, 125	97.27	13,000	5,500	13,781	769	13,405
Metro 5 S.p.A.	Milan, Via Adige, 19	20	10,660	53,300	75,290	12,892	15,058
SPV line M4 S.p.A. (values as at 30.06.2022)	Milan, Piazza Castello, 3	2.33	5,743	61,532	248,836	323	5,798
CO.MO. Fun&Bus s.c.a.r.l	Como, Via Asiago, 16/18	20	4	20	20	-	4
Full Green Consortium	Rome, Via Prenestina, 45	30	150	500	500	-	150
SBE consortium	Milan, Piazzale Cadorna, 14	45	45	100	100	-	45
Movibus S.r.l.	Milan, Piazza Castello, 1	26.18	2.110	780	13,981	508	3,660

* For all companies, the values refer to the financial statements for the year 12.31.2022 with the exception of SPV line M4 S.p.A., the values of which refer to the half-year financial statements as 06.30.2022, since the company has benefited from the possibility of approving the 2022 financial statements within the period of 180 days.

CITYLINK S.r.l. - Smart Mobility by ATM

The company carries out the activity of development of the Smart Mobility initiative and management of the “*flagship*” project with the aim of implementing the Maas (*Mobility as a Service*) in the metropolitan area of Milan.

Members

ATM S.p.A. Percentage of ownership 100%

Book value Euro 100,000

Income statement

Profit of the year Euro 58,820

Balance sheet

ACTIVE		PASSIVE	
Net fixed assets	-	Equity	553,810
Inventories	5,336	Provisions	-
Receivables	684,351	Employee termination indemnities	2,931
Financial assets that do not constitute fixed assets	-	Payables	132,946
Cash and cash equivalents	-		
Accruals and Deferrals	-	Accruals and Deferrals	-
Total assets	689,687	Total Equity & Liabilities	689,687

GeSAM S.r.l.

The company offers consulting services in the insurance sector, including all related specialist assistance intended for the investigation and settlement of claims, excluding insurance brokerage activities.

Members

ATM S.p.A.	Percentage of ownership	100%
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Book Value Euro 20,000

Income statement

Profit of the year Euro 85,502

Balance sheet

ACTIVE		PASSIVE	
Net fixed assets	-	Equity	637,129
Inventories	-	Provisions	-
Receivables	105,411	Employee termination indemnities	233,953
Financial assets that do not constitute fixed assets	1,162,229	Payables	400,600
Cash and cash equivalents	500		
Accruals and Deferrals	3,542	Accruals and Deferrals	-
Total assets	1,271,682	Total Equity & Liabilities	1,271,682

International Metro Service S.r.l.

The company is responsible for the management of transport services for people and goods, with the related planning and operational organization activities, all in order to execute contracts for the operation and maintenance of metro systems.

Members

ATM S.p.A.	Percentage of ownership	51%
Hitachi Rail STS S.p.A.	Percentage of ownership	49%

Book value Euro 357,000

Income statement

Profit of the year Euro 7,860,362

Balance sheet

ACTIVE		PASSIVE	
Net fixed assets	4,260,854	Equity	8,822,241
Inventories	-	Provisions	-
Receivables	5,098	Employee termination indemnities	-
Financial assets that do not constitute fixed assets	-	Payables	157,005
Cash and cash equivalents	4,712,547		
Accruals and Deferrals	747	Accruals and Deferrals	-
Total assets	8,979,246	Total Equity & Liabilities	8,979,246

Net S.r.l.

The company is responsible for the management of transport services for people, goods and information, with the related planning and operative organization activities, as well as the services related and connected to the transport activity and mobility in general.

Member List

ATM S.p.A. Percentage of ownership 100%

Book Value Euro 715,631

Income statement

Profit of the year Euro 401,198

Balance sheet

ACTIVE		PASSIVE	
Net fixed assets	5,936,045	Equity	11,609,431
Inventories	3,261,503	Provisions	1,286,653
Receivables	8,465,089	Employee termination indemnities	2,298,564
		Payables	14,829,232
Financial assets that do not constitute fixed assets	12,405,055	Accruals and Deferrals	44,315
Total assets	30,068,195	Total Equity & Liabilities	30,068,195

Rail Diagnostics S.p.A.

The Company's main activity is the design, construction, maintenance and integrated diagnostics of plants and of tramway control systems.

Member List

ATM S.p.A.	Percentage of ownership	97.27%
SIAI Real Estate Agricultural and Fish Services S.r.l.	Percentage of ownership	2.73%

Book Value Euro 13,000,000

Income statement

Profit of the year Euro 768,675

Balance sheet

ACTIVE		PASSIVE	
Net fixed assets	3,264,569	Equity	13,780,864
Inventories	-	Provisions	13,867
Receivables	2,527,898	Employee termination indemnities	838,541
Financial assets that do not constitute fixed assets	10,653,074	Payables	2,342,635
Cash and cash equivalents	514,705		
Accruals and Deferrals	15,661	Accruals and Deferrals	-
Total assets	16,975,907	Total Equity & Liabilities	16,975,907

As previously mentioned the book value of the subsidiary is higher than its share of equity in view of the profitability prospects of the subsidiary and is based on the results of the impairment test carried out.

11. Non-current financial assets

“Non-current financial assets” amounted to Euro 51,176,493 as December 31, 2022 and are entirely represented by “Loans and receivables”:

	12.31.2022	12.31.2021
Loans and receivables	51,176,493	43,828,370
Metro 5 S.p.A.	1,943,323	10,863,809
SPV M4 S.p.A. line	9,802,719	10,705,505
Coop S.E.D. ATM/S.C.C.C.T.I.	908,212	1,005,772
Financial receivables from third parties	38,522,239	21,253,284
Total	51,176,493	43,828,370

The “Loans and receivables” at December 31, 2022 are as follows:

- Subordinated shareholder's loan for Euro 1,943,323 euros granted to Metro 5 S.p.A., of which Euro 1,987,860 in principal, Euro 51,771 in interest and Euro 96,308 of cumulative negative effect linked to the measurement at *fair value*. On April 29, 2022, M5 S.p.A. repaid the loan for

Euro 5,418,404 as principal and interest and on July 31, 2022, another tranche of the loan was repaid for a total of Euro 3,210,906, including the interest portion accrued through July 31, 2022. In 2022, the accrued interest amounted to Euro 313,674 and the effect related to the fair value measurement was negative and amounted to Euro 604,851;

- Subordinated shareholder’s loan for Euro 9,802,719, paid to SPV line M4 S.p.A., of which Euro 8,820,000 in principal, Euro 2,094,511 in interest and Euro 1,111,792 of cumulative negative effect linked to the measurement at fair value. In 2022, the interest accrued amounted to Euro 550,368 and the effect of the fair value measurement was negative at Euro 1,453,154. Interest on the subordinated loan will be collected, as contractually agreed, in accordance with the economic and financial plan approved in September 2019;
- Loan for Euro 908,212 granted to the SED-ATM and SCCATI building cooperatives for the construction of social housing projects, of which Euro 1,032,000 in principal and Euro 123,788 of cumulative negative effect linked to the measurement at fair value. In 2022, loans were repaid for Euro 100,000, while the effect of the fair value measurement was positive and amounted to Euro 2,440;
- advances paid to suppliers for works for Euro 38,522,239 paid pursuant to art. 35 Law Degree 50/2016. The increase is almost entirely linked to the payment of the advance to Siemens Mobility GmbH, Siemens Mobility S.r.l. and Generale Costruzioni Ferrovie S.p.A. for a total of Euro 15,550,468.

Changes during the year are listed below:

	12.31.2021	Repayments	Payments	Accrued interest	IFRS 9	12.31.2022
Metro 5 S.p.A.	10,863,809	(8,629,309)		313,674	(604,851)	1,943,323
SPV M4 S.p.A. line	10,705,505			550,368	(1,453,154)	9,802,719
Coop S.E.D. ATM/S.C.C.C.T.I.	1,005,772	(100,000)			2,440	908,212
Third parties	21,253,284	(1,573,850)	18,842,805			38,522,239
Total	43,828,370	(10,303,159)	18,842,805	864,042	(2,055,565)	51,176,493

The effects, related to the impairment test of the “Non-current financial assets”, gross of the tax effect, are shown below:

	Equity at 01.01.2022	Economic result 2022	Total
Metro 5 S.p.A.	508,542	(604,851)	(96,308)
SPV M4 S.p.A. line	341,362	(1,453,154)	(1,111,792)
Coop S.E.D. ATM/S.C.C.C.T.I.	(126,228)	2,440	(123,788)
Total	723,676	(2,055,565)	(1,331,888)

	Equity at 01.01.2021	Economic result 2021	Total
Metro 5 S.p.A.	(113,522)	622,064	508,542
SPV M4 S.p.A. line	760,349	(418,987)	341,362
Coop S.E.D. ATM/S.C.C.C.T.I.	(147,418)	21,190	(126,228)
Total	499,409	224,267	723,676

12. Deferred Tax assets

	12.31.2022	12.31.2021
Deferred Tax assets	40,435,955	47,761,374
Total	40,435,955	47,761,374

Deferred tax assets of Euro 40,435,955 are calculated in relation to the amount of temporary differences with reference to taxed funds. The nature of the temporary differences, which generated deferred tax assets, are illustrated below:

	Deferred tax assets as of 12.31.2021	Recognized in P&L	Recognized in Equity	Deferred tax assets as of 12.31.2022
Provisions for risk	42,522,678	(2,753,784)		39,768,894
Employee termination indemnities valuation	4,607,728	-	(3,230,750)	1,376,978
Fair value Financial assets	(385,862)	159,729	(1,199,496)	(1,425,629)
Plants and machinery	1,016,830	(301,118)		715,713
Total	47,761,374	(2,895,173)	(4,430,247)	40,435,955

The value of IRES tax losses of ATM S.p.A. resulting from the last declaration submitted, tax year 2021, is equal to Euro 864,382 thousand fully deductible and Euro 44,866 thousand deductible to a limited extent.

Even considering the taxes for 2022, the value of the losses carried forward for the tax year 2022 does not change, as the recognized losses flow to the Consolidated Statements on the basis of the existing Group contract.

13. Other receivables and non-current assets

As of December 31, 2022, no receivables due form more than 12 months were recorded.

14. Inventories

The balance of item “inventories” as of December 31, 2022 is as follows:

	12.31.2022	12.31.2021
Consumable maintenance materials	111,529,735	113,463,896
Diesel	783,837	731,958
Other materials	851,940	870,322
Total Inventory	113,165,512	115,066,176
Inventory obsolescence provision	(29,717,950)	(29,625,890)
Total Net Inventory	83,447,562	85,440,286
Advances	1,657,403	1,271,466
Total	85,104,965	86,711,752

Inventories, gross of “advances” and the “Inventory obsolescence provision”, decreased by Euro 1,900,664 compared to December 31, 2021. With regards to the change in inventories, ATM S.p.A. is carrying out a project of reduction and optimization of the supplies, which involved the disposal of obsolete maintenance materials whose alienation was compensated by the use of the provision for the depreciation of the warehouse.

Following the process of recognition of the assets present in the warehouse, obsolete assets were disposed for Euro 3,041,449 and, consequently, the “Inventory obsolescence provision” established in previous years for this purpose was used for the same amount. Moreover, as at December 31, 2022, in order to adjust the value of the provision to the varying consistency of inventories, a provision of Euro 3,133,509 was made, taking into account, on the one hand, the assets with a low turnover rate and on the other hand, the results of the analyzes carried out to evaluate the obsolescence of the materials in warehouse to be disposed, with reference mainly to the vehicles for which the disposal from the service is assumed and in coherence with the maintenance requirements.

The movements in the “Inventory obsolescence provision”, are shown below.

	12.31.2021	Increases	Decreases	12.31.2022
Inventory obsolescence provision	29,625,890	3,133,509	(3,041,449)	29,717,950
Total	29,625,890	3,133,509	(3,041,449)	29,717,950

The provision to the “Inventory obsolescence provision” is included in the income statement “Purchases of goods and changes in inventories” (Note 30).

15. Current financial assets

	12.31.2022	12.31.2021
Current financial assets	152,872,561	208,133,420
Total	152,872,561	208,133,420

Current financial assets as December 31, 2022 are as follows:

- “Held to Collect & Sell” government securities classified as FVTOCI for Euro 6,792,567 whose changes in *fair value* continue to be recognized with a contra-entry to the equity reserve (recognized in the OCI) until they are realized or reclassified;
- “Held to Collect & Sell” corporate bonds classified as FVTOCI for Euro 46,452,476 whose changes in *fair value* continue to be recognized with a contra-entry- to the reserve of equity (recognized in the OCI) until they are realized or reclassified;
- “Other” corporate bonds classified as FVTPL for Euro 6,225,708 whose changes in *fair value* are recognized in the income statement and contribute to the formation of consolidated economic result;
- “Other” shares of OICR classified as FVTPL for Euro 93,391,327 whose changes in *fair value* are recognized in the income statement and contribute to the formation of the consolidated economic result.

The item also includes the receivable from the subsidiary CityLink S.r.l. – Smart mobility by ATM for Euro 10,483, represented by *the cash pooling receivable* within the ATM Group treasury management.

The net change compared to December 31, 2022 is attributable to the movements of the portfolio of invested assets and to the management of the portfolio. The analysis of portfolio movements is presented in the Cash Flow Statement to which reference should be made.

16. Current Tax Assets

The balance of the item “Current Tax Assets” as of December 31, 2022, is as follows:

	12.31.2022	12.31.2021
Receivables from Withholding Taxes	12,079,095	11,851,469
Receivables from advanced Taxes (IRAP)	1,546,153	2,246,153
Total	13,625,248	14,097,622

The “Receivables from Withholding Taxes”, equal to Euro 12,079,095, relate to receivable for withholding taxes incurred.

The “Receivable for advances on taxes (IRAP)” amounting to Euro 1,546,153 refer to the amount of advances paid in excess of the tax accruing in previous years.

17. Trade receivables

“Trade receivables” as of December 31, 2022, has a balance of Euro 187,535,029 is composed as follows:

	12.31.2022	12.31.2021
Receivables from third parties	19,303,486	26,051,609
Receivables from related parties	168,231,543	139,548,094
<i>Receivables from parent company</i>	152,376,300	124,852,075
<i>Receivables from subsidiaries</i>	8,528,037	9,747,014
<i>Receivables from associates</i>	2,179,301	1,861,456
<i>Receivables from subsidiaries of the parent companies</i>	5,147,905	3,087,549
Total	187,535,029	165,599,703

The “Receivable from third parties” refer mainly to receivables toward Italian and European Union entities and refer to services provided for advertising, sponsorship and rental of the commercial premises of metropolitan stations. The decrease compared to December 31, 2021, of Euro 6,748,123 is mainly due to lower receivables for repayments by Trenord.

The receivables are recognized net of the specific Allowance for doubtful debts, which as of December 31, 2022, amounted to Euro 12,110,327 (Euro 12,823,089 as of December 31, 2021), established to specifically cover doubtful receivables and claims for which currently legal actions has been undertaken.

Movements in Allowance for doubtful accounts is as follows:

	12.31.2021	Provisions	Releases	Uses	12.31.2022
Allowance for doubtful accounts	12,823,089	224,437	(111,152)	(826,047)	12,110,327
Total	12,823,089	224,437	(111,152)	(826,047)	12,110,327

During the year, the provision was adjusted to Euro 224,437 to be used against losses on receivables recorded during the previous financial year for Euro 826,047 and released for Euro 111,152 for new and more complete information on the status of some creditors, with the inclusion of these amounts under “Other operating costs and charges” (Note 34).

“Receivables from related parties” include:

- “Receivables from parent company” for Euro 152,376,300 (Euro 124,852,075 as December 31, 2021) net of the specific doubtful debt provision, which as of December 31, 2022, amounted to Euro 414,377. This item refers to receivables from the Municipality of Milan, mainly for invoices issued for the consideration of the Local Public Transport Service Contract (TPL) of December 2022 (Euro 53,235,985) and the withholding taxes as a guarantee of the aforementioned contract equal to 5% of the consideration for months of May and June 2022 (total of Euro 5,603,788) and for invoices to be issued in the same case for the months July to December 2022 (Euro 16,811,364). In addition, it includes receivables, amounting to Euro 27,794,398, for the increased mileage performed in 2022 by the company in response to requests from the Municipality of Milan, amounting to Euro 7,250,141, for invoices to be issued relating to the additional services that the Parent Company has carried out at the request of the Board of the Milan Municipality, in order to guarantee the same service offer in view of the reduction in the capacity of the means during the COVID emergency – 19. These services have been financed by specific regulatory measures of the Italian Government to cover the costs, as described in the chapter “The ATM Group and the emergency COVID - 19” of

the financial report and Euro 5,165,509 related to sanitation services performed in 2022 and 2021. Finally, the balance also includes credits for invoices issued and to be issued related to work carried out on the metropolitan and tram infrastructure, to higher commissions within the sales network, as well as, to other services, including the implementation of the traffic control system totaling Euro 69,537,254.

- At the date of preparation of this financial report, the receivable to the Municipality of Milan relating to the consideration of the TPL Service Contract is collected in the amount of Euro 53,235,985.

The change compared to 2021 is linked both to the adjustment of the fee for the service contract with the Municipality of Milan and to the maintenance services carried out during the year on municipally owned assets, among which we note the interventions carried out on the armament of the M2 Line.

The movements in the bad debt provision towards parent companies are shown below:

	12.31.2021	Accruals	Uses	Releases	12.31.2022
Doubtful debt provision to parent company	2,918,302	74,233	(238,104)	(2,340,054)	414,377
Total	2,918,302	74,233	(238,104)	(2,340,054)	414,377

During the financial year, the “Doubtful debt provision to parent company” was used for Euro 238,104, released for Euro 2,340,054 and increased for Euro 74,233 based on new and more complete information on certain specific positions, including these amounts under “Other operating costs and charges” (Note 34).

- “Receivables from subsidiaries” for 8,528,037 euros (9,747,014 euros as of 31 December 2021) relating to services and services rendered under existing contracts. The decrease is mainly linked to the lower receivable for withholding tax toward the subsidiary NET S.r.l. entered within the scope of the National fiscal Consolidation.

	12.31.2022	12.31.2021
Citylink S.r.l.	35,794	206,042
GeSAM S.r.l.	284,059	70,463
International Metro Service S.r.l.	89,248	36,300
Metro Service A/S	29,034	67,715
North East Transports S.r.l.	7,270,248	8,929,800
Rail Diagnostics S.p.A.	819,653	436,694
Total	8,528,037	9,747,014

- “Receivables from associates” for 2,179,301 euros (1,861,456 euros as of December 31, 2021) net of the specific Allowance for doubtful accounts that as of December 31, 2022, is equal to 7,528 euros (10,373 euros at December 31, 2021). The balance is composed as follows:

	12.31.2022	12.31.2021
Co. Mo. Fun&Bus s.c.a.r.l	277,367	330,808
Metro 5 S.p.A.	1,878,438	1,515,581
Movibus S.r.l.	31,024	25,440
Total	2,186,829	1,871,829
Doubtful debt provision	(7,528)	(10,373)
Total	2,179,301	1,861,456

Receivables mainly refer to services rendered under existing contracts. Receivables from Metro 5 S.p.A. increase against the increase in the fee for the service contract.

During the financial year, the “Bad debt provision to associates” was adjusted. The movements of the year are shown below:

	12.31.2021	Increases	Releases	12.31.2022
Bad debt provision to associates	10,373	2,144	(4,989)	7,528
Total	10,373	2,144	(4,989)	7,528

The provision of the fund for 2,144 euro and the release of 4,989 euro were posted in the income statement under “Other operating costs and charges” (Note 34).

- “Receivables from subsidiaries of the parent company” for 5,147,905 euros (3,087,549 euros as of 31 December 2021). Receivables refer to services and services rendered under existing contracts. The increase compared to 31 December 2021 is due to the charge back to SPV M4 S.p.A., of the costs of maintaining the line following the postponement of the opening of the M4 metro line to the public on 26 November 2022, and the portion of the service contract fee for the period 26 November 31 up to December 2022. The value is expressed net of the specific doubtful debt provision, which as of 31 December 2022 was equal to 6,549 euros.

	12.31.2021	Increases	Releases	12.31.2022
Allowance for doubtful accounts vs. the parent company of the parent company	4,400	2,188	(39)	6,549
Total	4,400	2,188	(39)	6,549

In order to adjust the value of the doubtful debt provision to subsidiaries of the parent company the amount of Euro 2,188 was set aside and the amount of Euro 39 was released in return to the income statement under “other operating costs and charges” (Note 34).

18. Other receivables and current assets

The item “Other receivables and current assets” as of December 31, 2022, shows a balance of 110,946,255 euros net of the specific provisions for bad debts, which at December 31, 2022 was equal to 1,463,478 euros.

	12.31.2022	12.31.2021
Receivables for contributions	103,658,407	19,283,676
Other tax Receivables	2,763,820	987,639
Prepayments	2,783,988	2,894,385
Other receivables	1,740,040	6,293,080
Total	110,946,255	29,458,780

The most significant change, compared to 31 December 2021, relates to the item “*Receivables for contributions*”, which increased by Euro 84,374,731 due both to the higher credits for regional and municipal contributions for installations and to the contribution credit for the “transport bonus”, Established by Decree-Law no. 50 of May 17, 2022 and converted with modifications to Law no. 91 of 15 July 2022. This initiative was the recognition of a bonus, for a maximum amount of EUR 60, for the purchase of annual or monthly subscriptions to public transport and concerned all persons with an annual income of less than EUR 35.000, in order to help the mobility of students, workers and pensioners.

As of 31 December 2022, the CCNL contributions for the financial year 2022 were almost entirely received.

The following is a detail of the item “*Receivables for contributions*”:

- Euro 18,554,457 (Euro 18,671,357 as of 31 December 2021) relating to contributions requested against investments contributed by public bodies. The contributions recorded refer to receivables for investments financed by the State for 14,005,050 euro (5,275,523 euro for rolling stock 5,005,817 euro for infrastructure and 3,723,710 euro for safety projects) for 2,895,287 euro for to receivables financed by the Lombardy Region (of which Euro 1,901,771 for the purchase of buses and Euro 993,516 for safety systems on board buses) and Euro 1,654,120 to receivables financed by the Municipality of Milan (of which Euro 1,621,620 for the purchase of buses and Euro 32,500 for *the bike sharing project*);
- Euro 79,617,134 relating to contributions entered on an accrual basis, of which euro 67,266,291 for the purchase of rolling stock, euro 11,131,682 for recharging systems and euro 1,219,161 for infrastructure;
- Euro 372,672 (Euro 612,319 as at 31 December 2021) relating to the balance of the planned contributions granted under D.L. 267/2020 (Euro 331,392 as at 31 December 2021), for free movement cards issued to entitled persons (Euro 34,923 as at 31 December 2021) and the contributions of Como Fun&Bus S.r.l for the reimbursement of the CCNL renewals ex L.47/2004, L.58/2005 and L.296/2006 (Euro 6,357 at 31 December 2021);
- 5,114,144 euros for the contributions received in relation to the transport bonus.

The “*Other tax receivables*” refer for 2,472,038 euros to the tax receivables on the purchase of electricity granted to non-energy-intensive companies, which are extensively described in the paragraph “Main regulatory measures for the local public transport sector”, for 86,448 euro to the receivable for diesel

excise duty still to be collected for the 4th quarter of 2022 and for 205,334 euro to the tax receivables provided for in art. 1 paragraphs from 184 to 194 L. n. 160 of 27 December 2019.

“Prepayments” refer to insurance premiums and maintenance services for the following financial year, whose financial presentation of which took place in 2022.

“Other Receivable” refer to advances paid to personnel in injury on behalf of INAIL, to receivables from employees for subscriptions issued to family members and deposits made to different entities. The decrease of Euro 4,553,040 compared to 2021 is primarily linked to recognition of the receivable from INPS relating to the reimbursement of the contributions for sickness of Euro 4,027,056 which had been registered in 2021 and offset in January 2022 and, for Euro 572,758. The credit accrued in 2021 (covering the period from 16 December to 31 December) for the Telepass in Area C transfers, settled in 2022.

During the year, against doubtful receivables of Euro 1,463,478, an amount of Euro 483,623 was set aside in the specific bad debt provision with a counterpart in the income statement under the component “Other operating costs and charges” (Note 34).

19. Cash and cash equivalents

	12.31.2022	12.31.2021
Cash and cash equivalents	153,830,125	98,507,610
Total	153,830,125	98,507,610

The balance includes current account balances, cash funds, balances of prepaid company credit card, as well as endowments to the tellers, and issuer's endowments.

The item “Cash and cash equivalents” is recorded net of the related provision to cover losses totaling Euro 125.,899. In 2022, the fund was released for Euro 11,279.

It is noted that in 2022 short-term availability (“hot money”) was repaid for 15 million euros. As of December 31, 2022, the hot money recorded a balance of 35 million euros.

20. Discontinued Operations

There were no discontinued operations during the financial year 2022.

21. Equity

The “share capital” amounts to 700,000,000 euros and consists of n. 70.000.000 ordinary shares with a nominal value of Euro 10 each. Is fully subscribed and paid. There were no changes occurred during the year and in the previous year and the Municipality of Milan is the sole shareholder.

The item “Other reserves” includes the “Actuarial gains/(losses) reserve of defined benefit plans” which includes the effects of the recording in “Other components of the comprehensive income” of the profits/(losses) of defined benefit plans at net of the related tax effect.

The changes indicated in the statement of the Statement of Other Components of the Income Statement are detailed and described in the “Statement of Changes in Shareholders’ Equity”.

It should be noted that the Shareholders' Meeting, on 26 May 2022, decided to cover the loss of the year equal to 29,913,729 euros as follows:

- Euro 3,198,425 with the reserve entered under “*other reserves*”;
- Euro 5,763,772 with the special reserve entered under “*other reserves*”;
- Euro 20,951,532 with the “*Legal reserve*”.

The composition of the Equity with reference to availability and distributability is as follows:

Equity	12.31.2021	12.31.2022
Share capital	700,000,000	700,000,000
Legal reserve	140,000,000	119,048,468 B
Other reserves	277,090,837	272,058,374
<i>Conferment Reserve</i>	3,198,425	- A, B, C
<i>Extraordinary reserve</i>	5,763,772	- A, B, C
<i>Rounding reserve</i>	(2)	(2)
<i>FTA Reserve</i>	155,710,246	155,710,246
<i>Actuarial Losses Reserve</i>	(13,026,025)	(2,795,316)
<i>Property, fair value valuation Reserve</i>	125,287,882	125,287,882
<i>Held to Collect and Sell Reserve</i>	120,446	(6,230,535)
<i>OCI Reserve</i>	36,093	86,099
Retained Earnings	-	- A, B, C
Net (Loss)/profit of the year	(29,913,729)	256,108
Equity	1,087,177,108	1,091,362,950

(*) A: For capital increase; B: For loss cover; C: For distribution to shareholders

The amount of the First Time Adoption Reserve that became available during the year is equal to Euro 131,602,852.

Reference is made to the statement of changes in equity for a review of the movements that occurred during the year.

22. Non-current and current financial liabilities

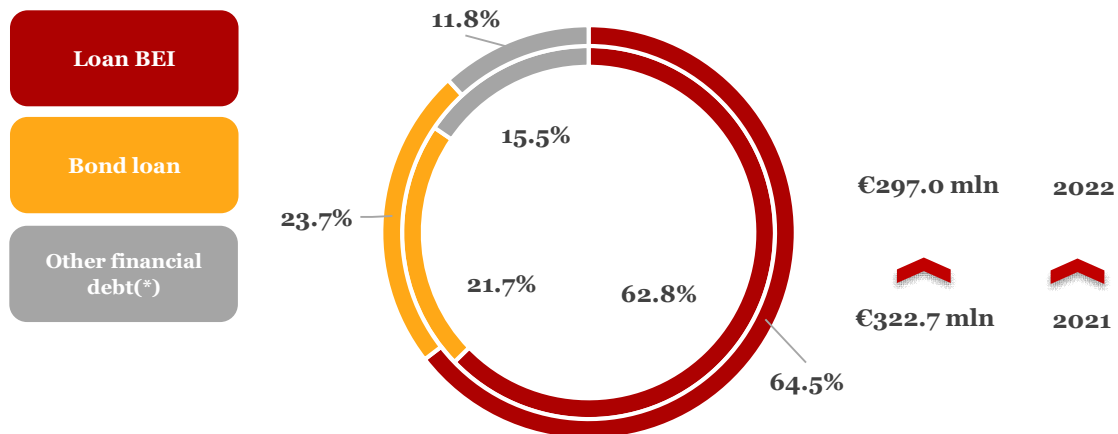
	12.31.2022	12.31.2021
Non-current financial liabilities	253,831,189	266,442,927
Current financial liabilities	74,004,784	82,282,153
Total	327,835,973	348,725,080

The breakdown of financial liabilities by nature and by maturity is as follows:

Financing	Within 12 months	Between 1 year and 5 years	Over 5 years	Total
Loan BEI	11,212,300	46,349,593	134,002,125	191,564,018
Bond		69,723,441		69,723,441
Hot money	35,000,000			35,000,000
Total Financing	46,212,300	116,073,034	134,002,125	296,287,459

Interest rates				
Bond		525,000		525,000
Hot money		159,326		159,326
Total interest rates		684,326		684,326
Payables for Leasing Liabilities IFRS 16	2,887,800	3,756,030		6,643,830
Payables per Cash Pooling	24,220,358			24,220,358
TOTAL	74,004,784	119,829,064	134,002,125	327,835,973

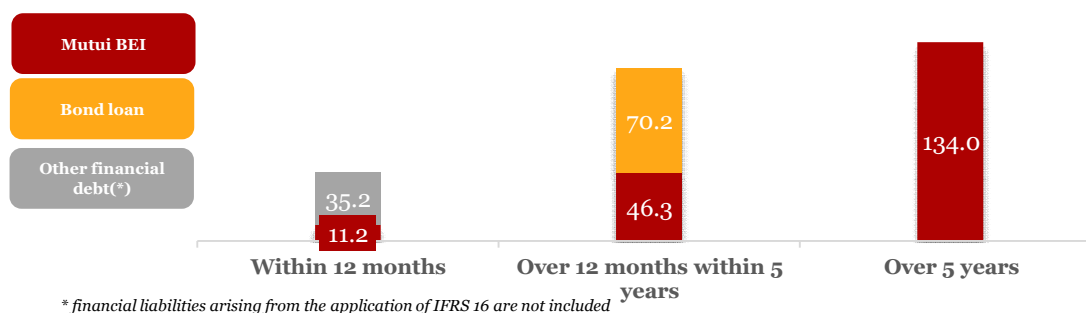
Breakdown of financial debt (2022 vs 2021)



P.N.: The comparative pie chart highlights respectively the 2022 data externally and the 2021 data internally

* financial liabilities arising from the application of IFRS 16 and cash pooling are not included

Repayment of 31.12.2022 financial debt (€ million)



The amount of Euro 327,835,973 refers to:

- Euro 191,564,018 (of which Euro 11,212,300 are current and Euro 180,351,718 are not current) at the start-ups, net of repayments, under the loan agreement of a total of Euro 250,000 thousand signed with the European Investment Bank for the financing of the new metropolitan trains of the M1 and M2 lines. The loan agreement places on the Company the obligation to comply with certain parameters of equity and financial nature. As of 31 December 2022, as in previous financial years, *the covenants* contractually established by the loan agreement were respected. The debt expires entirely on June 30, 2038 and is therefore mainly recorded under “Non-current financial liabilities”;
- Euro 70,248,441 to the bond loan placed on 8 August 2017 by the Company (of which Euro 69,723,441 relating to the share capital of the bond loan and Euro 525,000 relating to interest accrued in the period to be settled on the maturity date), unguaranteed and destined only for qualified investors with a total nominal value of Euro 70 million. The bonds mature on 8 August 2024 and interest is calculated at the fixed annual rate of 1.875 %. The stock is listed on the Dublin Stock Exchange (ISIN code XS1653969953). On January 27, 2023, Fitch ratings confirmed the long-term ATM rating at “BBB” (Long term Issuer Default Rating) with a stable outlook, “F2” for the short term and “A-“ as a single company rating. The bond loan is valued at the amortized cost, which has therefore taken account of the expenses incurred and the release discounts. The actual and fixed interest rate for the entire duration of the loan shall be considered representative of the market conditions as at December 31, 2022. At the end of the financial year, the Company has the financial resources necessary for the full repayment of the loan as shown in the balance of the Cash and cash equivalents and securities;
- Euro 35,159,326 for the drawing of a short-term “hot money” line, including interest of Euro 159,326;
- 6,643,830 euros at *the value of the lease liability* recorded following the entry into force of IFRS 16 *leases from 2019* (of which 2,887,800 euros expiring within 12 months and 3,756,030 euros beyond 12 months). During the financial year, the item moved as a result of the registration of new contracts for 1,056,624 euros, the recognition of interest involved for 137,737 euros and the payment of fees for 2,217,321 euros.
- Euro 24,220,358 to the debit balance of the cash pooling current account with subsidiaries.

For further details about the composition and nature of the receivables, reference is made to Note 40 “Information concerning intercompany and Related parties’ transactions”.

With regard to the loans disbursed by the European Investment Bank (EIB), the Group has subscribed loans for a total of Euro 250,000,000, of which Euro 235,366,996 at a fixed rate.

The details of EIB disbursements are as follows:

	Drawdown date	Currency	Initial amount of debt	Amount of repayable debt as of 12/31/2022	Interest rate at 12/31/2022	Maturity
Withdraw 1	11/29/2013	EUR.	14,633,004	10,549,375	1.102% (*)	06/30/2038
Withdraw 2	11/28/2014	EUR.	40,000,000	30,490,852	1.99%	06/30/2038
Withdraw 3	04/23/2015	EUR.	55,366,996	41,046,686	0.96%	06/30/2038
Withdraw 4	03/15/2017	EUR.	70,000,000	54,786,467	1.45%	06/30/2038
Withdraw 5	01/31/2018	EUR.	40,000,000	31,251,793	1.37%	06/30/2038
Withdraw 6	01/31/2018	EUR.	30,000,000	23,438,845	1.37%	06/30/2038
Totals			250,000,000	191,564,018		

(*) variable rate indexed disbursement

Disbursements are recognised at the amortized cost represented by the nominal value, as there are no contractual transaction costs and the effective interest rate was considered for each disbursement, fixed for the entire duration of the loan, was considered to be representative of the market conditions as at 31 December 2022. Similarly, the variable rate tranche was recognized for the nominal value, as with reference to forward rates, in the medium-term the rate is considered representative of market conditions.

23. Employee benefits

The defined benefit plans are calculated by estimating, with technical actuaries, the amount of future benefit that employees matured in the current period and in previous years. The calculation is carried out by an independent actuary using the “*projected Unit Credit method*”. For the purposes of the calculation of the interest or discount rate used, this was taken from the listing as December 31 of each year of the benchmark iBoxx Corporate EUR index with a 7-10 year duration and AA rating

	12.31.2022	12.31.2021
Employee termination indemnities (TFR)	86,138,027	109,614,591
Total	86,138,027	109,614,591

The TFR, governed by art. 2120 of the Civil Code, accepts the estimate of the obligation relating to the amount to be paid to employees upon the termination of employment relationship. The indemnity, paid in the form of capital, is equal to the sum of accruals calculated on the salary items paid in dependence on the employment relationship and revalued until the moment of termination of the employment relationship. As a result of the legislative changes introduced as from 1 January 2007, for enterprises with more than 50 employees, the accruing termination indemnity is classified as a defined contribution plan, since the enterprise’s obligation is exclusively the payment of contributions to pension funds, or to the INPS. The liability related to termination indemnity prior to January 1, 2007 represents a defined

benefit plan to be assessed according to actuarial techniques. The TFR is part of the “unfunded” defined benefit plans and therefore there are no accets to serve the plan.

The following changes took place in the “TFR” during the year:

	Change
Opening balance	109,614,591
TFR transferred from Group companies	69,597
Interest Cost	1,445,366
Actuarial (gains)/ losses	(13,461,460)
Paid benefits	(11,530,067)
Closing balance	86,138,027

The amount of the TFR calculated in accordance with the provisions of Art. 2120 of the Civil Code is equal to 91,625,905 euros.

The actuarial profit for the period, equal to 13,461,460 euros, was recognized under the other components in the Comprehensive income statement by adjusting the balance of Employee Termination Indemnities with a contra-entry in an equity reserve and is composed as follows:

	Change
Actuarial (gains)/ losses due to experience	5,513,649
Actuarial (gains)/ losses due to changes in financial assumptions	(18,975,109)
Total change	(13,461,460)

The change, compared with 31 December 2021, is mainly due to discount rates, which rose from 0.44% in 2021 to 3.63% in 2022.

With reference to the TFR, valuations by the external actuary were carried out on the basis of the economic-financial and demographic assumptions summarized in the tables below.

	12.31.2022	12.31.2021
Mortality rate	IPSS5 tables	IPSS5 tables
Invalidity rates	INPS-2000 tables	INPS-2000 tables
Employee turnover rate	5.81%	5.81%
Discount rate*	3.63%	0.44%
Increase in salaries	1.50%	1.50%
Rate of advance	0.64%	0.64%
Annual inflation rate	2.30%	1.75%

* Listing on 12/31/2021 of the iBoxx Corporate Eyro benchmark index with duration 7-10 and AA rating

The sensitivity analysis on the discount rate represents the change in the value of the actuarial liability obtained from the year-end valuation data, by varying the discount rate, without prejudice to the other assumptions:

	Variation
Turnover rate +1%	86,435,962
Turnover rate -1%	85,817,863

Inflation rate +0.25%	87,024,304
Inflation rate -0.25%	85,263,470
With discount rate +0.25%	84,763,731
With discount rate -0.25%	87,548,747

24. Provisions for risks and charges

	12.31.2022	12.31.2021
Provision for disputes and environmental risks	67,161,789	60,668,181
Damage/claims settlement provision	16,612,716	16,960,889
Other provisions	15,368	15,966
Total	83,789,873	77,645,036

The most important items contributing to the formation of the balance are:

- From the “Provision for disputes and environmental risks” for Euro 67,161,789, referred to the contingent liabilities for suppliers, customers, third parties, workers, related parties and the environment, deriving from the ordinary management of the company, the occurrence of which is considered probable. In the financial year, the provision’s balance was updated on the basis of the expected effects of the ongoing disputes and the outcome of the final disputes, as well as on the basis of the revision of estimates of future environmental charges, resulting in provisions of Euro 8,883,344, utilizations of Euro 733,733 and releases of Euro 1.656.003, as specified below.

Provisions were made in 2022 for:

- Euro 8,518,422 relating to disputes with personnel and, in particular, the dispute relating to the recognition of specific pay parameters during the holiday period;
- Euro 284,665 relating to disputes with suppliers;
- Euro 80.257 for the ongoing dispute with the carrier Caronte, of which extensive information was given in the Management Report to the section on “*Main disputes pending*”.

The main movements in the use of the provision refer to:

- Euro 384,004 for the use relating to the closure of disputes with personnel;
- Euro 328,906 for use for extraordinary maintenance operations;
- Euro 18,748 for the use relating to the closure of a case with a supplier;
- Euro 2,075 for the use relating to the closure of disputes relating to the TFR.

The releases made in the light of new and more complete information refer to the issue of a share of the Fund for disputes and environmental risks for 1,180,000 euros, for euro 408,014 to the staff disputes fund and Euro 67,989 to the release of the fund set up against disputes with suppliers.

- From the “Provision for damages/claims settlements” for 16,612,716 euros, the value of which is commensurate with the estimate of the compensation to be settled in the coming financial years for damages/claims related to the circulation of the scheduled cars, limited to the risk range not covered by the insurance policies stipulated with the various companies. The assessment of non-performing claims was carried out through the examination of the individual practices as of December 31, 2022.

The value of the provisions indicated above includes the best estimate of legal costs related to litigation.

Changes in provisions for risks and charges are shown below

	12.31.2021	Increases	Uses	Release	12.31.2022
Provision for disputes	60,668,181	8,883,344	(733,733)	(1,656,003)	67,161,789
Provision for Damage/claims settlement	16,960,889	1,313,696	(1,611,553)	(50,316)	16,612,716
Other Provisions	15,966	-	(598)	-	15,368
Total	77,645,036	10,197,041	(2,345,884)	(1,706,319)	83,789,873

Reference should be made to Note 4 “Use of estimates” for the considerations on the underlying estimation processes regarding uncertainties on disputes and potential liabilities..

25. Deferred Tax Liabilities

	12.31.2022	12.31.2021
Deferred tax liabilities	48,957,014	50,173,102
Total	48,957,014	50,173,102

The temporary differences giving rise to deferred tax liabilities are summarized below:

	Deferred tax as at 12.31.2021	Recognized in P&L	Deferred tax to 12.31.2022
Fair value rolling stock and financial leasing	5,809,240	(526,601)	5,282,639
Land and buildings - IAS 16	44,126,797	(341,316)	43,785,481
Fair value Financial assets	237,065	(348,171)	(111,106)
Total	50,173,102	(1,216,088)	48,957,014

26. Current Income Tax Liabilities

As of December 31, 2022, as well as of December 31, 2021, no tax was recorded for IRES and IRAP purposes.

27. Trade payables

	12.31.2022	12.31.2021
Payable – third parties	201,157,468	171,255,027
Payable to related parties	55,340,579	49,189,484
<i>Payables to parent company</i>	47,272,940	40,612,303
<i>Payables to subsidiaries</i>	5,348,387	5,666,374
<i>Payables to associates</i>	1,060,596	1,840,026
<i>Payables to subsidiaries of the parent companies</i>	1,658,656	1,070,781
Total	256,498,047	220,444,511

The amount of Euro 201,157,468 for “Payables to third parties” (Euro 171,255,027 as of December 31, 2021) includes payables for invoices not yet paid and payables for invoices to be received for the

purchase of capitalized materials, services and goods, mainly from Italian and European Union suppliers. The increase is mainly due to the resumption of the supply of rolling stock.

“Payables to Related parties mainly include “payables to parent companies”, which as of December 31, 2022, have a balance of 47,272,940 euro (40,612,303 euro as of December 31, 2021), and are entirely attributable to the Municipality of Milan. The increase is mainly related to the increase in passengers carried, which resulted in a related increase in the sale of travel tickets and, consequently, a higher payable for repayments in December 2022 compared with the same period in 2021.

“Payables to parent companies” relates mainly to:

- Euro 31,054,888 (Euro 28,523,199 as of December 31, 2021) to the payable for the transfer to the Municipality of Milan of the revenues deriving from the sale of tickets in December 2022;
- Payables for the transfer of the revenues remained to the Municipality as defined in the “on-street parking agreement” of April 27, 2017, of which Euro 4,878,573 referred to 2018 and Euro 4,829,715 referring to 2019. For the years 2021 and 2022, no payable for on-street parking revenues to be paid to the Municipality is recorded, since the amount of on-street parking revenues made in 2020 was less than the minimum amount guaranteed to ATM S.p.A. equal to Euro 18.5 million;
- Euro 2,707,033 for the balance to be paid against the invoice for the payment of receipts from travel tickets for the month of November 2022;
- Penalties for the Service Contract refer to non-compliance with certain quality standards as contractually provided, equal to 2,498,412 euros for the year 2022;
- Euro 1,000,625 to the payables for the transfer of the revenues of Area C revenues for December 2022;
- Euro 303,694 to the part of the contribution recognized by the municipality and aimed at the “*Mobility4MI*” project not used in the year 2022.

At the date of preparation of this document, the balance of the payables to the parent company was equal to Euro 13,425,200.

The “Payables to subsidiaries” have a balance of 5,348,387 euro as of December 31, 2022 (5,666,374 euro as of December 31, 2021). They relate to services and services rendered under existing contracts.

	12.31.2022	12.31.2021
Citylink S.r.l.	648,819	332,840
GeSAM S.r.l.	58,501	53,100
International Metro Service S.r.l.	5,098	5,098
North East Transports S.r.l.	2,498,669	2,206,849
Rail Diagnostics S.p.A.	2,137,300	3,070,181
Total	5,348,387	5,668,068

The “Payables to associates” are detailed below:

	12.31.2022	12.31.2021
Co. Mo. Fun&Bus S.c.a.r.l.	775	18,929
SBE consortium	408,101	21,060
Metro 5 S.p.A.	75,732	314,286
Movibus S.r.l.	575,988	1,485,751
Total	1,060,596	1,840,026

They relate to services and services provided under existing contracts. The most significant change compared to the previous year refers to the decrease in payables for transfers from STIBM to Movibus S.r.l., partly offset by the increase in payables for consortium contributions to the SBE Consortium.

The “Payable to subsidiaries of the parent companies” of 1,658,656 euro refer mainly to the payable provision of services provided to SPV M4 S.p.A. and in a residual manner to MM S.p.A.

28. Other payables and current liabilities

	12.31.2022	12.31.2021
Employee payables	40,793,998	38,493,706
Payable to social security authorities	32,262,892	34,249,596
Vacation days not taken	22,953,413	20,546,831
Other tax payables	12,901,520	11,488,732
Other payables	12,204,312	7,179,116
Tarsu	54,403	52,524
VAT payable	1,600,480	1,282,514
Accruals and deferred income	691,469	463,390
Total	123,462,487	113,756,409

The item “Other payables and current liabilities” amounts to Euro 123,462,487 as of December 31, 2022. The main changes are related to the decrease in the item “Employees payables” offset by the increase in the item “Payables for unused holiday”, “other payables” and tax payables.

Below are the main components of this item:

- Euro 40,793,998 from payables to employees whose change is due to higher payables, compared with those set aside in the last year, for the redundancy incentive programs for staff employee close to accrual of retirement rights;
- Euro 32,262,892 from payables to INPS, Previdai, INAIL and to category pension funds, settled according to normal legal provisions in the first months of 2023;
- Euro 22,953,413 from the economic value of the vacations not taken by employees and from the equivalent of the overtime worked, which can be used as paid permits, not yet taken; ;
- Euro 12,901,520 for IRPEF withholding taxes made by the Company as a substitute for employment income tax;
- For 12,204,312 euros from payables of various kinds including the payables for deposits of 2,072,190 euros and the payable to the ATM Foundation for contributions and payments of services provided for 433,306 euros. The increase is linked to the inclusion of the portion of investment

- grants, not yet collected, equal to 4,254,041 euros relating to the purchase of electric buses that have not yet been delivered;
- Euro 691,469 from deferred income relating to revenues invoiced during the year and pertaining to 2023.

Notes to the income statement

29. Revenue and other operating income

The value of “*Revenues and other operating income*” consists mainly of:

- “Core Business Revenue” which refer to the revenues generated by the Service Contract for the Management of the Local Public Transport Service (TPL) concluded with the Municipality of Milan, to the revenue from the contract for the management of the M5metro line with Metro 5 S.p.A., the revenues from the contract for the management of the M4 metro line with SPV M4 S.p.A. line, the second functional section of which Linate – Dateo entered into operation on 26 November 2022, the revenues relating to the management of on-street parking and parking areas, towing and custody services and, residually, the revenues related to other transport services, including the management of the Como–Brunate funicular and POMA 2000 light rail service;
- “*Other revenues*”, which include revenues from advertising, rentals of properties, revenues from services on municipal property, including maintenance services on infrastructure and services for the management of Area B and Area C;
- “*Other income*”, which mainly includes operating grants, reimbursements for damages and penalties charged to suppliers.

Revenues are realized in the Italian territory.

	2022	2021
Core business revenue	772,416,407	745,090,465
Other revenue	80,573,842	52,937,079
Other income	83,448,935	65,749,555
Total	936,439,184	863,777,099

The details of the “*Core business revenue*” are given below:

	2022	2021
Revenue from TPL	739,496,615	723,315,431
<i>Corresponding Service Contract Municipality of Milan</i>	697,750,531	670,414,545
<i>Corresponding Service Contract Interurban area</i>	3,839,512	3,843,493
<i>Corresponding Management Contract line 5</i>	24,448,247	22,723,608
<i>Corresponding Management Contract line 4</i>	1,458,504	-
<i>Income from fees-interurban area</i>	2,788,729	1,457,673
<i>Special/dedicated transport services</i>	9,211,092	24,876,112
Revenues from management of on-street parking services	15,716,520	8,031,022
Revenue from parking management	7,971,549	5,222,279
Revenue from car removal management	3,428,229	2,950,482
Other revenue	5,803,494	5,571,251
Total	772,416,407	745,090,465

“Revenues from *TPL*” amounted to 739.496.615 euros (723.315.431 euros as of 31 December 2021) and increased by 16.181.184 euros overall compared to the previous year.

The main changes in the item “*TPL revenues*” refer to:

- “Corresponding Service Contract *Municipality of Milan*” an increase of 27,335,986 euros compared to 2021. The increase is linked to the recognition, by the Board of Directors, of the contractually established adjustment of the fee for the greater distances traveled by the Company requested by the Board of Directors;
- “*Corresponding Management Contract line 5*” increased 1,724,639 euros compared to the previous year. The increase is linked both to the adjustment of the consideration to the change in the inflation rate and to the increase in the service. In 2021, penalties for minor journeys of Euro 159,031 were also entered;
- “*Corresponding Management Contract line 4*” equal to 1,458,504 euro and deriving from the single contract for the management of the M4 metro line between ATM S.p.A. and the SPV subsidiary line M4 S.p.A. the start of the business of the M4 metro line, relating to the second functional section Dateo-Linate Aeroporto, it took place on 26 November 2022;
- “*Corresponding Service Contract Interurban area*” in line with the previous year;
- “*Income from fees-interurban area*”: the increase of 1,331,056 euros compared to the previous year is mainly linked to the higher passenger traffic revenues related to the management of the Como – Brunate funicular for 1,256,301 euros and to the management of the light rail system POMA 2000 for 56,472 euros. These variations are the direct consequence of the return to normal activities, and of the elimination of restrictions on the mobility of persons and on the capacity of means, imposed at the time by the Italian Government during the whole emergency phase. The positive change is also linked to the “*Mobility4MI*” project, an initiative launched at the end of 2022 aimed at promoting the dissemination of the use of public transport services in an integrated way, through the provision of facilities and mobility packages to workers. This plan is co-financed by the Ministry of Ecological transition and is aimed at improving air quality;
- “*Special/dedicated transport services*” decreased 15,665,020 euros compared to the previous year at the request of the entity entrusted to the Municipality of Milan within the framework of the “*Pact for Milan*”. These additional services were carried out for the whole of 2021, while in 2022, in view of the disappearance of the state of emergency on 1 April 2022, for the first half only. These services

have been financed by specific regulatory interventions of the Italian Government to cover the costs, as described in the chapter “*the ATM Group and the COVID emergency - 19*” of the document.

In addition, the complementary services of the Service Contract with the Municipality of Milan increased by a total of 10,912,515 euros and refer to: “Revenue from parking management”, increased by 7,685,498 euros for the resumption of services. In 2021, the parking payment scheme was suspended until the end of June 8, 2021; “Revenue from parking management” increasing by 2,749,270 euros; “Revenue from car removal management” increasing by 477,747 euros. The positive change in these two items is justified by the fact that in the lockdown period of 2020 these activities were suspended and then gradually resumed in 2021 and totally in 2022.

	2022	2021
Service revenues-third parties	54,453,487	36,231,450
Advertising and sponsorship revenues	15,257,758	7,899,826
Commercial leases metro stations	6,156,675	5,161,344
Other revenues	4,705,922	3,644,459
Total	80,573,842	52,937,079

“Other revenues” increased by 27,636,763 euros compared to the previous year. In particular:

- The “Services revenues” increase by 18,222,037 euros for the higher services carried out and related to maintenance activities on municipal infrastructure, to the payment system of Area B and C and to the traffic and territory control system. In addition, SPV M4 S.p.A. was charged during 2021 for the costs of maintaining the line following the postponement of the opening of the M4 metro line to the public at 2022, which was initially scheduled for July 2021. These costs charged to SPV M4 S.p.A. amounted to 6,182,599 euros (3,145,327 euros as of 31 December 2021);
- The “Advertising and sponsorship revenues” increase by 7,357,932 euros following the resumption of activities. In addition, the variable portion of the contract concluded with IGP Decaux S.p.A., not foreseen in 2021, for 1,167,368 euros is included;
- The “Commercial lease metro stations” increase by 995,331 euros. In 2021, in order to meet the effects of the emerging state, the rents had been revised, rents which, in 2022, returned to be in line with the contractual conditions;
- The “Other revenues” increase by 1,061,463 euros. The increase is mainly linked to the higher revenues for the sale of magnetic cards for 981,980 euros as a result both of the resumption of sales of travel tickets compared to 2021 and of the transfer of travel tickets from paper to electronic and to a residual extent to the higher revenues for the sale of operating materials for 79,498 euros, revenues linked to the disposal of warehouse materials whose effects have also reverberated on the dynamics of the inventory obsolescence provision .

Below is a detail of “*Other income*”, which has increased by €17,699,380 compared to last year.

	2022	2021
Insurance receivables and costs undertaken for third parties	12,371,371	5,732,064
Liability adjustments and fund releases	38,368	-
Income from penalties invoiced to suppliers	2,553,313	4,280,692
Gains on the sale of property, plant and equipment	267,000	253,307
Grants	62,656,639	51,503,964
Other income	5,562,244	3,979,528
Total	83,448,935	65,749,555

The item “*Insurance receivables and costs undertaken for third parties*” increases by Euro 6,639,307, particularly in view of the increased commission on the sale of travel tickets, insurance refunds resulting from the activities of TPL, of the reimbursements recognized by the body entrusted to the Company for the costs of sanitization incurred during the emergency phase connected to the Covid-19 pandemic for 1,010,365 euros and, finally, of the revenues for the installation of vending machines in the stations of the M5 line.

The item “*Income for penalties invoiced to suppliers*” decreases by 1,727,379 euros. During the financial year 2021, penalties were invoiced to electricity suppliers for 2,088,103 euros.

The item “*Gains on the sale of Property, plant, and equipment*” refers to the gain from the sale of 89 buses decomposed equal to 267,000 euros (Note 7).

The item “*Grants*” refers for Euro 48,643,858 to contributions for CCNL for the financial year, the amount of which is unchanged from the previous financial year, in accordance with Law No 47 of 27 February 2004 to cover the costs arising from the renewal of the collective employment contract for the two-year period 2002/2003, with Law n° 58 of 22 April 2005 to cover the charges deriving from the renewal of the CCIL two-year period 2004/2005 and with Law n° 296 of December 27, 2006 (Finanziaria 2007) to cover the charges of the renewal of the CCIL two-year period 2006/2007.

Also included in this item are grants for the production of electricity by means of photovoltaic systems, to grants for the training of personnel, to the share of grants relating to the “Ristori Decreti” for the management of the Como-Brunate Funicular, to the share of investment grants in respect of contributions for which the title to be entered was completed in 2022 for euro 5,446,458. In addition, tax credits on the purchase of electricity granted to non-energy companies are included in the item, which is described in the paragraph “Main regulatory measures for local public transport” for Euro 4,939,160.

The increase in the item “*Other income*”, totaling Euro 1,582,716 compared to last year, is almost entirely linked to the increase in passenger fines of Euro 1,698,207 following the recovery of passenger traffic following the absence of restrictive measures related to the Covid-19 pandemic.

30. Costs for purchases of goods and changes in inventories

	2022	2021
Purchases of goods	76,220,470	70,709,312
Change in inventory	1,992,724	(2,292,569)
Raw material consumption internal work	(1,031,324)	(1,353,059)
Total	77,181,870	67,063,684

The item, totaling Euro 77,181,870, includes the purchase costs for the materials necessary for the maintenance of vehicles and systems, for automotive diesel fuel and travel and parking tickets, as well as changes in inventories net of uses and provisions made to the “obsolescence provision”.

The value is adjusted for the consumption of materials for internal work related to extraordinary maintenance on the metropolitan metro and tram fleet for 1,031,324 euros (1,353,059 euros in 2021).

31. Service Costs

	2022	2021
Maintenance and cleaning costs	136,869,711	122,475,609
Electric traction power	33,218,500	32,811,526
Subcontracted transport services	26,100,811	32,527,648
Utilities	20,835,267	15,363,943
Professional services	11,189,242	8,374,019
Miscellaneous services	8,579,834	7,718,991
Production and distribution of travel tickets	7,678,576	6,349,823
Insurance	6,058,508	6,452,237
Customer services, advertising and marketing	4,680,595	3,100,252
Personnel services	4,086,613	3,175,312
Security costs	2,204,192	2,585,391
Total	261,501,849	240,934,751

The item “Maintenance and cleaning costs”, an increase of 14,394,102 euros compared to 2021, refers to the interventions of third companies for ordinary and extraordinary maintenance of 105,136,638 euros (91,346,742 euros in 2021) and 31,733,073 euros (31,128,867 euros in 2021) for cleaning services carried out on plants, warehouses, offices and vehicles during the year.

The increase in the maintenance costs incurred in the year, amounting to 13,670,950 euros, is mainly due to the increased costs incurred for maintenance activities of rolling stock totaling euro 3,087,003 as a result of the internalization of maintenance activities following the end of *the full service* maintenance contracts which were owned by the suppliers of the vehicles and included in the purchase contracts, the higher period costs related to the maintenance operations carried out on the armament and infrastructure, increased by 11,203,746 euros and 2,732,310 euros respectively and the higher costs related to the maintenance of hardware and software for 1,215,530 euros. As a result of these increases, in 2022 there was a decrease in maintenance services on the total turnover of 2,123,646 euros.

With regard to cleaning operations, the most significant increase refers to vehicle cleaning, increased by 1,155,486 euros. This increase is linked both to the greater cleaning, sanitizing and sanitation of the

vehicles that ATM S.p.A. has undertaken since the first days of the COVID–19 pandemic and to the higher costs linked to the recognition of indexations linked to inflationary dynamics.

In 2022, in response to specific maintenance operations carried out, the specific provisions for environmental risks recorded in previous financial years for 328,906 euros was used and released for 1,180,000 euros.

The charges for “*Electric traction power*” decreased by 406,974 euros. The effect affects both the shorter period runs and the mitigated effect on the increase in cost due to inflation, as the energy supply tender for the year 2022 was awarded in July 2021, before the explosion of energy prices in the autumn and before the outbreak of the Russia-Ukraine conflict. In fact, the tender was awarded at a fixed price of about 84 €/MWh (including certification of origin from renewable sources), compared to a PUN (National Single Price) which in the summer months reached values equal to or higher than 500 €/MWh.

The item “*subcontract transport services*” includes the fees granted to subcontractors for transport services in the Milan urban area and the removal service; the reduction, equal to Euro 6,426,837, is due to the fact that, whereas in 2021 ATM S.p.A. had to require additional transport services to the carriers in order to guarantee the same service offer in view of the reduction in vehicles capacity during the Covid–19 emergency, as from 31 March 2022, with the end of the state of emergency, the need to request additional services has ceased, with a consequent reduction in the respective costs.

The higher charges for “*Utilities*” of 5,471,324 euro are mainly due to the higher charges for gas and district heating of 4,729,073 euro; this increase is entirely influenced by the impact on the price of energy commodities of the conflict between Russia and Ukraine.

“*Professional Services*” refers mainly to professional services provided by third parties in the computer, legal, corporate and engineering fields. The increase compared to 2021 is linked to support for participation in international competitions as foreseen by the “*Strategic Plan 2021 – 2025*” and the business expansion programs of ATM S.p.A.

The item “*Miscellaneous services*” increased by 860,843 euros compared to 2021 and mainly refers to charges for bank commissions of 4,665,166 euros (3,389,854 euros in 2021), transport services for material handling and waste disposal for 2,042,000 euros (1,984,426 euros in 2021) and personnel charges posted by the Group Companies for 792,964 euros (1,300,085 euros in 2021).

The item “*Production and distribution of travel tickets*” refers to the remuneration payable to retailers for the sale of travel, on-street parking and parking tickets, Area B and Area C. The increase in the item, equal to 1,328,753 euros compared to 2021, is due to the recovery in sales volumes of travel tickets.

The item “*Insurance*” refers to the costs inherent in the insurance business: The savings achieved are the result of the discounts achieved during the tender.

The item “*Customer services, advertising and marketing*” mainly refers to expenses incurred for communication and information to customers and increases by 1,580,343 euros compared to 2021. The increase is linked to the higher costs incurred for the *co-marketing initiatives* of 922,136 euros, for 472,261 euros to the resumption of the restaurant tram – activities suspended in 2021 – and finally to the higher charges for the toll free number of 387,133 euros. During the year, charges were incurred for the construction of the green wall of the Giambellino warehouse for 208,660 euros.

The item “Personnel services” increased by 911,301 euros compared to 2021 and mainly refers to the costs of medical expenses incurred for legal obligations and for health inspections for 1,717,612 euros (1,650,045 euros in 2021) and to training costs for 1,397,512 euros (Euro 819,266 in 2021). The increase is attributable to the training activities carried out for employees, which increase by 578,246 euros, to travel expenses, which increase by 235,002 euros compared to 2021, to medical expenses and to “Nursery management”, which increase by 67,567 euros and 33,231 euros respectively.

The item “Security Costs” decreased by Euro 381,199 compared to 2021 and refers to the value transport service and security services carried out in order to prevent vandalism and to guarantee the safety of passengers on board vehicles.

32. Operating lease costs

	2022	2021
Rental charges	155,440	255,552
Vehicle hire	74,229	376,115
Plant and equipment hire	1,492,981	1,206,731
Total	1,722,650	1,838,398

The costs incurred in 2022 are slightly lower than in the previous year due to the reduction in vehicle hire costs of Euro 301,886 and the reduction in rental charges of Euro 82,318, partly offset by an increase of euro 286,250 in the cost of Plant and equipment hire.

For the year under review, the parking area management fee to be paid to the entrusted body – Municipality of Milan - was not recognized as a consequence of the failure to reach the minimum revenue threshold of 18,450,000 euros.

33. Personnel expenses

	2022	2021
Wages and salaries	353,208,771	352,793,396
Social security contributions	93,296,707	87,470,996
Post-employment benefits	23,913,989	22,933,826
Other costs	23,794,633	17,048,709
Personnel costs for internal work	(611,481)	(1,464,926)
Total	493,602,619	478,782,001

The “Personnel expenses” of Euro 493,602,619 includes costs incurred for wages and social security contributions, statutory provisions and pursuant to category contracts, as well as costs for holidays and deductible hours accrued but not used in the year. The total increase of €14,820,618 is due to the increase in “wages and salaries” for €415,375, “social security contributions” for €5,825,711, “Post-employment benefits” for €980,163 partially offset by the lower recoveries for “social security contributions” for €853,445. Finally, the item discounts the increase in “other costs” by €6,745,924.

The components that led to an increase in “wages and salaries” are extraordinary salaries, variable allowances, exodus incentives and, above all, the renewal of the CCDL in 2022 with effect from 1 July. With regard to the causes of decrease, the lower provisions for holidays, CCDL/PDR renewal and MBO

should be reported compared to the previous year; The increase in the item “social security contributions” is determined by the opposite effect of the lower charges linked to the lower provisions referred to in the previous paragraph, more than offset by the less non-recurring effect linked to the reimbursement of compensated sickness charges in the year equal to Euro 10,558,887 (Euro 16,558,932 in 2021) and higher contribution charges related to the renewal of the CCDL already highlighted in the item “wages and salaries”. The increase in “other costs” is linked to the non-recurring effect of a dispute with employees relating the recognition, during the holiday period, of some specific salary items of Euro 8,300,000.

The costs are recognized net of capitalized personnel costs for internal work for Euro for 611,481 euros (1,464,926 euros in 2021) and refer to the share of capitalized personnel costs for extraordinary maintenance works carried out on the metropolitan train fleet and trams.

The headcount as of December 31, 2022, was 9,528 (9,540 as of 31 December 2021).

Contractual type	12.31.2021	Hires	Departures	Transfers between Group companies	Other changes	12.31.2022
Executives	30		(2)			28
Managers	320	14	(12)	(2)		320
Clerks	815	53	(62)	4	1	811
Operational workers	8,375	518	(530)	6		8369
Total	9.540	585	(606)	8	1	9.528

In 2022, employment trends decreased by 12 units, including domestic transfers. Recruitment refers to the operational sectors, including bus, tram and trolleybus drivers, station agents, security personnel, other support figures for operational management. In addition, new resources have been included in the maintenance departments and to strengthen the facilities of the Information Technology, as well as targeted interventions in the staff functions, including in particular, activities aimed at participating in international competitions in the public transportation sector or the scope of Smart Mobility projects. The other changes refer to job changes and reinstated staff in service following adverse company rulings by the judiciary.

It should be noted that the change in the number of personnel departures concerns voluntary resignation and therefore no objective redundancies have been made during the period considered in accordance with the provisions of D. Lgs. No. 137/2020, cd. “Ristori Decree” and its subsequent amendments.

34. Other operating costs and charges

	2022	2021
Municipal taxes	5,477,162	5,327,044
LPT claim Management	1,562,848	1,689,501
Prior year changes	54,116	141,157
Taxes and duties	637,269	644,058
Other operating charges	1,756,332	1,883,413
Reversal of doubtful debts provision	(1,669,610)	37,210
Accrual/(releases) provisions for risks and charges	364,923	106,204
Total	8,183,040	9,828,587

“Other operating costs and expenses” show a decrease of 1,645,547 euros compared to the previous year. The items with the main variations refer to the provisions/releases of the Allowance for doubtful accounts which are down by 1,706,820 euros, the dynamics of which is explained in detail in Note 17 – “Trade receivables” to this illustrative Note, Provisions for risks and charges increased by 258,719 euros, of which extensive disclosure was given to note 24 of this illustrative Note and in the Management Report in the part relating to “principal outstanding disputes”, The lower period costs related to the management of TPL damages for 126,653 euros, the decrease in the item “other operating expenses” for 127,081 euros and finally the increase in municipal taxes for 150,118 euros.

The most important cost items include:

- “Municipal taxes” which relate mainly to the charge for Tarsu for 3,624,161 euros and ICI for 1,823,572 euros;
- “LPT claim management” relating to the cost of settlement of damages related to the movement of vehicles for EUR 1,806,962 and to motor vehicle practices for EUR 104,059 and to provisions for EUR 1,313,696, EUR 50,316 for releases and EUR 1,611,553 for the use of the specific fund included in the “provisions for risks and charges” (Note 24);
- “Other operating costs” relate mainly to membership of associations, expenditure on the endorsement of notarial documents, representation expenses, and expenses of various kinds. The impairment recognized in the income statement for a total of EUR 12,247,780 refers to metropolitan trains no longer used in the transport service and for which the depreciation fund entered in previous years has been used as shown in Note 7 – “Property, plant, and equipment”;
- “Reversal of doubtful debts provision” refers to the issue of credit write-down funds for 2,456,236 euros, to provisions for 786,626 euros made to deal with risks on credits entered in the balance sheet, of which 589,160 euros for “Miscellaneous receivables”, 118,900 euros for “Receivables from third parties”, EUR 74,233 per “receivables from parent companies”, EUR 2,188 per “Receivables from subsidiaries of the parent company” and finally EUR 2,144 per “Receivables from subsidiaries”. Please refer to Note 17 – “Trade receivables” and Note 18 – “other receivables and current assets” respectively of this explanatory note for the comment of the constituent elements.
- “Accrual/(release) provisions for risks and charges” which refer to provisions made to adjust the “provisions for risks and charges” (Note 24) following the revisiting of the estimates and in the light of the events of the period and considering new and more complete information than those available at the time when the original estimates were made. The amount at 31 December 2022 was EUR 364,923.

During the financial year, losses on loans amounting to EUR 1,064,152 were recognized, which were

fully covered by the use of the Allowance for doubtful accounts.

35. Depreciation and impairment losses

	2022	2021
Depreciation - Property, plant, and equipment	115,447,272	119,299,763
<i>Plants and machinery</i>	105,042,496	107,924,022
<i>Buildings</i>	5,425,005	6,751,879
<i>Industrial and commercial equipment</i>	2,442,844	2,207,678
<i>Other goods</i>	2,536,927	2,416,184
Plant contributions	(40,030,931)	(35,271,268)
Depreciation and amortization - intangible assets	906,030	945,754
<i>Software Licenses</i>	906,030	945,754
Depreciation and amortization right of use for leased assets	2,296,213	2,111,799
<i>Equipment</i>	73,174	73,173
<i>Buildings</i>	536,252	531,500
<i>Motor vehicles</i>	1,363,807	1,330,551
<i>Computer equipment</i>	95,064	93,839
<i>Others</i>	227,916	82,736
Write-down of fixed assets	-	6,533,738
Total	78,618,584	93,619,786

They are charged for the financial year “*Depreciation and impairment losses*” totaling EUR 78,618,584, including the total amount of contributions to installations for the financial year amounting to EUR 40,030,931.

There are no devaluations for the period considered. In 2021, the write-downs for the period amounted to EUR 6,533,738 (of which eur 4,026,319 refers to the residual value of 5 trams no longer used in the transport service and eur 2,507,419 relating to the share recognized in the profit and loss account relating to the adjustment to *fair value* in application of the method of revalued cost of buildings following an audit).

Please refer to the Management Report for a description of the non-recurring components that affect this entry.

36. Net financial income (charges)

	2022	2021
Financial income	4,952,714	8,169,120
<i>Interest assets</i>	1,910,896	2,029,135
<i>Gains on securities</i>	540,564	2,578,239
<i>Fair value adjustment income</i>	(274,010)	1,475,632
<i>Others</i>	2,775,264	2,086,114
Financial charges	(18,266,067)	(5,907,035)
<i>Interest for employee defined benefit plans</i>	(1,445,366)	23,128
<i>Interest expense on loans and bond loans</i>	(4,322,425)	(4,213,718)
<i>Other interest expense</i>	(56,046)	(50,385)
<i>Losses on securities</i>	(1,071,160)	(333,560)
<i>Fair value adjustment charges</i>	(10,895,822)	(1,216,374)
<i>Impairment of financial assets</i>	(60,688)	205,039
<i>Others</i>	(276,823)	(173,032)
<i>Interest expense IFRS 16</i>	(137,737)	(148,133)
Total	(13,313,353)	2,262,085

The interest assets are composed as follows:

	2022	2021
Interest on deposits and current accounts	120,762	8,097
Interest income on securities	926,087	835,599
Interest income from subsidiaries	-	16,943
Interest on financing to subsidiaries	5	-
Interest on loans to associates	313,674	649,461
Interest income from parent's subsidiaries	550,368	519,035
Total	1,910,896	2,029,135

“*Interest income on securities*” of €926,087 (€835,599 as of December 31, 2021) refers to interest on government bonds and bond loans.

“*Interest on loans to associates*” of 313,674 euros (649,461 euros as of 31 December 2021) refer to interest accrued on loans granted to Metro 5 S.p.A.

The “*Interest income from parent's subsidiaries*” of EUR 550.368 (EUR 519.035 as of December 31, 2021) refers to interest accrued on loans granted to SPV Line M4 S.p.A.

“*Interest income on securities*” of 540.564 euros (2.578.239 euros as of 31 December 2021) refer to gains realized with reference to securities trading.

The “*Fair value proceeds*” and the “*Fair value charges*” refer to the fair value valuation of financial receivables of 604,851 euros to the related company Metro 5 S.p.A., EUR 1,453,154 for the fair value of financial receivables from companies controlled by the parent company SPV M4 S.p.A. and EUR 18,860 for the building cooperatives SED-ATM and SCCATI, and EUR 9,114,266 for the fair value valuation charges of the financial instruments designated by FVTPL

The item “other” refers mainly to the dividend received by the subsidiary International Metro Service S.r.l. for 1,785,000 euros. Other financial income for 142,637 euros and the proceeds related to the amortized valuation of the HTC&S securities for 96,586 euros are also included in this item. The item contains the value of reinstating the participation of Movibus S.r.l. to the acquisition value. The adjustment was EUR 37,244 (EUR 131,290 in 2021).

The “financial expenses” refer in addition to the above for “fair value adjustment charges” to “interest for employee-defined benefit plans” of EUR 1,445,366, “interest expense on loans and bond loans” included in the debt for 4,322,425 euros and “losses on securities” for 1,071,160 euros.

The “interest expense” arising from the application of International Financial Reporting Standards 16 leases amounted to EUR 137,737.

37. Taxes on operating income

Taxes for the financial year were entered as follows:

	2022	2021
Current taxes	816,500	205,500
IRAP	700,000	-
Income (charges) from tax consolidation	116,500	205,500
Taxes for previous years	(436,474)	393,560
IRES	2,664	276,560
IRAP	(439,138)	117,000
Deferred tax charge	1,679,085	3,286,646
Total	2,059,111	3,885,706

Taxes for IRES and IRAP are not recorded for the period.

The “Income from tax consolidation” refer to the transfer of IRES, within the limit foreseen by the current legislation, by companies within the perimeter of the National fiscal Consolidated.

“Deferred tax charge” mainly welcomes the release of Deferred tax assets registered against taxed risk funds. The deferred taxes and deferred taxes paid to the income statement are EUR 2,895,173 and EUR 1,216,088 respectively, as detailed in Note 12 and Note 25. Early taxes mainly refer to the release of early taxes on risk funds of 2,753,784 euros.

The table of reconciliation between theoretical and actual taxes is as follows:

THEORETICAL TAX CHARGE	ATM	
	IRES	IRAP
VALUE OF PRODUCTION		936,439,184
PRODUCTION COSTS		(920,810,610)
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION		15,628,574
PERSONNEL COSTS (NOT RELEVANT FOR IRAP PURPOSES)		493,602,619
PRE-TAX PROFIT/LOSS	2,315,221	
THEORETICAL TAX RATE	24.00%	4.20%
THEORETICAL TAX BASE	2,315,221	509,231,193
THEORETICAL TAX CHARGE	555,653	21,387,710
NON-DEDUCTIBLE COSTS- EXEMPT REVENUES	IRES	IRAP
CO-ORDINATED AND ONGOING / OCCASIONAL COLLABORATIONS	0	26,057
NOT-DEDUCTIBLE TAXES	(32,949)	1,823,421
PHONES	115,948	115,948
OTHER NON-DEDUCTIBLE COSTS		
- personnel	26,793,808	0
- amortisation/depreciation (Item B10)	2,277,075	4,593,341
Provisions not provided as per TUIR/L.446/97	5,295,751	5,401,288
- other non-deductible costs	10,341,853	7,159,335
EXEMPT REVENUES		
- issue/use of taxed funds	(8,702,124)	(9,696,272)
- staff	(19,099,348)	0
- other exempt income	(7,902,670)	(6,431,707)
TOTAL INCREASE IN CHANGES (+)	9,087,344	2,991,411
ELIGIBLE COSTS IN DEDUCTION - DIFFERENT IRAP TAXABLE AMOUNT	IRES	IRAP
International Financial Reporting Standards	15,406,381	15,208,915
CIRCULAR TAX AUTHORITY NO.22/E OF 09/06/2015 AND VARIOUS		481,091,920
DEDUCTION OF PAYMENT FOR SUPPLEMENTARY PENSION SCHEMES	899,079	0
TAX BACKGROUND ROUNDING	(3)	(744,903)
TOTAL DECREASE (-)	16,305,457	495,555,932
EFFECTIVE TAX CHARGE	IRES	IRAP
TAXABLE ACTUAL TAX CHARGE/INCOME	0	16,666,667
EFFECTIVE TAX CHARGE	0	700,000
EFFECTIVE TAX CHARGE RATE	0.00%	0.14%

38. Fees of Directors and Auditors

According to the law, the fees of the directors and of the Board of Statutory Auditors are reported, it is pointed out that the amount is exposed before any contribution charges and ancillary charges.

	2022	2021	Variation
Director fees	221,046	190,000	31,046
Audit Committee fees	139,467	139,648	(181)
Total	360,513	329,648	(30,865)

The Board of Directors is composed, at the date of the drafting of this 2022 Financial Report, of five members, including the Chairman and the Chief Executive Officer; the Board of Statutory Auditors is composed of three effective members, one of which is Chairman. The charges paid to the individual directors in office are expressed before the retirement savings of 21,473 euros and are equal to 199,109 euros as per the Shareholders' Meeting resolution of 15 April 2020. The expenses for travel of the Chairman of the Board of Directors in respect of the performance of his duties amount to 465 euros.

The amount of compensation paid to the Board of Directors in 2022 increased due to the recognition of the amount of Chief Executive Officer by Dr. Arrigo Giana.

39. Compensation to the Audit Company

The fees recognized by ATM S.p.A. to the auditing company Deloitte & Touche S.p.A. for the financial year 2022 amounted to 234,125 euros for the activities related to the statutory audit of accounts and 26,206 euros for audit services aimed at issuing other certificates.

Type of services	The person who provided the service	Recipient	Fees
Audit			234,125
<i>Statutory audit of the accounts of the financial statements and the consolidated financial statements, regular audits of the regular keeping of the accounts</i>	<i>Auditor of the Parent Company</i>	<i>Parent company</i>	<i>197,000</i>
<i>Limited audit of the consolidated half-yearly situation, drawn up on a voluntary basis, of the companies of the ATM Group from 30.06.2018 to 30.06.2025</i>	<i>Auditor of the Parent Company</i>	<i>Parent company</i>	<i>37,125</i>
Attestation Services			26,206
<i>Annual and half-yearly attestation of covenants to the European Investment Bank</i>	<i>Auditor of the Parent Company</i>	<i>Parent company</i>	<i>12,706</i>
<i>Subscription of claims/certifications required by current regulations and pro tempore regulations</i>	<i>Auditor of the Parent Company</i>	<i>Parent company</i>	<i>13,500</i>
Total			260,331

Deloitte & Touche S.p.A. and the companies belonging to its network have not provided services other than auditing or attestation.

40. Information regarding intercompany and Related parties' relationships

The relationship with Related parties with which the Company maintains commercial and financial relations under conditions in line with those of the market pursuant to art. 2427 of the dc, number 22-bis.

“Trade receivables from parent companies” refer to receivables for services and services rendered to the parent company under the Local Public Transport Service Contract and staging services, Parking and car removal with the Municipality of Milan and with credits for works on municipal property. The value of the credits is adjusted by the depreciation fund of EUR 414,377 set up in order to align the value of the credits with the presumed realizable value.

“Trade receivables from subsidiaries” refer to receivables for services and services rendered to companies within the scope of consolidation, for which ATM S.p.A. carries out service activities.

The “financial receivables from subsidiaries” refer to the cash pooling balances of current accounts as at 31 December 2022. Accrued interest is recognized in the “Net Financial income” line of the income statement.

The “tax receivables toward subsidiaries”, as described in another part of this document, relate to the credit deriving from the contracts concluded with the subsidiaries for the accession to the National Tax Consolidation and the Group VAT scheme.

“Trade receivables from associates” refer to receivables for services and services rendered under existing contracts. The value of the credits is adjusted by the depreciation fund of EUR 7,527 set up in order to align the value of the credits with the presumed realizable value.

“Trade receivables from subsidiaries of the parent companies” refer to receivables for services and services rendered under existing contracts.

CREDITS	Commercial	Financial	Contributions	Tax	31.12.2022
- toward controlling people					
Municipality of Milan (*)	152,790,677		6,494,500		159,285,177
- to controlled					
Citylink S.r.l.	29,106	10,483		6,688	46,277
Gesam S.r.l.	251,277			32,782	284,059
International Metro Service S.r.l.	17,248			72,000	89,248
Metro Service A/S	29,034				29,034
North East Transports S.r.l.	4,598,534			2,671,714	7,270,248
Rail Diagnostics S.p.A.	590,607			229,047	819,654
- to connected (*)					
Co.mo. Fun&Bus s.c.a.r.l	277,367				277,367
Metro 5 S.p.A.	1,878,438	1,943,323			3,821,761
Movibus S.r.l.	31,024				31,024
- to subsidiaries of the parent company (*)					
Teatro alla Scala Foundation	16,692				16,692
Civic Schools Milan	2,036				2,036
Milan S.p.A. metro station	298,110				298,110
SPV M4 S.p.A. line	4,833,401	9,802,719			14,636,120
MilanoSport S.p.A.	580				580
Milan Food & Beverage S.p.A.	3,635				3,635
- other related reports					
Coop S.E.D. ATM/S.C.C.C.T.I.		908,212			908,212
Total	165,647,766	12,664,737	6,494,500	3,012,231	187,819,234

(*) before the credit write-down rate

The “trade payables to parent companies” refer to debts for services and services rendered under the Local Public Transport Service Contract and the parking, parking and car removal management services with the Municipality of Milan.

“Trade payables to subsidiaries” refer to payables for services and services rendered by subsidiaries under existing contracts.

“Financial liabilities to subsidiaries” refer to the balances payable by current accounts in cash pooling as of 31 December 2022.

The “Tax liabilities to subsidiaries”, as described in another part of this document, relate to the tax retained by the subsidiaries to ATM S.p.A. following the accession to the National fiscal Consolidation.

“Trade payables to associates” refer to debts for services and services rendered by associates under existing contracts.

The “Trade payables to subsidiaries of the parent companies” refer to debts for services and services rendered by the companies to ATM S.p.A. under the existing contracts.

PAYABLES	Commercial	Financial	Tax	31.12.2022
- Parent				
Municipality of Milan	47,272,940			47,272,940
- Subsidiaries				
Citylink S.r.l.	457,219		191,600	648,819
Gesam S.r.l.	58,501	1,162,229		1,220,730
International Metro Service S.r.l.	5,098			5,098
North East Transports S.r.l.	1,362,222	12,405,055	1,136,447	14,903,724
Rail Diagnostics S.p.A.	2,137,300	10,653,074		12,790,374
- Associates (*)				
Co.mo. Fun&Bus s.c.a.r.l	775			775
Metro 5 S.p.A.	310,255			310,255
Movibus S.r.l.	575,988			575,988
SBE consortium	408,101			408,101
- other companies				
Milan S.p.A. metro station	837,190			837,190
SPV M4 S.p.A. line	821,940			821,940
Total	54,247,528	24,220,358	1,328,047	79,795,933

(*) before LRU RS16

INCOME STATEMENT TRANSACTIONS	Revenue from characteristic management	Other revenue	Other income	Financial income
- Parent				
MUNICIPALITY OF MILAN	704,871,448	44,240,543	2,696,968	-
- Subsidiaries				
ATM - DIVERSIFIED SERVICES S.R.L.	29,108	-	6	5
GESAM - S.r.l.	327,168	61,905	10	-
INTERNATIONAL METRO SERVICE S.R.L.	17,248	-	-	1,785,000
METRO SERVICE A/S	349,182	-	24	-
NORTH EAST TRASPORTI S.R.L.	4,417,476	322,500	461,782	-
RAIL DIAGNOSTICS S.p.A.	538,338	54,500	6,410	-
- Other companies				
MILAN METRO station	85,374	149,588	364	-
FONDAZIONE PICCOLO TEATRO DI MILANO - TEATRO D'EUROPA	-	70,070	-	-
SEA Spa	-	-	24	-
SPV M4 S.P.A. LINE	1,458,504	6,212,299	-	550,368
- Assoicates				
CO.MO. FUN&BUS S.C.A R.L.	516,178	-	7,443	313,674
METRO 5 S.p.A.	24,448,247	289,969	105,981	-
MOVIBUS S.r.l.	-	54,255	392,676	37,244
SBE CONSORTIUM	-	-	5,000	-
Total	737,058,271	51,455,629	3,676,688	2,686,291

ECONOMIC RELATIONS	Costs for services	Operating lease costs	Costs for employee benefits	Other operating costs and charges	Financial charges
- Parent					
Municipality of Milan	(51,010)			(74,515)	
- Subsidiaries					
ATM - DIVERSIFIED SERVICES S.R.L.	(454,939)				
GESAM - S.r.l.	(901,019)			(4)	(2,319)
NORTH EAST TRASPORTI S.R.L.	(723,089)			7,069	(25,355)
RAIL DIAGNOSTICS S.p.A.	(7,966,849)				(23,222)
- Other companies					
Milan S.p.A. metro station	(2,363,777)	(10,500)		(398)	
Fondazione Piccolo Teatro di Milano - Teatro d'Europa	(65,570)		(1,500)	(3,660)	
SPV M4 S.p.A. line	(281,638)				
- Associates					
CO.MO. Fun&Bus s.c.a.r.l		(200,374)		(2,105)	
Metro 5 S.p.A.		(213,125)		(544)	
Movibus S.r.l.	(237,651)			(18,756)	
SBE consortium				(658,213)	
Total	(13,045,542)	(423,999)	(1,500)	(751,126)	(50,896)

41. Commitments, guarantees and Contingent liabilities not entered in the budget

Here is the detail of the entry:

	31.12.2022	31.12.2021
Assets in use	5,735,787,473	5,083,839,339
Guarantees of which:	340,619,994	304,857,893
- guarantees in favor of third parties	30,238,095	29,232,621
- guarantees given to third parties	292,955,878	258,848,945
- guarantees to investees	17,426,021	16,776,327
Total	6,076,407,467	5,388,697,232

The amount of EUR 5,735,787,473 for “goods in use” refers to:

- EUR 5,565,112,011 to the value of the assets in use for the management of the LPT service by the Municipality of Milan;
- For 163,351,282 euros to the value of the parking areas and parking areas in use under the Service contracts;
- For 7,193,000 euros to the materials owned by Metro 5 S.p.A. and SPV Line M4 S.p.A. received for warranty maintenance activities;
- For 131,180 euros to the value of assets in use by the Municipality of Milan (works of art).

The 30,238,095 guarantees for third parties” of EUR refer to guarantees issued for third parties.

The “guarantees given to third Parties”, equal to EUR 292,955,878, refer to guarantees or securities issued by third parties in favor of the Company.

The “guarantees to investees”, amounting to EUR 17.426.021, refer to:

- For a total of EUR 12,095,700 to the pledge registered on 106.600 shares of Metro 5 S.p.A. and to the pledge registered on 13,720 shares of SPV Linea M4 S.p.A. in favor of a pool of financial banks in the context of the related projects for the construction and management of the new M5 and M4 lines;
- For 5,330,321 euros to co-obligations and guarantees given to the connected company Metro 5 S.p.A. and to SPV Line M4 S.p.A.

The value of the contractual commitments for investment supply contracts is EUR 666,154,589.

42. Information on public disbursements - Article 1, paragraphs 125 to 129 of Law no. 124/2017

The following amounts are set out by nature and by body: 2022

- CCNL contributions, paid by the Region of Lombardy through the TPL Agency for 48,643,859 euros, of which 6,357 euros for the financial year 2021 and 48,637,502 euros for the financial year 2022, before the 4% withholding tax;
- Contributions sickness charges for 2015÷2018 for 10,558,887 euro, paid by the Ministry of Labor;
- EUR 2,323,368 for the implementation of measures to ensure safety by the State in the metropolitan area;

- Grants for the purchase of bi-directional trams, paid by the State, for EUR 9,000,000;
- Grants for the purchase of buses and trams, paid by the Lombardy Region for 10,025,878 euros;
- Grants for the purchase of hybrid buses, paid by the municipality for EUR 3,240,000;
- Contributions for lower tariff revenues D.L. 267/20, D.L. 137/20 and 94/22 for 538,813 euros;
- Investment tax credit L.L.-2019, L.178/2020, D.L. 50/2017 and determines 48/2022 for 93,096 euro and tax credit for Energy D.L. 50/2022 art. 3, D.L. 21/2022 art. 3 and D.L. 144/22 for 4,939,161 euros, all offset in tax payments for the year.

Resolutions of the Assembly

Mr shareholder,

We submit to your approval the financial statements of ATM S.p.A. closed as of December 31, 2022, which show a profit of 256.108 euros which proposes to allocate entirely to “*Legal reserve*”.

Milan, March 30, 2023

For the Board of Directors

The Chairpeson

Gioia Maria Ghezzi

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**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Sole Shareholders of
Azienda Trasporti Milanesi S.p.A.**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Azienda Trasporti Milanesi S.p.A. and its subsidiaries (hereinafter the "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Azienda Trasporti Milanesi S.p.A. (hereinafter the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Non-current assets valuation**Description of the key audit matter**

In addition to a slight continuation of the effects of the Covid-19 pandemic, fiscal year 2022 has been characterized by the geopolitical uncertainty situation related to the Russian-Ukrainian conflict which has had a consequent impact on current and prospective inflation and interest rates, as well as on the price of electric traction energy and fuels, characterizing the local public transport sector (“TPL”).

According to the Company's Management, in fact, the expectations of a significant increase in utilities costs in the short and medium term and the increase in interest rates on the financial markets – in the context of the renewal of the Contratto di Servizio expiring on December 31, 2023 and the start of the “Milano Next” project – represent exogenous trigger events to deemed it necessary to carry out an impairment test on the recoverability of non-current assets, as recommended by the European Securities and Markets Authority (ESMA) and in accordance with the requirements of the IAS 36 Accounting Standard.

The impairment test was carried out by the Directors on the cash generating unit “Local Public Transport and complementary services” and “Local Public Transport in the Interurban area”, comparing the recoverable amounts of the CGU, determined by estimating the value in use and the carrying amount of the CGU. The value in use determined by the Management is based on assumptions regarding, among others, (i) the estimate of cash flows from the Business Plan 2023 – 2039, prepared consistently to the Strategic Plan 2021 – 2025 and both approved by the Board of Directors of the Company, with reference to the CGU “Local Public Transport and complementary services” and from the Business Plan 2023 – 2033 approved by the Sole Director of Nord Est Trasporti S.r.l., with reference to the CGU “Local Public Transport in the Interurban Area”, (ii) medium – long term investments planning, (iii) degree of probability associated to each considered scenario, in accordance with Management expectations regarding the tender for the win of TPL services, and (iv) the determination of an appropriate discount rate (WACC) and of long-term growth rate (g-rate). The determination of value in use is also based on assumptions influenced by future expectations and external variables, including in the short term, the renewal of the Contratto di Servizio and in the medium and long term the beginning of the “Milano Next” project.

The impairment test confirmed the value of the non-current assets in the Group's consolidated financial statements as at December 31, 2022.

In consideration of the relevance of the amount of non-current assets recognized in the consolidated financial statements and the high level of professional judgment used by the Management in formulating the estimates of prospective cash flows, we considered the impairment test as a key audit matter of the Group's consolidated financial statement.

The paragraph “Recoverability of the value of tangible, intangible assets and investments” of note 5 “Use of estimates” and note 9 “Property, plant, and equipment” of the notes to the consolidated financial statements disclose information regarding the methodology and results of the impairment test.

Audit procedures performed

In the context of our verifications, also supported by experts from the Deloitte network, we have carried out the following main review procedures:

- examination of the modality used by the Management for the determination of value in use, by analyzing methods and assumptions used for the development of the impairment test;
- understanding of the controls put in place by the Group on the process of carrying out the impairment test;
- reasonableness analysis of the main assumptions underlying the Business Plan prepared by the Company's Management and its subsidiaries, also through the help of discussions with the dedicated business functions;
- regular meetings with the Management to share the progress of the activities related to the call for tender for TPL services by the Agenzia di Bacino, in order to confirm the reasonableness of the weighting of the different scenarios, included as basis for the impairment test;
- critical reading of the minutes of the meetings of the Board of Directors of the Company;
- assessment of the reasonableness of the discount rate (WACC) and long-term growth rate (g-rate);
- verification of the arithmetic accuracy of the model used for the determination of the CGU's value in use;
- verification of the correct determination of the carrying amount of the CGU and its comparison to the value in use resulting from the impairment test;
- sensitivity analysis of certain variables in the Business Plans and verification of the recoverable amount – considered as value in use – of the net invested capital analyzed;
- verification of the accuracy and completeness of the information provided in the notes to the consolidated financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Azienda Trasporti Milanese S.p.A. has appointed us on November 9, 2017 as auditors of the Company for the years from December 31, 2017 to December 31, 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98**

The Directors of Azienda Trasporti Milanesi S.p.A. are responsible for the preparation of the report on operations including some specific information set forth in art. 123-bis, paragraph 2 (b) of Azienda Trasporti Milanesi Group as at December 31, 2022, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations including some specific information contained, set forth in art. 123-bis, paragraph 2 (b) of Legislative Decree 58/98 with the consolidated financial statements of Azienda Trasporti Milanesi Group as at December 31, 2022 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations including some specific information set forth in art. 123-bis, paragraph 2 (b) is consistent with the consolidated financial statements of Azienda Trasporti Milanesi Group as at December 31, 2022 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Azienda Trasporti Milanesi S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Matteo Bresciani
Partner

Milan, Italy
April 20, 2023

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**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Sole Shareholders of
Azienda Trasporti Milanesi S.p.A.**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Azienda Trasporti Milanesi S.p.A. (hereinafter the "Company"), which comprise the statement of financial position as at December 31, 2022, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Non-current assets valuation**Description of the key audit matter**

In addition to a slight continuation of the effects of the Covid-19 pandemic, fiscal year 2022 has been characterized by the geopolitical uncertainty situation related to the Russian-Ukrainian conflict which has had a consequent impact on current and prospective inflation and interest rates, as well as on the price of electric traction energy and fuels, characterizing the local public transport sector (“TPL”).

According to the Company's Management, in fact, the expectations of a significant increase in utilities costs in the short and medium term and the increase in interest rates on the financial markets – in the context of the renewal of the Contratto di Servizio expiring on December 31, 2023 and the start of the “Milano Next” project – represent exogenous trigger events to deemed it necessary to carry out an impairment test on the recoverability of non-current assets, as recommended by the European Securities and Markets Authority (ESMA) and in accordance with the requirements of the IAS 36 Accounting Standard.

The impairment test was carried out by the Directors on the cash generating unit “Local Public Transport and complementary services” comparing the recoverable amounts of the CGU, determined by estimating the value in use and the carrying amount of the CGU. The value in use determined by the Management is based on assumptions regarding, among others, (i) the estimate of cash flows from the Business Plan 2023 – 2039, prepared consistently to the Strategic Plan 2021 – 2025 and both approved by the Board of Directors of the Company, regarding to the CGU “Local Public Transport and complementary services”, (ii) medium – long term investments planning, (iii) degree of probability associated to each considered scenario, in accordance with Management expectations regarding the tender for the win of TPL services, and (iv) the determination of an appropriate discount rate (WACC) and of long-term growth rate (g-rate). The determination of value in use is also based on assumptions influenced by future expectations and external variables, including in the short term, the renewal of the Contratto di Servizio and in the medium and long term the beginning of the “Milano Next” project.

The impairment test confirmed the value of the non-current assets in the Company's financial statements as at December 31, 2022.

In consideration of the relevance of the amount of non-current assets recognized in the financial statements and the high level of professional judgment used by the Management in formulating the estimates of prospective cash flows, we considered the impairment test as a key audit matter of the Company's financial statement.

The paragraph “Recoverability of the value of tangible, intangible assets and investments” of note 4 “Use of estimates” and note 7 “Property, plant, and equipment” of the notes to the financial statements disclose information regarding the methodology and results of the impairment test.

Audit procedures performed

In the context of our verifications, also supported by experts from the Deloitte network, we have carried out the following main review procedures:

- examination of the modality used by the Management for the determination of value in use, by analyzing methods and assumptions used for the development of the impairment tests;
- understanding of the controls put in place by the Company on the process of carrying out the impairment test;
- reasonableness analysis of the main assumptions underlying the Business Plan prepared by the Company's Management, also through the help of discussions with the dedicated business functions;
- regular meetings with the Management to share the progress of the activities related to the call for tender for TPL services by the Agenzia di Bacino, in order to confirm the reasonableness of the weighting of the different scenarios, included as basis for the impairment test;
- critical reading of the minutes of the meetings of the Board of Directors of the Company;
- assessment of the reasonableness of the discount rate (WACC) and long-term growth rate (g-rate);
- verification of the arithmetic accuracy of the model used for the determination of the CGU's value in use;
- verification of the correct determination of the carrying amount of the CGU and its comparison to the value in use resulting from the impairment test;
- sensitivity analysis of certain variables in the Business Plan and verification of the recoverable amount – considered as value in use – of the net invested capital analyzed;
- verification of the accuracy and completeness of the information provided in the notes to the financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Azienda Trasporti Milanese S.p.A. has appointed us on November 9, 2017 as auditors of the Company for the years from December 31, 2017 to December 31, 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Azienda Trasporti Milanese S.p.A. are responsible for the preparation of the report on operations, including some specific information set forth in art. 123-bis, paragraph 2 (b) of the Company as at December 31, 2022, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations including some specific information contained set forth in art. 123-bis, paragraph 2 (b) of Legislative Decree 58/98 with the financial statements of Azienda Trasporti Milanesi S.p.A. as at December 31, 2022 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations, including some specific information set forth in art. 123-bis, paragraph 2 (b) is consistent with the financial statements of Azienda Trasporti Milanesi S.p.A. as at December 31, 2022 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Matteo Bresciani
Partner

Milan, Italy
April 20, 2023

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