INTEGRATED ANNUAL REPORT

ATM Group

2023

We at ATM want to make a difference every day,
because *passion* and *care* for our work
make us think big and promote
innovation, inclusion and *sustainability*
in the service of integrated mobility serving millions of customers.

Introduction

This document includes the Report on Operations, the Consolidated Non-Financial Statement (NFS), the Consolidated Financial Statements and the Annual Report.

The objective of the Report on Operations is to represent, in addition to the annual results of operations, the ATM Group's sustainable value creation model for its business in the medium-long term, highlighting the links existing between strategy, governance, economic-financial performance and the social, environmental and economic context in which the Group operates.

The issues discussed in the Report on Operations represent the main factors that can influence the Group's economic and financial performance and impact on material sustainability issues.

The Consolidated Non-Financial Statements (NFS) are prepared in compliance with the provisions of Legislative Decree 254/2016 and in accordance with the principles of the IIRC (International Integrated Reporting Council) Framework, which ATM has endorsed since 2019.

The NFS, which is a specific section of the Report, contains information on how the company is managed and organised, the policies practised, the risks and how they are managed, and performance on sustainability issues relevant to the Group.

NFS

Where necessary and appropriate, the content of the NFS is supplemented, through cross-references, with information available in other sections of the Report on Operations, identifiable by the "NFS" symbol next to the title of the chapter/paragraph concerned.

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Letter from the Chairperson

NFS

Dear Shareholder

The year 2023 was characterised by several significant events for ATM: the award of the tender to manage the first automatic metro in Thessaloniki, Greece, the acquisition of 29.2% of the company M4, previously held by private shareholders, the extension of the current service contract for the management of public transport in the Milan metropolitan area until the end of 2026 and, lastly, the renewal of the Parent Company's Board of Directors with the entry of three new Directors.

The service level was high, with regularity maintaining satisfactory levels of 96.5% above ground and 99.8% underground, with an average customer satisfaction rate of 7.6 points out of 10. The percentage of public transport use was lower than in the pre-Covid period, and there is a lower structural supply in the labour market of key figures such as drivers, maintenance workers and engineers; in addition, it is increasingly challenging to find adequate economic resources to cover the increased costs of a constantly expanding Milan.

The ATM Group ended 2023 at break-even with a profit of EUR 0.7 million, while the Parent Company ATM S.p.A. recorded a loss of EUR 11 million. This demonstrates that the positive results of subsidiaries and investees are valuable in ensuring the sustainability of the entire Group. The companies whose profit most contributed to the Parent Company's accounts were Metro Service, a company that operates the automatic subways in Copenhagen, and Nord Est Trasporti, this demonstrating that foreign activities and the expansion of operating boundaries guarantee additional margins that are crucial to preserving the Group's full corporate strength and the assumed investment plans for the coming years.

On the revenue side, there was an increase in some items from core operations, while costs, although carefully streamlined, experienced widespread growth for most financial statement items, caused mainly by an inflationary increase in the sector.

The economic and financial results, which are detailed in the internal chapters, reflect the Group's sound management and successful implementation of initiatives during the year. With revenues of EUR 1,097 million (+ EUR 6 million vs. 2022) and operating costs and expenses of EUR 1,022 million (+ EUR 44 million vs. 2022), the Group recorded EBITDA of EUR 75 million (- EUR 39 million vs. 2022) and an operating result of - EUR 11 million (- EUR 44 million vs. 2022), reaching a profit of EUR 0.7 million (- EUR 15 million vs. 2022). The ATM Group's total assets amounted to EUR 2,278 million (+ EUR 124 million vs. 2022).

On the revenue side, lower fees came from public transport service contracts in Italy, both within the City of Milan and in the Intercity area. On the other hand, higher fees came from contracts for the operation of the M5 and M4 lines in Milan, as well as in Copenhagen and Thessaloniki. Revenue increases were recorded also in the operation of parking/interchange parking areas and vehicle removal. Revenues from services rendered to the City of Milan decreased. Higher revenues came from advertising related to the higher fees paid by our concessionaires.

On the cost side, the global scenario characterised not only by the continuation of the conflict between Russia and Ukraine, but also by the outbreak of the Israeli-Palestinian conflict, the related impact on commodity price volatility and a high inflation rate level, led to widespread cost increases on most

financial statement items. Particularly impactful was the increase in electricity costs, which was the main cause of the recorded deviation.

The implementation of the 2021-2025 Strategic Business Plan continued with the addition of further initiatives aimed at reducing corporate costs, diversifying and increasing revenues, and demonstrating ATM's commitment to sustainability issues. For the Full Electric project, 74 new electric buses, 103 new hybrid buses and 164 diesel buses were put into service. At the end of 2023, ATM's fleet therefore comprised 250 electric buses, or 22% of its city buses. Work also continued on the preparation of the in-line recharging systems, the electrical conversion of the depots in Via Giambellino, Via Palmanova, Viale Sarca and San Donato, and the design activities for the two new depots in Viale Triboniano and Viale Toscana. This meant that the gradual conversion of transport lines that had not yet been electrified (+7.0% electric bus routes vs. 2022) went ahead. An additional 260 electric buses were ordered in 2023, some of which will be delivered this year.

In accordance with the timeline of the National Recovery and Resilience Plan (NRP), ATM achieved its target of contracting 350 electric buses by 31 December 2023. ATM also contributes to the national target of purchasing 3,000 zero-emission buses set by the NRP with an additional 44 electric vehicles, for a total of 394 zero-emission buses within the NRP perimeter for the city of Milan.

As for its business expansion, ATM was awarded the management of the automatic metro in Thessaloniki and continued to participate in tenders for public transport services abroad, particularly in France, where it also created the "ATM France" structure. In Paris ATM is participating in further tenders, some of which will be awarded in 2024. Furthermore, the operation of the Varese funicular began in August.

During the year the company continued to implement other initiatives of its strategic plan, including the digitisation process. The installation of credit card readers in every metro station and on board every above-ground vehicle was completed, allowing customers to purchase tickets by simply bringing their physical or digital payment card closer to the readers.

During the revision of the strategic industrial plan, it was also decided to include a new pillar called "People and Culture" as evidence of the Group's commitment to putting its staff at the centre. The first actions implemented in this respect allowed the company to improve internal communications, strengthen Welfare, Diversity, Equity & Inclusion best practices, enhance employer branding and adopt new practices to improve the selection and recruitment of new talent.

ATM intends to continue contributing to the sustainable development of the city of Milan, in line with the Shareholder's strategy, improving the efficiency and coverage of the public transport service, within the limits of available resources.

The Chairperson

Gioia Maria Ghezzi

The ATM Group Profile

Mission and Values

Since 1931, the Azienda Trasporti Milanesi S.p.A. ("ATM" or the "Company" or the "parent company"), the parent company of the ATM Group (the "Group") established in 2006, has been striving to be a key company and a decisive factor in the integrated mobility system, and in particular:

- to represent nationally and internationally recognised excellence in sustainable integrated mobility management, through a consumer-centric, technologically advanced, efficient and resilient service;
- to become a promoter of change and of the revitalisation of Milan, of its evolution into a more liveable, sustainable, safe and smart city;
- to promote the enhancement 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 operations are guided by the following System of Values:

- quality of life of the community: aspiration to daily and continuous improvement of the quality of life of those who live and move in the area where the Group operates;
- professional growth: possibility for everyone in the Group to be fulfilled in their job through continuous professional growth;
- ethics, transparency and fairness: activities within and outside the Group that are characterised by respect for the principles of legality, transparency, fairness and loyalty;
- continuous pursuit of excellence: an attitude open to change, to questioning oneself and to the continuous search for better solutions.

The relevant context and the main services offered by ATM

The ATM Group has always been committed to meeting the needs of the public transport sector by appropriately understanding citizens' demand through the intermodality of the transport services offered, which include metro, bus, tram and trolleybus services. Every day, the approximately 10,000 employees of all ATM Group companies ensure the operation of a complex and articulated system covering an area with more than 3.3 million inhabitants and which includes the city of Milan and 97 municipalities in Lombardy.

In Italy, the network operated by ATM ensures widespread coverage of the city of Milan and the municipalities in the urban area.

The Milan metro network consists of five lines, stretching for approximately 104 km and with 121 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
M4	Linate Airport ↔ San Babila	2022	7.16 km	8
M5	Bignami Parco Nord ↔ San Siro Stadium	2013	12.88 km	19
		Total	**103,93**	**121**

In addition to the metro lines, the Group operates 17 tram lines covering 157 km, 136 bus lines and four trolleybus lines covering approximately 1,500 km.

The current configuration of the above-ground network is as follows:

Type	Number of lines	Notes
Car network	80 urban 56 suburban 25 provincial	Including neighbourhood bus services (active in 15 suburban districts) and 4 lines related to the night metro replacement service
Tram network	17 urban lines	Plus two regional lines currently suspended and replaced by buses
Trolleybus network	4 urban lines	

All transport networks are integrated with Trenord's railway line, supplementing an intermodal and integrated system that allows customers to move around the territory easily by public transport.

In addition, the ATM Group operates:

- the light metro, designed specifically for patients, staff and students, which connects the Cascina Gobba station on Line 2 to the San Raffaele Hospital with an automatic metro system with no staff on board;
- the Como-Brunate funicular railway, which has been the fastest way to connect the two towns since 1894;
- the Varese-Santa Maria del Monte funicular railway;
- the BikeMi bike sharing service in the city of Milan;
- 23 car parks offering parking spaces for cars and motorbikes in the city of Milan, with control of the parking areas and all payment systems, in order to ensure a smoother traffic flow within the city, encouraging the use of public transport;
- DRT;
- ancillary activities: such as the distribution of tickets, the provision of information to customers and the control of fare evasion;
- the payment and control system of Area C, the congestion charge introduced in the centre of Milan, which involves the management of purchase transactions and daily accesses;

- the control system and the adaptation of the computerised transit management system for Area B, a restricted traffic zone with a ban on the access and circulation of the most polluting vehicles, active since 25 February 2019.
- the vehicle removal and storage service and special and tourist services including the ATMosfera restaurant tram;
- with 25 bus lines, the ATM Group provides local public transport services within the Milan Metropolitan City and the provinces of Monza and Brianza, also reaching some municipalities in the provinces of Bergamo and Lecco, and manages the urban public transport service in the city of Monza and its hinterland.

In addition, the ATM Group operates also abroad: since 2008, through its subsidiary Metro Service A/S, it has been operating four metro lines in the city of Copenhagen. Metro Service A/S has also been awarded the operation of the new Greater Copenhagen Light Rail line, which will provide transport services for the suburban area to the west of the city, scheduled to start in 2025.

In Denmark, the Copenhagen metro network, operated by the subsidiary Metro Service A/S, consists of four lines, stretching for approximately 39 km and with 41 stations. The M4 metro line is currently operational with 8 stations out of the planned 13.

Line	Route	Year	Length	Stations
M1	Vanløse ↔ Vestamager	2008	21 km	22
M2	Vanløse ↔ Lufthavnen			
M3	København H ↔ Enghave Plads	2019	15.5 km	17
M4	OrientKaj ↔ København H *	2020	3.0 km	2
		TOTAL	**39,5**	**41**

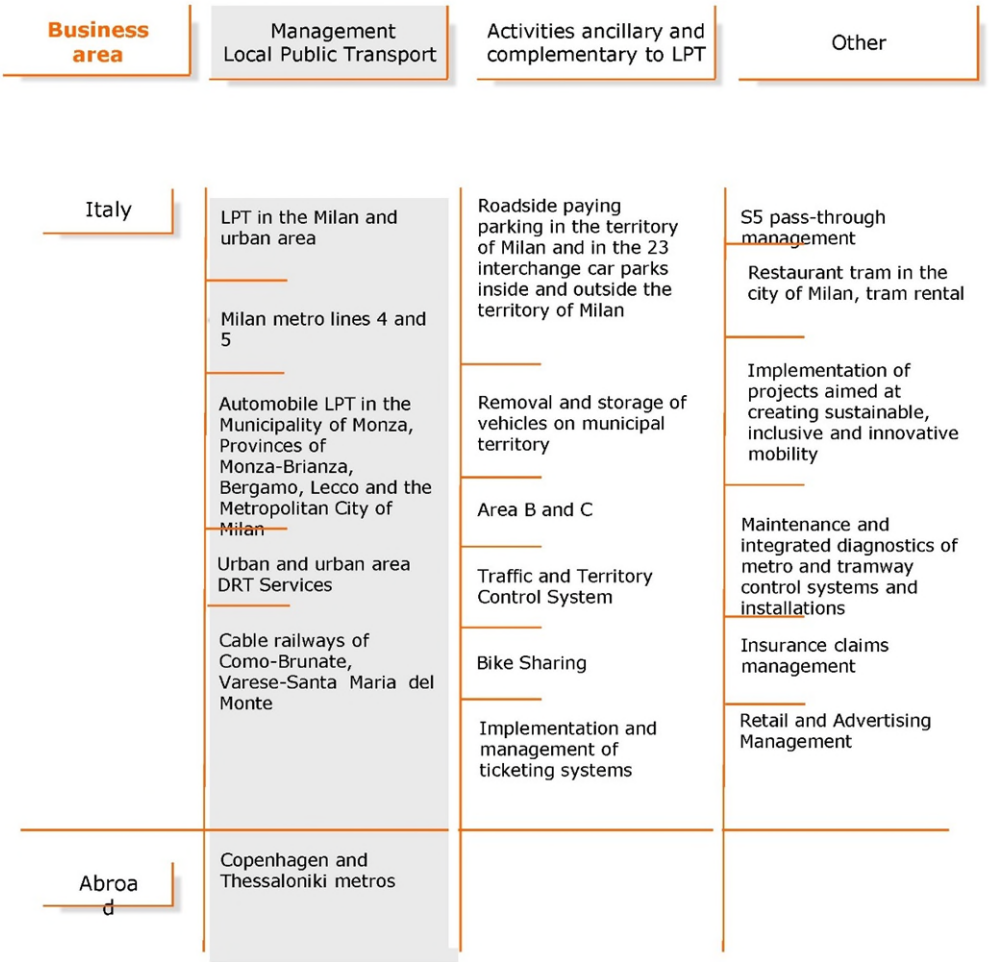
* An additional 5 stations and 4.5 km of line will be opened in 2024



In addition, on 4 October 2023, the contract for the operation of the Thessaloniki Automatic City Metro was signed for a period of 10 years (plus one year of pre-operation). Pre-operation activities are expected to be completed in the second half of 2024.

The ATM Group's activities are summarised by territorial areas and by services below:

Business breakdown



The value creation model

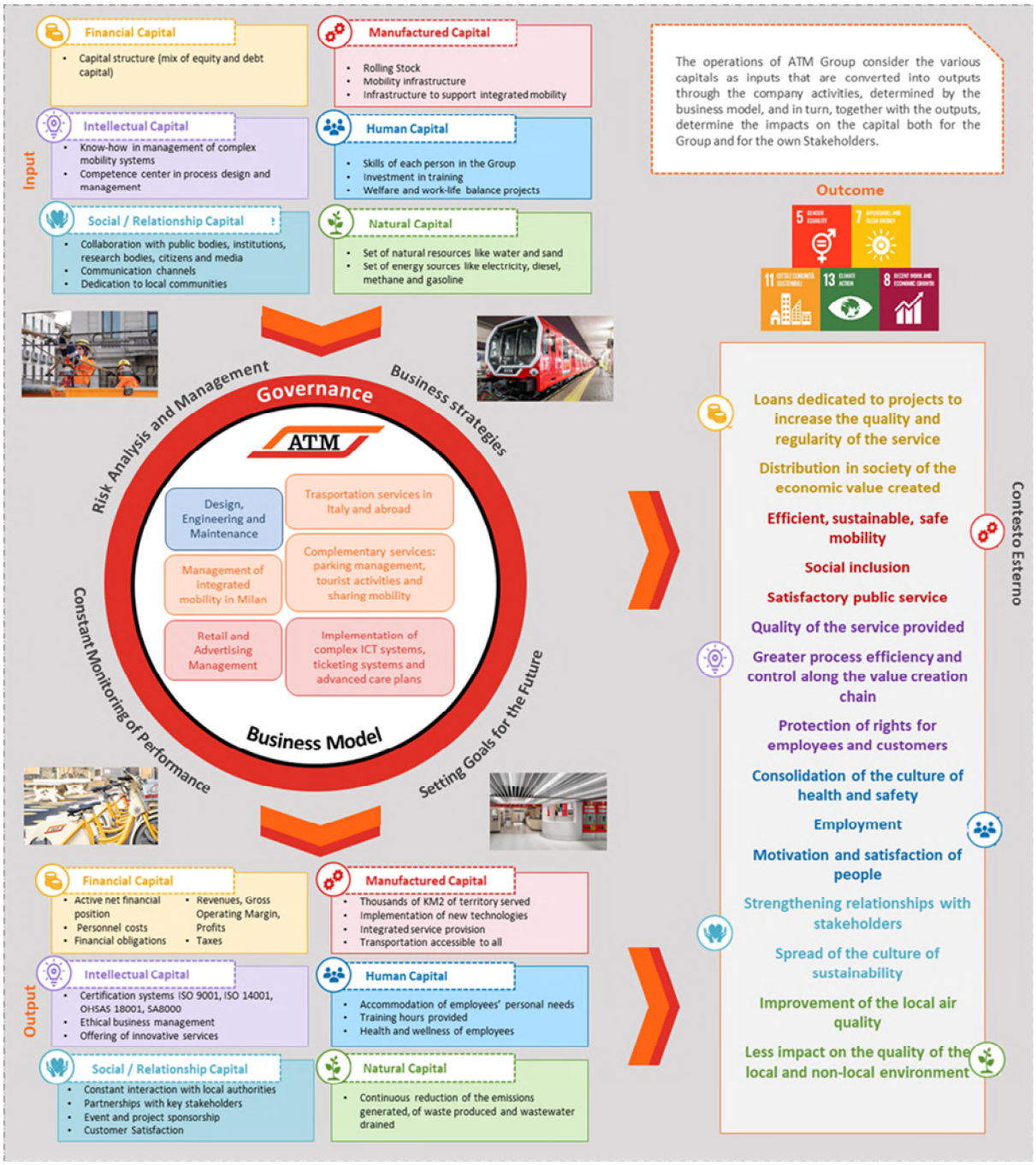
ATM's role within Milan's public service, though also as a key player in public transport in general, has an intrinsic relevance in itself, in that the Group's relations with all its stakeholders create economic, social and environmental value. ATM's activities therefore create value for the metropolitan city in which it operates, for the various surrounding communities and also for the entire country.

In the belief that its business strategy must be aimed at the future of public transport in an increasingly sustainable manner, ATM continues to create value both locally and nationally, with the precise objective of facilitating increasingly efficient and environmentally aware mobility, targeting the entire system. Improving the quality of life for all, in the present but also in the medium to long term, is the Company's ultimate goal. In addition to economic value, in fact, the Group creates value in the territory in which it operates by participating in projects, initiatives, partnerships and activities that have the widest possible social and environmental impact.

In the pages that follow, the value created by the Group is measured on the basis of ATM's ability to achieve its strategic objectives, but also of the impact generated by its business in relation to the six capitals defined by the International Integrated Reporting (<IR>) Framework, i.e. on the basis of the increase or decrease in the value stocks of the following Capitals: Financial, Manufactured, Intellectual, Human, Social and Natural.

Capital-related processes are identified in the ATM Group's value creation model. In carrying out its activities, the business uses inputs, i.e. the key elements for business operations (resources, skills, etc.), with which it produces outputs, i.e. the results of the activities themselves (products, services, by-products, etc.) and outcomes, i.e. the impacts generated and perceived both within the Group and outside the context in which it operates.

Below is a representation summarising the different aspects of the ATM Group's value creation model. Further details can be found at the beginning of the chapters specifically analysing Financial, Manufactured, Intellectual, Human, Social and Natural Capitals.


Input
Financial Capital
Capital structure (mix of equity and debt capital)
Manufactured Capital
Rolling Stock
Mobility infrastructure
Infrastructure to support integrated mobility
Intellectual Capital
Know-how in management of complex mobility systems
Competence center in process design and management
Human Capital
Skills of each person in the Group
Investment in training
Welfare and work-life balance projects
Social / Relationship Capital
Collaboration with public bodies, institutions, research bodies, citizens and media
Communication channels
Dedication to local communities
Natural Capital
Set of natural resources like water and sand
Set of energy sources like electricity, diesel, methane and gasoline
The operations of ATM Group consider the various capitals as inputs that are converted into outputs through the company activities, determined by the business model, and in turn, together with the outputs, determine the impacts on the capital both for the Group and for the own Stakeholders.
Outcome
Governance
Risk Analysis and Management
Business strategies
Constant Monitoring of Performance
Setting Goals for the Future
ATM
Design, Engineering and Maintenance
Trasportation services in Italy and abroad
Management of integrated mobility in Milan
Complementary services: parking management, tourist activities and sharing mobility
Retail and Advertising Management
Implementation of complex ICT systems, ticketing systems and advanced care plans
Business Model
Loans dedicated to projects to increase the quality and regularity of the service
Distribution in society of the economic value created
Efficient, sustainable, safe mobility
Social inclusion
Satisfactory public service
Quality of the service provided
Greater process efficiency and control along the value creation chain
Protection of rights for employees and customers
Consolidation of the culture of health and safety
Employment
Motivation and satisfaction of people
Strengthening relationships with stakeholders
Spread of the culture of sustainability
Improvement of the local air quality
Less impact on the quality of the local and non-local environment
Contesto Esterno
Output
Financial Capital
Active net financial position
Personnel costs
Financial obligations
Revenues, Gross Operating Margin, Profits
Taxes
Manufactured Capital
Thousands of KM2 of territory served
Implementation of new technologies
Integrated service provision
Transportation accessible to all
Intellectual Capital
Certification systems ISO 9001, ISO 14001, OHSAS 18001, SA8000
Ethical business management
Offering of innovative services
Human Capital
Accommodation of employees' personal needs
Training hours provided
Health and wellness of employees
Social / Relationship Capital
Constant interaction with local authorities
Partnerships with key stakeholders
Event and project sponsorship
Customer Satisfaction
Natural Capital
Continuous reduction of the emissions generated, of waste produced and wastewater drained

Significant events of 2023

Main events in Italy

- 9 January 2023 - ATM began to adjust its travel fares, as decided by the Local Public Transport Agency. The increase applied to the lines of all transport operators in the Integrated Fare System of the Milan-Monza Brianza Mobility Basin; ATM informed customers through all its channels, updated information in stations, its digital information systems for calculating fares and all digital materials distributed throughout the area (tickets, service guides, map of the underground network, etc.).
- On 27 January 2023, Fitch Ratings confirmed ATM's long-term rating at "BBB" (Long Term Issuer Default Rating) with a stable outlook, "F2" for short-term and "a-" as a single rating on the company.
- As a result of the continuous monitoring of the price trend of electricity futures contracts traded on the regulated market, taking advantage of the significant drop in prices and following a resolution of its Board of Directors on 24 November 2022, the Company began to enter into hedging transactions (through swap contracts) on forward purchase prices, maturing within the year.
- On 10 February, the work to eliminate architectural barriers was completed on 6 stations on the M2 line (Cimiano, Vimodrone, Cassina de' Pecchi, Bussero, Gorgonzola and Gessate). Thanks to the installation of 15 new lifts, there are now 27 accessible stations on the M2 line, bringing the percentage on the entire metro network to 83%.
- March - October 2023 - ATM continued with the renovation of important stretches of infrastructure in several areas including Via Montegani, Piazza XXIV Maggio and Viale Corsica. In order to give notice of each construction site, ATM prepared a comprehensive passenger information plan reporting the changes to the service, replacement services and communications to residents.
- On 13 April 2023, the option of paying for tickets directly on board by contactless credit card was extended to the entire above-ground network. In fact, the installation of the new 1,500 on-board payment devices for trams, buses and trolleybuses was completed, thus covering the entire public transport network in the Milan area. The service will be extended in the future to the areas operated by the NET subsidiary and a second device will be installed on 35-metre trams. The expansion of the contactless payment system contributed to a 35% increase in digitally purchased tickets.
- 4 July 2023 - ATM opened two new stations on the M4, Tricolore and San Babila, the latter a strategic connection from the centre of Milan to Linate airport and an interchange with the metro network. With the aim of improving all connections, on 5 July ATM started reorganising the above-ground network along the M4, optimising lines and expanding routes. In coordination with the Municipality of Milan, it prepared an information plan for passengers and sent direct emails to its most loyal customers to inform them of the service timetables and consequent changes to the above-ground network.
- 21 July 2023 - ATM was awarded the operation of the Varese funicular railway in collaboration with AVT Varese. The contract was awarded by the Local Public Transport Agency of Varese,

Como and Lecco for up to two years. The award provides for the resumption of operation of the plant after being renovated in the early months of 2023.

- 25 July 2023 - 4 September 2023 - ATM worked tirelessly, in synergy with the Municipal Administration and the Fire Brigade, with a team of 100 people including maintenance technicians, above-ground service operators and workers to restore the infrastructures, overhead networks, depots and company locations damaged by the storm that hit Milan during the night of 25 July and to return public transport services to the city and its customers as soon as possible; it set up a bus service on the interrupted routes, updated customers in real time on the circulation of lines through all its channels. As planned, the service became fully operational again on 4 September, even on the lines that were suspended as a result of severe damage.
- 23 November 2023 - Following its participation in the Municipality of Milan's call for tenders for the *"award of design, construction and maintenance services for Smart City IT systems and applications for safety and mobility*", ATM was awarded the final 12-year contract in partnership with A2A Smart City.
- December 2023 - The Basin Authority of the Metropolitan City of Milan, Monza and Brianza, Lodi and Pavia passed a resolution establishing the guidelines for the award of LPT services, redefining the Lots currently in force and launching new tenders for the management of the aforementioned services.
- 15 December 2023 - As part of the transaction aimed at the acquisition of M4, and in order to preserve its financial resources, the Company, also in view of future refinancing and financing operations on the bond market, took out the following Bridge to Bond loan: nominal amount of EUR 150 million, lump sum disbursed on 20 December 2023, interest rate equal to Euribor 3m + 1.10% for the first three quarters, Euribor 3m + 1.80% for the fourth quarter; duration: 12 months with possible renewal of 6 months + 6 months.
- 20 December 2023 - ATM finalised the acquisition of 31.53% of the company M4 set up in 2014 for the construction of the metro's blue line and co-owned by the Municipality of Milan (66.67%). The acquisition by ATM will be divided into two phases: 29.2% at the closing of the transaction and the residual 1.8% once the final section of the line has been tested. The transaction concerns all the shares currently owned by private shareholders (Webuild Italia with 9.63%, Partecipazioni Italia with 9.63%, Hitachi Rail STS with 11.29%, Ansaldo Breda with 0.10%, Mer Mec STE with 0.24%, SIRTI with 0.10% while 2.33% is already owned by ATM). The M4 metro infrastructure will therefore become entirely public.
- 28 December 2023 - With Executive Resolution no. 114/2023 of the Basin Agency of the Metropolitan City of Milan, Monza and Brianza, Lodi and Pavia, the contract for the management of the services carried out by Nord Est Trasporti S.r.l. for the Basin Agency was extended to 31 December 2025.
- 28 December 2023 - With Executive Resolution no. 12608/2023 of the Municipality of Milan, the current service contract with the Municipality of Milan for local public transport was extended until 31 December 2026 pursuant to art. 24 (5-bis) of Decree-Law No 4/2022.

Trade union agreements

- 3 April 2023 - An agreement was signed by ATM S.p.A. and the main trade union representatives in order to reach a settlement on the amounts payable to workers during the holiday period prior to 1 July 2022.

Hiring campaign

- 3 April 2023 - As part of its 2023 hiring plan, ATM relaunched its campaign to recruit drivers for its above-ground lines while also promoting a free course to candidates to obtain the Driver Qualification Card, a compulsory qualification for professional passenger transport drivers. The campaign was advertised in Milan at above-ground stations with posters and on digital shelters, in metro stations on LCD digital monitors and with posters.
- October 2, 2023 - ATM relaunched its "*Join ATM*" campaign aimed at hiring drivers for its above-ground lines, maintenance workers, engineers and IT experts; it was disseminated in underground stations on digital monitors and with posters, and at above-ground stations with posters on vehicles, shelters and digital screens.
- October - November 2023 - ATM organised the "ATM Job Tour" over three weekends and in three shopping centres located in Arese (21-22 October), Rozzano (28-29 October) and Carugate (4-5 November), namely a six-date programme of meetings with company personnel to introduce potential candidates to the company, present open job positions and welfare projects for inclusion and economic support to encourage and facilitate the hiring of new resources, and aimed at offering opportunities for preliminary interviews.

Transport accessibility

- 31 January 2023 - The "*Informazioni Senza Barriere*" platform, which can be reached from the www.atm.it website and the ATM Milano App, was made accessible also to the visually impaired who, by means of special screen readers, can now find out in real time the operating status of lifts and stairlifts in stations throughout the underground network.

Customer initiatives

- 7-11 February 2023 - As part of the Sound Underground project, ATM launched Sanmetro on the occasion of the Sanremo Festival, namely the first underground song festival, offering emerging artists the chance to perform on stages in the Garibaldi and Loreto M2 and Bicocca M5 stations. The initiative, which aimed to promote inclusiveness, was designed to contribute to making the metro a place where people can meet and find opportunities.
- 3 March 2023 - In order to spare its subscribers, the paperwork and trouble of renewing their electronic cards, ATM extended the opportunity for holders of ordinary, senior or student cards expiring on 31 March 2024 to renew them at no cost, for a further 12 months, by using the totems located in underground stations or at retailers authorised to recharge their travel cards.
- April 2023 - In order to allow eligible customers to redeem the bonus granted by the Ministry of Labour and Social Policies until 31 December 2023 for the purchase of monthly or annual season tickets for public transport services, ATM set up a special function on its website in the reserved area and a dedicated page with all the information needed for the application; it created

infographics on its social media channels to answer FAQs and provide assistance to users; it organised extraordinary support initiatives in particular through its Infoline call centre.

- 27 June 2023 - ATM updated the ATM Milano App, improving its navigability and performance. The main new features included a new menu, a new design aimed also at optimising accessibility for the visually impaired, a unified search function for addresses, routes and lines, a personalised notification area, an easy ticket and season ticket purchase function, and a ticket purchase function for the z301 Milan-Bergamo line.
- November 2023 - The new interfaces for DAB machines were installed to improve user experience and prepare them for the launch of the new Chip on Paper tickets.
- 27 November 2023 - The ATM Milano App was updated by including the possibility to buy 3-day STIBM [Integrated Fare System of the Mobility Basin] tickets with Mi1-Mi3 fares that can be used on all ATM, Trenord and STIBM-integrated carriers' services.
- December 2023 - ATM launched a project to improve user experience in relation to the use of ticket machines in underground stations: it simplified their language to make it easier for customers to understand which ticket to choose and the corresponding fare; in addition, the process was made quicker thanks to a selection and payment process that can be completed in just a few steps.
- December 2023 - As part of the multi-disciplinary *"Pilot Smart hub"* initiative, involving many areas of the ATM group, a first pilot "smart parking area" was launched, which will provide value-added services for parking users and citizens. The first services provided are lockers for parcel collection and a micro-mobility area.

Positioning initiatives and campaigns

- 27 January 2023 - In connection with the initiatives planned by the Municipality of Milan to celebrate Holocaust Memorial Day, ATM equipped a Sirietto tram with livery featuring an expanse of poppies symbolising hope and rebirth along with the words "*27 January Holocaust Memorial Day*" and "*The Shoah Memorial Platform 21*". The tram, running from 24 January to 7 February on line 9 and terminating at the Central Station near the Memorial, was intended to help raise awareness of a place of remembrance, making its existence and location known to all.
- 15 February 2023 - ATM published its "*Let's respect ourselves*" campaign with the aim of raising awareness against all forms of violence, whether verbal or physical, towards both its employees, who play a fundamental role in the city's mobility, and its customers. The message and images of the campaign, entrusted to three colleagues holding some of the most symbolic roles within the company, were disseminated by placing posters in all company locations and metro stations and sending direct mail to a loyal group of customers.
- 14 October 2023 - After winning the tender and signing the contract for the operation of the Thessaloniki automatic metro on 4 October, the Company launched the "*ATM expands into Europe to be stronger in Milan*" campaign to celebrate and communicate the new milestone achieved in the international scenario so as to obtain additional resources to invest in public transport in Milan. The campaign was advertised in a number of newspapers and on the Internet and social media platforms.

- 30 October 2023 - ATM launched its "*I love Milan too much*" campaign aimed at promoting the use of public transport from an environmental perspective, while at the same time communicating its commitment to reducing pollution through its plan to renew its fleet with electric vehicles and to source energy from renewable sources. The campaign was advertised above-ground with posters on bus shelters, on the outside of electric buses, on trains and in metro stations, while digital marketing channels were planned to expand the target audience.

Sustainable mobility

- 19 December 2023 - The planting of green areas in the San Donato depot, which began two years ago, continued. A total of 100 new trees enriched the small urban forest made up of native species, designed with a view to ecological compensation and enhancement of biodiversity. The work is part of the urban regeneration and reforestation policy pursued by ATM.

- December 2023 - after reviewing the group's needs and opportunities, involving various areas of the ATM group, a new and ambitious Smart Mobility work plan was defined, aimed at achieving increasingly sustainable, inclusive and user-centric mobility. In addition to the projects already underway, new ones were therefore added, some of which aim to innovate processes and system legacies to create a new way of interacting with our passengers, stakeholders and partners

Diversity & Inclusion initiatives and campaigns

- 12 June 2023 - ATM launched the "*We are all unique*" campaign to raise awareness of the values of uniqueness, respect and inclusion of people and to help break down stereotypes and discrimination in favour of an increasingly inclusive and prejudice-free workplace and society. The message of the campaign was disseminated to all employees via the Intranet and with postcards and large-format panels in all company offices, as well as with posters in metro stations and along the entrance and exit stairs to and from them, at stops of above-ground lines and outside vehicles, and on the Company's digital and social channels.

Social sustainability and solidarity initiatives

- 1 January 2023-10 March 2023 and 18 December 2023-15 March 2024 - ATM continued its "Bus of Angels" initiative with which it supports the City Angels volunteer association in its project aimed at providing assistance during the winter to the homeless in Milan, by having a 12-metre bus distribute hot meals, drinks, clothing, blankets and qualified assistance along the streets of the city, from Monday to Friday from 9pm to midnight.

- 29 May 2023 - ATM launched a fundraising campaign in support of the populations of Emilia Romagna affected by the recent floods; the ATM Group participated with a donation of EUR 240,000, an amount deriving from Banco Solidale funds and the economic contribution of the trade unions Filt Cgil, Fit Cisl, Uilt Uil, Faisa Cisal, Ugl and Orsa Autoferro. In order to increase the solidarity contribution, staff were asked to voluntarily donate the equivalent of one hour's work.

- 24 December 2023 - ATM granted volunteers from the Associazione Ronda Carità e Solidarietà Odv-Milano the possibility of using the mezzanine of the Porta Venezia station of Line 1 of the underground to hold a Christmas mass and Christmas Eve dinner dedicated to homeless people living on the streets of the city.

Corporate Governance

- March-September 2023 - Implementation of the Governance model with the establishment and implementation of Internal Committees at 3 different levels (committees with control/regulatory functions; strategic committees; management committees).
- 2 October 2023 - ATM S.p.A. updated its Organisation, Management and Control Model pursuant to Legislative Decree 231/01 in order to incorporate both organisational changes and the risks/offences relating to the protection of cultural heritage and non-cash payment instruments.
- 3 November 2023 - ATM's direct subsidiary, CityLink S.r.l. - Smart Mobility by ATM (formerly ATM Servizi Diversificati S.r.l.), in the light of the significant and substantial changes in its Bylaws to its core business at the end of 2021, updated the specific Risk Assessment 231/ACT and thus its Organisation, Management and Control Model pursuant to Legislative Decree 231/01.

Activities abroad

- 4-7 June 2023 - ATM participated in the UITP Global Public Transport Summit in Barcelona, the world's most important event dedicated to sustainable mobility, with a booth in the exhibition area and with the contribution of the company's speakers in the conference sessions, discussing the company's main sustainability, automatic metros, green finance and cybersecurity projects with delegates from all over the world.
- 23 June 2023 - ATM was awarded the tender to operate the first automatic metro in Greece, in the city of Thessaloniki, in partnership with Egis, a French infrastructure engineering group. The new metro is the most modern public work in the Hellenic Republic and will be driveless. The infrastructure will serve the second largest city in Greece by number of inhabitants. With an extension of almost 15 kilometres, it will become the main junction for internal travel within the city, which is also strategic for connections with the rest of the country.
- 4 October 2023 - the contract for the operation of the Thessaloniki metro line was signed before the Prime Minister of the Hellenic Republic.

International Events

- 7 - 9 March 2023 - As a member of UITP, the International Association of Public Transport, ATM was the local host of the Executive and Policy Board of UITP, attended by senior figures from Authorities and transport operators.
- 18-20 October 2023 - As a member of UITP, ATM was the local host of the meeting of the Fixed Installation Platform, the technical committee of the Metropolitan Railways Committee of UITP.

Honours and Awards

- April 2023 - ATM won the 2022-23 BBS (Biblioteca Bilancio Sociale) Award in the "Social Commitment" special category for its SA 8000 Social Report covering the year 2021.
- 11 May 2023 - Alessio Amoruso, a station operator who saved the life of an underground passenger on 16 January, received the 2023 Premio Campione at Palazzo Marino, created by Mario Furlan, founder of the City Angels, an award for champions of solidarity, legality and civic-mindedness.

Main regulatory interventions for the Local Public Transport sector

Introduction

The year 2023 was characterised not only by the prolonged conflict between Russia and Ukraine, but also by the outbreak of the war between Hamas and Israel. Although the effects of the current conflicts were less significant than in 2022, the Government put in place several measures, as detailed below by homogeneous areas, in order to allow LPT companies to continue normal operations.

Measures aimed at coping with price increases of diesel fuel

With reference to the measures designed to counter diesel price increases, Article 1 (1) and (2) of Decree-Law No. 21 of 21 March 2022, "*Emergency measures to counter the economic and humanitarian effects of the Ukrainian crisis*", converted with amendments by Law No. 51 of 20 May 2022, changed the standard excise duty rate on diesel fuel from the day of entry into force of the aforementioned Decree for 30 days. The aforementioned date was subsequently extended several times and was last extended to 31 December 2022 by Decree-Law No. 176 of 18 November 2022, the so-called *Aid Quater Decree*.

With reference to Decree-Law No. 176 of 18 November 2022, the so-called *Aid Quater Decree,* which increased the excise tax rate on diesel fuel, it is specified that the tax benefit provided for in point 4-bis of Table A, annexed to Legislative Decree No. 504 of 26 October 1995, took effect again as of 1 December 2022. The standard diesel fuel rate was thus raised to EUR 467.40 per thousand litres above the rate for subsidised use (EUR 403.22 per thousand litres).

For the purposes of the fourth quarter of 2022, the possibility of reimbursement was limited to diesel fuel purchased from 1 December to 31 December 2022.

The *Aid Quater Decree* was subsequently converted, with amendments, by Law No. 6of 13 January 2023.

Reference should also be made to two other important Decrees enacted in 2022, which introduced further regulatory measures to better cope with the increase in the price of diesel fuel; specifically:

- Article 9 (1) of Decree-Law no. 115 of 9 August 2022, converted, with amendments, by Law no. 142, established a fund at the Ministry of Infrastructure and Transport, with an endowment of EUR 40 million, intended to grant a contribution due to the increase in the cost of fuels and energy products, net of value added tax, incurred in the second four-month period of 2022 compared to the same period of 2021, for the fuelling of means of transport intended for local and regional public transport by road, lake, sea or rail. The aforementioned fund was subsequently increased by EUR 100 million (Article 6, Decree-Law No. 144 of 23 September 2022, converted, with amendments, by Law No. 175 of 17 November 2022) and then by a further EUR 320 million (Article 3-bis (2), Decree-Law No. 176 of 18 November 2022, converted, with amendments, by Law No. 6 of 13 January 2023);
- Executive Decree No. 460 of 28 December 2022, referring to the above measure and implementing Art. 3, point 2) of Decree No. 418 of 28 December 2022 of the Minister of Infrastructure and Sustainable Mobility, in agreement with the Minister of Economy and Finance, allocated EUR 40 million as a contribution due to the increase in the cost of fuels incurred in the second four-month period of 2022, for the fuelling of means of transport intended for local and regional public transport by road, lake, sea or rail (as provided for by Decree-Law No. 115/2022) in favour of Regions, Autonomous Provinces and companies

operating public transport services. Article 1 of the aforementioned Decree allocated EUR 4,594,688.49 to the Lombardy Region.

Article 2, on the other hand, implementing Article 3, point 3) of Decree No. 418 of 28 December 2022 of the Minister of Infrastructure, in agreement with the Minister of the Economy, allocated an additional EUR 80 million for 2022, by way of advance payment of the contribution due to the increase in the cost of fuel incurred in the third four-month period of 2022. The amount allocated to the Lombardy Region, in this case, was EUR 9,189,376.98.

It should be noted that the allocated funds have not yet been paid to the Basin Agencies, which, once received, will disburse the resources to the companies concerned.

Subsequently, *Interministerial Decree No. 128 of 15 May 2023* was enacted, which allocated EUR 80 million to the competent territorial entities and to the companies operating regional public transport services for the increase in the cost of fuel for the second four-month period of 2022; more specifically, the Lombardy Region was allocated, as an 80% advance, the amount of EUR 7,351,501.59. The following Decrees should also be noted:

- *Decree of the Ministry of Infrastructure and Transport no. 398 of 24 November 2023*: authorisation of the payment of the overall sum of EUR 40 million for the allocation of a contribution due to the increase in the cost of fuels incurred in the second four-month period of 2022 for the fuelling of LPT means of transport pursuant to Decree-Law no. 115/2022, in favour of Regions, Autonomous Provinces and companies operating LPT services. For the Lombardy Region, the authorised amount is EUR 4,594,688.49. The aforementioned Decree also authorised payment of the total sum of EUR 78,966,368.12 as advance payment of the contribution due to the increase in the cost of fuels incurred in the third four-month period of 2022 for the fuelling of the LPT means of transport pursuant to Legislative Decree No. 144/22 in favour of Regions, Autonomous Provinces and companies operating LPT services. For the Lombardy Region, the authorised amount is EUR 9,189,376.98;
- *Interministerial Decree No. 335 of 18 December 2023:* Article 3 (1) of the Decree provided for the allocation of a contribution of EUR 136,477,600.83 to Regions, Autonomous Provinces and companies operating regional public transport services, due to the higher cost of fuel incurred in the second four-month period of 2022 for the operation of local and regional public transport services. The amount allocated to the Lombardy Region is EUR 14,934,561.63. Article 4 (1) allocated the amount of EUR 96,807,703.33 to Regions, Autonomous Provinces, and companies operating regional public transport services due to the higher cost of fuel incurred in the third four-month period of 2022. For the Lombardy Region, the said amount is EUR 11,789,912.32;
- *Decree of the Ministry of Infrastructure and Transport No.* 469 *of 27 December 2023:* implementing Article 3 (1) of Interministerial Decree No. 335 of 18 December 2023, the Decree authorised payment to the Lombardy Region of the overall sum of EUR 10,339,873.14 as a contribution due to the higher cost of fuel incurred in the second four-month period of 2022. Lastly, implementing Article 4 (1) of Interministerial Decree No. 335 of 18 December 2023, the Decree authorised payment to the Lombardy Region of the overall sum of EUR 2,600,535.33 as a contribution due to the higher cost of fuel incurred in the third four-month period of 2022.

Measures in favour of companies for the purchase of electricity

In the course of 2023, further measures were put in place that further pursued the measures taken in 2022 with Decree-Law No. 4 of 27 January 2022, Decree-Law No. 17 of 1 March 2022 and Decree-Law No. 21 of 21 March 2022, Decree-Law No. 115 of 9 August 2022 and, lastly, Decree-Law No. 144 of 23 September 2022. In addition, Article 1 (1) of Decree-Law No. 176 of 18 November 2022 (known as *Aid Quater Decree*) extended, under the same conditions, the tax credit granted to companies for the purchase of electricity and natural gas also for the month of December 2022.

For 2023, Article 1 (3) of the Finance Act 2023 (Law No. 197 of 29 December 2022), provided that "*Companies equipped with electricity meters with an available power of 4.5 kW or more, other than the energy-intensive companies referred to in paragraph 2, are granted an extraordinary tax credit to partially offset the higher costs actually incurred for the purchase of the energy component, in an amount equal to 35 per cent of the expenditure incurred for the energy component purchased and actually used in the first quarter of 2023, substantiated by means of the relevant purchase invoices, provided the price of the same, calculated on the basis of the average price in the fourth quarter of 2022, net of taxes and any subsidies, increased in the cost per kWh by more than 30 per cent of the corresponding average price in the same quarter of 2019*".

Finally, for the second quarter of 2023, Decree-Law No. 34 of 30 March 2023 *"Urgent measures in support of households and businesses for the purchase of electricity and natural gas, as well as health and tax compliance"* provided for the rescheduling of the extraordinary contribution until 30 June 2023. In particular, Article 4 (3) laid down the following provision for non-energy-intensive companies: *"Companies equipped with electricity meters with an available power of 4.5 kW or more, other than the energy-intensive companies referred to in paragraph 2, are granted an extraordinary tax credit to partially offset the higher costs actually incurred for the purchase of the energy component, in an amount equal to 10 per cent of the expenditure incurred for the energy component purchased and actually used in the second quarter of 2023, substantiated by means of the relevant purchase invoices, provided the price of the same, calculated on the basis of the average price in the first quarter of 2023, net of taxes and any subsidies, increased in the cost per kWh by more than 30 per cent of the corresponding average price in the same quarter of 2019".*

For the above reasons, in 2023, ATM recognised a tax credit of EUR 6,199 thousand, which was fully offset in the year.

Subsequently, with the enactment of Decree-Law No. 123 of 29 September 2023, "*Urgent provisions on the extension of regulatory deadlines and tax payments"*, certain amendments were made to the Finance Law 2023 and Decree-Law No. 34 of 30 March 2023, which brought forward the deadline (from 31 December 2023 to 16 November 2023) for the use of the tax credits provided for the first and second quarters of 2023 in favour of "energy-intensive", "non-energy-intensive", "gas-intensive", "non-gas-intensive" companies.

As for the allocation of resources, the following ministerial and inter-ministerial Decrees should be noted:

- *Interministerial Decree No. 335 of 18 December 2023*: the Decree of the Minister of Infrastructure and Transport, in agreement with the Minister of the Economy and Finance, allocated the contributions granted to the LPT sector for higher electricity costs incurred in the second four-month period of 2022 (according to what was previously allocated under Article 9 (1) of Decree-Law No. 115 of 9 August 2022 and Article 3 bis of Decree-Law No. 176 of 18

November 2022). More specifically, Article 2 provided that, out of the resources laid down by Article 3bis of Decree-Law No. 176 of 18 November 2022, equal to EUR 320 million, a contribution of EUR 65,100,141.26 was to be allocated to Regions, Autonomous Provinces, and companies operating regional public transport services falling within the remit of the government, for the higher cost of electricity incurred in the second four-month period of 2022, and allocated a contribution of EUR 9,494,866.40 to the Lombardy Region. Paragraph 2 of the same article specified the residual resources available, equal to EUR 254,899,858.74 while paragraph 3 set aside the additional sum of EUR 65,100,141.26 to be covered by a subsequent measure;

- *Decree of the Directorate-General for Local and Regional Public Transport and Sustainable Public Mobility No. 469 of 27 December 2023:* Article 1 of the Decree, implementing Article 2 (point 1) of *Interministerial Decree* No. 335 of 18 December 2023, established the commitment and simultaneous payment of the total sum of EUR 65,100,141.26 as a contribution for the higher cost of electricity incurred in the second four-month period of 2022 in favour of the competent territorial entities and companies operating regional public transport services. For the Lombardy Region, the said amount is EUR 9,494,866.40.

Measures in favour of companies connected with lower tariff revenues in 2021-2022 due to Covid-19 restrictions

Following the pandemic linked to the spread of Covid-19, support measures for public and private operators in the public transport sector were put in place by the government as early as 2020 and 2021. For information on regulatory measures and the resources allocated and liquidated in the period prior to 1 January 2023, please refer to the 2021 Financial Report and the 2022 Financial Report, though it should be noted that the Finance Law 2023 (Law no. 197 of 29 December 2022) also intervened on the subject by allocating additional funds. With *Interministerial Decree No. 169 of 20 July 2023*, the first resources of the Finance Law were allocated: Article 1 provided for the advance payment of EUR 256,865,998.97 to compensate for lower tariff revenues in the financial year from 1 January 2021 to 31 March 2022. Subsequently, *Decree-Law No. 145 of 18 October 2023* refinanced the original Fund (Article 200(1) of Decree-Law No. 34 of 19 May 2020) to meet the shortfall in revenue, amounting to EUR 500 million for the overall period considered from 1 January 2021 to 31 March 2022.

Lastly, reference should be made to the two Decrees by which the additional resources were distributed:

- *Interministerial Decree No. 336 of 18 December 2023*: allocation of the resources provided for by Decree-Law no. 145 of 18 October 2023 and amounting to EUR 98,376,825.28 to the Lombardy Region
- *Decree of the Ministry of Infrastructure and Transport No. 468 of 27 December 2023*: commitment and simultaneous payment of the resources allocated by *Interministerial Decree* No. 336 of 18 December 2023.

Measures for the extraordinary maintenance of fixed-route mass rapid transport systems

Decree No. 443 of 12 December 2021 of the Ministry of Sustainable Infrastructures and Mobility allocated a total of EUR 182.9 million (from the resources referred to in Article 1 (95) of Law No. 145 of 30 December 2018) to the Local Authorities, which would then allocate it to the eligible Companies that had submitted projects and programmes for extraordinary maintenance and interventions for the prevention of fires in the metros.

In accordance with the allocation plan of the same Decree set forth in Annex 1, the Municipality of Milan and, consequently, ATM was allocated contributions totalling EUR 44.4 million for the following maintenance works:

- Underground Rolling Stock General Overhaul (26 Meneghino trains): EUR 20.8 million
- Underground Rolling Stock General Overhaul of bogies (26 Meneghino trains): EUR 15.6 million
- Underground Contact Line Renovation of 1500 V catenary traction equipment (13 km, including suspensions): EUR 8 million.

The works listed in Annex 1 are to be completed by 31 December 2023. The beneficiary Entity, within 180 days before 31 December 2023, may propose to the Ministry the use of the resources referred to in the preceding paragraph for the performance of further maintenance works, without prejudice to the deadline of 31 December 2023 for the assumption of the legally binding obligation for such works. To this end, by his own Decree, the Minister of Infrastructure and Transport may amend the table annexed to the Decree. The works are to be completed by 31 December 2024. With Decree No. 343/2023, the Ministry of Infrastructure and Transport extended the deadline for completion of the above-mentioned works to 31 December 2025. The resources are disbursed on the basis of the application submitted by the beneficiary to the General Directorate for Local and Regional Public Transport and Sustainable Public Mobility. Applications for disbursement must be submitted for the following portions of the total contribution allocated to the local authority and in compliance with the specific conditions indicated thereby:

a) application for 20 per cent of the grant, as an advance, following publication of this Decree;

b) interim applications, with submission of receipted invoices, of not less than 25 per cent of the grant (up to 75 per cent thereof), to cover the expenses related to the cost items included in the economic frameworks;

c) application for the residual 5 per cent of the grant, following issue of the certificate accepting the work and upon reporting, with receipted invoices, of 95 per cent of the grant.

Regulatory measures for investments

In response to the Covid-19 pandemic, the European Union has established the *Next Generation EU (NGEU)* programme, a EUR 750 billion package, about half of which consists of grants.

The main component of the NGEU programme is the Recovery and Resilience Facility (RRF) lasting six years, from 2021 to 2026, for a total allocation of EUR 672.5 billion (of which EUR 312.5 billion are grants and the remaining EUR 360 billion are soft loans).

The National Recovery and Resilience Plan presented by Italy envisages investments and a coherent package of reforms, allocating thereto EUR 191.5 billion through the Recovery and Resilience Facility and EUR 30.6 billion through the Supplementary Fund established by Decree-Law No. 59 of 6 May 2021, from the multi-year budget variance approved by the Council of Ministers on 15 April 2022. The total funds thus amount to EUR 222.1 billion.

In addition to these resources, the further amount of EUR 13 billion is made available by the REACT EU programme, to be spent in the 2021-2023 period.

The Plan is structured into six missions centred around four strategic axes shared at European level: digitisation and innovation, ecological transition, social inclusion. It is designed to remedy the economic and social damage of the pandemic, help resolve the structural weaknesses of the Italian economy, and accompany the country on a path of ecological and environmental transition.

Within the NRP, the second mission "*Green Revolution and Ecological Transition*" allocates 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, levers to increase its sustainability include the major renewal of the obsolete bus fleet towards low/zero emission solutions (e.g. renewal of the bus fleet of 5,540 vehicles and withdrawal of EURO 0, 1, 2 and some EURO 3 vehicles) and green trains for the accelerated development of green Local Public Transport.

Investment 4.4 of the aforementioned mission on the renewal of green bus and train fleets, amounting to EUR 3.64 billion (of which EUR 1.91 billion is dedicated to green buses), envisages the purchase of around 3,360 low-emission buses by 2026, with the mandatory intermediate step of at least 800 vehicles already by the end of 2024. In order to give a strong impetus to sustainable mobility and improve air quality in areas with higher levels of PM10 and nitrogen dioxide pollution, about one third of the resources are intended for major Italian cities including Milan, to which EUR 249 million have been allocated.

The funds made available by Ministerial Decree 530/2021 will be used within ATM's "Full Electric" plan to:

- replace 350 12- and 18-metre buses, of which 92 by 31 December 2024 and the remainder by the second quarter of 2026. The replacement of the entire Euro III and Euro V bus fleet will thus be completed; as of the date of this Explanatory Report, 56 12-metre buses have entered into service;
- provide for the necessary infrastructural adaptation of existing depots (Palmanova, Giambellino, Sarca, San Donato);
- implement more than 50 online fast charging points.

For both bus procurement and recharging infrastructure interventions, the procurement procedures have already been completed and deliveries are in progress, in line with the mission's timelines and targets.

Also in relation to the second mission of the NRP, Intervention 4.2 dedicated to the development of rapid mass transport is designed to reduce private car traffic by building 231 km of public transport infrastructure that will have a positive effect on the demand for local collective mobility, with interventions focused on the metropolitan areas of Italy's largest cities to reduce the impact on the environment and road congestion.

Ministerial Decree 448/2021 allocated EUR 156 million to the Municipality of Milan. ATM is currently working on a number of projects involving the purchase of 14 new trams and 10 trolleybuses for more than EUR 60 million. For both interventions, the the tendering procedures have been carried out and supplies are in progress.

A further NRP-funded intervention is aimed at promoting MaaS systems for the digitisation of local transport (M1C1 -1.4.6: Mobility as a service for Italy). Milan is the lead city for this experimentation worth a total of EUR 40 million. ATM is involved as a public transport operator in the implementation of MaaS systems as well as in LPT digitisation activities. The latter intervention financed the implementation of electronic validators on the ATM bus fleet, worth EUR 800,000, and was completed at the end of 2023.

Furthermore, in order to reduce disparities between the North and the South of the country, the NRP, with mission M5C2, investment 2.2, aims at implementing new services for citizens, upgrading logistics infrastructures, thus transforming the most vulnerable territories into smart cities and sustainable realities, with resources made available amounting to EUR 2.49 billion. In this context, for the development of the sub-intervention "Integrated Urban Plans", ATM is working together with the Municipality of Milan to improve the accessibility of some metro stations.

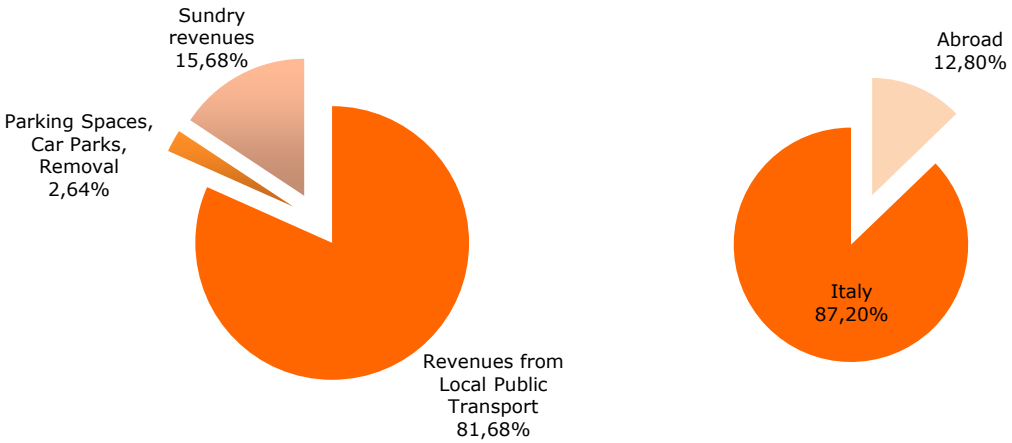
The aforementioned REACT EU funds has also allocated additional resources to the PON Metro programme, amounting to approximately EUR 1 billion. The 14 Italian metropolitan cities will be able to invest the additional share from REACT EU to support green, digital and resilient recovery, financed through the European Regional Development Fund, and social, economic and employment recovery financed through the European Social Fund. Milan has decided to use the additional resources for the urban redevelopment and energy efficiency of buildings, actions to promote social cohesion and labour inclusion, and the purchase of ecological buses, with the latter intervention being managed by ATM. In detail, the purchase of 117 hybrid buses, worth EUR 32.4 million, was completed in June 2023.

Lastly, ATM, together with the Municipality of Milan, is implementing further interventions, financed with MIT (Italian Ministry of Transport) 2017 and 2018 funds for the purchase of new rolling stock (trolleybuses, trams and metro) and for the renewal of metro line installations, for a financed amount of more than EUR 900 million.

ATM Group's economic, capital and financial highlights

Main economic indicators (millions of euro)	2023	2022	2021
Revenues and other operating income	1,097.3	1,091.5	1,009.3
Operating costs and other charges	(1,022.2)	(978.2)	(926.0)
EBITDA	75.1	113.3	83.3
% on "Revenues and other income"	*7%*	*10%*	*8.3%*
Operating result	(11.2)	31.0	(13.7)
% on "Revenues and other income"	*(1.0%)*	*3%*	*(1.4%)*
Net result	0.8	15.5	(16.0)
% on "Revenues and other income"	*0.1%*	*1%*	*(1.6%)*

Revenues 2023 - by nature and geographical area



Main balance sheet indicators (millions of euro)	2023	2022	2021
Property, Plant and Equipment Intangible Assets Rights of use for leased assets	1,160.4	1,205.9	1,299.5
Shareholders' equity	1,175.5	1,177.3	1,148.8
Net financial position	95.7	(36.8)	1.9
Investments	202.4	85.6	72.7

Main financial indicators (millions of euro)	2023	2022	2021
ROI	*(0.8%)*	*2.2%*	*(1.0%)*
Net Invested Capital	*1,486.9*	*1,378.6*	*1,405.7*
Operating result	*(11.2)*	*31.0*	*(13.7)*
ROE	*0.1%*	*1.3%*	*(1.4%)*
Shareholders' equity	*1,175.5*	*1,177.3*	*1,148.8*
Net result	*0.8*	*15.5*	*(16.0)*

Comparability of data and alternative performance indicators and definitions

Comparability of data

As indicated in the Notes to the Consolidated and Separate Financial Statements as of 31 December 2023, to which reference should be made, the estimation and valuation criteria are the same as those used for the Consolidated and Separate Financial Statements as at 31 December 2022, though adjusted and supplemented, where appropriate, with the new amendments and standards that came into effect in the period, as detailed in the specific paragraph of the Notes.

Alternative performance measures and definitions

The Report on Operations and the annual consolidated and separate financial statements include economic and financial measures that are used by Management to monitor the Group's and ATM S.p.A.'s economic and financial performance. These measures are not defined or specified in the regulations on financial disclosure. Since the composition of these measures is not regulated by the applicable accounting standards, the criteria for their determination applied by Management may not be homogeneous with those adopted by other groups and therefore not comparable. The Alternative Performance Measures are constructed exclusively from historical accounting data and are determined in accordance with the Guidelines on Alternative Performance Measures issued by ESMA on 5 October 2015 (2015/1415) as per CONSOB Communication No. 92543 dated 3 December 2015 and the "*ESMA Guidelines on Alternative Performance Measures (APMs)*" dated 17 April 2020.

In this Report on Operations, the following Alternative Performance Measures are represented:

- Gross Operating Profit (EBITDA): it is equal to the difference between "*Total revenues and other operating income*" and "*Total expenses and other operating charges*" and can be directly inferred from the Consolidated and Separate Income Statement, supplemented by the Explanatory Note. However, this indicator is not defined by IFRS accounting standards; therefore, it may not be homogeneous and comparable with those reported by other groups.
- GOP margin: it is calculated as the ratio of GOP to total *"Revenues and Other Operating Income"*.
- Operating profit: it represents the *"Operating profit"* that can be directly inferred from the Consolidated and Separate Income Statement.
- Margin on Operating Profit: it is calculated as the ratio of Operating Profit to total *"Revenues and Other Operating Income"*.
- Underlying Alternative Performance Measures: the annual results and their comparison with the comparison year may include unusual elements (which will not be repeated in the future) or unrelated to operating performance, which significantly and inconsistently affect the results of the Group and ATM S.p.A.'s over time, generating effects that may not allow for a correct interpretation of the Group's and the Company's normalised profitability in the year, compared to its normalised profitability of the previous year and future years, thus limiting the informative value of the condensed consolidated and separate comparative Income Statement and the consolidated and separate comparative Income Statement prepared in accordance with IAS 1. These components are highlighted in the paragraphs *"Comments on the ATM Group's economic and financial results"* and "*Comments on the ATM S.p.A.'s economic and financial results*" of this Report on Operations.
- Capital expenditures: they represent all the investments disclosed under *"Property, plant and equipment"* and *"Intangible assets"* of the annual Consolidated and Separate Financial Statements.

- Total Financial Indebtedness: it is determined, as required by ESMA Guideline 32-382-1138, as the sum of *net current financial indebtedness* and *non-current financial indebtedness*, both including financial payables for leases under IFRS 16. "*Net current financial indebtedness*" is the algebraic sum of cash, cash equivalents, current financial assets (such as securities held for trading) and current financial debt.

Alternative Performance Measures

The Issuer uses certain key economic, financial and other indicators in evaluating the performance of the Group ("*Alternative Performance Measures*" or "*APMs*").

The "*Alternative Performance Measures*" identified by management are described and defined as follows:

- *Adjusted* Profit / (Loss): operating performance indicator, calculated as Profit / (Loss) *adjusted* for certain special or one-off gain and losses (as identified below) for the relevant period. During the periods under review, certain special or one-off gain and losses excluded in arriving at Adjusted Profit / (Loss) were derived from the applicable consolidated statement of profit or loss and consist of certain special or one-off gain and losses that individually or collectively we consider not representative of the trading performance of our businesses;

- *Adjusted* EBITDA: operating performance indicator, calculated as Profit / (Loss) plus income taxes, net income of companies valued by the equity method, net financial income (expenses), depreciation, amortization, write-down of tangible assets, intangible assets and right of use for leased assets, minus plant capital contributions grants, adjusted for certain special or one-off gain and losses (as identified below) for the relevant period;

- *Adjusted* EBITDA Margin: calculated as Adjusted EBITDA for the relevant period divided by Revenues and other operating income for the same period;

- *Adjusted* EBIT: operating performance indicator, calculated as Profit / (Loss) plus income taxes, net income of companies valued by the equity method and net financial income (expenses), adjusted for certain special or one-off gain and losses (as identified below), for the relevant period;

- Adjusted EBIT Margin: calculated as Adjusted EBIT for the relevant period divided by Revenues and other operating income for the same period;
- Capital expenditures: calculated as the aggregate increase of intangible assets and of property, plant, and equipment as indicated in the consolidated financial statements. Management also tracks and analyzes our capital expenditures by purpose in terms of (i) ongoing maintenance of existing property, plant and equipment (fleet and premises) and (ii) product development capital expenditures (plants and infrastructure's modernization and upgrading, new technologies for payment and information mobility).

- Net financial debt: indicator of the ability to meet obligations of a financial nature, calculated, as provided for in ESMA guideline 32-382-1138, as the sum of the values pertaining to the short- and long-term financial debt items (gross financial debt, including financial debt for

leasing contracts ex International Financial Reporting Standards 16) net of cash and cash equivalents.

The "*APMs*" reported above have been identified and used in this document because ATM Group and ATM S.p.A. believe that:

- net financial debt provides a better evaluation of the overall level of debt, the capital solidity and the capacity to repay the debt;
- capital expenditures provide a better evaluation of the overall level of investments; and
- performance measurements relating to *Adjusted* EBITDA, *Adjusted* EBITDA Margin, *Adjusted* EBIT, *Adjusted* EBIT Margin and *Adjusted* Profit / (Loss), as well as adjusted configurations, analyse business performance, and provide a better comparison of the results; these indicators are also generally used for the purpose of evaluating company performance.

An explanation of the relevance of each of the "*Alternative Performance Measures*", a reconciliation of the Alternative Performance Measures to the most directly comparable measures calculated and presented in accordance with IFRS and a discussion of their limitations is set out in this document.

We do not regard these Alternative Performance Measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

Management believes that these "*APMs*" provide useful information for investors because they facilitate the identification of significant operating trends and financial parameters.

For a correct understanding of these "*APMs*", note the following:

- the "*APMs*" are based on ATM Group's historical data (as at 31 December 2023 and 31 December 2022);
- the "*APMs*" are not derived from the International Financial Reporting Standards (**IFRS**) and, as they are derived from the consolidated financial statements prepared in conformity with these principles, they are not subject to audit;
- the "*APMs*" should not be considered as replacing the indicators required by IFRS;
- the "*APMs*" should be read together with the financial information for the ATM Group taken from the consolidated financial statements for the years ending 31 December 2023 and 31 December 2022;
- since they are not derived from IFRS, the definitions used in connections with the APMs might not be standardised with those adopted by other companies/groups and therefore they are not comparable; and
- the "*APMs*" and definitions used herein are consistent and standardised for all the periods for which financial information in this Base Prospectus is included.

Operational Highlights – ITALY

TOTAL NETWORK [1]

Territory served *(km²)*	656	Passengers carried *(mln)*	662.2
Municipalities served	46	Km travelled *(mln vehicle*km)*	154.6

METRO NETWORK

Number of lines	5	Vehicle fleet *(tractors and carriages)*[4]	947
Network length *(km)*[2]	103.9		
Plant length *(km)*[3]	230.3		

CAR NETWORK

Number of lines	136	Vehicle fleet [4]	1,259
Network length *(km)*[2]	1,223.4	Average age of fleet in use *(years)*	6.9

TRAM NETWORK

Number of lines	17	Vehicle fleet [4]	493
Network length *(km)*[2]	157.0		
Plant length *(km)*[3]	273.0		

TROLLEYBUS NETWORK

Number of lines	4	Vehicle fleet [4]	126
Network length *(km)*[2]	38.8		
Plant length *(km)*[3]	85.8		

1 Data refer to the service provided by ATM in the Metropolitan City of Milan

2 Network length is defined as the sum of the lengths in the operating axle of individual lines

3 Kilometres of operational lines and overhead network are taken into account

4 Vehicles available

Operational Highlights - ITALY

SERVICES SUPPLIED IN THE METROPOLITAN CITY OF MILAN, THE PROVINCES OF MONZA AND BRIANZA, BERGAMO AND LECCO

Territory served *(km²)*	655	Number of lines	25
Municipalities served	59	Network length *(km)*[2]	387.9
Passengers carried *(mln)*	10.4	Vehicle fleet [4]	137
Km travelled *(mln)*	7.7		

CAR PARKS AND PARKING SPACES

Car parks		**Parking spaces**	
Number	23	Parking spaces	107,592
Parking spaces	17,531		
Accesses	5,514,168		

COMO - BRUNATE CABLE RAILWAY

Network length *(km)*	1.1	Km travelled	50,946
Passengers carried *(mln)*	1.5		

CASCINA GOBBA - H. SAN RAFFAELE MINIMETRO

Network length *(km)*	0.7	Km travelled	85,407
Passengers carried *(mln)*	0.6		

VARESE VELLONE - S. MARIA DEL MONTE CABLE RAILWAY

Network length *(km)*	0.4	Km travelled	1,832
Passengers carried *(mln)*	0.02		

2 Network length is defined as the sum of the lengths in the operating axle of individual lines

4 Vehicles available

Operational Highlights - ABROAD

COPENHAGEN METRO

Territory served *(km²)*	162	Number of lines	4
Municipalities served	3	Network length *(km)*	39.5
Passengers carried *(mln)*[2]	119.7	Vehicle fleet	81
Km travelled *(mln)*	32.3		

Sustainability Highlights

NFS

(EUR/mln)	2023	2022	2021
Value generated	1,115.3	1,099.4	1,019.3
Distributed value	1,028.2	1,000.9	935.3
Retained value	87.1	98.5	84.0
Impact Analysis for the "Full Electric" Plan			
Overall economic impact	335		
Employment impact (jobs created)	560		

	2023	2022	2021
Stations equipped with lifts or stair lifts[1]	77.7%	71.3%	71.3%

	2023	2022	2021
Training hours provided on human rights	333	490	456

	2023	2022	2021
By gender			
Men	9,237	9,431	9,497
Women	1,094	1,042	971
Training hours	296,504	319,168	308,751

	2023	2022	2021
Security officers	330	324	286

	2023	2022	2021
Tonnes of CO2 avoided (Scope 2 - market based)[2].	88,000	86,000	84,000
Recycled waste	56%	58%	60%

[1] This figure takes into account the M1, M2 and M3 metro lines as set out in the Service Contract.
[2] Buying only certified Green Electricity with Guarantee of Origin in Italy

Management and Control Bodies

NFS

Board of Directors[1]

Chair	Gioia Maria Ghezzi
Chief Executive Officer	Arrigo Giana
Board members in office	Pietro Galli
	Alessia Maria Mosca
	Bruno Pavesi

Board of Statutory Auditors[2]

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

Independent Auditors[3]

Deloitte & Touche S.p.A.

1. The current five-member Board of Directors was appointed by the Shareholders' Meeting on 27 April 2023 and will remain in office until the approval of the 2025 Financial Statements.
2. The current Board of Statutory Auditors was appointed by the Shareholders' Meeting on 29 September 2022 and will remain in office until the approval of 2024 Financial Statements.
3. As a result of the organisation becoming a Public Interest Entity pursuant to Legislative Decree 39/2010, on 9 November 2017, the Shareholders' Meeting resolved to appoint Deloitte & Touche S.p.A. for a nine-year term expiring upon approval of the 2025 Financial Statements.

As provided for in Article 16 of ATM S.p.A.'s Bylaws, the Municipality of Milan, pursuant to Article 2449 of the Italian Civil Code, has the right to directly appoint a number of Directors proportional to its shareholding.

The appointment procedure is governed by the "*Regulation on the guidelines and procedures for the appointment, designation and revocation of the Municipality's representatives in bodies, companies, institutions and investee companies*", approved by Municipal Council Resolution No. 11 of 29 March 2012 and partially amended by Municipal Council Resolutions No. 60 of 15 July 2021 and No. 9 of 24 February 2022, to which reference is made.

Pursuant to art. 15 of ATM S.p.A.'s Bylaws, the Shareholders' Meeting determines the remuneration of the members of the Board of Directors according to their institutional duties and responsibilities, such as not to affect their autonomy of judgement.

Such a resolution, once made, is also valid for the subsequent financial years until otherwise determined by the Shareholders' Meeting. The remuneration of Directors holding special offices in accordance with the Bylaws is determined by the Board of Directors.

For details on such remuneration, please refer to note '38. Remuneration of Directors and Statutory Auditors' of ATM S.p.A.'s Explanatory Note.

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

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

- Assolombarda, Italy: Vice-President with responsibility for Infrastructure, Mobility & Smart City;
- Milan Smart City Alliance: Chair;
- Assonime, Italy: Member of the Executive Board;
- 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 Strategicé Committee.

In addition to their current position at ATM, the Board members also hold the following corporate offices:

- Director Alessia Maria Mosca is a member of the Board of Directors of Crédit Agricole Paris;
- Director Pietro Galli is a Managing Partner of the company Cinque G Ss, Vice-President of the company Uteco Converting S.p.A., Chief Executive Officer of the company T39 S.p.A., Managing Director of the company Isola Longa S.r.l., as well as a member of the Board of Directors of the companies Dea Capital Alternative Funds SGR S.p.A., Finalter Srl, Centurion Newco S.p.A., Overit S.p.A., Engineering - Ingegneria Informatica S.p.A;
- Board member Bruno Pavesi is a member of the Board of Directors of listed companies (Salcef, SIT) and unlisted companies (De Cecco, Febo), the Chair of Ariston Cavi and the Director of

Fondazione Accademia Teatro alla Scala.

With resolution no. 91 of 14 December 2023, the Municipal Council resolved to amend ATM S.p.A.'s Bylaws to ensure the better operation of its bodies and a more effective corporate action in the development of new corporate initiatives, both in Italy and abroad.

The changes to the Bylaws approved by the Municipal Council include raising the current number of five directors to seven. This is in order to facilitate more effective management and allow the establishment, within the Board of Directors, of Committees with proposing and advisory functions to assist the Board in specific areas of activity. The scope of the activities assigned to these committees and their rules of operation are to be defined by a special resolution.

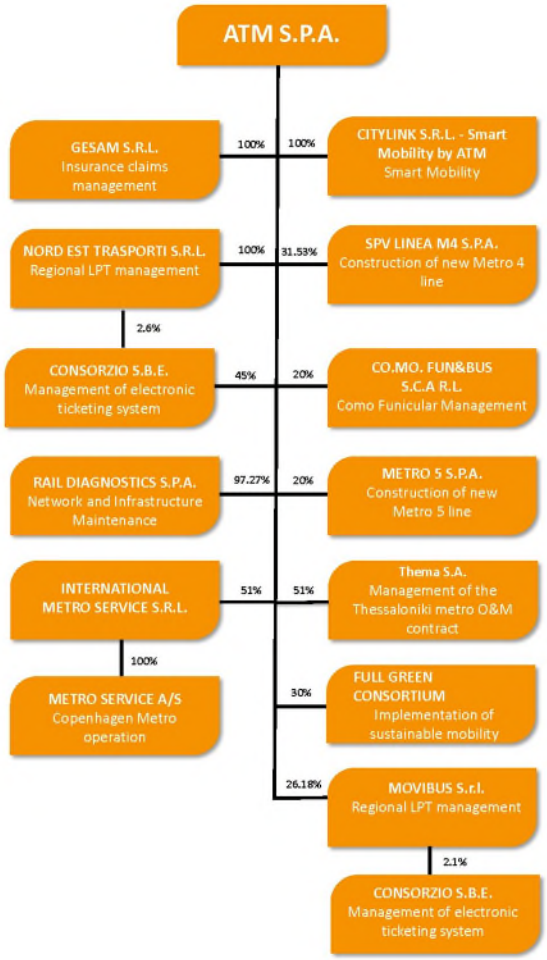
No Board committees have been set up yet by the Board of Directors.

Company structure as at 31 December 2023

NFS

ATM S.p.A. (hereinafter also referred to as the *"Company"* or the *"Parent Company"*) is engaged in the management of transport services in any form and by any means, including rail services, as well as in services related and connected to the transport of persons, goods and information and to mobility, including parking. The company also operates the Cascina Gobba - San Raffaele Hospital light rail link. A wholly-owned subsidiary of the Municipality of Milan, it is the parent company of the Azienda Trasporti Milanesi Group (the *"Group"* or the *"ATM Group"*) and manages and coordinates its subsidiaries pursuant to Article 2497 et seq. of the Italian Civil Code. The Company's registered office is at Foro Buonaparte 61, Milan.

In this document, **ATM Group, Group** o**r ATM** means the set of companies included in the scope of consolidation represented below:



Subsidiaries and their activities:

- ***CityLink S.r.l.- Smart Mobility by ATM ("City Link")***: incorporated on 9 October 2010 as ATM Servizi Diversificati S.r.l., its name was changed on 12 October 2021 by the Shareholders' Meeting of ATM Servizi Diversificati S.r.l. to "*CityLink S.r.l. - Smart Mobility by ATM*". Its corporate was also changed to reflect its new activity targeting the Smart Mobility sector. At the same time, its governance was changed from a Sole Director to a Board of Directors with a a Chief Executive Officer. It is wholly owned by ATM S.p.A. and is active in the implementation of projects aimed at creating increasingly sustainable, inclusive and innovative mobility.

- ***GeSAM S.r.l. ("Gesam")***: incorporated on 22 December 2005, it is a wholly-owned subsidiary of ATM S.p.A. and provides consultancy services in the insurance sector, including expert advice aimed at investigating and settling claims, excluding insurance brokerage.

- ***International Metro Service S.r.l. ("InMe")***: incorporated on 12 April 2007, it is 51% owned by ATM S.p.A. while the remaining 49% is held by Hitachi Rail STS S.p.A.. It is engaged in the management of passenger and freight transport services, with related planning and operational organisation activities, for the performance of contracts for the operation and maintenance of underground systems. International Metro Service S.r.l. wholly owns **Metro Service A/S**, a company incorporated under Danish law that operates the Copenhagen Metro.

- ***Nord Est Trasporti S.r.l. ("NET")***: incorporated on 5 December 2007, it is a wholly-owned subsidiary of ATM S.p.A. and operates passenger, goods and information transport services, with related planning and operational organisation activities, as well as transport and mobility services in the Metropolitan City of Milan, the Province of Monza and Brianza, Bergamo, Lecco and the Municipality of Monza.

- ***Rail Diagnostics S.p.A.. ("Rail Diagnostics")***: incorporated on 31 October 2006, it is 97.27% owned by ATM S.p.A. and is engaged in the design, construction, maintenance and integrated diagnostics of metro-tramway plants and control systems.

- ***THEMA S.A. ("Thema")***: incorporated on 25 September 2023, it is 51% owned by ATM and 49% owned by Egis Project S.A.S. On 4 October 2023, THEMA S.A. signed with a public-private partnership contract with the contracting authority ELLINIKO METRO S.A. for the operation and maintenance of the Thessaloniki Metro Network that was awarded through the tender "*International Tender Based on the Open Procedure for the Conclusion of a PPP Contract concerning the Operation and Maintenance of Thessaloniki Metro Network*" in which ATM participated together with Egis Project S.A.S.. The duration of the contract is 11 years. The establishment of a special purpose vehicle in the shape of a "joint stock company" under Greek Law no. 4548/2018 was required by the tender notice. It is a type of company corresponding to the "*società per azioni*" under Italian law, with legal personality and capital autonomy vis-à-vis its shareholders, so that only the company is liable for corporate obligations with its assets.

Associated Companies:

- ***SPV Linea M4 S.p.A. ("Metro 4" or "M4")***: the company was incorporated on 16 December 2014. The company's purpose, under concession from the Municipality of Milan, is the construction and maintenance of Milan's metro line 4 and the provision of related public transport services. On 20 December 2023, in accordance with the Municipal Council Resolution of 14 December 2023 and as agreed with the company's private shareholders, ATM S.p.A. purchased the shares of its private shareholders, bringing its stake in the company to 31.53%.

- ***Full Green Consortium***: it was established on 5 August 2021. The consortium is designed to establish a common organisation among its members for the purpose of collaborating in the implementation of sustainable mobility and digitisation projects, characterised, first and foremost, by the transition from traditional diesel-powered bus fleets to zero-emission fleets, energy savings and efficiency, decarbonisation and air quality improvement. On 4 October 2022, the Shareholders' Meeting resolved in favour of the accession of Cotral S.p.A. and AMTS S.p.A. Following the accession of the new consortium members, ATM S.p.A.'s ownership share is 30% of the Consortium Fund.

- ***Movibus S.r.l. ("Movibus")***: the company was established on 15 May 2008. ATM S.p.A. holds 26.18% of its share capital. The company operates in the Local Public Transport sector where it operates Lot 6 of the Milan West provincial sub-network.

- ***Metrofil S.c.a r.l. in liquidation ("Metrofil")***: the company was incorporated on 2 April 2009. ATM S.p.A. holds 25.44% of its share capital. The company was established for the purpose of fulfilling the obligations arising from the award of the contract for the executive design and construction of the trolleybus-type public transport system serving the EUR-Tor de Cenci and EUR Laurentina-Tor Pagnotta corridor stipulated with Roma Metropolitane S.r.l. Having fulfilled its corporate purpose, the company was put into liquidation as resolved by its shareholders' meeting on 18 May 2022.

- ***Metro 5 S.p.A. ("Metro 5" or "M5")***: the company was established on 5 June 2006. ATM S.p.A. holds 20% of its share capital. The company is engaged in final and executive design, expropriation, works management, execution of civil works and technological works, supply of rolling stock and management of Metro line 5 and its possible extensions.

- ***Co.Mo. Fun&Bus S.c.a r.l.***: the company was incorporated on 9 June 2006. ATM S.p.A. holds 20% of its 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***: the consortium was established on 28 January 2015. ATM S.p.A. holds 45% directly and 2.6% indirectly through its subsidiary Nord Est Trasporti S.r.l. and 0.55% indirectly through its associated company Movibus S.r.l.. The Consortium owns the asset represented by the central platform of the electronic ticketing system and takes care of its management as well as of the clearing of ticket accounting flows.

Share capital structure

ATM S.p.A.'s share capital of EUR 700,000,000 consists of 70,000,000 shares with a unit value of EUR 10 and is wholly owned by the Municipality of Milan.

Changes in Group Structure

On 18 May 2022, the shareholders' meeting of Metrofil S.c.a r.l. in liquidation, a company in which ATM S.p.A. holds 25.44% of the share capital, resolved to definitively liquidate the company and agreed on the plan for the distribution and simultaneous reimbursement of its paid-up share capital. As at 31 December 2023, the company was still registered with the Chamber of Commerce.

Corporate Governance Report

NFS

Introduction

ATM's Corporate Governance system consists of a set of instruments, provisions, relations, processes and corporate systems aimed at the due and efficient management and control of the entire organisation.

Given its nature as a fully public-controlled company and its role for the plurality of its stakeholders, ATM is subject to specific disclosure obligations as a result of it becoming a Public Interest Entity (PIE) in 2017, as provided for under Article 123-bis of Legislative Decree no. 58/1998 (TUF) with regard only to the information required by paragraph 2 letter b), and avails itself of the option provided for in paragraph 5 of the same article.

ATM became a Public Interest Entity (PIE) pursuant to Article 16 (1) (a) of Legislative Decree no. 39/2010, following the issuance of the bond and the listing of the related securities on Euronext Dublin in August 2017.

ATM's Corporate Governance structure concretely expresses the rules and methods by which the corporate strategy is defined, as well as the decision-making processes and means for achieving and measuring results against the objectives set for the pursuit of sustainable success.

ATM's Corporate Governance system refers both to existing and applicable laws and regulations and to the internal rules the company has adopted in a broad sense.

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

ATM's Corporate Governance Report is divided into three sections: a first section dedicated to the guiding principles defined in ATM's Code of Ethics and Conduct Guidelines and to social responsibility initiatives; a second section dedicated to the Corporate Governance model; a third section dedicated to the Internal Control and Risk Management System.

With reference to the entry into force of Legislative Decree no. 14 of 12 January 2019, namely the "*Corporate crisis and insolvency code*", it is underlined that ATM and its subsidiaries fall within the exclusion cases provided for by the Decree; however, in accordance with the obligations set forth in Article 2086 (2) of the Italian Civil Code introduced by the aforementioned Decree, it has activated a monitoring process for the prior identification of any economic - financial imbalances.

The Code of Ethics: principles, values and social responsibility

Transparency, ethics/correctness, fairness, quality of community life and a continuous search for excellence are just some of the guiding principles considered by ATM in adopting a governance structure that is appropriate to its nature, size and operational structure. These principles are articulated in value areas aimed at guiding the actions of people working for ATM.

The values which ATM recognises as fundamental in the performance of its business, and which it shares at all levels of the organisation, are set out in the Code of Ethics, introduced in 2007, as harmonised in September 2018 with the Group's Anti-Corruption and Transparency Model ("ACT Model"), voluntarily adopted by ATM.

The Code of Ethics encompasses the values and lines of conduct that make up ATM's identity, and sets

out the related ethical and social responsibilities, committing the corporate bodies, management, personnel, external collaborators, suppliers and anyone maintaining relations with Group companies. The same applies to the parent company ATM S.p.A. and the Group companies subject to its management and coordination. It is a founding element of the general Internal Control and Risk Management System together with the Group's Anti-Corruption and Transparency Model and the Organisation, Management and Control Models pursuant to Legislative Decree No. 231/2001 of the parent company and its direct subsidiaries incorporated under Italian law.

In 2022 ATM started a project to concretely update and harmonise its entire Code of Ethics, 16 years after it was issued. This gradual and multi-phased project, which will end in 2024, aims to:

- strengthen and enhance corporate culture;
- encourage the alignment of behaviour inside and outside the organisation with its values and principles;
- facilitate the relationship with stakeholders in order to better understand their expectations;
- create the conditions to contribute to value creation also through the management and reporting of ESG (Environmental, Social and Governance) and sustainability issues.

The project is based on the main regulations/guidelines, available standards, leading practices in the field of business ethics and Corporate Social Responsibility and its first phase led to the drafting of the ATM Group's "Conduct Guidelines" - operational as of July 2023 - supplementing and illustrating the Code of Ethics. These Guidelines, also by means of ethical dilemmas and practical cases, enable the Group's employees, suppliers and partners to be aware of their obligations and prohibitions. During 2023, the company defined and implemented an initial training action plan for the internal dissemination of the Guidelines, which were also translated into English.

At the beginning of 2023, the company launched the second phase (known as "Code of Ethics 2023 project") ultimately aimed at harmonising the Code of Ethics with the "Conduct Guidelines" and other founding documents of the governance and internal control and risk management system (i.e. among others, the companies' Models under Decree 231 and the Group's ACT Model). This phase is now part of the "people strategy" which envisages, inter alia, the conception, design and approval of a project aimed at identifying the ATM Group's EVP ("employee value proposition") model and values by 31 December 2023. This phase will therefore include the engagement of Top Management and other possible internal stakeholders.

Social responsibility is one of the guiding factors of ATM's corporate and social policies, which are structured with a view to continuous improvement, always referring to the relevant model and specific international recommendations.

Therefore, pursuing its social and ethical commitment to all parties operating inside and outside the organisation, ATM has adopted, since 2012, a Social Accountability management system aligned with international standards SA80002014 and UNI ISO 26000, which are inspired by and consistent with the Universal Declaration of Human Rights, ILO (International Labour Organization) Conventions and U.N. conventions, as well as national labour and occupational safety laws. This certification has already been reconfirmed three times: in 2015, 2018 and 2021, and in 2023 the process of renewing the certificates of Group companies for the 2024 - 2027 period was successfully completed. The process will be finalised in 2024 by fine-tuning what emerged in 2023 in order for new certificates to be issued for the following three years. The certified companies will also be joined by CityLink in 2024.

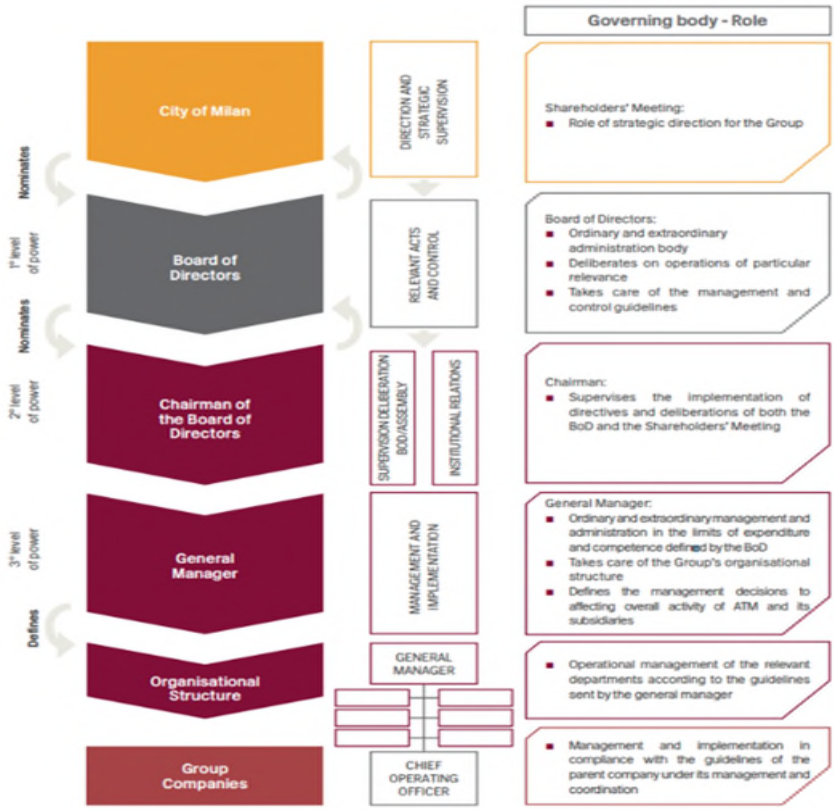
SA8000 certification and the related management system are part of the Internal Control and Risk Management System: maintenance of the certification and periodic evaluation of the Company's performance in this area are promoted through continuous monitoring, internal audits of the various company functions and widespread verifications carried out by the Social Performance Team (a dedicated body made up equally of workers' and company representatives).

As part of its policies to enhance the value of its employees and within the framework of corporate social responsibility, as early as 2013 ATM joined the Family Audit certification process promoted by the Presidency of the Council of Ministers and was one of the first Italian companies to obtain the basic certification referring to corporate social policies aimed at the continuous improvement of family-work balancing services. These policies are part of the broader **welfare system**, developed in close synergy with the ATM Foundation, which pursues the objective of improving the individual and organisational wellbeing of people working within the Group.

The Corporate Governance Model

ATM is committed to following corporate governance best practices, comparing its Corporate Governance model with the standards issued by major associations and represented in leading practices in the field, promoting an adequate, effective and efficient Internal Control and Risk Management System, calibrated and proportional to the Group's specificities.

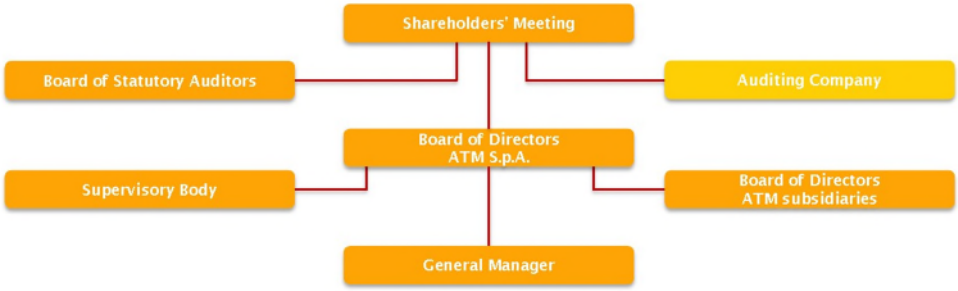
Below is the structure of its governance bodies:



ATM's Corporate Governance system, based on the principles of integrity, transparency and fairness, is fundamental to the proper operation of the company as it allows for the definition of clear rules for the implementation of strategic guidelines, thus supporting the relationship of trust with stakeholders and contributing to sustainable success.

The values that ATM recognises as fundamental in carrying out its business, and which it shares at all levels of the organisation, are set out in the Code of Ethics, in the Conduct Guidelines, in ATM's Models under Decree 231 and those of its direct subsidiaries and in the Anti-Corruption Model, in force from time to time. Within this structure, the Parent Company exercises management and coordination activities by pursuing - whilst fully respecting the management autonomy of each company - a unitary management policy, through the application and integration of the rules, principles and values that characterise the Group[3].

[3] These elements are duly regulated by the Group's Regulations.



The model, structured in the traditional form, attributes strategic management to the **Board of Directors** of ATM S.p.A.; in addition, the Board of Directors is entrusted with the performance of all appropriate actions for the implementation and achievement of the corporate purpose, excluding only those which the law reserves for the **Shareholders' Meeting**. ATM's Board of Directors has delegated part of its management responsibilities to the **Chief Executive Officer** and **General Manager**.

Table 1. *The Board of Directors of ATM S.p.A. at 31.12.2023* [4]

Position	Name and Surname
Chairman	Gioia Maria Ghezzi
Chief Executive Officer	Giana Arrigo
Board members in office	Galli Pietro
	Mosca Alessia Maria
	Pavesi Bruno

[4] The new five-member Board of Directors was appointed by the Shareholders' Meeting on 27 April 2023 and will remain in office until the approval of the 2025 Financial Statements.

Table 2. *Composition (%) of ATM S.p.A.'s Board of Directors at 31.12.2023, by gender and age*

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

The **Board of Statutory Auditors** is ATM's controlling body and is responsible for supervising compliance with the law and the Bylaws as well as compliance with the principles of good governance and adequacy of the organisational structure.

Statutory auditing functions were assigned to the **Audit Firm** Deloitte & Touche S.p.A. by the Shareholders' Meeting on 9 November 2017, for nine financial years from 2017 to 2025, having the Company become a Public Interest Entity (PIE).

The **Audit and Internal Control Department** works within this corporate governance system. The Department is not responsible for any operational area. It reports hierarchically and functionally to the Board of Directors of ATM S.p.A., and administratively to the Chair of the Board of Directors. It is established within ATM S.p.A. and carries out its activities therefor and for the Group's Italian and foreign subsidiaries, liaising directly, continuously, constructively and collaboratively with ATM S.p.A.'s CEO, who is the Director in charge of the Internal Control and Risk Management System, and Senior Management, as well as with the management and corporate bodies of the directly controlled companies. The Department verifies the suitability and operation of the ATM Group's Internal Control and Risk Management System, both on an ongoing basis and in relation to specific needs, by implementing a risk-based and integrated audit plan, approved periodically by the Board of Directors of ATM S.p.A. for the Parent Company and its subsidiaries.

The Management Bodies of the Subsidiaries receive evidence of the aforesaid Audit Plan for the relevant activities and may request the Department any additions to the same, where needed; in this case, the Department is responsible for bringing evidence of the updated Audit Plan to the Board of Directors of the Parent Company, for new approval.

The Department operates in accordance with the globally recognised professional standards set out in the International Professional Practices Framework - IPPF, issued by the Institute of Internal Auditors - IIA, which is reproduced below. The Internal Audit activity carried out by the Department is, in fact, compliant to date with the International Standards, currently in force, as per the results of the first external Management assessment (to be carried out at least every five years) referred to in the Quality Assurance and Improvement Programme implemented by the Department itself.



In light of the updated Professional Framework and Recognised Reference Standards ("Framework") of 9 January 2024, the Department and its staff are taking steps to ensure the timely implementation of the Framework so as to have it in place by 1 January 2025 (effective date) at the latest. To this end, the Department is in the process of updating its documents in good time.

The Internal Control and Risk Management System

The **Internal Control and Risk Management System** adopted by the ATM Group consists of a set of rules, procedures and organisational structures aimed at an effective and efficient identification, measurement, management, monitoring and reporting of the main corporate risks, in order to contribute to the sustainable success of the Group in the long term.

This System is a fundamental and indispensable element of the ATM Group's governance.

The System contributes to ensuring that Group management is consistent with the corporate objectives defined by the Board of Directors and contributes to the protection of corporate assets, the effectiveness and efficiency of corporate processes, the reliability of information provided to Corporate Bodies and the market as well as compliance with laws, regulations and internal procedures.

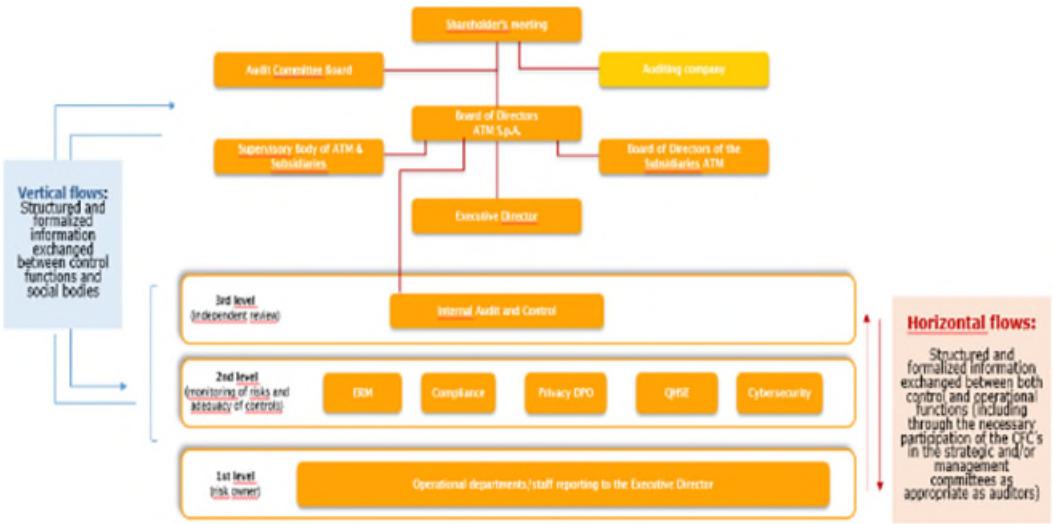
This system is integrated into the more general organisational and corporate governance structures

adopted by the Group and consists of the following key elements:

- Governance, including the design of the Internal Control and Risk Management System, and the evaluation of its adequacy, effectiveness and efficiency;
- actions and, therefore, the definition and periodic updating, implementation and monitoring of the System, which include:
  - the implementation of the guidelines of the Board of Directors;
  - the identification and management of business, process (including irregularities) and strategic project risks;
  - the definition and implementation of risk-mitigating controls on processes under the responsibility of the various Process Owners;
- Assurance, i.e. independent and professional Internal Control and Risk Management System audits conducted by the relevant control functions.

Each actor in the corporate governance structure has specific tasks and responsibilities relevant to the said System; indeed, all employees maintain their own level of responsibility for the adequacy, effectiveness and efficiency of the System in relation to their duties.

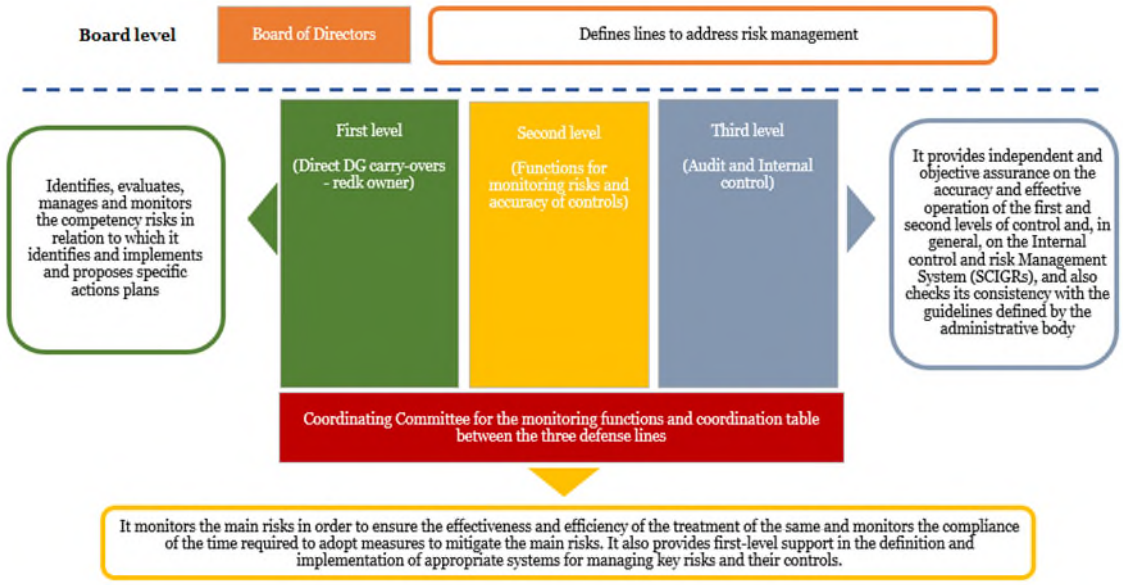
The System, in line with the applicable regulations and inspired by the leading practices in the field, assigns a clear position to all corporate functions within the three lines of defence, thus being, in concrete terms, characterised by coordination between the various actors involved in the System, in order to maximise the efficiency of the system itself.



The Audit and Internal Control Department, Risk Management, Compliance and other formally established and regulated control functions (ref. graph above), the Audit Firm and the Supervisory Bodies cooperate with each other to perform their respective duties. They ensure adequate cooperation, including mutual information, with the Board of Directors and the Board of Statutory Auditors, 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 guidelines of the Internal Control and Risk Management System, updated from time to time, most recently on 22

November 2021, as described in more detail in the "Governance Tools" section below.



Parties and duties

The Parent Company's Board of Directors has defined the guidelines of the internal control and risk management system (System GL) in line with the Company's strategies and has set out the principles on the coordination and information flows between the various parties involved in the internal control and risk management system, in order to maximise the efficiency of the system itself, avoid duplication of activities or possible omissions and ensure that the tasks of the control body are carried out effectively.

The Control Functions are listed below:

- *Audit and Internal Control*
- *Risk management;*
- *Compliance;*
- *Privacy and Data Protection (and Data Protection Officer);*
- *Safety Prevention and Environment and Quality;*
- *Cybersecurity.*

On an annual basis, the Board of Directors assesses the adequacy and effectiveness of this system with respect to the characteristics of the company and its risk profile.

With regard to 2023, after acknowledging the report on the ATM Group's organisational, management and accounting structure, illustrated at Board meetings, the Board deemed the organisational, management and accounting structure to be adequate for the current size and type of business carried out by ATM and its subsidiaries, prepared by the administrative and organisational structures reporting to the CEO.

The Board of Statutory Auditors, i.e. the body with control functions, also in its capacity as "Internal Control and Audit Committee" pursuant to Article 19 of Legislative Decree no. 39/2010, performs the tasks assigned to it by law, the Bylaws and internal regulations and monitors compliance with the law,

regulations and the Bylaws, compliance with the principles of proper administration and the adequacy, functionality and reliability of the organisational, management and accounting structure.

The Supervisory Body (**"SB"**) oversees the effectiveness and adequacy of the Organisation Model pursuant to Legislative Decree No. 231/2001 (hereinafter also "Model 231") adopted by the Parent Company and takes care of its dynamic updating, recommending additions and/or adjustments to Top Management. The same applies to the Supervisory Bodies of directly controlled companies with their own Model under Decree 231.

Control Functions

Audit and Internal Control

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

In this context and in line with its Internal Audit mandate, the Function performs an independent and objective activity, in line with the relevant professional standards, aimed on the one hand at monitoring, from a third level perspective, the regular performance of operations and the evolution of risks and, on the other hand, at assessing the completeness, adequacy, functionality and reliability of the organisational structure and the other components of the Internal Control and Risk Management System, bringing to the attention of the Corporate Bodies any possible and/or necessary improvements, also with reference to the Risk Appetite Framework ("RAF"), the risk management process as well as risk measurement and control tools. On the basis of the results of the checks carried out and of the information flows actually received, it formulates, if necessary, recommendations to the corporate structures, providing appropriate information to the Group's Corporate Bodies and Supervisory Bodies, in line with the regulations in force from time to time.

ERM

Within the framework of the Internal Control and Risk Management System, an Enterprise Risk Management system ("the ERM Model") has been adopted to foster and oversee the integrated corporate risk management process for all ATM Group companies - in line with national and international best practices, and in particular with the COSO Framework and ISO31000 reference models, as updated.

ATM's ERM Model provides for an integrated, across-the-board and dynamic risk assessment that enhances existing management systems and supports the risk-based analyses required by specific reference standards and regulations. It is also integrated with the strategic planning process and provides for periodic inter-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 of safeguarding corporate assets. The adequate identification, assessment - also prospective -, management and mitigation of risks, in line with strategic guidelines, favours the pursuit of short and medium-long term objectives.

ATM's ERM Guidelines, extended with appropriate adaptations to the subsidiaries GESAM, NET and Rail Diagnostics, identify, as a main objective, the pursuit of a sustainable growth model that respects people, the environment and communities, aimed at creating value through three main levers: sustainability, investment, and operational and financial efficiency. ATM, with the aim of maintaining a limited risk profile, considers risk management of paramount importance and is committed to promoting a structured and systematic approach to risk management based on the following principles:

- promote and disseminate ethical values and a culture of correct and transparent risk management to all ATM personnel;

- conduct and manage all company activities with a view to risk prevention, in compliance with the law, the Code of Ethics and company policies and procedures;

- ensure effective, efficient and consistent risk management in all corporate processes, in line with the company's strategic objectives and the guidelines of the Internal Control and Risk Management System, as approved by the Board of Directors;

- ensure, by means of appropriate organisational, management and procedural systems, that risks are effectively identified, assessed, managed, periodically monitored and promptly reported;

- promote the continuous improvement of the risk governance system in accordance with the evolution of the external environment, corporate strategies, and the interests of stakeholders.

The model is fully integrated with all company management systems, and continuous improvement activities were further pursued in 2023. At the same time, work continued on updating the risk register in relation to sustainability-related risks with "ESG" implications, bearing in mind the materiality analysis resulting from stakeholder engagement.

The evolution of climate change scenarios and possible changes in the use of energy sources directly and indirectly entail potential risks for ATM, but also opportunities, which may condition the correct implementation of the strategic plan, with particular reference to energy transition and the total electrification of the integrated mobility system, as well as the reduction of emissions.

Climate change might also cause physical risks related to extreme weather events, leading to potential more or less prolonged unavailability of assets and infrastructure, restoration costs and inconvenience to customers.

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

With reference to the cases provided for in Legislative Decree no. 254/2016, the main risks and opportunities associated with environmental, social, personnel-related, human rights, and active and passive anti-corruption issues 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 254/2016, to material issues and their corresponding management.

With regard to the risk areas identified and 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 - NFS				
Scope under Legislative Decree No. 254/2016	**Material Issue**	**Risk areas**	**Opportunities**	**How the issues are managed (in short)**
Environmental issues	Climate change, energy consumption and environmental impacts	Air pollution: atmospheric emissions attributable to the Group's activities	Improved reputation of corporate image in the field of effective energy management and environmental protection Reduction of costs related to lower diesel consumption and energy efficiency Increased customer satisfaction with the environmental impacts of the Group's activities Service continuity in the face of new regulatory demands	ATM Group's integrated Quality, Environment and Safety Policy (ISO 9001, 14001 and 45001 and UNI EN 13816) Sustainable Energy Action Plan Strategy for Environmental Transition Energy Efficiency Interventions For Italy, purchase of certified green electricity from the free market In Italy, certified Energy Management Expert according to the UNI-CEI 11339 standard
		Management of the environmental transition plan/implementation of the full electric project		
		Unavailability of assets and infrastructure		
	Responsible resource and waste management	Soil and water pollution attributable to the Group's activities	Efficient production processes through innovation Dissemination of green education among users	ATM Group's integrated Quality, Environment and Safety Policy (ISO 9001, 14001 and 45001 and UNI EN 13816) Sustainable Energy Action Plan Strategy for Environmental Transition
		Waste management attributable to the Group's activities		
		Maintenance of quality and environmental management system certifications		
	Air quality, noise and vibration mitigation	Management of vibro-acoustic pollution attributable to the Group's activities		Vibro-acoustics laboratory Rolling stock maintenance plan Noise mitigation maintenance plan for the M2 (metro) line Installation of friction moderators

Summary of Key Sustainability Risks and Opportunities - NFS				
Scope under Legislative Decree No. 254/2016	**Material Issue**	**Risk areas**	**Opportunities**	**How the issues are managed (in short)**
Workforce-related issues	Diversity, inclusion and welfare	Welfare and industrial relations management	Improving the company's reputation and image in the area of Diversity & Inclusion Greater well-being for its employees Increasing the capacity to enhance and attract resources Improvement of the stakeholders' value.	Welfare Policies Management System SA 8000 Whistleblowing Channel Procedures for Handling Discrimination, Harassment and Stalking Cases and SA8000 Reports Diversity Manager
	Training and professional development	Finding resources on the market that meet the company's needs	Performance enhancement Professional growth of resources	Set of tools integrated in the selection process (interviews, tests/assessment according to the characteristics sought) Procedure for the Selection and Recruitment of Personnel
		Core skills in line with the strategic plan		Identification and definition of key skills and development of talent management programmes Development plans with a view to both continuous skill enhancement and retention of people with key skills Replacement tables
		Loss of key skills		
	Occupational health and safety protection	Health and safety management: occupational accidents and/or diseases occurring during operations	Improved corporate reputation in terms of a protective working environment Maintaining high health and safety standards and continuously improving the management of these aspects	ATM Group's Integrated Quality, Environment and Safety Policy (ISO 45001) "Health Policy" of Metro Service A/S Health and Safety training Proactive assessment and management of health and safety risks, in line with applicable legislation SA 8000 Management System

Summary of Key Sustainability Risks and Opportunities - NFS				
Scope under Legislative Decree No. 254/2016	**Material Issue**	**Risk areas**	**Opportunities**	**How the issues are managed (in short)**
				Systematic training in Decree 231, Anti-Bribery and Business Ethics
		Health and safety management: Attacks on staff		Security tools and personnel Continuous cooperation with the Police and Prefecture of Milan SA 8000 Management System
Social issues	Quality and accessibility of services	Management of information flows with customers	Improving the company's reputation and image in the area of Quality and accessibility of services Improvement of service quality and accessibility Improvement of Stakeholders' value. Increasing the supply of innovative products	Infoline Service Official ATM App Website and social networks Stakeholder engagement surveys Financial Statements, Mobility Charter and other reference documents Procedure for handling complaints and reports received from customers
		LPT service planning		Sustainable Urban Mobility Plan Three-Year Programme of Works Two-year Supply Programme Service contracts
		Customer Satisfaction detected		Management procedure for the "Customer Satisfaction Survey" (monitoring of customer-perceived quality) Stakeholder engagement surveys
		Obsolescence/reduced functionality of infrastructures and facilities entrusted by third parties/companies		Constant monitoring of the quality of transport infrastructure, facilities and services

Summary of Key Sustainability Risks and Opportunities - NFS				
Scope under Legislative Decree No. 254/2016	**Material Issue**	**Risk areas**	**Opportunities**	**How the issues are managed (in short)**
		Obsolescence of ATM-owned infrastructures, facilities and rolling stock		ATM Group's integrated Quality, Environment and Safety Policy (ISO 9001, 14001 and 45001 and UNI EN 13816)
		Accessibility of stations		
	Security & safety	Accidents occurring to third parties during events organised by the Company	Accident prevention Close co-ordination and collaboration with law enforcement agencies and the city	Sharing information on location-specific area risks Involvement of location managers to ensure safety For events with more than 200 people, activation of the procedure for obtaining the Public Entertainment Licence from the Municipality of Milan, which includes the Risk Assessment Document
		Deflection and/or collision		Maintenance plans Staff training, with particular reference to operation and maintenance areas
		Functionality of safety-related electrical and/or mechanical installations		Redundancies and compensatory solutions including, but not only, the adoption of wheeled fire extinguishers and staff protection
		Accidents to people inside metro stations		Training for intervention at various levels ATM Group's Integrated Quality, Environment and Safety Policy Security tools and personnel Service contracts
		Fire		Rolling stock maintenance plan

Summary of Key Sustainability Risks and Opportunities - NFS				
Scope under Legislative Decree No. 254/2016	**Material Issue**	**Risk areas**	**Opportunities**	**How the issues are managed (in short)**
		Accidents involving vehicles for mixed use		Continuous monitoring of driver behaviour while driving and in general during their service Training and specific training following the involvement of the Technical Operations Commission
		Terrorist attack		Implementation of cameras in stations and on vehicles Security tools and personnel Continuous cooperation with the Police and Prefecture of Milan
		Robbery/ pickpocketing		
	Human Rights	SA 8000 compliance		Management System SA 8000 Social Accountability Policy (SA 8000)
Governance issues	Ethics, Integrity and Compliance	Compliance with the Code of Ethics, legislation relating to Legislative Decree 231 and HSE regulations	Continuous improvement of stakeholder culture with respect to ethical and compliance issues	Group Anti-Corruption Model and Management and Organisation Models pursuant to Leg. Decree 231/2001 Systematic training in Decree 231, Anti-Bribery and Business Ethics Whistleblowing Code of Ethics of the companies incorporated under Italian law and Code of Ethics of Metro Service A/S ATM Group's integrated Quality, Environment and Safety Policy (ISO 9001, 14001 and 45001 and UNI EN 13816) Personal Data Protection Officer Compliance Officer Anti-Money Laundering Manager
		Labour law compliance		
		Personal data management under the GDPR		

Summary of Key Sustainability Risks and Opportunities - NFS				
Scope under Legislative Decree No. 254/2016	**Material Issue**	**Risk areas**	**Opportunities**	**How the issues are managed (in short)**
				Voluntary Tax Control Framework
	Responsible supply chain management	Suppliers' compliance with the Group's sustainability principles	Spreading the culture of sustainability along the supply chain	Rules for contract award Procedure for the evaluation of suppliers of works, goods and services Group Anti-Corruption Model and Management and Organisation Models pursuant to Leg. Decree 231/2001 Systematic training in Decree 231, Anti-Bribery and Business Ethics Whistleblowing Code of Ethics Conduct Guidelines
	Creation and distribution of economic value	For risks related to financial performance, please refer to the 2023 Financial Statements		Ref. 2023 Financial Statements - Risk Factors and Uncertainty - Financial Risks
	Innovation, digitisation and cybersecurity	Data security management		Cybersecurity management strategy for business continuity, information security and data protection
	Risk and crisis management	Health and safety management: Covid-19 health emergency		Corporate Incident Response Plan

Further information on how the identified sustainability risks are managed can be found within the document.

Compliance

Regulatory compliance is monitored in the company through a widespread system distributed among

different parties: ATM's Compliance System involves in particular specialised Compliance Heads and Control Functions dedicated to specific regulatory areas, including the Compliance Function which oversees and monitors certain regulatory areas other than carrying out an overall coordination activity.

ATM's Compliance Model consists of various elements such as, for example, Compliance Governance, the legal inventory (inventory of relevant legislation) the risk assessment of Compliance, training, management of reports on potential cases of non-Compliance.

In particular, the Compliance Function supports the corporate structures in charge of supervising specific regulatory areas in the definition of regulatory monitoring and non-compliance risk assessment tools; it proposes and requests the adoption of suitable controls and/or organisational and procedural measures aimed at ensuring adequate monitoring of non-compliance risks; it verifies over time the effectiveness and correct application of the controls and organisational and procedural measures defined, also in connection with the development of special projects; it coordinates and supervises training and information initiatives in the field of regulatory compliance, also in order to disseminate a corporate culture based on the principles of honesty and fairness, and prepares adequate information flows to the corporate bodies of the company and the other structures involved.

Privacy and Data Protection

The European Data Protection Regulation (GDPR - General Data Protection Regulation EU 2016/679), in force since 24 May 2016 and applicable as of 25 May 2018, aims to strengthen and make more homogeneous the European regulation on the protection of data acquired by companies. One of the developments introduced by the regulation is the position of Data Protection Officer (**DPO**). The DPO is the person who, as a matter of priority and in full autonomy, supports the Data Controller and its representatives (corporate Data Managers) in assessing and organising the keeping of personal data, so that they are processed in full protection of the data subject (the owner of such data) and in compliance with European and national privacy regulations.

The constant updating of processes, products and services to the ever-changing set of regulations, standards, measures and rulings on privacy issues is becoming highly strategic, especially considering that ATM will certainly become a data-driven company; for these reasons, it is imperative to have an adequate structure in place to guarantee the correct use of personal data, reconciling the privacy of the individual with the ATM Group's business needs.

The supranational scope of the legislation in question should also be borne in mind. In fact, the standards in question apply anywhere else in the European Economic Area (EEA).

Safety Prevention and Environment and Quality

The Safety Prevention and Environment and Quality function ensures the definition of quality, occupational health and safety and environmental guidelines, in tune with the Group's strategic guidelines and in full compliance with the mandatory standards and management systems implemented thereby (e.g. ISO 9001, ISO 14001, ISO 45001, etc.). It oversees the activities delegated to the Prevention and Protection Service Managers, in accordance with the regulations in force, preparing health and safety and environmental risk assessment documents, collaborating in the identification of actions for the elimination or reduction of risk and the related training and information programmes.

The Safety Prevention and Environment and Quality function ensures the maintenance of certifications related to the Quality, Health and Safety, Environment Management System and is responsible for planning and carrying out "internal system audits" and determining the legal requirements of the scope

of responsibility. It also oversees, for the issues within its remit, all relations and communications with the Supervisory Authorities (e.g. ATS, ARPA, Region, Metropolitan City, Municipality, etc.) and the Workers' Safety Representatives and Certification Bodies.

Cybersecurity

The *Cybersecurity* function defines cyber defence policies and in particular:

- detects and monitors cybersecurity maturity;

- outlines short- and long-term cybersecurity strategies and policies, starting from the detected state;

- implements programmes, conceives and implements processes to mitigate the so-called cyber risks detected and shared at company level.

Operational business functions

The remaining Corporate Functions (first-level operational functions) ensure the evolution of the system in line with the Group's development and production diversification strategies and with the need for ever higher levels of reliability of the processes within their remit which may give rise to business risks related to the company's core business. In addition, the dynamics of certain industries, the decision to create or supply new products/services or the decision to develop additional business areas also stimulate and induce the updating of control activities.

Operational structures are primarily responsible for the risk management and control process. These structures must, in the course of their daily operations, identify, measure or evaluate, monitor (so-called "line monitoring"), mitigate and report risks arising from ordinary business activities, in accordance with the risk management process, in compliance with applicable laws, internal and external regulations, and the operating powers assigned to them, consistently with business objectives weighted by the level of risk deemed acceptable by the governing body, duly applying all the procedures into which the risk management process is structured.

Governance Tools

Guidelines for the Internal Control and Risk Management System

As mentioned above, the Internal Control and Risk Management System is a fundamental element of ATM's Corporate Governance.

The ATM Board of Directors has defined the Internal Control and Risk Management System Guidelines, which were last updated on 22 November 2021.

This Group regulatory document (hereinafter also referred to as the "Guidelines") is the reference framework for the Internal Control and Risk Management System, and sets out the principles and guidelines that must inspire the design, operation and evolution of a complete, adequate, functional and reliable control system to ensure sound and prudent management, aimed at achieving sustainable success in the long term.

The Guidelines also define the system's governance model, and in particular the main roles, duties and responsibilities of the Bodies and Structures of the Parent Company and of the Group's Subsidiaries, as well as the methods of collaboration and coordination.

Enterprise Risk Management Guidelines

The **Enterprise Risk Management Guidelines ("ERM Guidelines")**, approved by ATM's Board of Directors on 27 January 2020, in line with the evolution of the ERM Model, represent the key regulatory tool at a corporate level within the integrated risk management process.

The Guidelines apply to the ATM Parent Company and to the companies controlled by it and subject to its management and coordination, suitably adapted to the context of each of them.

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

With this tool, the Company aims to clearly and comprehensively represent the general Risk Governance principles underpinning the Integrated Risk Management process, the articulation of Roles and Responsibilities of the parties involved in the process, or the phases into which the Process of identifying, assessing, prioritising, reporting and monitoring risks is divided.

Regulations, Policies and Operating Procedures

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

- **the Group's Regulation**, which governs the Group's operating procedures and intra-group relations and was updated in 2018 as a result of the evolution of its organisational structure and of transparency and anti-corruption updates;
- **the Rules for contract award**, issued in their updated version in July 2022, which govern the procedures for awarding works contracts, the procurement of goods and service contracts for all Group companies;
- **the sales regulation**, which governs the procedures relating to the sale of goods, materials and services and the awarding of contracts for the commercial exploitation of areas and spaces to ensure maximum economic return, with a view to rationalising and efficiently managing the company's resources and assets;

- ***Policies*** on taking specific business risks;
- **procedures and operating instructions**, which describe and regulate the company's processes and which ensure, among other things, compliance with the Quality, ISO 14001, ISO 9001, ISO 45001 Management Systems, the SA8000 Certification System and the Transport Safety Management System.

In order to promote continuous improvement, ATM is currently working on a multi-year project to revise its "Internal Regulatory System" so that all of ATM's internal regulatory acts can be integrated within it according to shared and standardised rules and these documents can be enclosed within a single integrated repository. The benefits of the project will be seen, in particular, in terms of simplification, consistency, clarity in the current versions of documents, and clarity in the authorisation process of each cluster of acts.

The Coordination Board/Control Functions Coordination Committee

The Coordination Board (hereinafter also referred to as "Board" or "CB") represents, within the Internal Control and Risk Management System, an institutional moment for the sharing and discussion of the main risk and control issues, areas of improvement and possible critical issues, according to the roles and responsibilities of each participant and the architecture and mapping of the Group's information flows in the Three Lines of Defence. In addition to the Control Functions, Senior Management of the ATM Parent Company and directly controlled companies, as well as other Managers and/or subjects identified *ad hoc* for impacted areas or for issues/projects of relevance from time to time, are invited to participate in the Board.

The Coordination Board, chaired by the Audit and Internal Control Director, acts as the Control Functions Coordination Committee (hereinafter also referred to as the "Coordination Committee" or "CC") when meetings are only between the second and third line of defence Control Functions.

The Board's main objective, also in support of increasingly effective internal communications, is to systematically and organically represent the activities that make it possible to ascertain and report on the state of efficiency and operativeness of processes, policies, procedures, controls as well as the alignment with internal and external regulations for the ATM Group's Sustainable Success, further promoting in concrete:

- The mitigation and management of the risk of insufficient, partial or misaligned information
- Effective and systematic follow-up activities and informed decision-making based on correct information.

All the above is designed to ensure the effective coordination and exchange of reciprocal information flows between the various parties involved in the internal control and risk management system, in order to maximise the efficiency of the system itself, avoid duplication and/or omission of activities and facilitate the effective performance of the duties of Corporate and Supervisory Bodies.

As mentioned above, when meetings are only between the Control Functions of the second and third line of defence, the Board acts as a Control Functions Coordination Committee, and its purpose is to allow the various Control Functions to summarise and compare positions, inviting, if necessary, the heads of any other Specialised Units and without prejudice to the respective remits and prerogatives of the second and third line of defence, in order to:

- discuss operational and methodological issues through synergies that avoid potential overlapping or duplication of activities;
- coordinate information flows to the Corporate Bodies;
- share the areas for improvement (or "GAPs") identified by the Control Functions, and consequently assist Management, within the limits of the respective powers, in defining overall intervention strategies, with an integrated gap management perspective, jointly with the functions responsible for individual risks. In this way, Management is effectively supported in defining appropriate action plans to resolve gaps, effectively mitigating the underlying risks;
- support the updating of the Internal Control and Risk Management System, in line with any changes in the relevant context, both internal and external to the company;
- disseminate information on specific risk issues within the framework of special periodic assurance meetings with the operational departments, without prejudice to the general Coordination Board for the exchange of mutual information flows in the Three Defence Lines.

The Enterprise Risk Management Process

ATM's ERM model is based on an integrated, across-the-board and dynamic approach to risk management and on the adoption of impact metrics that reflect the organisation's specificities. The identification of the main risks and the safeguards put in place to manage them, the assessment of their adequacy, or the identification of further plans to improve the control system is carried out periodically. The risk assessment process is initiated and coordinated by the Group's Risk Management function and envisages the involvement of all corporate structures through the Risk Owners who are responsible for identifying, assessing and updating risk scenarios.

The ATM Group's Integrated Risk Management process

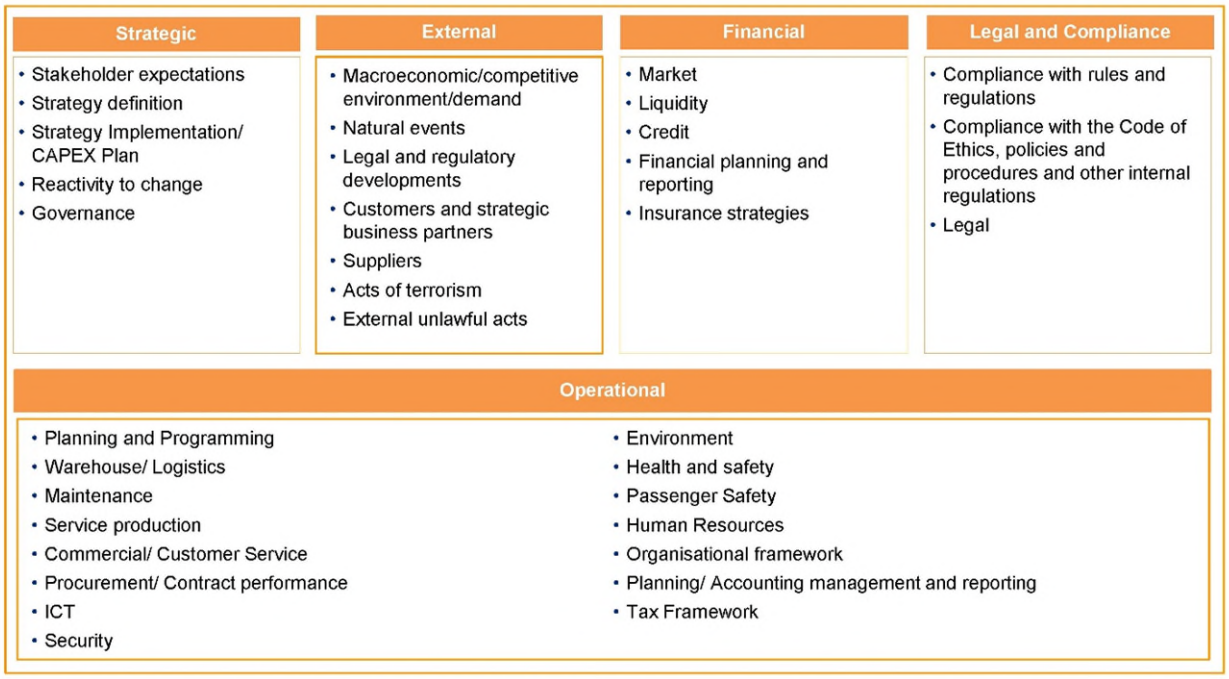


The most valuable features of the adopted model are:

- **the inherent and residual risk dimension** - Management involved in the ERM process, using a common method, assesses specific risk scenarios in terms of "Likelihood of occurrence" and "Impact" in an inherent and residual dimension following the performance of controls and mitigation actions and the assessment of their effectiveness.
- **the across-the-board nature of the assessment of impacts**, i.e. the assessment of multiple impacts related to economic-financial, health and safety, reputational, service disruption, operational efficiency, legal and Compliance issues, where applicable;
- **the integration with the stakeholder engagement process and definition of the materiality analysis.**

Risk scenarios and control measures have been identified using a unique risk taxonomy that places individual risks into the main categories as detailed below.

Taxonomy of risks



Within this classification are the main risks to which the Group is exposed, further detailed in the "Risk and Uncertainty Factors" section.

The Organisation, Management and Control Model pursuant to Leg. Decree 231/2001

One of the main governance tools implemented by ATM is represented by the Organisation, Management and Control Models pursuant to Legislative Decree No. 231/2001 (also "Models under Decree 231" or "Models") of the parent company and directly controlled companies. The Model is an integral part of the Internal Control and Risk Management System, and its first version was adopted, as far as the parent company ATM S.p.A. is concerned, in 2008. The Model was later 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 by the subsidiaries CityLink S.r.l.[5] and International Metro Service S.r.l. These Models are systematically reviewed and updated with underlying risk assessment and gap analysis processes, in coordination with the Group's Anti-Corruption and Transparency Model update from time to time, according to both regulatory changes and internal organisational changes.

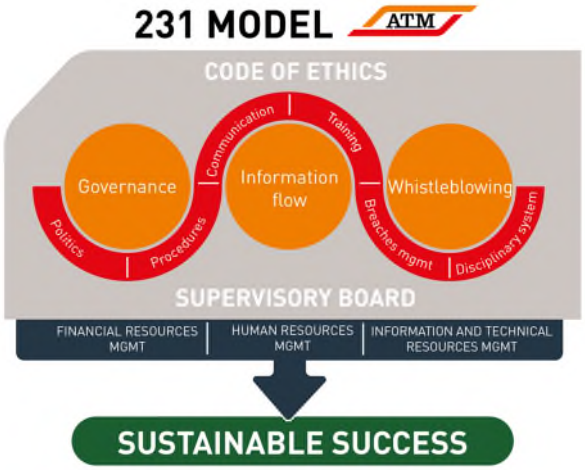
The periodic updating of the Models considers:

– regulatory and organisational changes;

[5] CityLink's model is undergoing a complete review in light of the substantial change in its core business.

- an integrated Risk Assessment under Leg. Decree No. 231/01 and in relation to Anti-Corruption, with the underlying process of identifying the corporate activities within which the offences referred to in Legislative Decree no. 231/2001 may be committed, the description of potential conduct at risk (including corrupt conduct) and the corresponding prioritisation of the various Sensitive and Instrumental Activities. The Risk Assessment is also integrated into the Group's ERM process;
- the need to ensure that the Model is increasingly accessible to its recipients.
- the establishment of control standards in relation to sensitive activities;
- the process of identifying how to manage financial resources in such a way as to prevent offences;
- the management of information flows to and from the Supervisory Body and specific obligations to inform the latter;
- a disciplinary system to penalise the violation of the provisions contained in the Models;
- a training plan for employees and members of governance bodies (systematic training in Decree 231, Anti-Corruption and Business Ethics);
- communications to employees and other persons interacting with the respective company;
- appropriate criteria for updating and adapting the Models to changing regulations and in line with organisational changes.

The constitutive elements of the ATM Group's Models, inspired by leading practices, the Confindustria Guidelines and the evolution of the Court's prevailing stance, are represented below. They are duly described in the Models, General Part, communicated both inside and outside the organisation.



The Supervisory Bodies under Leg. Decree 231/2001

ATM S.p.A.'s Supervisory Body, a body endowed with autonomous powers of action and control, has been in office, in its current composition, since February 2019 and has been reconfirmed by the Board of Directors for the 2022÷2024 three-year period. In addition, the Parent Company's Board of Directors formally instructed the directly-controlled Italian companies (all with Supervisory Bodies with mandates expiring with the approval of the 2021 Financial Statements) to reconstitute the Supervisory Body for the 2022 ÷ 2024 three-year period. In this regard, the management bodies of the subsidiaries Gesam S.r.l., Nord Est Trasporti S.r.l., Rail Diagnostics S.p.A., CityLink S.r.l. (formerly ATM Servizi Diversificati S.r.l.) and International Metro Service S.r.l. have reappointed the previous members of their respective Supervisory Bodies for the 2022 ÷ 2024 three-year period. ATM's Supervisory Body is made up of three members (two of whom are external to the company), chosen from academics and

professionals with proven expertise and experience in the issues of Legislative Decree No. 231/2001 (with particular reference, inter alia, to the fields of economics, business organisation and corporate criminal law). The internal member of the Supervisory Body, in line with leading practices, is 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 also the Supervisory bodies of the companies directly controlled by ATM S.p.A. take the shape of Boards and consist of the same three members as the parent company, specifically appointed for this purpose by the competent Management Bodies.

The Supervisory Bodies of the Parent Company and the directly controlled companies also meet periodically with the Control Bodies and the Group Auditor.

The Supervisory Bodies of ATM S.p.A. and of each directly controlled company incorporated under Italian law approve, on an annual basis, a coordinated and risk-based programme of 231/Anti-corruption supervisory activities, availing themselves both of the Audit and Internal Control Department, as its operational arm, and of the support of external, specifically appointed consultants.

These Supervisory Bodies provide a periodic report to their respective Management Bodies.

All the Supervisory Bodies supervise, with the support of the aforementioned external consultants and the Audit and Internal Control Department's operational arm, the operation of the respective Models and, if necessary, recommend their updating, verifying that the contents of the Models are adequately communicated and are the subject of specific training. To this end, they use specific information flows both periodically and on an event-driven basis, and receive timely briefings on the reports received and handled under the Whistleblowing process, with respect to which they can ask for further details.

With reference to the fundamental component of the Model, i.e. "Training", it should be noted that ATM develops a specific three-year plan on the Model, Anti-Corruption and Transparency and Business Ethics, including, where necessary, the updating of the Models (Models of Group companies and Group's Anti-Corruption Model). Such training, addressed to Corporate Bodies, Senior Management and Middle Management, is inspired by leading practices and is based on ethical dilemmas and practical cases, requiring the active involvement of each participant. Training in 2023 was delivered in person. Video tutorials were also used, including one specifically on Whistleblowing ("WB"). Training can be supplemented by asynchronous training pills. Therefore, training in the Decree 231, Anti-Corruption and Transparency and Business Ethics in the ATM Group is differentiated according to whether it is meant for Employees/Middle Management operating in specific risk areas, Executives, Corporate Bodies and the Technical Secretariat of the Supervisory Body/Audit and Internal Control Department. In the latter case, external specialised meetings were held in 2023 in order to be continuously prepared to deal with the evolution of the list of offences falling under Decree 231 and related case law.

The Anti-Corruption and Transparency Model

On 15 September 2018, ATM voluntarily adopted, for itself and its subsidiaries, a **Group Anti-Corruption and Transparency Model** (hereinafter also referred to as the "ACT Model") because it operates in practice by applying a rigorous ethic of fairness, lawfulness and transparency. The Parent Company also identified the Anti-Corruption Representative ("ACR"), namely the Audit and Internal Control Director, who works for the Company and all the Group's subsidiaries.

The aim of the ACT Model is to shape its operation in accordance with the rationale and inspiring principles of the regulations on transparency and anti-corruption (including Legislative Decree no. 33/2013 and Law no. 190/2012).

The purpose of the ACT Model is to set up a structured and organic system of principles and controls that repudiates corruption and aims to prevent any corruption, through the identification of specific and/or across-the-board activities exposed to the risk of corruption (or instrumental to the same), and the mitigation thereof.

The ACT Model enables its recipients to be aware of their obligations as to what should be done (compliance with procedures, reporting) and what should not be done (prohibitions). The aforementioned obligations have legal force since any non-compliance is sanctioned by the application of a disciplinary and sanctioning system, which is also expressly discussed in the Model.

The ACT Model, in its latest version approved by the Board of Directors on 13 December 2021, is published on the Company's institutional website. Employees and collaborators are notified of the publication on the company intranet, so that they may take note of it and comply with its provisions. In any case, such documentation is made available by alternative means to employees who do not have access to the intranet, e.g. by downloading its digital format onto their mobile phone via a specific QR-code displayed in the various company locations and, if necessary on request, by distribution thereof to be taken care of by their hierarchical superior. The ACT Model is also given to new employees joining the ATM Group, for the purpose of acknowledgement and express acceptance of its contents.

The Group Anti-Corruption Representative, namely the Audit and Internal Control Representative, works in close synergy with the Supervisory Bodies and promotes efficiency and coordination of activities, carrying out audits, as part of the integrated risk-based audit plan and, precisely, in coordination with the audits conducted for the purpose of Decree 231, on areas exposed to corruption risks and related prevention protocols (measures). Specifically, the ACR, through its structure (Audit and Internal Control Department):

- monitors the adoption and effective implementation of the ACT Model by all those involved in the Internal Control and Risk Management System through their respective internal regulatory instruments and key safeguards to mitigate the risk of corruption;
- promotes and supervises the training of the Group's personnel in ACT; the ACR also monitors the adequacy of specific training activities for employees working in sectors that are particularly exposed to the risk of corruption. The three-year specific training plan (third year) on Business Ethics, Decree 231/01 and Anti-Corruption was completed in the first half of 2023. Training is inspired by leading practices and based on ethical dilemmas, role playing and practical cases, which require the active involvement of each participant;

- ensures, 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;
- is the focal point for any specialised anti-corruption assistance for employees of the Company and its Subsidiaries;
- promotes the review and possible updating of the ACT Model, recommending additions and/or adjustments to Top Management;
- submits a periodic report on his activities, also in his capacity as ACR, to ATM's Board of Directors in the Annual Internal Audit Report.

Therefore, training and communications in connection with the ACT Model are coordinated with those relating to the Models under Decree 231 and the Code of Ethics, are diversified according to their addressees and are based on principles of completeness, clarity, accessibility and systematicity, in order to allow the latter to be fully aware of the corporate provisions they are required to comply with and of the ethical standards that should inspire their conduct.

The ACT Model also incorporates the disciplinary system already adopted in the Model under Decree 231.

The Whistleblowing System

ATM has adopted an integrated and systematic approach to the handling of reports of suspected/alleged violations and/or offences, governed by specific procedures and policies in force from time to time and in compliance with the relevant legislation, subject to systematic review in case of any further updates. Most recently, Legislative Decree No. 24 of 10 March 2023 transposed EU Directive No. 2019/1937, which considerably extended the scope of reporting beyond that of Decree 231/ACT/Code of Ethics, thus implying a different reporting organisation, management and skills.

For this reason, ATM traces and handles reports by adopting suitable and effective measures so that the identity of the person making the report or of the person who provides information useful for identifying non-compliant conduct is always ensured, using a special computerised tool to this end.

Responsible management and Stakeholder relations

NFS

ATM is committed to establishing relations based on fairness, good governance and transparency towards all its stakeholders in order to pursue concrete and shared sustainable development objectives and to contribute to the well-being, quality of life and growth of the community in which it operates.

It collaborates with institutions and bodies in charge of territorial governance by participating in round tables on mobility, innovation, environmental, social and economic sustainability.

It is also active in the dissemination, within its organisation, of the principles and culture of sustainable development, and constantly conveys and shares its values and best practices with institutions, partners, suppliers and customers; all company sectors are involved and direct their internal and external activities towards these goals.

With a view to responsible management with its Stakeholders, ATM strives to be the reference point and decisive factor in the integrated mobility system for quality, safety and competitiveness, fully respecting the environment and in step with continuous social and territorial changes. ATM's strategic vision focuses on achieving the goals set by the 2030 Agenda and moves along the lines identified in the 2021-2025 Strategic Plan: sustainability, innovation and empowerment of people.

As far as **Sustainability** is concerned, the ATM Group has determined its sustainability pillars, taking into account all 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 defined by ATM's Board of Directors 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 field of competence in which the Company operates and is accompanied by performance indicators (KPIs) defined by the Board of Directors, which allow for the measurement and progressive verification of sustainable growth on the basis of objectives defined within the Sustainability Policy, with results that can also be certified and which, together with other significant indicators, have been included among the Highlights of the Sustainability Policy.

The main objectives include the reduction of carbon dioxide emissions through fleet renewal with electric vehicles, being implemented by ATM 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 wastewater to wash vehicles; as for the Supply Chain, the use of supplier selection criteria that favour companies paying attention to environmental, social and ethical aspects and sharing the ATM Group's values; the annual increase in the number of initiatives in the area of inclusive mobility, such as the accessibility of vehicles and stations and ticket dematerialisation projects, including through the creation of a new multi-service platform; in the area of social sustainability and a sustainable work environment, progressive gender equality and a decrease in the gender pay gap.

Technological and digital innovation: streamlining processes and raising the passenger service level;

Development of the ATM Group's human resources and professionalism: 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 specific aim of improving the gender balance, thus progressively increasing the presence of the female gender in a sector that has long had a predominantly male connotation.

To achieve these goals, the guidelines of the new business model are based on the following fundamental levers:

- achieve Smart Mobility for Milan: development of integrated mobility for the metropolitan city through the creation of a multi-service platform;
- expand and diversify the range of services by enhancing established and recognised skills;
- extend geographical boundaries by participating in national and international competitions, also by resorting to partnerships with other players;
- optimise operating costs and procurement processes.

In order to pursue concrete and shared sustainable development objectives and to contribute to the wellbeing, quality of life and growth of the community in which it operates, ATM is committed to establishing relations based on fairness, good governance and transparency towards its stakeholders.

Group Stakeholders[6]



External Relations

Also in 2023, ATM promoted its projects during events and initiatives regarding sustainable mobility and technological innovation with a view to creating smart cities: it took part in the "Mobility Forum" organised by the Municipality of Milan, at which it presented the technologies and solutions designed by the company for more sustainable mobility; it took part in the 21st edition of "Reflections on

[6] For further discussion on the composition of the ATM Group's Stakeholders and Materiality Issues, please refer to the chapter on the "Consolidated Non-Financial Statement".

Leadership" of the institutional fair "Italia Direzione Nord", delivering a speech on intermodality and its plan to contribute to making the city increasingly sustainable.

ATM also took part in an event organised by RCS Academy as part of the "Green & Blue Talk" programme attended by the top management of the main Italian companies in the energy sector, with a focus on ATM's electrification projects and an overview of the role of electricity within public transport. The company then spoke at the "Economies of the Future" talk, organised by RCS, on issues concerning the evolution of the city and the mobility of the future. Both events were highlighted in the media and on social media channels.

To promote its commitment in the field of sustainable mobility, ATM participated in the conference organised by EY "Environmental, social and economic sustainability: a comparison between public and private players", delivering a speech on urban regeneration and self-production of electricity, presenting the activities of the Full Green Consortium; it also took part in the conference "Lombardy as Italy's Locomotive", organised by the Lombardy Region, delivering a speech on the management of passenger flows between the city and the suburbs and the organisation of efficient public transport. At the conference "How we adapt to climate change", the central event of the Milan Green week 2023, ATM highlighted its work in managing the emergency caused by the rainstorm that hit Milan in July.

The company took part in "e_mob 2023", the 7th national conference on electric mobility organised in Milan by local authorities, companies and institutions to spread the culture of sustainable mobility. ATM, a member of the promoting committee, contributed with several speeches delivered by its managers in both the institutional and technical sessions, offering an overview of how it is tackling the challenge of a new, increasingly sustainable mobility, with a specific focus on energy efficiency and the prospects for self-production.

As a member of the Milano Smart City Alliance, promoted by Assolombarda to co-design the city of the future through the development of shared public-private initiatives, ATM participated in "Data Driven City", which aims to collect, analyse and use data from various sources so as to develop services in various sectors, including urban mobility. In addition, as part of the "Think Smart, Mobility @MIND" event, organised by MIND Milano Innovation District, he participated in roundtables aimed at designing the city of the future with regard to infrastructure, data and transport.

With a view to promoting the new technologies that ATM is developing to foster smart mobility, a number of company speakers took part in major industry events including "Talking Heads" organised by Fintech District on the issue "Smart Cities & Mobility: cities fly into the future"; on the occasion of SMAU Milan 2023, it participated at FieraMilano City in the panel organised on "Mobility as a Service and new opportunities for collaboration" and spoke at the "Blue & Green Conference 2023: realising the green transition of companies and the country with a sustainable digital world" promoted by The Innovation Group.

ATM is strongly committed to creating an increasingly inclusive environment for its people and the community in which it operates. Among the initiatives carried out during 2023 to promote the values of inclusiveness and, at the same time, to improve the travel experience for customers, ATM further pursued its Sound Underground initiative, aimed at offering musicians the opportunity to perform in authorised spaces on a hi-tech stage in the Garibaldi and Loreto M2 and Bicocca M5 stations, which involved 1,800 artists and produced over 2,100 performances. Furthermore, ATM, in the context of the Sound Underground project, launched "SanMetro, the first underground song festival" in which bands, emerging artists and singers competed, in the same period as the Sanremo Festival, on underground

stages - an initiative aimed both at offering authorised spaces to those who wish to express their art and at contributing to making the underground a place of opportunity and encounter.

The company also participated in "#Run for inclusion", a non-competitive aggregative race created to share and celebrate the values of diversity, inclusion, sustainability and outdoor sports, participating in the institutional panel to highlight initiatives and projects on inclusion issues and with a team of colleagues who actively took part in the race to demonstrate ATM's commitment and sensitivity to an increasingly inclusive society.

With a view to consolidating stakeholder relations, on 13 December 2023 ATM presented "Travellers lines experience", the third photographic book of the series created in 2021, on the occasion of an exhibition-event held at the Triennale Milano. The 2023 edition, which like the two previous editions is also available in a digital version, has as its protagonists the passengers and people of the company who put their work at the service of city mobility on a daily basis.

Industrial relations

In the early months of 2023, intense negotiations were conducted with the trade unions aimed at reaching a framework agreement to overcome the collective dispute intended to define the remuneration payable during the holidays. At the national bargaining level, the national collective labour agreement had been regulating the matter since 1 July 2022, providing for a specific economic indemnity, while at the company level the negotiations led to the definition of the criteria for the regulation of the entire period prior to that date. The agreement, reached on 3.4.2023 with 7 trade unions and the Company Union Coordination, established how to calculate the economic shares to be recognised as a settlement, against the correlated waiver by each individual of any claim relating to remuneration paid during the holidays, from the time of recruitment to 30.6.2022.

In the following months of 2023, in the light of the criteria determined in the trade union agreement, more than 8,500 individual conciliations were finalised before the relevant venues, thus putting an end to the dispute for more than 92% of the workforce.

Thus, among other things, further direct and indirect litigation costs were avoided (which would have potentially involved almost all employees) and, above all, the conditions for non-conflictual industrial relations were re-established, within which the trade unions were also able to provide for the renewal of the union representative at company level/workers' safety representative.

In this regard, it is important to point out that, together with the signing of the aforementioned framework agreement on holidays, the same collective parties also reached a further agreement which, firstly, affirms the commitment to initiate new general and articulated negotiations (also with the cooperation of the renewed workers' representatives) aimed at updating the entire second-level bargaining, in line with the current organisational requirements connected to the evolution of the demand for transport with an adjustment of the service offer throughout the week.

In this context, the parties agreed that conditions can be created to allocate portions of the resources actually made available to wage measures for the benefit of the workers involved.

In consideration of the above commitments, starting from April 2023, as an increase in remuneration, all ATM S.p.A., Net S.r.l. and CityLink S.r.l. employees have been granted a gross economic share equal to EUR 50 for 12 months, including any legal and contractual impact (including any impact on holiday pay) and not counted for severance pay purposes.

Moreover, in order to support workers in the current economic crisis while enhancing the value of existing resources and the involvement of employees in policies aimed at achieving the development objectives that can be obtained through negotiations, all employees of ATM S.p.A., NET S.r.l. and Citylink S.r.l. have been paid a one-off gross lump sum of EUR 200, including all legal and contractual impacts and not counted for severance pay purposes.

Also with a view to improving working conditions through stable contracts, existing fixed-term employment relationships were converted to permanent contracts in May and June 2023.

Negotiations for the general novation of company bargaining will have to be developed, according to the commitments made, during the year 2024, since the renewed union representative at company level only took office at the end of December.

In 2024, the Parties will also be called upon to settle the holiday pay issue for exempt staff, as well as to close the discussion - already extensively developed in the latter part of 2023 - aimed at overcoming the further dispute brought by staff with fixed-term contracts for the equalisation of their pay with respect to permanent staff; a dispute that affects a large number of workers.

It should also be noted that in 2023 an agreement was also reached on the Performance Bonus for that year, which will be paid in 2024, also through welfare forms, on the basis of the results achieved, measured in terms of production (KM produced/workforce), sustainability (consumption efficiency) and reduced absenteeism.

During 2023, the Parties also reviewed the smart work regulation, as previously jointly determined, and in reconfirming its contents, reaffirmed that this option continues to be a valid tool for organisational flexibility, environmental sustainability and work-life balance.

Finally, as mentioned above, elections were held in 2023 for the renewal of the Union Representative at Company level of the Companies ATM S.p.A.- NET S.r.l. - CityLink S.r.l. and the Workers' Safety Representatives, in which more than 70 % of the employees participated.

The renewed union representation is composed of members elected from the lists of trade union organisations: FILT CIL - FIT CISL - UILT UIL - UGL - FAISA CISAL- ORSA Autoferro - Autoferrotranvieri Uniti and STAS, which, in turn, have set up their own internal bodies (Executive) and the Company Union Coordination, a body coordinating the various local union representatives at company level, which intervenes in connection with relations, including contractual relations, with the Company.

At the national level, it should be specified that negotiations have started for the renewal of the National Collective Labour Agreement, which expired on 31.12.2023. In the complex current situation, particularly with regard to finding the necessary financial resources and the economic claims of trade unions, which are demanding increases of about 18%, the negotiations started with the discussion of the contractual chapters regulating Industrial Relations and the Labour Market.

Conflict was significant throughout 2023, especially characterised by general/national strikes, mostly declared by autonomous and grassroots trade unions, in support of several claims related, inter alia, to the general international situation (war in Ukraine, military expenditure) or general issues (public health, school, etc.).

There were three strikes at company level, all called by the same autonomous trade union, albeit with minimal representation, as part of a long-running dispute for reasons not falling within ATM's remit as service manager.

Finally, it should be pointed out that in the latter part of the year, the Minister of Transport intervened several times with special ordinances (pursuant to Law 146/90) to reduce 24-hour national strikes to 4 hours.

The company unionisation rate did not vary significantly from previous years.

Internal Communications

The people of the company, the enhancement of their specificities and their involvement in corporate initiatives were once again the cornerstones of internal communication activities this year; creating knowledge and awareness of ATM's current and future projects and making people feel involved in the various initiatives is a fundamental step in making common efforts towards the achievement of corporate objectives.

Also during 2023, in order to inform and keep employees up-to-date on company news and initiatives, specific campaigns were carried out, disseminated both via the intranet and with posters posted in the various company offices, dedicated to the SA8000 standard, the internal recruitment for the Thessaloniki metro, the opening of registration for company kindergartens and various welfare initiatives.

To this end, and with a view to increasing the accessibility of information, the first part of the year was dedicated to the development of "WE are ATM", the new welfare portal which publishes all information on services dedicated to employees. In order to publicise the Strategic Plan, a series of video interviews with a number of managers was produced and published on the intranet to highlight the most important aspects and main lines of action that will drive the company and its people in the coming years.

The publication of the ATM Group's Conduct Guidelines represented a further, fundamental step in the progressive updating of corporate governance tools. In addition to using digital and analogue communication channels, a series of podcasts was also created which, through dialogues between colleagues from different corporate areas, explores in each episode crucial themes and issues of the Guidelines.

The award ceremony for the "Seniores", people who have reached 30 years of seniority in the company, a highly appreciated event that is held every year, was attended by 150 colleagues in 2023.

In 2023, the historic Officina Generale di Teodosio once again hosted the customary celebrations dedicated to the anniversary of the Liberation, organised in collaboration with ANPI (National Association of Italian Partisans), which were attended by personnel from all company offices, representatives of the trade unions active in the company, and civil, religious and military authorities working in Milan.

Our people

Staff

The ATM Group's workforce at 31 December 2023 totalled 10,331 employees (10,473 at 31 December 2022).

Type of contract	31.12.2022	New hires	Leavers	Other Changes	31.12.2023
Managers	35	6	(3)	-	38
Managers/middle managers	392	14	(22)	57	441
Office workers	980	108	(76)	(3)	1,009
Blue-collars	9,066	475	(645)	(53)	8,843
Total	**10,473**	**603**	**(746)**	**1**	**10,331**

In 2023, the ATM Group continued to invest energy in taking care of its people, with the aim of constantly ensuring that the value of the organisation is increased. The year was characterised by a substantial recruitment and selection programme aimed at strengthening internal structures. The selections targeted especially the resources to be included in the year's operational structures, including bus, tram and trolley bus drivers, station agents, security personnel, and other operational support figures. These recruitments were made both with full-time contracts and - in specific areas of the organisation - with part-time contracts, due to the need for organisational flexibility and optimal coverage of scheduled services.

Reference macroeconomic scenario

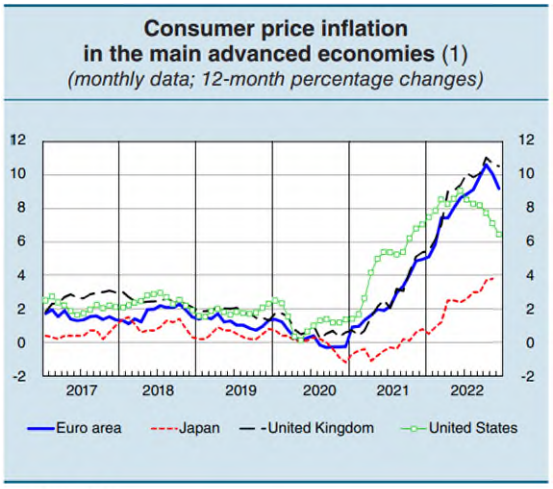
Macroeconomic framework

The global scenario in 2023 was characterised by declining economic growth and inflation, together with a marked tightening of monetary policies. The International Monetary Fund's year-end projections indicate an expected growth rate of the world economy for 2023 at around 3.0%, compared to 3.5% in 2022, as a result of the aforementioned monetary policies and the related deterioration in business and household confidence. Further possible obstacles to growth might arise from adverse developments in ongoing geopolitical tensions, particularly in the Middle East. According to Bankitalia data (cf. Boleco 1/2024), international trade recorded modest increases in the latter part of the year, showing an overall expansion of around 0.6% for 2023, compared to +5.4% in 2022. The more fragmented structure of global trade can be attributed to the medium-term effect of shocks such as the return of tariffs as a trade policy tool, the pandemic and, finally, the geopolitical scenario.

The restrictive monetary policy actions implemented by Central Banks globally, and especially by the FED and ECB between the end of 2022 and the autumn of 2023, have begun to affect inflationary dynamics at a generalised level, fuelling the downward trend of indicators and, above all, expectations of a further gradual decline, albeit to higher levels than the target levels indicated by issuing institutions. Maintaining high interest rate levels for a prolonged period will, according to the institutions themselves, ensure that the on-time target of 2% is achieved. In the Eurozone, GDP showed a stagnating trend (+0.5% year-on-year), held back both by the slowdown in fixed investments and the negative

contribution of the change in inventories, and by household consumption, which remained almost static in the first half of the year, despite a 6.5% stable unemployment rate. Furthermore, the persistently weak net international demand did not help the dynamics of such indicators. The ECB's projections, released in December 2023, foresee a modest acceleration of the area's GDP, to +0.8% for 2024 (from the 0.6% forecast for 2023) and to +1.5% for 2025-2026; these values are conditioned by the expected weakening of the global cycle and by persistently burdensome financing conditions for households and businesses. High rates generated negative growth in corporate loans granted by banks in the first nine months of the year, though showed a slight reversal in the final months.

As for inflation in the Eurozone, according to the December ECB projections, consumer price dynamics are expected to decrease to 2.7 % in 2024, reaching the 2 % target as of the third quarter of 2025.

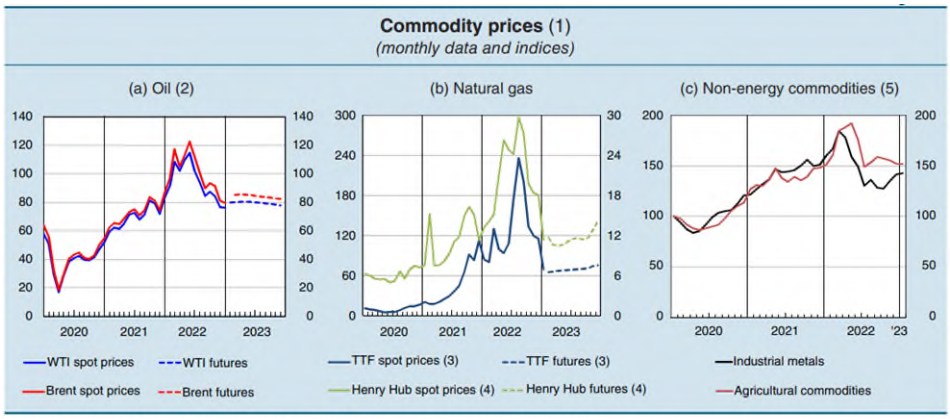


Source: Refinitiv.
(1) For the euro area and the United Kingdom, harmonized consumer price index.

(Source of graphics: Bank of Italy Economic Bulletin - January 2024)

The correction of energy commodity prices since the end of 2022, unrelated to the ECB's restrictive actions, has accelerated the achievement of the 2% target for the Eurozone. The Frankfurt institution's action further helped to anchor inflation expectations and also slowed down the underlying price dynamics, excluding energy and food.

The downward price movement lasted until the summer. In particular, oil started to rise again in June and then stabilised at around US$ 90 per barrel in October, coinciding with the outbreak of the conflict in the Middle East, a level still higher than the equilibrium level for the world market of US$ 60-70 per barrel. The scenarios developed at the end of the year by the Energy Information Administration (EIA), predict stabilisation around US$ 90-95 at the end of 2024, although these estimates might be affected by a possible widening of the conflict in the Middle East that could involve other major crude oil producing countries that are geographically close.



Sources: Refinitiv for oil and natural gas prices and Standard & Poor's for non-energy commodities.
(1) For the spot prices, monthly averages up to December 2022; the latest data refer to the average of the daily data from 1 to 13 January 2023. For futures, the data refer to the price on 13 January 2023. – (2) Dollars per barrel. – (3) Euros per megawatt-hour. – (4) Euros per megawatt-hour. Price of gas distributed via the Henry Hub in Louisiana (USA). Right-hand scale. – (5) Indices: January 2020=100.

(Source of graphics: Bank of Italy Economic Bulletin - January 2024)

During 2023, Italy's indicators were in line with the Eurozone. Growth was broadly flat at around 0.7 % (cf. Macroeconomic projections for the Italian economy, Bankitalia, December 2023), a figure correlated with the slowdown in investments held back by rising financing costs, the end of incentives for the construction sector and low household consumption.

According to the *"Survey on Inflation and Growth Expectations"*, conducted by Bankitalia on a quarterly basis, and based on ISTAT forecasts, the evaluations of the sample of companies interviewed between November and December 2023 (including ATM), regarding the general economic situation of the country, indicate a GDP of +0.7% also for 2024, sustained by domestic demand driven by private consumption, facilitated by more favourable inflationary dynamics with an ensuing recovery of real wages and employment growth.

The labour market showed favourable dynamics during the year, confirming an unemployment rate of 7.5% at the end of 2023 (according to ISTAT estimates) (21% among young people, down from 23% of the previous year). Most of the new workers were placed on permanent contracts, which may have positive effects on the demand side.

The Local Public Transport Sector

In spite of the end of the pandemic and a recovery path started as early as 2021, the LPT sector, also in 2023, partially intercepted the recovery in demand for mobility. According to the data contained in the quarterly report of the observatory on mobility trends prepared by the Struttura Tecnica di Missione (STM) of the MIT, LPT passengers still show a 12% to 21% gap in 2023 compared to previous years.

The combined availability of European resources (NRP and other European funds) and national resources (National Strategic Plan for Sustainable Mobility) has facilitated the sector's investments in environmentally friendly and technologically advanced vehicles, allowing for a marked reversal of the obsolescence trend of road rolling stock and the opportunity to implement sustainable solutions. The sector is also redefining the type of mobility demand according to the organisational and social-cultural changes that are affecting people's lifestyles. "Mobility As A Service" (MaaS) will focus transport on the mobility 'service' rather than the 'means' by which the service is offered, with investments also on the digital info-mobility front.

Going concern and contractual framework

Management of public transport services

The ways in which authorities entrust the management of Local Public Transport and related and complementary activities can be traced to two contractual forms:

- **Gross cost*:*** the industrial risk is borne by the operator while the commercial risk is borne by the entrusting entity, owner of the revenues from the sale of tickets.

  The operator receives a fee commensurate with the actual output of the service, revaluable from year to year on an inflationary basis.

  The fee is not influenced to any extent by the trend in revenue from the sale of tickets, the effects of any fare changes or changes in demand for mobility.

  As a result, it is necessary for the operator to continuously pursue operational efficiency objectives, based mainly on cost control.

- **Net cost*:*** both the industrial and the commercial risk are in the hands of the operator, which is the owner of the revenues from the sale of the tickets and receives from the entrusting body a fee calculated with reference to the theoretical non-coverage of the production costs by means of tickets.

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Existing contractual relationships

The services covered by the Service Contract between ATM S.p.A. and the Municipality of Milan under the gross cost regime are the management of intermodal Local Public Transport (metro, tram, bus and trolleybus), transport on demand, ancillary activities such as the distribution of tickets, related customer information and fare evasion control. With regard to the risk of fare evasion, ATM, while not being directly affected by this as it is the manager of the service by virtue of a gross cost contract, deploys all measures to combat fare evasion in order to maximise revenue for the entrusting body.

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

- ATM S.p.A. is responsible for managing transport services and complementary services on the basis of the guidelines and directives of the Municipality of Milan, which is responsible for planning;
- the Municipality of Milan, owner of the revenue from the sale of tickets, is responsible for defining and articulating the fare system; in this context, ATM S.p.A. plays a strategic role as manager of the sales network on behalf of the Municipality. Investments for the development and maintenance of the public transport network and related infrastructure are the responsibility of the Municipality of Milan as owner.

In addition to transport services, ATM S.p.A. manages, by virtue of the same assignment, complementary services to Local Public Transport, such as Parking Spaces on the road and in facilities and the removal and custody of vehicles in accordance with the Highway Code. The pricing policy for Parking Spaces is the responsibility of the municipality, while revenues are the responsibility of ATM S.p.A., which pays a predetermined fee to the municipality. This forecast was partially modified as a result of the tariff changes for paid Parking Spaces introduced by the Municipality of Milan in 2017; the continuation acts determined the allocation to the Municipality of the portion of annual revenue attributable to the price increase contractually identified as those exceeding the level of EUR 18,490 thousand annually.

The operational management of the Service Contract is delegated to an equal-composition Technical Committee, which, according to the contractual provisions, evaluates all aspects related to the management and execution of the Service Contract, such as monitoring contractual performance, determining bonuses and penalties, evaluating changes to services and contractual variants, and evaluating extraordinary maintenance work on municipal assets.

In the context of existing contractual relationships, additional to those dealt with so far, the following are of particular relevance:

- the single management contract for the M5 underground line between ATM S.p.A. and the concessionaire company Metro 5 S.p.A. The contract regulates the management activities entrusted to ATM S.p.A. and related activities for the entire duration of the concession until 2040;
- the single management contract for the M4 underground line between ATM S.p.A. and the concessionaire company SPV Linea M4 S.p.A. As with the M5 metro line, the contract regulates the management and related activities entrusted to ATM S.p.A. for the entire duration of the concession until 2046. The start of commercial operation of the M4 metro line, starting with the second functional section Dateo-Linate Airport, took place on 26 November 2022. As of 4 July 2023, the third functional route connecting San Babila with Linate Airport is active. The full line is scheduled to open by the end of 2024;
- the Service Contracts, under the *net cost* regime, between the subsidiary Nord Est Trasporti S.r.l. and the Local Public Transport Agency of the Milan, Monza Brianza, Lodi and Pavia Metropolitan Area (*"Agenzia del Territorio"* or *"Agenzia di Bacino"*) for the management of the non-urban auto service in force until 31 December 2025;
- the Service Contract entered into with Metroselskabet I/S, under the *gross cost* regime, for the management, through the Danish-registered subsidiary Metro Service A/S, of the operation and maintenance of the M1 and M2 metro lines in Copenhagen, expiring on 29 September 2027;
- the Subcontract Agreement with Hitachi Rail STS, expiring on 29 September 2027, for the mobilisation, operation and maintenance of the M3 (Cityringen) and M4 metro lines in

Copenhagen. Metro Service A/S has completed the *mobilisation* of the M3 (Cityringen) and M4 metro lines, and on 29 September 2019 inaugurated the commercial and operating activity for the M3 metro line, while the commercial and operating activity for the M4 metro line was inaugurated on 28 March 2020;

- the Contract with Hovedstadens Letbaneselskabet (The Greater Copenhagen Light Rail), where Metro Service A/S performs the *pre-mobilisation* of the Greater Copenhagen Light Rail operations, a service for the suburban area west of Copenhagen. The 15-year operation and maintenance contract envisages that upon completion of construction work on the line, commercial and operational operation of the line will begin in 2025;
- the Contract, in partnership with Egis Projects S.A.S., for the operation and maintenance, through its Greek subsidiary THEMA S.A., of the automatic metro system in the city of Thessaloniki. The operation and maintenance contract has a duration of 10 years plus one year of pre-operation. Pre-operation activities are expected to be completed in the second half of 2024.

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Contract extensions

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

As described above, the services performed by ATM S.p.A. for the Municipality of Milan are regulated by the *"Contract for the Local Public Transport service and related and complementary services",* the original expiry date of which, initially set for 30 April 2017, has been extended until 31 December 2026.

With regard to the service contracts connected and complementary to the Local Public Transport service contract with the Municipality of Milan, the following is an overview of the new contractual deadlines following the latest extensions.

In relation to the above, on 29 December 2023 the Entrusting Entity - Municipality of Milan ATM S.p.A. signed the extension of the following contracts:

- Local Public Transport Service and related and complementary services: until 31 December 2026;
- Parking Spaces control, Car park management and vehicle removal service: until 31 December 2026;
- Service for the implementation and operation of the Bike Sharing sustainable mobility system: until 31 December 2026.

Subsequently, on 11 January 2024, the Entrusting Entity - Municipality of Milan and ATM S.p.A. signed the extension of the following contract:

- Routine maintenance and management of the systems, technologies and facilities that make up the Integrated Traffic and Territorial Control System (SCTT): until 31 March 2024.

Finally, on 12 January 2024, the Entrusting Entity - Municipality of Milan and ATM S.p.A. signed the extension of the following contract:

- Management of payment channels and collection, on behalf of the Municipality of Milan, of revenue from accesses to the L.T.Z. Cerchia dei Bastioni - "Area C" as well as back office, front office and call centre services dedicated to the management of the fulfilments required by the traffic regulations L.T.Z. Cerchia dei Bastioni - "Area C" and "Area B": until 31 December 2026.

- Activities related to the management of payment systems for access to the LTZ Cerchia dei Bastioni "Area C" and subsequent adaptation of the computerised system for managing transit and verifying procedures: until 31 March 2024.

The activities included in the contracts extended to 31 March 2024, namely the routine maintenance and management of the systems technologies and equipment constituting the Integrated Traffic and Territorial Control System (SCTT) and the activity related to the management of the payment systems for access to the LTZ Cerchia dei Bastioni "Area C" and the subsequent adaptation of the computerised system for managing transit and the recording procedures, shall be included in the concession, by means of project financing pursuant to art. 183 - paragraph 15 of Legislative Decree no. 50/2016 as amended, for design, implementation and maintenance services of Smart City IT systems and applications for security and mobility "Minnovo". The concessionaire of the agreement is the Temporary Grouping of Companies formed by A2A Smart City S.p.A. (agent) and ATM S.p.A. (principal). The agreement will be effective from 1 April 2024 and will last for twelve years.

The Contract with the Agenzia di Bacino for the Management of Suburban Auto Services

The contract for the management of the services performed by Nord Est Trasporti S.r.l. for the Basin Agency, i.e. the management of the suburban car service already extended to the end of *3*1 December 2023, has been further extended until 31 December 2025, in order to allow the necessary continuity of services in view of the new procedures for the awarding of services.

Going concern

The global scenario is still characterised by considerable uncertainty, mainly due to the continuing conflict between Russia and Ukraine, as well as the recent outbreak of another conflict in the Middle East quadrant. The Directors are aware that the volatility of energy commodity prices can be a risk factor for the public transport sector, unless the government intervenes to protect it. The trend of this production factor represents, for the three-year period 2024/2026, an element of potential criticality considering the extension of the service contract with the Municipality of Milan under substantially unchanged conditions. Therefore, the economic performance of ATM S.p.A. and the group as a whole could be affected by the costs of electricity procurement. To this end, it should be noted that during 2023 the Company entered into *commodity hedging* transactions, which expired by 31 December 2023. After the end of the financial year, the monitoring of the prices of the underlying assets, in particular the price of energy per Mw/h, continued. Market levels were below budgeted levels, so it was decided to finalise a further hedge (negotiated on 15 March 2024 using the *commodity swap* instrument) for the period April-September 2024 on a reference quantity of 52,380.00 Mw/h.

With regard to activities related to potential needs to optimise working capital, a rescheduling of credit lines was carried out in December 2023. Existing RCF (Revolving Credit Facilities) increased to a total of EUR 160 million, divided equally among four credit institutions. It is planned to refinance the Bond maturing in August 2024 in order to reschedule the debt on medium-/long-term maturities.

The aforementioned lines are in addition to those already in place as at 31/12/2023 of the Hot Money/Promiscuous type (short-term lines) for a total of EUR 47.5 million, and together they constitute an adequate available cash buffer.

Commercial Expansion Plan

In 2023, the implementation of ATM's commercial expansion plan continued, aiming to consolidate its role as a leading player also in the international scenario, placing a sustainable, efficient and technologically advanced service at the centre of its offerings.

ATM submitted new bids for the operation and maintenance of both road and rail systems in 2023 by winning in partnership with Egis, an internationally recognised French group operating in rail infrastructure engineering, the tender for the operation and maintenance of the new Thessaloniki metro in Greece. This metropolitan network represents a strategic infrastructure for the city of Thessaloniki and for the entire area of Macedonia, not least because of its port, which is the largest in the North Aegean Sea. With the new line, a better connection will be ensured, journey times will be reduced and it will be easier to move between different parts of the city, which today only has bus lines and a railway station. The metro will run through the entire city on the east-west axis with 13 stops from the terminus of Nea Elvetia to the railway station of Thessaloniki, an important interchange with the railway network. A further extension with five more stations is planned to connect the 25 Martiou stop with the south-eastern part of the city with a terminus at the Mirka station (Kalamaria extension).

Equipped with modern control and maintenance systems, the metro will run a daily service from 05.30 to 00.30 with 18 trains in the first phase, which will be increased to 33 to guarantee service with the Kalamaria extension. The project is completed by the train depot and the hi-tech management and control room located in the Pylaia area.

Also in the international sphere, procedures continued in 2023 for the awarding of the management of the automatic lines of the Grand Paris Express, the largest project for the construction of a new metro network in Europe to date, which includes four totally driverless lines:

- Lines 16 and 17: 56 km for the total of the two lines. The commissioning of the first station is planned for the beginning of 2024 (before the opening of the Paris 2024 Olympic Games) and will be completed in 2029.
- Line 15: 75 km in total, to be commissioned in 2025. The contract is scheduled to start in October 2023.
- Line 18: 35 km in total, with the sections scheduled to be put into service between 2026 and 2030.

ATM S.p.A is currently vying for the contract to operate line 18.

With reference to the Italian market, ATM is following the reopening of the market, which is currently being restarted after the stop caused by the health emergency and which is expected to lead to the issuing of several tenders for the operation and maintenance of urban and suburban networks in 2024.

In 2023, the implementation of the commercial expansion plan is continuing with the completion of the ongoing procedures for the allocation of road services in the capital region of Ile de France. In 2023, the opening to the market of the urban surface service in Paris, on which ATM is bidding for some of the 12 lots into which the French capital's urban surface service has been divided, came into full swing.

The Operating Environment and Performance

Activities in Italy

The event which marked ATM's operational management during 2023 is represented by the activation, on 4 July 2023, of the extension of the M4 line to the new San Babila terminal and the consequent reorganisation of the surface lines in order to favour the adduction to the new underground section, reduce service overlaps and enhance modal integration between the various mobility systems, guaranteeing more efficient and effective operating conditions and ensuring the maintenance of the main connections throughout the territory.

Service on the M4 line is provided by 10 trains with a *flat* service frequency of 3' between 06.00 and 22.00 (with an extension to 00.30 on Fridays, Saturdays and Sundays). The activation of this section was particularly significant as it realised the interconnection with the rest of the metro network through the San Babila M1 interchange station. In the course of 2024, the maintenance activities on the rolling stock fleet, currently carried out at the Linate site temporarily equipped for this purpose, will be transferred to the San Cristoforo depot/workshop. The opening of the Dateo - San Babila functional section has led to significant interventions on the surface lines and in particular, some retraction has been carried out to reduce metro-surface overlaps by means of line routing at the stations of the new M4 crossed along the route, and other network modifications have been introduced involving almost all the lines serving the eastern quadrant of the city. Among the interventions with the greatest impact is the elimination and replacement of line 73 with the new line 973, initially serving the suburban section between Linate airport and the municipalities outside and subsequently modified to improve penetration into Milan, in response to citizens' requests to restore the direct connection to the city centre. In the suburban area, the lines serving the municipality of Peschiera Borromeo have also changed their route in function of the interchange with the new M4 line at Linate Airport, also taking the opportunity to rationalise the service offered within the municipal area.

Although not directly connected to the activation of the new functional section of the M4, a number of network modifications were carried out at the same time, aimed at improving the capillarity of the service in the south-eastern suburban area, developing those actions to rationalise and improve the efficiency of the local public transport service, which in the short to medium term should also affect other areas of the city.

The interventions implemented and aimed at maximising the efficiency of the LPT service involved not only the revision of line routes, but also the adjustment of service levels; This intervention has the twofold objective of rebalancing the public transport supply/demand ratio - altered by the changes in mobility induced by the emergency management period linked to the COVID-19 pandemic - and also that of promoting the economic sustainability of the service, which has suffered not only from the effects linked to the COVID-19 pandemic but also the increase in energy costs linked to the conflicts currently underway.

In this sense, action has been taken to ensure a minimum level of service on the entire network, in terms of frequency and transport capacity, in particular by implementing a revision of weekday timetables from 30 January 2023 through the introduction of the so-called Intermediate" timetable to replace the winter timetable on a set of surface lines (-3% of travel on the network as a whole) and reshaping frequencies on the metro as well, in line with the quantitative data available on train occupancy levels

and the number of passengers passing through turnstiles, in addition to adjustments linked to the operating calendar.

Other adjustments were progressively put in place during the year to address critical service issues due to staff shortages/unavailability. This situation called for a timely remodelling of the operating schedules of most of the urban surface lines, with an initial action implemented as early as 13 November 2023, in order to provide users with an overall more regular service and to contain the lengthening of waiting times at stops.

As part of the '*Full Electric*' renewal plan, the programme to introduce electric buses into service continues in accordance with the gradual increase of the fleet, the adaptation of depots and the number of charging points. In the year 2023, the electric transition of the fleet also started on suburban lines, bringing the number of lines operated entirely with electric buses to 19. The operating plan, which has been adapted to the specific needs of the vehicles, whose productivity is dependent on the capacity of the batteries or the possibility of charging points, can therefore be considered further consolidated.

Lastly, ATM has been entrusted with the operation of the Varese Vellone - S. Maria del Monte funicular railway: the system, 386 metres long and 167 metres in height difference, had been at a standstill since December 2021. Service to the public resumed on 5 August 2023.

During 2023, the internalisation of maintenance activities for the new trains continued; the full service of a further 30 "Leonardo" trains was completed at the end of 2023. It should be noted that this internalisation phase resulted in a new way of managing maintenance and engineering processes, given the different technology of the new trains compared to the previous ones whose technology dated back to the 1960s. The direction taken is to carry out all maintenance activities internally, both ordinary and extraordinary, turning to third parties if the activities do not provide any particular return on experience for the company's core business (including if the specific technology is covered by a patent) or if there are work peaks to be managed.

In the area of plant and infrastructure works, contracts were awarded in 2023 for the waterproofing works in some sections affected by infiltration on Line M2 and for the restoration of the functionality and decorum of the Molino Dorino underground station on Line M1, with the aim of permanently resolving water infiltration by resurfacing the waterproofing layer.

During the year, ATM continued its programme to improve the accessibility of stations on the M2 metro lines. The escalators planned in the stations Centrale M2, C.na Gobba, Cologno Sud and Cologno Centro have been installed. During 2023, extraordinary maintenance work was carried out on 59 escalators and lifts on the M1 underground line, 56 escalators and lifts on the M2 underground line and 50 escalators and lifts on the M3 underground line.

On the urban tram network, as part of the work for the Municipality of Milan, work continued on the renewal and technological upgrading of the infrastructure, including the application of a radio frequency system on points, the application of a remote monitoring system on points and switches, and finally a preventive maintenance programme, aimed at containing noise emissions and reducing wear and tear. The construction sites concerned were: via Montegani (section from viale Cermenate to piazzale Abbiategrasso), Piazza XXIV Maggio-Corso San Gottardo, viale Rimembranze di Lambrate.

In Piazza XXIV Maggio and Piazzale Cadorna, the switch control systems were replaced with the less impactful 'Radio Frequency Systems' equipped with hydraulic dampers on the manoeuvring boxes.

Within the framework of the Full Green Consortium (implementation of sustainable mobility and digitalisation projects, characterised, first and foremost, by the transition from traditional diesel-powered bus fleets to zero-emission fleets, energy savings and efficiency, decarbonisation and improvement of air quality), ATM has initiated activities for the development of projects aimed at the electrification of ATAC and ANM bus depots; it has also provided support to COTRAL's technical offices for the project to purchase new trains.

Urban Forestry Initiatives

ATM, as part of the "Full Electric" Plan, in addition to the conversion of its entire diesel fleet, plans to reconvert its depots and build four new fully automated spaces with advanced technologies. In this area, particular importance will be given to the space above, which will be exploited as a place for forestation and the use of greenery for the benefit of the neighbourhood and citizens.

In particular, within the framework of *Sustainable Development Goal 11 - Sustainable Cities and communities, and 13 - Climate action* ATM is carrying out the "Green depots" project, whereby old depots will be converted to house the new buses and the necessary charging stations. An exploitation plan for planting greenery is also planned for them. The revamping of spaces in fact involves the use of NBS (*Natural Based Solutions*) tools, which in addition to being solutions that help reduce Co2, can also be an element in the modernisation of sustainable mobility and integration of the city fabric.

In 2022, a Green Wall was built in the Giambellino depot, a 350 square metre work that is part of the European Horizon 2020 project within the Clever Cities plan and that saw the participation and contribution of the local community and the Milan Polytechnic. The Department of Architecture and Urban Studies of PoliMi and the Department of Earth, Environmental and Life Sciences of the University of Genoa have promoted studies to attest to the environmental benefits of the wall.

The temperature measurements of the area were carried out with mobile sensors, recording an average temperature drop of around 2 degrees Celsius. Measurements with a thermal imaging camera showed a difference between the asphalt and the wall of 9 degrees Celsius, resulting in a strong reduction of the building's heat load both inside and outside.

The University of Genoa then attested to the effectiveness of plant species of a vertical green system in terms of collecting particulate matter, following PM10 measurements. The issued report illustrates the uptake of particulate matter and pollutants by the leaves of four different plant species: Hedera helix (HH), Polystichum luctuosum (PL), Lonicera ligustrina (LL) and Trachelospermum (TA).

The result confirmed the effectiveness in removing PMx, particularly fine particulate matter (PM1). All varieties proved to be highly active in removing dust with different diameters, especially in the PM1 to PM12 range.

Smart Mobility initiatives

The main ongoing projects are related to the design of a new official ATM app, in a multi-service key, the management of a portfolio of multi-disciplinary initiatives in the field of *smart* Parking Spaces and the launch of a *pilot 'Smart Hub'* aimed at creating and launching new value-added services for end users and the company. At the end of 2023, a new work plan was unveiled for the next three years to support the parent company in managing an expanded portfolio of projects aimed at creating increasingly efficient, sustainable, inclusive, accessible and *"user centric"* mobility.

- Work continued on the design of the new ATM app in a multi-service key, with the objective of launching a new version of the app which can, from time to time, integrate more and more public and private mobility services, guaranteeing a better *"user experience"* and in a coordinated manner with the company's other digital and non-digital *touch points* (e. g. website, ATM point, etc.) website, ATM point, etc.); the aim is to create an increasingly integrated, multi-modal, intermodal and omni-channel mobility experience.
- Multi-disciplinary initiatives were launched to identify value-added interventions related to Parking Spaces management in the Milan metropolitan area.
- In order to ensure an increasingly accessible, inclusive and simple mobility experience, areas of work have been identified, including the overhaul of *legacy* systems, with the aim of creating an increasingly effective digital ecosystem and operating model to ensure an *increasingly simple and innovative user experience*.
- The first *"Smart hub"* pilot was launched, aimed at launching value-added services at car parks that can enhance Parking Spaces assets and can provide car park users and others with a range of services from a *"smart city"* perspective, with proven sustainability benefits.

Activities abroad - Copenhagen

In 2023, passengers transported on the M1 & M2 and M3 & M4 lines increased by 11% and 15% respectively compared to 2022.

The results for the operation of the M1, M2, M3 and M4 metro lines of the Copenhagen Metro were outstanding, in fact, the *service availability* was 99.2% with a frequency of one train every 98 seconds at peak times for the M1 and M2 metro lines and 99.5% for the M3 and M4 metro lines with a frequency of one train every 93 seconds in the section between Østerport and Copenhagen Central Station.

During 2023, on the M1 and M2 lines, the number of trains operating during peak hours was increased from 31 to 33, allowing for an improved frequency. Further growth to 34 trains is expected in 2024.

Metro Service A/S continued its investment programme in actions to further reduce carbon dioxide emissions by completing the replacement of the remaining fossil-fuelled service vehicle fleet with electric vehicles.

Also, during 2023, Metro Service A/S started a major certification programme in the areas of Cybersecurity (ISO 27000), Asset Management (ISO 55001) and Environment Management system (ISO 14001). Certification in these areas will be achieved during 2024.

Finally, with regard to personnel, Metro Service A/S consolidated its employee welfare plan.

Activities abroad - Thessaloniki

In 2023, the ATM group expanded following the establishment of the company TheMa S.A., 51 per cent owned by Atm and 49 per cent by Egis, which is in charge of starting up and managing the new *driverless* metro in Thessaloniki, the construction of which will end in 2024.

This metro is a strategic infrastructure for the city of Thessaloniki and the entire area of Macedonia, which hosts the largest port in the North Aegean Sea. With the new line, a better connection will be ensured, journey times will be reduced and it will be easier to move between different parts of the city, which today only has bus lines and a railway station.

The contract awarded by Elliniko Metro, a company of the Ministry of Economy, was signed on 4 October 2023 in the presence of the Greek prime minister.

Following the conclusion of the contract, the recruitment and training of operational staff began in view of the start of commercial operation of the metro system in the second half of 2024.

Commercial Expansion Plan

In 2023, the implementation of ATM's commercial expansion plan continued, aiming to consolidate its role as a leading player also in the international scenario, placing a sustainable, efficient and technologically advanced service at the centre of its offerings.

ATM realised and presented new offers for the operation and maintenance of both road and rail systems in 2023.

Internationally, the procedure concerning the management of the automatic lines of the Grand Paris Express, the largest construction project of a new metro network in Europe to date, which includes four fully driverless lines, continues. Specifically, line 18 will connect Orly Airport to the southern and western suburbs up to the site of the Palace of Versailles. The tender is expected to be awarded in 2024. Participation in the tenders is through a Temporary Association of Companies with Egis SA, an internationally recognised French group with a presence in 120 countries, which operates in the fields of infrastructure engineering, planning and railway maintenance. Thanks to the *know-how* and experience of the two companies, the Franco-Italian consortium wants to become a point of reference in the management of metros in France, as has already happened in Greece.

Furthermore, in 2023, the implementation of the Strategic Industrial Plan continued through ATM's participation in various procedures for the assignment of road services in the first urban areas of Paris currently managed by RATP. These procedures started between the end of 2022 and the beginning of 2023 and will be concluded in 2024.

With reference to the Italian market, ATM participated in the tender for the assignment of the Varese funicular service, being awarded the service for a maximum period of two years.

With regard to the reopening of the domestic market in 2023, there was no significant restart after the stop resulting from the health emergency. The issuing of tenders for the operation and maintenance of urban and suburban networks is expected to resume between 2024 and 2025.

The capital expenditures

NFS

During the first half of 2023 the ATM Group made investments of approximately EUR 202.4 million (including investments by Metro Service A/S), of which approximately EUR 155.3 million was earmarked for fleet renewal, including extraordinary maintenance for the general overhaul of trams.

Below are the investments made by the ATM Group over the three-year period, broken down by macro-category:

	2023	2022	2021
Fleet renewal	*155.3*	*63.9*	*47.7*
Extraordinary building maintenance	*5.3*	*1.9*	*1.5*
Modernisation and upgrading of facilities and infrastructure	*24.7*	*11.6*	*14.8*
New technologies for payment and mobility info	*17.1*	*8.2*	*8.7*
Total	**202.4**	**85.6**	**72.7**

The investments made by the Group are aimed at generating positive spin-offs in terms of the performance of transport services and improving environmental performance and vehicle safety levels. Among the impacts pursued by the Group's investment strategy is the improvement of the *customer experience* and the reduction of atmospheric emissions from fossil fuels.

Regarding the renewal of the metro fleet, the contracts signed in 2022 with HITACHI RAIL for the supply of 46 new trains for Line 1 (no. 21 trains, replacing the "Revamping" trains) and Line 3 (no. 25 trains, of which 21.5 to replace the oldest part of the fleet and 3.5 to increase the equipment) entered the executive phase in 2023. The supply of the new trains will be entirely publicly subsidised. The programme to purchase trains for the M3 metro line is part of the broader project to upgrade the line, together with the new signalling system; this project is also the subject of specific funding.

As part of the 'Full Electric' plan to renew the bus fleet, ATM signed a framework agreement in 2019 to supply 250 electric vehicles. As of 31 December 2023, 216 buses have been delivered under this agreement and the completion of the delivery will take place during 2024. In the framework agreement, the replacement of the supply batteries is foreseen at about mid-life of the vehicle.

Following the allocation of the PNRR funds (measure M2C2 - 4.4.1 Renewal of green bus and train fleets - BUS sub-investment) to the Municipality of Milan, the procedures for the acquisition of additional electric buses, 12 and 18 metres, were started in the second half of 2022, with the publication of the relevant tender. At the end of 2023, the procedure was completed with the signing of contracts for 153 12-metre and 105 18-metre buses, with deliveries starting in mid 2025.

At the same time, adjustments are being made to the spaces and infrastructure for depots of and recharging electric vehicles. To this end, a five-year framework agreement was signed for the installation of charging stations at the Sarca, Giambellino and San Donato depots, as well as the installation of *opportunity chargers* at the main terminals of the automobile service and inside ATM depots. In the course of 2023, activities for the installation of charging stations were completed: 75 charging stations in the Sarca depot, 90 in the San Donato depot, 75 in the Giambellino depot; the installation of 18 *opportunity chargers has also been completed,* of which 14 at terminus points (6 in Viale Zara, 4 in P.za IV Novembre - Centrale, 4 in P.za Bottini/v. Viotti - Lambrate) and 4 within the depots (2 in

Giambellino, 2 in Sarca). As of 31 December 2023, a total of 240 charging stations and 18 *opportunity chargers* are therefore available. In the course of 2023, work started on the construction of the recharging infrastructure at the Palmanova depot. By the end of 2024, the installation of a further 50 pantograph stations and two fast-charge stations is planned.

Against the backdrop of the 'Full Electric' plan investments and in pursuit of its 'ecological mission', ATM has signed a contract to supply electricity produced from renewable sources, certified as Green Energy with Guarantee of Origin.

The Group's investment strategies in surface vehicles also include, as an intermediate step, the purchase of hybrid vehicles, both because the market is not yet able to meet the large demand for electric buses, and to comply with regulations, which set time limits on the use of older diesel vehicles. In this context, it should be noted that the deliveries scheduled under the framework agreement for 150 vehicles assigned at the end of 2021 (including full maintenance service extended to the entire life of the vehicle) of 150 12-metre hybrid buses were completed in 2023.

Given the fleet evolution detailed above, as of December 2023, ATM S.p.A.'s urban bus fleet consists of: 56% diesel, 24% hybrid, 20% electric[7]. The goal is to have, when fully operational, a total of 1,200 electric vehicles, so as to create a *'Zero Emission Zone'* that will allow, on the one hand, the reduction of diesel consumption by 30 million litres per year and, on the other hand, the reduction of CO2 emissions by approximately 75 thousand tonnes per year.

The railcar fleet is also the subject of a significant modernisation project. Against the framework agreement for the supply of 80 18-metre vehicles (of which 30 will be delivered between 2019 and 2020), a second application contract for a further 50 trolleybuses was signed in November 2021, with the first delivery taking place at the end of 2022. As of 31 December 2023, 30 vehicles have been delivered and the entire batch is expected to be completed by 2024. The acquisition is covered by funding from the Ministry of Infrastructure and Transport allocated to the Municipality of Milan. In December 2022, with further PNRR funding (measure M2C2 - 4.2 Rapid mass transport development) granted by the Ministry of Infrastructure and Transport to the Municipality of Milan, a third application contract was signed for the supply of a further 10 trolleybuses.

With these investments and the concomitant decommissioning of all old 12- and 18-metre vehicles, the average age of ATM's trolleybus fleet will drop to around four years.

As part of the renewal of the tram fleet, a framework agreement is in place for the supply of 80 bi-directional 25-metre trams for use on the urban and Regional network. In this context, a first application contract was concluded for 30 trams (10 intercity and 20 urban): As of 31 December 2023, eight trams have been delivered and are being tested and fine-tuned. In addition, to complete the replacement programme for 50 urban trams, two further application contracts were signed for a further 30 urban trams. The investment is co-financed by the Ministry of Infrastructure and Transport.

Finally, in mid 2023, following a call for tenders, a new contract was signed for the purchase of fourteen 35 m trams, fully financed with PNRR funds (measure M2C2 - 4.2 Development of rapid mass transport), to serve the future "interperipheral northern" line (line 7).

[7] The percentages are calculated with reference to the vehicle allocation (including vehicles not yet available for operation).

The new trams and trolleybuses purchased will offer customers a better quality of service, in terms of comfort and accessibility; they will be upgraded to the latest safety requirements, equipped with an anti-collision system and technological systems to enable network connectivity. They will also ensure the mitigation of noise emitted into the environment, and, thanks to the braking energy recovery system, guarantee energy savings.

Also, as part of the renewal of the vehicle fleet and with a view to sustainability, the replacement of diesel service cars with rented electric cars continues. These are used for servicing vehicles on the line, operational control and maintenance work on metro and tram systems. As at 31 December 2023, the fleet consisted of 116 cars.

As far as works on installations are concerned, it is worth highlighting the project to upgrade the M2 metro line, 60% co-financed by the State, which saw ATM take over from the Municipality of Milan to finance the remainder. The project concerns the renewal of the electric traction and power supply systems of the Cascina Gobba-Cologno Nord section, which started in 2020 and ended in 2023. The installation of the Cantalupa Electrical Substation is underway.

ATM also carries out, on behalf of the Municipality of Milan, a series of works on infrastructures owned by the Municipality, including works related to the renovation of the M2 underground line, and more specifically:

- the complete overhaul of the signalling system, the tender for which, awarded in the first half of 2020, was subsequently subjected to technical-administrative and legal audits by a third party. These verifications, which confirmed the correct handling of the tender procedure, allowed the contract to be signed in September 2021 and the start of design activities by the supplier in November 2021. The project aims to ensure a safer and more efficient operation of the service, to allow an increase in the frequency of trains passing through and, consequently, to increase the transport capacity of the line. The work is fully financed by ministerial contributions and the City of Milan;

- reinforcement renovation works. The works, which began in the summer of 2021, are aimed at renovating certain sections of the line in which the mechanical components have deteriorated in performance or have been built with technical solutions that do not allow the planned increase in speed from 70 km/h to 85 km/h. The work is almost entirely financed by ministerial contributions and the City of Milan. In the course of 2023, work on the renewal of the M2 Cascina Gobba-Cologno Nord/Cascina Gobba-Gessate section of the external section will be completed.

Finally, ATM is carrying out a complete overhaul of the signalling systems on the M3 metro line. This intervention, together with the renewal of the fleet, will contribute to the modernisation of the "yellow" line. A call for tenders was launched in 2021 and awarded in April 2022. On 6 May 2022, the urgent start of the works was realised to allow the development of the design activities by the Contractor, and on 28 September 2022, the signing of the contract with the Contractor took place. The intervention is fully financed by the Ministry of Infrastructure and Transport.

The design phase for the renovation of the fire-fighting systems in the tunnels and stations of the M1 and M2 metro lines was also completed. The interventions are co-financed by the Ministry of Infrastructure and Transport and the Municipality of Milan and are aimed at adapting the existing

systems to the new regulatory references on fire prevention, as identified by Ministerial Decree 21/10/2015. At the end of 2023, contracts were also signed for the construction of compartmentalisation works and the new fire-fighting water system in the stations and tunnels of the M1 line between Molino Dorino/Inganni and Sesto F.S. and the M2 line between Romolo and Crescenzago. In 2023, new fire detection and alarm systems were installed, replacing the existing ones, in 35 stations on the M1 line (Molino Dorino/Inganni - Sesto F.S. section) and in 17 stations on the M2 line (Romolo - Crescenzago section) and a new lighting and motive power system has been installed in the tunnels of the M2 line between the Cimiano and Romolo stops. Finally, the power supply and cabling lines of the light channels making up the lighting system of the areas open to the public in 34 stations on the M1 line and 14 stations on the M2 line have been rebuilt. ATM was in charge of coordinating all phases of the activity, from the executive and construction design to the supply of materials and the execution of the works.

In the area of equipment investments, the following are worth mentioning:

- the project to renew and upgrade (new installation and replacement) the wheel reprofiling equipment of metro trains. This intervention requires specific planning and major civil works for the installation of machinery in the processing pits. The project started with the installation of a new, modern wheel-turning station at the Gallaratese M1 depot; work is still in progress to replace the equipment at the Gorgonzola M2 and San Donato M3 depots, where machines capable of reprofiling the four wheels of a trolley at the same time will be installed. The project will then conclude with the replacement of the system at the Precotto M1 depot;

- as part of the renewal of the fleet of operating machines, the authorisation procedures for the purchase of 7 battery-operated electric shunting locomotives to be used for the movement of underground trains within depots and between workshops and depots in the absence of power supply to the lines were started in 2023. In line with the Full Green transition project undertaken by ATM, these vehicles will replace the outdated traditional diesel shunting locomotives. The subsidiary Rail Diagnostics also started a similar procedure for the acquisition of a locomotive, identical to its predecessors, for the handling needs of the railway wagons used for track maintenance activities.

Investments also include the ticketing revolution in Local Public Transport, of which ATM is the leader. The digital transformation of Milan's public transport is now at a turning point in ticketing; in fact, ATM is taking a further step in the contactless payment revolution. After two years of operation in the metro, the contactless payment system was subsequently also activated on all Atm bus, tram and trolleybus lines and is being extended.

With regard to the bus fleet of the NET subsidiary, an ecological transition to more environmentally friendly vehicles had begun in 2022. In 2023, the supply of 9 low-floor hybrid buses purchased under the ATM Framework Agreement was completed; in addition, 2 Euro 6 high-floor buses joined the NET fleet. The delivery of 7 partially low-floor hybrid buses was also planned for 2023, which, due to material procurement difficulties, were rescheduled for the beginning of 2024.

Also, during 2023, a new contract was signed for the supply of 15 hybrid buses, which are scheduled to be delivered in the second half of 2024.

Finally, as far as electric buses are concerned, thanks to the availability of public funding under the PNRR and the National Strategic Plan for Sustainable Mobility, a framework agreement was signed in

November 2023 for the supply of 30 electric vehicles; at the same time, the first two application contracts were also signed for the purchase of 15 electric buses, representing the company's first step towards conversion to electric engines.

Strategic Industrial Plan 2021 - 2025 and the "Milano Next" project

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

- to be a nationally and internationally recognised excellence in sustainable integrated mobility management, through a consumer-centric, technologically advanced, efficient and resilient service;
- become a promoter of change and revitalisation of Milan, of its evolution into a more liveable, sustainable, safe and *smart* city;
- Promote the enhancement 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.

Following the definition of three main strategic directions, namely operational efficiency, business expansion and sustainability, precise strategic initiatives were identified to achieve the challenging future goals.

Moreover, it is recalled that in implementation of the previous Strategic Industrial Plan 2019 - 2025, approved on 1 April 2019 by the Ordinary Shareholders' Meeting, and based on the subsequent resolution of the Board of Directors, the proposed *project financing* called "*Milano Next*" was approved as an implementation tool of the guidelines set forth in the Plan itself.

This project - presented in May 2019 - was aimed at defining interventions in the infrastructural, environmental and safety fields, as well as the management of integrated mobility services necessary for the improvement of the Local Public Transport service for a period of 15 years in the Basin of the Metropolitan City of Milan, Monza and Brianza, Lodi and Pavia. The Agenzia di Bacino and the Municipality of Milan have acknowledged the public interest of the proposal that, in light of the regulations in force, was to constitute the subject matter of the tender procedure pursuant to Article 183, paragraph 15, of Legislative Decree 50/2016; in light of such acknowledgement, in the event that potential competitors submit improved offers (both in economic and qualitative terms), "Milano Next", as the "promoter" entity, may exercise a right of pre-emption pursuant to the aforementioned Article 183, paragraph 15, of Legislative Decree 50/2016. Faced with the impacts of the COVID - 19 pandemic, the timing of the call for tenders has been postponed over the years, with the Agenzia di Bacino and the Municipality of Milan suspending the tender feasibility assessment process, but over time confirming the consistency of the "Milano Next" Proposal with the strategic objectives of the two granting bodies. Therefore, discussions with the evaluating bodies continued in 2023, aimed at analysing and deepening the proposal submitted in the light of the different and changed framework of local public transport.

Following the above-mentioned extension of the Service Contract with the Municipality of Milan to 31 December 2026, the time horizons for calling and awarding the tender have been redefined, and therefore, although the assumptions of public interest for the project financing called "Milano Next" and the Company's willingness to pursue the proposal within the regulatory framework of Legislative Decree no. 50/2016, it will be necessary to redefine the economic and investment scenario, the scope of the assignment and the company structure.

Commentary on the ATM Group's economic and financial results

NFS

The ATM Group's financial statements as at 31 December 2023 are prepared in accordance with IAS/IFRS.

Below are the comparative consolidated financial, equity and sustainability results determined taking into account the above:

- The 2023 operating profit was negative and equal to EUR 11,230 thousand (positive and equal to EUR 31,029 thousand as at 31 December 2022).
- The Group's profit for the year amounted to EUR 753 thousand (profit for the year of EUR 15,544 thousand as at 31 December 2022).
- Current assets decreased from EUR 501,953 thousand at 31 December 2022 to EUR 476,533 thousand at 31 December 2023.
- Current liabilities increased from EUR 433,592 thousand at 31 December 2022 to EUR 478,950 thousand at 31 December 2023.
- Net financial debt was negative, decreasing by EUR 132,446 thousand to EUR 95,669 thousand at 31 December 2023, whereas it was positive and equal to EUR 36,776 thousand last year.
- Net Capital Employed increased from EUR 1,378,618 thousand as at 31 December 2022 to EUR 1,486,939 thousand as at 31 December 2023 and is 77.3% covered by Equity.

Below are the consolidated comparative sustainability results:

- The value generated in 2023 is EUR 1,115,269 thousand (in 2022 it is EUR 1,099,426 thousand)
- The distributed value in 2023 is EUR 1,028,183 thousand (in 2022 it is EUR 1,000,892 thousand)
- The retained value in 2023 is EUR 87,086 thousand (in 2022 it is EUR 98,534 thousand)

Income statement

	2023	2022	Change
Revenues and other operating income			
Revenues from core business	925,458	905,587	19,871
Revenues from Local Public Transport of which:	*896,266*	*878,343*	*17,923*
Municipality of Milan Service Contract Fee	*693,567*	*697,751*	*(4,184)*
Copenhagen Service Contract Fee	*117,242*	*114,789*	*2,453*
Regional Area Service Contract Fee	*18,943*	*19,227*	*(284)*
Line 5 management contract fee	*28,868*	*24,448*	*4,420*
Line 4 management contract fee	*19,105*	*1,459*	*17,646*
Thessaloniki line management contract fee	*450*	-	*450*
Fare income - Regional area	*12,762*	*10,606*	*2,156*
Special/dedicated transport services	*5,329*	*10,063*	*(4,734)*
Revenues from Parking Spaces management	15,876	15,716	160
Revenues from car park management	9,519	7,971	1,548
Revenues from car removal management	3,570	3,428	142
Other Revenues from core business	227	129	98
Other revenues	81,156	93,317	(12,161)
Other proceeds of which:	90,718	92,566	(1,848)
National Labour Contract contributions	*50,190*	*50,190*	-
Total revenues and other operating income	**1,097,332**	**1,091,470**	**5,862**
Operating costs and other charges			
Costs for the purchase of goods and changes in inventories	(86,756)	(88,974)	2,218
Costs for services	(360,341)	(309,069)	(51,272)
Maintenance and cleaning costs	*(164,841)*	*(158,561)*	*(6,280)*
Traction electricity	*(83,415)*	*(49,859)*	*(33,556)*
Subcontracted transport services	*(25,173)*	*(31,682)*	*6,509*
Utilities	*(27,699)*	*(21,417)*	*(6,282)*
Production and distribution of travel documents	*(8,212)*	*(7,678)*	*(534)*
Insurance	*(6,621)*	*(6,057)*	*(564)*
Customer services and marketing	*(5,734)*	*(4,792)*	*(942)*
Staff services	*(5,367)*	*(4,908)*	*(459)*
Various services	*(11,368)*	*(8,859)*	*(2,509)*
Professional services	*(19,647)*	*(12,967)*	*(6,680)*
Supervisory costs	*(2,264)*	*(2,289)*	*25*
Operating Leases Costs	(3,250)	(2,110)	(1,140)
Costs for employee benefits	(557,738)	(568,910)	11,172
Wages and salaries	*(418,719)*	*(413,956)*	*(4,763)*
Social security contributions	*(111,810)*	*(100,618)*	*(11,192)*
Charges for defined contribution plans	*(24,948)*	*(24,668)*	*(280)*
Other costs	*(2,563)*	*(30,279)*	*27,716*
Personnel costs for internal work	*302*	*611*	*(309)*
Other operating costs and charges	(14,144)	(9,088)	(5,056)
Total operating costs and other charges	**(1,022,229)**	**(978,151)**	**(44,078)**
EBITDA	**75,103**	**113,319**	**(38,216)**

	2023	2022	Change
Depreciation and Impairment Losses	(86,333)	(82,290)	(4,043)
Depreciation - Property, plant and equipment	(126,976)	(118,644)	(8,332)
Plant and machinery	*(114,997)*	*(106,315)*	*(8,682)*
Buildings	*(5,469)*	*(5,425)*	*(44)*
Industrial and commercial equipment	*(3,222)*	*(3,566)*	*344*
Other assets	*(3,288)*	*(3,338)*	*50*
Equipment grants	44,850	40,554	4,296
Amortisation - Intangible assets	(1,473)	(1,590)	117
Software licences	*(1,473)*	*(1,590)*	*117*
Depreciation of right of use for leased assets	*(2,734)*	*(2,510)*	*(224)*
Depreciation - Property, Plant and Equipment	-	*(100)*	*100*
Operating result	**(11,230)**	**31,029**	**(42,259)**
Financial income	*13,460*	*3,358*	*10,102*
Financial expenses	*(9,176)*	*(18,990)*	*9,814*
Net financial income (expenses)	**4,284**	**(15,632)**	**19,916**
Net result of companies accounted for using the equity method	4,477	4,598	(121)
Profit before tax	**(2,469)**	**19,995**	**(22,464)**
Income taxes	3,222	(4,451)	7,673
Profit for the year	**753**	**15,544**	**(14,791)**
Profit for the year attributable to:			
Shareholders of the parent company	(3,941)	10,279	(14,220)
Minority shareholdings (*)	4,694	5,265	(571)
Total	**753**	**15,544**	**(14,791)**

(*) 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.

For a better understanding of the economic trend and to allow the comparability of the 2023 and 2022 financial statements characterised by significant non-recurring economic effects, the Directors decided to highlight the non-recurring effects in the following table to allow the "normalised" trend of the economic result to be identified; as required by the ESMA recommendation, the indications related to the nature of the items considered in the reconciliation are provided.

The impact of non-recurring effects is shown below:

	2023	2022
Profit for the year	**753**	**15,544**
Penalties (1)	552	-
Grants and contributions (2)	(6,199)	(12,439)
Obsolence Fund – provision (3)	1,750	-
Incremental depreciation (4)	4,757	-
Environmental Fund – release (5)	-	(1,180)
Non-recurring Personnel items (6)	(20,512)	1,600
Write-down – property, plant and equipment (7)	-	100
Settlement of tax disputes with Italian Tax Authorities (8)	(11,557)	-
Total non-recurring effects	**(31,209)**	**(11,919)**
Adjusted (loss)/profit for the year	**(30,456)**	**3,625**

(1) The line item includes non-recurring penalties for qualitative standard accrued in FY2023 for Euro 552 thousands. This gain is included in the line item Core Business Revenue of the consolidated income statement.

(2) The line item for the year ended December 31, 2023 includes tax credit on electricity costs for Euro 6,199 thousand. This gain is included in the line item Other income of the consolidated income statement.

The line item for the year ended December 31, 2022 includes (i) one-off grants claimed and received for Euro 5,446 thousand FY2022 and accounted for in the consolidated income statement in 2022 which were received as a contribution over capital expenditure finalized in previous years, (ii) tax credit on electricity costs for Euro 4,939 thousand and (iii) non-recurring operating contributions pursuant to Ristori Decree for Euro 2,054 thousand accrued in FY2022. This gain is included in the line item Other income of the consolidated income statement.

(3) The line item includes the obsolescence provision accrued in FY2023 for Euro 1,750 thousand, in connection to spare parts related to 10 trams that has been dismissed in FY2023. This cost is included in the line item Purchases of goods and changes in inventory of the consolidated income statement.

(4) The line item for the year ended December 31, 2023 includes the incremental depreciation referred to 10 trams following the reduction of their economic and technical life. This cost is included in the line item Amortization, depreciation and write-downs of the consolidated income statement.

(5) The line item includes the release of an Environmental Fund for Euro 1,180 thousand occurred in FY2022 on the basis of new and updated regulatory information. This gain is included in the line item Service costs of the consolidated income statement.

(6) Non-recurring Personnel items for the year ended December 31, 2023 includes (i) the release of the provision for risk and charges related to personnel costs for Euro 24,037 thousand, occurred after the agreement signed on April 3, 2023 between the Group and the trade unions and (ii) the provision accrued for Euro 3,525 thousand and related to early retirement incentives costs

for Group's employees nearing to retirement. These items are included in the line item Personnel expenses of the consolidated income statement.

Non-recurring Personnel items for the year ended December 31, 2022 are equal to the sum of (i) the provision accrued for Euro 8,740 thousand for potential risks and charges related to personnel costs and (ii) the provision accrued for Euro 3,419 thousand and related early retirement incentives costs for Group's employees nearing to retirement, minus (iii) public grants on labour costs for Euro 10,559 thousand. These items are included in the line item Personnel expenses of the consolidated income statement.

(7) The line item for the year ended December 31, 2022 includes the write-down related to the premise located in via Pompei, Monza and owned by the subsidiary Net S.r.l.. This cost is included in the line item Amortization, depreciation and write-downs of the consolidated income statement.

(8) The line item mainly includes the settlement of some tax disputes with Italian Tax Authority ("Agenzia delle Entrate") related to Irap calculation for years ended 2007, 2008, 2010 and 2012 related to ATM S.p.A. and reimbursement for years ended 2012, 2013 and 2014 related to the subsidiary Net S.r.l.. This gain is included in the line item Income taxes of the consolidated income statement.

	2023	2022
Profit for the year	**753**	**15,544**
Income taxes	(3,222)	4,451
Net income of companies valued by the equity method	(4,477)	(4,598)
Net financial income / (expenses)	(4,284)	15,632
Depreciation – property, plant and equipment	126,976	118,644
Plant capital contributions grants (1)	(44,850)	(40,554)
Amortization – intangible assets	1,473	1,590
Depreciation – right of use for leased assets	2,734	2,510
Write-down – property, plant and equipment	-	100
Penalties (2)	552	-
Grants and contributions (3)	(6,199)	(12,439)
Obsolescence Fund - provision (4)	1,750	-
Environmental Fund - release (5)	-	(1,180)
Non-recurring Personnel items (6)	(20,512)	1,600
Adjusted EBITDA	**50,694**	**101,300**
Adjusted EBITDA margin	*4.6%*	*9.3%*

(1) These amounts are related to the deferral effect of the grant which has been classified in reduction of capital expenditures in the consolidated balance sheet and in reduction of the depreciation in the consolidated income statement.

(2) The line item includes non-recurring penalties for qualitative standard accrued in FY2023 for Euro 552 thousands. This gain is included in the line item Core Business Revenue of the consolidated income statement.

(3) The line item for the year ended December 31, 2023 includes tax credit on electricity costs for Euro 6,199 thousand. This gain is included in the line item Other income of the consolidated income statement.

The line item for the year ended December 31, 2022 includes (i) one-off grants claimed and received for Euro 5,446 thousand FY2022 and accounted for in the consolidated income statement in 2022 which were received as a contribution over capital expenditure finalized in previous years, (ii) tax credit on electricity costs for Euro 4,939 thousand and (iii) non-recurring operating contributions pursuant to Ristori Decree for Euro 2,054 thousand accrued in FY2022. This gain is included in the line item Other income of the consolidated income statement.

(4) The line item includes the obsolescence provision accrued in FY2023 for Euro 1,750 thousand, in connection to spare parts related to 10 trams that has been dismissed in FY2023. This cost is included in the line item Purchases of goods and changes in inventory of the consolidated income statement.

(5) The line item includes the release of an Environmental Fund for Euro 1,180 thousand occurred in FY2022 on the basis of new and updated regulatory information. This gain is included in the line item Service costs of the consolidated income statement.

(6) Non-recurring Personnel items for the year ended December 31, 2023 includes (i) the release of the provision for risk and charges related to personnel costs for Euro 24,037 thousand, occurred after the agreement signed on April 3, 2023 between the Group and the trade unions and (ii) the provision accrued for Euro 3,525 thousand and related to early retirement incentives costs for Group's employees nearing to retirement. These items are included in the line item Personnel expenses of the consolidated income statement.

Non-recurring Personnel items for the year ended December 31, 2022 are equal to the sum of (i) the provision accrued for Euro 8,740 thousand for potential risks and charges related to personnel costs and (ii) the provision accrued for Euro 3,419 thousand and related early retirement incentives costs for Group's employees nearing to retirement, minus (iii) public grants on labour costs for Euro 10,559 thousand. These items are included in the line item Personnel expenses of the consolidated income statement.

	2023	2022
Profit for the year	**753**	**15,544**
Income taxes	(3,222)	4,451
Net income of companies valued by the equity method	(4,477)	(4,598)
Net financial income / (expenses)	(4,284)	15,632
Penalties (1)	552	-
Grants and contributions (2)	(6,199)	(12,439)
Obsolescence Fund - provision (3)	1,750	-
Incremental depreciation (4)	4,757	-
Environmental Fund - release (5)	-	(1,180)
Non- recurring Personnel items (6)	(20,512)	1,600
Write-down – property, plant and equipment	-	100
Adjusted EBIT	**(30,882)**	**19,110**
Adjusted EBIT Margin	*(2.8%)*	*1.8%*

(1) The line item includes non-recurring penalties for qualitative standard accrued in FY2023 for Euro 552 thousands. This gain is included in the line item Core Business Revenue of the consolidated income statement.

(2) The line item for the year ended December 31, 2023 includes tax credit on electricity costs for Euro 6,199 thousand. This gain is included in the line item Other income of the consolidated income statement.

The line item for the year ended December 31, 2022 includes (i) one-off grants claimed and received for Euro 5,446 thousand FY2022 and accounted for in the consolidated income statement in 2022 which were received as a contribution over capital expenditure finalized in previous years, (ii) tax credit on electricity costs for Euro 4,939 thousand and (iii) non-recurring operating contributions pursuant to Ristori Decree for Euro 2,054 thousand accrued in FY2022. This gain is included in the line item Other income of the consolidated income statement.

(3) The line item includes the obsolescence provision accrued in FY2023 for Euro 1,750 thousand, in connection to spare parts related to 10 trams that has been dismissed in FY2023. This cost is included in the line item Purchases of goods and changes in inventory of the consolidated income statement.

(4) The line item for the year ended December 31, 2023 includes the incremental depreciation referred to 10 trams following the reduction of their economic and technical life. This cost is included in the line item Amortization, depreciation and write-downs of the consolidated income statement.

(5) The line item includes the release of an Environmental Fund for Euro 1,180 thousand occurred in FY2022 on the basis of new and updated regulatory information. This gain is included in the line item Service costs of the consolidated income statement.

(6) Non-recurring Personnel items for the year ended December 31, 2023 includes (i) the release of the provision for risk and charges related to personnel costs for Euro 24,037 thousand, occurred after the agreement signed on April 3, 2023 between the Group and the trade unions and (ii) the provision accrued for Euro 3,525 thousand and related to early retirement incentives costs for Group's employees nearing to retirement. These items are included in the line item Personnel expenses of the consolidated income statement.

Non-recurring Personnel items for the year ended December 31, 2022 are equal to the sum of (i) the provision accrued for Euro 8,740 thousand for potential risks and charges related to personnel costs and (ii) the provision accrued for Euro 3,419 thousand and related early retirement incentives costs for Group's employees nearing to retirement, minus (iii) public grants on labour costs for Euro 10,559 thousand. These items are included in the line item Personnel expenses of the consolidated income statement.

(7) The line item for the year ended December 31, 2022 includes the write-down related to the premise located in via Pompei, Monza and owned by the subsidiary Net S.r.l.. This cost is included in the line item Amortization, depreciation and write-downs of the consolidated income statement.

For the further benefit of a better understanding of the Consolidated Income Statement, the main components of revenues, expenses, income and charges are analysed below.

Revenues and other operating income

"*Revenues and other operating income*" in 2023 amounted to EUR 1,097,332 thousand (EUR 1,091,470 thousand as at 31 December 2022) and increased by EUR 5,862 thousand. Total revenue includes "*Revenues from core business*" of EUR 925,458 thousand, "*Other Revenues*" of EUR 81,156 thousand and "*Other Income*" of EUR 90,718 thousand.

"*Revenues from core business*" amounted to EUR 925,458 thousand (EUR 905,587 thousand as at 31 December 2022) and increased by a total of EUR 19,871 thousand. This is broken down as follows:

- The "*Municipality of Milan Service Contract Fee*" decreased by EUR 4,184 thousand. The change is related to the non-recognition by the entrusting body of the additional mileage carried out by the parent company;
- The "Copenhagen Service Contract Fee" increased compared to 2022 by EUR 2,453 thousand. The higher revenues are related to the increase in service thanks to the new trains that came into operation, to the recognition, by the entrusting entity of the contractually envisaged indexation, and, finally, to the definition, with the entrusting entity, of the "performance bonus" due to the operator;
- The *"Regional Area Service Contract Fee*" decreased by EUR 284 thousand compared to 2022;
- The "*Line 5 Management Contract Fee"* increased by EUR 4,420 thousand compared to last year. The change is related both to the recognition of the indexation of the consideration as contractually provided for, and to the increased services performed during 2023;
- The "*Line 4 management contract fee"* increased by EUR 17,646 thousand compared to 2022; the increase is due to the single management contract for the Line 4 underground line between ATM S.p.A. and the concessionaire SPV Linea M4 S.p.A. The increase is linked both to the operation for the entire calendar year of the second functional Dateo-Linate Aeroporto section, in 2022 for the period 26 November - 31 December 2022 only, and to the opening to service of the Piazza Tricolore and Piazza San Babila stations on 4 July 2023;
- "Thessaloniki management contract fee" of EUR 450 thousand is related to revenues recognised during the mobilisation period of the line;
- *"Fare Revenues - Regional Area"* increasing by 2,156 thousand of euros. The increase is due *i)* as regards the Italian-registered subsidiary Net S.r.l. to the higher revenues related to theincrease in passengers that led to a consequent increase in the STIBM share due to Net S.r.l, *ii)* as regards the Parent Company the higher revenues are related to the passenger traffic related to the management of the Como - Brunate and Varese - Sacro Monte funicular railways for EUR 993 thousand and to the revenues from the management of the POMA 2000 light rail system for EUR 58 thousand;
- "*Special/dedicated transport services*" decreased by EUR 4,734 thousand. This latter change is related to the additional transport services that ATM S.p.A. has carried out at the request of the entrusting body, the Municipality of Milan, as part of the "*Pact for Milan*". These additional services were performed for the first half of 2022 only, while they were not performed in 2023;
- Services complementary to the Service Contract with the Municipality of Milan such as Parking Spaces, Car Parks, Removal and other core business revenues increased by a total of EUR 1,850

thousand. In particular, *"Revenues from Parking Spaces management"* increased by EUR 160 thousand, due to the resumption of the paid Parking Spaces regime compared to previous years; *"Revenues from car parks management*" and *"Revenues from car removal management"* increased by EUR 1,548 thousand and EUR 142 thousand, respectively. The increase of the two items is related to the resumption of activities in 2023.

"*Other Revenues from core business"* amounting to EUR 227 thousand (equal to EUR 129 thousand at 31 December 2022) refer to the reimbursement of the secondment of personnel from the ATM Group to other companies.

With regard to other operating income and proceeds, it should be noted that, "*Other revenues"* in 2023 amounted to EUR 81,156 thousand (EUR 93,317 thousand at 31 December 2022) and decreased by EUR 12,161 thousand. The decrease in this item is attributable to lower "Revenues for services rendered", which decreased by EUR 14,413 thousand compared to 2022 and is mainly related to fewer services rendered by the Parent Company for EUR 12,480 thousand and referred to maintenance activities on infrastructures owned by the municipalities, the Area B and C payment system and the Traffic and Territory Control system. In addition, in 2022, SPV M4 S.p.A. was charged for line maintenance costs following the postponement of the public opening of the M4 metro line on 26 November 2022. In 2023, in view of the start of operation of the second functional section last year, these costs were not recharged. We also have increased services rendered by the Danish subsidiary Metro Service A/S in favour of the owner in the amount of EUR 1,855 thousand. Partially offsetting the lower revenues indicated are higher revenues for advertising in the amount of EUR 1,315 thousand and for space rentals of EUR 442 thousand euros; the increases are related to the higher fee recognised by IGP Decaux in the amount of EUR 958 thousand and EUR 229 thousand for Findomestic's recognition of an advertising contribution and EUR 442 thousand in higher fees for fibre optic cables in the underground and leases on the mezzanines of the underground lines.

"*Other proceeds*" in 2023 amounted to EUR 90,718 thousand (EUR 92,566 thousand as at 31 December 2022) and decreased by EUR 1,848 thousand. The decrease in this item is due for EUR 3,545 thousand to *"Insurance refunds and costs incurred on behalf of third parties"* and for EUR 2,400 thousand to *"Contributions"*. With regard to *"Insurance reimbursements and costs incurred on behalf of third parties"* the change is almost entirely related to the lower revenues of the Parent Company referred to the reimbursements recognised by the Entrusting Entity to the Company for sanitation costs incurred in 2022 and in previous years during the emergency phase related to the Covid-19 pandemic, for a total of EUR 5,166 thousand, partly offset by reimbursements received from contracting authorities to cover costs incurred in submitting tender bids in the amount of EUR 952 thousand and reimbursements for higher commissions in the amount of EUR 517 thousand. As regards *"Contributions"*, the decrease is mainly due to the effect of the collection in 2022 of contributions related to the *"Restorals Decree"* pertaining to NET S.r.l. for EUR 1,525 thousand and, as regards the Parent Company, to the collection in 2022 of contributions related to the *"Restorals Decree"* pertaining to Como Fun&Bus for EUR 527 thousand. The item "*Contributions"* includes EUR 50,190 thousand of contributions for national labour agreements pertaining to the year, the amount of which is unchanged from the previous year, allocated by Law No. 47 of 27 February 2004 to cover the charges deriving from the renewal of the collective labour agreement for the two-year period 2002/2003, by Law No. 58 of 22 April 2005 to cover the charges deriving from the renewal of the national labour agreement for the two-year period 2004/2005, and by Law No. 296 of 27 December 2006 (2007 Budget) to cover the charges deriving from the renewal of the national labour agreement for the two-year period 2006/2007.

The above decreases were offset by higher "*Invoiced Penalty Charge Revenues"* in the amount of EUR 1,509 thousand and an increase of EUR 2,295 miin the item *"Other proceeds"* mainly attributable to higher receipts from *"Passenger Fines"*.

Operating costs and other charges

"*Operating costs and other operating expenses"* amounted to EUR 1,022,229 thousand (as at 31 December 2022, EUR 978,151 thousand) and increased by EUR 44,078 thousand.

The main changes relate to:

- *"Costs for the purchase of goods and changes in inventories*" amounted to EUR 86,756 thousand (EUR 88,974 thousand as at 31 December 2022), which decreased by EUR 2,218 thousand compared to 31 December 2022. The decrease for the period is related to lower purchases of materials to meet maintenance requirements and the inventory dynamics of the related obsolescence provision. In addition, the item under analysis includes the excise tax refund on diesel fuel amounting to EUR 4,218 thousand in 2023, an increase of EUR 3,220 thousand compared to 2022.

- "*Service costs*" amounted to EUR 360,341 thousand (EUR 309,069 thousand as at 31 December 2022), which increased by EUR 51,272 thousand. The main entries are:

  - "*Maintenance and cleaning costs* increased by EUR 6,280 thousand. The increase in maintenance costs incurred during the year, totalling EUR 2,564 thousand, is related to the lower costs incurred by the parent company for rolling stock maintenance activities as a result of the internalisation of maintenance activities, the higher costs for the period relative to maintenance work carried out on rolling stock and infrastructures, partly offset by lower costs for hardware and software maintenance. As far as Metro Service A/S is concerned, the higher charges related to maintenance on rail rolling stock connected to both the increase in the fleet and the increase in service. The decrease in cleaning costs incurred during the year is related to lower charges for cleaning work on vehicles and premises, partially offset by increased work on facilities. In 2023, the specific provision for environmental risks set up in previous years was used in the amount of EUR 750 thousand for specific maintenance work performed. EUR 6,568 thousand was set aside for the provision for restoration costs of the Danish subsidiary Metro Service A/S.

  - *"Electric traction energy*", an increase of Euro 33,556 thousand. This item reflects both the higher charges incurred by the Danish subsidiary in connection with the indexing of traction power supply contracts and the higher charges incurred by the parent company. With regard to the latter, the increase is due to both the increase in service due to the opening of the new stations on the Line M4 and the operation of the second functional section for the entire year, and to the higher supply charges compared to 2022, the year in which ATM benefited from the effects of the assignment in July 2021 of the tender for the supply of energy for the 2022 financial year at a fixed price.

  - "*Utilities"* increased compared to 2022 by EUR 6,282 thousand mainly due to higher charges for *"Electricity for lighting"* for EUR 8,263 thousand, the increase of which is due to higher supply charges compared to 2022, the year in which ATM benefited from the effects of the assignment in July 2021 of the tender for the supply of energy for the 2022 financial year at a

fixed price; partially offset by the decrease in costs incurred for *"Gas and district heating"*, for *"Water and sewerage*" and for *"Cogeneration costs*".

- "*Ticket Production and Distribution*" increased by EUR 534 thousand, as a result of the recovery in sales volumes;
- *"Customer services and marketing"* increased by EUR 942 thousand compared to 2022. The higher expenses incurred in 2023 mainly refer to new marketing initiatives in the amount of EUR 478 thousand and EUR 203 thousand to restaurant tram activities.
- *"Services for employees"* increased by EUR 459 thousand compared to 2022. The increase is attributable to training activities for employees, which increased by EUR 227 thousand, travel expenses, which increased by EUR 65 thousand compared to 2022, and medical expenses, which increased by EUR 129 thousand.
- *"Miscellaneous services"* increased by EUR 2,509 thousand compared to 2022; this refers to bank commission charges of EUR 6,475 thousand (EUR 4,711 thousand in 2022) and charges related to transport and material handling and waste disposal services of EUR 3,085 thousand (EUR 2,730 thousand in 2022).
- *"Professional services"* increased compared to 2022 by EUR 6,680 thousand. The increase compared to 2022 is related to the support requested from professionals for the acquisition of the shares of SPV M4 S.p.A.'s construction partners, participation in international tenders and ATM S.p.A.'s business expansion programmes.
- *"Subcontracted services"* decreased compared to 2022 by EUR 6,509 thousand, the change is related to the additional transport services that ATM S.p.A. had to request in the first half of 2022, from carriers in order to guarantee the same service offer against the decrease in vehicle capacity during the COVID - 19 emergency, additional services that were not requested in 2023 due to the end of the emergency phase.

- "*Operating lease costs"* increased by EUR 1,140 thousand compared to the previous year;
- "*Employee benefit costs*", which amounted to EUR 557,738 thousand (EUR 568,910 thousand as at 31 December 2022), decreased by a total of EUR 11,172 thousand. This decrease is the result of higher *"Wages and salaries"* costs of EUR 4,763 thousand, a decrease in *"Other costs"* of EUR 27,716 thousand, the decrease in *"Personnel costs for internal work"* by EUR 309 thousand and the increase in *"Defined contribution plan expenses"* by EUR 280 thousand, and, finally, the increase in *"Social security expenses"* by EUR 11,192 thousand. The higher *"Wages and salaries"* are mainly related to the higher salaries of the staff of the Danish subsidiary Metro Service A/S, the increase in remuneration for overtime, variable remuneration and the renewal of the National Collective Labour Agreement in 2022, effective 1 July. With regard to the reasons for decreases, it should be noted that, compared to the previous year, there were fewer provisions for holidays, renewal of the National Labour Contract/Results-based rewards and MBO. The higher *"Social security charges"* are mainly determined by lower reimbursements of sickness costs, lower releases related to the Results-based rewards and MBO and higher contribution charges related to the renewal of the National Labour Collective Agreement already highlighted in the item *"Wages and salaries"*, as well as the lower non-recurring effect related to the reimbursement of sickness costs paid in the year, amounting to EUR 10,599 thousand, EUR 17,406 thousand in 2022. The decrease in the item *"Other costs"* accounts for the release

of the amounts recorded for a dispute concerning the determination of indemnities to be paid to employees during holiday periods, recorded in previous years in the amount of EUR 24,037 thousand, of which full disclosure has been given in the non-recurring effects.

- "*Other Operating Costs and Charges"* which amounted to EUR 14,144 thousand (as at 31 December 2022 amounting to EUR 9,088 thousand) increased by EUR 5,056 thousand. The increase compared to 31 December 2022 was mainly due to changes in the allowance for doubtful accounts for EUR 2,673 thousand and higher provisions made to cover emerging risks for EUR 2,093 thousand. Finally, the item increased by EUR 604 thousand due to the dynamics associated with contingent liabilities. In addition, capital losses on assets were recognised in the year amounting to EUR 324 thousand relating to the disposal of obsolete and no longer usable revolving units and EUR 262 thousand relating to software that is no longer used;
- "*Depreciation, amortisation and impairment losses"* amounted to EUR 86,333 thousand (31 December 2022: EUR 82,290 thousand) and increased by EUR 4,043 thousand. The change is attributable to higher depreciation associated with the revision of the useful lives of 10 Eurotrams that are scheduled to be taken out of the production process in view of the revised operating schedules. The first 5 were taken out of service on 31 December 2023 and the remaining 5 will be taken out of service on 31 December 2024. The higher depreciation charged to the profit and loss account following the change in useful lives amounted to a total of Euro 4,756 thousand.

"*Net financial income (expenses)*" were positive and amounted to EUR 4,284 thousand (as at 31 December 2022 negative and amounted to EUR 15,632 thousand) and increased by EUR 19,916 thousand.

The item "*Financial income*", totalling EUR 13,460 thousand (EUR 3,358 thousand as at 31 December 2022), increased by EUR 10,102 thousand. This increase is related to higher income from the *fair value adjustment* of FVTPL-designated securities (increased compared to last year by EUR 5,499 thousand), as well as higher interest income of EUR 1,191 thousand. Other financial income increased by EUR 3,630 thousand. More specifically, the higher interest income is related to the increase in ATM S.p.A.'s stake in SPV M4 S.p.A. following the purchase of 29.2% of the shares owned by the construction shareholders, as well as their share of the shareholders' loan. The increase in the shareholding led to the reclassification of the investment under *"Investments in associated companies"*. The item *"Others"* refers to sundry income for EUR 2,878 thousand, mainly related to interest accrued on overdue amounts paid by the Agenzia delle Entrate following sentences issued by the Supreme Court of Cassation, and for EUR 1,837 thousand to the valuation at amortised cost of HTC&S designated securities.

The item "*Financial expenses*" totalled EUR 9,176 thousand (EUR 18,990 thousand as at 31 December 2022), an improvement of EUR 9,814 thousand compared to 2022. The change is related on the one hand to higher interest for defined benefit plans for employees (increased compared to 2022 by EUR 1,571 thousand), and on the other hand to lower charges from the adjustment to the *fair value* of the FVTPL-designated securities, which improved compared to 2022 by EUR 11,552 thousand. This item comprises not only the interest expenses recognised on the bond loan and financial liabilities for disbursements from the European Investment Bank, but also the interest expenses accrued on the RCF and Bridge to Bond credit lines. Interest expense recognised in the period amounted to EUR 5,344 thousand (31 December 2022: EUR 4,323 thousand) and increased by EUR 1,021 thousand compared to 2022.

The *"Net result of companies valued using the equity method"*, totalling EUR 4,477 thousand, includes the valuation of the companies Metro 5 S.p.A. for EUR 3,791 thousand, SPV Linea M4 S.p.A. for EUR 660 thousand and Movibus S.r.l. for EUR 26 thousand.

The item "*Income taxes"* includes EUR 481 thousand for the reversal of deferred tax liabilities recognised against the adjustment to *fair value* in application of the revalued cost method for real estate and the *fair value* valuation of rolling stock, and EUR 5,641 thousand for movements in deferred tax assets on provisions for risks for the period. Current taxes mainly refer to Metro Service A/S for EUR 3,044 thousand.

Lastly, the item includes income from the settlement of certain disputes with the tax authorities for a total of EUR 11,533 thousand.

The "*Profit for the Year"* was EUR 753 thousand, including the profit attributable to minority interests of EUR 4,694 thousand. The foreign subsidiary Metro Service A/S made a positive contribution of EUR 9,912 thousand to the result for the year.

Reclassified Consolidated Statement of Financial Position

	31.12.2023	31.12.2022	Change
NET INVESTED CAPITAL			
Property, plant and equipment	1,150,091	1,194,606	(44,515)
Intangible assets	4,163	4,303	(140)
Right of use on leased assets	6,177	6,977	(800)
Financial fixed assets	325,725	101,171	224,554
A. CAPITAL ASSETS	**1,486,156**	**1,307,057**	**179,099**
Trade receivables	217,127	229,505	(12,378)
Other current assets	154,446	173,321	(18,875)
Inventories	104,960	99,127	5,833
B. CURRENT ASSETS	**476,533**	**501,953**	**(25,420)**
Trade payables	346,887	289,795	57,092
Other current liabilities	132,063	143,797	(11,734)
C. CURRENT LIABILITIES	**478,950**	**433,592**	**45,358**
D. WORKING CAPITAL (D=B-C)	**(2,417)**	**68,361**	**(70,778)**
E. NET INVESTED CAPITAL (C+D)	**1,483,739**	**1,375,418**	**108,321**
Non-continuous assets and liabilities	3,200	3,200	-
TOTAL NET INVESTED CAPITAL AND NON-CONTINUOUS ASSETS AND LIABILITIES	**1,486,939**	**1,378,618**	**108,321**

Total "*Net Invested Capital and Discontinued Assets and Liabilities*" as at 31 December 2023 amounted to EUR 1,486,939 thousand and increased by EUR 108,321 thousand compared to 31 December 2022.

"Capital assets" as at 31 December 2023 amounted to EUR 1,486,156 thousand. During the year, capital expenditure amounted to EUR 202,409 thousand (net of the increase in usage rights recognised in accordance with IFRS 16 in the amount of EUR 1,935 thousand), while depreciation, amortisation and write-downs recognised in the income statement amounted to EUR 131,210 thousand (including the

amortisation of usage rights in the amount of EUR 2,734 thousand) and gross of the effect of grants for plant and equipment amounting to EUR 44,850 thousand.

The "*Current assets*" as at 31 December 2023 showed a negative balance of EUR 2,417 thousand, an improvement of EUR 70,778 thousand compared to 31 December 2022. The change is attributable to the dynamics of trade payables related to investment activities. The dynamics of changes in the various components of Working Capital are better analysed in the Notes to the Financial Statements.

The Group's "*Net Financial Debt*" as of 31 December 2023 - determined in accordance with ESMA Recommendations 32-382-1138 - for the purposes of this Report on Operations taking into account bonds and UCITs held by the Group, was positive at EUR 95,669 thousand compared to the negative value of EUR 36,776 thousand as of 31 December 2022. The change from 31 December 2022 is mainly attributable to operating and investment dynamics in addition to the acquisition of SPV Linea M4 S.p.A.

The balance of the loan with the European Investment Bank decreased due to the repayments made during the year in the amount of EUR 11,212 thousand.

Notes		31.12.2023	31.12.2022	Change
1	A) Cash and cash equivalents	(142,186)	(182,196)	40,011
2	C) Other current financial assets	(170,281)	(159,240)	(11,041)
	D) Liquidity (A+B+C)	**(312,467)**	**(341,436)**	**28,970**
3	E) Current debt (including debt instruments, but excluding the current portion of non-current financial debt)	220,193	35,159	185,034
4	F) Current part of the non-current financial debt	14,101	14,892	(791)
	G) Current financial debt (E)+(F)	**234,294**	**50,051**	**184,243**
	H) Net current financial debt (G)+(D)	**(78,173)**	**(291,385)**	**213,213**
5	I) Non-current financial debt (excluding the current part and debt instruments)	173,842	184,886	(11,044)
6	J) Instruments of debt	-	69,723	(69,723)
	L) Non-current financial debt (I)+(J)+(K)	**173,842**	**254,609**	**(80,767)**
	Net financial position (H+L)	**95,669**	**(36,776)**	**132,446**

Notes

1 - Includes the balance sheet item "*Cash and cash equivalents*" described in Note 21.

2 - Includes the balance sheet item "*Current financial assets*" described in Note 17 and the current portion of government grants recorded under "*Other current receivables and assets*" (Note 20).

3 - Includes the "*Bridge to Bond*", the interest portion of the bond and the current portion of the bond. The items are recorded under the balance sheet item "*Current Financial Liabilities*" described in Note 24.

4 - Includes the current portion of the loan with the European Investment Bank and the current portion of lease liabilities, recognised in accordance with IFRS16. The items are recorded under the balance sheet item "*Current Financial Liabilities*" described in Note 24.

5 - Includes the non-current portion of the loan with the European Investment Bank and the non-current portion of lease liabilities recognised in accordance with IFRS 16, recorded under "*Non-current financial liabilities*" described in Note 24.

6 - Includes the non-current portion of the bond issue included in "*Non-current financial liabilities*" described in Note 24.

	31.12.2023	31.12.2022	Change
SOURCES OF FINANCING			
Financial payables	408,136	304,660	103,476
Cash and securities	(312,467)	(341,436)	28,969
F. TOTAL FINANCIAL INDEBTEDNESS	**95,669**	**(36,776)**	**132,445**
Employee benefits	83,493	89,351	(5,858)
Provisions for risks and charges	132,262	148,699	(16,437)
G. NON-CURRENT LIABILITIES	**215,755**	**238,050**	**(22,295)**
H. NET EQUITY	**1,150,798**	**1,155,399**	**(4,601)**
- Share Capital	700,000	700,000	
- Reserves	393,474	393,878	(404)
- Profit/(Loss) carried forward	57,324	61,521	(4,197)
I. MINORITY NET EQUITY	**24,717**	**21,945**	**2,772**
L. SOURCES OF FUNDING (L=F+G+H+I)	**1,486,939**	**1,378,618**	**108,321**

The "*Group Net Equity*" as at 31 December 2023 amounted to EUR 1,150,798 thousand, a decrease of EUR 4,601 thousand compared to the year 2022. The decrease is attributable to the negative change in the item "*Gains/(Losses) carried forward*" in the amount of Euro 4,197 thousand, including the loss for the year of Euro 3,941 thousand and the negative change in the item "*Reserves*" in the amount of Euro 404 thousand. The latter is justified by the negative change of EUR 256 thousand to the allocation of the "*Profit for the Year*" 2022, the negative contribution of EUR 1,118 thousand to the statement of comprehensive income related to the valuation of the employee severance indemnity according to the actuarial method required by IAS 19, and the positive contribution of EUR 458 thousand to other positive changes in the statement of comprehensive income related to the valuation of the securities portfolio and the change in the "*Cash Flow Hedge Reserve*".

Reclassified Consolidated Cash Flow Statement	2023	2022	Change
Profit for the year	**753**	**15,544**	**(14,791)**
Adjustments to bring net profit back into line with net cash flow from operations:			
- depreciation, amortisation and consolidation adjustments	86,333	82,253	4,080
- net capital gains on asset disposals	(111)	(313)	202
- taxes, interest, dividends	(7,425)	20,042	(27,467)
- impairment on financial assets	(81)	78	(159)
- other non-monetary changes	(1,375)	(4,671)	3,296
Change in net working capital	87,883	1,265	86,618

Change in cash and cash equivalents provision	(72)	30	(102)
Non-current liabilities (change in provisions for risks and severance indemnities)	(26,335)	(3,742)	(22,593)
Interest paid on leased assets IFRS 16	(163)	(157)	(6)
Taxes paid, interest (paid) received, dividends received	(33)	(2,810)	2,777
Consolidated cash flow from operations	**139,375**	**107,519**	**31,856**
Investments			
Net investments in intangible and tangible assets	(202,409)	(85,591)	(116,818)
Realisation price of technical disinvestments	1,078	680	398
Changes in payables to suppliers for technical investments	(29,410)	27,032	(56,442)
Investments in financial assets	(224,233)	31,743	(255,976)
Changes in capital grants	178,430	16,230	162,200
Consolidated free cash flow	**(137,169)**	**97,613**	**(234,782)**
Change in current and non-current financial payables	103,278	(26,067)	129,345
Cash flow from equity (dividends paid)	(3,871)	(1,715)	(2,156)
Currency exchange effect	(125)	648	(773)
Repayment of principal on leased assets IFRS 16	(2,195)	(2,399)	204
Consolidated net cash flow for the year	***(40,082)***	***68,080***	***(108,162)***

The "*Consolidated cash flow from operations*" in 2023 was EUR 139,375 thousand, an increase of EUR 31,856 thousand compared to 2022. The dynamics related to Net Working Capital and, in particular, the increase in trade payables contributed to this result.

Consolidated "*Free cash flow"* was negative and equal to EUR 137,169 thousand, mainly due to the dynamics associated with investments in financial assets (acquisition of 29.2% of SPV Linea M4 S.p.A.), supplier payments for investments, and dynamics associated with technical investments in tangible and intangible assets net of grants for plant.

The "*Consolidated Net Cash Flow for the Year"* is negative and equal to Euro 40,082 thousand and is affected not only by the dynamics related to the change in Net Working Capital, but also by the investment activities in tangible fixed assets and financial assets with particular regard, in the latter case, to the acquisition of 29.2% of SPV Linea M4 S.p.A.

Commentary on ATM S.p.A.'s financial results

NFS

ATM S.p.A.'s financial statements at 31 December 2023 are prepared in accordance with IAS/IFRS.

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

- The 2023 operating profit was negative and equal to EUR 25,392 thousand (positive and equal to EUR 15,627 thousand as at 31 December 2022).
- The loss for the year was EUR 11,017 thousand (profit for the year was EUR 256 thousand as at 31 December 2022).
- Current assets were EUR 407,070 thousand (EUR 437,647 thousand as at 31 December 2022).
- Current liabilities amounted to EUR 430,978 thousand (EUR 379,960 thousand as at 31 December 2022).
- Current financial debt amounted to EUR 157,911 thousand (EUR 21,133 thousand as at 31 December 2022).
- Net Invested Capital increased from EUR 1,331,381 thousand as at 31 December 2022 to EUR 1,429,744 thousand as at 31 December 2023 and is 76% covered by Equity.

Income statement

	2023	2022	Change
Revenues and other operating income			
Revenues from core business	790,151	772,418	17,733
Revenues from Local Public Transport of which:	*754,983*	*739,498*	*15,485*
Municipality of Milan Service Contract Fee	*693,567*	*697,751*	*(4,184)*
Regional Area Service Contract Fee	*4,338*	*3,840*	*498*
Line 5 management contract fee	*28,867*	*24,448*	*4,419*
Line 4 management contract fee	*19,105*	*1,459*	*17,646*
Fare income - Regional area	*3,796*	*2,789*	*1,007*
Special/dedicated transport services	*5,310*	*9,211*	*(3,901)*
Revenues from Parking Spaces, Car Parks and Removal management	*28,965*	*27,117*	*1,848*
Revenues for services rendered to Group companies	6,203	5,803	400
Other revenues	66,627	80,574	(13,947)
Other proceeds of which:	80,920	83,449	(2,529)
National Labour Contract contributions	*48,644*	*48,644*	
Total revenues and other operating income	**937,698**	**936,441**	**1,257**
Operating costs and other charges			
Costs for the purchase of goods and changes in inventories	(74,085)	(77,182)	3,097
Costs for services	(310,229)	(261,504)	(48,725)
Maintenance and cleaning costs	*(142,784)*	*(136,870)*	*(5,914)*
Traction electricity	*(65,243)*	*(33,219)*	*(32,024)*
Subcontracted transport services	*(20,408)*	*(26,101)*	*5,693*
Utilities	*(27,129)*	*(20,835)*	*(6,294)*
Production and distribution of travel documents	*(8,212)*	*(7,679)*	*(533)*
Insurance	*(6,541)*	*(6,059)*	*(482)*
Customer services and marketing	*(5,555)*	*(4,681)*	*(874)*
Staff services	*(4,409)*	*(4,087)*	*(322)*
Various services	*(10,825)*	*(8,580)*	*(2,245)*
Professional services	*(16,973)*	*(11,189)*	*(5,784)*
Supervisory costs	*(2,150)*	*(2,204)*	*54*
Operating Leases Costs	(2,613)	(1,723)	(890)
Costs for employee benefits	(480,791)	(493,604)	12,813
Wages and salaries	*(357,524)*	*(353,209)*	*(4,315)*
Social security contributions	*(104,091)*	*(93,297)*	*(10,794)*
Charges for defined contribution plans	*(24,103)*	*(23,914)*	*(189)*
Other costs	*4,625*	*(23,795)*	*28,420*
Personnel costs for internal work	*302*	*611*	*(309)*
Other operating costs and charges	(12,967)	(8,182)	(4,785)
Total operating costs and other charges	**(880,685)**	**(842,195)**	**(38,490)**

EBITDA	**57,013**	**94,246**	**(37,233)**
Depreciation and Impairment Losses	(82,405)	(78,619)	(3,786)
Depreciation of property, plant and equipment	(123,083)	(115,447)	(7,636)
Plant and machinery	(113,412)	(105,042)	(8,370)
Buildings	(5,425)	(5,425)	
Industrial and commercial equipment	(2,484)	(2,443)	(41)
Other assets	(1,762)	(2,537)	775
Equipment grants	44,161	40,031	4,130
Amortisation - Intangible assets	(1,026)	(906)	(120)
Software licences	(1,026)	(906)	(120)
Depreciation of right of use for leased assets	(2,457)	(2,296)	(161)
Depreciation - Property, Plant and Equipment	-	-	-
Operating result	**(25,392)**	**15,627**	**(41,019)**
Financial income	*18,116*	*4,953*	*13,163*
Financial expenses	*(9,636)*	*(18,266)*	*8,630*
Net financial income (expense)	**8,480**	**(13,313)**	**21,793**
Profit before tax	(16,912)	2,314	(19,226)
Income taxes	**5,895**	**(2,059)**	**7,954**
Profit (Loss) for the year	**(11,017)**	**256**	**(11,273)**

For a better understanding of the economic trend and to allow the comparability of the 2023 and 2022 financial statements characterised by significant non-recurring economic effects, the Directors decided to highlight the non-recurring effects in the following table to allow the "normalised" trend of the economic result to be identified; as required by the ESMA recommendation, the indications related to the nature of the items considered in the reconciliation are provided.

The impact of non-recurring effects is shown below:

	2023	2022
Profit (Loss) for the year	**(11,017)**	**256**
Grants and contributions [(1)]	(6,199)	(10,912)
Obsolescence Fund – provision [(2)]	1,750	-
Environmental Fund – release [(3)]	-	(1,180)
Non-recurring Personnel items [(4)]	(20,096)	1,600
Depreciation and Impairment Losses [(5)]	4,757	-
Settlement of tax disputes with Italian Tax Authorities [(6)]	(10,913)	-
Total non-recurring effects	**(30,701)**	**(10,932)**
Adjusted (loss)	**(41,718)**	**(10,676)**

(1) The line item for the year item for the year ended December 31, 2023 includes tax credit on electricity costs for Euro 6,199 thousand. This gain is included in the line item Other income of the consolidated income statement.

The line item for the year ended December 31, 2022 includes (i) one-off grants claimed and received for Euro 5,446 thousand FY2022 and accounted for in the consolidated income statement in 2022 which were received as a contribution over capital expenditure finalized in previous years, (ii) tax credit on electricity costs for Euro 4,939 thousand and (iii) non-recurring operating contributions pursuant to Ristori Decree for Euro 527 thousand accrued in FY2022. This gain is included in the line item Other income of the consolidated income statement.

(2) The line item includes the obsolescence provision accrued in FY2023 for Euro 1,750 thousand, in connection to spare parts related to 10 trams that has been dismissed in FY2023. This cost is included in the line item Purchases of goods and changes in inventory of the income statement.

(3) The line item includes the release of an Environmental Fund for Euro 1,180 thousand occurred in FY2022 on the basis of new and updated regulatory information. This gain is included in the line item Service costs of the income statement.

(4) Non-recurring Personnel items for the year ended December 31, 2023 includes (i) the release of the provision for risk and charges related to personnel costs for Euro 23,435 thousand, occurred after the agreement signed on April 3, 2023 between the Group and the trade unions and (ii) the provision accrued for Euro 3,339 thousand and related to early retirement incentives costs for Group's employees nearing to retirement. These items are included in the line item Personnel expenses of the income statement.

Non-recurring Personnel items for the year ended December 31, 2022 are equal to the sum of (i) the provision accrued for Euro 8,300 thousand for potential risks and charges related to personnel costs and (ii) the provision accrued for Euro 3,419 thousand and related early retirement incentives costs for Group's employees nearing to retirement, minus (iii) public grants on labour costs for Euro 10,559 thousand. These items are included in the line item Personnel expenses of the income statement.

(5) The line item for the year ended December 31, 2023 includes the incremental depreciation referred to 10 trams following the reduction of their economic and technical life. This cost is included in the line item Amortization, depreciation and write-downs of the income statement.

(6) The line item mainly includes the settlement of some tax disputes with Italian Tax Authority ("Agenzia delle Entrate") related to Irap calculation for years ended 2007, 2008, 2010 and 2012 related to ATM S.p.A.. This gain is included in the line item Income taxes of the income statement.

	2023	2022
Profit (Loss) for the year	**(11,017)**	**256**
Income taxes	(5,895)	2,059
Net financial income / (expenses)	(8,480)	13,313
Depreciation – property, plant and equipment	123,083	115,447
Plant capital contributions grants (1)	(44,161)	(40,031)
Amortization – intangible assets	1,026	906
Depreciation – Right of use for leased assets	2,457	2,296
Grants and contributions (2)	(6,199)	(10,912)
Obsolescence Fund - provision (3)	1,750	-
Environmental fund - release (4)	-	(1,180)
Non-recurring Personnel items (5)	(20,096)	1,600
Adjusted EBITDA	**32,468**	**83,754**
Adjusted EBITDA Margin	*3.5%*	*8.9%*

(1) These amounts are related to the deferral effect of the grant which has been classified in reduction of capital expenditures in the consolidated balance sheet and in reduction of the depreciation in the income statement.

(2) The line item for the year ended December 31, 2023 includes tax credit on electricity costs for Euro 6,199 thousand. This gain is included in the line item Other income of the income statement.

The line item for the year ended December 31, 2022 includes (i) one-off grants claimed and received for Euro 5,446 thousand FY2022 and accounted for in the income statement in 2022 which were received as a contribution over capital expenditure finalized in previous years, (ii) tax credit on electricity costs for Euro 4,939 thousand and (iii) non-recurring operating contributions pursuant to Ristori Decree for Euro 527 thousand accrued in FY2022. This gain is included in the line item Other income of the income statement.

(3) The line item includes the obsolescence provision accrued in FY2023 for Euro 1,750 thousand, in connection to spare parts related to 10 trams that has been dismissed in FY2023. This cost is included in the line item Purchases of goods and changes in inventory of the income statement.

(4) The line item includes the release of an Environmental Fund for Euro 1,180 thousand occurred in FY2022 on the basis of new and updated regulatory information. This gain is included in the line item Service costs of the income statement.

(5) Non-recurring Personnel items for the year ended December 31, 2023 includes (i) the release of the provision for risk and charges related to personnel costs for Euro 23,435 thousand, occurred after the agreement signed on April 3, 2023 between the Group and the trade unions and (ii) the provision accrued for Euro 3,339 thousand and related to early retirement incentives costs for Group's employees nearing to retirement. These items are included in the line item Personnel expenses of the income statement.

Non-recurring Personnel items for the year ended December 31, 2022 are equal to the sum of (i) the provision accrued for Euro 8,300 thousand for potential risks and charges related to personnel costs and (ii) the provision accrued for Euro 3,419 thousand and related early retirement incentives costs for Group's employees nearing to retirement, minus (iii) public grants on labour costs for Euro 10,559 thousand. These items are included in the line item Personnel expenses of the income statement.

	2023	2022
Profit (Loss) for the year	**(11,017)**	**256**
Income taxes	(5,895)	2,059
Net financial income / (expenses)	(8,480)	13,313
Grants and contributions (1)	(6,199)	(10,912)
Obsolescence Fund - provision (2)	1,750	-
Incremental depreciation (3)	4,757	-
Environmental Fund - release (4)	-	(1,180)
Non-recurring Personnel items (5)	(20,096)	1,600
Adjusted EBIT	**(45,180)**	**5,136**
Adjusted EBIT Margin	*(4.8%)*	*0.6%*

(1) The line item for the year ended December 31, 2023 includes tax credit on electricity costs for Euro 6,199 thousand. This gain is included in the line item Other income of the income statement.

The line item for the year ended December 31, 2022 includes (i) one-off grants claimed and received for Euro 5,446 thousand FY2022 and accounted for in the income statement in 2022 which were received as a contribution over capital expenditure finalized in previous years, (ii) tax credit on electricity costs for Euro 4,939 thousand and (iii) non-recurring operating contributions pursuant to Ristori Decree for Euro 527 thousand accrued in FY2022. This gain is included in the line item Other income of the income statement.

(2) The line item includes the obsolescence provision accrued in FY2023 for Euro 1,750 thousand, in connection to spare parts related to 10 trams that has been dismissed in FY2023. This cost is included in the line item Purchases of goods and changes in inventory of the income statement.

(3) The line item for the year ended December 31, 2023 includes the incremental depreciation referred to 10 trams following the reduction of their economic and technical life. This cost is included in the line item Amortization, depreciation and write-downs of the income statement.

(4) The line item includes the release of an Environmental Fund for Euro 1,180 thousand occurred in FY2022 on the basis of new and updated regulatory information. This gain is included in the line item Service costs of the income statement.

(5) Non-recurring Personnel items for the year ended December 31, 2023 includes (i) the release of the provision for risk and charges related to personnel costs for Euro 23,435 thousand, occurred after the agreement signed on April 3, 2023 between the Group and the trade unions and (ii) the provision accrued for Euro 3,339 thousand and related to early retirement incentives costs

for Group's employees nearing to retirement. These items are included in the line item Personnel expenses of the income statement.

Non-recurring Personnel items for the year ended December 31, 2022 are equal to the sum of (i) the provision accrued for Euro 8,300 thousand for potential risks and charges related to personnel costs and (ii) the provision accrued for Euro 3,419 thousand and related early retirement incentives costs for Group's employees nearing to retirement, minus (iii) public grants on labour costs for Euro 10,559 thousand. These items are included in the line item Personnel expenses of the income statement.

For the further benefit of a better understanding of the Income Statement, the main components of revenues, expenses, income and charges are analysed below.

Revenues and other operating income

"*Revenues and other operating income*" in 2023 amounted to EUR 937,698 thousand (EUR 936,441 thousand as at 31 December 2022) and increased by EUR 1,257 thousand. Contributing to this change is " *Revenues from core business*" of EUR 17,733 thousand, offset by the decrease in "*Other Revenues*" of EUR 13,947 thousand and "*Other Proceeds*" by EUR 2,529 thousand.

"*Revenues from core business*" amounted to EUR 790,151 thousand (EUR 772,418 thousand as at 31 December 2022) and increased by EUR 17,733 thousand. The item *"Revenues from LPT"* increased by EUR 15,485 thousand, the determinants of which are as follows:

- The "*Municipality of Milan Service Contract Fee*" decreased by EUR 4,184 thousand. The decrease is related to the non-recognition of the consideration linked to the change in the rate of inflation for the increased mileage by the Company and requested by the entrusting body;
- The "*Line 5 management contract fee*" increased compared to the previous year by EUR 4,419 thousand, the change is related both to the recognition of the indexation of the fee as provided for in the contract and to the increased services performed during 2023;
- The "Line 4 management contract fee" increased by EUR 17,646 thousand compared to 2022. The increase is linked both to the operation for the entire calendar year of the second functional Dateo-Linate Aeroporto section, in 2022 for the period 26 November - 31 December 2022 only, and to the opening to service of the Piazza Tricolore and Piazza San Babila stations on 4 July 2023;
- The *"Fare Revenues - Regional Area"* increased by 1,007 thousand euros. The increase was mainly due to higher revenues from passenger traffic related to the management of the Como - Brunate and Varese - Sacro Monte funiculars in the amount of EUR 993 thousand and to revenues from the management of the POMA 2000 light rail system in the amount of EUR 58 thousand;
- *Special/dedicated transport services* decreased by EUR 3,901 thousand. This latter change is related to the additional transport services that ATM S.p.A. has carried out at the request of the entrusting body, the Municipality of Milan, as part of the "Pact for Milan". These additional services were performed for the first half of 2022 only, while they were not performed in 2023.
- Services complementary to the service contract with the Municipality of Milan such as Parking Spaces, Car Parks, Removal increased by a total of EUR 1,848 thousand. Specifically, the *"Revenues from Parking Spaces management"* increased by EUR 160 thousand, the *"Revenues*

from Car Parks management" and the *"Revenues from car removal management"* increased by EUR 1,546 thousand and by EUR 142 thousand euro, respectively. The increase is due to the fact that these activities were significantly impacted by the emergency phase. Finally, the item *"Revenues for services rendered to Group Companies"* increased by a total of EUR 400 thousand.

With regard to other operating income and revenues, it should be noted that, "*Other Revenues"* amounted to EUR 66,627 thousand (EUR 80,574 thousand as at 31 December 2022) and decreased by EUR 13,947 thousand. The decrease is related for 16,247 to lower *"Revenues for services rendered"* due to fewer services rendered referring to maintenance activities on municipal-owned infrastructures, to the Area B and C payment system and to the Traffic and Territory Control system. In addition, in 2022, SPV M4 S.p.A. was charged for line maintenance costs following the postponement of the public opening of the M4 metro line on 26 November 2022. In 2023, in view of the start of operation of the second functional section last year, these costs were not recharged.

Lastly, increases related to advertising revenue in the amount of EUR 1,337 thousand and space rental revenue in the amount of EUR 439 thousand.

"*Other proceeds*" in 2023 amounted to EUR 80,920 thousand (EUR 83,449 thousand as at 31 December 2022) and decreased by EUR 2,529 thousand. The decrease is related to reimbursements paid by the Entrusting Entity in 2022 to the Company for sanitisation costs incurred in 2022 and in previous years during the emergency phase related to the Covid-19 pandemic for a total of EUR 5,165 thousand, partly offset by reimbursements received from contracting authorities to cover costs incurred in submitting tenders for tenders for EUR 952 thousand and reimbursements for higher commissions for EUR 517 thousand.

These changes were partly offset by higher *"Income from penalties invoiced to suppliers"*, in the amount of EUR 1,590 thousand. During 2023, penalties of EUR 856 thousand were invoiced to contractors and EUR 728 thousand to suppliers of road rolling stock.

The item "*Other Proceeds"* also includes EUR 48,644 thousand of contributions for national labour agreements pertaining to the year, the amount of which is unchanged from the previous year, allocated by Law No. 47 of 27 February 2004 to cover the charges deriving from the renewal of the collective labour agreement for the two-year period 2002/2003, by Law No. 58 of 22 April 2005 to cover the charges deriving from the renewal of the national labour agreement for the two-year period 2004/2005, and by Law No. 296 of 27 December 2006 (2007 Budget) to cover the charges deriving from the renewal of the national labour agreement for the two-year period 2006/2007.

Finally, the item under analysis includes contributions for the production of electricity through photovoltaic plants and contributions for personnel training.

Operating costs and other charges

"*Costs and other operating expenses"* amounted to EUR 880,685 thousand (EUR 842,195 thousand as at 31 December 2022) and increased by EUR 38,490 thousand.

The main changes relate to:

- *"Costs for the purchase of goods and changes in inventories*", amounting to EUR 74,085 thousand (EUR 77,182 thousand as at 31 December 2022), which decreased by EUR 3,097 thousand compared to 31 December 2022. The decrease was mainly due to the reimbursement of excise duty on diesel in 2023 amounting to EUR 3,650 thousand, an increase of EUR 2,788 thousand compared to 2022;
- "*Costs for services*", amounting to EUR 310,229 thousand (EUR 261,504 thousand as at 31 December 2022), increased by EUR 48,725 thousand.
  The main items, which show an increase compared to 31 December 2022, are:
  - *"Maintenance and cleaning costs"* increased by EUR 5,914 thousand. The increase relates to work by third-party companies for ordinary and extraordinary maintenance in the amount of EUR 112,749 thousand (EUR 105,137 thousand in 2022) and EUR 30,305 thousand (EUR 31,733 thousand in 2022) for cleaning work carried out on plants, depots, premises and vehicles during the year. In 2023, the provision for environmental risks set up in previous years was used in the amount of EUR 750 thousand for specific maintenance work performed;
  - "*Traction power*" up by EUR 32,024 thousand. The item under analysis accounts for both the higher travel in the period mainly related to the operation of the Linate - San Babila section of the M4 line and the effect related to higher input prices compared to 2022. The year 2022 benefited from the award of the supply contract in July 2021, before the explosion of energy prices in the autumn and before the outbreak of the Russia-Ukraine conflict.
  - *"Utilities"* increased by EUR 6,294 thousand over 2022. The increase was mainly due to higher charges for *"Electricity for lighting"* in the amount of EUR 8,262 thousand. This increase is affected by the amount reported under "*Traction electricity*". Partially offsetting this increase were lower charges of EUR 2,953 thousand for other utilities in 2023. Lastly, more adjustments were recognised in the year than in 2022 for a total of EUR 1,002 thousand;
  - "*Trip Ticket Production and Distribution*" increased by EUR 533 thousand, as a result of the recovery in ticket sales volumes;
  - "*Customer services and marketing*' increased by EUR 874 thousand, due to higher charges incurred for *comarketing* initiatives of EUR 421 thousand, EUR 202 thousand for the resumption of restaurant tram activities, and finally higher charges for the toll-free number of EUR 42 thousand;
  - *"Services for employees"* increasing by EUR 322 thousand refers mainly to the costs of medical expenses incurred for legal obligations and health checks in the amount of EUR 1,820 thousand (EUR 1,717 thousand in 2022) and training expenses in the amount of EUR 1,544 thousand (EUR 1,398 thousand in 2022). The increase is attributable to training activities for employees, which increased by EUR 146 thousand, to medical expenses of EUR 102 thousand, and finally to travel expenses, which increased by EUR 45 thousand compared to 2022;
  - *"Miscellaneous services"* increased compared to 2022 by EUR 2,245 thousand. This item mainly refers to bank commission charges of EUR 6,445 thousand (EUR 4,665 thousand in 2022), transport services for materials handling and waste disposal of EUR 2,146 thousand (EUR 2,042 thousand in 2022), and charges for personnel seconded by Group companies of EUR 993 thousand (EUR 793 thousand in 2022);
  - "*Professional Services*" increased by EUR 5,784 thousand. The increase is related to the support required from professionals for the acquisition of the shares of the construction

partners of SPV M4 S.p.A., the participation in international tenders for ATM S.p.A.business expansion programmes;

The main cost items showing a decrease are:

- "*Subcontracted transport services*" decreased by EUR 5,693 thousand, the change being related to the additional transport services that ATM S.p.A. had to request in the first half of 2022, from carriers in order to guarantee the same service offer against the decrease in vehicle capacity during the COVID - 19 emergency, additional services that were not requested in 2023 due to the end of the emergency phase.

– "*Operating lease costs"* increased by EUR 891 thousand compared to the previous year.

– "*Employee Benefit Costs*" which totalled EUR 480,791 thousand (EUR 493,604 thousand as at 31 December 2022) decreased by EUR 12,813 thousand. This item includes costs incurred for wages and social security contributions, provisions by law and pursuant to industry agreements, as well as costs for accrued but unused holiday and paid time off. The increase is the result of higher *"Wages and salaries"* for EUR 4,315 thousand and higher *"Social security charges"* for 10,794 thousand, *"Defined contribution plan charges"* for 189 thousand, partly offset by lower charges for *"Other costs"* for 28,420 thousand, in addition to lower recoveries related to *"Personnel costs for internal work"* for 309 thousand. The increase in the item *"Wages and salaries"* is due to the higher salaries of ATM S.p.A.'s personnel related to the renewal of the national collective labour agreement for tram operators, for which the last two planned tranches of EUR 30 per month have been paid (the first from June 2023, the second and last from September 2023). The increase was also influenced by a second-level company agreement signed in April, which resulted in a one-off payment of EUR 200 per person, plus an increase of EUR 50 per person from April. These effects are partially offset by a decrease in the average workforce of almost 90 persons as well as there were fewer provisions for holidays, renewal of the National Labour Contract/Results-based rewards and MBO.

  The item "*Social Security Charges*" increased due to both the contribution component related to the salary increases described above and the non-recurring event occurring in 2022 related to the reimbursement of previous year's sickness expenses in the amount of EUR 10,559 thousand, which was not present in 2023.

  The item *"Other costs"* decreased with respect to 2022 by EUR 28,420 thousand and includes the release of the provision recorded in previous years in the amount of EUR 23,435 thousand, which has been fully disclosed in the non-recurring effects.

  Costs are recognised net of capitalised personnel costs for internal work of EUR 302 thousand (EUR 611 thousand in 2022) and refer to the portion of personnel costs capitalised for extraordinary maintenance work carried out on the metro train fleet and trams.

- "*Other Operating Costs and Charges"* which totalled EUR 12,967 thousand (EUR 8,182 thousand as at 31 December 2022) and increased by EUR 4,785 thousand. The decrease with respect to 2022 was mainly due to the change in the provision for bad debts, which decreased in the period by EUR 2,632 thousand due to releases made during the year, partly offset by higher provisions made to meet emerging risks in the amount of EUR 2,054 thousand.

Adjustments and impairment losses amounted to a total of EUR 82,405 thousand (EUR 78,619 thousand as at 31 December 2022) and increased by EUR 3,786 thousand. The change is mainly attributable to the effect following the revision of operating schedules, as the useful lives of 10 Eurotrams scheduled to be taken out of the production process were revised. The first 5 were taken out of service on 31 December 2023 and the remaining 5 will be taken out of service on 31 December 2024. The higher depreciation charged to the profit and loss account following the change in useful lives amounted to a total of Euro 4,756 thousand.

"*Net Financial Income (Expenses)*" were positive and amounted to EUR 8,480 thousand (as at 31 December 2022 they were negative and amounted to EUR 13,313 thousand) and increased by EUR 21,793 thousand. The item "*Financial income*", totalling EUR 18,116 thousand (EUR 4,953 thousand as at 31 December 2022), increased by EUR 13,163 thousand. The increase is related to higher *"Interest income on loans to associates"* by EUR 590 thousand. The effect recognised in the income statement is due to the increase in ATM S.p.A.'s stake in SPV M4 S.p.A. following the purchase of 29.2% of the shares owned by the construction shareholders in addition to their share of the shareholders' loan. The increase in the shareholding led to the reclassification of the investment under *"Investments in associated companies"*. In addition, *"Fair value adjustment income"*, positive and amounting to EUR 5,225 thousand, and *"Fair value adjustment expense"*, negative and amounting to EUR 16 thousand, refer for EUR 96 thousand to income related to the measurement at fair value of financial receivables from the associate Metro 5 S.p.A, for EUR 428 thousand to income related to the measurement at *fair value* of financial receivables from the subsidiary SPV Linea M4 S.p.A, for EUR 4,679 thousand to the net income from the valuation at *fair value* of the financial instruments designated FVTPL and, finally, for EUR 5 thousand to the income from the valuation at *fair value* of the financial receivables from the SED-ATM building cooperatives.

The item *"Others"* amounting to EUR 9,920 thousand refers to sundry income and for EUR 2,878 thousand mainly related to interest accrued on overdue amounts paid by the Agenzia delle Entrate following sentences issued by the Supreme Court of Cassation, and for EUR 1,837 thousand to the valuation at amortised cost of HTC&S designated securities. This item includes income from the equity investment of Movibus s.r.l. in the amount of EUR 1,178 thousand, as well as income from the dividend paid by International Metro Service S.r.l. in the amount of EUR 4,029 thousand.

The item "*Financial expenses*" totalled EUR 9,636 thousand (EUR 18,266 thousand as at 31 December 2022), an improvement over 2022 of EUR 8,630 thousand. The development was due to higher interest for defined benefit plans for employees (increased by EUR 1,510 thousand compared to 2022). In addition to the interest expense recognised on the bond loan and financial payables for European Investment Bank disbursements totalling EUR 4,334 thousand (as at 31 December 2022, EUR 4,323 thousand) and increasing by EUR 11 thousand compared to 2022, this item also includes interest expense accrued on the RCF and Bridge to Bond credit lines totalling EUR 1,010 thousand.

The item "*Income taxes"* includes EUR 839 thousand for reversal of deferred tax liabilities recognised against the adjustment to *fair value* in application of the revalued cost method for real estate and the *fair value* valuation of rolling stock, and EUR 5,312 thousand for movements in deferred tax assets on provisions for risks for the period. Lastly, the item includes income from the settlement of certain disputes IRAP with the tax authorities for a total of EUR 10,911 thousand.

The "*Loss for the year"* totalled EUR 11,017 thousand.

Balance sheet and financial situation

	31.12.2023	31.12.2022	Change
NET INVESTED CAPITAL			
Property, plant and equipment	1,136,076	1,180,958	(44,882)
Intangible assets	2,689	2,631	58
Right of use on leased assets	5,465	5,987	(522)
Financial fixed assets	309,422	84,118	225,304
A. CAPITAL ASSETS	**1,453,652**	**1,273,694**	**179,958**
Trade receivables	181,125	187,535	(6,410)
Other current assets	140,668	165,007	(24,339)
Inventories	85,277	85,105	172
B. CURRENT ASSETS	**407,070**	**437,647**	**(30,577)**
Trade payables	319,660	256,498	63,162
Other current liabilities	111,318	123,462	(12,144)
C. CURRENT LIABILITIES	**430,978**	**379,960**	**51,018**
D. WORKING CAPITAL (D=B-C)	**(23,908)**	**57,687**	**(81,595)**
E. NET INVESTED CAPITAL (C+D)	**1,429,744**	**1,331,381**	**98,363**
Non-continuous assets and liabilities	-	-	-
TOTAL NET INVESTED CAPITAL AND NON-CONTINUOUS ASSETS AND LIABILITIES	**1,429,744**	**1,331,381**	**98,363**

Total "*Net Invested Capital and Discontinued Assets and Liabilities*" amounted to EUR 1,429,744 thousand and increased by EUR 98,363 thousand compared to 31 December 2022.

"*Capital assets*" as at 31 December 2023 amounted to EUR 1,453,652 thousand. During the year, capital expenditure amounted to EUR 195,826 thousand (net of the increase in usage rights recognised in accordance with IFRS 16 in the amount of EUR 1,934 thousand), while depreciation, amortisation and write-downs recognised in the income statement amounted to EUR 126,591 thousand, including the amortisation of usage rights in the amount of EUR 2,457 thousand, and gross of the effect of grants for plant and equipment amounting to EUR 44,160 thousand.

The "*Working Capital*" as at 31 December 2023 showed a negative balance and amounted to EUR 23,908 thousand, an improvement of EUR 81,595 thousand compared to 31 December 2022, the change is attributable to the recovery of investment activities. The dynamics of changes in the various components of Working Capital are better analysed in the Notes to the Financial Statements.

Notes		31.12.2023	31.12.2022	Change
1	A) Cash and cash equivalents	(109,159)	(153,830)	44,671
2	C) Other current financial assets	(163,878)	(152,873)	(11,005)
	D) Liquidity (A+B+C)	**(273,037)**	**(306,703)**	**33,666**
3	E) Current debt (including debt instruments, but excluding the current portion of non-current financial debt)	243,797	59,380	184,417
4	F) Current part of the non-current financial debt	13,833	14,625	(792)
	G) Current financial debt (E)+(F)	**257,630**	**74,005**	**183,625**
	H) Net current financial debt (G)+(D)	**(15,407)**	**(232,698)**	**217,291**
5	I) Non-current financial debt (excluding the current part and debt instruments)	173,318	184,108	(10,790)
6	J) Instruments of debt		69,723	(69,723)
	L) Non-current financial debt (I)+(J)+(K)	**173,318**	**253,831**	**(80,513)**
	Net financial position (H+L)	**157,911**	**21,133**	**136,778**

Notes:

1 - Includes the balance sheet item "*Cash and cash equivalents*" described in Note 21.

2 - Includes the balance sheet item "*Current financial assets*" described in Note 17 and the current portion of government grants recorded under "*Other current receivables and assets*" (Note 20).

3 - Includes the "*Bridge to Bond*", the interest portion of the bond and the current portion of the bond. The items are recorded under the balance sheet item "*Current Financial Liabilities*" described in Note 24.

4 - Includes the current portion of the loan with the European Investment Bank and the current portion of lease liabilities, recognised in accordance with IFRS16. The items are recorded under the balance sheet item "*Current Financial Liabilities*" described in Note 24.

5 - Includes the non-current portion of the loan with the European Investment Bank and the non-current portion of lease liabilities recognised in accordance with IFRS 16, recorded under "*Non-current financial liabilities*" described in Note 24.

6 - Includes the non-current portion of the bond issue included in "*Non-current financial liabilities*" described in Note 24.

The Company's "*Net Financial Debt"* as of 31 December 2023 - determined in accordance with ESMA Recommendations 32-382-1138 - determined for the purposes of this Directors' Report taking into account bonds and UCITs held by the Company - was positive at EUR 157,911 thousand, a decrease of EUR 136,778 thousand compared to 31 December 2022. The change from the previous year is mainly attributable to the opening of an RCF credit line in the amount of EUR 149,490 thousand to cover treasury needs. The balance of the loan with the European Investment Bank decreased due to the repayments made during the year in the amount of EUR 11,212 thousand. Also contributing to the balance is the financial payable from *cash pooling* to subsidiaries in the amount of Euro 23,604 thousand (Euro 24,220 thousand at 31 December 2022).

	31.12.2023	31.12.2022	Change
SOURCES OF FINANCING			
Financial payables	430,948	327,835	103,113
Financial receivables	(81)	(10)	(71)
Cash and securities	(272,956)	(306,692)	33,736
F. TOTAL FINANCIAL INDEBTEDNESS	**157,911**	**21,133**	**136,778**
Employee benefits	80,244	86,138	(5,894)
Provisions for risks and charges	109,883	132,747	(22,864)
G. NON-CURRENT LIABILITIES	**190,127**	**218,885**	**(28,758)**
H. NET EQUITY	**1,081,706**	**1,091,363**	**(9,657)**
- Share Capital	700,000	700,000	-
- Reserves	392,723	391,107	1,616
- Profit (Loss) for the year	(11,017)	256	(11,273)
I. MINORITY NET EQUITY	**-**	**-**	**-**
L. SOURCES OF FUNDING (L=F+G+H+I)	**1,429,744**	**1,331,381**	**98,363**

Equity as at 31 December 2023 amounted to EUR 1,081,706 thousand. The decrease is attributable to negative changes in the item Profit/Loss for the year for EUR 11,273 thousand and Reserves for EUR 1,616 thousand, of which EUR 256 thousand related to the allocation to the legal reserve of the 2022 profits and EUR 1,360 thousand to other changes in the statement of comprehensive income, mainly connected to the negative valuation of the staff severance fund according to the actuarial method required by IAS 19, positive for EUR 1,100 thousand, and the positive valuation of the securities portfolio for EUR 2,460 thousand.

Reclassified Cash Flow Statement	2023	2022	Change
Profit/(Loss) for the period	**(11,017)**	**256**	**(11,274)**
Adjustments to bring net profit back into line with net cash flow from operations:			
- depreciation and value adjustments of fixed assets	82,405	78,581	3,824
- net capital gains on asset disposals	(357)	(261)	(97)
- taxes, interest, dividends	(14,315)	15,349	(29,664)
- impairment on financial assets	(60)	61	(121)
- other changes	(43)	50	(93)
Change in net working capital	99,382	(2,020)	101,402
Change in cash and cash equivalents provision	(56)	11	(67)
Non-current liabilities (change in provisions for risks and severance indemnities)	(32,676)	(5,316)	(27,360)
Interest paid on leased assets IFRS 16	(141)	(138)	(4)
Taxes paid, interest (paid) received, dividends received	4,202	(1,106)	5,308
Net cash flow from operations	**127,324**	**85,468**	**41,856**
Investments			
Net investments in intangible and tangible assets	(195,826)	(81,000)	(114,825)
Realisation price of technical disinvestments	1,080	537	543
Changes in payables to suppliers for technical investments	(27,917)	25,556	(53,474)
Investments in financial assets	(226,298)	31,836	(258,135)
Change in grants	176,336	14,619	161,717
Free Cash Flow	**(145,300)**	**77,015**	**(222,315)**
Change in current and non-current financial payables	102,591	(20,177)	122,768
Currency exchange effect	(98)	713	(811)
Repayment of principal on leased assets IFRS 16	(1,920)	(2,217)	298
Net cash flow for the year	***(44,727)***	***55,334***	***(100,061)***

Referring to the Statement of Cash Flows for a detailed analysis of cash flows, it is noted here that the "*Net cash flow from operations*" in 2023 is positive and amounts to EUR 127,324 thousand. The investments made during the period, net of the release of certain provisions recorded in previous years, contributed the most to the result.

The *"Net Cash Flow for the Year"* was negative and amounted to EUR 44,727 thousand; as can be inferred from the table above, and was mainly impacted by the Bridge to Bond loan in the amount of EUR 149,490 thousand.

The value of cash and cash equivalents decreased to EUR 109,229 thousand from EUR 153,956 thousand as at 31 December 2022, gross of the related write-down provision.

Risk factors and uncertainty

NFS

This section outlines the main risks to which the Group is exposed in the ordinary course of business for the production of integrated mobility services.

Changes in the regulatory, operational and financial reference context are constantly monitored as part of a structured *framework* of *risk management*, which envisages the use of a plurality of tools useful for the correct identification of risks and the elaboration of the relative mitigation plans.

Consistently with the sustainability policies approved by the Board of Directors, work is underway to define, in accordance with the TCFD guidelines, the framework for analysing and managing risks related to climate change and consequent impacts that may affect operations and/or the economic, equity and financial situation.

For an analysis of financial risks, see Note 6 to the consolidated financial statements and Note 5 to the separate financial statements.

Below is an analysis of non-financial risks and the resulting uncertainties.

Risks linked to the external context

Risk of legislative and regulatory developments

As of 1 July 2023, Legislative Decree No. 36 of 31 March 2023 reforming the Public Contracts Code, in implementation of Article 1 of Law No. 78 of 21 June 2022, delegating the Government in the field of public contracts, became effective. The new Public Contracts Code applies to all proceedings commenced on or after 1 July 2023. The new legislation has been implemented by the Company, which has adapted its internal procedures to ensure its regular application.

Cybersecurity and Information technology

The digital transformation of the transport sector, the evolution of *Information* and *Communication Technology* (ICT) systems, as well as the sophistication and proliferation of cyberthreats, also arising from the hybrid working mode, have broadened the attack scope by malicious actors with potential reverberations in terms of assets, reputation and business operations.

Moreover, the ever-changing geopolitical framework, along with the resurgence of attack campaigns and the growing need for interconnections and interdependencies between information systems, have redefined the technological risk scenario, confirming the need to implement a strategic information security risk management process, adapted to corporate business priorities and consistent with the potential related to the digitisation process.

Most of the cyberattacks observed in the local public transport sector, such as against passenger systems, ticketing systems, web and mobile applications, on-board displays and other computerised systems,

were characterised by the common goal of rendering these systems unavailable, with consequent impacts on operations. For these reasons, ATM has implemented specific mitigation measures, adding solutions to its existing cyberdefence systems to absorb Distributed Denial of Service ("DDoS") attacks on different levels.

In order to reduce the attack surface as much as possible, the company has equipped itself with real time/near real-time monitoring systems to intercept any anomalies on the infrastructure. These proactive monitoring services are provided by the (cyber) Security Operation Centre with 7/24 coverage.

Another critical aspect in the ICT landscape is still the issue of obsolescence related to the Operational Technologies (OT) environment. This is mainly due to the time span of the life cycle of assets, which is much longer than in traditional ICT systems, which are increasingly interconnected, effectively exposing infrastructures to known vulnerabilities and threats.

Nevertheless, ATM recognises its information and IT assets as a determining factor in the creation of value and the achievement of corporate objectives, in the awareness that the protection of its technological assets is an indispensable condition for ensuring the provision of its services and increasing its efficiency and competitiveness.

In the implementation of cybersecurity controls, ATM is inspired by national and international industry best-practices, combining them with the principles of Security by design and Security by default, already from the technology demand processes. This is to enable its systems to respond from the outset to potential disruptions and, more generally, to any action that compromises and/or may compromise the confidentiality, integrity and availability of company data and information, strategic technology 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 organisational security, for which continuous monitoring, measurement and consequent reviews are foreseen.

The adoption of appropriate and proportionate technical and organisational measures to manage risks represents a fundamental activity both for strengthening the defence and resilience capabilities of infrastructures and for guaranteeing a high standard of reliability and quality of service.

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

Consequently, the organisational set-up has evolved with a view to guaranteeing, both at the *governance* level and at the level of operational management, all the necessary functional safeguards for an effective protection process of its IT and information assets.

The Company continued the process of strengthening and continuously improving its cyber risk governance by confirming the allocation of adequate resources in the Strategic Business Plan in addition to constant investments in maintenance to avoid obsolescence of systems and ensure their reliability, safety and efficiency. In particular, support was given to investments aimed at expanding system monitoring activities and additional resources were allocated to strengthen the capacity to respond to cyber security incidents. Further investments were also made in continuous training plans for internal skills enhancement.

To this end, in the area of *cybersecurity awareness*, awareness-raising and continuous training initiatives have been promoted at all levels of the organisation, with periodic reviews, paying particular attention to the professional profiles most exposed to *cyber risk*.

During 2023, the *awareness* and *training* campaign on the main IT security issues applicable in both the business and private contexts continued.

Operational risks

Risks related to the performance of the service

The main risk factors, typical of its operations, can be traced back to the possible malfunctioning and unforeseen interruption of the service caused by accidental events and/or extreme weather events and extraordinary events; these situations could create damage to people and lead to a negative economic impact.

The infrastructure and facilities through which ATM provides the service are exposed to possible malfunctioning and/or failure, due to accidental and/or natural causes as well as acts and damages of third parties against the company's assets. In order to make assets more resilient, attention is given to monitoring and maintenance implementation processes, with a view to guaranteeing system security and full availability, and Security protection is continuously active.

With reference to the vibration levels and noise emissions associated with the operation of metro and tram lines, the Company adopts measures to monitor and mitigate the inherent risk associated with the infrastructure. The ATM Group is also committed to specific renewal, modernisation and enhancement plans aimed at mitigating obsolescence, maintaining and increasing the performance of the assets required to provide the Local Public Transport service, which also draw on the resources made available by the National Recovery and Resilience Plan. Within these activities, the impacts fall on implementation time and costs, efficiency and availability of assets, i.e. their operation and management, with potential negative effects on the maintenance of service provision. Risk situations are particularly attributable to project authorisation processes by the competent authorities, staff recruitment and skills, identification of suppliers and monitoring of their performance.

For specific details on the actions undertaken during 2023, please refer to the chapter "Investments" in the Financial Report.

At the end of 2023, the regulatory framework was also extended, introducing new requirements that may have an impact on activities related to the provision of services on LRT systems.

To manage these areas of risk, the Company is pursuing an organisational streamlining that emphasises *Project Management* and *Change Management* activities as part of a corporate culture *"risk based approach"* with the aim of making decision-making increasingly conscious.

Climate change risk

The evolution of the climatic context and the scenarios that are foreseen in the use of energy sources directly and indirectly entail potential risks for ATM, but also opportunities, which may condition the correct implementation of the Strategic Industrial Plan, with particular reference to the process of energy transition and total electrification of the integrated mobility system, as well as the reduction of emissions.

Climate change could also cause physical risks related to extreme weather events, leading to potential more or less prolonged unavailability of assets and infrastructure, restoration costs, and inconvenience to customers.

In order to identify in a structured manner and consistent with the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) the main types of risks and opportunities and the associated impacts on business, a framework representing the main relationships and types of risks and opportunities and consequent mitigation and adaptation measures will be adopted by the Group during 2023. This process will take into account the results of the materiality analysis and priorities in terms of protecting company assets and ensuring continuity of service production.

The two main macro-categories of risks/opportunities identified are those arising from the evolution of physical variables and those arising from the evolution of transition scenarios.

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

The framework will consider physical scenarios referring to global warming ranges taken from official market sources.

The effects can be assessed over three time horizons: the short to medium term (1-3 years); the medium term (up to 2029), in which it will be possible to appreciate the effects of the energy transition envisaged by the Strategic Industrial Plan; the long term (beyond 2030), a horizon against which assessments with reference to possible structural changes at the climate level present a random range of variability.

Risks relating to environmental aspects, health and safety of workers

Consistent with the QAS policy, confirmed in the 2023 financial year by the Board of Directors, the constant application of the QHSE management systems ISO 9001, 14001 and 45001, together with established training and education processes, allow for the minimisation of the major risk factors relating to environmental and occupational health and safety aspects.

Maintaining effective and efficient management systems also allows for a rapid and effective assessment of potential risks arising from contextual factors, specific company site situations and changes in local, national and applicable voluntary international standards.

The achievement of high levels of performance in the QHSE area, which is also the subject of positive evaluation by external certification bodies, together with continuous training, and the allocation of

adequate resources, guarantee the substantial conformity of company processes and continuous improvement initiatives, also with regard to health surveillance. In 2023, the approach described above was fully extended to the main subsidiaries, Rail Diagnostics spa and Net srl, with the maintenance of their ISO 9001, 14001 and 45001 certifications.

The systematic performance of verification moments by the control functions, supplementary to the surveillance moments carried out by the certification companies, allows effective monitoring of the maintenance of mitigation measures and enables the identification of any processes subject to improvement actions. Coordination between the control functions, undertaken since 2021, has ensured that this activity has been carried out while minimising the impact on operational functions.

Human resources

At ATM, people are one of the fundamental pillars of the sustainability policy which is an integral part of the company's business and at the heart of the mobility concept. The Company is strongly committed to promoting a positive working environment and building corporate policies that value the individual and diversity.

In terms of enhancing the ATM Group's human resources and professionalism, the 2023- 2025 plan aims to develop new skills, as well as to strengthen its ability to attract talent and ensure its continued growth.

In order to ensure the presence of key resources with hard-to-find specialised skills, in 2023 the company invested in the implementation of a employer branding programme in various locations to recruit personnel (Job Tour). In 2023, the Group's commitment to constant updating, training and the search for professionalism was further strengthened, also through collaborations with the university world, which can bring value to the company in pursuit of the Group's objectives.

As part of the policies for enhancing the value of people and with the aim of retaining company skills, specific compensation programmes have been implemented.

The Group continues to evolve training paths, designing new ones in line with the People Strategy, using innovative solutions to meet the needs of upskilling and reskilling.

In 2023 there were no phenomena of collective conflict linked to particularly significant company motivations, thanks to the signing of agreements and understandings (e.g. holiday agreement, second-level bargaining renewal - economic recognition).

With the aim of guiding daily behaviour, clarifying what is to be considered a violation from a disciplinary point of view and providing indications on the most appropriate behaviour to adopt, a Code of Conduct was formalised in 2023 for the people of all ATM Group companies, suppliers and partners of the company. The Code of Conduct describe through ethical dilemmas and practical examples the ethical and unavoidable duties of respect, diligence, loyalty, impartiality and fairness, and guide actions in the working environment

With reference to the Diversity & Inclusion policies, a specific set of initiatives has been defined within the framework of the implementation of the business plan with a view to reviewing processes and enhancing skills that will also be implemented in 2024. Giving value to difference is a pivotal tool for mitigating risks related to the turnover of people. For specific details on actions taken during 2023,

please refer to the chapters "Human Capital, Resource and Leverage for Development" and "Group Human Capital" in the Financial Report.

Legal and compliance risks

Legal and compliance risks relate to the risk of incurring judicial or administrative sanctions, suffering losses or reputational damage as a result of non-compliance with directly applicable laws, regulations and European standards or supervisory authority measures, or self-regulatory standards; risk arising from unfavourable changes in the regulatory framework or case law.

This category includes, inter alia, the risks associated with the commission of the predicate offences set out in Legislative Decree No. 231/2001, which provides for the Company's liability for administrative offences in relation to certain expressly regulated cases. In this context, ATM and its Italian-registered subsidiaries 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 measures in place to prevent the commission of offences pursuant to Legislative Decree 231/2001. Models 231 are harmonised with the Group Anti-Corruption and Transparency Model ("ACT Model"), adopted on a voluntary basis and last updated on 13 December 2021.

Appropriate procedures were also put in place to verify the powers delegated from time to time and their adequacy to operational and management requirements.

As far as environmental issues are concerned (Legislative Decree No. 152/2006 and other applicable legislation) and health and safety (Legislative Decree No. 81/2008 and other applicable regulations) ATM and its subsidiaries NET and Rail Diagnostics have adopted and maintain Environmental (ISO 14001) and Health and Safety (ISO 45001) management systems, all governed by ISO 9001 quality management systems certified and audited annually by an external body.

With regard to the protection and processing of personal data, ATM has continued to adapt its processes in line with the regulations set forth by European Regulation No. 679/2016 (General Data Protection Regulation), the Personal Data Protection Code (Legislative Decree 101/2018) and the guidelines and recommendations laid out by Control Authorities.

The approach of European legislation, oriented towards protecting the rights of individuals, has led ATM to implement a system of personal data protection of an essentially preventive nature, based on minimising the risk of a breach, through protection techniques by design and by default, on making data controllers accountable (principle of accountability), and on introducing the institution of impact assessment for data processing that poses high risks for the rights and freedoms of individuals.

Finally, legal and compliance risks are related to the absence of or failure to comply with internal procedures and regulations. In this regard, ATM has adopted a comprehensive system of regulations and operating procedures, including:

- **Group Regulation**, which governs the Group's modus operandi and intra-group relations;
- the **Regulation for the Awarding of Contracts**, which governs the procedures for awarding contracts for works contracts, the purchase of goods and service contracts for all Group companies;

- the **Sales Regulation**, which governs the procedures relating to the sale of goods, materials and services and the awarding of contracts for the commercial use of areas and spaces;

- the **operational procedures and instructions**, which describe and regulate business processes.

In order to promote continuous improvement, ATM has undertaken a multi-year project to review its "Internal Regulatory System". The benefits of the project will be seen, in particular, in terms of simplification, consistency, clarity of documentation and the related authorisation process. Finally, in order to be able to govern the risks of non-compliance, ATM is implementing its Compliance Model consisting of several elements such as the governance of compliance, the legal inventory (inventory of relevant legislation), the risk assessment of compliance, training, etc.

Main outstanding disputes

ATM is a party in criminal, administrative and civil proceedings, as well as in legal actions related to the normal performance of its activities. The following is a summary of the most important pending proceedings before national authorities. Unless otherwise specified, in the various pending litigations, no evidence has emerged to date that would suggest an exposure to probable liabilities or material losses that would have an appreciable impact on ATM's equity, economic and financial position.

In detail, with regard to labour disputes, the following table shows the cases considered to generate probable liabilities and for which a specific provision for risks has been recognised under the item "*Provision for disputes and environmental risks*" and commented on in Note 25 "*Provisions for risks and charges*" of the Notes to these Consolidated Financial Statements:

– With regard to labour law disputes and proceedings initiated against ATM, it should be noted that 61 new disputes were opened in 2023: the number of cases concerning the termination of employment amounted to 8; the other cases concerned claims relating to alleged demotion/undeserved promotions/mobbing/straining (3 cases), claims for damages for discrimination (2), damages for accidents at work (1), claims for the application of a different national collective labour agreement (2); appeal against disciplinary sanction (1), claims for pay differences (42) of which 40 for unrecognised holiday pay.

  With reference to the lawsuits concerning pay differences allegedly due during the holiday period taken by workers, it must be pointed out that they concern an issue that affects the entire ATM workforce. On 3 April 2023, an agreement was signed with the main trade unions, which determines the economic criteria for remuneration of this allowance for the period prior to 1 July 2022 (with the renewal of the National Labour Collective Agreement in 2022, a lump sum was established, recognised from 1 July 2022 as holiday pay). Since June 2023, the company has implemented the procedure for signing minutes in a protected location in order to correct holiday pay with the entire company workforce according to the criteria of the above-mentioned agreement. At present, more than 90% of the workforce has endorsed the agreement. The disputes brought before the Court of Milan have been settled, with the exception of 35 actions instituted and notified during 2023 and still pending.

- A case, instituted before 2023, concerning a work-related accident of particular economic significance was settled, as the amount claimed for compensation was approximately EUR 900 thousand with a high risk of losing the case. It should be noted that, with reference to the same event, criminal proceedings are also still pending before the Public Prosecutor's Office of Milan, at the preliminary investigation stage, registered against the Employer, against whom a notice of end of investigations has been issued pursuant to Article 415-bis of the Code of Criminal Procedure.
- The lawsuit challenging the dismissal of the former head of ATM Points, in relation to facts in respect of which ATM decided to file a formal complaint-suit, was settled in favour of ATM in both the first instance and the appeal. The former employee sued before the Court of Cassation, with the first hearing pending. Of the lawsuits previously filed by the other former ATM Point employees who were involved in the same or similar facts, there is still one pending, which is currently before the Court of Cassation (the first two levels of judgement have been settled with rulings in favour of ATM).
- At the end of 2023, an appeal was filed by an employee of a contractor who, while carrying out cleaning work on the tram in April 2020, suffered a serious accident. ATM is sued as jointly and severally liable with the contractor for damages suffered by the worker. Given the severity of the injuries (a permanent disability of 75% was established), the counterparty's claim exceeds one million euros.

It should be noted that no significant penalties were found in connection with environmental laws and regulations during 2023.

With regard to disputes concerning the Public Transport Service, the most significant cases are illustrated, and for those considered to generate probable liabilities, a special provision for risks has been recognised as commented in Notes 24 and 25 "Provisions for risks and charges" in the Notes to the Consolidated and Separate Financial Statements:

- Among the cases concerning the Public Transport Service is the one with Caronte S.r.l. ("Caronte") for the period October 1997-2010, based on the counterparty's assumption that the urban lines operated by the company were part of the SITAM system. The first instance judgement was closed with the filing of Judgement No. 8098 of 11 September 2019, which ordered ATM to pay Caronte the capital sum of EUR 6,421 thousand plus legal interest from the due date to the balance, legal costs and accessories. ATM appealed to the Court of Milan against a ruling that it considers unfair precisely because of the legal reconstruction carried out by the trial judge. On 22 October 2019, the interim proceedings aimed at obtaining the suspension of the enforceability of the ruling concluded with no need to proceed and with the parties reaching an agreement on the point, that is, with ATM's payment of EUR 2,052 thousand. The appeal ended with ruling 1476/2021 rejecting the appellant ATM's requests for amendment. In 2021, ATM paid Caronte the residual amount of EUR 4,260 thousand for a total amount of EUR 6,421 thousand, which is, however, lower than the condemnation order as ATM retained the sum of EUR 1,991 thousand that it believes has already been paid to Caronte by the Municipality of Cinisello Balsamo for the same claim. An appeal before the Court of Cassation has been filed to challenge the judgment of the Court of Appeal. On 18

January 2024, the Court of Cassation discussed the case in Council Chamber and the Company is awaiting the publication of the judgment. Taking into account the strategy adopted by the Company to oppose judgments and considering the probable risk of losing the case, it should be noted that adequate provisions for risks and charges have been set aside in previous years.

– It should also be noted that, although ATM is not involved in the proceedings, in 2019 ATM received a warning and formal notice from the Municipality of Cinisello Balsamo in relation to an arbitration procedure brought by Caronte S.r.l. against the aforementioned Municipality. The economic claim is equal to EUR 4,169 thousand plus VAT and default interest referring to non-payments for lines 710-711, for the years from 2000 to 2011, and municipal line 712 for the years from 2000 to 2010. On 7 February 2020, the Arbitration Board issued an award granting Caronte's request and condemning the Municipality of Cinisello Balsamo to pay approximately EUR 5.2 million in principal, interest and legal costs. The Arbitral Award 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 22 July 1997 and subsequently extended to 31 December 2011. The fee for the service was contractually made up of a share of the public contribution and revenue from fare income. In a specific appendix to the contract, dated 21 May 1999, the Municipality of Cinisello Balsamo also acted as guarantor to Caronte for the reporting of fare revenues following the agreement signed with ATM (13 October 1997). This guarantee legitimised the claim made by Caronte to its entrusting entity. The arbitrators awarded Caronte, in relation to the above-mentioned lines and years, remuneration of EUR 1.842 per kilometre for the years from 2000 to 2007 (in line with what was indicated by the Court of Milan in the sentence issued between ATM and Caronte), EUR 2.5058 per kilometre for 2008, and EUR 2.6345 for the years from 2009 to 2011. This average per kilometre value was allegedly derived from the ratio of ATM's total revenues to the kilometres of the entire SITAM network as recorded in ATM's balance sheets. Although the award was appealed, on 27 May 2020, the Municipality of Cinisello sent ATM a formal notice ordering it to pay all sums due to Caronte, including those brought by the award. On 8 June 2020, ATM formally challenged the claims by the Municipality of Cinisello, reserving, however, any further consideration as to whether it owes Caronte any sums. In the event of repeated applications, ATM will maintain its position of rejection pending the outcome of the proceedings before the Court of Cassation.
  Due to the recognised partial overlap between the extension of the award and the ongoing litigation directly between ATM and Caronte, the risk must be assessed separately for the two periods:
  - remote for the claims relating to the years from 2000 to 2008 insofar as overlapping with the claims already requested by Caronte to ATM in the dispute before the Court of Milan concluded with ruling no. 8098 of 11 September 2019;
  - probable for the claims referring to the years 2009-2011, since the time frame in question is not included in the lawsuit pending before the Court of Appeal of Milan.

  Moreover, considering the actions that Caronte is bringing in various venues and against several parties, not least the Municipality of Sesto San Giovanni, it was deemed necessary to set aside in 2020 a provision for risks for the years from 2009 to 2011, for an amount equal to EUR 2 million, calculated by taking as a reference the revaluation carried out by the Arbitration Board of the

mileage value indicated in Judgement 8098/2019 plus any legal interest since, in the event of losing the case on appeal, this is the most probable valuation.

- It should also be noted that the Municipality of Segrate served a writ of summons to obtain the restitution of the amounts paid to Caronte for SITAM revenues for 2009 at the end of a lawsuit in which ATM was not a party. The claim amounted to EUR 790 including principal, interest and costs. The risk of litigation appears remote at this stage, since the Municipality of Segrate's recourse (in relation to the original dispute between said Municipality and Caronte, an appeal in Cassation is pending) originates from procedural errors that affected the outcome of the trial and that cannot, for that fact alone, be transferred to ATM. At the hearing held on 16 March 2021, the Court, accepting ATM's request on a preliminary basis, ordered the suspension of the trial instituted by the Municipality of Segrate "until the judgement issued by the Court of Appeal of Milan no. 4536/2019 or the assessment contained therein becomes final (in the event of annulment in Cassation with referral)". The trial is, therefore, suspended; from the date of the res judicata of the judgment rendered between the Municipality of Segrate and Caronte (or of the finding contained therein, in the event of annulment in Cassation with referral), the period of three months for the resumption of the trial will commence. In the absence of a resumption, the trial will be terminated. The status of the trial pending before the Court of Cassation, R.G. 4148/2020, between the Municipality and Caronte, to which ATM is not a party, concerning the appeal against the Milan Court of Appeal's decision no. 4536/2019, will be monitored.
- It should also be noted that Consorzio Trasporti Pubblici in liquidation (CTP) served two writs of summons in opposition to the two injunctive decrees filed by ATM, aimed at establishing that any regulatory change affecting the amount of the regional operating grant would have entailed a proportional automatic reduction in the amount of the consortium's unitary grant. CTP also contested ATM's failure to pay the revenues from advertising and user fines: on this point, ATM pointed out that no such agreement was provided for in the Convention. CTP also filed a counterclaim invoking Provincial Resolution No. 22/09, mentioned above, requesting ATM to pay an amount of over EUR 8 million plus VAT for the years 2000-2007 and 2000-2008. In its rulings 898/2021 and 922/2021, the Court of Monza, on the one hand, upheld, correctly and appropriately, ATM's defences and petitions, rejecting the objections by CTP and, as a result, declaring the orders enforceable. On the other hand, with ruling 898/2021, the Court upheld CTP's counterclaim and ordered ATM to pay the lower sum of EUR 7,957 thousand. The two sentences therefore result in credit and debit items that, net of the precise calculation of legal and default interest, see ATM as creditor to CTP for the sum of EUR 5,283 thousand. Both sentences were appealed and judgments went before the Court of Appeal. In Judgement No. 2696/23, the Court of Appeal rejected CTP's appeal against Judgement 898/21 and likewise rejected ATM's argument concerning SITAM. The Company appealed the second instance ruling to the Court of Cassation in line with the line of defence adopted in the case against Caronte. In Judgment No. 2949/23, the Court of Appeal rejected CTP's appeal against Judgment No. 922/21, suspending the judgment on SITAM until Judgment No. 2696/23 became final. The judgment was appealed in cassation by CTP.

  CTP made claims for payment pending appeal proceedings. On 3 February 2022, CTP wrote to ATM formally inviting it to comply with the provisions of Judgement No. 898/2021, without however

quantifying the amounts for which it requests payment and without indicating the manner in which payment should be made. Taking into account the full operative part of Court of Monza ruling no. 898/2021 and CTP's current position, ATM has requested the support of a lawyer experienced in bankruptcy law, considering CTP's declared situation of financial difficulty, in order to evaluate possible scenarios for the recovery of the receivable that the Company has from CTP and in particular the possibility of achieving a set-off between ATM's receivable and CTP's counterclaim. Following investigations, ATM sent a request on 21 March 2022 for payment of its claims in full under penalty of enforcement, and on 5 May 2022 it activated its claim by serving a writ of execution. CTP challenged the act with the formal opposition to the enforcement acts. During the opposition process, through counsel, the parties attempted, unsuccessfully, to reach an agreement to suspend all coercive action for the recovery of their respective claims - and thus their appeals - pending the Court of Appeal's ruling on the merits of the appeal cases. With judgment 9020/23, which has become final, the Court rejected CTP's opposition to the enforcement and therefore the Company reactivated the enforcement action by serving a garnishee order on the bank where CTP has a current account. We are waiting to hear the outcome of the garnishment. In the meantime, CTP served a writ of injunction for the sum of EUR 1,407 thousand as a result of the offsetting of debit and credit between the parties on the basis of the Court's decision No. 898/21 upheld in second instance. The Company paid the ordered sum on 17 January 2024. Payment was made without acquiescence and with a right of recovery. The Company instructed its lawyers to file an opposition to the writ and the notice of opposition was served on 17 January 2024.

- It is also worth mentioning that ATM notified Caronte, Consorzio Trasporti Pubblici in liquidation, the Municipality of Cinisello Balsamo and the Municipality of Sesto San Giovanni of a writ of summons for negative assessment aimed at clarifying who and to what extent should proceed with the payment of sums in favour of Caronte in order to avoid ATM being in the position of making multiple payments for the same reason to different parties. The judge did not deem it necessary to carry out any preliminary investigations and, following adjournments of its own motion, the case was adjourned to the hearing of 10 April 2024 for the statement of conclusions.
- Finally, Caronte brought an action before the Court of Milan challenging the settlement of 23 April 2015 between the Municipality of Milan and the other defendant municipalities (Bresso, Cinisello Balsamo, Cologno Monzese, Cormano, Cusano Milanino, Sesto San Giovanni). In fact, according to the applicant, by means of a tortuous and illogical argument, devoid of legal plausibility, by entering into the contested settlement, the Municipality of Milan took over from ATM in the management of the supplementary/additional contributions and with the settlement, by which the Municipalities regulated legal relations between them, the Municipalities disposed of the rights of Caronte. Therefore, Caronte requested that the settlement be declared null and void and that the Municipality of Milan, which is jointly and severally liable with ATM, be ordered to pay Caronte supplementary and/or additional contributions of approximately Euro 8,261,000. These are amounts of which Caronte is not a creditor and of which Caronte, in any event, has already unjustifiably claimed payment from ATM in joined cases R.G. 37968/2020 and R.G. 35377/2020 of this Court, and in respect of which ATM sought a declaration that it owes nothing to Caronte. ATM, although not directly summoned, decided to intervene in the proceedings in support of the Municipality of Milan's position and thus request the rejection of Caronte's claims against the Municipality of Milan,

given that Caronte, in its writ of summons - which is only the latest in an infinite series of judicial and extrajudicial claims, all unfounded and directed against a plurality of subjects, including ATM - on the one hand assumes that an alleged joint liability exists between the Municipality of Milan and ATM for the payment to Caronte of non-existent additional and/or supplementary contributions and, on the other, invokes completely without grounds, a contract - the agreement between ATM and CTP dated 14 July 1999 - to which it is not a party, nor is the Municipality of Milan a party, which is already the subject of pending litigation between ATM, Caronte and CTP, providing an interpretation of it that is devoid of any grounds whatsoever, and moreover evoking events relating to the integrated SITAM system, relations with the Municipalities of Cinisello Balsamo and Sesto San Giovanni as carriers of urban lines, unrelated to SITAM, as well as the local public transport service carried out by ATM on behalf of the Municipality of Milan as of 1 May 2010, while it is in ATM's interest that the relations remain distinct, as they are in fact.

– Lastly, it should be noted that on 21 January 2022 ANAC [Italian National Anti-Corruption Authority] initiated proceedings in order to assess the existence of the irregularities reported by the Municipality of Sesto San Giovanni and Caronte in their respective complaints sent 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 LPT services in the urban area for the years 2010-2017, the Municipality of Sesto San Giovanni highlighted that, as the contract expired on 30 April 2017, it was unilaterally extended by the Municipality of Milan, without involving the other entities involved, in favour of ATM S.p.A. in the absence of a specific tender. According to the complainant, the extension has no effective time limit, given the absence of the publication of the call for tenders and is outside any legal regime for the assignment of the service, being, to date, the fourth unilateral extension. The company Caronte decided to submit a supplementary and additional complaint to the authorities, denouncing further allegedly unlawful conduct on the part of ATM, which had allegedly shirked its obligations to report fare revenue despite the first- and second-instance rulings in Caronte's favour. In addition, the company denounces the omissive conduct of the municipalities of Cinisello Balsamo, Segrate and the Public Transport Consortium in relation to ATM's failure to pay the company the amount due on account of fare revenues. In addition, Caronte challenges the particularly favourable attitude of the Municipality of Milan towards ATM, both for its failure to monitor compliance with the convention obligations and for the recognition of contributions for additional services that are not adequately documented. Finally, in the complaint Caronte alleges unlawful conduct by the Municipality of Segrate in the conduct of public tenders in 2009 and in the granting of extensions to ATM. The company submitted its counter-arguments on 18 February 2022. To date, there is no news about the closure of the investigation.

– In addition, among the most significant causes of probable liabilities that have been recognised in a special provision for risks as commented in Note 25 "Provisions for risks and charges" of the Notes to the Consolidated and Separate Financial Statements, the following should be noted:

– ATM has filed an appeal before the administrative justice system against the Agenzia per la Coesione Territoriale (Agency for Territorial Cohesion) and the Ministry of Economy and Finance for the

annulment of the measure of 6 April 2021 issued by the Agenzia per la Coesione Territoriale (Agency for Territorial Cohesion) by which the latter asked the Municipality of Milan, in its capacity as intermediate body, to revoke and recover the grant paid to Azienda Trasporti Milanesi S.p.A. for the project "PON Metro Milano 2014/2020. Operation MI2.2.4.b Areas for Bicycle Mobility" and the final report of the Audit carried out by the Ministry of Economy and Finance, State General Accounting Office.

For the purpose of verifying compliance with the programme, the Ministry of Economy and Finance conducted an audit on the amount of EUR 817 thousand accepted for financing. During the above-mentioned procedure, the Municipality of Milan presented specific, detailed and reasoned counter-argument to the Audit Authority's objections, which, however, were not accepted. In any case, the final report of the Audit Authority pointed out some irregularities in ATM's awarding of the service to Clear Channel.

Consequently, the Agenzia per la Coesione Territoriale, with a measure dated 6 April 2021, asked the Municipality of Milan, as intermediate body, to proceed with the revocation and recovery of the contribution from ATM. The municipality communicated this outcome to ATM in a note dated 6 May 2021. Following a discussion with the Municipality of Milan, the latter filed an appeal against the Agenzia per la Coesione Territoriale and the Ministry of the Economy and Finance for the annulment of the measure of 6 April 2021 of the Agenzia per la Coesione Territoriale dated 3 June 2021; ATM being the final beneficiary of the grant and, therefore, de facto the addressee of the revocation, it brought an independent appeal having an entitlement to challenge such acts. In its ruling of 14.6.2023, the Regional Administrative Court rejected both ATM's and the Municipality of Milan's appeal. The Regional Administrative Court held that the measure of the Agenzia per la Coesione Territoriale was legitimate in relation to the alleged breach of Articles 20 and 57, letter a), of Legislative Decree No. 163 of 12 April 2006, in that the negotiated procedure without prior publication of the notice, carried out by ATM, contained contractual conditions that had been changed in relation to the essential element of the duration of the contract. ATM appealed the judgment within the legal time limits. Given the outcome of the first instance proceedings, the risk of losing the case on appeal is likely.

With regard to disputes falling under the jurisdiction of civil courts (District Courts, Courts of Appeal, Justice of the Peace Offices), these take the form of both out-of-court and in-court disputes relating to ATM's role as Manager of the Local Public Transport service and related and complementary activities (by way of example, but not limited to claims for damages for transport; claims for damages due to the interruption of public services; credit recovery; lease relationships, vitiated contracts); specifically, in 2023, 673 civil law positions were handled (both in and out of court). The most significant cases are hereby outlined:

– On 3 December 2021, ATM was served a writ of summons with which Bluestone Verona S.r.l. and Bluestone Holding S.r.l. requested that ATM's pre-contractual and contractual liability be ascertained and that it be ordered to pay the sum of EUR 3,039,444.52 by way of compensation for damages suffered by the plaintiff companies for higher direct and indirect costs for clearance of war devices, the removal of unmarked tanks, the reworking of the construction plan and for the increased costs of raw materials and the price offered in the tender, in addition to the damage to their image quantified at EUR 1,000,000.00. In addition, the plaintiffs reserved the right to demand

further sums to be paid by the purchasers for cancellations due to the accumulated delay, with the obligation to return double the deposit. The plaintiff - assuming the capacity of purchasers following a public procedure of the company property located in Milan, Via Verona - alleged pre-contractual and contractual liability of ATM for having been forced to incur unforeseen costs to carry out the clearance of the site from war devices, the removal of unmarked underground tanks and price increases due to the significant delay in the construction of the property. On the basis of the existing documentation, also in consideration of the circumstance that the City of Milan was subjected to numerous bombings during World War II, ATM firmly rejected the counterparty's out of court claims. ATM duly entered an appearance and rejected the opposing claims in their entirety. At the first hearing on 26 May 2022, the court, having heard the parties' arguments, invited them to consider conciliatory hypotheses while granting time limits for the filing of preliminary statements. Negotiations in the meantime were unsuccessful. Following the discussion of the parties at the subsequent hearing on 10 January 2023, the Court held that the preliminary procedural and substantive objections raised by ATM were not manifestly unfounded and therefore merited an immediate transfer of the case for decision. On 23 May 2023, the hearing for closing arguments took place and we are awaiting the judgment. Given the reasons that led the judge to hold the case for decision, it was decided not to make any further settlement proposals, nor did the plaintiffs make any contacts for a settlement.

– The company Firema Trasporti S.p.A. has been under extraordinary administration since 2010 and since that date has requested ATM to pay previous invoices for various reasons. Among others, in 2007, following a public tender, a contract was stipulated between ATM (the Contracting Authority) and the temporary joint venture composed of Consorzio ELMAC, as Agent of the temporary joint venture, and various principals including Firema Traporti, which subcontracted part of the activity to the company I.EMME Impianti Tecnologici S.r.l. In April/May 2010, subcontractor I.EMME complained to ATM about Firema's non-payment of the consideration owed to it and asked the temporary joint venture for approval for ATM Contracting Station to pay the subcontractor directly for the services performed: the temporary joint venture denied approval in a communication dated 29 June 2010, as Firema alleged "the impossibility of executing the above request for technical reasons." In this situation, ATM, pursuant to Art. 118(3) of Legislative Decree no. 163/06, suspended the payment of the consideration in favour of the contractor Firema, pending the delivery of the copies of the receipted invoices relating to the payments paid by the contractor to the subcontractor. Firema, although requested to do so, never provided this documentation necessary to release the payment: over the years, after the declaration of insolvency, it continued to request ATM to release the payment of the consideration for the tender contract, justifying its request on the fact that I.EMME's claim on the same tender contract had in the meantime been admitted to the bankruptcy proceedings. ATM always refused, fearing that I.EMME would then put forward against it its own credit claims, which remained unsatisfied by the lack of funds of the bankruptcy proceedings. The aforementioned stalemate was only unblocked in October 2020 when the bankruptcy proceedings sent ATM the necessary documents to unblock the payments: once the documents were received, ATM paid the principal sum requested by Firema, amounting to EUR 324,674.18, on 8 April 2021. By certified e-mail dated 5 October 2021, the Administrator of Firema Trasporti submitted a request for payment of default interest on the aforementioned sum, quantified at EUR 292,593.43. ATM

opposed a clear refusal, arguing that the suspension of payments legitimately took place pursuant to Article 118, third paragraph of Legislative Decree 163/2006, with the consequence that Firema's claim was not due and, therefore, did not accrue interest on arrears until the necessary documentation had been sent. In response to the Administrator's challenge, on 17 February 2022 ATM formulated a settlement hypothesis that provides for the payment in favour of the insolvency proceedings of the default interest accrued since the date of the decision of the Court of Cassation in unified sections on 2 March 2020, which resolved the jurisprudential contrast that had led ATM to suspend payments. The insolvency proceedings did not accept ATM's proposal and on 13 December 2022 served a payment order for the sum of EUR 292,593.43 by way of default interest. The payment order was opposed in the appropriate courts and the task of defence was entrusted to Prof. Avv. Daniele Maffeis. Awaiting the first hearing scheduled for 6 July, the Judicial Administrator contacted Prof. Maffeis, expressing his willingness to settle the matter with the payment by ATM of 50% of the requested sum, with costs compensated. Prof. Maffeis took a positive view of the terms of the settlement due to the aleatory nature of the case, considering, on the one hand, the doubtful applicability to the case at hand of Art. 118 par. 3, Legislative Decree No. 163/2006 and, on the other hand, of the rule on the statute of limitations of default interest, since the capital sum originated from the performance of a public contract. Consequently, the parties finalised the settlement agreement and, on 26 May 2023, ATM paid the sum of Euro 146,296.71. Upon settlement of Prof. Maffeis' fee, which has not been received to date, the matter is to be considered closed.

– By certified e-mail communication dated 11 November 2021, the bankrupt Olicar Gestione S.r.l., through its counsel, requested payment of the sum of EUR 998,636.41 by reason of invoices Nos. 102949 dated 30 June 2019, 103557 dated 29 August 2019, 103990 dated 23 September 2019, 104301 dated 21 October 2019 and 104728 dated 31 December 2019. In addition to the foregoing, the bankrupt company claims the additional sum of EUR 507,695.24 for services rendered by the bankrupt company in the period from October 2019 to February 2020: this amount is being invoiced and has been quantified by taking as a reference the average of the amounts invoiced by Olicar Gestione in the year 2019.
  ATM suspended payments following the notification of third-party seizures against Olicar for approximately EUR 380,655.85: to date, ATM has paid the sum of EUR 49,738.63 following an order to assign sums, and no news has been received for the other enforcement procedures, which in any case became ineffective following Olicar's declaration of bankruptcy.
  Invoice no. 104728 of 31 December 2019 for EUR 509,218.90 including VAT was formally rejected by ATM in a letter dated 21 January 2020, as the amount is not due and is not pertinent to the object of the contract and the manner of invoicing fees, as set forth in the Integrated Energy and Heat Service contract: following this rejection, ATM requested, to no avail, the issuance of a credit note for the same amount.
  As for the rest, the claims of the insolvency procedure are rejected by the competent Technical Directorate on the grounds that, during the performance of the contract, Olicar was in breach of numerous contractual obligations but continued to charge ATM the relevant consideration, established in the form of a fee. ATM therefore turned to third-party suppliers to obtain services not rendered by Olicar and bore the associated costs.

After reconstructing the accounting position and taking into account the works carried out by third parties, although included in the fees invoiced by Olicar, a receivable in favour of ATM of EUR 1,096,969.08 accrued before the declaration of bankruptcy and of EUR 420,256.04 accrued thereafter, against a payable quantified to date by the bankruptcy into EUR 1,506,058.65.
By certified e-mail of 22 December 2021, ATM therefore set off against the claim claimed by the bankruptcy its own claim as quantified above.
On 14 September 2022, ATM received a new request for payment for the same amounts, to which ATM responded by reiterating the objections already formulated. ATM recently received a request from BFF (Banca FarmaFactoring) for information on Olicar's claim in the context of due diligence for the purpose of acquiring the claim. On 15 May 2023, ATM replied that the claim did not exist because ATM had offset the sums owed by Olicar as compensation for damages suffered by the company.

- Alfredo Cecchini Srl is principal in the temporary grouping of companies with Lucente Spa Mandataria and Vivaldi&Cardino Spa, which has been entrusted the contract for the Facility Management Service Lot 2 as of 1.10.2022. ATM complained to the temporary grouping of companies and Alfredo Cecchini Srl - the material executor of the disputed activities - for a series of anomalies and delays in the management of failures recorded in the period from October 2022 to July 2023, which led to the application of penalties and the withholding of part of the contractual fees. As from Work Progress Report No. 9 of June 2023, and for all subsequent ones, the company signed with reservation, disputing the penalties applied, and arguing that the contract presents an economic imbalance to its detriment, as it exposes it to the quantification of the higher costs related to the labour used in excess of that budgeted/estimated in the tender phase on the basis of the information contained in the tender documents; to date it has requested for the above reason the payment of the sum of EUR 596 thousand. In addition to the amount of the registered reserves, the company complained about the late payment of some invoices and consequently demanded the payment of default interest. Given that the contractual relationship was difficult from the outset, it is to be expected that the company will abandon the temporary grouping of companies and proceed with the claim for the sums it has expressed reserves on and default interest for late payments. The litigation risk is possible, to date, in the amount of EUR 600 thousand.

- On 30 May 2017, a girl was run over by a tram with serious physical consequences. As part of the criminal trial, the ATM driver was convicted of the offence of grievous bodily harm and ordered to pay a provisional compensation of approximately EUR 25,000. The judgment was appealed by Mr Favale and the Court of Appeal confirmed the ATM employee's liability, reducing the prison sentence. The injured girl's parents brought a civil action against Favale and ATM without quantifying the claim for damages, which, however, will be significant given the girl's physical impairment. The first hearing took place on 18 October 2023 and the case is in the pre-trial phase.
- On 28 March 2013, an accident occurred involving two motorbikes and two trams. The driver of the first motorbike, having overtaken a tram at high speed, pulled in and collided with another motorbike that was ahead of the tram. The motorcyclist fell to the ground, finding himself between the tram he had overtaken and another one coming in the opposite direction. The physical damage is considerable, having suffered paralysis of the limbs. Given the dynamics and the fines imposed by

the police on the injured person, his claims for compensation were rejected. Therefore, the injured man filed a lawsuit against ATM, one of the two tram drivers, the driver of the other motorbike, and the latter's insurance company to obtain compensation for the very significant damages (he was paralysed) suffered as a result of the accident in question. After taking witness evidence and conducting a forensic medical examination, the expert recognised a 90% permanent injury. On 28 June 2023, notice was given of the filing of the judgment with which the Court declared the concurrent liability of the injured party and the driver of the other motorbike in the amounts of 75% and 25%, respectively, condemning the driver of the motorbike and the insurance company to reimburse the plaintiff for the physical damage suffered in the amount corresponding to the recognised percentage of liability, in addition to the reimbursement to INPS of the sums paid and paid by the social security institution, the expert report and legal expenses. The judge dismissed the claims against ATM and the driver, finding no liability on the part of the ATM employee, who had acted diligently to avoid bringing the harmful event to further consequences. Deadlines for appealing the judgment are pending.

In relation to disputes and lawsuits concerning civil liability (traffic accidents, transport accidents, liability for property in custody), the exposure and probable risk for the ATM Group appears to be largely covered by the "Provision for damages/claims" (Note 26 of the Notes to the Consolidated Financial Statements). The "Provision for damages/claims settlement" is estimated by the Insurance Strategies Department, which updates the economic risk of each case, originated out-of-court, also taking into account the trend of pending litigation. With regard to disputes of a different nature (debt collection, contract pathology, etc.), the Legal Department acts, on the basis of a constant flow of information, in synergy with the Departments concerned in order to quantify the risk, as the case may be. These cases are covered by "Allowances for doubtful accounts", which are disclosed in Notes 17 and 19 of the Notes to the Consolidated and Separate Financial Statements, respectively.

With regard to criminal litigation, as at 31 December 2023 ATM was a civil plaintiff in 31 criminal proceedings in order to obtain compensation for damages suffered as a result of offences committed by third parties, who were defendants in the aforementioned proceedings. However, the company is not currently held civilly liable in proceedings in which ATM employees are defendants.

The most significant criminal litigation cases are set out below:

- With regard to the complaint-suit filed by ATM concerning the facts related to the ATM Points for which the above-mentioned labour lawsuits are pending, two criminal proceedings have resulted. The first is against the former ATM Point manager; the former manager has been indicted and the preliminary investigation phase is underway, with the next hearing scheduled for 30 January 2024, (ATM has joined the civil action). The second trial is against all other employees involved. ATM has also joined the civil action in this last case and the next preliminary hearing is scheduled for 4 March 2024.
- Criminal proceedings are still in progress in connection with the emergency braking that has occurred on the M1 and M2 metro lines in recent years in order to establish the causes and possible responsibilities. Following the conclusion of the preliminary investigation against the top management of Alstom Ferroviaria S.p.A. and Engie Eps Italia S.r.l., the Public Prosecutor ordered additional investigations, which are still ongoing.

- With reference to the alleged exceeding of the limits of water discharged into the sewerage system ascertained by ATO at the Gallaratese and Messina depots, an ATM Director (who at the time of the events was not yet an environmental delegate) was found to have committed the crime pursuant to Article 137, paragraph 5 of the Consolidated Environmental Act, in relation to which the Public Prosecutor autonomously requested that the case be archived due to the insignificance of the fact. The Director's defence lodged an opposition against the above-mentioned request for archiving in order to obtain a full archiving; the chamber hearing before the Judge for Preliminary Inquiries of Milan ended on 25 October 2023 with an order to drop the case due to the groundlessness of the crime report.
- Following the collapse of the crane on the metro tracks at the Bussero station on 30 August 2022, criminal proceedings were initiated for the offence of "Construction collapse or other malicious disaster", in which an ATM official (now dismissed), among others, was implicated. The investigation phase is still ongoing.
- The preliminary investigation phase is currently underway in the so-called Subway investigation, which ATM has joined as a civil plaintiff. The next hearing before the Court in collegiate composition, 7th criminal branch, is scheduled for 23 January 2024.
- To date, no criminal proceedings have been brought against ATM pursuant to Legislative Decree No. 231/2001 before the Court of Auditors or national or EU authorities.

Tax disputes

ATM S.p.A. started the litigation process against tax assessments for the tax years 2015, 2016 and 2017, both for IRES and IRAP purposes. The subject of the claim relates to the tax treatment (deductibility for income tax and IRAP purposes) of the grant paid to Fondazione ATM for the tax years indicated.

IRES assessments, following the submission of the IPEC and IPEA forms, amounted to about Euro 192 thousand for tax and penalties, while IRAP assessments amounted to about Euro 1,032 thousand, again for tax and penalties, for a total of about Euro 1,224 thousand (for tax and penalties), plus interest by law.

With regard to the 2015 and 2016 IRES and 2015 IRAP cases, the Company obtained a favourable ruling in the first instance and an unfavourable ruling in the second instance. An appeal will therefore be lodged with the Court of Cassation.

With regard to the 2016 IRAP judgment, an appeal has already been lodged with the Court of Cassation, the Company having obtained an unfavourable judgment in the two levels discussing the merit.

The appeal for IRAP 2017 was filed in November 2023 and a hearing has already been scheduled. For IRES purposes, the IPEA form submitted for the full use of past tax losses (in order to fully offset the higher assessed income) was accepted by the Agenzia delle Entrate; the appeal will be lodged shortly within the legal deadlines.

The risk of losing the case in connection with the above-mentioned assessments is currently deemed possible.

Three appeals regarding cadastral classification concerning the assignment of a different category by the Agenzia delle Entrate - Ufficio Provinciale di Milano/Territorio are also active. It is currently considered that the risk of losing is possible.

Events after the end of the financial year

Activities in Italy

Actions to combat fare evasion

> 2 January 2024 - ATM's commitment to combating fare evasion continues: the first 4 new gates with anti-toll barriers equipped with 2.30-metre-high sliding doors designed to prevent people from accessing the service without paying a ticket are now in operation at the San Donato M3 station. By the end of 2024, 172 new-generation gates will be installed in a further six high-traffic stations of the metro network, in addition to those already present on the M4 and M5 lines.

Positioning initiatives

> 8 January 2024 - The tram Carrelli, one of Milan's symbols around the world, joins the collections of the National Museum of Science and Technology; car number 1565, transferred to the Museum from the General Workshop in Via Teodosio, can be seen from 26 January in the Railway Pavilion alongside other symbols of urban and regional transport.

Outlook

The year 2023 was characterised by a negative EBIT of EUR 25.4 million for the parent company ATM, a factor that represented the *trigger event* that made it necessary to carry out the *impairment test* aimed at verifying the recoverability of the Net Invested Capital of the CGU *"Local Public Transport and Complementary Services"*. This negative result is linked - as analytically explained in the economic analyses of this Report - to two determining factors, on the one hand a level of the service contract fee with the Municipality of Milan that suffers from historical inertia accompanied by particularly high levels of electricity procurement costs. As far as the service contract with the Municipality of Milan is concerned, it is reasonable to expect an increase in margins linked to an adjustment based on incremental resources linked to structural interventions by the Government. Furthermore, an increase in margins is expected in 2024 due to the gradual opening of the M4 line, which will bring benefits in the long term perspective. As far as the cost of electricity is concerned, it should be noted that compared to last year and the Budget forecasts for 2024, the first quarter saw significantly lower prices, so much so that ATM entered into hedging transactions (negotiated on 15 March 2024 using the *commodity swap* instrument) for the period April-September 2024 on a reference quantity of 52,380.00 Mw/h. In addition, the trend of the forward price curve remains constant so as to seize the opportunities offered by the market in order to maximise the positive impacts in terms of profitability and margins.

During 2024, the ATM Group will continue to operate within the framework of the Group's Sustainability Policy, which is structured around 5 fundamental pillars:

– Zero-emission transport: achieve net zero emissions in transport and reduce local pollutants through direct and offsetting actions in business processes;

- Responsible Consumption: using the minimum indispensable resources by means of consumption efficiency processes and recovery, reconditioning and recycling of used resources;
- *Supply Chain* sustainable: favouring suppliers who care about environmental, social and ethical aspects and who share the ATM Group's values;
- Inclusive mobility: ensuring social inclusion through the provision of sustainable, multimodal and innovative mobility services;
- *Great workplace*: promoting a positive work environment that is attractive and enriching, building corporate policies of valuing people and diversity.

In fact, in line with its objective of environmental sustainability and innovation, ATM will continue its policy of investing in environmentally-friendly vehicles, mainly "*Full Electric*", implementing a system choice that will progressively become a reference point thanks to increasingly high-performance technologies.

Furthermore, with a view to consolidating and developing its *business*, ATM will oversee the competitive procedures for the assignment of LPT services to be launched in Italy, including in the regional area, with particular attention to those in which the Group is already present. Finally, considering the experience gained abroad with its Danish subsidiary Metro Service A/S and with a view to developing its own *business* abroad, ATM will pay particular attention to seizing opportunities to diversify and extend its activities in selected international markets, in *partnerships* with high-profile companies. The year 2023 was an important year, as ATM won the tender to operate Greece's first automatic metro in the city of Thessaloniki, Greece's second largest city in terms of population, in partnership with Egis, a French group active in infrastructure engineering. The new metro is the most modern public work in the Hellenic Republic and the only driverless line. With an extension of almost 15 kilometres, it will become the main junction for internal travel within the city, which is also strategic for the connection with the rest of the country.

Other information

Other communications Pursuant to Article 40 of Legislative Decree No. 127/91

In compliance with the requirements of Art. 40 of Legislative Decree No. 127/91 the following is hereby notified:

- Due to the nature of its business, the Group did not carry out any research and development activities in 2023;
- no ATM Group company owns or has purchased or sold own treasury shares or those of the parent company, not even through trustees or intermediaries;
- In 2023, the Group made use of derivative financial instruments aimed merely at hedging the variability of electricity prices.

Information on intra-group and related party transactions

The ATM Group, which is wholly controlled by the Municipality of Milan, carries out operations for its Shareholder regulated by the Service Contract that concern the management of intermodal Local Public Transport (metro, tram, bus and trolleybus), as well as all related and complementary activities as more fully described in the section "*Going concern and contractual framework*".

ATM S.p.A., as parent company, carries out transactions with its subsidiaries that essentially concern the provision of services and the provision and use of financial resources. Transactions are strictly of a commercial and financial nature, so they do not include any atypical and/or unusual transactions and are governed by arm's length contracts.

ATM S.p.A. participates in the Tax Consolidation Agreement for IRES purposes together with the following subsidiaries: CityLink S.r.l., GeSAM S.r.l., International Metro Service S.r.l., Nord Est Trasporti S.r.l., Rail Diagnostics S.p.A.

The agreement provides that, in the event of a transfer of positive taxable income, the consolidated company will owe the consolidating company an amount equal to the results of applying the IRES rate to the transferred taxable income. Conversely, in the case of a transfer of negative taxable income, it will be the consolidating company that will owe the consolidated company an amount equal to the results of applying the IRES rate to the transferred tax loss, if utilised.

ATM also adhered to the VAT group application option with the following subsidiaries: CityLink S.r.l., GeSAM S.r.l., Nord Est Trasporti 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/creditor company vis-à-vis the Treasury, while the subsidiaries record the credit/debit relations with the Parent Company in their financial statements.

Note 41 to the Explanatory report provides information on related parties based on the nature of the service.

Milan, 27 March 2024

For the Board of Directors
The Chairwoman
Gioia Maria Ghezzi

Consolidated Non-Financial Statement Pursuant to Leg. Decree No. 254/2016

METHODOLOGICAL NOTE

This report included in the Integrated Annual Report constitutes the Consolidated Non-Financial Statement (hereinafter also referred to as "NFS") prepared in accordance with Legislative Decree No. 254 of 30 December 2016 (hereinafter also "Decree"), of the ATM Group, consisting of the parent company Azienda Trasporti Milanesi S.p.A. (hereinafter also "ATM S.p.A.") and its subsidiaries. In accordance with Art. 5 of Legislative Decree No. 254/16 the ATM Group has chosen to integrate the Statement within its Report on Operations.

This document has been prepared in accordance with the GRI Standards with reference to the latest update of the GRI Standards, which came into force on 1 January 2023: the "in accordance" option covers the period from 1 January to 31 December 2023. In line with the GRI Standards, the ATM Group is guided by the principles of materiality, inclusiveness of Stakeholders, sustainability context and completeness in defining content; by the principles of balance, clarity, accuracy, timeliness, comparability, verifiability and completeness to ensure the quality of information and the appropriateness of the way it is presented. An appendix to the document contains the "GRI Content Index", detailing the content reported in accordance with GRI.

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

This NFS covers the issues set out in Articles 3 and 4 of the Decree and those deemed relevant by the Group and its Stakeholders. In particular, the Group selected sustainability performance indicators consistent with the standards used for reporting and materiality analysis updated in 2023. The list of material issues resulting from the analysis conducted was approved by the Board of Directors of ATM S.p.A. on 30 November 2023. With regard to the principle of materiality, the degree of depth with which the various topics are treated in the reporting has been determined on the basis of their relative weight with respect to the Group's objectives and strategies and their relevance to the identified Stakeholders. The entire structure of this document was therefore prepared on the basis of the materiality results.

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 should be noted that the scope of the economic data is the same as that of the Group's Consolidated Financial Statements as at 31 December 2023. It should also be noted that the scope of the social and environmental information and data reported in the NFS refers to the Parent Company and its subsidiaries as of 31 December 2023, consolidated on a line-by-line basis. Scope limitations with respect to what is reported, if any, are expressly indicated in the text.

Where possible, the information within the NFS has been provided with a comparison in relation to the two-year period 2022-2021, in order to allow an overall assessment of the Group's performance in the three-year period 2023-2021.

Where it was not possible to obtain quantitative data with the reporting tools available to the Group, the report necessarily resorted to estimates, appropriately reported in the text, based on the best available methodologies to ensure the reliability of the information reported.

In continuity with previous years, we note the continued strengthening of the non-financial reporting process also through greater involvement of Metro Service A/S structures, which led to a further improvement in the definition of roles, responsibilities and information flows.

The ATM Group is committed to further deepening its risk analysis in the area of Climate Change, in line with the priorities defined by the European Securities and Markets Authority (ESMA), and based on the evolution of the relevant regulations. This is why, during 2023, a path was set in motion to define a structured framework in the area of risk management related to climate change.

The process of drafting ATM S.p.A.'s Integrated Annual Report included the involvement of all ATM Group functions, departments and companies and a materiality analysis process conducted on the basis of the GRI Standard 2021 update, which came into force in January 2023, which requires the organisation to focus on the reporting process related to the most relevant sustainability issues, considering the impacts generated related to the relevant topics.

This NFS was approved by the Board of Directors of ATM S.p.A. on 27 March 2024.

The document is subject to a conformity opinion ("Limited Assurance engagement" according to the criteria indicated by ISAE 3000 Revised) by the auditing company Deloitte & Touche S.p.A. The audit was carried out according to the procedures set out in the "Independent Auditor Report" provided at the end of the document.

It should also be noted that the Group is obliged to include in the NFS, starting with publications occurring after 1 January 2022, the disclosure required by the regulations on the so-called "EU Taxonomy" in relation to the environmentally sustainable activities conducted by the Group, in respect of which please refer to the "European Taxonomy" section.

Pursuant to Art. 10 of EU Delegated Regulation 2021/2178 of 6 July 2021, this disclosure for the financial year 2023 concerns:

- the proportion, with respect to the total, of the Group's turnover, investments and operating costs relating to eligible activities ("eligible") and aligned ("aligned") with the Taxonomy with reference to climate change mitigation and adaptation objectives, as covered by the annexes to the EU Delegated Regulation 2021/2139 of 4 June 2021, in addition to some qualitative information.
- the proportion, in relation to the total, of the Group's turnover, investments and operating costs relating to activities eligible for the Taxonomy with reference to the new objectives defined for climate change mitigation and adaptation and the new sustainable use objectives, of protection of water and marine resources, transition to a circular economy, prevention and reduction of pollution and protection and restoration of biodiversity and ecosystems, as contemplated by Delegated Regulation 2023/2485, as well as some qualitative information.

In this regard, it should be noted that the limited review of this Consolidated Non-Financial Statement performed by the aforementioned auditing firm does not extend to this disclosure.

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

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

For more information on the initiatives carried out by the ATM Group, the main risks generated or suffered, including how they are managed, and the objectives set in these areas, please refer to the relevant sections 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 for ATM's positioning in the local public transport (LPT) market. Constant attention to environmental, social and governance aspects linked to business, makes the ATM Group more attentive and inclined to respond promptly to changes in the needs of stakeholders, with particular reference to the reference legislative context and to customers' behavioural habits.

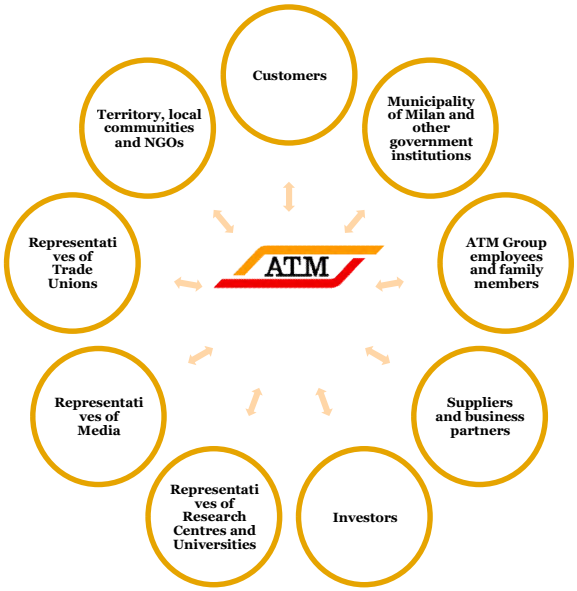
Therefore, the Group has adopted a structured approach to the management of sustainability issues, which is based on the analyses carried out with respect to emerging trends in the sector and the structured investigation of the areas considered of greatest interest by its stakeholders.

Group Stakeholders

Aware of the role that the Group plays in the area in which it operates and of the significant impacts of its business activities on the community, ATM has deemed it appropriate to map the main stakeholders who are affected, directly and indirectly, by its business, and who in turn can influence the Group's activities.

This process led to the identification of 9 categories of key stakeholders for the Group.

Stakeholder map



In the normal course of its activities, the Group promotes the implementation of multiple initiatives of involvement and interaction with its stakeholders, maintaining relations based on the principles of transparency, listening and collaboration, which are better described in the table below showing the ATM Group's main stakeholders and the actions taken to involve them.

Stakeholders	Main involvement actions
Customers	Customers have the opportunity to interact with the Group by forwarding their suggestions and complaints through the many channels, physical and digital, available to them. ATM considers the monitoring of perceived quality, through periodic customer satisfaction surveys, to be an important lever for listening to its customers in order to guarantee constant service improvement.
Municipality of Milan and other government institutions	Multiple working tables ensure continuous discussion and cooperation between the ATM Group, the Municipality of Milan and other PA institutions.
ATM Group employees and their families	The multiple channels available ensure constant interaction between the Group and its employees, aimed at ensuring the analysis and resolution of employee-related problems. These channels include the whistleblowing channel and SA8000 reporting boxes for certified companies.
Suppliers and business partners	The involvement of suppliers is ensured in the course of normal business relations and with reference to the procedures identified by the SA8000 management system.
Investors	Investor relations are ensured through the normal channels set up by the Group for this purpose (e.g. *conference calls*, *web site*, periodic financial reports).

Representatives of Research Centres and Universities	ATM makes its know-how related to the management of local public transport systems available to the various research centres and universities with which it collaborates through *partnerships* education, such as the course "*Mobility: Infrastructures & Services*" in collaboration with the Politecnico di Milano and lectures and scholarships for the Master's degree "Local Public Transport Management" at the Bicocca University. In addition, ATM collaborates with several universities for the activation of curricular and internship placements for students within the company.
Media Representatives	The media are involved through press conferences, company events and public and official meetings.
Trade union representatives	The involvement of trade union representatives is continuous and is developed in the context of normal relations with the trade unions within the ATM Group.
Territory, local communities and NGOs	Every year ATM organises initiatives aimed at involving local communities in the life of the company, stimulating dialogue between the organisation and the local area. One example is the ATM Porte aperte (Open Doors) initiative, which aims to let people discover the behind the scenes of public transport and get to know the people who are dedicated to providing the services every day.

Materiality Analysis

Materiality analysis is the investigation aimed at identifying and evaluating the most relevant environmental, social and economic issues for society, regarding the impacts generated towards the environment, people and the economy. In this context, during 2023, ATM updated its materiality analysis in order to be able to understand possible changes in stakeholders' expectations and needs in relation to the events that occurred during the year. The analysis was updated in line with the new sustainability reporting standards of the *Global Reporting Initiative* (GRI), published in 2021 and effective from January 2023.

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

In 2023, the process of updating the materiality analysis topics began by taking four Group peers/competitors and two academic sources as reference: the SASB and S&P Global Robeco SAM reporting standards.

The material issues publicly disclosed by the target companies were analysed to inform the 2023 materiality analysis for the Group.

Four new material themes emerged from the benchmark:

- "Air quality", which was merged with the old topic "Noise and vibration mitigation"
- "Human Rights", a theme that was separated from "Ethics, Integrity and Compliance" to give it more prominence.
- "Innovation, Digitalisation and Cybersecurity"
- "Risk and Crisis Management"

The same methodology as in the previous year was then used to update the issues, which requires identifying and prioritising relevant issues and their impacts through the following steps:

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

STEP 1: In the first phase, the relevant impacts for each issue were submitted to internal and external stakeholders, as well as to members of the Top Management and Group Board members for evaluation. In particular, the update of the analysis involved more than 1,470 external stakeholders, including customers, the Municipality of Milan and other Public Administration institutions, ATM Group employees and their families, suppliers and commercial partners, investors, representatives of research centres and universities, the media, trade union representatives and the territory, local communities and NGOs, through the distribution of specific questionnaires. In fact, all stakeholders were asked to provide an assessment of the positive and negative impacts identified for each issue and reported within online surveys, in which it was also suggested to suggest any additional impacts relevant to the Group if not previously mapped. The description of the 16 issues and their identified impacts are summarised in the table below.

STEP 2: When the results were compiled, each impact was associated with its related thematic area and some thematic areas therefore had more than one impact. To define the final list of material impacts and issues, only the issue with the highest final consolidated score calculated from the average of the votes of all ***Stakeholders*** and the ***Top Management*** was selected. This analysis allowed the 16 sustainability themes to be prioritised. This materiality analysis was presented and approved by ATM S.p.A.'s Board of Directors on 30 November 2023.

In addition to dictating the Group's areas of action in the field of sustainability, the material issues revealed by the analysis described above are also the starting point for identifying the contents of this document and the foundation on which the Group has drawn up its sustainability plan.

Below, in tabular form, are the ATM Group's 16 material issues and their impacts:

Area	MATERIALITY TOPIC	IMPACTS	GROUP INVOLVEMENT
Environmental issues	Climate change, energy consumption and environmental impacts	• ATM Group's energy consumption from non-renewable sources, with negative impacts on the environment and reduction of the energy stock • Generation of direct and indirect GHG emissions (Scope 1 and 2), i.e. the direct contribution to climate change through pollutant emissions and indirect contribution through diffusion of dust into the atmosphere, related to the Group's activities • Generation of indirect GHG emissions (Scope 3), i.e. that due to the ATM Group's activities there is a generation of indirect climate-changing emissions	Caused by the Group and directly connected through a business relationship
	Responsible resource and waste management	• Negative impact from water withdrawals affecting the availability of the resource itself and ecosystem needs • Contamination of soil and groundwater through water discharges resulting from the Group's discharge of pollutants into water resulting in the contamination of soil and groundwater • Generation of hazardous and non-hazardous waste and its inadequate disposal	Caused by the Group and directly connected through a business relationship
	Air quality, noise and vibration mitigation	• Mitigation of vibration/acoustic pollution understood as ATM's promotion of initiatives to improve the quality of life of residents • Vibro/acoustic pollution, i.e. the resulting negative effects on people's health and quality of life caused by the Group's activities and infrastructure • Generation of other significant air emissions (SO2, NOX, NMVOC, PM 2.5, NH3)	Caused by the Group
Social Topics	Intermodality and integration of services	• Customer satisfaction, understood as the proposal of an efficient, integrated, customised mobility offer	Caused by the Group and directly connected through a business relationship
	Quality and accessibility of services	• Service usability, understood as the improvement of the quality and accessibility of public transport for better usability of services by ATM's customers	Caused by the Group
	Security & safety	• Counter-crime understood as the promotion of proper management and coordination with law enforcement agencies to ensure the physical safety of people (both Group personnel and passengers)	Caused by the Group either directly or indirectly

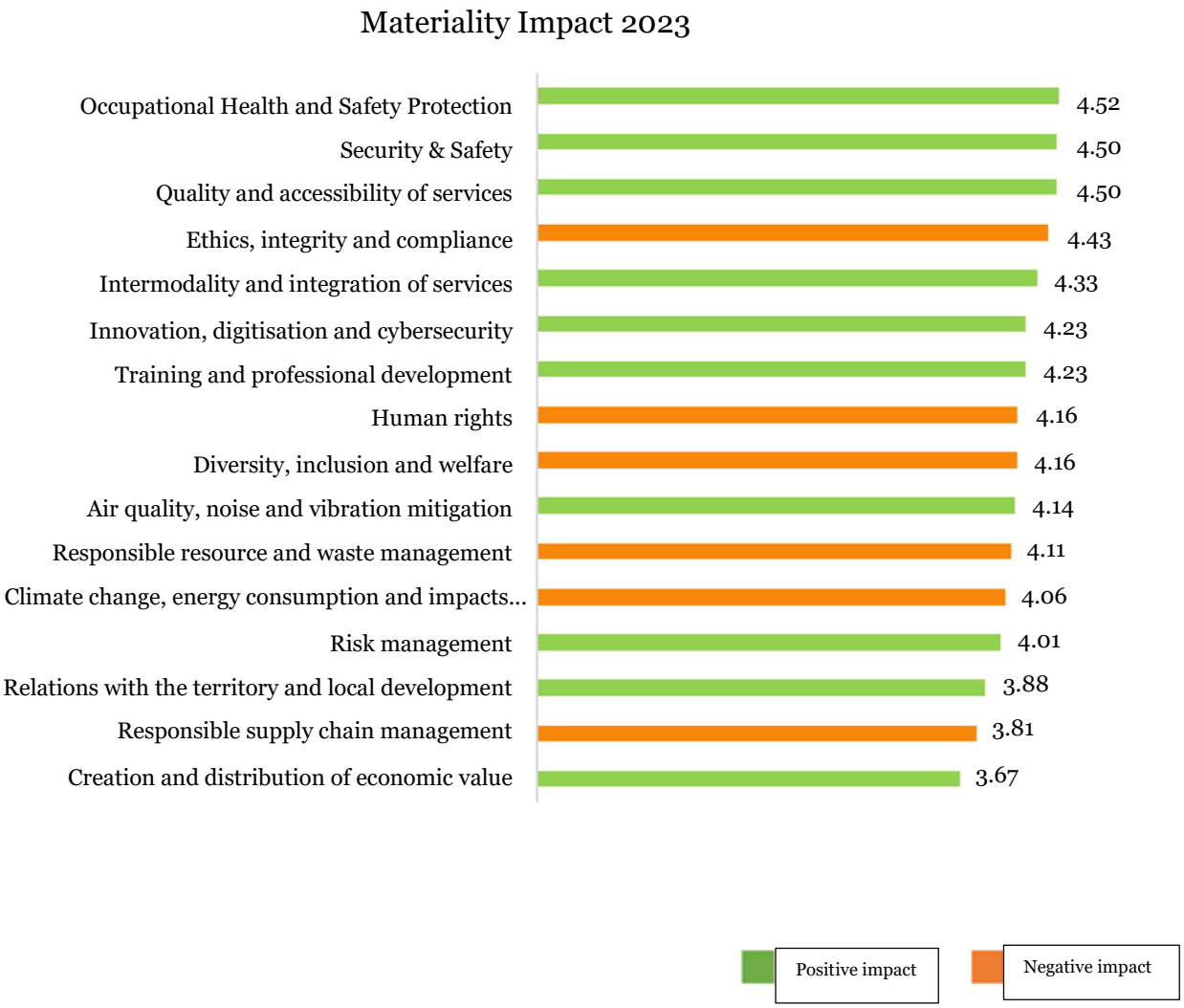
	Relations with the territory and local development	• Contribution to the socio-economic development of local communities understood as the development of training and professional opportunities in collaboration with universities and research centres	Caused by the Group
	Human rights	• Human rights violations, i.e. the potential non-respect of human rights along the value chain (the right to freedom of association and collective bargaining, child labour, forced labour, etc.) with repercussions on human dignity and community development	Caused by the Group
Personnel-related topics	Diversity, inclusion and welfare	• Creation of an inclusive working environment and development of welfare, understood as the promotion of corporate activities and initiatives that counteract discrimination by ATM • Potential incidents of discrimination and/or abuse within the Group	Caused by the Group
	Training and professional development	• Employee training and growth, understood as ATM's promotion of customised training activities and programmes (general and technical) with growth objectives	Caused by the Group
	Occupational health and safety protection	• Workers' health promotion, understood as the promotion of training activities and services to protect occupational health • Accidents and illnesses at work, through the Group's operations (and/or unhealthy or risky production processes and a lack of attention to systems/procedures) causing accidents, occupational illnesses or other accidents in the workplace, with consequences for workers' health	Caused by the Group
Governance Themes	Ethics, integrity and compliance	• Ethics, anti-corruption and business integrity, understood as promoting communication and training of employees, business partners and other stakeholders on anti-corruption regulations and procedures • Potential incidents of corruption, anti-competitive behaviour, antitrust and monopolistic practices by the Group • Non-compliance with laws or regulations, i.e. how for ATM non-compliance with laws, regulations and standards in the field of sustainability can cause social/environmental/economic damage and associated reputational damage	Caused by the Group

	Responsible Supply Chain Management	• Sourcing from local suppliers, understood as the promotion of purchasing from local suppliers, thus generating benefits both in terms of developing the local economy and reducing environmental impact • Failure to select, evaluate, and monitor suppliers according to ESG criteria, which could lead to indirect damage by ATM	Caused by the Group and directly connected through a business relationship
	Innovation, digitisation and cybersecurity	• Promotion of digitisation, understood as the promotion of digital efficiency of ATM Group services leading to greater usability of the services offered • Violations of customer security and privacy and cyber attacks resulting in the loss of customer data by the Group	Caused by the Group
	Risk and crisis management	• Risk management, understood as the realisation of positive impacts on stakeholders (customers, investors, suppliers, etc.) due to proper risk management by the ATM Group	Caused by the Group
	Creation and distribution of economic value	• Socio-economic development, understood as the payment of taxes and distribution of economic value to shareholders/stakeholders by ATM	Caused by the Group

The following are the concluding results from the analysis of questionnaires completed by the Group's Top Management and Stakeholders.

Materiality Topic*	Impacts	Score
Occupational health and safety protection	Workers' health promotion	4.52
Security & Safety	Fighting crime	4.5
Quality and accessibility of services	Service usability	4.5
Ethics, integrity and compliance	Incidents of corruption	4.43

Intermodality and integration of services	Customer satisfaction	4.33
Innovation, digitisation and cybersecurity	Promoting digitisation	4.23
Training and professional development	Employee training and development	4.23
Human rights	Violation of human rights	4.16
Diversity, inclusion and welfare	Incidents of discrimination	4.16
Air quality, noise and vibration mitigation	Vibro/acoustic pollution mitigation	4.14
Responsible resource and waste management	Waste management	4.11
Climate change, energy consumption and environmental impacts	Energy consumption	4.06
Risk management	Risk management	4.01
Relations with the territory and local development	Socio-economic development	3.88
Responsible supply chain management	Failure to select suppliers based on ESG criteria	3.81
Creation and distribution of economic value	Socio-economic development	3.67



Compared to last year's publication, the positioning in terms of the priority of some of the Group's material topics has shifted. For the ATM Group, the relevance of issues related to the health and safety of passengers and workers has increased, the quality of the service offered remains of primary importance and the theme of Ethics, Integrity and compliance is gaining in importance.

With regard to the relevance of issues for stakeholders, there is a growing focus on the health and safety of passengers and workers, and the importance of the quality and accessibility of services is confirmed.

Sustainability Strategy and Environmental Transition

Since its inception, the ATM Group has aimed to contribute positively to the development of cities and 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 point of reference in terms of institutional, operational (mobility services), economic, social and environmental sustainability.

For several years now, in fact, ATM has been integrating sustainability issues within its organisational model, showing its commitment to actively and effectively respond to the evolving context in which it operates. Aware of the role it plays within the communities where it offers its services, ATM recognises the importance of mobility in the context of metropolitan cities for its indispensable contribution to sustainable development and urban planning based on the needs and requirements of citizens.

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

The business strategy is divided into three strands and includes 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 benchmark in digital innovation in order to increase the level of passenger service, to become an industry benchmark in sustainability to be a leader in the operational management of the sector, to extract the full potential from all the assets not core of the Company and finally to attract, develop and enhance the Company's human resources.

As a complement to the Industrial Plan, and in line with the "Milano Mix" environmental transition promoted by the Municipality of Milan, the Group has followed up on activities to refine its sustainability strategy, which is concretised in the Sustainability Policy. The Policy outlines the sustainability commitments undertaken by the Group through five pillars of action, summarised below and indicating the relevant SDGs:



1. **Zero Emission Transport** - as the name implies, this pillar aims to achieve *net zero emissions* from transport activities and reduce local pollutants;



2. **Responsible Consumption** - the Responsible Consumption pillar provides for the use of the bare minimum and the efficient consumption of resources;



3. **Sustainable Supply Chain** - this pillar aims to raise awareness and privilege that 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** - this pillar aims to promote a positive working environment for all employees that attracts and enriches people and values diversity.

In 2023, the Board of Directors matured the need to define a new pillar related to Governance. KPIs for this pillar will also be defined in 2024.

6. **Responsible Organisation** - Organisation, management and corporate control effectively and efficiently conform to the correct management of environmental, social and economic sustainability

As a driver for the achievement of sustainability goals, it was decided to flank the results linked to compliance with the budget with MBOs (Management by Objective, or performance bonuses) for each corporate manager that contribute to the achievement of the sustainability target defined at top management level from year to year. All the initiatives are part of the broader project aimed at strengthening the Group's policies useful for the achievement of the 2030 Agenda for Sustainable Development, "Sustainable Development Goals" (SDGs), defined in the context of the United Nations.

ATM and the Sustainable Development Goals

The SDGs (Sustainable Development Goals) consist of 17 goals to be achieved to ensure global sustainable development. The goals were approved by the United Nations in 2015 as part of the 2030 Agenda for Sustainable Development. The 17 goals are in turn broken down into 169 targets to be achieved by 2030.

The SDGs require the action of all components of society: businesses, the public sector, civil society, non-profit institutions, universities and research centres as well as information and cultural workers.



For this reason, ATM has undertaken to identify the SDGs most closely aligned with its strategy, i.e. those to whose achievement the Group can make the most significant contribution.

The identification and association of the identified SDGs with the Group's strategic objectives further highlights the effort undertaken by ATM, through its strategy and business activities, in addressing sustainability challenges on behalf of the community it serves. The Group has refined the analyses started in previous years to arrive at a set of targets relevant to the following *SDGs* to which it makes or could make a more significant contribution:

	Reducing global maternal and child mortality rates, ensure health coverage for all and decrease deaths related to smoking, alcohol and road accidents
	Achieving gender equality and empowerment (greater strength, self-esteem and awareness) of all women
	Ensuring access to affordable, reliable, sustainable and modern energy systems for all

	Promoting lasting, inclusive and sustainable economic growth, full and productive employment and decent work for all
	Building resilient infrastructure, promoting inclusive and sustainable industrialisation and supporting innovation
	Reducing inequality within and between countries
	Making cities and human settlements inclusive, safe, lasting and sustainable
	Promoting actions, at all levels, to combat climate change
	Promoting peaceful and inclusive societies geared towards sustainable development, ensuring access to justice for all and building effective, accountable and inclusive institutions at all levels

FINANCIAL CAPITAL

About Financial Capital

Financial capital is the set of financial resources, both own and third party, necessary and functional to ensure the proper performance of current operations and the coverage of investments. The management of financial capital relates to cash flows generated by core operations, third-party resources provided in the form of public grants, financial debt, represented by bank loans (EIB - European Investment Bank - , other banking institutions) and recourse to the capital market.

Material topics related to Financial Capital

Climate change, energy consumption and environmental impacts	Responsible resource and waste management	Air quality, noise and vibration mitigation
Occupational health and safety protection	Training and professional development	Diversity, inclusion and welfare
Quality and accessibility of services	Relations with the territory and local development	Security & Safety
Intermodality and integration of services	Human rights	Ethics, integrity and compliance

Responsible supply chain management	Innovation, digitisation and cybersecurity	Risk and crisis management	**Creation and distribution of economic value**

As required by the International Framework for the preparation of the Integrated Report, the main input, output and outcome as well as the main business activities acting with reference to Financial Capital are shown in the table below:

INPUT	BUSINESS ACTIVITIES	OUTPUT	OUTCOME
• Capital structure (mix of equity and debt capital)	• Financial management	• NFP positive for euro • Revenue • EBITDA • Profit • Personnel expense • Financial expenses • Taxes • Reclassified operating costs • Donations, sponsorships and collaborations	• Dedicated funding for projects to increase service quality and regularity • Distribution of created economic value in society

The ATM Group's Financial Capital

For ATM, the proper management of financial capital is crucial to ensure the continuity and sustainability of the business. In fact, the economic sustainability of the Group depends on the effective management of financial capital and debt capital, which allows value to be created also as a result of the impact that choices in the economic sphere may have on other capital (e.g. through investment choices).

Through the use of input of financial capital, such as government grants, cash reserves and bank loans, ATM gives continuity to the Group's operations, transforming financial capital into input for other capital and ensuring financial stability in the short, medium and long term.

Fees and Contributions from Public Administration

ATM and the Municipality of Milan have signed a Service Contract regulating local public transport services and related and complementary services. As stipulated in the Contract, the Municipality pays the ATM Group a fee for the provision of LPT services, which constitutes approximately 63% of the Group's total revenues for the year 2023.

In order to better manage contractual and economic aspects related to the Service Contract, ATM has established an internal Service Contract Unit which manages all relevant documents pertaining to the Contract. The unit is in charge of analysing and reporting data on minimum quality standards and calculating any deviations between the services provided and what is stipulated in the contract. To this end, the Group has adopted a specific procedure to ensure:

- properly channelled contractual relationships;

- objectives of the contract properly disseminated and known to the heads of the departments that are entrusted with the performance of the contractual services;
- sharing of management issues with contractual interpretations, between the various departments within ATM;
- proper management and archiving of the flow of information to and from the municipality;
- approval of any amendments to contractual commitments.

In addition, the Service Contract provides for the establishment of a Technical Committee composed of representatives of the parties concerned to regulate various aspects such as monitoring activities, evaluations of contractual variations or evaluations of the management of the system of any penalties and bonuses paid.

For further information, please refer to the chapter "Going concern and contractual framework" in the Report on Operations.

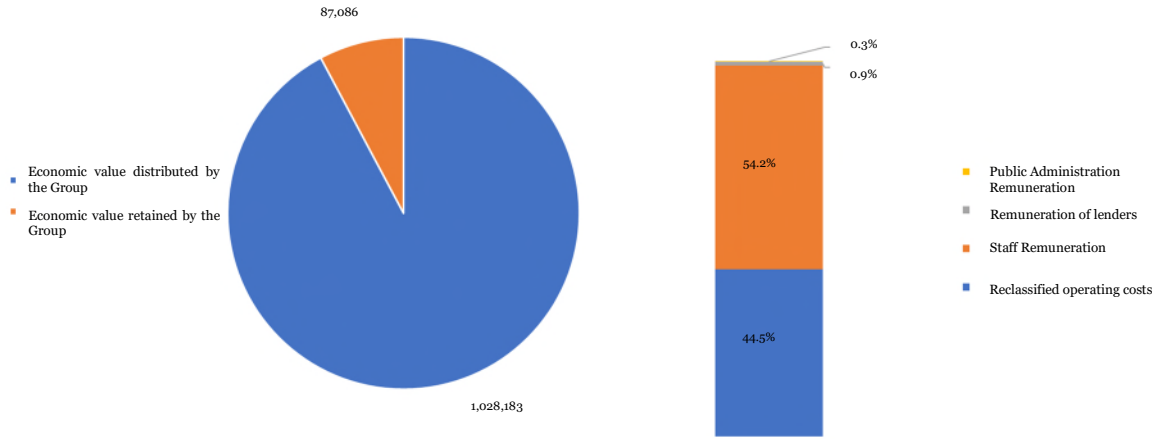
Value generation and distribution

The "economic value generated and distributed", i.e. the wealth produced by the ATM Group and distributed among the various stakeholders in various forms, is representative of the impacts of carrying out its services and takes the form of the macroeconomic benefits generated by the Group's activities.

In 2023, the economic value generated by the Group amounted to approximately EUR 1,115.3 million. The Group distributed EUR 557.7 million to staff in the form of remuneration for their activities during the year, while more than EUR 457.6 million went to suppliers to cover operating costs arising from the purchase of services, raw materials, consumables and goods. In the form of financial payments, taxes and donations, sponsorships and collaborations, the Group distributed approximately EUR 13 million. Finally, approximately EUR 87.1 million was retained by the Group[8] in the form of depreciation, amortisation, write-downs, deferred taxes and profits allocated to reserves. The table below provides a graphical representation of the distribution of the economic value generated by the ATM Group:

[8] These values are to be considered gross of realised profit distributions. Dividends of EUR 3,871,000 were distributed to Hitachi Rail STS S.p.A. in 2023.

Figure 1 - Distribution of the ATM Group's economic value in 2023 (thousands of euros, %)[9]



Tax transparency

The corporate taxation function ensures the correctness and formal compliance of the declaration compilation for the determination of related taxes. In organisational terms, corporate taxation is the responsibility of the Administration, Finance and Control Department. The management and monitoring of tax risk lies within the *owner* departments of the individual business processes, which are relevant in this respect.

The Group has regulations and procedures governing, within the framework of specific processes, also tax compliance. In relation to the tax risk control system, ATM operates in compliance with the following objectives, to be pursued on an ongoing basis, which also apply to companies subject to management and coordination:

- **Tax Obligations**: properly managing tax obligations related to one's activities, in compliance with the prescribed rules and regulations and the principles and purposes of the tax system of the competent jurisdiction.
- **Risk Management**: controlling and managing tax risks and protecting the Company's reputation through adequate processes, procedures, organisational solutions and tools fully integrated at the level of the Internal Control and Risk Management System (SCIGR);
- **Tax Compliance**: ensuring integrity in tax compliance and the correct assessment of taxes, in compliance with the timing and associated requirements, minimising disputes with tax authorities;

[9] In addition, the value of donations, sponsorships and collaborations, i.e. the economic value distributed in the community, is 0.09% of the total economic value distributed by the ATM Group.

- **Sharing of values**: promoting awareness at all levels of the company of the importance attached by the company to the values of transparency, honesty, fairness and compliance with regulations;
- **Resource Enhancement**: developing and strengthening the personal and professional skills of the resources involved in the tax process and the management of associated risks, ensuring the correct level of experience and understanding of the business to ensure the appropriate professional diligence in reaching appropriately motivated conclusions.

The Company, as stated in the *Risk Appetite Statement* approved by the Board of Directors, has a tax risk-averse propensity and the assessment of tax risks also takes into account the potential ESG value.

The approach to tax risks is borrowed from the corporate *Enterprise Risk Management* model, adapted to the specificity of the subject matter, and fits fully into the SCIGR 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 corporate governance and oversight tool for the detection, measurement, management and control of tax risk. The tool, which is subject to periodic updating, is governed jointly by the Risk Management and Corporate Taxation functions, the latter acting as competence centre, and is disseminated to all levels of the organisation for the areas of their respective competences.

As a mechanism for reporting critical issues related to unethical or illegal behaviour and organisational integrity in tax matters, ATM provides the whistleblowing process which is also open to this type of reporting.
Assurance on tax reporting is ensured not only by the appointed auditor, but also by an external tax advisor in charge of auditing and compliance control.

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

Table 9. Reporting of financial, economic and fiscal information for each jurisdiction in which ATM operates (Italy, Euro) - data as at 31/12/2022[10]

Italy	Revenues from sales to third parties (including related parties)	Revenues from intra-group transactions with other tax jurisdictions (Denmark)	Pre-tax profit/loss	Tangible assets other than cash and cash equivalents	Corporate income taxes paid on a cash basis	Corporate income tax accrued on profits/losses
Total Italy	***974,979,000***		***1,047,000***	***1,191,794,000***	***2,264,177***	***326,000***

[10] Regarding the information reported in this table, please note that it is published annually in November of the year following the financial year in question.

Table 10. Reporting of financial, economic and fiscal information for each jurisdiction in which ATM operates (Denmark, Euro) - data as at 31/12/2022

Denmark	Revenues from sales to third parties (including related parties)	Revenues from intra-group transactions with other tax jurisdictions (Denmark)	Pre-tax profit/loss	Tangible assets other than cash and cash equivalents	Corporate income taxes paid on a cash basis	Corporate income tax accrued on profits/losses
Total Denmark	***133,122,000***		***14,383,000***	***2,812,000***	***2,498,218***	***3,425,000***

With regard to the figures for Italy, the difference between the amount of corporate income tax accrued on profits/losses and the tax due is due to different withholding taxes incurred and different payment deadlines, whereas, with regard to the figures for Denmark, the amount of corporate income tax paid on a cash basis refers to advance payments, whereas the corporate income tax accrued on profits/losses is the total amount due for 2022.

PRODUCTIVE CAPITAL[11]

Main Results Related to Productive Capital

Table 11. Summary of results related to the ATM Group's Productive Capital

97.1% buses equipped with video surveillance systems	**Over 1,245 km²** served[12]
Over 186 mln kilometres travelled[13]	**77.7% the stations** equipped with lifts and/or stair lifts[14]
Over 781 million of passengers carried[15]	

About Productive Capital

ATM's productive capital consists of the Group's infrastructures, either owned or leased, including plant and machinery related to scheduled rolling stock and facilities for the operation of transport services, land and buildings related mainly to rolling stock depots and office buildings, industrial and commercial equipment related mainly to auxiliary vehicles, as well as assets that are fundamental to the smooth running of the service.

[11] It should be noted that, unless otherwise specified, this chapter refers exclusively to the data of the Italian companies of the ATM Group.
[12] The figure also includes Metro Service A/S.
[13] The figure also includes Metro Service A/S.
[14] This figure takes into account the M1, M2 and M3 metro lines as set out in the Service Contract.
[15] The figure also includes Metro Service A/S.

In order to provide adequate services, constantly in line with new customer-citizen needs, ATM is committed to achieving ever higher levels of environmental sustainability, safety, accessibility and comfort, guaranteeing increasingly smart infrastructures.

Material topics related to Productive Capital

Climate change, energy consumption and environmental impacts	Responsible resource and waste management	**Air quality, noise and vibration mitigation**
Occupational health and safety protection	Training and professional development	Diversity, inclusion and welfare
Quality and accessibility of services	Relations with the territory and local development	**Security & Safety**
Intermodality and integration of services	Human rights	Ethics, integrity and compliance

Responsible supply chain management	Innovation, digitisation and cybersecurity	Risk and crisis management	**Creation and distribution of economic value**

As required by the International Framework for the preparation of the Integrated Report, the main input, output and outcome as well as the main business activities acting with reference to Financial Capital are shown in the table below.

INPUT	BUSINESS ACTIVITIES	OUTPUT	OUTCOME
• Rolling stock • Mobility infrastructure • Infrastructure supporting integrated mobility	• Integrated Mobility Management • Design, engineering and maintenance • Implementation ICT systems, ticketing systems and advanced caring plans	• Thousands of square kilometres of territory served • Implementation of new technologies • Integrated service in the territory • Accessible transport for all	• Sustainable, safe efficient mobility • Social inclusion • Satisfactory public service

The main sustainability goals

The table below shows the main sustainability targets and the level of achievement of these targets as of 31 December 2023 with reference to the ATM Group's Productive Capital.

Table 12. Sustainability targets related to the ATM Group's Productive Capital

Targets	Status as at 31 December 2023	
• Achieving 100% of full-electric rolling stock.		In 2023, 74% per cent of the total kilometres travelled by the Group's rolling stock will be electrically powered, compared to 26% with diesel traction.
• Definition of a new security plan and gradual increase of dedicated resources and video surveillance systems installed on vehicles and in infrastructures: - Achievement of 100% of buses equipped with video surveillance systems (83.7% in 2017).		97.1% of the buses are equipped with video surveillance systems.
• Progressive improvement of the main KPIs relating to the quality and accessibility of the service, including through the upgrading and/or reconstruction of stops and stations, as well as acquisitions of new rolling stock and/or the implementation of revamping of vehicles.		In order to make the service more accessible, comfortable and sustainable, it should be noted that the fleet renewal plan for the next few years includes the supply of 21 new trains for the M1 line, 25 new trains for the M3 line, 80 new low-floor bi-directional trams (of which 8 have already been delivered), 80 new 18-metre trolleybuses (of which 60 have already been delivered), 150 hybrid 12-metre buses (all delivered). As far as the electric bus fleet is concerned, as of 31/12/2023 the fleet consists of 216 12-metre vehicles and in 2024 the fleet will reach 250 vehicles. In addition, two new contracts have been signed for the supply of a further 153 12-metre and 105 18-metre electric buses in 2023, with deliveries scheduled to start in 2025. For more details, see the section "Investments" in the Report on Operations.
• Reduction of the recorded noise level.		3,520 m of tram track were renewed, of which approximately 2,900 m were on a floating slab with an anti-vibration mattress and elastic attachment that mitigates the propagation of vibrations and reduces the production of rolling noise.

		In addition, a contract was signed in 2023 for the construction of noise barriers on the surface of the M2 metro line, along the Cimiano - Crescenzago section, with the aim of mitigating the effects of noise emitted by passing trains.

The Group's Productive Capital

As a provider of local public transport services, the modernisation and maintenance of productive capital represents a fundamental element for the ATM Group, not only in order to comply with regulatory requirements necessary to carry out its activities - the maintenance of assets, in fact, especially regarding the average age of the fleet is subject to regulation by European Directives as well as by the provisions of the Service Contract stipulated 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 consistently over time, a key factor in the sustainability of the business.

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

Investment in fleet modernisation and renewal for continuous improvement of environmental performance

With regard to investments made by the ATM Group to modernise its fleet and infrastructures, please refer to the description in the Chapter "Investments" of the Report on Operations.

Corporate safety and protection

The protection of the company's assets, the safety of ATM personnel and passengers is guaranteed by the Security sector in cooperation with law enforcement agencies present throughout the territory (Local Police, State Police, Carabinieri, Guardia di Finanza), with particular attention to high traffic transport lines, ATM-managed car parks and interchange areas with the railway network.

In recent years, the modernisation of the fleet and the adoption of increasingly innovative technological solutions have allowed for the progressive expansion of the company's monitored competencies through CCTV equipment installed on board vehicles and at stations, enabling the improvement of security to protect staff, passengers and ATM's assets.

Since 2019, the *Security Operations Centre* (SOC), i.e. the *Control Room* of *Security* has been in operation, working closely with the operations centres of the metropolitan and surface operations and the Police Force.

The *Security Operations Centre* operates 24/7 and is staffed by at least three specialised *Security* operators, who monitor and manage the more than 12,000 video surveillance cameras installed in the stations, at the premises and on the vehicles, and of the more than 4,000 alarms, which are managed in

the field through more than 200 interventions per day by the Security operators, with the possible support of the Police.

Video surveillance of the new ATM trolleybuses reached 82.3%, that of the new buses reached 100 % of the entire fleet, and for NET 100% of the fleet.

The ATM Safety Committee has maintained intense and daily relations with the bodies managed by the Public Safety Authorities (Prefecture and Police Headquarters) and with all the institutional components involved in the area: Local Police, State Police, Carabinieri. In the exchanges of information, problems arising from different experiences and reports from the various company sectors are analysed.

Specifically, during 2023, joint services were intensified both in the metropolitan areas and on the surface, aimed at solving these repeated criticalities and ensuring a better perception of safety for staff and passengers.

Since 2020, Security has also taken over the ATM Group's property sector's criminal complaint management process, further intensifying relations with the law enforcement agencies in order to further guarantee the timeliness of their actions to prevent, control and punish illicit phenomena against ATM.

As of 2022, the desire to protect ATM personnel has led to the implementation of a joint service programme alongside the Front Line personnel on duty along the metro lines and the Tutor personnel operating both along the metro lines and on the surface in control activities.

During 2023, the benchmark of Security among the major public transport companies continued, through participation in remote meetings between the sector's corporate managers characterised mainly 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 annually records and assesses rail safety risks and sets quantitative and qualitative targets subject to review during the annual management review.

Management and development of infrastructure and accessibility of transport services

In order to ensure the satisfaction of citizens and all those who use the service, it is essential to guarantee the maintenance of a modern and efficient infrastructure that ensures high accessibility of the public transport service for all.

In particular, the infrastructures supporting the service offered by ATM, from the underground network to the Group's stations and offices, make it possible to guarantee an adequate performance of the service for which they are intended, enabling it to offer services constantly in line with the needs of its customer-citizens, while respecting their expectations.

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

Directing the planning of the Milan metropolitan area is the Sustainable Urban Mobility Plan (PUMS), which dictates the guidelines of strategies for infrastructure management, as well as safety, reliability and flexibility towards customers and their needs. The Three-Year Programme of Works and the Two-Year Programme of Supplies also define the operational elements and short to medium-term interventions that the municipality plans to develop for the construction of new infrastructure and the maintenance of existing infrastructure.

In addition, ATM has implemented special mobility survey tools which are periodically updated to assess mobility trends, demand and flows by individual transport mode. In addition, indications on the work to be carried out - extraordinary maintenance, improvements, modifications - are received through the additional channels provided for this purpose (institutional, customer and maintenance channels).

Moreover, in order to guarantee the safe circulation of surface vehicles, devices are installed on board that allow a constant connection with its operations centre throughout the duration of the service; these systems are maintained on time through appropriate maintenance activities.

On the other hand, for the safe movement and spacing of trains on metro lines, there are signalling systems with different protection technologies and degrees of automation capable of sending and managing information on train position and line conditions.

In particular, as part of the renewal of the M2 line, the complete renovation of the signalling system is underway. The new facility, which is fully financed by ministerial contributions and the City of Milan, will ensure a safer and more efficient operation of the service by allowing an increase in the frequency of train passage in order to increase transport capacity accordingly. In close association with the work on the signalling installations, the punctual renewal of the track is being implemented. The works are aimed at renovating certain sections of the line in which the mechanical components had deteriorated in performance or had been built with technical solutions that did not allow the planned increase from 70 km/h to 85 km/h in running speed.

In addition to the M2 signalling system, ATM is also carrying out work on the complete renovation of the M3 underground line signalling system, which will contribute to the modernisation of the "yellow" line, together with the renewal of the train fleet, in the medium term; this work is fully financed by the Ministry of Infrastructure and Transport.

Accessibility to purchasing services

Alongside these interventions, ATM is leading the ticketing revolution in Local Public Transport, facilitating the digital transformation of Milan's public transport, which is now at a turning point in ticketing. In fact, the Group has also committed to guaranteeing accessibility to the services offered through the implementation of new automatic ticket vending machines that facilitate the purchase of tickets, i.e. through the offer of Smart services that allow the purchase of tickets via SMS or App and by making it possible to use journeys in dematerialised mode with the use of QR code and, in the near future, NFC technology.

Thanks to Smart technology, ATM has introduced, as of 2018, the sale of tickets directly at the metro turnstiles, implementing payment systems capable of detecting contactless bank cards adhering 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 cheapest fare (best fare logic) based

on the number and type of journeys made within 24 hours of the first validation of the day. The contactless payment system was subsequently also activated on all Atm bus, tram and trolleybus lines and is being extended.

Accessibility to people with vulnerable conditions

The Group is committed to ensuring the full accessibility of its services to as many users as possible, paying particular attention to passengers with motor, visual and hearing disabilities. To this end, the Group is working to increase the percentage of accessible stops, stations and vehicles by implementing specific initiatives, including:

- Installation of tactile routes and protective measures, such as LOGES routes (Guide and Safety Orientation Line) and automatic doors that protect against the risk of falling, to ensure the accessibility of services to visually impaired passengers;
- Redevelopment or reconstruction of bus, tram and trolleybus stops;
- Acquisition of new trains in the metro fleet with a wheelchair passenger seat, like trains already in operation;
- Acquisition in recent years of trams, buses and trolleybuses equipped with a low-floor, wheelchair-accessible passenger seat and a manually operated lift or folding platform for entering and exiting the vehicle: to date, the entire bus fleet and 66% of the trolleybuses run with this equipment. Within the tram fleet, 48.2 per cent of the cars circulating in the city of Milan are equipped with electrically operated platforms. In addition, the revamping of some cars also includes the installation of a lift for wheelchair users to enter and exit;
- Commissioning, during 2023, of lifts in the Cimiano, Vimodrone, Cassina de' Pecchi, Bussero, Gorgonzola and Gessate stations on the M2;
- With regard to the escalator replacement plan, which has enabled the renewal of more than 100 installations[16] since 2012, all 14 planned escalators will be put into service in 2023: 6 at Centrale FS station, 2 at Cologno Sud, 4 at Cologno Nord and 2 at Cascina Gobba on the M2. Extraordinary maintenance work was also carried out on 59 escalators and lifts on the M1 underground line, 56 escalators and lifts on the M2 underground line and 50 escalators and lifts on the M3 underground line. In 2023, the contract for the replacement of escalators and lifts in M3 stations due to end of technical life and the contract for new lift installations in M1 and M2 were awarded. Another contract for the installation of new M1-M2 lifts funded under the National Recovery and Resilience Plan is being awarded. In addition, several projects are

[16] The plan, launched in 2012, has enabled the replacement of over 100 systems in more than 34 stations on the M1 and M2, 56 and 35 respectively; the stations involved on the M1 were Sesto 1° Maggio FS (2 systems), Sesto Marelli (2), Sesto Rondò (2), Villa San Giovanni (2), Precotto (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), Lotto (2), QT8 (2), Bande Nere (2), Molino Dorino (2); on the M2, substitutions were made at the stations of Romolo (2 systems), Moscova (7), Lanza (6), Cadorna FN (4), S. Ambrogio (3), S. Agostino (3), P.ta Genova FS (3), Cologno Centro (2), Gessate (5). The plan also includes extraordinary maintenance work to improve the functionality and reliability of the most failure-prone installations.

underway for the renovation of additional escalators and the installation of new lifts on the M1, M2 and M3 lines, financed by the City of Milan;

- ATM carries out awareness-raising and training actions for Front Line staff and newly hired staff[17] in order to manage relations with disabled customers; newly hired staff, in particular, are provided with training on the devices with which vehicles are equipped to transport passengers with motor difficulties or in wheelchairs;

- The www.atm.it site in the Accessible Vehicles section provides information on the accessibility of stations: customers will find, station by station, the lifts, stairlifts, escalators and accessible toilets; lifts, stairlifts and escalators are also indicated on the metro network diagram published on the website, on the ATM app and in stations, distributed free of charge to customers at all ATM Points and in the metro at station operators' booths. In the Lines and Timetables section, available directly from the home page of the website, each stop on the five metro lines is accompanied by information on the presence of lifts and stair lifts and their position with respect to the surface. The accessible version of the section, characterised by an essential format to facilitate visually impaired people, offers the route calculation functionality; it works with the main screen readers so that the route results can be arrived at just by listening to what the programme calculates. A list of surface lines served by low-floor vehicles is also available on the Accessible Vehicles page. To improve information on the accessibility of underground transport for people with motor disabilities and to provide it in real time, ATM has created the web platform called Informazioni Senza Barriere (Information Without Barriers) illustrated in the dedicated box.

Table 13. *KPIs related to the accessibility of ATM vehicles[18]*

% surface vehicles equipped with tipping platform				
Mode	**Target 2023**	**2023**	**2022**	**2021**
Surface lines	75	87.0	86.1	85.2

% metro stations equipped with lifts and/or stair lifts				
Mode	**Target 2023**	**2023**	**2022**	**2021**
Underground stations	75	77.7	71.3	71.3

% metro stations equipped with sensitive platforms in the middle of the platform				
Mode	**Target 2023**	**2023**	**2022**	**2021**
Underground stations	100	96.8	97.9	95.7

[17] Newly-recruited personnel with the job of bus, trolleybus and tram driver, station operator, M5 line agent, driver.
[18] These indicators do not include vehicles operated by Nord Est Trasporti S.r.l.

Real-time information on transport accessibility: ATM Infoline and new *web platform* Information Without Barriers

The company provides all its customers with the ATM Infoline 02.48.607.607 call centre coordinated by the Customer Relations department, open every day from 7:30 am to 7:30 pm for information on service timetables, line routes and travel fares; the Infoline is open until midnight for assistance to disabled passengers from operators who can help them plan their journey with useful information on: accessibility of stations and stops, real-time situation of facilities (in service, out of service for maintenance), facilitated routes and devices with which vehicles and stations are equipped, real-time information on the line of interest.

In order to improve information on accessibility to metro transport, ATM has created the *web* Informazioni Senza Barriere platform, 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 stair lifts in metro stations. For this project, the company carried out, together with a group of passengers with motor disabilities and with LEDHA "Lega per i diritti delle persone con disabilità APS"[19], an experiment to develop the functionality of the system based on customers' travel experience. In January 2023, thanks also to the cooperation with the National Association of Visually Impaired Persons, work was completed on the platform to make it accessible to visually impaired passengers; since February, Informazioni Senza Barriere (Information Without Barriers) has also been available in English.

Reducing vibro-acoustic pollution

Constant efforts are made to minimise the vibro-acoustic impact during the operation of trams and metro cars through a punctual analysis of indicators related to the daily monitoring of the vibro-acoustic impact of infrastructures in compliance with the current legislative framework.

The ATM Group makes use of a specific internal structure, the Physical Agents and Metrology unit, which dedicates part of its activities to the measurement and assessment of noise and vibration disturbances that may arise both from sources located at company operating sites and from public transport systems (trams, underground, buses and trolleybuses) managed by the Group.

This analysis gives rise to an ongoing collaboration with the technical functions, which manifests itself in particular in the renewal programmes for rolling stock fleets and network equipment components, as well as in the definition of specific maintenance plans, aimed at rolling stock and metropolitan equipment, always with a view to prevention and improvement, to protect customers and the quality of life of the community.

Within this framework during 2023 the Group:

- carried out grinding work on metro tracks with a grinding train from the company Mecno Service, a HSG City grinding car from the company Vossloh, a Man Meccanica road-rail grinding machine

[19] LEDHA, Lega per i diritti delle persone con disabilità APS (League for the Rights of Persons with Disabilities), is a social promotion association that works to protect the rights of people with disabilities by offering information, free counselling and legal assistance and by acting as an interlocutor with the Lombardy institutions; it represents numerous organisations of people with disabilities and their families throughout Lombardy.

- Speno RLT16-EVO from the company Rail Diagnostics S.p.A. and VULCANO LGT 10M grinding train from the company Salcef s.p.a. for a total of approximately 127,595 metres, of which approximately 46,468 metres for periodic grinding operations (15,495 metres in line M1, 24,450 in line M2, 717 in line M3 and 5,806 in line M5).

- carried out tram track grinding work for about 12,500 metres with a Man Meccanica road-rail grinding machine - Speno RLT16-EVO from the company Rail Diagnostics S.p.A;

- carried out reprofiling work on the tram track for approximately 2,800 metres;

- some 3,520 m of tram track were renewed, of which approximately 2,900 m were on a floating slab with an anti-vibration mattress and elastic attachment that mitigates the propagation of vibrations and reduces the production of rolling noise.

  Specifically, the locations concerned are:

  - Parco Nord;
  - P.le Cordusio;
  - Via Orefici;
  - P.le Marengo;
  - Via Angelo Maj;
  - P.le Oberdan;
  - Viale Monte Santo-Galilei;
  - Via Farini-Via Ceresio;
  - Via Montegani (da V.le Cermenate a P.za Abbiategrasso);
  - P.za XXIV Maggio-C.so San Gottardo;
  - Piazza Fontana;
  - Via Filzi;
  - Via Settembrini-Via Petrella;
  - Largo Cairoli;
  - P.le Cadorna;
  - Viale Rimembranze di Lambrate;
  - Piazzale Rimembranze di Lambrate;
  - Viale Corsica, Lomellina crossing

- approximately 5 thousand metres of metro track on line 2 were renewed on the external section from Gobba to Cologno/Gessate, completing the overall work of the 17 km started in 2021, with the replacement and renewal of 4 communications at Gorgonzola (connecting odd and even track no. 2 and central trunk no. 2), no. 2 communications at C.na Antonietta (connection between even and odd tracks), no. 2 at Gessate (connection between even and odd tracks), no. 4 at Gobba (connection between tracks 1-2 and 3-4) as well as an intersection between tracks 2-3;

- Some switch control systems were replaced with the less impactful 'Radio Frequency Systems' equipped with hydraulic dampers on the manoeuvring boxes.

The vibro-acoustic mitigation processes also include the routine and extraordinary maintenance of vehicle wheels. Of particular relevance are vibration monitoring systems in metro tunnels, which make it possible to detect the state of wear and tear of metro trolleys, so that targeted wheel-turning actions can be initiated.

In addition, the team continued to manage structural processes, ongoing over time, in the area of environmental protection, deriving both from specific obligations dictated by current legislation, and from the company's desire to continue on a path to improve its performance in this area.

In addition, a contract was signed in 2023 for the construction of noise barriers on the surface of the M2 metro line, along the Cimiano - Crescenzago section, with the aim of mitigating the effects of noise emitted by passing trains.

Analysis of the impacts of the Full Electric Plan

The major environmental, social, economic and institutional sustainability projects include the Full Electric Plan, i.e. the transition of the entire bus fleet from diesel to electric.

Within the framework of the indications provided by ATM's Board of Directors, it was decided to subject this plan to a wide-ranging analysis in order to measure, understand and evaluate its impacts.

The **economic impact** generated from the start of the *Full Electric* project to December 2023 was calculated in proportion to the number of electric buses put into service each year.
The overall economic impact was about EUR 335 million and employment about 560 jobs generated, with an economic effect generated by the investment of 2.62.

On the other hand, as far as the **environmental impact** is concerned, the reduction in the city of Milan's total emissions from both public and private transport, thanks to the *Full Electric* plan, is 13%. The contribution of ATM's Full *Electric* plan to the reduction of emissions envisaged in the 2030 Air Climate Plan (transport sector) is 25%, with a 45% reduction by 2030 and a target to become *Carbon Neutral* by 2050.

INTELLECTUAL CAPITAL

Main Results Related to intellectual Capital

Table 14. ATM Group Intellectual Capital Results Summary

7 Group companies with Model 231	**4** Group companies certified SA8000 --- **Approximately 330** training hours conducted on human rights and SA8000
4 Group companies certified ISO 9001	**0** significant penalties in the environmental and social fields **0** cases of discrimination during 2023

About Intellectual Capital

Intellectual capital constitutes the set of intangible assets that contribute to the creation of value. These skills translate into corporate departments dedicated to the development of ideas and innovations in the way services are designed and delivered.

Material topics related to Intellectual Capital

Climate change, energy consumption and environmental impacts	Responsible resource and waste management	Air quality, noise and vibration mitigation	
Occupational health and safety protection	Training and professional development	Diversity, inclusion and welfare	
Quality and accessibility of services	Relations with the territory and local development	Security & Safety	
Intermodality and integration of services	Human rights	**Ethics, integrity and compliance**	
Responsible supply chain management	Innovation, digitisation and cybersecurity	Risk and crisis management	Creation and distribution of economic value

As required by the International Framework for the preparation of the Integrated Report, the main input, output and outcome as well as the main business activities acting with reference to Intellectual Capital are shown in the table below.

INPUT	BUSINESS ACTIVITIES	OUTPUT	OUTCOME
• Know-how in the management of complex mobility systems • Competence centre in design and process management	• Development of innovative and smart systems for mobility management • Survey of the level of customer satisfaction • Conducting Internal Climate Surveys • Implementation of operational management and governance tools and systems	• Obtaining certification systems: ISO 9001, ISO 14001, ISO 45001, SA8000 • Ethical Management of Business • Offering innovative services	• Quality of service provided • Process efficiency and control along the value chain • Protection of rights for employees and customers

The main sustainability goals

The table below shows the main sustainability targets and the level of achievement of these targets as of 31 December 2023 with reference to the ATM Group's Intellectual Capital.

Table 15. *Sustainability targets related to the ATM Group's Intellectual Capital*

Targets	Status as at 31 December 2023	
• Integration of sustainability risks related to ATM activities and operations within the Group's risk assessment process.		As of 2019, ATM's Enterprise Risk Management model has reached a high level of maturity and is subject to constant development and improvement, covering all business areas. Within the risk register, sustainability-related risks with "ESG" (Environmental, Social and Governance) implications are also identified and assessed. With respect to the ESG objectives, for the "S" ("Social") and "G" ("Governance") part, it is also specified that, these are integrated within the Group's risk assessment process, by means of a timely reconciliation of the ERM risk scenarios to specific 231 and Anticorruption risks, as well as to the mapping of the relevant sensitive areas. As a result of the above-mentioned updates to Models 231, the ERM

		risk register was harmonised in order to align it with the update of Models 231 and the Group Anti-Corruption Model. The ATM Group is committed to deepening its risk analysis in the area of Climate Change, in line with the priorities defined by the European Securities and Markets Authority (ESMA), and based on the evolution of the relevant regulations. In the course of 2023, new relevant topics were integrated into the ERM model and the ERM risk register in line with the findings of the materiality analysis. In addition, a process was initiated to define a structured framework in the area of climate change risk management. For more details, see the chapters 'Corporate Governance Report' and 'Risk and Uncertainty Factors'.

The Group's Intellectual Capital

Intellectual Capital, consisting of the knowledge and skills that the Group has built up and developed over some 90 years of service, manifests itself in the form of regulations, procedures and operational management and governance systems. These tools, in addition to guaranteeing compliance with reference standards, make it possible to optimise the value generated both in monetary terms, resulting 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 therefore contribute to guaranteeing the integrity, transparency, loyalty, responsibility and virtuousness 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 programme aimed at finding innovative and technological strategic solutions for its employees in order to improve the quality of the working environment.

Numerous projects were implemented in 2023 for the purpose of technological innovation for both internal and external customers; among others, we highlight:

- **Maintaining Skills**
  During 2023, the Skills Maintenance platform was released as part of the management of the personnel training process aimed at both the attainment and maintenance of certifications and authorisations for operational safety tasks required by current national legislation (Ansfisa), and the management of courses related to the obligations imposed by Legislative Decree 81/08, or other requirements of various kinds such as the management and delivery of managerial courses.
  The platform also allows for the controlled distribution and availability of the documentation required to regulate job-related activities with particular regard to those with an impact on operational safety.

- **Data Analytics project to optimise Full Electric bus management with Focus on Opportunity Charger and Deposits**
  The data analytics project on full electric bus data and charging infrastructure was successfully launched in mid-2023 and is expected to be completed in early 2024. During this period, the primary objective of modelling data from heterogeneous sources was achieved, incorporating detailed information from service scheduling, AVM data, bus telemetry sensors and charging infrastructure, including opportunity chargers.
  A significant achievement of the project was the effective automation of data collection, which simplified the monitoring process. The analysis of consumption from different perspectives, such as car, line, ride, table and charging infrastructure, was made possible by the complete integration of data.

The data will be accessible through reporting on the company platform, offering a consolidated view. Furthermore, usability can be extended via individual production tools such as Excel and Power BI, allowing users to explore and analyse data in a customised way. With the completion of the project, it is expected that the benefits of this initiative will be further consolidated by contributing to better management and optimisation of full electric buses.

- **PoC machine learning on Full Electric bus data**
  A trial of machine learning as a Proof of Concept (PoC) for a small number of lines aimed at optimising the recharging of full electric buses was initiated during the April-September 2023 period.
  The analysis of travel and energy consumption data contributed to a deeper understanding of operational dynamics.
  Preliminary results indicate the need for further adaptations and adjustments. Despite the difficulties, this process is an important step in the mission of sustainable innovation. In addition, PoC provided an opportunity to enhance data collection from field systems, paving the way for future optimisations and improvements.

- **Sale of dematerialised tickets through 'Maas Operators' of the Municipality of Milan**
  The Municipality of Milan, within the framework of the National Recovery and Resilience Plan (PNRR) and in accordance with the indications of the Ministry for Technological Innovation and Digital Transition (MITD) and the Ministry of Sustainable Infrastructure and Mobility (MIMS), has launched in 2023 an experiment aimed at the development of new services to mobility based on the MaaS paradigm - "*Mobility As A Service*" and has identified, through the publication of a public notice for expressions of interest, a number of subjects admitted to the role of "MaaS *Operators*".
  In this context, ATM set up a digital platform called 'SmartTicketing' through which MaaS Operators could sell dematerialised tickets in QR Code format through their APPs. This platform has been built using technologies that allow ATM's digital ticketing services to be shown according to standards and modern protocols in order to guarantee optimum levels of interoperability, data security and event traceability.
  The trial was launched in July and has seen in 2023 over forty thousand QR code digital tickets issued through the APPs of four participating operators (MyCicero, UnipolTech, UrbanNext, WeTechnology).

- **Metro Line M4 Tablet Operators**
  Following the opening of the new M4 Metro Line in 2023, all M4 line attendants (around 90) have been equipped with a mobile application on mobile devices (tablets).
  This allows them to carry out and track daily checks at the various stations and on the trains of the M4 line, which provide citizens with a daily commute from one part of Milan to another. The greatest advantage of using the application is the ability to track and manage a fault in order to get maintenance staff to intervene promptly, as well as to maintain a high level of inspection throughout the network of the new M4 line.
  All this results in greater satisfaction and a better travel experience for citizens, as they travel in a comfortable and constantly functioning environment.

This project ensures that the infrastructure and trains are safeguarded through constant monitoring of their state of operation, proper maintenance and a high degree of safety for citizens.

- **SCADA FULL ELECTRIC - Sarca and Giambellino depots and charging points (*Opportunity Charge*)**
  In order to guarantee the supervision of the charging status of the electric buses, the SCADA system was activated, which monitors in real time the operating status of the electric cabins and charging stations installed in the Sarca and Giambellino depots and the in-line charging points (OC). The supervisory system also integrates the Energy Management System (EMS) function, which allows recharging to be managed smartly, optimising electricity consumption based on the hourly cost of energy, the individual car's service start time and the maximum available power.

- **Stadler bidirectional trams**
  The first bi-directional trams have been equipped with ATM's AVM system for the monitoring and management of surface fleets and will soon be in service. In order to ensure the proper functioning of these new trams, double-cab management was designed and implemented. In addition, the new vehicles in question are equipped with a infotainment system that will provide passengers with new audio-visual schedules integrated with next-stop announcements.

- **ATM network**
  In order to support the critical *Operational Technologies* (OT) systems used to manage the operation of metro lines 1, 2 and 3, a dedicated high-availability data network with a length of more than 80 km was set up in each station of the above-mentioned lines. The network is based on the state-of-the-art Shortest Path Bridging (SPB) protocol, and is characterised by a very high-speed, redundant fibre optic backbone and the presence of 2 access switches at each station, which are able to offer the necessary connectivity to all existing and future OT systems. The data network is designed to guarantee the Disaster Recovery function that will be activated at the San Donato site over the next year.

- **Technologies for smart mobility**
  In December 2023, the public tender for the management and maintenance of the Smart City mobility and safety IT systems and applications was awarded to the grouping formed by A2A Smart City and ATM for a duration of 12 years. This is therefore an important consolidation of ATM's role in the field of innovative technologies for mobility and the smart city used in Milan, such as centralised traffic light control for dynamic traffic management, infomobility with variable message panels, infraction detection systems for access to LTZs, reserved lanes or for running red lights or exceeding speed limits. The service also includes the management of complex LTZs such as Area B and Area C with related authorisation and payment management systems. Also included are the main software systems of the Local Police Operations Centre (intervention management and removal management) as well as the TETRA mobile radio infrastructure used for communication with road patrols.

- **Adjustment of LTZ Area C, Area B.**
  ATM, as the technological partner of the Municipality of Milan, has been working constantly on the adaptation of all infrastructures and systems related to the Area B and Area C LTZs with the

aim of maintaining the adherence of IT platforms to all the new measures approved by the Municipal Administration.
Specifically, during the course of 2023, the Municipality of Milan adopted a series of measures to contain traffic and improve air quality, also introducing new traffic bans and environmental exemptions.
Particularly important were the activities to adjust the Area C platform in order to make a revision and adjustment of all entry tickets.

- **Parking**
  In order to adopt more stringent measures to combat Parking Spaces fee evasion, ATM has worked to make its control systems more efficient. During 2023, the number of vehicles, equipped with ANPR cameras to automatically check the regularity of payments, was increased to a fleet of 11 vehicles.
  Solutions to replace the current handhelds with more user-friendly and technologically high-performance solutions were also tested and evaluated.

- **Integration of ADI alert flows with fines from LTZs**
  The Municipality of Milan has developed a service to notify fines to citizens.
  The service is open to all those who register on the municipality's website and expressly request to join by indicating the number plate to be "watched out for". For this service, ATM has been asked to make available during 2023 the checks for infringements raised by the systems in the LTZs, Area B and Area C, reserved lanes and speed controls. Therefore, integrations were developed with the above-mentioned fines systems to send the information of the fines to the City of Milan.
  The new flows produced complement those already in place for roadside Parking Spaces checks.

Compliance with regulations

Consistently with ATM S.p.A.'s SCIGR Guidelines20 as of 2021, the ATM Group has started to formalise a Compliance system consisting of specific organisational tools and processes aimed at guaranteeing compliance with internal and external reference regulations, thus also protecting itself from risks related to judicial or administrative sanctions, potential losses or reputational damage as a consequence of non-compliance with applicable regulations.

This included the establishment of a specific Compliance Department, which has completed, in early 2022, a Compliance assessment to identify the main regulatory areas applicable to ATM and the definition of a maturity level of individual safeguards.

This has formalised and made ATM aware of its non-compliance risk profiles which, to date, are managed through a widespread and distributed system among different actors: ATM's Compliance System involves, in particular, specialised Compliance Officers and Control Departments dedicated to specific regulatory areas, including the Compliance Department, which presides over and monitors certain regulatory areas, as well as carrying out an overall coordination activity.

The activities that characterised, also in 2022, the Control Departments on specific regulatory areas concerned the assessment of the tools and processes functional to the management of these risks, but more in general the robustness of ATM's Compliance Model in order to protect the company from possible regulatory violations.

[20] Appropriately transposed by subsidiaries if and to the extent compatible.

Personal data protection

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, first and foremost, by EU Regulation no. 679/2016 governing the protection of natural persons with regard to the processing of personal data and by Legislative Decree No. 101 of 2018, which adapts the Code on the Protection of Personal Data (Legislative Decree No. 196 of 2003) to the provisions of the aforementioned Regulation.

The ATM Group has always regarded data as one of the most valuable assets a company possesses and has therefore paid special attention to the protection of personal data, not so much because it is a legal obligation, but because it is considered a competitive asset. In recent years, this perspective has been even more favoured by the growing demand from individuals, who are increasingly aware of the importance of their data.

The approach of European legislation, oriented towards protecting the rights of individuals, has led ATM to continue to adapt its processes in line with the standards and to implement a system of personal data protection of an essentially preventive nature, based on minimising the risk of a breach, through protection techniques by design and by default, on making data controllers accountable (principle of accountability), and on introducing the institution of impact assessment for data processing that poses high risks for the rights and freedoms of individuals.

This system provided for the creation of an extremely important new figure, the Data Protection Officer (DPO). This figure is unique for all the companies of the Group and its main function is to support the data controller, employees and data processors in dealing with data and related risks in accordance with the principles and indications of the European Regulation and other applicable provisions.

The Code of Ethics: principles, values and social responsibility

As already illustrated in the "Corporate Governance Report" chapter of the Report on Operations, transparency, ethics, fairness, quality of life in the community and the continuous pursuit of excellence are just some of the guiding principles considered by the ATM Group in adopting a Governance structure appropriate to its nature, size and operating structure. These principles are translated into areas of values aimed at guiding the actions of ATM people both internally and externally.

The values which the ATM Group recognises as fundamental in the performance of its business activities, and which it shares at all levels of the organisation, are set out in the Code of Ethics, introduced in 2007, updated in 2018, in line with the ACT Model, subsequently updated in December 2021 and undergoing a comprehensive review as of 2022.

The Code of Ethics, which encapsulates in a nutshell the set of values and lines of conduct that make up the identity of ATM and the group of companies it heads, sets out the relevant ethical-social responsibilities and commits the corporate bodies, the management, personnel, external collaborators, suppliers and, more generally, all those who, for various reasons, act on behalf of the ATM Group or come into contact with it. In fact, it applies to the parent company ATM S.p.A. and to the Group's companies and, together with the Organisation, Management and Control Models pursuant to Legislative Decree 231/01 and the Anti-Corruption and Transparency Model, is an integral part of the ATM Group's overall Internal Control and Risk Management System.

Social responsibility, is one of the guiding factors of ATM's corporate and social policies, which are developed, with a view to continuous improvement, bearing in mind the reference model and specific international recommendations: this principle is certified through adherence to the SA8000 standard as well as integrated into the Group's Code of Ethics and the ATM Group's Code of Conduct.

For further details, please refer to the chapter "Corporate Governance Report".

Certified Management Systems

ATM appoints independent and accredited third-party bodies to provide feedback on the companies' compliance with the standards of reference and to suggest improvements on the basis of annual periodic audits.

As already illustrated in the "Corporate Governance Report" chapter of the Report on Operations, the QHSE (Quality, Health, Safety & Environment) department ensures the definition of quality, occupational health and safety and environmental guidelines, consistent with the Group's strategic guidelines and in full compliance with mandatory regulations and the management systems implemented.

The QHSE department ensures the maintenance of certifications related to the Quality, Environmental, Health & Safety Management System, and is responsible for planning and conducting "internal system audits" and determining the legal requirements of the scope of responsibility.

Consistent with the company's mission and the Sustainability Policy defined by ATM S.p.A.'s Board of Directors to progressively certify the number of kilometres travelled in compliance with the UNI EN 13816 technical standard - "Service Quality in Public Transport", the 14, 54, 90/91 and M3 lines, already certified in 2021, after specific audits by the accredited body, have been joined in 2022 by tram line 4, bus line 60 and underground lines M1 and M2, and in 2023 by tram lines 7, 31 and bus lines 42, 80 and 84.

In addition, NET also certified some lines: Z321 in 2021, Z202 and Z311 in 2022, Z201 and Z314 in 2023.

In the area of workplace health and safety management systems, ATM S.p.A., Rail Diagnostics S.p.A. and, from the end of 2022, NET S.r.l. have ISO 45001:2018 certification.

With regard to the Group's respect for human and labour rights, in 2023 the companies ATM S.p.A., GESAM S.r.l. were certified SA8000, Nord Est Trasporti S.r.l. and Rail Diagnostics S.p.A., and these companies have successfully completed the verification process for the renewal of their certificates from 2024 onwards (the process will be completed in 2024 with a fine tuning of what emerged from the renewal verification carried out by the certification body in November 2023).

As evidence of the Group's commitment to the proper management of environmental and social issues, it should be noted that during 2023 no significant penalties were recorded in relation to environmental and socio-economic laws and regulations.

Table 16. *Compliance with laws and regulations*

ATM Group	2023	2022
Total number of significant cases of non-compliance	4	7
Cases for which a fine was paid	0	0
Cases for which a fine has not been paid	4	7

ATM Group	2023	2022
Amount of fines for non-compliance paid during the reporting period	6,377	-
Fines for non-compliance occurring in the current reporting period	6,377	-
Fines for non-compliance in previous reporting periods	-	-

It should be noted, as mentioned in another section, that the Internal Audit carried out by the Audit and Internal Control Department is currently compliant with the International Standards, currently in force, as per the results of the first external assessment on the Department (at least every five years) referred to in the Assurance and Quality Improvement Programme (see Standard 1300) implemented by the Audit and Internal Control Department itself.

Table 17. *Models under Legislative Decree 231/01, Anti-Corruption and Transparency Model and certified management systems*

Companies of the ATM Group	Model under Legislative Decree 231/01	Group Anti-Corruption and Transparency Model[21]	SA8000 Certification	ISO 14001 certification	ISO 9001 certification	ISO 45001 certification
ATM S.p.A.	X	X	X	X	X	X
CityLink S.r.l.	X	X	-	-	-	-
GESAM S.r.l.	X	X	X	-	-	-
Nord Est Trasporti 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[22]	X	X	-	*Adoption of the management system planned for 2024*	X	*Adoption of the management system planned for the next few years*

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 standard draws its inspiration from the principles of the UN Universal Declaration of Human Rights and the ILO conventions and outlines the good practices to be observed with regard to freedom of expression, abstention from the use of forced or child labour, equal treatment and the fight against discrimination and harassment, both within the Group and with its suppliers. Specifically, the SA8000 standard defines 9 requirements of particular relevance:

- not resorting to or supporting the use of child labour;
- not resorting to or supporting the use of forced or compulsory labour, not withholding original identity documents and not requesting staff to pay "cautions" at the beginning of the employment relationship;
- ensuring a safe and healthy working environment and taking effective measures to prevent potential accidents, injuries or illnesses that may occur as a result of, in connection with, or in the course of work;
- respecting the right of all staff to form, join, and organise trade unions of their choice and to bargain collectively with the organisation; effectively informing staff that they may freely join any workers' organisation of their choice, without any negative consequences or retaliation by the organisation;

[21] The Anti-Corruption and Transparency Model was adopted, on a voluntary basis, on 15 September 2018 and revised in 2021.
[22] All parent company regulations must be implemented by the subsidiaries, always considering the local regulations in force and always pursuing the criterion of complying with "the most stringent of the two".

- not engaging in or supporting any form of discrimination in hiring, 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, union membership, political opinion, age, or any other condition that could give rise to discrimination;
- treating all staff with dignity and respect, not using or tolerating the use of corporal punishment, physical or mental coercion and verbal abuse;
- complying with applicable national laws, collective bargaining or company agreements (where applicable) and industry standards on working time, rest and public holidays;
- respecting the staff's right to a decent wage, and ensuring that the remuneration paid for a normal working week, excluding overtime, always corresponds to at least the legal standards or the industry minimum standards, or collective agreements (where applicable);
- establishing and continuously improving the SA8000 Management System.

In order to continuously monitor the performance of SA8000 certified companies[23], the Group uses multiple tools to ensure ethical business management throughout the value chain. In addition to the internal audits at its facilities, management systems have been adopted to deal with any cases of discrimination, harassment and stalking and with regard to suppliers; the Group has implemented selection criteria based on adherence to SA8000 requirements, also carrying out internal audits on a sample basis along the supply chain.

With regard to maintaining compliance with the SA8000 Standard and monitoring its internal atmosphere, the SA8000 Management System also makes use of a number of specific reporting channels, such as:

- dedicated mailboxes located at all company sites;
- dedicated e-mail inbox (sa8000@atm.it) or physical mail through which to address messages, also and if necessary through an Online Form, available on the Intranet or on the website;
- in person, directly addressing the members of the Social Performance Team (a dedicated body consisting equally of employee and company representatives).

Through these channels, the personnel of the Group and of third companies may deliver reports, suggestions or complaints.

In addition, training courses related to respect for human rights - or more generally on issues of Social Responsibility - are held periodically for all professional categories. For the Group companies in Italy, specific training hours on the subject of respect for human rights refer to SA8000 certification, while for the company Metro Service, training courses are provided on *Corporate Social Responsibility* issues that also include these topics.

In 2023, more than 420 workers were trained in SA8000 and human rights at Group level.

[23] The SA8000 certified companies are ATM S.p.A., GESAM S.r.l., Nord Est Trasporti S.r.l., Rail Diagnostics S.p.A.

In addition, communication and worker information campaigns were promoted at all company locations, through the development of an information postcard displaying the highlights of SA 8000 and a QR Code which, when framed, linked to the SA 8000 information page on ATM's website.

Table 18. *Hours of training provided and % of employees trained in relation to SA8000 and human rights*

ATM Group	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Training hours	256	77	333	383	106	490	406	50	456
% trained employees[24]	4%	7%	4%	6%	16%	7%	6%	8%	6%

HUMAN CAPITAL

Main results related to Human Capital

Table 19. ATM Group Human Capital Results Summary

10,331 employees as at 31 December 2023	**601** new hires during 2023	**296,504** training hours provided in the year
5.8% incoming staff	**7.2%** outgoing staff	

About Human Capital

Human capital is represented by the people who every day make their contribution to the Group's activities, through their know-how, their competence, loyalty and commitment to a collaborative climate aimed at optimising organisational processes.

[24] Percentage calculated as the ratio of the number of employees trained in human rights policies and procedures to the total number of ATM Group employees.

Material topics related to Human Capital

Climate change, energy consumption and environmental impacts	Responsible resource and waste management	Air quality, noise and vibration mitigation
Occupational health and safety protection	**Training and professional development**	**Diversity, inclusion and welfare**
Quality and accessibility of services	Relations with the territory and local development	Security & Safety
Intermodality and integration of services	Human rights	Ethics, integrity and compliance

Responsible supply chain management	Innovation, digitisation and cybersecurity	Risk and crisis management	Creation and distribution of economic value

As required by the International Framework for the preparation of the Integrated Report, the main input, output and outcome as well as the main business activities acting with reference to Human Capital are shown in the table below.

INPUT	BUSINESS ACTIVITIES	OUTPUT	OUTCOME
• Knowledge and skills of the Group's people • Investment in training plans • Welfare and work-life balance projects and positive corporate climate	• Personnel selection and management • Continuous staff training at all levels • Managing employee health and safety • Employee career path management processes • Skills assessment • Atmosphere analysis	• Supporting employees' personal needs • Training hours provided • Health and safety at work	• Consolidation of health and safety culture • Employment • People motivation and satisfaction

The main sustainability goals

The table below shows the main sustainability targets and the level of achievement of these targets as of 31 December 2023 with reference to the ATM Group's Human Capital.

Table 20. Sustainability targets related to the ATM Group's Human Capital

Targets	Status as at 31 December 2023	
• Gradual dissemination and expansion of existing Diversity management policies.		By 2023, a total of 77 pink toilets were reached, distributed in depots, in the metro network and over the city. In 2023, 1 counselling and coaching course in disability support was activated.
• Gradual implementation of co-working stations in the various company locations and for the use of remote working.		Following the experience of the pilot project that started in September 2019 and given the covid-19 emergency, remote working was introduced as a working tool for over 1,200 employees and continued throughout 2021 consistent with the state of emergency. Remote working continued in 2022 and was also maintained after the end of the pandemic phase through a specific contractualisation renewed year by year. At HQ, Zara, Monte Rosa and San Donato, the first four co-working locations have been set up to allow employees who need to stay at these locations for meetings or other work commitments, in order to reduce home-work journeys and maximise their time. Workstations were also made available at other locations.
• Development and implementation of Age management policies.		Since 2022, Age Management activities have been incorporated into Diversity & Inclusion policies. In 2023, a skills review was conducted for 20 managers over 50
• Counselling service to employees to support them with a multidisciplinary team in both personal and work-related critical issues.		In 2023, 295 cases were dealt with 2,065 interviews and interventions.

The Group's Human Capital

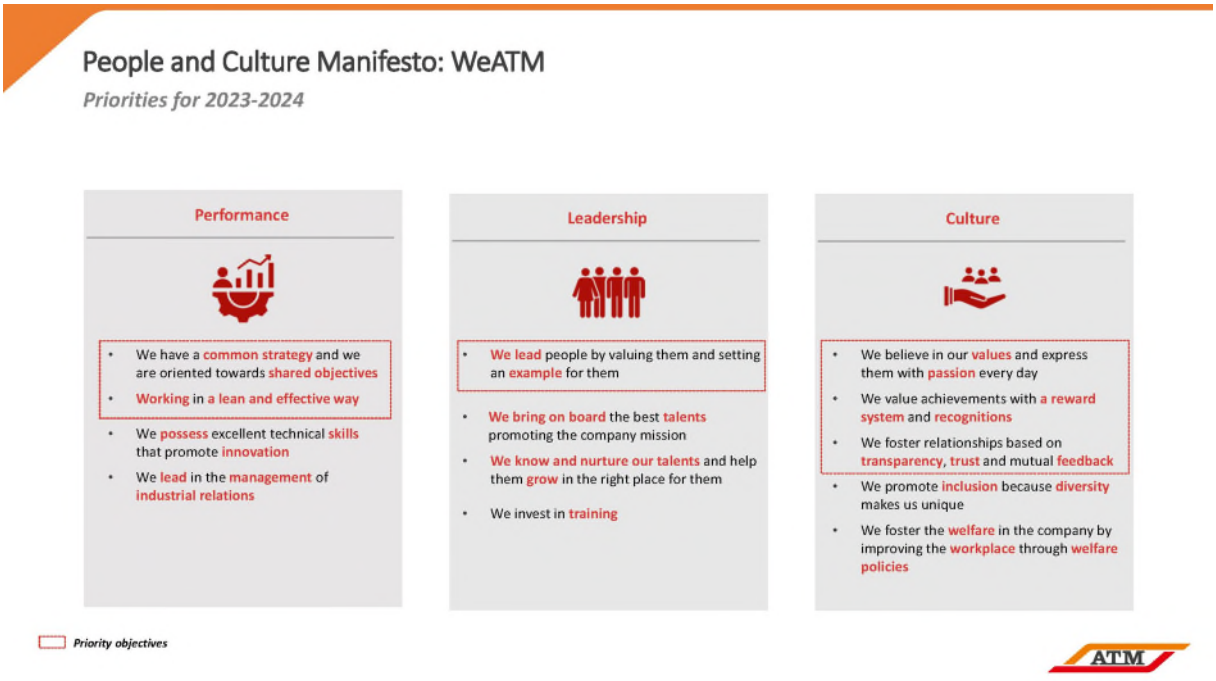
ATM operates with the constant aim of promoting an organisational context made up of people of value, aware of themselves and their role, motivated to make their own contribution to service quality and internal and external customer satisfaction.

The growth and development of ATM's people has always been a key element in achieving the Group's objectives. Therefore, the Group is committed to offering its employees a working environment that fosters inclusiveness and a sense of belonging to the large community of professionals within the organisation. This commitment is realised through the implementation of procedures and policies in favour 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.

ATM people

The first half of 2023 was characterised by the revision of the ATM group's strategic plan 2023 -2026: on this occasion, the management team approved the inclusion of a new strategic pillar for ATM called 'People and Culture'.

This pillar defines the Group's new people manifesto, with a clear commitment to 2026 and a defined plan for 2023-2024.



The creation of the **Plan 'People and Culture'** was the result of four main activities:

1. addressing the results of the atmosphere survey carried out in 2022 on the company population, with additional listening and discussion phases carried out in March 2023 with more than 100 employees representing all company areas and organisational levels
2. active involvement of the corporate Management Committee
3. assessment of existing HR practices
4. benchmark with the outside world

The first actions implemented were:

- revision of the content of the company's MBOs, involving the entire managerial population (approximately 350 people), with a clear focus on management objectives as well as activities supporting the ATM Group's strategic plan and business expansion.
- Internal communication plan with videos of the Management Committee for better information on the company's strategic plan activities
- Adoption of new recruitment and selection practices to deal with the phenomenon of 'talent shortage', which impacts the ATM group especially in the area of operational figures and drivers
- Strengthening of best practices related to Welfare, Diversity, Equity & Inclusion (see further discussion below)

In 2023, the trend that began in the post-covid period was also reconfirmed, which led to a considerable drop in applications, especially for driver, maintenance and engineer jobs. The complexity of the issue lies in the set of factors affecting the talent shortage from different points of view: lack of technical skills in the market with consequent mismatch between labour demand and supply, significant living costs that have affected the metropolitan city of Milan, a very dynamic labour market that has greatly influenced the value of our economic offers and in which candidates increasingly assess the job offer as a whole, giving particular importance to the welfare system, the corporate mission and the training and development plans made available.

In light of this, the Human Resources Department in July 2023 reorganised the team in charge of personnel selection by creating the technical unit Selection and Employer Branding and thus giving birth to a specific area dedicated to improving the company's reputation and attractiveness.

The Employer Branding Plan 2023 was also prepared with a special focus on drivers and engineers. The objectives of the plan include: improving the story telling related to ATM to highlight its excellence, strategic projects and the great opportunities it can provide for the general development of its resources; using new channels and new strategies for contacting potential candidates; improving the appeal of more operational roles, such as drivers.

This was the context for an entirely new initiative, the launch of the 1st ATM JOB TOUR: this was a travelling event throughout the territory involving a large group of ATM employees, belonging to the Human Resources, Surface Operations, Maintenance, Engineering, Communication Departments, present for 3 consecutive weekends (from 21 October to 5 November 2023) with the aim of sharing information and telling ATM's reality and job opportunities in a new and direct way to potential candidates interested in learning more. Shopping centres were chosen as the territorial base, with drivers and maintenance workers as the main target group.

New projects have also been launched in response to the objectives set out in the plan. Of particular note is the call for candidates with only a B licence "Drivers of the future - D and CQC licence People financed by ATM" which, in line with the CQC project launched in 2022, makes available a large corporate

investment to support the financing of the driving qualifications required to perform the role of driver and thus bridge the gap in terms of technical skills that exists for this role on the market.

Finally, in response to the problem of the high cost of living in Milan, ATM has opened a further call for tenders ("Housing contribution for new drivers"), making available a financial contribution of 3,000 euros for 33 candidates and/or newly hired drivers residing outside the province of Milan, helping them to meet the costs associated with the first months of renting in the city. Recruitment was also necessary in order to cope with the number of exits, which particularly affected those in the area of operations, who accounted for more than 60% of the total number of exits. This confirms what had already emerged during 2022 where, unlike in the past, voluntary resignations were the main reason for leaving, outnumbering exits due to retirement.

From the point of view of gender balance the Italian transport sector is among those in which a male-female disparity of at least 25% persists. However, the recruitment and policies undertaken have helped to improve the gender balance with positive results on distribution. In fact, there has been an increase in female staff, also due to recruitment: starting with a female presence in the ATM Group of just over 10%, the hiring of women among Italian LPT companies accounted for approximately 19% of the hires recorded in 2023, while the outflow of female staff stood at approximately 7%, thus contributing to the overall percentage growth of women.

The percentage of entrants under permanent employment contracts is increasing, with the clear intention of increasing recruitment under employment contracts considered to be more stable. In addition, existing fixed-term contracts were stabilised by transforming some 430 such contracts into open-ended contracts even before their original expiry date.

As of 31 December 2023, the ATM Group's workforce consisted of 10,331 people, of which 9,673 in Italy and 658 abroad (Copenhagen and Thessaloniki)[25]. In particular, in Copenhagen, the human resources increased by about 9.7 per cent compared to last year. Almost all employees have established a stable employment relationship with the Group. In fact, about 98.7% of the workforce is employed under an open-ended contract, an increase over the previous year.

The company population as at 31 December 2023 is as follows:

[25] These figures refer to Group employees only (expressed in *Head Count*). It should be noted that external contractors are a residual component in relation to the total number of employees.

Table 21. *Number of ATM Group employees at 31 December, by gender and contract type (fixed-term/permanent)*

Region	Contract Type	31.12.2023			31.12.2022			31.12.2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
ATM GROUP (WORLD)	*Open-ended*	9,138	1,063	10,201	9,156	954	10,110	9,108	937	10,045
	Fixed-term	99	31	130	275	88	363	389	34	423
	TOTAL	**9,237**	**1,094**	**10,331**	**9,431**	**1,042**	**10,473**	**9,497**	**971**	**10,468**
of which in ITALY	*Open-ended*	8,640	925	9,565	8,703	827	9,530	8,664	806	9,470
	Fixed-term	82	26	108	262	83	345	378	31	409
	Sub-total Italy	**8,722**	**951**	**9,673**	**8,965**	**910**	**9,875**	**9,042**	**837**	**9,879**
of which ABROAD[26]	*Open-ended*	498	138	636	453	127	580	444	131	575
	Fixed-term	17	5	22	13	5	18	11	3	14
	Sub-total Abroad	**515**	**143**	**658**	**466**	**132**	**598**	**455**	**134**	**589**

Table 22. *Number of ATM Group employees at 31 December, by gender and contract (full-time/part-time)*

ATM GROUP	31.12.2023			31.12.2022			31.12.2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time employees	8,985	952	9,937	9,096	891	9,987	9,034	825	9,859
Part-time employees	252	142	394	335	151	486	463	146	609
TOTAL	**9,237**	**1,094**	**10,331**	**9,431**	**1,042**	**10,473**	**9,497**	**971**	**10,468**

As in previous years, in order to reconcile the work-life balance of staff, most of the requests received from employees to convert their contracts from full-time to part-time were accepted.

At 31.12.2023, the ATM Group[27] also had 10 external contractors (trainees, consultants and/or professionals), 23 non-curricular internships and 9 curricular internships.

The activities performed by these persons depend on the needs of the Group. Extra-curricular traineeships are aimed at the acquisition of professional skills and job placement/replacement and generally support staff functions. Curricular traineeships are provided for in the curricula of universities and educational institutions as a form of work-school alternation. External contractors are usually professionals that the ATM Group uses for project and/or legal activities.

In the ATM Group, there was a decrease in the number of employees with part-time contracts, - 18.9% compared to 2022 of the ATM workforce (representing approximately 4% of the total).

The decrease in the ATM workforce is due to the 743 people leaving (671 men and 72 women) compared to the 601 hires in 2023, of which 123 women and 478 men. The incoming turnover rate of the entire Group in 2023 is 5.8% while the outgoing turnover is 7.2%.

[26] The figure includes 4 male employees of the company ATM S.p.A. seconded to Metro Service A/S.
[27] The ATM Group during the course of 2022 began collecting information on the number of external workers. The figure refers to ATM S.p.A. alone.

Table 23. *Number of entries and incoming turnover, by age group and gender*

Age group	2023				2022				2021			
	Men	Women	Total	Turnover rate	Men	Women	Total	Turnover rate	Men	Women	Total	Turnover Rate
<30	195	50	245	30.2%	221	64	285	35.3%	257	38	295	36.7%
30-50	239	65	304	5.5%	330	80	410	7.1%	346	42	388	6.7%
>50	44	8	52	1.3%	45	10	55	1.4%	48	6	54	1.4%
TOTAL	478	123	601	5.8%	596	154	750	7.2%	651	86	737	7.0%
Incoming turnover rate	**11.2%**	**5.2%**	**5.8%**		**6.3%**	**14.8%**	**7.2%**		**6.9%**	**8.9%**	**7.0%**	

Table 24. *Number of exits and exit turnover, by age group and gender*

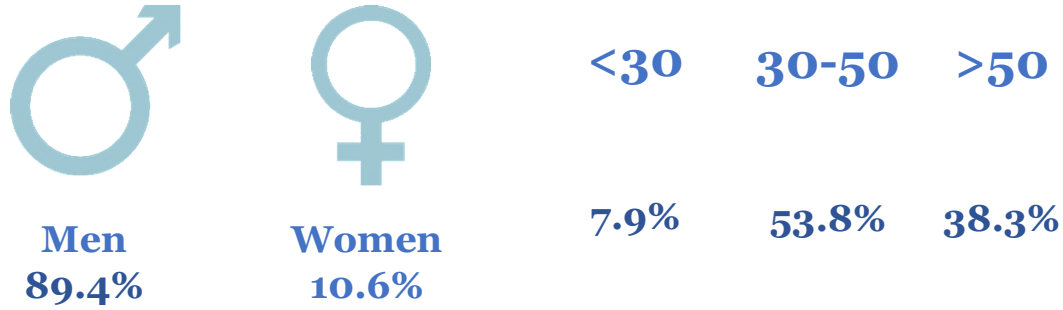
Age group	2023				2022				2021			
	Men	Women	Total	Turnover rate	Men	Women	Total	Turnover rate	Men	Women	Total	Turnover rate
<30	72	11	83	10.2%	73	13	86	10.6%	64	10	74	9.2%
30-50	290	29	319	5.7%	269	38	307	5.3%	189	27	216	3.7%
>50	309	32	341	8.6%	318	34	352	9.1%	309	34	343	8.9%
TOTAL	671	72	743	7.2%	660	85	745	7.1%	562	71	633	6.0%
Exit turnover rate	**6.6%**	**7.3%**	**7.2%**		**7.0%**	**8.2%**	**7.1%**		**5.9%**	**7.3%**	**6.0%**	

The diversity of ATM people

For the ATM Group, the uniqueness of its people and respect for diversity are fundamental aspects and elements of strength. Therefore, the Group works to promote employee diversity and inclusion, establishing a sense of organisational cohesion and a corporate culture in which different individual experiences are valued. For years, Welfare has been working to foster the inclusion and enhancement of diversity and to promote a culture of integration and organisational cohesion. Within the ATM group there is a Diversity Manager who oversees, coordinates and monitors projects and actions dedicated to the promotion of activities. The organisation is also a signatory of the Charter of Equal Opportunities and Equality in the Workplace promoted by Assolombarda and Fondazione Sodalitas, and has the support of an Adviser, dedicated to the prevention and management of discrimination, harassment and stalking. The Adviser, as a specialised external and impartial figure, participates in the promotion and construction of an inclusive and non-discriminatory working environment.

Analysing data on the composition of the Group's workforce confirms a prevalence of male workers, similar to previous years (around 89.4%). The presence of women by professional areas is on average constant compared to last year. However, there is an increase in the management area (31.6% in 2023 compared to 28.6% in 2022) and in the administration and services area (35.2% in 2023 compared to 34.3% in 2022). Employees between the ages of 30 and 50 make up the majority of the company population, some 53.8%, followed by over 50 at 38.3%, and finally under 30 at 7.9%, trending in line with 2022.

% composition of the workforce as at 31 December 2023, by gender and age group



As at 31 December 2023, the Group was composed as follows by gender, professional category and age group:

Table 25. *Percentage composition of the Group's workforce by professional category and gender*[28]

ATM GROUP	as at 31.12.2023			as at 31.12.2022			as at 31.12.2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Management area	68.4%	31.6%	0.4%	71.4%	28.6%	0.3%	71.8%	28.2%	0.4%
Officials area	75.7%	24.3%	4.3%	75.3%	24.7%	3.7%	78.1%	21.9%	4.0%
Exercise area	93.1%	6.9%	57.1%	93.8%	6.2%	58.6%	94.5%	5.5%	59.3%
Administration and services area	64.8%	35.2%	9.8%	65.7%	34.3%	9.4%	66.2%	33.8%	9.0%
Plant maintenance and workshop area	99.6%	0.4%	19.4%	99.7%	0.3%	19.2%	99.6%	0.4%	18.7%
Mobility Auxiliary Services Area	78.4%	21.6%	9.1%	77.0%	23.0%	8.8%	77.7%	22.3%	8.6%

Table 26. *% composition of the workforce by professional category and age group*[29]

ATM GROUP	as at 31.12.2023				as at 31.12.2022				as at 31.12.2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Management area	0.0%	31.6%	68.4%	0.4%	0.0%	34.3%	65.7%	0.3%	0.0%	38.5%	61.5%	0.4%
Officials area	0.0%	50.0%	50.0%	4.3%	0.3%	47.7%	52.0%	3.7%	0.7%	50.0%	49.3%	4.0%
Exercise area	5.9%	58.4%	35.8%	57.1%	6.4%	59.9%	33.6%	58.6%	7.5%	60.1%	32.4%	59.3%
Administration and services area	13.2%	49.1%	37.7%	9.8%	11.2%	50.4%	38.4%	9.4%	9.7%	50.2%	40.0%	9.0%
Plant maintenance and workshop area	14.3%	48.2%	37.6%	19.4%	12.6%	49.5%	37.9%	19.2%	10.4%	50.1%	39.6%	18.7%
Mobility Auxiliary Services Area	5.1%	45.3%	49.6%	9.1%	5.3%	46.0%	48.7%	8.8%	4.6%	46.3%	49.2%	8.6%

[28] The percentages relating to the composition of the workforce by professional category, gender and age group have been calculated in relation to the total by professional category.
[29] See previous footnote.

The Group pays particular attention to the needs of persons belonging to protected categories and disabled persons, seeking reasonable accommodations where possible in order to ensure better working conditions. In 2023, there were 251 people with disabilities and/or belonging to protected categories in the Group, of whom 38 were women. As a result, there are no unfilled places and the number of disabled people exceeding the compulsory quota is the highest ever recorded. ATM, moreover, through continuous investment in its facilities, wants to increasingly allow access to its workplaces for everyone, whether ATM workers or any visitors with mobility disabilities. In addition, an agreement with the competent offices of the Metropolitan City of Milan has been drawn up in 2020 to hire 12 disabled workers by 2027.

Table 27. *Number of employees belonging to protected and disabled categories*

ATM GROUP	31.12.2023			31.12.2022			31.12.2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees belonging to protected categories	8	3	11	8	3	11	4	3	7
Disabled employees	205	35	240	195	35	230	179	33	212
TOTAL	**213**	**38**	**251**	**203**	**38**	**241**	**183**	**36**	**219**

Employee remuneration

The Group is committed to paying particular attention to the issue of diversity also in terms of remuneration. In fact, management policies are implemented to ensure that the remuneration system is sustainable, aligned with business objectives, the market situation and the long-term interests of stakeholders. The instruments and methods of remuneration are constantly updated in relation to the regulations and contracts of reference from time to time. Through them, the Company intends to:

- ensure fair remuneration of all employees, in relation to the skills daily expressed in the achievement of their respective professional goals;
- attract, retain and motivate highly qualified employees who can provide decisive support in maintaining and improving the group's operational standards;
- ensure sustainable performance over the long term;
- create a working environment that is inclusive of all forms of diversity and fosters the expression of individual potential.

Below is the ratio of remuneration between female and male employees by professional area and significant operating locations, i.e. those in Italy and abroad.

Table 28. *Women's annual basic wage ratio by professional areas and significant locations of operation*[30]

ATM GROUP	2023			2022			2021		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Management area	116%	66%	108%	100%	66%	92%	88%	71%	84%
Officials area	92%	88%	92%	91%	89%	91%	91%	93%	91%
Exercise area	85%	97%	85%	83%	100%	84%	85%	98%	86%
Administration and services area	94%	85%	93%	94%	88%	93%	93%	92%	93%
Plant maintenance and workshop area	97%	100%	97%	102%	97%	101%	93%	98%	94%
Mobility Auxiliary Services Area	87%	N/A	N/A	87%	N/A	N/A	89%	N/A	89%

Table 29*. Overall average female/male remuneration ratio by professional areas and significant locations of operation*[31]

ATM GROUP	2023			2022			2021		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Management area	116%	72%	106%	100%	59%	91%	88%	65%	83%
Officials area	87%	87%	87%	86%	89%	86%	87%	93%	89%
Exercise area	78%	94%	78%	77%	96%	78%	77%	97%	78%
Administration and services area	89%	83%	89%	90%	90%	90%	89%	94%	90%
Plant maintenance and workshop area	92%	92%	92%	93%	87%	93%	82%	93%	83%
Mobility Auxiliary Services Area	84%	N/A	N/A	82%	N/A	N/A	83%	N/A	83%

[30] The Group's ratio of annual basic male/female salaries by professional area was calculated as a weighted average over the number of employees per professional area of the operating sites.
[31] The Group's ratio of total annual male/female remuneration per professional area was calculated as a weighted average over the number of employees per professional area of the operating sites.

As far as the ATM Group[32] is concerned, new information required by the GRI concerning the remuneration aspect[33] has been reported since 2022.

There are two new elements:

- The ratio of the total annual remuneration of the highest paid person to the median value of the total annual remuneration of all employees (excluding the highest paid person) is 15.2.
- The ratio of the percentage change in the total annual salary of the highest paid person to the percentage change in the median value of the total annual salary of all employees (excluding the highest paid person) is 1.4.

Welfare Diversity & Inclusion Programmes

For several years now, corporate Welfare has played a crucial role in the ATM Group, as it generates benefits not only for its employees but also for their families and communities. The challenges imposed by the fourth industrial revolution are disrupting all organisational and management processes. According to the latest research, well-being is the main global challenge for organisations. Therefore, in addition to the implementation of new ways of working (remote working), we have begun to envisage "new ways of working", for which in addition to technical skills, personal skills and multiple skills will be crucial. The theme will be to redesign people's work experience, inside and outside the company, in order to create work environments that foster inclusion and mental, emotional and relational well-being.

The European Union's 2030 targets also include a number of targets related to diversity and inclusion. The European Union is committed to promoting diversity in the world of work and ensuring equal opportunities for all workers; in this sense, ATM has taken steps to significantly reduce wage inequalities between men and women and to promote gender equality.

In addition, awareness of diversity and inclusion issues has been raised in the company in order to promote an inclusive work environment that respects diversity. To this end, various forms of "*online*" training - usable by all employees - have been implemented so that the needs of different social communities, including those of public transport customers, can be understood and respected.

Following the insertion in 2022 of the Adviser, a figure outside the organisation who acts - in compliance with the fundamental principles of fairness, impartiality and confidentiality - as a privileged interlocutor in any situation of potential or actual prevarication that takes place within the work environment, in July 2023 the Code of Conduct was implemented and disseminated with the related training of 268 managers in 2023 and 250 managers in the first months of 2024. They also include the Code of Conduct against violence and harassment in the workplace, 17 articles that protect employees and commit them to mutual respect and listening. The Codes of Conduct are addressed to the people of all ATM Group companies, suppliers and partners of the Company, describing the vital ethical duties of respect, diligence, loyalty, impartiality and fairness, which guide our actions in the working environment.

At the end of 2022, the post of Care Manager was also created with the aim of dealing, in a structured and organised manner, with the increasing complexity arising from assaults or serious incidents

[32] The figure does not include Rail Diagnostics SpA and Gesam Srl.
[33] The salaries of employees who joined and left between 2022 and 2023 have been removed from the count. This practice is equivalent to equalising pay over the two years for these individuals for whom the total change would be 0.

involving staff on duty. A choice that responds to the company's desire to have a dedicated professional, networked with all services, and able to provide support in overcoming conditions of need and psycho-emotional distress resulting from an extraordinary event. ATM has also set up a cross-functional team that meets periodically to evaluate actions to be taken. Created in October 2022, the position of Care Manager enabled 23 cases to be managed in the last 3 months of the year 2022. In the year 2023, the Care Manager interviewed and supported 74 cases.

Finally, with the adhesion to the Pact for Work of the Municipality of Milan, a collaboration began with external organisations (investee companies of the Municipality) to promote diversity and inclusion, not only within the company but also in the city community, through various actions including, for example, the sharing of welfare initiatives.

The ATM Welfare system is based on multiple dimensions and aims to promote employee satisfaction in order to establish a participative and empowering internal atmosphere.

In July 2023, after a long period of planning, the NoisiamoATM (We Are ATM) platform, www.noisiamoatm.it, which brings together all the welfare activities offered to workers, was realised. The platform represents an important shift from analogue to digital to become an agile and structured tool for all workers to have access to information with a view to inclusion and equity.

NoisiamoATM presents five areas, representing the working themes of the welfare system: welfare, care, stability, inclusion, flexibility.

Listed below are the main Welfare, Diversity and Inclusion actions and projects that are offered across the board, to all professional families:

- The **counselling service** (within which the 2020 #prontowelfare service was also integrated) to employees to support them with a multidisciplinary team in both personal and work-related critical issues. Employees who turned to the listening desk numbered **295** in 2023, with interviews carried out by the specialised corporate welfare team; there were **10** employees who undertook external counselling, managed by Formawork.
- **Disability Coaching** aimed at employees in protected categories, their manager and colleagues (*peer*s) with the activation of **3 coaching sessions, lasting 6 meetings**, in 2023.
- **Parenting support** through the opening of the Mastergenitori platform, which offers video courses held by gynaecologists, psychologists, paediatricians and coaches to accompany and support parents with children of all ages.
- **Harassment and stalking prevention**: the Adviser in 2023 received **52 reports** on the topics of sexual and environmental harassment, stalking, domestic violence and conflict situations.
- Management **company crèches** for **89** children and grandchildren of employees in **2023.**
- Activity in the provision of **scholarships** for children and student employees through a Financial Support and Development Committee that in 2023 recognised **993 scholarship awards** and 22 advances of severance pay. The latter concerned socio-economic situations which, with the payment of severance pay, allowed for a rebalancing of the financial exposure of staff members.
- Activation of two **Marketplace** platforms for the purchase of goods at subsidised prices dedicated to all employees and their families, with more than 250 items.
- **Housing for newly hired employees and employees** in situations of temporary need: agreement of housing at special prices with 2 facilities to help the integration of newly hired

employees and those in situations of temporary need. There are 3 locations, spread over the Milan area with options for accommodation in shared rooms.

- **Time care**: implementation of hoc schedules dedicated to surface operation personnel with specific family situations. In detail, time care is offered to single parents (sole custodians or widowers) with children under the age of 15, and allows shifts starting between 8 a.m. and 9 a.m. and ending by 5 p.m., with a fixed rest period on Sundays. In 2023 there will be **10 *time cares***.
- **Accompanying service for disability:** In 2023 more than **6** disability pensions were provided.
- **Pink Keys**: total of **77 bathrooms** as of 31/12/2023.
- Skills assessment: 20 managers took part in the Evaluation and Awareness of Competences Acquired in the Course of a Professional Life.
- *Push to open*, a school orientation project: the *Junior* programme (for 12/13 year olds) involved **39 children and 14 parents** employees in 2023, while the Diplomandi programme (for 17/18 year olds) involved **14 children and 14 parents** employees in 2023;
- Study Support Project, a programme of support courses for the 7-19 age group involved **12 children** of employee parents in 2023.
- Post-trauma rehabilitation: for workers involved in aggression, bereavement, serious illnesses, a psychological support service is available at the ATM Foundation outpatient clinic. The number of employees who used this service was **20** in 2023.

Each year, the Group publishes all its Welfare, Diversity & Inclusion policies in the report intended for the Group's managers who manage all the professional families present.

In 2023, 845 ATM Group employees requested parental leave, 87% of whom were men and 13% women. In addition, although the tools for managing children in the pandemic context have come to an end, there has been an increase in the take-up of parental leave days due to the regulatory changes introduced by Legislative Decree No. 105/2022, which relaxed the limits for taking such leave.

The remote working mode was retained even after the end of the pandemic phase as an effective tool for organisational flexibility and environmental sustainability as it proved capable of contributing to a reduction in home-to-work travel. Remote working has been redefined on the basis of individual agreements and the ATM Regulation for Agile Working which is the reference for all ATM Group companies. By virtue of the environmental sustainability objectives, and in view of the macro-economic context, extraordinary measures were taken for potential energy savings. In addition, co-working stations have been set up at another location that is not subject to closure. Overall, there were more than 67,400 remote working days, most of them concentrated on Fridays (31.7%). The generality of staff workers enjoys a contract that provides for 8 days of remote work per month with the provision of additional days in the presence of special conditions deemed to be of particular importance (pregnant women, disabled people, single parents, etc.). The maturity of the organisation and the flexible management ensured by the line managers leads to a saturation rate of the theoretically feasible remote working days at about 55.4 per cent. The percentage is higher for female staff (65%) and where supplementary days are provided, demonstrating that real needs have been met.

ATM births

ATM has a high number of children compared to an overall population that sees an average of about 1 child per employee, with 50% of children in the operating professions, such as drivers, train drivers and tram operators.

In particular, in a scenario of demographic slump in Italy, the incidence of new children born in recent years to ATM employees out of the total company population is significantly higher than the *benchmark** of Italian companies of similar size.

This figure is all the more significant if read in the light of the company's characteristic type of job and its impact on work-life time, and reflects the value of a structured system of policies and services supporting parenthood that ATM has implemented over the years and continues to evolve in line with the changing needs of the socio-economic context of reference.

Highlights include:

-a comprehensive system of protection and flexibility for new mothers

-significant investment in services to support new parents (e.g. company nurseries with a long tradition and distinction)

-a basket of interventions and parenting support services structured throughout the child-rearing life cycle.

*Jointly research on a representative cross-sector sample of 12 large companies, totalling 157,000 employees.

Employee Health and Safety

The protection of health and safety and attention to environmental sustainability have been a constant foundation of the actions set up and implemented during the year, in line with the **Quality, Environment and Safety Policy Document** confirmed in 2023, with which the Chairman, with the full support of the Board of Directors, the General Manager and Management is committed to ensuring that ATM is a point of reference for integrated mobility, guaranteeing Quality, Safety and Competitiveness of services, while fully respecting the Environment and Sustainability.

In line with these principles, in 2023 ATM continued its commitment to protecting the environment and the health and safety of its employees, also with regard to corporate responsibility for occupational safety and environmental crimes covered by Legislative Decree 231/2001, having as its objectives, through the implementation of processes and strategies, the improvement of its quality, environment and safety management systems and that of maintaining a high degree of environmental and social responsibility, committing itself to guaranteeing all stakeholders.

To achieve these goals, the following activities continued in 2023 too:

- identifying and assessing any risks to health and safety at work and taking appropriate prevention and protection measures;
- enhancing safety training programmes in order to involve all personnel at different organisational levels, ensuring that responsibilities and operational procedures are precisely defined, appropriately communicated and correctly applied;

- communicating information regarding health, safety at work and the environment, to internal and external Stakeholders;
- optimising resource consumption in order to prevent pollution by monitoring and minimising the environmental impact of processes.

During the year, in line with the functional organisation charts in place, the necessary delegations of authority in the field of occupational health and safety were assigned, pursuant to Article 2, Legislative Decree 09/04/2008 No. 81. Similarly, the new positions of Environmental Manager were also defined in compliance with the provisions of current environmental protection legislation, including the obligations set out in Legislative Decree 152/2006.

The new assignments were commensurate with the personnel, locations and activities of the corporate complex pertaining to the directly competent structure and directorate.

Regarding the appointments of the Prevention and Protection Service (Service Manager and Coordinating/Occupational Physician), there were no changes compared to the previous year.

The Prevention and Protection Service, in addition to training personnel and providing the necessary support to the various corporate departments, has been involved in several improvement initiatives, such as:

- drafting new work procedures and operating instructions for the safe performance of activities in company and city contexts;
- verification of workplaces;
- updating of specific risk assessments;
- improvement projects on PPE, chemicals, clothing.

During 2023, activities were carried out to confirm the status of compliance with the voluntary international standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and UNI EN 13816; the audits by the certification body found that ATM S.p.A. has been able to respond to the demands of the context and stakeholders, as well as to all the extraordinary events accompanying it, by implementing strategic planning, timely monitoring and guaranteeing planned quality parameters. The third-party certifying body verified the substantial alignment of the organisation, processes and working environments with the requirements of the standards.

Actions under the health and safety improvement plan continued with regard to reducing the risk of falling and improving/adapting facilities with a focus on air conditioning and comfort at some company sites.

During 2023, the Group recorded 231 accidents (none serious) for employees[34] a decrease of about 10%.

The recordable workplace accident rate is 13.94 (13.78 for men and 15.50 for women). For the three-year period 2021-2023, there were no fatal accidents in the workplace.

[34] For accidents related to employees of the Group's Italian companies, all reported events lasting at least 1 day, excluding events on road to and from work, were taken into account as at the date of publication of this document; further rejections by INAIL are not excluded. The main types of accidents that occurred in the Group are: assaults or brawls, falls/slides or trips and road accidents.

The trend in occupational accidents shows an improvement in terms of both frequency and severity.

With regard to occupational diseases, four applications were received during 2023. These cases have been reported as events for which ATM filed a report with INAIL at the request of the latter[35]. The Group is not given evidence of any acceptances or other actions taken by the organisation or any other information concerning the employee's status.

With regard to the recognition of occupational diseases, all requests for information from the relevant bodies were processed on time during the year. Health surveillance was carried out according to the established programmes without any particular criticalities.

As in the previous year, in 2023 the Group offered staff the opportunity to vaccinate against seasonal influenza. About 400 employees of the Group took advantage of this possibility.

With regard to environmental protection activities, around 5 thousand running metres of asbestos-containing insulation material were removed at company premises in 2023. Constant efforts are being made to minimise the vibro-acoustic impact during the operation of trams and metro cars. A number of friction moderation devices have been installed/improved on the tram network, as well as maximum attention being paid to the maintenance of existing devices.

In continuity with previous years, in order to ensure that there is no impact on the soil and subsoil component, work continued on the renovation of underground diesel fuel tanks for motor vehicles and the refurbishment of parts of the forecourts of some depots.

Training Initiatives

ATM has always been committed to supporting the continuous improvement of customer service quality through numerous training initiatives aimed at the different professional roles present.

Training activities are provided on a daily basis to enrich and enhance people's skills both on a technical and behavioural/managerial level, as well as to fulfil obligations arising from national regulations, contracts and/or company agreements. In addition, development levers are managed with the aim of ensuring that people can realise their full potential by optimising performance.

Training is considered a strategic lever: guidelines and management are developed both at central level by the parent company ATM S.p.A. through a dedicated structure, and at local level by the subsidiaries. In 2023, one of the most significant activities is the education and training of incoming personnel, with the implementation of personal training plans and different interventions depending on the role held.

A second activity of particular relevance, in line with current regulations and company policies on this issue, was training on safety in the workplace, both through periodic updates and through interventions aimed at specific categories of workers (employees, supervisors, managers, users of equipment or personal protective equipment, emergency teams). The aim of the interventions is to make every worker increasingly aware that the safety level of vehicles, activities and services offered to the city depends above all on their own actions. In addition, the recently hired Front Line personnel were able to benefit

[35] Data on occupational disease cases do not include the company Metro Service A/S as they are not available. The types of occupational diseases are Mesothelioma and Disc Hernia and Tumour. It should be noted that no occupational illnesses connected to potential deaths were recorded in 2021/2022.

from specific training related to more effective customer relations, while the managers were involved in training activities aimed at supporting employees, also in managing the complexities related to the period they were dealing with: Leadership Programme, Managing Complexity, the Challenge of Confidence, and the Emotion Management Gymnasium are just some of the proposals put forward, among others, to support leaders and employees.

Compared to 2022, the limitations imposed by health regulations on distancing have been lifted.

All activities continued and saw an appreciable decrease in the overall volume of training, accompanied by an increase in the number of overall participations, this being due to the decrease in the number of new recruits entering in 2023, such personnel being the recipients, particularly in the metro and surface operations sector, of very structured role training activities.

In order to ensure maximum transparency regarding training and resource development activities, ATM has optimised its training website and drawn up specific internal procedures.

The activities are carried out in the training centre, Campus ATM, which is accredited by the Lombardy Region for the design and delivery of training and orientation activities. The Campus is ISO 9001, ISO 45001 and ISO 14001 certified and has recently been refurbished with the latest digital teaching aids.

An important role is played by e-Learning, which has partly mitigated the effect of distance-related limitations and has progressively involved an increasing number of people remotely. Some courses are now also offered in a blended mode, combining synchronous face-to-face and distance learning, in order to optimise attendance opportunities and minimise the impact, including energy impact, due to travel and crowding at company sites.

In 2023, the ATM Group provided 296,504 hours of training, a significant decrease compared to 2022, mainly due to fewer activities carried out on incoming staff, which decreased compared to the previous year.

Among the many innovations introduced in 2023 are:

- **Procurement Code Training, DEC Role and Proposer*:*** dedicated to staff with a role in procurement requests and contract management. This activity provided useful information on the entire cycle of a contract, starting with the structuring of tender documents, going through proper contract management and also delving into contract pathologies.
- **ANSFISA course*:*** For the first time in ATM, we have involved all maintenance managers in a project to familiarise and disseminate Ansfisa's rail safety issues and the sharing of a competence management system model. The specialised training was del by AIAFF, was delivered through 30-hour face-to-face teaching cycles at the Teodosio general workshop for 56 participants. In 2024, training will continue involving infrastructure maintenance managers.
- **Personal Data Processing Plan 2023*:*** In continuation of previous years we delivered the mandatory online training for sharing the EU Regulation No. 679/2016 (GDPR) legislation by delivering the training through 28 sessions of 1.5 hours to 431 participants.
- **Drive - what really drives our motivation*:*** we proposed an in-house pilot training, both online and in-presence, on the topic of motivation, sharing the origins, qualitative differences and objectives of this powerful self-fulfilment drive. The teaching was created through the analysis of current scientific literature and, above all, the face-to-face classrooms made it possible to simulate experimental protocols and comment on their effects. The target population was the one in ATM dealing with the topic: training, selection and welfare.
- **Conduct Guidelines:** With a view to adopting an increasingly shared ethical vision and culture, the ATM Group is committed to the transparent definition of rules of conduct in a simple and unambiguous manner. In July 2023, the Conduct Guidelines and the Code of Conduct were published and made available. Intended for the people of all ATM Group companies, suppliers and the Company's partners, the document summarises and describes the ethical and unavoidable duties of respect, diligence, loyalty, impartiality and fairness in order to guide everyone's actions within the workplace. The training aims to share and understand the meaning of the Conduct Guidelines, to generate a common ethical vision and to encourage a conscious approach to responsible behaviour. Between October and December 2023, 14 training sessions on the subject of the Conduct Guidelines were held, involving 268 managers. An ad hoc training was conducted for HR Business partners and for DSPC and GPG management dedicated to 72 persons.
- **Leadership Team Empowerment**: an intervention that aims to strengthen the cohesion, communication and functionality of the Leadership Team, through traditional classroom moments and, above all, outdoor activities, which offer the possibility of implementing new ways of sharing and collaboration. This path will lay the pillars of ATM's management culture of the future.
- ***Relational training Follow-up for Line tutors*:** periodic training for the *team* of controllers continues. In the previous training course, techniques for effectively managing conflict with customers were shared, with a marked focus on personal safety, topics that were taken up again in 2023, in order to share the results obtained and find new communication solutions together. To enable this sharing, the tutors were observed in the field while engaged in taxation.
- ***Female Leadership***: a path entirely dedicated to women and to the development of the potential of those who, within the company, already carry out coordination and management activities and can grow and represent a model of the new leadership paradigm for the entire ATM Group. The activity, enriched by in-depth and personal discussions, work in subgroups

and plenary sessions, also achieved the objective of creating a women's business-network and, at the same time, training Women Ambassadors who will be agents of change.

- ***Remote Working Training***: in 2023, online training days were organised - for both officials (384 people) and employees (444) - on how to use the remote working tool correctly.

Throughout 2023, compulsory technical training continued on occupational health and safety issues in compliance with current regulations and in support of technical skills, for both newly recruited and existing staff.

Particular attention was paid to the figure of the person in charge, who, following a regulatory update of TU 81/08, saw a reduction in training update intervals. This, together with an internal reassessment of the personnel in charge, led to a major training programme dedicated to this central figure in occupational health and safety.

There was a continuation in the year 2023 of a course that started in 2021 aimed at all maintenance staff working on the metro during the suspension of service. The aim of the course is to train staff in the operational role and, with an additional training module, to qualify them for the role of accompanying third-party companies on the metro during the suspension of service.

Another relevant project, started in 2021 and consolidated in 2023, was the launch of the ATM Technical School. The aim of the project is to support the selection process of young graduates to be employed in the various maintenance areas. The newly identified graduates underwent a period of technical training, both theoretical and practical, of more than 140 hours, before concluding the selection process. A total of 115 young graduates participated in the project, 90 of whom passed the selection and were hired as maintenance workers.

An intensive training programme for technical staff continued in 2023 with the aim of increasing skills in railway safety in the areas of infrastructure, installations, non-destructive testing and welding. This is in support of the future passage of ATM under the ANSFISA[36] control regime.

Also with this in mind, the number of hours of training carried out online by technical personnel was strengthened through the gradual emergence of training on the job activities carried out directly by the departments and brought into the system thanks to extensive dialogue with the operational structures.

A process of systematising the trainings carried out by newly recruited staff and geared towards providing them with the necessary operational skills in carrying out day-to-day activities also continued in 2023.

Finally, the use of the inter-professional training funds 'Fonservizi' and 'Fondirigenti', through strict internal administrative discipline, ensured that training costs were covered in 2023 as well.

[36] National Agency for Rail, Road and Motorway Infrastructure Safety.

Table 30. *Average hours of training per capita provided, broken down by professional category and gender*

ATM GROUP	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Average hours	**27.8**	**36.7**	**28.7**	**29.4**	**40.3**	**30.5**	**29.6**	**28.5**	**29.5**
Management area	14.7	32.2	**20.2**	11.8	15.8	**13.0**	16.4	23.1	**18.3**
Officials area	76.1	64.2	**73.2**	33.1	30.3	**32.4**	32.6	28.8	**31.8**
Exercise area	25.6	55.7	**27.6**	30.7	73.8	**33.4**	32.6	53.5	**33.8**
Administration and services area	19.3	20.3	**19.6**	19.5	18.6	**19.2**	15.1	14.9	**15.0**
Plant maintenance and workshop area	36.1	55.7	**36.2**	35.3	45.9	**35.4**	32.0	76.9	**32.2**
Mobility Auxiliary Services Area	7.6	12.0	**8.6**	10.2	20.4	**12.5**	9.7	6.0	**8.9**

Professional and personal development and training also play a central role at Metro Service. Although training and retraining relevant to safety-related activities and the specific work performed by each employee have a high priority, employees are encouraged to undertake training that is not directly related to the work they currently do, but which could be relevant to a future job and personal development.

Also in Copenhagen, requirements were established to ensure compliance with the railway safety certification required by the Danish Transport, Building and Construction Agency. This requires that employees performing safety-related activities undergo training programmes with periodic tests to ensure that relevant skills are maintained. To promote the further professional and personal development of employees, Metro Service handles all administrative work in connection with education relevant to business, including offering flexible working hours. In addition, the company set up three educational committees, representing the stewards, technicians and control room personnel. The purpose of the committees is to promote the development and training of this group of employees.

Professional development

ATM operates with the constant aim of promoting an organisational context made up of people of value, aware of themselves and their role, motivated to make their own contribution to service quality and internal and external customer satisfaction.

Actions aimed at achieving this goal accompany ATM people at every stage of their cycle within the Group.

They therefore start as early as the selection phases, in which the company's efforts are aimed at ensuring the effective coverage of turnover and the reinforcement of key areas.

Great attention is paid at this stage to **mapping the skills** required for the correct filling of each individual role and, on the basis of these, to identifying the best candidates. This is achieved by means of a complex **selection process**, at the disposal of which a set of integrated tools - from interviews, to

tests, to assessment, to technical-practical tests, etc. is prepared, structured according to the characteristics of the different figures to be sought.

Efforts to properly give value to 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 organisational growth of our people: **performance appraisal, position weighting, benchmarking and salary management, internal mobility paths**.

As of 2021, a **three-year plan** aimed at **zeroing** the ***gender gap*** **in wages was implemented,** which included the allocation of an extraordinary pay policy quota for women with lower wages than the average for men in the same positions. In 2023, the interventions confirmed the trend of 2022 with a positive impact in terms of reducing the gap.

SOCIAL AND RELATIONAL CAPITAL

Main results related to Social and Relational Capital

Table 31. ATM Group Social and Relational Capital Results Summary

330 employees dedicated to security	over **2,300** suppliers

About Social and Relational Capital

Social and relational capital is constituted by relations with all entities involved (shareholders and stakeholders) in the Group's operations, with a view to maximising the quality of the service offered through a deep-rooted presence in the territory.

Material topics related to Social and Relational Capital

Climate change, energy consumption and environmental impacts	Responsible resource and waste management	Air quality, noise and vibration mitigation	
Occupational health and safety protection	Training and professional development	Diversity, inclusion and welfare	
Quality and accessibility of services	**Relations with the territory and local development**	**Security & Safety**	
Intermodality and integration of services	**Human rights**	Ethics, integrity and compliance	
Responsible supply chain management	Innovation, digitisation and cybersecurity	Risk and crisis management	Creation and distribution of economic value

As required by the International Framework for the preparation of the Integrated Report, the main input, output and outcome as well as the main business activities acting with reference to Social and Relational Capital are shown in the table below.

INPUT	BUSINESS ACTIVITIES	OUTPUT	OUTCOME
• Collaboration with public bodies, institutions, research organisations, citizens, media, associations • Communication channels • Commitment to social communities	• Constant dialogue with stakeholders • Focus group and stakeholder engagement activities • Customer satisfaction survey • Infomobility, press office, social media and public relations	• Constant interaction with local authorities • Partnership with Stakeholders • Sponsorship of events and projects • *Customer Satisfaction*	• Consolidation of relations with stakeholders • Spreading the culture of sustainability

The main sustainability goals

The table below shows the main sustainability targets and the level of achievement of these targets as of 31 December 2023 with reference to the ATM Group's Social and Relational Capital.

Table 32. Sustainability targets related to Social and Relational Capital of the ATM Group

Targets	Status as at 31 December 2023	
• Launch of Mobility as a Service (MaaS) in 2022. MaaS will provide end-users with an integrated and 'seamless' experience of the various mobility services (metro, bus, tram, train, sharing services, parking spaces, etc.) and value-added services related to the city. MaaS will enable the following sustainability objectives: a) dematerialisation of tickets; b) evolution of mobility habits (behavioural change) in favour of more sustainable forms of mobility.		Beauty Contest to select the technological partner dedicated to the implementation of the MaaS Platform, the commissioning and operation of the service in the metropolitan area of Milan. Award suspended due to appeal lodged by the runner-up. In December 2022, ATM decided to start an internal project in parallel with the MaaS Project to create a new official ATM app in a MaaS key.

Group's Social and Relational Capital

The Group's Social and Relational Capital refers to the relations that ATM undertakes with all the stakeholders involved in the conduct of its business activities, including, in particular, customers-citizens, suppliers, employees and the local community in which it operates, also with a view to spreading, at all levels, a culture increasingly oriented towards integrated and sustainable mobility.

Relationship with customers and citizens

ATM manages customer and citizen relations through a variety of tools in order to promote the integration and intermodality of LPT services, guarantee the quality of the customer experience and ensure high levels of safety for all public transport users.

As the Group's Code of Ethics mentions, in fact, "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 benefits offered."

Intermodality and integration of services

The current context is characterised by the need to meet increasingly complex challenges with increasingly limited resources. We are faced with challenges such as urbanisation, population growth and ageing, the need to make an ecological transition (carbon neutrality), the need to manage processes and infrastructures, and to ensure security (physical and digital). One of the biggest challenges is to revolutionise the current mobility system by making the infrastructure more accessible, exploiting data and analytics to better understand the needs of end users in order to build the most efficient and customised mobility offer possible. To best manage this challenge it will be increasingly necessary to create new partnerships and build integrated services, to develop new business models, to enable an increasingly efficient, sustainable and user-centric mobility system. Moreover, with the increasing digitisation of cities and mobility, it is becoming increasingly crucial to manage systems and related services with the utmost respect for cybersecurity and privacy, which must be increasingly considered from the most conceptual stages of every project and initiative "cybersecurity and privacy by design".

In order to respond more and more adequately to the needs of 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 travel in the area increasingly efficient in terms of intermodality and integration of services, regardless of the chosen mode of transport and thanks to cooperation between the companies providing the service. To this end, the integration of information and fares, as well as the travel documents available to passengers, is crucial.

On 16 April 2021, ATM's Board of Directors approved the Strategic Plan 2021-2025, which defines the company's strategies to face the future post pandemic with new business models that focus on expanding the scope of activities and on innovative services. Maintaining sustainability, innovation and the development of people at the heart of the company's guidelines, ATM is embarking on a new phase of development to meet the challenges of the current and prospective scenario and the new trends in demand.

One of the main objectives of the Smart Mobility agenda is to make mobility increasingly efficient, accessible, sustainable and inclusive, through the implementation of new concepts related to the development of the mobility of the future, exploiting new strategies, methodologies and the most innovative and emerging technologies. One of the projects managed by this new area involves the design and implementation of ATM's new official app, which will provide an increasingly simple and accessible experience, while at the same time integrating the local public transport service with private mobility services (e.g. bike sharing, car sharing, etc.) and city-related ancillary services. ATM has decided to give the mandate to manage this project to its own subsidiary company, called CityLink, which in 2023 has been in charge of coordinating the work necessary to design and define the implementation model for this new solution.

Information offer

ATM informs and communicates with customers and stakeholders through a variety of channels and tools; in particular, real-time information activities more closely linked to the journey, an activity carried out in synergy with surface and underground operations rooms, is provided through www.atm.it, the ATM Milano app, the X account @atm_informa (formerly Twitter), announcements in stations and onboard vehicles, variable message panels at surface stops, the call centre Infoline. In the event of

scheduled changes to the service connected to road works, maintenance or network renewal that may alter the normal service of the lines, ATM implements dedicated customer information plans that include real-time updates through Channel X, the app and the website on which it publishes maps, timetables, routes and replacement bus stops, leaflets with the timetable of works and changes to the service, which are distributed to passengers and residents in the areas affected by the works, dissemination of information with messages posted on bus and tram stop pillars and shelters, with announcements in the metro and with signs on board trains, with messages through the monitors along the platforms and with special signs in the stations affected, in some cases with direct mail. Also an integral part of the strategy are the company's accounts on social channels, which, with different modalities and linguistic registers, make possible a diversified delivery of information and communication in line with the target audience.

ATM's information and communication channels

- **the website** www.atm.it disseminates information on the status of the service in real time, on planned changes to tram, bus, trolleybus and metro service (line extensions for events, diversion of lines due to construction sites, relocation or suspension of stops, etc.), on on-demand services, on STIBM tickets and fares, on the Company, it allows route calculation and journey planning, it provides information on Car Parks and Parking Spaces in the city and, through the platform Informazioni Senza Barriere (Information without barriers), on the accessibility of lifts and stair lifts in metro stations (for more details see the *box* "Real-time information on transport accessibility: Infoline ATM and web platform Informazioni Senza Barriere" in the chapter on "Productive Capital"). In addition, there is also a function, in Italian and English, which can be consulted from a browser, to check the turnout at metro stations according to different time slots;

- **The ATM Milano app**, downloadable free of charge, available in Italian and English, operating on Android and iOS systems, provides information on lines, stops, timetables and waiting times, updates on the status of the service in real time, provides information on tickets and STIBM fares, car parks and parking spaces in the city, and on the accessibility of underground vehicles and stations;

- **the Infoline call centre** 02 48 607 607 provides information on the status of the service in real time and on company initiatives. It is active every day for information on service timetables, route routes, travel fares (for more details see the box "Real-time information on transport accessibility: Infoline ATM and web platform Informazioni Senza Barriere" in the chapter on "Productive Capital");

- **campaigns**, which are discussed in several sections of this document;

- **social media**: through the X account @atm_informa the company disseminates 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 improvement of the transport service. The Instagram page atm_milano is a travel diary made up of images, stories and fun facts related to the activities and people who make the public transport service possible every day; through the Stories function, information on scheduling and changes to the service is also disseminated. On its LinkedIn page, ATM - Azienda Trasporti Milanesi, which aims to position the brand nationally and internationally, publishes job offers for professionals and operators in the local public transport sector, offers a glimpse into its world and reports on its participation in discussion boards and industry events;

- **social networks**: on its YouTube page, ATM publishes videos on its growth path and projects for an increasingly efficient, sustainable and customer-oriented service, covering initiatives and campaigns, tutorials on travel rules and how to top up season tickets;

- **The ATM Points**, information and ticket sales offices located in the underground stations of Cadorna FN M1-M2, open Monday to Saturday from 7.45am to 8.00 p.m., Duomo M1-M3 and Centrale FS M2-M3 open Monday to Saturday from 7.45 a.m. to 8.00 p.m. and on Sunday from 10.15 a.m. to 1.15 p.m. and from 2.00 p.m. to 5.30 p.m., Garibaldi FS M2-M5 and Zara M3 open Monday to Friday from 7.45 a.m. to 8.00 p.m. Access to the counters is by appointment only by contacting one of the staff at the ATM Point entrance or through the ATM Milano app by choosing the service, date and time slot;

- at **stops on the surface lines**: line plans and timetables, electronic displays informing in real time about waiting times and service changes, dedicated leaflets and signs in the event of, for example, changes to the network or the introduction of new services; at some stops along the busiest surface lines, maxi tablets are available to customers that provide real-time information on the status of the service, allow them to consult changes to the service, view the map of metro lines and access Channel X;

- **on board surface vehicles**: audio announcements, double-sided monitors on board 500 buses broadcasting real-time information on the circulation of the vehicles, news on the promotion of the service, information videos and audio announcements on travel rules; notices in the event of, for example, changes to the network, the establishment of new services;

- in **underground stations**: audio announcements, monitors along the platforms of the main stations, line plans and timetables, map of the underground network, map of Milan, travel regulations, dedicated signs and signage in the event of, for example, interventions on the network, map of the underground network (foldable A3 format) distributed free of charge at ATM Point counters and at the booths of station operators on lines 1, 2 and 3;

- **onboard the underground trains**: diagram of the underground network, travel rules, sound announcements broadcasting real-time traffic status and service information, notices;

- **direct mail** addressed in particular to loyal customers to inform them about changes and service news;

- the **Mobility Charter**, published annually, which outlines the factors on which the quality of the services entrusted to ATM depends and in which the results achieved in the past year are declared, as well as the objectives for the current year according to the main quality indicators set forth in the Service Agreements in force; the Charter also constitutes a useful tool to learn about the company, the calendar, timetables and frequencies of local public transport services, to consult information on on-demand transport, on BikeMi, on how to file a complaint, on other services managed by ATM such as car parks and paid parking spaces on municipal roads, and vehicle removal and storage. It is online at www.atm.it and distributed for free at all ATM Points;

- the **information guides**: guides from the "ATM per..." series are available to customers and are aimed at specific targets of customers such as families, young people, seniors, companies, municipalities and schools, as well as guides on fares for travel cards and on the transport of bicycles and micro-mobility devices on ATM lines. They can all be consulted and downloaded from the website and are distributed free of charge at ATM Points;

- **brochures and/or leaflets**: when work is carried out on the network, the company produces brochures and/or leaflets to inform passengers about planned changes to the service and to provide

them with useful information on how to travel, material that is published online and distributed at surface stops and in the stations concerned;

- the **map of the metro network**: published on the website and app, it is distributed free of charge at ATM Points and in stations at station operators' booths;

- the **newsletter ATM viaggiare informati (ATM informed travel)**: disseminates via e-mail to subscribers information on news, services, promotions, subscriptions and planned changes to the service;

- the **magazine Lineadiretta.atm.it**: this is the company's online magazine on the Medium platform, a journalistic publication that periodically publishes news, stories and in-depth reports on ATM's activities and initiatives;

- **Customer Service**: a team of itinerant operators on the surface and in stations to provide travelling customers with information on the transport network, timetables, vehicle routes, fares and tickets; they take immediate action on problems reported by the metro and surface Operations Rooms and the Customer Relations Office, sell tickets at special events such as football matches, trade fairs and concerts, and provide information in the event of changes to vehicle routes.

With particular reference to 2023, during the construction works involving the M2 with the last phase of track replacement works, ATM has planned, in support of the Municipal Administrations with which it has active constructive cooperation an information plan which included the distribution of a brochure with the work schedule and service changes distributed to passengers and residents by the Customer Service assistants, special signage in the affected stations, announcements in the underground and hanging signs onboard trains, direct mail to loyal customers. Real-time updates were provided through the X channel @atm_informa, the ATM Milano app and the website on which maps, timetables, routes and replacement bus stops were made available.

For the opening of the two new M4 stations of Tricolore and San Babila, particularly with regard to passenger information, ATM has implemented static and dynamic information on the new line's service (timetables, interactive and static maps, route calculations, accessibility features, information on connecting lines) on digital channels, i.e. the website, the ATM Milano app, and the monitors on the mezzanines of the stations. It also took care of the updating of passenger information materials on board trains, in stations, at stops and on surface vehicles, as well as the installation of signs in stations and the dressing of turnstiles. In order to provide information on the changes to the surface service connected to the expansion of the metro network, the company has implemented a widespread communication plan using the website, the app, posters at stops on the affected lines, leaflets distributed by Customer Service assistants at stops and on board vehicles with details of the new routes, audio announcements in the metro and on board surface vehicles, direct mail to loyal customers.

For the redevelopment works on Via Montegani and Piazza XXIV Maggio, which involved the replacement of tracks, tram switches and the road surface, ATM has published a map and leaflet on its website with changes to the service on lines 3 and 9 during the various phases of the works, maintaining a constant presence of information to customers through its digital channels.

As part of the projects to remove architectural barriers, which have equipped the M2 stations of Cimiano, Vimodrone, Cassina de' Pecchi, Bussero, Gorgonzola and Gessate with lifts, work has also included updating/renewing signage, with particular attention to routes for passengers with disabilities in

wheelchairs and for the management of new flows in stations where a second mezzanine has been opened. The network diagrams of the stations, the map of Milan in stations and stops, and the line diagrams were updated; the line and network diagrams were replaced on the trains and the videos were updated.

For the Varese Sacro Monte Funicular, which has been co-managed since July with AVT Azienda Varesina Trasporti e Mobilità, ATM has been responsible for the publication of service information with fares and timetables at departure and arrival stations.

Through its campaigns, ATM makes its services and related promotional initiatives known, communicates its values, informs and keeps customers up-to-date on travel rules, and spreads knowledge of its history. In 2023, it carried out intensive work to enhance the new services in particular with two campaigns, one dedicated to the new Line M4 and one to the contactless payment system. With "Ora è tutto collegato" (Now everything is connected), published in February, the company wanted to promote the new Line 4 of the underground, thanks to which it is possible to reach Milan Linate airport from all over Lombardy by travelling by public transport from the Dateo and Forlanini stations, which interchange with Trenord railway lines; the company has spread the campaign on all vehicles with pendants and posters, in underground stations, at the shelters of surface stops on digital screens and with posters, on social media channels. With "Pay with your credit card", launched in April, it aimed to raise awareness of the *contactless* bank card ticket payment system, which has also been operational since April on board all surface network vehicles. The message was disseminated with posters affixed above ground on all cars and at bus stop shelters, in all metro stations, through digital and social media channels, with direct mail sent to a loyal group of customers; it was disseminated in parallel with a digital marketing campaign on Instagram, Google and Youtube.

In parallel with the activities aimed at informing customers and enhancing the value of the service, activities continued to support the positioning of the brand built up in recent years and aimed at maintaining its value, as well as the initiatives of the broader communication plan developed in recent years by the Company, a plan that aims to promote a society that is increasingly welcoming, inclusive and respectful of others, in the workplace and in daily life, addressing both those within its organisation and externally.

To mark 27 January, Holocaust Memorial Day, the company set up and put into circulation a tram with a livery dedicated to the anniversary and the Holocaust Memorial. With the tram, running from 24 January to 7 February on line 9, which terminates at the Central Station near the Memorial, the company wanted to contribute to making a place of remembrance known, so that its existence and location could be made known to everyone.

Following the winning of the tender and the signing of the contract for the management of the automatic metro in Thessaloniki, the company published the "ATM expands in Europe to be stronger in Milan" campaign to communicate the new milestone achieved in the international scenario of the sector, a milestone aimed at obtaining additional resources to invest in public transport in Milan in line with the strategic plan. The campaign was published on 14 and 16 October in two Italian newspapers and via web and social media campaigns.

With the 'Amo Troppo Milano' (I Love Milan Too Much) campaign, launched on 30 October, ATM wanted to promote the use of public transport from an environmental perspective, while at the same time communicating its commitment to environmental sustainability through its plan to renew its fleet with electric vehicles and with the supply of energy from renewable sources. Disseminated above ground

with posters on bus shelters, outside electric buses, on trains and in metro stations, it saw the planning of digital marketing channels to expand the target audience.

With the "Let's Respect Each Other" campaign, published as of 15 February, the company wanted to reaffirm its commitment against all forms of verbal and physical aggression against its own people and customers, aiming to raise awareness of the issue of aggression and to stimulate reflection on respect for people and roles. The campaign took the form of three different images expressing situations of dialogue between passengers and three company employees representing all ATM workers, chosen for their role in contact with the public. The message and images were disseminated with posters in all company locations, in underground stations and with direct mailings sent to a loyal group of customers. The initiative is part of a broader communication plan developed in recent years by the company which, through awareness-raising campaigns, aims to promote, both inside and outside the company, a society that is increasingly welcoming, inclusive and respectful of others, in the workplace and in daily life.

Also in line with the communication plan developed in recent years, ATM created the "We are all unique" campaign, published on 12 June, aimed at raising awareness of the universal values of uniqueness, respect and inclusion of people, values which are part of the company's culture and a pillar of its social sustainability strategy. Raising the awareness of the community of citizens in combating stereotypes and discrimination is the contribution that ATM intends to continue to make as a company serving the cities in which it operates so that people are increasingly encouraged to respect and recognise themselves. The campaign message was disseminated in the company via the intranet and with postcards and large-format panels in company offices, with posters in metro stations, at stops on surface lines and outside vehicles, on digital and social media channels.

ATM has renewed its commitment against all forms of discrimination and its support for women with its new awareness-raising campaign "The Art of Opposing Violence", created to mark the International Day for the Elimination of Violence Against Women, which falls on 25 November, featuring the works of Iranian artist Bahar Sabzevari - who, with her art, has become a spokesperson for the conditions of women in her country of origin and around the world: a message addressed to everyone, to passengers and to its own 10 thousand people, through which the Company renews its attention and commitment to promoting a work environment free from all forms of discrimination and harassment, one of the central objectives of the company's Strategic Plan, which is also achieved through the Code of Conduct.

Quality and accessibility of services

The ATM Group, by natural vocation of its business, places the customer at the centre of all its activities. To this end, in order to ensure an increasingly high level of service quality and guarantee a comfortable travel experience, the Group is committed to listening to its customers, their needs and expectations in order to understand emerging needs and, consequently, offer increasingly efficient, effective, technologically advanced and sustainable solutions. Through the Customer Relations structure, it maintains a constant presence in the relationship with passengers through the prompt response strategy to their requests and reports, the targeted management of the call centre and the mass mailing of direct mail to loyal customers; in particular, thanks to this activity, a relationship based on trust and inclusion has been established.

Customer experience

The Municipality of Milan, by virtue of the Service Contract and on the basis of its transport policies, defines and plans public transport services in the city and in the hinterland by establishing precise quantitative and qualitative standards for ATM's performance, measured through a series of indicators[37] selected on the basis of their relevance from the customer's point of view.

Table 33. *Regularity of ATM vehicles (trams, trolleybuses, buses, metro)*

REGULARITY[38]				
Mode	**Target 2023**	**2023**	**2022**	**2021**
Tram	97.5	97.7	98.3	99.1
Trolleybus	97.7	96.5	98.3	98.9
Bus	98.2	97.6	99.1	99.4
Metro	99.6	99.8	99.6	99.9

Table 34. *ATM punctuality (tram, trolley bus, bus, metro)*

PUNCTUALITY[39]				
Mode	**Target 2023**	**2023**	**2022**	**2021**
Tram	97.6	98.9	99.1	99.2
Trolleybus	97.8	98.6	98.5	98.9
Bus	97.2	98.7	99.1	99.2
Metro	99.5	99.8	99.8	99.8

Table 35. *ATM crowding (surface, metro)*

CROWDING[40]				
Mode	**Target 2023**	**2023**	**2022**	**2021**
Surface area	70%	41.5%	35.2%	28.2%

[37] Unless otherwise specified, quantitative data on the quality of service of the underground in the Municipality of Milan refer to the M1, M2 and M3 lines.
[38] The Service Regularity indicator includes only data relating to ATM S.p.A. and represents the percentage ratio between the number of trips made and the number of trips scheduled on the day, in line with the requirements of the Service Agreement stipulated with the Municipality of Milan. The parameter is calculated monthly on a daily basis.
[39] The Service Punctuality indicator includes only data relating to ATM S.p.A. and represents the percentage of journeys arriving at the terminus (including subcontracted lines) with delays of less than 10' for surface lines and 3' for underground lines, in line with the requirements of the Service Agreement stipulated with the Municipality of Milan. The parameter is calculated monthly on a daily basis.
[40] The Service Crowding indicator includes data related to ATM S.p.A. only and represents the ratio between passengers carried and seats offered per line. It is derived for both surface lines and metro lines 1, 2 and 3, in line with the requirements of the Service Contract signed with the Municipality of Milan.

Metro	80%	November 38.8%	November 35.3%	November 29.9%

ATM is constantly working to improve the travel experience by listening to the customer through constant information and communication and the implementation of new services and digital features. 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 for listening to its customers in order to constantly improve service.

In 2023, the annual customer satisfaction survey was carried out in October on a sample of 3,807 passengers by means of interviews conducted at surface stops, underground stations and on board vehicles, on service quality factors such as, among others, communication and information, the ease of purchasing tickets and passes, and the service offer. The result achieved in 2023 is in line with the good results of the surveys in recent years, with an average rating of 7.6 (on a scale of 1 to 10) and a service satisfaction area of 99% (percentage of those rating between 6 and 10).

During 2023, Mystery Client surveys were carried out on five lines of the ATM network such as tram lines 7 and 31, bus lines 42, 80 and 84. They were also carried out again for lines 4 and 14 (trams), 54 and 60 (buses), 90 and 91 (trolleybuses), M1, M2 and M3 (metro), which were already certified in 2021 and 2022. The surveys were carried out in order to obtain UNI EN 13816:2002 certification, an international standard which assesses the customer's point of view in terms of expectation and perception in relation to eight criteria (availability, accessibility, information, time, customer care, comfort, safety, environmental impact), a certification which the ATM Group obtained for the above-mentioned lines in the second half of the year.

Between October and November 2023, customer satisfaction surveys were also carried out for DRT bus, neighbourhood radio bus, on-street Parking Spaces and Parking Spaces services.

ATM, through its Customer Relations structure, maintains a constant focus on listening to and interacting with passengers, both through the targeted management of the call centre and through prompt replies to complaints and reports, which are handled, once again, with a specific procedure: in 2023, ATM guaranteed an average response time of 3.61 days, compared to the standard of 10 days required by the "Relations with the Public - Complaints" indicator established in the Service Agreement with the Municipality of Milan. Instructions on how to file a complaint is available to passengers on the website, on the app and on the Mobility Charter edition 2023.

ATM is constantly working on updating its website and app to accompany customers in their travel experience. The www.atm.it website, in addition to providing information in real time on the status of the service (on the subject of which see the box entitled "ATM's information and communication channels" in the section dedicated to information services) and providing useful functions for journey planning such as, for example, route calculation, has functions which allow customers to directly purchase/reload their weekly, monthly or annual season ticket, purchase the electronic card, consult the subscription status or expiry date of the card and download the payment receipts, consult the purchase history and details of journeys paid for with contactless bank cards, request a refund, submit a complaint, report a claim, pay a fine relating to travel documents.

The ATM Milano app provides information on the status of the service in real time, allows users to calculate the best route to their destination, purchase ordinary, daily and carnet tickets, renew season

tickets and receive notifications when they expire, update on the status of the service, book appointments at ATM Points and the Neighbourhood Buses, send suggestions and complaints, and obtain information on Parking Spaces in the city. Since June, also thanks to customers' suggestions, the company has published an update to the app with major improvements in navigability and performance including, in particular, the new horizontal menu, the new design also with a view to accessibility for the visually impaired, the new personalised notification area, the unified search functions for addresses, routes and lines, the facilitated purchase of tickets and subscriptions, and the purchase of tickets to travel on the NET z301 Milan-Bergamo line. As of 27 November, the new app update allows customers to purchase 3-day STIBM tickets with Mi1-Mi3 fares that can be used on all ATM, Trenord and carrier services integrated in the Fare System.

ATM has initiated the project to improve the user experience also in relation to ticket purchase at ticket machines located in underground stations: purchase becomes easier thanks to a simplified language that makes it easier to understand which ticket to choose and the corresponding fare; the operation is also faster thanks to a selection and payment process in just a few steps.

Since April, customers have an additional way to pay for their journey: the contactless bank card ticket payment system has also been operational on all surface network vehicles.

Another project dedicated to enhancing the travel experience is Sound Underground, mentioned above, an initiative that aims to promote inclusivity while at the same time contributing to making the metro a place of opportunity and encounter.

Staff and passenger safety

Protection of the company's assets, the safety of ATM personnel and passengers is guaranteed by the Security sector in cooperation with law enforcement agencies present throughout the territory (Local Police, State Police, Carabinieri, Guardia di Finanza), with particular attention to high traffic transport lines, ATM-managed car parks and interchange areas with the railway network.

In recent years, the modernisation of the fleet and the adoption of increasingly innovative technological solutions have allowed for the progressive expansion of the company's monitored competencies through CCTV equipment installed on board vehicles and at stations, enabling the improvement of security to protect staff, passengers and ATM's assets.

ATM has equipped itself with a Corporate Protection structure committed to guaranteeing access control and the protection of its infrastructures as well as the performance of all subsidiary security services progressively taken over with the application from 2015 of the provisions of Ministerial Decree 154/09.

For the latter, it employs over 140 Sworn Special Guards certified with the Milan Police Headquarters to carry out services that normally consist of: guarding the main metro stations, control and prevention on board trains and vehicles along surface lines, with particular attention to those considered sensitive, as well as in company locations and emergency services in cars.

The continuous turnover of these specialised personnel also resulted in new additions (17 resources) in 2023 and the provision of theoretical and practical training courses for the entire group of subsidiary security staff.

With regard to the KPIs of the security factors historically analysed by the Group, a comparison with the overall data for 2022 it can be seen that the training activities of Front Line Personnel undertaken by Security Personnel and the implementation of a programme of joint services alongside Front Line Personnel defined with a view to prevention, have led to a decrease in attacks on ATM Personnel (50 in 2023, compared to 62 in 2022). An increase of 35.7 per cent in defacements of metro trains was found (95 in 2023 compared to 70 in 2022), while vandalism on the metro and on the surface decreased by 16.9 per cent (1,436 in 2023 compared to 1,728 in 2022).

In 2023, 205 reports were also drawn up for crimes committed against ATM, of which 75% in the metropolitan area and 25% in surface transport, and filed with the local Police headquarters responsible for each area, thus intensifying the attention of the Public Safety Authorities on an essential service for the community.

ATM Corporate Protection has established intense and daily collaborative relations with the bodies managed by the Public Safety Authorities (Prefecture and Police Headquarters) and with all the institutional components involved in the territory: Local Police, State Police, Carabinieri. In the exchanges of information, the problems arising from the various experiences and reports from the various company sectors are analysed, planning activities, including joint ones, aimed at solving repeated critical situations or monitoring potentially critical phenomena and to have concrete and rapid support in solving them. Since 2020, Security has also taken over the ATM Group's property sector's criminal complaint management process, further intensifying relations with the law enforcement agencies in order to further guarantee the timeliness of their actions to prevent, control and punish illicit phenomena against ATM.

As already explained in the section "Safety and corporate protection" in the chapter on "Productive Capital", since 2019 the Security Operations Center (SOC) has been in operation, i.e. the Control Room of the Security operating closely with the operations centres of the metropolitan and surface operations.

In addition, the benchmark activity of ATM's Corporate Protection structure among the world's leading public transport companies continues, through participation in remote meetings between the sector's corporate managers, mainly characterised by the sharing of practices.

Over the past year, ATM has increased the number of safety personnel to 330 in December 2023. Specifically, with regard to Armed Security Officers, over the past year ATM has begun preparatory activities for an increase in staffing levels, activities which will be completed at the beginning of 2024 with the hiring of 6 new officers.

Table 36. *Security personnel*

SECURITY STAFF[41]			
Type	**as at 31.12.2023**	**as at 31.12.2022**	**as at 31.12.2021**
Armed	142	144	135
Unarmed	188	180	151
TOTAL	330	324	286

Noise and vibration mitigation

The ATM Group is aware of the impact on the community and its relationship with citizens of the noise and vibrations generated by its vehicles. Therefore, it is actively engaged in the reduction of vibro-acoustic pollution with the aim of improving services and responding better to the needs of customer-citizens exposed to this type of pollution in order to improve the quality of life of those living in the areas where the Group operates.

To this end, several actions have been implemented to monitor and manage this issue, both through active collaboration with the technical operational functions of the City of Milan and through the Group's internal structure dedicated to this purpose (Vibro-acoustics Laboratory).

For more details, please refer to the section on "Reducing Vibro-Acoustic Pollution" in the chapter on "Productive Capital".

ATM's relationship with its suppliers

The year 2023 was characterised by the entry into force of the new Procurement Code, which necessitated a process of analysis and training on the new provisions, and consequent updating of administrative purchasing processes, which is still ongoing.

The relationship with suppliers, as set out in the code of ethics and guidelines for conduct, must ensure "a relationship of real and fair competition between suppliers".

In turn, the Quality, Environment and Safety Policy specifies that the Group's sustainable development strategies presuppose, among other things, a commitment to continuous improvement of the environmental, health and occupational safety aspects of its activities, with a focus on all stakeholders, including the performance of its suppliers, and indeed these principles are intrinsic to the purchasing process of every Group company.

And indeed, ESG criteria are increasingly present among the technical evaluation criteria of offers submitted by ATM Group suppliers.

Furthermore, the attention that all Group companies pay to aspects of inclusion and gender equality means that this commitment is also sought by suppliers. The above is now also reinforced by the provision of contracts for investments financed by the National Recovery Plan, which concern the supply

[41] This data refers to ATM S.p.A. and NET S.r.l. security personnel.

of new electric buses and the upgrading of existing infrastructure to achieve the "*Full Electric*" target in 2030.

During 2023, 1,205 tendering procedures were launched through the SRM platform, highlighting ATM's continuous focus on streamlining the entire procurement process. The process of reviewing the purchasing process is also constant, in order to increase its effectiveness by providing for periodic reviews of the "Regulation for the awarding of contracts" and training sessions aimed at all those involved in the purchasing process. In this regard, 12 training meetings were held in 2023 involving some 300 people variously involved in the process of drafting and approving Requests for Purchase Authorisations (RPAs).

In compliance with the regulations, the entire procurement process is developed on IT platforms. All of the above procurement procedures were carried out and managed exclusively in electronic tendering mode, guaranteeing technological and process coverage on all types of procurement, as provided for by the procurement code and internal purchasing regulations. The process adopted allows full traceability of the authorisation procedure and ensures full compliance with the principles of transparency and equal treatment of all stakeholders. It should be noted that a project to renew the current platform in accordance with the new Procurement Code is planned for 2024.

The ATM Group deals with an extensive supply chain of more than 2,300 suppliers, mainly divided into the categories of supplies, services and works. Expenses for supplies account for about 64% of the total purchased and are mainly related to the purchase of rolling stock, maintenance parts and energy. The services category accounts for approximately 25% of the total purchased, and mainly includes vehicle and systems maintenance, as well as maintenance services related to IT. Finally, about 11% of the expenditure relates to the works category, with a focus on extraordinary works on the network and infrastructure.

Composition of the ATM Group supply chain and % purchased



Supplier relationship management is an important topic for the Group. Purchasing in Italy is characterised by a preponderance of Italian suppliers (about 95 per cent), which translated into about

86 per cent of the value of purchases from local companies[42]. With reference to Metro Service, the share of the value of local purchases is 96%.

Responsible supply chain management, as enshrined in the Group's Code of Ethics, in the ATM Group's Guidelines for Conduct and in the Quality, Environment and Safety Policy, is an essential component of the Group's strategy. The Group is thus committed to guaranteeing the highest quality of the products and services it purchases, in compliance with the technical, environmental and social criteria established by the ATM Group's tender documents, contractual provisions and regulations.

For these reasons, the Corporate Rules for the Awarding of Contracts fully regulate the authorisation process for expenditure, the signing of orders and contracts and, for procedures below a certain defined purchasing threshold, the manner of awarding contracts.

We reiterate ATM's continuous commitment to the training process for all those involved in the procurement process, so as to ensure the respect of the above principles.

Lastly, it should be noted that ATM has an active procedure for evaluating suppliers of works, goods and services, the purpose of which is to promote and support them in their efforts to improve their service and environmental impact and to assess their overall performance with respect to the Group's Quality, Environment and Safety Policy. In adherence to the indications contained in ATM's Strategic Plan, with particular reference to the chapter on sustainable supply chain, ATM has placed even more emphasis on sustainable management by its suppliers.

In order to evaluate virtuous suppliers, one or more rewarding criteria of an ESG nature are included in the tenders, to be awarded to the economically most advantageous offer, chosen from a special list according to the subject and nature of the tender.

In compliance with the requirements of the SA8000 standard, ATM Group companies only work with suppliers and partners which adopt and practise the same operational logic of respect for employees and customers. 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 sign that they fulfil the obligations set out in the standard.

Finally, it should be noted that purchasing processes were still characterised by two factors, price increases and a significant increase in delivery times. In any case, given the purchasing policy developed in previous years, characterised by the presence of multi-year contracts currently active and the partnerships established with strategic suppliers, the impact of the above has not caused consequences that would compromise the level of service and proper maintenance of the vehicles.

[42] Local means suppliers with registered offices in Italy and Denmark, respectively for the Italian ATM Group companies and Metro Service.

Relations with the community and the territory

ATM is in constant contact with local institutions to foster dialogue and exchange of information on local public transport issues. It participates in council committees and various institutional tables on issues within its remit and supports the City Council with questions and reports from municipal councillors and councillors.

The company also liaises with associations operating in the area, with particular attention to associations representing people with disabilities such as, for example, Ledha Lega per i diritti delle persone con disabilità APS and UICI Unione Italiana dei Ciechi e degli Ipovedenti, with a view to comparison and continuous improvement of the service offered.

The ATM Group, as an integral part of the community in which it operates, intends to promote local development also through its support of social and cultural initiatives, including projects, activities or events promoted or implemented by the Municipality of Milan or implemented with its patronage, as well as activities aimed at enhancing the territorial context of Milan and the Metropolitan City; the main ones supported during 2023 include Stramilano, BookCity, Milano da Leggere, Radio Italia Live - Il Concerto, Re-BikeMi, Concerto per Milano, Back to the City Concert, Fa' la cosa giusta, Festival Risveglio di periferia, Mille mila bici. ATM has also supported a number of important awareness-raising campaigns on health and prevention issues, including the Rare Disease Awareness March, Milan 4 mental Health, Dress for Success aimed at women in socio-economic difficulties.

In order to cope with the complexity that has emerged in the global job market and the concomitant continuation of the trend underway since 2021, which has led to a drop in the number of applications for all the positions sought, in 2023 the ATM Group has put in place a consistent programme of initiatives aimed at increasing the number of applications especially for the positions of drivers and maintenance technicians. Within this framework, the "ATM *Job Tour*" was held for three weekends at a number of shopping centres in the province of Milan located in Arese, Rozzano and Carugate, in order to raise awareness of training and job placement opportunities in ATM and to increase the volume of applications. The initiative, enhanced by the presence of an electric bus from the company's fleet, included meetings with ATM personnel and the opportunity to conduct interviews with recruiting staff, reaching a total of over 2 thousand visitors by the end of the event. To support this project, the company created a communication campaign and, for the first time, experimented with Spotify as a digital marketing channel to reach the public.

With a view to promoting its historical heritage and as an opportunity for qualified comparison with other prestigious institutions active in the field of corporate culture, ATM has decided to join, with its Historical Archive, Rete Fotografia, an association for the enhancement of photography, and Museimpresa, an association active in the promotion and dissemination of corporate culture through the enhancement of corporate archives and museums.

ATM has directly promoted social sustainability and solidarity initiatives including the 'Bus degli Angeli' ('Bus of Angels'), with which in 2023 it once again supported the City Angels association of volunteers in their project to provide assistance during the winter months to the homeless, with the distribution of hot meals, drinks, clothing, blankets and qualified assistance in the city by means of a 12-metre bus.

Again in 2023, to assist the homeless, the company made available to a cooperative commissioned by the Milan City Council the area of the corridor inside the Central Station FS of Line 2 of the underground, which leads to the Piazza Duca d'Aosta/via Vitruvio exits; the corridor, equipped with beds, was made

available from 8.00 p.m. every evening to 7.00 a.m. the following morning for the entire period of the initiative (30 November 2023-10 March 2024), during which it remained closed to the public.

It also granted the mezzanine of the M1 station of Porta Venezia for the organisation by the volunteers of the Associazione Ronda Carità e Solidarietà Odv-Milano of the Christmas Eve mass and dinner dedicated to homeless people living in the streets of the city.

International Relations

2023 also saw an important involvement of the company in high-profile events and initiatives to enhance the activities and projects developed in the international arena.

As a member of UITP, the International Association of Public Transport, ATM has continued its commitment to the exchange and dissemination of best practices and the enhancement of the company's expertise participating in committees of experts on the main topics of interest. ATM took part in the UITP Global Public Transport Summit in Barcelona, the world's most important event dedicated to sustainable mobility, with a stand in the exhibition area and with the involvement of company speakers in the various sessions of the conference, during which the company's main projects in terms of sustainability, automated metros, green finance and cybersecurity were shared with delegates from all over the world.

In Milan, ATM was the local host of two important UITP events: the meetings of the Executive and Policy Board of UITP, attended by senior figures from Authority operators and representatives of the transport industry, and the meeting of the Fixed Installation Platform, the technical committee of the Metropolitan Railways Committee of the Association.

The company also participated in international events to promote its know-how, projects and reputation to foreign stakeholders: among them, the "Global Mobility Executive Forum" organised in Paris by Oliver Wyman Forum, within which the topics of dynamic demand service and digital payments were discussed; also in Paris, it took part in "Les assises du Mass Transit", an event organised by Ville, Rail & Transports, attended by the major French operators on the topic of managing major events.

Lastly, with a view to promoting the company internationally and exchanging best practices and know-how, ATM also hosted numerous visits by technical and institutional delegations to its premises in 2023; among these, as part of the "European Transport Conference 2023" organised by the Association for European Transport, ATM hosted delegates in its surface and underground operating rooms and in the Messina depot.

NATURAL CAPITAL

Main achievements related to Natural Capital

Table 37. *ATM Group Natural Capital Results Summary*

Approximately 88,000 tCO_2 avoided (Scope 2 - *market based*)[43]	**Approximately 56%** of waste recovered
100% of electricity purchased from the free market in Italy certified green	

About Natural Capital

Natural capital means both the raw materials used by the Group in the conduct of its business, such as water and sand, and energy sources such as electricity and fossil fuels.

Material topics related to Natural Capital

Climate change, energy consumption and environmental impacts	**Responsible resource and waste management**	**Air quality, noise and vibration mitigation**
Occupational health and safety protection	Training and professional development	Diversity, inclusion and welfare
Quality and accessibility of services	Relations with the territory and local development	Security & Safety
Intermodality and integration of services	Human rights	Ethics, integrity and compliance

Responsible supply chain management	Innovation, digitisation and cybersecurity	Risk and crisis management	Creation and distribution of economic value

As required by the International Framework for the preparation of the Integrated Report, the main input, output and outcome as well as the main business activities acting with reference to Natural Capital are shown in the table below.

[43] Thanks to the purchase in Italy of only certified Green Electricity with Guarantee of Origin.

INPUT	BUSINESS ACTIVITIES	OUTPUT	OUTCOME
• Set of natural resources, such as water and sand • All energy sources, such as electricity, diesel, natural gas and petrol	• Managing the use of energy resources • Washing and sanitising vehicles • Sandblasting of tram tracks • Heating system efficiency • Fleet management and renewal • Service digitisation • Discouraging the use of single-use plastics at sites in Italy	• CO2 emissions generated • Waste produced • Waste water produced • Reducing the use of polluting materials	• Improvement of local air quality • Less impact on local and non-local environmental quality

The main sustainability goals

The table below shows the main sustainability targets and the level of achievement of these targets as of 31 December 2023 with reference to the ATM Group's Natural Capital.

Table 38. Sustainability targets related to the ATM Group's Natural Capital

Targets	Status as at 31 December 2023	
• Achieving the following car fleet composition: 60% diesel buses; 25% hybrid buses; 15% electric buses		At the end of 2023, the composition of the car fleet is as follows[44]: • Diesel: 58.4% • Hybrids: 23.5% • Electrical: 18.1%

The Group's Natural Capital

ATM has always sought to position itself as a benchmark in the field of integrated and sustainable mobility. In fact, the offer of a mobility service with zero impact on the environment is a common thread in the Group's sustainability strategy, declined in the pillars 'Zero Emission Transport' and 'Responsible Consumption'.

To follow up on the objectives proposed by these pillars, the Group designs and develops various initiatives aimed at reducing the impact of its activities.

In particular the green wall in Giambellino: Atm's first green wall has taken shape on the façade of the Giambellino bus depot. There are over 10 thousand plants, with more than 20 different species, covering

[44] The figure reported refers to all public transport offered by the ATM Group and refers to the vehicles available for operation. The 3 hydrogen buses are no longer in service, they are stopped for technical reasons.

an area of 350 square metres. 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 foresees the conversion to electric power of all its 1,200 buses and the redevelopment of its depots, for a more resilient and sustainable city. The project is co-financed by the City of Milan under the BE2 call for proposals and the H2020 CLEVER Cities European project.

With regard to the Group's environmental impact management system, as mentioned in "Intellectual Capital", the companies ATM S.p.A., Rail Diagnostics S.p.A., and NET S.r.l. use an environmental management system that complies with the UNI EN ISO 14001:2015 environmental standard. In order to maintain this certification, companies adopt specific organisational 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 impacts

In fulfilling the objectives set with respect to the management of energy consumption and the resulting environmental impacts, ATM is reducing the adverse environmental effects of its activities by implementing efficiency initiatives to reduce its energy consumption, and by replacing its road fleet with electrically powered vehicles in order to lower the emissions generated. To this end, ATM is committed to progressively renewing its fleet, with the goal of achieving a 100% full-electric bus fleet by 2030, and consequently zeroing out related emissions.

The Group seeks to involve and empower its employees, as well as external stakeholders, in carrying out these initiatives. Pursuant to Law 10/91 and for the purposes of periodic control and monitoring of energy consumption and polluting emissions, the Group has appointed a Energy Manager certified Energy Management Expert in accordance with UNI-CEI 11339. The Energy Manager is responsible for disseminating good practices for the efficient use of energy as well as carrying out periodic consumption checks, monitoring and collecting data on energy consumption and production (electricity, diesel, gas, etc.).

Timely reporting of energy consumption in primary sources is sent to FIRE (Italian Federation for Rational Energy Consumption) for all Italian Group companies. Similarly, ATM communicates the Energy Diagnosis to ENEA (National Agency for New Technologies, Energy and Sustainable Economic Development) for both its Public Transport service and the Group's production sites.

During 2023, energy consumption totalled about 4,182 TJ, a slight decrease from last year. With regard to electricity consumption on the Italian side, the increases are also due to the opening of the new M4 metro line.

Table 39 *Total primary energy consumption of the ATM Group in 2023 in TJ*[45]

Sources of energy consumed	2023	2022	2021
Total energy consumed from renewable sources	**2,670**	**2,604**	**2,539**
Electricity purchased from the free market (Italy)	2,655	2,589	2,523
Electricity purchased from photovoltaic systems	14	15	13
Self-generated electricity from photovoltaics and consumed	0.5	0.5	3
Total energy consumed from non-renewable sources	**1,513**	**1,630**	**1,749**
Electricity purchased from the free market (Denmark)	541	536	551
Energy purchased from cogeneration plants	0	54	142
of which electricity	0	32	83
of which heat	0	22	59
Diesel	*760*	*832*	*858*
of which Autotraction	*760*	*831*	*857*
of which Heating	*0.2*	*0.5*	*0.6*
Methane	198	195	181
LPG	0.2	0.2	0.3
District heating	14	12	17
Total energy consumed	**4,183**	**4,234**	**4,288**

With regard to emissions from operations, the Group is committed to closely monitoring greenhouse gas emissions released into the atmosphere. With regard to the emissions generated by the consumption of the Group's garages and storage depots, ATM ensures that its permits are kept up-to-date and monitors the parameters provided for by the permits such as total dust, nitrogen oxides and carbon oxides through external laboratories.

With regard to emissions from the vehicle fleet, emissions are controlled according to the regulations on combustion efficiency and anti-pollution devices. In 2023, the Group continued to implement 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 will guarantee energy savings thanks to energy recovery during braking.

As far as electricity supplied by the free market and consumed in Italy is concerned, all of it is produced from renewable sources and is certified as 'Green Energy' with Guarantee of Origin (pursuant to AEEGSI Resolution ARG/elt no. 104/11 as amended). Thanks to the purchase of this 'Green Energy' with

[45] Energy consumption expressed in TJ was calculated using the conversion factors indicated in the Ministry of Economic Development (MISE) Circular of 18 December 2014 and which correspond to the same as those submitted to FIRE via annual communication: 1 kWh electricity = 0.000187 toe; 1 M litres diesel = 858.3 toe; 1Sm³ methane gas = 0.000836 toe; 1 GWht - district heating = 103 toe; 1 M litres LPG = 549.5 toe; toe/TJ = 0.042 (except for heat from cogeneration for which plant-specific conversion factors were used).

Guarantee of Origin, the Group managed to avoid the emission of approximately 88 thousand tonnes of CO_2 in 2023 (Scope 2 - Market based).

The Group's goal is to achieve 100 per cent electrically powered rolling stock by 2030, resulting in a reduction of CO_2 and atmospheric particulate matter (PM10).

In this regard, with regard to direct emissions (Scope 1), which are attributable to the energy consumption of natural gas, diesel and LPG, it should be noted that the Group recorded a decrease of about 7% compared to the previous year.

Table 40. *Direct Emissions (Scope 1) - ATM Group - tonnes CO_2 equivalent*[46]

ATM GROUP	2023	2022	2021
CO2e emissions	65,537	70,459	70,501

The reporting standard used (GRI Sustainability Reporting Standards 2016) provides for two different approaches to calculating Scope 2 emissions: "Location-based' and "Market-based". The location-based approach involves the use of average emission factors relating to specific national power generation energy mixes. 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 organisation and the electricity supplier (e.g. purchase of Guarantees of Origin), the emission factor relating to the national "residual mix" was used for the market-based approach.

With regard to indirect emissions (Scope 2), attributable to the consumption of electricity and district heating, it should be noted that the Group recorded an increase of approximately 0.3% according to the location-based calculation method, as detailed in the table below. With regard to indirect emissions (Scope 2), calculated according to the market-based calculation method, there is a decrease in generated emissions of approximately 24%.

Table 41. *Indirect Emissions (Scope 2) - ATM Group - tonnes of CO_2*[47]

ATM GROUP	2023	2022	2021
CO_2 emissions (location based)	109,196	108,830	110,912
CO_2 emissions (market based)	30,098	39,567	38,443

[46] For the purposes of calculating 2023 Scope 1 emissions, the conversion factors reported within the 2022 UK Government GHG Conversion Factors for Company Reporting document were used. See footnote 46 for further information on the data update performed.

[47] For the purpose of calculating 2022 Scope 2 emissions, the emission factors reported within the specially marked table on the following page have been used. Scope 2 (location based) emissions are expressed in tonnes of CO2, however, the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO2-equivalents) as can be deduced from the technical literature.

Table 42. *Emission factors used (2023)*

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*	*428.0*	*Source: AIB, European Residual Mixes 2020 (version 2022)*
Automotive diesel	*$kgCO_2e/l$*	*2.558*	*Source: DEFRA 2022*
Heating oil	*$kgCO_2e/l$*	*2.759*	*Source: DEFRA 2022*
Natural Gas	*$kgCO_2e/m^3$*	*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	*$kgCO_2e/l$*	*1.557*	*Source: DEFRA 2022*

Eco-compactors

In the course of 2021, ATM has started a trial that will see the installation of the first two eco-compactors, for PET plastic recycling, within the company's Monte Rosa site and at the Cascina Gobba metro station. The operation of the eco-compactor is very simple: by inserting a plastic bottle of any size that has contained liquid foodstuffs, it will be recycled and used for the production of new bottles (bottle to bottle). In addition to environmental benefits, this operation also brings personal advantages. By logging in through the Coripet App, you can earn points for each recycled bottle. The prize list is constantly being updated. The initiative is in cooperation with CORIPET, a voluntary non-profit consortium recognised by the Ministry of the Environment.
In October 2022, a third machine was placed at the Como-Brunate funicular station.
From the beginning of the installations until the end of 2023, 67,183 bottles have been delivered, totalling 1.6 tonnes of plastic, corresponding to just over 4 tonnes of Co2 saved.

Water dispensers

Between 2019 and 2020, two water dispensers will be installed on an experimental basis in the Foro Buonaparte premises and the Ticinese depot in Via Custodi. The machines dispense H2O in place of the plastic bottles distributed in the *vending machines*, at a price of 0.30 cent instead of 0.60. In this regard, ATM in 2019 gave all its employees branded water bottles.
In 2022, an additional dispenser will be installed at the Via Monte Rosa site and in December, 5 new machines will be installed at kiosks at the stops on the surface terminals, dispensing water free of charge to the travelling personnel. The savings in 2022 at the three ATM pay-as-you-go locations were 3,415 bottles of water, equivalent to about 34 kg of plastic, which corresponds to 0.2 tonnes of Co2. In 2023, the saving was 4,206 water bottles equal to 42 kg plastic, an increase over last year.

Responsible management of water use

The Group is committed to managing the use of water resources in an efficient and responsible manner, in full compliance with current industry regulations. The use of water resources is monitored and managed through the Ecology Department, a facility specialising 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's offices, changing rooms and canteens and for washing vehicles and equipment. The trend in water consumption is linked to operational needs and directly related to the number of Group vehicles, plants and employees.

Approach to responsible water consumption

The water is taken and used directly from the public waterworks of the municipalities where the various company locations are located. In addition to industrial and civil water, there is also rainwater runoff from first and second rainfall yards for most of the company's depots, in particular automotive depots.

The Group carries out periodic water discharge audits in which it monitors the main parameters specified by the regulations, which mainly refer to the activities carried out on site. With respect to the statutory limit values, if the concentration values of the determined contaminants exceed the threshold value of 80% of the statutory limit value, prevention and monitoring control measures are implemented in order to intercept the possible 'polluting' source and solve the problem by bringing the values below this threshold. In addition to assessing water quality, these controls allow the effectiveness and efficiency of purification processes to be established.

Monitoring and prevention of water impacts

All types of water (civil, industrial and first and second rainwater) are discharged into public sewers except in the case of the Famagosta depot, where they are discharged into surface water bodies (Southern Lambro-Olona river) after treatment. In fact, ATM uses water treatment plants, which ensure that environmental standards are maintained.

These plants are subject to maintenance and control activities, as well as periodic analyses of wastewater quality, in full compliance with the regulations (Part III, Legislative Decree No. 152/06 as amended).

In the event that conditions should arise in which the discharge requirements are no longer met, the water is channelled into special tanks (following the sewer line inside the depot) and instead of being discharged, in the absence of the necessary authorisations, it is removed and disposed of as waste by companies authorised to transport the waste to plants that are also authorised to treat it.

Consumption recorded as at 31 December 2023 may be subject to any adjustments communicated after the date of publication of this document. The trend in water discharge volumes is directly related to that of water withdrawals.

Table 43. *Withdrawals of water supplied by the company from the public aqueduct and area of origin.*

ATM GROUP Source of supply	UoM	2023	2022[48]	2021[49]
Third-party water resources - Total	**ML**	**2,016**	**2,650**	**2,795**
of which fresh water	ML	*2,016*	*2,650*	*2,795*
of which from water-stressed areas[50]	ML	0	0	0
TOTAL WITHDRAWALS	ML	**2,016**	**2,650**	**2,795**

Table 44. *Water discharges by type and destination*[51]

ATM GROUP Discharge destination	UoM	2023	2022[52]	2021[53]
Discharge destination	**ML**	**0.3**	**0.1**	**3**
Surface water - Total	**ML**	**0.3**	**0.1**	**3**
of which fresh water	ML	*0.3*	*0.1*	*3*
of which destined for water-stressed areas[54]	*ML*	*0*	*0*	*0*
Third-party water resources - Total	**ML**	**1,997**	**2,634**	**2,224**
of which fresh water	*ML*	*1,997*	*2,634*	*2,224*
of which destined for water-stressed areas[55]	*ML*	*0*	*0*	*0*
TOTAL DISCHARGES	**ML**	**1,997**	**2,634**	**2,227**

In order to improve the quality of wastewater, ATM is launching a revamping campaign of existing plants, starting with the tram stations, with the integration of ion exchange resin plants for the abatement of heavy metals, which 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, "flywheel tanks" for the accumulation of water, prior to discharge into the public sewerage system or surface water body, in order to more accurately control its quality and the possibility of reusing the purified water for cleaning cars.

[48] The figures for 2022 are based on estimates in relation to water withdrawals during 2021.
[49] Data for 2021 have been prepared on the basis of estimates in relation to water withdrawals during 2020.
[50] The Aqueduct tool was used to identify water-stressed sites, which showed that none of the Group's sites are in water-stressed areas.
[51] The figure does not include the water discharges of Metro Service A/S.
[52] The figures for 2022 were partly based on estimates for water discharges during 2021.
[53] The figures for 2021 are based on estimates in relation to water discharges in 2020.
[54] See footnote 8.
[55] See footnote 8.

Campaigns are also underway to reduce water consumption for air conditioning by replacing, where possible, machines that require the use of disposable water with systems that use air condensation as much as possible.

Responsible management of sand use

In order to improve the safety and grip of surface rail vehicles in times of adverse weather conditions, the Group carries out sandblasting operations on the tracks. This intervention, considered strictly necessary for the safety of passengers on board the vehicles, inevitably generates dust pollution.

Sand consumption also includes consumption by the Metro Service company for the M1 and M2 lines in Copenhagen[56]. Sand is also used on these lines for the safe operation of convoy brakes.

Over the past three years, the sand used by the Group amounted to:

Table 45. *Tonnes of sand used*

Year	Tonnes of sand used
2021	1,282
2022	1,058
2023	913

Sand consumption is influenced by weather conditions: as days with sub-zero temperatures decrease, sand consumption decreases.

Responsible waste management

With regard to responsible waste management, the ATM Group is committed to strictly complying with the relevant legislation in force, ensuring transparency, efficiency and tracking in the registration and issuing of Waste Identification Forms. To this end, the Group prepares the Single Environmental Declaration Form, with which it reports the production of its waste in the calendar year.

The generation of waste due to operational activities can have an impact on various environmental aspects if not managed properly. In the specific case of ATM, the impacts resulting from the production of its waste demonstrate the following characteristics:

- **Current impact**. The performance of operational activities generates waste, up to and including its removal from the site: any generation of waste inevitably creates an impact on the environment the moment it is produced;
- **Potential impact.** Any waste generation generates an impact "at potential risk of contamination" if the waste is not managed properly;
- **Direct impact**. The generation of company waste creates such impact at the site and area of production, when it is generated. This impact is perceived in the short term when the generated waste remains at the site for a minimum of 3 months, a maximum of 1 year (according to the cases provided for in Legislative Decree No. 152/06 as amended);

[56] For Metro Service A/S's M3 and M4 lines, no sand is used.

- **Indirect impact**. This type of impact occurs when waste is sent for disposal and/or recovery activities at authorised centres, generating indirect impacts on the environment as a result of these activities. This impact can be felt in the long term.

In general, ATM is committed to sourcing environmentally-friendly, biodegradable or high performance products with a low environmental impact, striving to improve its waste sorting and separation activities as much as possible and favouring, as far as possible, waste recovery activities over disposal activities.

With regard to waste that can be assimilated to municipal waste (e.g. paper, cardboard, wood, wet waste, plastic and undifferentiated waste), ATM uses the municipal separate waste collection service.

Industrial waste (special hazardous or non-hazardous) solids and liquids are managed through a contract with authorised waste treatment companies, which is renewed through tenders.

Other types of special waste, including metal waste (Fe, Al, Cu, etc.), batteries, oils and tyres, are mainly sent for recovery at authorised centres.

The table below shows the total waste generated in 2023. The total net weight of waste produced by the Group in 2023 is 8,462.6 tonnes, up from 7,694.5 tonnes in 2022.

Table 46. *Breakdown of waste produced by type and disposal method (ATM Group)*

Type	2023			2022		
	Waste generated (t)	Recovered waste (t)	Waste destined for disposal (t)	Waste generated (t)	Recovered waste (t)	Waste destined for disposal
Hazardous	649.0	349.5	299.5	1,458.0	1,338.1	119.7
Non-hazardous	7,813.7	4,370.8	3,442.9	6,236.4	3,114.2	3,122.2
TOTAL	**8,462.7**	**4,720.3**	**3,742.4**	**7,694.5**	**4,452.3**	**3,241.9**

Table 47. *Breakdown of waste generated by recovery operations (ATM Group)*

Recovery operation	2023	2022	2021
	Total waste recovered from third parties (t)	Total waste recovered from third parties (t)	Total waste recovered from third parties (t)
Hazardous waste	**349.5**	**1,338.1**	**965.2**
Waste for Recycling	*7.2*	*10.0*	*14.1*
Sent to pre-storage facilities	*342.3*	*1,328.1*	*951.1*
Non-hazardous waste	**4,370.8**	**3,114.2**	**2,917.8**
Waste for Recycling	*126.2*	*118.2*	*83.7*
Sent to pre-storage facilities	*4,244.6*	*2,996.0*	*2,834.1*
TOTAL	**4,720.3**	**4,452.3**	**3,883.0**

Table 48. *Breakdown of waste generated by disposal operations (ATM Group)*

Disposal operation	2023			2022		
	Self-disposed waste (t)	Waste disposed of by third parties (t)	Total	Self-disposed waste (t)	Waste disposed of by third parties (t)	Total
Hazardous waste	**0**	**299.5**	**299.5**	**0**	**119.7**	**119.7**
Sent to pre-storage facilities	*0*	*299.5*	*299.5*	*0*	*119.7*	*119.7*
Non-hazardous waste	**0**	**3,442.9**	**3,442.9**	**0**	**3,122.2**	**3,122.2**
Waste for waste-to-energy	*0*	*561.4*	*561.4*	*0*	*599.2*	*599.2*
Sent to pre-storage facilities	*0*	*2,881.5*	*2,881.5*	*0*	*2,523.0*	*2,523.0*
TOTAL	**0**	**3,742.4**	**3,742.4**	**0**	**3,241.9**	**3,214.9**

The European Taxonomy

Established by EU Regulation 2020/852 and with the aim of promoting investments with environmental and social objectives, the Taxonomy is a unified and formalised system for classifying sustainable economic activities in Europe. As a "*Financial Undertaking*", in the light of the provisions of the aforementioned Regulation (hereinafter also referred to as the "Taxonomy Regulation") and further related legislation, the ATM Group shall report for the financial year 2023 the portion of its turnover, capital expenditure and operating expenditure associated with economic activities considered environmentally sustainable in accordance with Articles 3 and 9 of the Taxonomy Regulation.

In particular, the Taxonomy now defines six environmental objectives:

1. Climate change mitigation;
2. Adaptation to climate change;
3. Sustainable use and protection of water and marine resources;
4. Transition to a circular economy;
5. Pollution prevention and control;
6. Protection and restoration of biodiversity and ecosystems.

With the publication in 2023 of the Delegated Acts of the EU Taxonomy, new activities were introduced concerning both the first two targets, already valid for 2022 reporting, and the remaining four environmental targets defined by Art. 9 of the Taxonomy Regulation.

The ATM Group then reviewed the list of economic activities included in the reference documentation. This process of analysis was carried out by comparing the activities carried out by the Group with those defined in the technical reference documentation, consistent with the list of NACE and ATECO codes to which they belong. Based on the developed interpretation and in continuity with last year's reporting, the activities that characterise the Group's operations are mainly attributable to the economic activities of "Urban and suburban passenger transport by road" and "Operational management of personal mobility devices" belonging to the first two climate change mitigation and adaptation objectives and identified in the respective codes 6.3 and 6.4 as per the reference regulations.

As a first step of analysis, the reference legislation requires the reporting of a series of information regarding the economic activities considered eligible[57] or ineligible[58] for the European Taxonomy (hereinafter also referred to as "Eligible" and "Ineligible" Activities). The notion of "*Eligibility*" refers to all activities included in the Delegated Acts on the objectives of the Taxonomy and only indicates that a given activity could potentially lead to a substantial contribution to one of the six environmental objectives of the Taxonomy, without also expounding on the concept of its sustainability. The regulations also specify that eligibility must be assessed and reported for activities belonging to all six environmental objectives.

The second *step* of analysis refers instead, within the framework of the "Eligible Activities", to the identification of activities aligned[59] or not aligned with the European Taxonomy (hereinafter also "Aligned" and "Not Aligned" Activities. In particular, the notion of alignment implies that an activity

[57] Economic activity described in the delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852, irrespective of whether such economic activity meets any or all of the technical screening criteria set out in those delegated acts.
[58] Economic activity not described in the delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852.
[59] Economic activities meeting all the requirements of Art. 3 of EU Reg. 2020/852.

meets all the requirements specifically listed for it in the Taxonomy. Only when an activity fulfils the technical screening criteria, the Do Not Significant Harm criteria and compliance with the minimum safeguard criteria can it be defined as "Aligned". Alignment reporting is currently only specifically required for activities belonging to the first two environmental objectives. With the entry into force of the CSRD from 2024, the scope of the Taxonomy Regulation will also be extended to the remaining four objectives.

Eligible Activities

In light of these previous interpretations, and as described in more detail below, the Group has calculated the proportion of turnover, capital expenditure and operating expenditure related to economic activities currently considered eligible for Taxonomy with reference to the Climate Change Mitigation and Adaptation objectives, reserving the right to conduct more in-depth analyses for the additional four environmental objectives during the future reporting year. In particular, the following percentage values were found[60]:

KPIs	**2023**	
	Eligible	Non Eligible
Revenue	88.70%	11.30%
CapEx	97.91%	2.09%
OpEx	99.98%	0.02%

Turnover Calculation Methodology

Consolidated net sales in accordance with IAS 1.82(a) were considered in the denominator.

With regard to the numerator, based on the interpretation of the Taxonomy Regulation, revenues from Parking Spaces, Car Parks and removals, advertising and space rental, vending machines in action at underground stations, management of Area B-C, SCTT [Sistema Integrato di Controllo del Traffico e del Territorio (Integrated Traffic and Territorial Control System)], sale of materials, contributions from the National Collective Agreement, deductions for employee services (e.g., day-care centres) and EU contributions for training courses were excluded. The financial data included in this KPI reflect what is reported in the Consolidated Financial Statements in relation to the composition of revenues and other operating income.

[60] The analysis and calculation of the KPIs were carried out in the light of the Group's interpretation of the information defined in Annex I of the "Delegated Regulation (EU) 2021/2178 of the European Commission of 6 July 2021 supplementing Article 8 of Regulation (EU) 2020/852) and the document "Draft Commission notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of eligible economic activities and assets" of 2 February 2022. For the calculation of the KPIs, potential double counting in the allocation of Turnover, CapEx and OpEx to the numerator was avoided through the use of financial information as accounted for in the Consolidated Financial Statements as at 31 December 2023, subsequently linked to the economic activities referred to in the Climate Delegated Act.

CapEx Calculation Methodology

In the denominator, additions to tangible and intangible fixed assets for the year 2023 were considered, before depreciation, amortisation and any revaluations, including those resulting from restatements and reductions in value, excluding changes in fair value. The denominator includes, in particular, all investments in Tangible and Intangible Fixed Assets and Rights of Use.

For the calculation of the numerator, increases in fixed assets were considered permissible in line with the adopted interpretation of the Taxonomy Regulation and further normative references. In fact, increases in fixed assets related to the purchase of output from taxonomy-eligible economic activities and/or related to measures implemented to reduce atmospheric emissions were considered eligible. For this reason, consistent with the methodology adopted for turnover, investments in Parking Spaces, Car Parks and removal, advertising and space rental, AREA B-C and SCTT, and kindergartens were excluded. The financial data included in this KPI reflect the investments reported within the Consolidated Financial Statements, in the section Commentary on the ATM Group's Economic and Financial Performance.

Methodology for calculating OpEx

In the denominator, non-capitalised direct costs related to research and development, building renovation measures, short-term rent and variable rents, maintenance and repair as well as any other direct expenditure related to the day-to-day maintenance of property, plant and equipment were taken into account. Expenditure on the day-to-day operation of property, plant and equipment has not been included.

In the numerator, costs included in the denominator relating to the purchase of output from taxonomy-eligible economic activities and/or relating to measures implemented to reduce atmospheric emissions were considered eligible: in particular, costs for Group maintenance labour, costs for material consumption and costs for services in connection with maintenance and leasing/short-term rental were included. Consequently, the remainder of the costs included in the denominator were considered ineligible. The figures considered in this KPI reflect the non-capitalised direct costs reported within the Consolidated Financial Statements, in the section Commentary on the ATM Group's Economic and Financial Results - Costs and Other Operating Charges.

Aligned Activities

With regard to the second *step* of analysis, i.e. the alignment to the Taxonomy, the Group updated the analysis to determine the values referred to it. For this year, we reserve the right to draw up more in-depth analyses regarding the requirements of Article 9 of the Taxonomy Regulation, also in view of the recent changes introduced by the relevant technical regulations.

It should be noted that the Group, as part of its actions to prevent Climate Change, already uses, on the Italian side, certified Green electricity (see in this regard the section "Management of Energy Consumption and Environmental Impacts" of Natural Capital). In light of these considerations, with a view to prudence and in order to minimise possible inconsistencies in forward-looking values, the Group opted to indicate an alignment value of zero, in continuity with last year's reporting.

Attached are the taxonomy tables.

Annexes

***Table 49**: Turnover KPIs*

Financial Year 2023	Year			Criteria for substantial contribution						DNSH Criteria ("do no significant harm") (h)									
Economic assets (1)	Code (a) (2)	Turnover (3)	Share of turnover, year 2023 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguard guarantees (17)	Share of turnover aligned (A.1.) or eligible (A.2.) to the taxonomy, year 2022 (18)	Enabling activity category (19)	Transition activity category (20)
Text		Currency	%	Yes; No; N/ADM (b)(c)	Yes; No; N/ADM (b)(c)	Yes; No; N/ADM (b)(c)	Yes; No; N/ADM (b)(c)	Yes; No; N/ADM (b)(c)	Yes; No; N/ADM (b)(c)	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T
A. ASSETS ELIGIBLE FOR TAXONOMY																			
A.1 Environmentally sustainable activities (aligned with taxonomy)																			
Turnover of environmentally sustainable activities (aligned to taxonomy) (A.1)		-	0%														0%		
Of which enabling																			
Of which transitional																			
A.2 Activities eligible for taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (g)																			
				ADM; N/ADM (f)	ADM; N/ADM (f)	ADM; N/ADM (f)	ADM; N/ADM (f)	ADM; N/ADM (f)	ADM; N/ADM (f)										
Turnover from activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		**973.365**	**100%**														**100%**		
A. Turnover of activities eligible for the taxonomy (A.1+A.2)		**973.365**	**88,70%**														**89,11%**		
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																			
Turnover of activities not eligible for taxonomy		**123.967**	**11,30%**																
TOTAL		**1.097.332**	**100%**																

***Table 50**: CapEx KPIs*

Financial Year 2023	Year			Criteria for substantial contribution						DNSH Criteria ("do no significant harm") (h)									
Economic assets (1)	Code (a) (2)	CapEx (3)	Share of CapEx, year 2023 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguard guarantees (17)	Share of CapEx aligned (A.1.) or eligible (A.2.) to taxonomy, year 2022 (18)	Enabling activity category (19)	Transition activity category (20)
Text		Currency	%	Yes; No; N/ADM (b)(c)	Yes; No; N/ADM (b)(c)	Yes; No; N/ADM (b)(c)	Yes; No; N/ADM (b)(c)	Yes; No; N/ADM (b)(c)	Yes; No; N/ADM (b)(c)	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T
A. ASSETS ELIGIBLE FOR TAXONOMY																			
A.1 Environmentally sustainable activities (aligned with taxonomy)																			
CapEx of environmentally sustainable activities (aligned to taxonomy) (A.1)		-	0%														0%		
Of which enabling																			
Of which transitional																			
A.2 Activities eligible for taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (g)																			
				ADM; N/ADM (f)	ADM; N/ADM (f)	ADM; N/ADM (f)	ADM; N/ADM (f)	ADM; N/ADM (f)	ADM; N/ADM (f)										
CapEx of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		**204.301.663**	**100%**																
A. CapEx of activities eligible for the taxonomy (A.1+A.2)		**204.301.663**	**99,98%**														**99,47%**		
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																			
CapEx of activities not eligible for taxonomy		**43.170**	**0,02%**																
TOTAL		**204.344.833**	**100%**																

Table 51: OpEx KPIs

Financial Year 2023	Year			Criteria for substantial contribution						DNSH Criteria ("do no significant harm") (h)									
Economic assets (1)	Code (a) (2)	OpEx (3)	Share of OpEx, year 2023 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguard guarantees (17)	Share of OpEx aligned (A.1.) or eligible (A.2.) to taxonomy, year 2022 (18)	Enabling activity category (19)	Transition activity category (20)
Text		Currency	%	Yes; No; N/ADM (b)(c)	Yes; No; N/ADM (b)(c)	Yes; No; N/ADM (b)(c)	Yes; No; N/ADM (b)(c)	Yes; No; N/ADM (b)(c)	Yes; No; N/ADM (b)(c)	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T
A. ASSETS ELIGIBLE FOR TAXONOMY																			
A.1 Environmentally sustainable activities (aligned with taxonomy)																			
OpEx of environmentally sustainable activities (aligned to taxonomy) (A.1)		-	0%														0%		
Of which enabling																			
Of which transitional																			
A.2 Activities eligible for taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (g)																			
				ADM; N/ADM (f)	ADM; N/ADM (f)	ADM; N/ADM (f)	ADM; N/ADM (f)	ADM; N/ADM (f)	ADM; N/ADM (f)										
OpEx of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		302.971.955	100%														100%		
A. OpEx of activities eligible for taxonomy (A.1+A.2)		302.971.955	97,91%														97,91%		
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																			
OpEx of activities not eligible for taxonomy		6.469.846	2,09%																
TOTAL		309.441.801	100%																

GRI - SCOPE AND TYPE OF IMPACTS

Materiality Topic	Reconciliation with GRI Standards	Scope of impact	Role of the ATM Group
Quality and accessibility of services	GRI 3-3 (2021): Management Method 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 Method 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 Method GRI 203 (2016): Indirect economic impacts	ATM Group	Direct - Caused by the ATM Group
Security & Safety	GRI 3-3 (2021): Management Method	ATM Group Law Enforcement	Direct - Caused by the ATM Group Indirect - To which the ATM Group contributes
Intermodality and integration of services	GRI 3-3 (2021): Management Method	ATM Group Other public transport and mobility companies	Direct - Caused by the ATM Group Indirect - Connected to the ATM Group's activities through business relations

Air quality, noise and vibration mitigation	GRI 3-3 (2021): Management Method	ATM Group	Direct - Caused by the ATM Group
Climate change, energy consumption and environmental impacts	GRI 3-3 (2021): Management modes GRI 302 (2016): Energy GRI 305 (2016): Emissions	ATM Group Electricity suppliers	Direct - Caused by the ATM Group Indirect - Connected to the ATM Group's activities through business relations
Responsible resource and waste management	GRI 3-3 (2021): Management Method GRI 303 (2018): Water and waste water GRI 306 (2020): Waste	ATM Group Water and waste disposal service providers	Direct - Caused by the ATM Group Indirect - Connected to the ATM Group's activities through business relations
Ethics, integrity and compliance	GRI 3-3 (2021): Management Method GRI 205 (2016): Anti-corruption	ATM Group	Direct - Caused by the ATM Group
Diversity, inclusion and welfare	GRI 3-3 (2021): Management Method 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 Method GRI 404 (2016): Training and education	ATM Group	Direct - Caused by the ATM Group
Occupational health and safety protection	GRI 3-3 (2021): Management Method 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 Method GRI 204 (2016): Procurement practices	ATM Group	Direct - Caused by the ATM Group
Innovation, digitisation and cybersecurity	GRI 3-3 (2021): Management Method	ATM Group	Caused by the Group
Human rights	GRI 3-3 (2021): Management Method	ATM Group Suppliers	Caused by the Group
Risk management	GRI 3-3 (2021): Management Method	ATM Group	Caused by the Group

GRI TABLE OF CONTENTS

Below is the table of GRI indicators, in accordance with the GRI Standards: *"in accordance-core*" option. Any omissions are listed as notes to the individual disclosures, where applicable.

Declaration of use	The ATM Group reported in accordance with GRI Standards for the period 1 January 2023 - 31 December 2023
Used GR1	GRI 1 - Fundamental Principles - Version 2021

Relevant GRI industry standard	Not applicable

GRI STANDARD	Information note	Pages and notes
GRI 2: General Disclosure (2021)		
Organisation profile and reporting practices		
GRI 2: General information (2021)	**2-1** Organisational detail	**I; VI; XXIX-XXXI; 107-108**
	2-2 Entities included in the organisation's sustainability report	**XXXII-XXXV; 107-108**
	2-3 Reporting Period, Frequency and Contact Person	**107-108**
	2-4 Restatement of information	**107-108**
	2-5 External Assurance	**107-108**
Activities and workers		
GRI 2: General information (2021)	**2-6** Activities, Value Chain and Other Business Relations	**XXXII-XXXV; 32-35**
	2-7 Employees	**35; 156-159**
	2-8 Non-employees	**157**
Governance		
GRI 2: General information (2021)	**2-9** Governance structure and composition	**XII; 1; 3-7;20-22; 24-28**
	2-10 Appointing and selecting the highest governing body	**XXXII-XXXV; 2-6**
	2-11 Chairman of the highest body of government	**XXIX-XXX; 4-5**
	2-12 Role of the highest governing body in impact management control	**111-119**
	2-13 Delegation of responsibility for impact management	**111-119**
	2-14 Role of the highest governing body in sustainability reporting	**107-111**
	2- 15 Conflict of interest	**XXX-XXXI; 16-20;**
	2-16 Communication of criticalities	**21-22; 24-28; 174**
	2-17 Collective knowledge of the highest governing body	**29-30**
	2-18 Evaluation of the performance of the highest governing body	**109-119**
	2-19 Rules on Remuneration	**160-161**
	2-20 Procedure of determining the remuneration	**160-161**
	2-21 Total annual remuneration ratio	**161**
Strategy, policies and practices		
GRI 2: General information (2021)	**2-22** Statement on the strategy of sustainable development	**111; 118-121**
	2-23 Policy commitment	**20-21; 118-121**
	2-24 Integration of commitments in terms of policy	**118-121; 149-151**
	2-25 Processes to remedy impacts which are negative	**109-121**
	2-26 Mechanisms for requesting clarification and raise concerns	**19-20; 25-26; 28**
	2-27 Compliance with laws and regulations	**18-20; 90-103; 145-151**

	2-28 Membership of associations	**UITP International Association of Public Transport, AGENS Confederal Agency for Transport and Services**
Stakeholder involvement		
GRI 2: General information (2021)	**2-29** Approach to the involvement of Stakeholders	**29-35; 109-111; 175-180**
	2-30 Collective agreements	**In 2023, approximately 99% of the ATM Group's employees are covered by collective bargaining agreements. In particular, 100% in Italy and about 79% in Denmark.**

SPECIFIC DISCLOSURE (2016)		
Material Topics		
GRI 3: Material Topics (2021)	**3-1** Process for determining material topics	**111-117**
	3-2 List of material topics	**111-117**
Creation and distribution of economic value		
GRI 3: Material Topics (2021)	**3-3** Management of material topics	**111-117; 122-127**
GRI 201: Economic Performances (2016)	**201-1** Directly generated and distributed economic value	**124-125**
	201-4 Significant funding received from the public administration	**123-124**
GRI 207: Taxes (2019)	**207-1** Approach to taxation	**125-127**
	207-2 Fiscal Governance, Control and Risk Management	**125-127**
	207-3 Stakeholder involvement and management of fiscal concerns	**125-127**
	207-4 Country-by-Country Reporting	**125-127**
Quality and accessibility of services		
GRI 3: Material Topics (2021)	**3-3** Management of material topics	**111-117; 48-52; 130-135; 141-144**
GRI 203: Economic Impacts indirect (2016)	**203-1** Infrastructure investments and supported services	**48-52; 130-135; 141-144**
Responsible supply chain management		
GRI 3: Material Topics (2021)	**3-3** Management of material topics	**111-117; 185-187**
GRI 204: Procurement Practices (2016)	**204-1:** Portion of expenditure from local suppliers	**185-187**
Ethics, Integrity and Compliance		

GRI 3: Material Topics (2021)	**3-3** Management of material topics	**111-117; 145-147**
GRI 205: Anticorruption (2016)	**205-3** Number of corruption cases and actions taken	**There were not any cases of corruption during 2023 145-147**
GRI 406: Non-discrimination (2016)	**406-1** Incidents of discrimination and corrective measures taken	**145-147**
Climate change, energy consumption and environmental impacts		
GRI 3: Material Topics (2021)	**3-3** Management of material topics	**111-117; 190-195**
GRI 302: Energy (2016)	**302-1** Energy consumption within the organisation	**191-192**
GRI 305: Emissions (2016)	**305-1** Greenhouse gas emissions from energy consumption (Scope 1)	**192-193**
	305-2 Greenhouse gas emissions from energy consumption (Scope 2)	**192-194**
	305-5 Reduction of greenhouse gas emissions	**191-195**
Responsible resource and waste management		
GRI 3: Material Topics (2021)	**3-3** Management of material topics	**111-117; 195-199**
GRI 303: Water and waste water (2018)	**303-1 Interaction with water as a shared resource**	**195-197**
	303-2 Management of impacts related to water discharge	**195-197**
	303-3 Water withdrawal	**196-197**
	303-4 Water discharge	**196-197**
GRI 306: Waste (2020)	**306-1** Waste generation and significant waste-related impacts	**197-199**
	306-2 Management of significant waste-related impacts	**197-199**
	306-3 Waste generated	**197-199**
	306-4 Waste not intended for disposal	**197-199**
	306-5 Waste for disposal	**197-199**
Diversity, inclusion and welfare		
GRI 3: Material Topics (2021)	**3-3** Management of material topics	**111-117; 152-165**
GRI 401: Employment (2016)	**401-1** Total number of new hires and turnover	**157-158**
GRI 405: Diversity and equal opportunities (2016)	**405-1** Diversity of governing bodies and employees	**158-159**
	405-2 Ratio of women's basic salary and pay to men	**160-161**

Occupational Health and Safety Protection		
GRI 3: Material Topics (2021)	**3-3** Management of material topics	**111-117; 165-167**

GRI 403: Health and safety at work (2018)	**403-1** Occupational health and safety management system	**165-167**
	403-2 Hazard identification, risk assessment and accident investigation	**165-167**
	403-3 Occupational health services	**165-167**
	403-4 Worker participation and consultation and communication on occupational health and safety	**165-167**
	403-5 Occupational health and safety training for workers	**165-167**
	403-6 Workers' Health Promotion	**165-167**
	403-7 Prevention and mitigation of occupational health and safety impacts within business relationships	**165-167**
	403-8 Workers covered by an occupational health and safety management system	**165-167**
	403-9 Injuries at work	**The figure is not available for external workers. 165-167**
	403-10 Occupational Diseases	**Data on occupational disease cases do not include Metro Service A/S 165-167**
Training and professional development		
GRI 3: Material Topics (2021)	**3-3** Management of material topics	**111-117; 153-154; 167-171**
GRI 404: Training and Education (2016)	**404-1** Average annual training hours per employee	**167-171**
Relations with the territory and local development		
GRI 3: Material Topics (2021)	**3-3** Management of material topics	**111-117; 48-52; 141-144**
GRI 203: Indirect economic impacts (2016)	**203-2** Significant indirect economic impacts	**48-52; 141-144**

Security & Safety		
GRI 3: Material Topics (2021)	**3-3** Management of material topics	**111-117; 130-131; 183-184**
Intermodality and integration of services		
GRI 3: Material Topics (2021)	**3-3** Management of material topics	**111-117; 133-135; 180**
Air quality, noise and vibration mitigation		
GRI 3: Material Topics (2021)	**3-3** Management of material topics	**111-117; 135-137; 184**
Innovation, digitisation and cybersecurity		
GRI 3: Material Topics (2021)	**3-3** Management of material topics	**111-117; 19; 85-87; 174;**
Human rights		
GRI 3: Material Topics (2021)	**3-3** Management of material topics	**111-117; 147; 149-151**
Risk Management		
GRI 3: Material Topics (2021)	**3-3** Management of material topics	**111-117; 7-18; 20-22**

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267/2018

To the Board of Directors of
Azienda Trasporti Milanesi S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5, paragraph 1, letter g) of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Azienda Trasporti Milanesi S.p.A. and its subsidiaries (hereinafter "Group") as of December 31, 2023 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 27, 2024 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph *"The European Taxonomy"*.

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the *Global Reporting Initiative Sustainability Reporting Standards* established by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

During the year covered by this assurance engagement, our auditing firm applied *International Standard on Quality Control 1* (*ISQC Italia 1*) and, accordingly, maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of article 3 of the Decree and taking into account the adopted reporting standard;

2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;

3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Group;

4. understanding of the following matters:

    - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;

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- policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a);

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

   In particular, we carried out interviews and discussions with the management of Azienda Trasporti Milanesi S.p.A. and with the employees of Metro Service A/S, and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

   In addition, for material information, taking into consideration the Group's activities and characteristics:

   - at the parent company's and subsidiaries' level:

     a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
     b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.

   - for Azienda Trasporti Milanesi S.p.A. and Metro Service A/S, which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out remote meetings, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Group as of December 31, 2023 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards.

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Our conclusion on the NFS does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "*The European Taxonomy*".

DELOITTE & TOUCHE S.p.A.

Signed by
Matteo Bresciani
Partner

Milan, Italy
April 12, 2024

This report has been translated into the English language solely for the convenience of international readers.

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

	Notes	31.12.2023	31.12.2022
Assets			
Property, plant and equipment	9	1,150,091	1,194,606
Intangible assets	10	4,163	4,303
Right of use on leased assets	11	6,177	6,977
Investments	12	126,432	49,994
Non-current financial assets	13	199,293	51,177
of which: from Related Parties	*43*	*159,802*	*12,654*
Deferred tax assets	*14*	40,883	45,702
Other receivables and noncurrent assets	15	-	-
Non-current assets		**1,527,039**	**1,352,759**
Inventories	16	104,960	99,127
Current financial assets	17	170,281	159,240
Current Tax Assets	18	22,059	16,375
Trade receivables	19	217,127	229,505
of which: from Related Parties	*43*	*149,610*	*159,704*
Other receivables and current assets	20	91,504	111,244
Cash and cash equivalents	21	142,186	182,196
Current assets		**748,117**	**797,687**
Windfall assets	22	3,200	3,200
Total assets		**2,278,356**	**2,153,646**

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

	Notes	31.12.2023	31.12.2022
Net equity			
Share Capital		700,000	700,000
Legal reserve		119,304	119,048
Other reserves		274,170	274,830
Profit/(Loss) carried forward		61,265	51,242
Profit (loss) for the year		(3,941)	10,279
Equity attributable to the owners of the parent		**1,150,798**	**1,155,399**
Equity attributable to non-controlling interests		**24,717**	**21,945**
Total Net Equity	**23**	**1,175,515**	**1,177,344**
Liabilities			
Non-current financial liabilities	24	173,842	254,609
Employee benefits	25	83,493	89,351
Provisions for risks and charges	26	83,019	98,955
Deferred tax liabilities	27	49,238	49,744
Non-current liabilities		**389,592**	**492,659**
Current financial liabilities	24	234,294	50,051
Current tax liabilities	28	1,462	1,008
Trade payables	29	346,887	289,795
of which: to Related Parties	*43*	*52,302*	*49,991*
Other current payables and liabilities	30	130,606	142,789
Current liabilities		**713,249**	**483,643**
Liabilities relating to windfall assets		**-**	**-**
Total liabilities		**1,102,841**	**976,302**
Total Equity and Liabilities		**2,278,356**	**2,153,646**

INCOME STATEMENT

CONSOLIDATED

(amounts in thousands of euros)	Notes	2023	of which related	2022	of which related
Revenues and other operating income					
Revenues from core business	30	925,458	744,876	905,587	731,380
Other revenues	30	81,156	33,175	93,317	51,017
Other proceeds	30	90,718	2,751	92,566	3,208
Total revenues and other operating income		**1,097,332**	**780,802**	**1,091,470**	**785,605**
Operating costs and other charges					
Costs for the purchase of goods and changes in inventories	31	(86,756)		(88,974)	
Costs for services	32	(360,341)	(3,302)	(309,069)	(3,005)
Operating Leases Costs	33	(3,250)	(401)	(2,110)	(424)
Costs for employee benefits	34	(557,738)	(2)	(568,910)	(2)
Other operating costs and charges	35	(14,144)	(278)	(9,088)	(797)
Total operating costs and other charges		**(1,022,229)**	**(3,983)**	**(978,151)**	**(4,228)**
Depreciation and Impairment Losses	**36**	**(86,333)**		**(82,290)**	
Operating result		**(11,230)**		**31,029**	
Financial income		13,460	5,546	3,358	901
Financial expenses		(9,176)		(18,990)	
Net financial income (expenses)	**37**	**4,284**	**5,546**	**(15,632)**	**901**
Net result of companies accounted for using the equity method	38	4,477		4,598	
Profit before tax		**(2,469)**		**19,995**	
Income taxes	39	3,222		(4,451)	
Profit for the year		**753**		**15,544**	
Profit for the year attributable to:					
Shareholders of the parent company		(3,941)		10,279	
Minority shareholdings (*)		4,694		5,265	
Total		**753**		**15,544**	

(*) 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.

TABLE OF OTHER COMPONENTS

OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2023	of which related parties	2022	of which related parties
Profit/(Loss) for the period		**753**		**15,544**	
Other Components of the Consolidated Statement of Comprehensive Income					
Components which will not be later reclassified in profit/(loss) for the year					
Revaluations of net defined benefit liabilities/(assets)	22	(1,472)		13,817	
Taxes on items that will not be reclassified to (loss)/profit for the year	22	353		(3,316)	
Total components which will not be later reclassified in profit/(loss) for the year		**(1,119)**		**10,501**	
Components that will or may be reclassified subsequently to (loss)/profit for the year					
Investments accounted for using the equity method - Cash flow hedge reserve	22	(2,020)		10,631	
Taxes on investments accounted for using the equity method - Cash flow hedge reserve	22	24		(130)	
Available-for-Sale Financial Assets - Held to Collect and Sell Reserve	22	2,033		(5,151)	
Taxes on Available-for-Sale Financial Assets - Held to Collect and Sell Reserve	22	469		(1,200)	
Total components that will or may be reclassified subsequently to (loss)/profit for the year		**506**		**4,150**	
Total Other Components of the Consolidated Statement of Comprehensive Income		**(613)**		**14,651**	
Total Consolidated Statement of Comprehensive Income for the Year		**140**		**30,195**	
Total Consolidated Statement of Comprehensive Income for the year attributable to:					
Shareholders of the parent company		(4,554)		24,930	
Minority shareholdings (*)		4,694		5,265	
Total		**140**		**30,195**	

(*) 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.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(amounts in thousands of euros)

Net equity	31.12.2022	Destination of profit	Dividends approved	Change of scope	Other transactions	IFRS 9 impacts	Result from other components of comprehensive income	Profit / (Loss) for the year	31.12.2023
Share Capital	700,000								700,000
Legal reserve	119,048	*256*							119,304
Other Reserves	274,830	-	-		(5)	*(42)*	*(613)*	-	274,170
Capital contribution reserve	-	-							-
Extraordinary reserve	-	-							-
Revaluation reserve	1,397								1,397
Conversion reserve	4				*(5)*				(1)
Rounding off reserve	2				-				2
FTA reserve	154,105								154,105
Actuarial Loss Reserve	(3,120)						*(1,119)*		(4,239)
Cash flow hedge reserve	3,299						*(1,996)*		1,303
Real estate fair value reserve	125,288						-		125,288
Held to collect and sell reserve	(6,231)						*2,502*		(3,729)
OCI reserve	86					*(42)*			44
Profits carried forward	51,242	*10,023*							61,265
Profit / (Loss) for the year	10,279	(10,279)						*(3,941)*	(3,941)
Equity attributable to the owners of the parent	**1,155,399**	**-**	**-**		**(5)**	**(42)**	**(613)**	**(3,941)**	**1,150,798**
Minority shareholdings	**21,945**	**-**	**(3,871)**	**1,949**	**-**	**-**	**-**	**4,694**	**24,717**
Share Capital	572			1,949					2,521
Profits carried forward	16,108	5,265	(3,871)						17,502
Profit for the year attributable to minority interests	5,265	(5,265)						*4,694*	4,694
Total equity	**1,177,344**	**-**	**(3,871)**	**1,949**	**(5)**	**(42)**	**(613)**	**753**	**1,175,515**

(amounts in thousands of euros)

Net equity	31.12.2021	Destination of profit	Dividends approved	Other transactions	IFRS 9 impacts	Result from other components of comprehensive income	Profit / (Loss) for the year	31.12.2022
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
Capital contribution reserve	3,199	*(3,199)*						-
Extraordinary reserve	5,764	*(5,764)*						-
Revaluation reserve	1,397							*1,397*
Conversion reserve	1			*3*				*4*
Rounding off reserve	-			*2*				*2*
FTA reserve	154,105							*154,105*
Actuarial Loss Reserve	(13,621)					*10,501*		*(3,120)*
Cash flow hedge reserve	(7,202)					*10,501*		*3,299*
Real estate fair value reserve	125,288					-		*125,288*
Held to collect and sell reserve	120					*(6,351)*		*(6,231)*
OCI reserve	36				*50*			*86*
Profits carried forward	40,720	*10,522*						51,242
Profit / (Loss) for the year	(19,393)	19,393					*10,279*	10,279
Equity attributable to the owners of the parent	**1,130,414**	**-**	**-**	**5**	**50**	**14,651**	**10,279**	**1,155,399**
Minority shareholdings	**18,395**	**-**	**(1,715)**	**-**	**-**	**-**	**5,265**	**21,945**
Share Capital	572							572
Profits carried forward	14,452	3,371	(1,715)					16,108
Profit for the year attributable to minority interests	3,371	(3,371)					*5,265*	5,265
Total equity	**1,148,809**	**-**	**(1,715)**	**5**	**50**	**14,651**	**15,544**	**1,177,344**

STATEMENT OF CASH FLOWS

	(amounts in thousands of euros)	2023		2022	
A.	**Cash flows from operations**				
	Profit/(Loss) for the period		**753**		**15,544**
	income taxes	(3,222)		4,451	
	interest expense/(interest income) net of impairment of financial assets and dividends and imputed interest expense on LL IFRS 16	(4,203)		15,591	
	Capital gains/losses deriving from disposal of assets	(111)		(313)	
	1. Profit for the year before income taxes, interest, dividends and capital gains/losses on disposals		**(6,783)**		**35,273**
	Adjustments for non-monetary items with no balancing entry in net working capital				
	change in provisions for risks and charges	(10,504)		10,571	
	change in provision for severance pay	131		106	
	change in cash and cash equivalents provision	(72)		30	
	amortisation	86,333		82,190	
	value adjustments of fixed assets	-		100	
	value adjustments to investments	-		(37)	
	Impairment of financial assets	(81)		78	
	other changes	(1,375)		(4,671)	
	Total adjustments of non-monetary items		*74,432*		*88,367*
	2. Cash flow before changes in NWC		**67,649**		**123,640**
	Changes in net working capital:		87,883		1,265
	inventory	(5,833)		(365)	
	trade accounts receivable	12,378		(38,666)	
	other receivables	10,510		1,672	
	accrued income and prepaid expenses	(876)		105	
	trade payables	86,541		32,823	
	IFRS 16 short-term lease liability	(39)		(286)	
	other payables	(14,131)		7,251	
	accrued expenses and deferred income	(667)		(1,269)	
	Changes in assets not covered by the NWC				
	3. Cash flow after changes in NWC		**155,533**		**124,905**
	Other adjustments		(16,158)		(17,386)
	interest received/(paid)	49		(2,777)	
	interest paid on leased assets IFRS 16	(163)		(157)	
	(income tax, paid)	(82)		(33)	
	(use of provision for risks and charges)	(5,432)		(2,404)	
	(utilisation of severance pay fund)	(10,530)		(12,015)	
	Cash flow from operations (A)		***139,375***		***107,519***

STATEMENT OF CASH FLOWS

		2023		2022	
B.	**Cash flows from investment/disinvestment activities**				
	Tangible fixed assets				
	(Investments)	(200,776)		(83,747)	
	Realisable price of disinvestments	778		526	
	Intangible fixed assets				
	(Investments)	(1,633)		(1,844)	
	Realisable price of disinvestments	300		154	
	Increase/decrease in payables to suppliers for tangible assets	(29,410)		27,032	
	Financial fixed assets				
	(Investments)	(232,073)		(17,269)	
	Realisable price of disinvestments	9,918		8,729	
	Current financial assets				
	(Investments)	(115,991)		(25,382)	
	Realisable price of disinvestments	113,914		65,665	
	change in equipment grants	178,430		16,230	
	Cash flows from investing/disinvestment activities (B)		***(276,543)***		***(9,906)***
C.	**Cash flows from financing activities**				
	Third-party funds				
	Increase/(Decrease) in short-term payables to banks	149,490		(15,000)	
	Loan repayments	(46,212)		(11,067)	
	Repayment of principal on leased assets IFRS 16	(2,195)		(2,399)	
	Equity				
	Dividends (and advances on dividends) paid	(3,871)		(1,715)	
	Cash flows from financing activities (C)		*97,212*		*(30,181)*
	Currency exchange effect	*(125)*		*648*	
	Increase/(decrease) in cash and cash equivalents		**(40,082)**		**68,080**
	Opening liquid funds		182,495		114,415
	Closing liquid funds		142,413		182,495

1. General information

ATM S.p.A. (hereinafter also referred to as the 'Company', the 'Parent Company' or 'ATM') is a company incorporated and domiciled in Milan and organised under the laws 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 in the urban and suburban areas of Milan and Monza, the Copenhagen metro, the Thessaloniki metro, the management of car parks, parking spaces and removal areas, Area B and C, as well as integrated vehicle and infrastructure maintenance activities.

The publication of these Consolidated Financial Statements was authorised by the Directors on 27 March 2024 and the same will be submitted to the Shareholders' Meeting for approval and subsequent filing, within the terms provided by law. The Shareholders' Meeting has the power to make amendments to this Budget.

The company Deloitte & Touche S.p.A. is entrusted with the legal audit of the accounts, based on the assignment given to it on 9 November 2017 until the approval of the financial statements for the year ending 31 December 2025.

In preparing these Consolidated Financial Statements, the same accounting policies have been applied as in the preparation of the Consolidated Financial Statements for the year ended 31 December 2022, supplemented by the matters described in the section *"IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union and applied by the Group from 1 January 2023"*.

2. Criteria for the Preparation of Consolidated Financial Statements

These Consolidated Financial Statements for the year ended 31 December 2023 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 *IFRS Interpretations Committee* (IFRIC) and *the Standing Interpretations Committee* (SIC), recognised in the European Union pursuant to European Regulation (EC) no. 1606/2002 of 19 July 2002 and in force at the end of the financial year (all the above-mentioned standards and interpretations are hereinafter referred to as "IAS-IFRS Standards"). In particular, Legislative Decree No. 38 of 28 February 2005, which governed this regulation in Italy, introduced the obligation to apply the IAS-IFRS standards for the preparation of statutory and consolidated financial statements to companies issuing financial instruments admitted to trading on regulated markets in any EU Member State.

Also, these Consolidated Financial Statements have been prepared on the basis of the best knowledge of IAS-IFRSs and taking into account the best doctrine on the subject; any future guidelines and interpretative updates will be reflected in subsequent years, in accordance with the procedures provided by the relevant applicable accounting standards.

The Consolidated Financial Statements have been prepared on a going concern basis, in accordance with paragraphs 24 and 25 of IAS 1, as the Directors have verified that there are no financial, managerial, operational or other indicators that may 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

Group's high levels of capitalisation and liquidity and access to the financial market. This assessment also takes into account what is described in the Report on Operations in the section *"Going concern and contractual framework*" concerning Managerial Determination No. 12608 of 28 December 2023 of the Municipality of Milan by which the current service contract with the Municipality of Milan for local public transport is extended, in accordance with the tender documents and the original contract, until 31 December 2026 pursuant to Article 24, paragraph 1, of the Italian Civil Code. 5-bis of Decree-Law No. 4/2022.

In relation to the above, on 29 December 2023, the Entrusting Entity - Municipality of Milan and ATM S.p.A. signed the extension of the following contracts:

- Local Public Transport Service and related and complementary services: until 31 December 2026;
- Parking Spaces control, Car park management and vehicle removal service: until 31 December 2026;
- Service for the implementation and operation of the Bike Sharing sustainable mobility system: until 31 December 2026.

Subsequently, on 11 January 2024, the Entrusting Entity - Municipality of Milan and ATM S.p.A. signed the extension of the following contract:

- Routine maintenance and management of the systems, technologies and facilities that make up the Integrated Traffic and Territorial Control System (SCTT): until 31 March 2024.

Finally, on 12 January 2024, the Entrusting Entity - Municipality of Milan and ATM S.p.A. signed the extension of the following contract:

- Management of payment channels and collection, on behalf of the Municipality of Milan, of revenue from accesses to the L.T.Z. Cerchia dei Bastioni - "Area C" as well as back office, front office and call centre services dedicated to the management of the fulfilments required by the traffic regulations L.T.Z. Cerchia dei Bastioni - "Area C" and "Area B": until 31 December 2026.
- Activities related to the management of payment systems for access to the LTZ Cerchia dei Bastioni "Area C" and subsequent adaptation of the computerised system for managing transit and verifying procedures: until 31 March 2024.

The activities included in the contracts extended to 31 March 2024, namely the routine maintenance and management of the systems technologies and equipment constituting the Integrated Traffic and Territorial Control System (SCTT) and the activity related to the management of the payment systems for access to the LTZ Cerchia dei Bastioni "Area C" and the subsequent adaptation of the computerised system for managing transit and the recording procedures, shall be included in the concession, by means of project financing pursuant to art. 183 - paragraph 15 of Legislative Decree no. 50/2016 as amended, for design, implementation and maintenance services of Smart City IT systems and applications for security and mobility "Minnovo". The concessionaire of the agreement is the Temporary Grouping of Companies formed by A2A Smart City S.p.A. (agent) and ATM S.p.A. (principal). The agreement will be effective from 1 April 2024 and will last for twelve years.

Moreover, with regard to the subsidiary Nord Est Trasporti S.r.l., on 28 December 2023, with Executive Determination No. 114/2023 of the Agenzia di Bacino della Città Metropolitana di Milano, Monza e Brianza, Lodi e Pavia, the contract for the management of the services performed by the same subsidiary for the Agenzia di Bacino was extended to 31 December 2025.

As already mentioned in the Report on Operations attached to the 2023 Annual Report, the year 2023 was characterised not only by the conflict between Russia and Ukraine, but also by the conflict that erupted in the Middle East and by a significantly high level of raw materials' prices; this for ATM had an impact on electricity costs, which were significantly affected by the new variable-price contracts, whereas until last year the price was fixed for the entire duration of the supply. The significant increase in the price of electricity associated with a level of fees related to the Service Agreement with the Municipality of Milan that suffers from a historical static nature has led to a negative EBIT at the Parent Company level of EUR 25.4 million, making it necessary during the preparation of the 2023 consolidated financial statements, to perform an *impairment test*, to verify the recoverability of property, plant and equipment and intangible assets (including rights of use for leased assets), referred to the CGU "Local Public Transport and Complementary Services". Please refer to the following notes on the analysis performed and the results of the impairment test (Note 5 "*Use of estimates*" and Note 9 *"Property, Plant and Equipment"*).

A description of how the Group manages financial risks is contained in Note 6 - "*Financial Risk Management*" below.

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 Shareholders' Equity, the Consolidated Cash Flow Statement and the Notes thereto.

In particular, the Consolidated Statement of Financial Position was prepared according to the format that shows the breakdown of "current/non-current" assets and liabilities as allowed by IAS 1. An asset/liability is classified as current when it meets one of the following criteria:

- expected to be realised/extinguished or expected to be sold or used in the normal operating cycle; or
- is held primarily to be traded; or
- is expected to be realised/extinguished within twelve months from the consolidated balance sheet date.

In the absence of all three conditions, assets/liabilities are classified as non-current. The credit and debit items also detail the values referring to transactions with related parties.

The Consolidated Profit and Loss Account is drawn up according to the classification scheme of revenues and expenses by nature, highlighting the intermediate results relating to EBITDA, operating profit and pre-tax profit, in order to allow for a better representation of normal operating performance. The form chosen is in accordance with internal reporting and management methods of *business*, is in line with international practice and is therefore considered more representative than presentation by destination, providing more reliable and more relevant information for the sector. The income and expenses items also detail the values referring to transactions with related parties. Expenses and revenues to and from related parties are also broken down by counterparty in the table in Note 43.

The Statement of Other Components of the Consolidated Statement of Comprehensive Income includes changes occurring during the year, generated by transactions other than those entered into with Shareholders and on the basis of specific IAS-IFRS standards. Changes in "other consolidated comprehensive income (loss)" are shown separately from the related tax effects.

The Statement of Changes in Consolidated Shareholders' Equity has been prepared in accordance with IAS 1 and illustrates the changes in consolidated shareholders' equity items related to:

- allocation of the net profit for the year;
- each item of profit and loss net of any tax effects, which, as required by IAS-IFRS, are alternatively recognised directly in consolidated equity (actuarial gains and losses generated by the measurement of defined benefit plans, valuation of financial assets at fair value and valuation of derivative financial instruments at fair value held by associated companies valued using the equity method) or have a balancing entry in an equity reserve, the impact of which is therefore reflected directly in equity;
- the effect of any changes in accounting standards or the introduction of new accounting standards.

The Consolidated Cash Flow Statement presents cash flows during the year classified into operating, investing and financing activities; cash flows from operating activities are presented using the indirect method.

The Consolidated Financial Report is also accompanied by the Report on Operations that accompanies the Consolidated Financial Statements. In addition, in compliance with the requirements introduced by Legislative Decree no. 254 of 30 December 2016 implementing Directive 2014/95/EU, and in compliance with the GRI Sustainability Reporting Standards - published by the Global Reporting Initiative (GRI) - the ATM Group has prepared the Consolidated Non-Financial Statement to ensure an understanding of the Group's activities, performance, results and impact produced by the same, covering the 5 relevant areas: environment, social aspects, personnel management, human rights and anti-corruption. The Consolidated Non-Financial Statement 2023 is contained within the Report on Operations, and is prepared in accordance with the provisions of Legislative Decree No. 254/2016. The Consolidated Non-Financial Statement constitutes a specific section of the Report and contains information on how the company is managed and organised, the policies practised, the risks and how they are managed, and the performance on sustainability issues relevant to the Group. Where necessary and appropriate, its content is supplemented by cross-references to information available in other sections of the Report on Operations, which can be identified by the symbol.

The Group's functional currency is the euro, the basis of presentation of the Consolidated Financial Statements, which is the currency of the country in which the Group principally operates; the Consolidated Financial Statements and all amounts included in the tables of the Notes to the Financial Statements, unless otherwise indicated, are expressed in thousands of euros.

The Consolidated Financial Statements have been prepared by applying the historical cost method, taking into account value adjustments where appropriate, with the exception of those items that, according to IAS-IFRS, must be recognised at fair value, as indicated in the valuation criteria and except where the IAS-IFRS Principles permit a different valuation criterion and such alternative criterion to cost has been adopted (in this case, the valuation of the real estate portfolio at fair value).

There are no events occurring after the end of the financial year that alter conditions already existing at the balance sheet date and that require changes to the values of assets and liabilities and to the economic result at the end of the financial year. For events after the balance sheet date, for which there is no impact on the income statement, balance sheet and financial position, please refer to the appropriate section in the Report on Operations.

3. Consolidation Criteria and Methods

Subsidiaries

The Consolidated Financial Statements include, in addition to the Parent Company, the companies over which it exercises control, either directly or indirectly through its subsidiaries, from the date on which such control is acquired until the date on which such control ceases. Control can be exercised either by virtue of directly or indirectly owning a majority of the exercisable votes, or by virtue of the right to receive variable returns arising from one's relationship with them, affecting such returns and exercising one's power over the company, even disregarding shareholder relationships. The existence of potential exercisable voting rights at the balance sheet date is taken into account in determining control.

In the case of the acquisition of non-total controlling interests, goodwill is recognised only for the portion attributable to the parent company. The value of non-controlling interests is determined in proportion to the non-controlling interest in the net identifiable assets of the acquiree.

If the business combination is achieved in stages, at the time control is acquired, the previously held equity interests are remeasured at fair value and any difference (positive or negative) is recognised in profit or loss.

In the case of the acquisition of minority interests, after control has been obtained, the positive difference between the acquisition cost and the book value of the minority interests acquired is deducted from the Group's equity. On the other hand, in the case of the sale of shares such that control of the entity is not lost, the difference between the price received and the book value of the shares sold is recognised directly as an increase in equity, without going through the income statement.

With reference to transactions between entities under common control ("Business combinations under common control"), which are excluded from the scope of application of IFRS 3 and not regulated by other IFRS accounting standards, in the ATM Group, in the absence of such regulations, these transactions are recognised taking into account the provisions of IAS 8, i.e. the concept of reliable and faithful representation of the transaction and the provisions of OPI 1 (Assirevi's preliminary IFRS guidelines).

The financial statements of subsidiaries and associated companies subject to consolidation are drawn up at 31 December 2023, the reference date of the consolidated financial statements, specifically prepared and approved by the administrative bodies of the individual entities, appropriately adjusted, where necessary, to bring them into line with the accounting standards applied by the ATM Group.

Subsidiaries are consolidated on a line-by-line basis, as shown below:

- the assets and liabilities, expenses and income of the fully consolidated entities are recognised on a line-by-line basis, attributing to minority shareholders, where applicable, their share of equity and net profit for the period; these shares are shown separately within consolidated 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 acquisition of the assets transferred, liabilities assumed and equity instruments issued. Identifiable assets and liabilities, respectively acquired and assumed, are recorded at their fair value at the date of acquisition. The difference between the cost of acquisition and the current value of the identifiable assets and liabilities acquired, if positive, is recognised as goodwill under intangible assets, or, if negative, after re-verification of

the correct measurement of the current values of the said assets and liabilities acquired and the cost of acquisition, is recognised 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 recognised using those provisional values. Any adjustments resulting from the completion of the valuation process are recognised within twelve months from the date of acquisition by restating the comparative figures;

- Gains and losses, including the related tax effects, arising from transactions between companies that are consolidated on a line-by-line basis and not yet realised vis-à-vis third parties are eliminated, except for unrealised losses that are not eliminated if the transaction provides evidence of an impairment of the transferred asset. Reciprocal debit and credit relationships, costs and revenues, and financial income and expenses are also eliminated;
- For acquisitions of minority interests in companies for which control already exists, any difference between the acquisition cost and the related fraction of equity acquired is recognised 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 on a line-by-line basis:

Company	Consolidation Method
CityLink S.r.l. - Smart mobility by ATM	Full
Ge.SAM S.r.l.	Full
International Metro Service S.r.l.	Full
Metro Service A/S	Full
Nord Est Trasporti S.r.l.	Full
Thema S.A.	Full
Rail Dignostics S.p.A.	Full

Associates

Associated companies are those over which the ATM Group exercises significant influence, understood as the power to participate in determining the financial and management policies of the investee, without having control or joint control. In assessing the existence of significant influence, the actual exercisable or convertible potential voting rights are also taken into account.

Investments in associates are initially recorded at the cost incurred for their acquisition and are subsequently valued using the equity method. The equity method is described below:

- The carrying value of investments in associated companies is aligned to their net equity, adjusted, where necessary, by the application of the policies adopted by the ATM Group and includes the recognition of higher values attributed to assets and liabilities and any goodwill identified at the time of acquisition;
- profits or losses pertaining to the ATM Group of associated companies are accounted for from the date in which the significant influence began and until the date in which it ceases in the event that, as a result of losses, the companies show a negative net equity, the carrying value of the investment is written off and any surplus pertaining to the ATM Group, where the latter has undertaken to fulfil the legal or implicit obligations of the investee company, or in any case to

cover its losses, is recognised in a specific provision; the components of the statement of comprehensive income of companies accounted for using the equity method are recognised in specific equity reserves;

- unrealised gains and losses generated on transactions between the parent company/subsidiaries and the investee company accounted for under the equity method are eliminated in accordance with the value of the ATM Group's shareholding in the investee company; unrealised losses are eliminated unless they represent impairment.

The economic results of associated companies are included in the Consolidated Profit and Loss Account under "Net result of companies accounted for using the equity method".

If the value thus determined is higher than the recoverable amount, an adjustment is made to the associate's value by recognising the related impairment loss in the Profit and Loss Account.

Investments held in associates and other companies whose consolidation or recognition in the Consolidated Financial Statements using the equity method does not have a significant impact on the Group's financial position or results of operations are excluded from the scope of consolidation and are recognised at fair value, where available, or at cost less any impairment losses.

List of companies consolidated using the equity method:

Company	Consolidation Method
Metro 5 S.p.A.	Net equity
Movibus S.r.l.	Net equity
SPV Linea M4 S.p.A.	Net equity

List of investments in companies recognised at cost minus 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 affiliated 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 a functional currency other than the euro are as follows:

- Assets and liabilities are translated using the exchange rates prevailing at the balance sheet date;
- costs and revenues are converted at the average exchange rate for the year;
- The translation reserve, included in consolidated shareholders' equity, includes both exchange differences generated by the translation of income statement amounts at an exchange rate different from the closing rate and those generated by the translation of opening shareholders' equity at an exchange rate different from the closing rate of the reporting period. This reserve is reversed to the Profit and Loss Account when the relevant participation is sold.

The exchange rates adopted for the translation of the Financial Statements of Metro Service A/S (Denmark) - with the Danish Krone as functional currency - are as follows:

- historical exchange rate as at 31 December 2008 used for the translation of opening shareholders' equity: DKK 7.4428 for the equivalent of EUR 1;
- precise exchange rate as at 31 December 2023 used for the translation of assets and liabilities: 7.4529 DKK for the equivalent of EUR 1 (DKK 7.4365 as at 31 December 2022);
- average exchange rate for the year 2023 used for the translation of costs and revenues: 7.4509 DKK for the equivalent of EUR 1 (DKK 7.4396 for the financial year 2022).

4. Measurement criteria

Property, plant and equipment

Real estate, consisting of land, warehouses and offices (excluding warehouses decommissioned from the production process and those for which renovation and redevelopment work is planned) are valued at cost restated at *fair value*, a criterion that allows the value of the asset to be periodically restated so as to align it with a value equal to the *fair value* at the date of restatement, net of accumulated depreciation and any impairment losses.

Plant and machinery are recorded at purchase or production cost. The value is recorded net of accumulated depreciation and any impairment losses. The purchase or production cost includes charges directly incurred to make their use possible, as well as any dismantling and removal charges that will be incurred as a result of contractual obligations requiring the asset to be restored to its original condition.

Costs for improvements, modernisation and transformation that increase the value of tangible assets are recognised as assets. In particular, the maintenance activities defined as "General Overhaul" or "Medium General Overhaul" are to be considered in this context, having the objective of restoring the metro and tram rolling stock to a condition comparable to that of a corresponding vehicle acquired as new, envisaging the substantial reconstruction of the vehicles starting from bare chassis or, as for the interventions defined as r*evamping*, including significant technological improvements/adaptations. These interventions are carried out from a time perspective, depending on the type of rolling stock, the degradation it has undergone and therefore the operating stresses to which it is subjected, the distance travelled, and the need for technological improvements/adaptations. The capitalisation of the above-described expansion, modernisation or improvement is made to the extent that they meet the requirements to be separately classified as an asset or part of an asset, applying the *component approach*, according to which each component susceptible to an independent assessment of its useful life and related value must be treated individually.

Charges 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 at rates deemed representative of the estimated economic-technical life of the tangible assets. Depreciation is computed from the time the asset is available for use, as intended by management. Land is not depreciated.

The estimated useful lives of the year are as follows:

	Service life years
Property, plant and equipment	
Buildings	50
Plant and machinery	
- Line installations	
- Fixed Workshop Equipment	20
- Fuelling Plant	9
- Installations and technologies on lines	10
- Building Plants	17
- Signalling Equipment	25
- Operating rooms	17
- Power supply substations	17
- Self-localisation	17
- Magnetic-electronic ticketing	10
- Line rolling stock	
- Railway rolling stock	30
- Road rolling stock	7 ÷ 13
Industrial and commercial equipment	
- Auxiliary vehicles	5 ÷ 13
- Miscellaneous equipment	5 ÷ 10
- Tour buses	12
- Shelters/pensiline	20
Other assets	5 ÷ 8

The economic-technical life of tangible assets and their residual value are reviewed and updated, where necessary, at least at the end of each financial year.

Tangible assets are also tested for impairment annually or whenever there is an indication that the asset may be impaired. Please refer to the section below on "Impairment of Assets" for the criteria for determining any impairment.

Real estate also includes owned real estate of a non-instrumental nature. Like land, warehouses and offices, investment property is valued at cost revalued to *fair value*, a criterion that allows the value of the asset to be periodically revalued to a value equal to the *fair value* at the date of revaluation, net of accumulated depreciation and any impairment losses.

In the case of the sale of real estate, any price received in excess of the real estate's book value is credited to equity under the item "Other Reserves", which also includes the residual portion of OCI attributable to the real estate or land sold.

Intangible assets

Intangible assets consist of non-monetary items that are identifiable and lack physical substance, controllable, and capable of generating future economic benefits. Such elements are recorded at

purchase and/or production cost, including directly attributable expenses to prepare the asset for use, net of accumulated amortization and any impairment losses.

Depreciation begins when the asset is available for use, according to management's intentions, and is allocated systematically in relation to the residual possibility of use of the asset, i.e. on the basis of its estimated useful life.

Licence costs for software, including expenses incurred to make the software ready for use, are amortised on a straight-line basis over the relevant term (5 years), while costs related to software maintenance are charged to the income statement as incurred.

Intangible assets with a finite useful life are also tested for impairment whenever there is an indication that the asset may be impaired. Please refer to the section below on "Impairment of Assets" for the criteria for determining any impairment.

Goodwill represents the difference between the cost incurred to acquire a business and the current value of the related identifiable assets and liabilities acquired at the time of acquisition. Goodwill is classified as an intangible asset with an indefinite life and, therefore, it is not subject to systematic amortisation but is assessed at least annually for impairment. A reversal of goodwill is not permitted in the case of a previous impairment loss.

Rights of use on leased assets

Property, plant and equipment held under leases through which control (*right of use*) of an asset is acquired, are recognised by the lessee as an asset of the Company through the recognition of the *lease* asset as an asset with a balancing entry of a financial liability. The discriminating elements of *leases* are the following: the identification of the asset, the right to substitute the asset, the right to obtain substantially all economic benefits derived from the use of the asset and, finally, the right to direct the use of the asset underlying the contract.

Rights of use are systematically amortised from the time the asset is available for use, as intended by management, over the contractual term of the lease.

Investments in associates and other companies

The results of operations and the assets and liabilities of investments in associates and other companies are recognised in the Consolidated Financial Statements using the equity method, as described in Note 3 'Consolidation Criteria and Methods', except for those investments whose consolidation using the equity method does not have a significant effect on the Group's financial position or results of operations, which are recognised at fair value, where available, or at cost less any impairment losses.

The positive difference, when arising at the time of the acquisition with third parties, between the acquisition cost and the Group's share of equity at current values of the investee is, therefore, included in the carrying value of the investment.

Investments in associates and other companies are tested for impairment. If there is evidence that these investments are impaired, it is recognised in the income statement as an impairment loss. In the event that the Group's share of the investee's losses, if any, exceeds the carrying value of the investment, and the Group has an obligation to cover those losses, the value of the investment is written off and the Group's share of further losses is recognised as a provision for risks and charges in the balance sheet

liabilities. If, subsequently, the impairment loss ceases to exist or is reduced, a reversal of the impairment loss is recognised in the income statement within the limits of the original cost.

Please refer to the following section "*Adjustments to asset values*" for a more detailed examination of the recoverability of these investments.

Asset value adjustments

- *Property, plant and equipment, intangible assets with a defined useful life and investments in associates*

  At each balance sheet date, a test is performed to determine whether there is any indication that property, plant and equipment, intangible assets with finite useful lives (including rights to use them, the impairment of which relates to the occurrence of conditions to use the asset under an onerous contract within the meaning of IAS 37) and investments may be impaired and whether with reference to the value of land and buildings, the fair value may be different from the cost restated to fair value at the date of the review (therefore including accumulated depreciation recognised between the two dates of measurement of fair value). Both internal and external sources of information are considered for this purpose. For the former (internal sources), the following are considered: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset, and the economic performance of the asset compared to what was expected. As far as external sources are concerned, the following are considered: the market price development of assets, any technological, market or regulatory discontinuities, the development of market interest rates or the cost of capital used to evaluate investments.

  If the presence of such indicators is identified, the recoverable value of these assets is estimated (Impairment test), and any impairment is charged against the related carrying value in the income statement. The recoverable amount of an asset is the higher of its *fair value*, net of incidental selling costs, and its value in use, the latter being the present value of estimated future cash flows for that asset. In determining the value in use, expected future cash flows are discounted using a discount rate that reflects current market assessments of the cost of money, relative to the period of the investment and the specific risks of the asset. For an asset that does not generate largely independent cash flows, recoverable amount is determined in relation to the *cash generating unit* (CGU) to which that asset belongs.

  An impairment loss is recognised in profit or loss if the carrying amount of the asset, or the related *cash generating unit* to which it is allocated, is greater than its recoverable amount. Impairment losses of the *cash generating unit* are recognised as a reduction of assets, in proportion to their carrying amount and within the limits of their recoverable amount, including utilisation rights. If the conditions for a previously recognised impairment loss are no longer met, the carrying amount of the asset is reinstated and charged to profit or loss, up to the net carrying amount that the asset in question would have had if the impairment loss had not been recognised and, for tangible and intangible assets with a finite useful life, depreciation had been recognised.

  See Note 5 "Use of Estimates" below for a more detailed discussion of the results of the *impairment test* performed as at 31 December 2023.

- *Goodwill and intangible assets not yet available for use*

The recoverable amount of goodwill and the recoverable amount of intangible assets not yet available for use are tested for impairment at least annually or more frequently if there are indications that these assets may be impaired. However, the original value of goodwill is not reinstated if the reasons for the impairment no longer apply.

- *Land and buildings measured at cost restated to fair value*

  In the year of restatement of *fair value*, the positive differential between *the restated fair value* and the carrying value (*fair value* at the previous restatement adjusted for depreciation) is recognised in equity while in the case of a negative differential, the same is recognised in equity (OCI) up to the residual value of the restatement of the *fair value* of each property and for the excess part to the income statement.

Financial assets

Financial assets are classified into the following three categories: (i) financial assets measured at amortised cost; (ii) financial assets measured at fair value with the effects recognised in other comprehensive income (hereinafter also FVTOCI); (iii) financial assets measured at fair value with the effects recognised in profit or loss (hereinafter also FVTPL).

Financial assets are initially recognised at *fair value.*

(i) financial assets measured at amortised cost

Subsequent to initial recognition, financial assets that generate contractual cash flows represented solely by principal and interest payments are measured at amortised cost if they are held for the purpose of collecting the contractual cash flows (held to collect business model). According to the amortised cost method, the initial recognition value is subsequently adjusted for principal repayments, any write-downs and the amortisation of the difference between the repayment value and the initial recognition value. Amortisation is performed on the basis of the effective internal interest rate, which represents the rate that makes the present value of expected cash flows and the initial recognition value equal at the time of initial recognition. Receivables and other financial assets measured at amortised cost are presented in the balance sheet net of the related allowance for impairment.

(ii) financial assets at fair value through other comprehensive income (hereinafter also FVTOCI)

Financial assets representing debt instruments whose business model envisages both the possibility of collecting the contractual cash flows and the possibility of realising capital gains on disposal (business model *held to collect and sell*), are valued at *fair value* with the effects being charged to OCI (FVTOCI). In this case, changes in the *fair value* of the instrument are recognised in equity, among other components of comprehensive income. The cumulative amount of the changes in *fair value*, charged to the equity reserve that contains the other components of comprehensive income, is reversed to the income statement upon derecognition of the instrument.

(iii) financial assets at fair value through profit or loss (hereinafter also FVTPL)

A financial asset that is not measured at amortised cost or FVTOCI is measured at *fair value* with the effects recognised in profit or loss (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 measurement at amortised cost or FVTOCI.

The assessment of the recoverability of financial assets not measured at fair value with effects on the Profit and Loss Account is made on the basis of the *Expected Credit Losses model*.

Transferred financial assets are derecognised when the contractual rights to obtain the cash flows associated with the financial instrument expire or are transferred to a third party.

With regard to value adjustments (*impairment*), loans and debt securities classified as financial assets at amortised cost, financial assets measured at fair value with impact on comprehensive income and significant off-balance sheet exposures are subject to value adjustments.

In this regard, such instruments are classified into stage 1, stage 2 or stage 3 depending on their absolute or relative credit quality with respect to the initial disbursement. More specifically:

- Step 1: includes (i) newly originated or acquired credit exposures, (ii) exposures that have not experienced a significant deterioration in credit risk since initial recognition, and (iii) exposures with low credit risk ("*low credit risk exemption*").
- Step 2: includes credit exposures that, although not impaired, have experienced a significant deterioration in credit risk since initial recognition.
- Step 3: includes impaired credit exposures.

For stage 1 exposures, total value adjustments are equal to the expected loss calculated over a time horizon of up to one year. For stage 2 or stage 3 exposures, overall value adjustments are equal to the expected loss calculated over a time horizon equal to the entire duration of the related exposure.

The Group has developed specific models for calculating expected loss that leverage the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") parameters used for regulatory purposes and to which specific adjustments are made to ensure full consistency with accounting regulations. This also included the inclusion of forward-looking information through the development of specific scenarios.

Inventories

Inventories - referring to materials to be used for rolling stock maintenance activities - are recorded at the lower of purchase cost (including ancillary charges) and net realisable value. Cost is determined according to the weighted average cost method. The net realisable value is the replacement cost.

Obsolete inventories and/or slow moving, are written down in relation to their presumed possibility of use or future realisation, by reporting a specific provision to adjust the value of inventories. The write-down is eliminated in later years if the reason for it cease to exist.

Trade receivables, other receivables and current assets

Trade receivables, other receivables and other current assets are initially recognised at fair value and subsequently measured according to the amortised cost method net of the allowance for doubtful accounts. If there is objective evidence of indicators of impairment, the asset is reduced to the extent that it is equal to the discounted value of the cash flows obtainable in the future. Objective evidence of impairment is tested by considering, inter alia, material contractual defaults, significant financial difficulties, risk of counterparty insolvency. Receivables are shown net of provisions for bad debts. If, in

subsequent years, the impairment of the asset is ascertained, the impairment provision is utilised; conversely, if the reasons for the previous write-downs no longer apply, the value of the asset is reinstated up to the value that would have resulted from the application of amortised cost if the write-down had not been made.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, available bank deposits, other short-term investments with a maturity of three months or less. Items included in cash and cash equivalents are valued at *fair value*.

Financial liabilities

Loans, trade payables and other financial liabilities are initially recorded at *fair value*, net of directly attributable incidental costs, and are subsequently measured at amortised cost, applying the effective interest rate method. If there is a change in the expected cash flows, the value of the liabilities is recalculated to reflect this change on the basis of the present value of the new expected cash flows and the internal rate determined initially. Loans, trade payables and other financial liabilities are classified as current liabilities, except for those that have a contractual maturity of more than 12 months after the balance sheet date and those for which the Group has an unconditional right to defer their payment for 12 months after the balance sheet date. Loans, trade payables and other financial liabilities are removed from the balance sheet when they are extinguished and when the Group has transferred all risks and charges relating to the instrument.

Employee benefits

The Group has both defined contribution and defined benefit plans in place.

Defined contribution plans are managed by third-party fund managers, in relation to which there are no legal or other obligations to pay further contributions if the fund does not have sufficient assets to meet its commitments to employees. For defined contribution plans, the Group makes contributions, either voluntary or contractually agreed, to public and private insurance pension funds. Contributions are recorded as personnel costs on an accrual basis. Advanced contributions are recorded as an asset that will be repaid or offset against future payments, should they be due.

A defined benefit plan is a plan that cannot be classified as a defined contribution plan. In defined benefit schemes, the amount of the benefit to be paid to the employee is quantifiable only after the termination of employment, and is linked to one or more factors such as age, years of service and salary. 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 the future cash flows at an interest rate equal to that of bonds (*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. Gains and losses resulting from the actuarial calculation are fully recognised in equity, in the year of reference, taking into account the related deferred tax effect.

In particular, it should be noted that the company manages a defined benefit plan, represented by the Staff Severance Fund ("TFR"). TFR is compulsory for Italian companies under Article 2120 of the Civil Code; it is in the nature of deferred remuneration and is related to the length of the employee's working life and the remuneration received during the period of service rendered. As of 1 January 2007, Law No. 296 of 27 December 2006, "2007 Budget Law", and subsequent Decrees and Regulations, introduced significant changes in the rules governing severance pay, including the worker's choice as to whether to

allocate his accruing severance pay to complementary pension funds or to the "Treasury Fund" managed by INPS. It follows, therefore, that the obligation to INPS and the contributions to supplementary pension schemes have assumed, pursuant to IAS 19 "Employee Benefits", the nature of defined contribution plans, while the amounts recorded in the TFR fund as of 1 January 2007 maintain the nature of defined benefit plans.

Provisions for risks and charges

Provisions for risks and charges are recorded for losses and charges of a definite nature, of certain or probable existence, the amount and/or date of occurrence of which, however, cannot be determined. Recognition is made only when there is a current obligation (legal or implied) for a future outflow of economic resources as a result of past events, and it is probable that such an outflow will be required to fulfil the obligation. This amount represents the best estimate of the burden to settle the obligation. When the financial effect of time is significant and obligation payment dates can be reliably estimated, funds are valued at the present value of the expected outlay using a rate that reflects market conditions, the change in the cost of money over time, and the specific risk associated with the obligation. The increase in the value of the fund determined by changes in the cost of money over time is accounted for as passive interest.

Risks for which the occurrence of a liability is deemed possible are reported in the appropriate disclosure section on contingent liabilities, and no provision is made for them.

Windfall Assets and Directly Associated Liabilities

Assets classified as held for sale are measured at the lower of their carrying amount and their *fair value* less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through their continuing use. This condition is only deemed to be met when the sale is highly probable and the business to be disposed is available for immediate sale in its current condition. Management must be committed to the sale, which should be completed within one year from the date of classification.

In the statement of financial position, assets held for sale and liabilities directly associated with them are shown under specific asset and liability headings. Property, plant and equipment and intangible assets once classified as held for sale are no longer depreciated.

In the income statement, gains and losses from assets held for sale are presented separately from the gains and losses from operating activities, under the line profit after tax.

Revenue recognition

Revenues are recognised at the amount equal to the fair value of the consideration received or receivable, to the extent that the economic benefits flow to the Group and are reliably determined.

The consideration for Service Contracts relating to Local Public Transport services is recognised in the Profit and Loss Account on an accrual basis in relation to the distances and routes covered in the year of reference, net of penalties, discounts, rebates and premiums, as well as directly related taxes.

Revenues from services (in particular, parking spaces management, car parks, car removal) are recognised when the service is performed, sales revenues when the transfer occurs or when the counterparty obtains control of the asset.

Rental income for commercial space, advertising and sponsorship is recognised in the year in which it accrues, based on the contractual agreements signed.

Public grants

Public grants, where there is a formal allocation resolution, are recognised on an accrual basis in direct correlation with the costs incurred. In the event of uncertainty of attribution, they are recognised on a cash basis in the financial year in which they are definitively received.

- Capital grants

  Government capital grants refer to sums disbursed for the acquisition of rolling stock or for the construction, rehabilitation and expansion of property, plant and equipment. Capital grants are accounted for as a direct reduction of the assets to which they relate and contribute, as a reduction, to the calculation of depreciation allowances.

- Grants for operating expenses

  Operating grants refer to sums disbursed by the Municipality of Milan or other public bodies to the company as a reduction of costs and charges incurred. Operating grants are charged to "Other proceeds" as a positive component of the income statement.

Entry of Costs

Costs are recognised when they relate to goods and services purchased or consumed during the financial year or by systematic allocation.

Dividends

They are recognised in the income statement when the shareholders' right to receive payment arises, which normally corresponds to the shareholders' resolution to distribute dividends.

Financial income

Financial income is recognised on an accrual basis and includes interest income on invested financial assets, gains on the sale of financial assets or on the adjustment of the *fair value* of financial assets, and exchange rate gains. Interest income is charged to the Consolidated Income Statement as it accrues, taking into account the effective yield.

Financial expenses

Borrowing costs are recognised on an accrual basis and include interest expense on borrowings calculated using the effective interest method, losses on the sale of financial assets or on the adjustment of the *fair value* of financial assets, and foreign exchange losses.

Income taxes

Current taxes are calculated on the basis of taxable income for the year, applying the tax rates in effect at the balance sheet date. Deferred taxes are calculated for all differences arising between the tax base of an asset or liability and its book value.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which they can be recovered. Deferred taxes are determined using the tax rates that are expected to apply in the years in which the differences will be realised or settled. The recoverability of

deferred tax assets is reviewed at each period end. Deferred tax assets not recognised in the financial statements are reanalysed at each balance sheet date and are recognised to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Current and deferred taxes are recognised in the Consolidated Income Statement, except for those relating to items directly debited or credited to consolidated equity, in which case the tax effect is recognised directly in consolidated equity and in the Consolidated Statement of Comprehensive Income. Taxes are set off when levied by the same tax authority and when there is a legal right of set-off and a settlement of the net balance is expected.

ATM S.p.A., together with its subsidiaries pursuant to article 2359 of the Italian Civil Code, participates in the ATM Group's National Tax Consolidation as the consolidating company; this allows IRES to be calculated on the algebraic sum of the taxable income of the individual participants. The economic relations, responsibilities and reciprocal obligations between the consolidating company (ATM S.p.A.) and the consolidated Group companies are defined in the *"Agreement for the joint exercise of the option for national consolidation by ATM Group companies"*, which is valid for three years and is tacitly renewed, unless revoked.

Other taxes not related to income, such as property taxes, are included in "Other operating expenses and charges".

Conversion of foreign currency items

The translation of currencies other than the functional currency are reported at the exchange rate existing on the transaction date. Monetary assets and liabilities denominated in a currency different from the euro are later adjusted to the exchange rate existing at the end of the reporting period. Non-monetary assets and liabilities denominated in a currency different from the euro are reported at historic cost using the exchange rate in effect on the initial date the transaction was reported. Any exchange rate differences arising are reported in the Consolidated Income Statement.

IFRS and IFRIC accounting standards, amendments and interpretations applied since 1 January 2023.

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group as of 1 January 2023.

- On 7 May 2021, the IASB published an amendment entitled "*Amendments to IAS 12 Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document clarifies how deferred taxes are to be accounted for on certain transactions that may generate assets and liabilities of equal amount at the date of initial recognition, such as leases and decommissioning obligations. The changes took effect on 1 January 2023.

  The adoption of these amendments had no impact on the Group's consolidated financial statements.

- On 12 February 2021, the IASB published two amendments entitled *"Disclosure of Accounting Policies-Amendments to IAS 1 and IFRS Practice Statement 2"* and *"Definition of Accounting Estimates-Amendments to IAS 8"*. The amendments to IAS 1 require an entity to disclose relevant information on the accounting policies applied by the Group. The amendments are intended to improve the disclosure of accounting policies applied by the Group so as to provide more useful

information to investors and other primary users of financial statements, as well as to help companies distinguish changes in accounting estimates from changes in *accounting policy*. The changes took effect on 1 January 2023.

The adoption of these amendments had no impact on the Group's consolidated financial statements.

- On 23 May 2023, the IASB published an amendment entitled "*Amendments to IAS 12 Income Taxes*: *International Tax Reform – Pillar Two Model Rules"*. The document introduces a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the *Model Rules* of Pillar Two (which is effective in Italy as of 31 December 2023, but applicable as of 1 January 2024) and provides for specific disclosure requirements for entities affected by the related *International Tax Reform*.

The document provides for the immediate application of the temporary exception, while the disclosure requirements are only applicable to annual financial statements beginning on or after 1 January 2023, but not to interim financial statements with a closing date prior to 31 December.

The application of the Global Minimum Tax, envisaged by Directive No. 2022/2523 of 15 December 2022 (implementing the OECD/G20 Pillar II proposal), came into force in Italy on 1 January 2024 as provided by Legislative Decree No. 209 of 27 December 2023.

Considering the complexity of the system outlined by the aforementioned legislation to ensure this minimum tax level, for the first three effective periods (for the ATM Group - financial years 2024 to 2026), the possibility of applying a simplified regime (so-called "transitional safe harbours") has been envisaged, based mainly on accounting information already available for each jurisdiction and on the application of three tests (De Minimis test, Simplified Effective Tax Rate test and Routine Profits test); passing at least one of these *tests* allows for the disapplication of any additional taxes required to reach the prescribed minimum tax level and the reduction of compliance burdens.

The Group is carrying out analyses and simulations of the impacts of the new regulations, which have highlighted the conclusions below, and is in the process of defining the compliance requirements related to the application of Pillar II, which will be implemented with appropriate corporate systems and procedures; based on the information known or reasonably estimable to date, the ATM Group's exposure resulting from the application of Pillar II is assessed as not material.

In any case, since the Pillar II legislation is not effective until 31 December 2023, it had no impact on current taxes. With regard to deferred taxes, the temporary exception, introduced in May 2023 by the IASB with the "Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules", concerning the deferred tax accounting requirements of IAS 12 is applicable.

IFRS accounting standards, amendments and interpretations endorsed by the European Union 31 December 2023, not yet mandatorily applicable and not early adopted by the Group as at 31 December 2023

The following IFRS accounting standards, amendments and interpretations have been endorsed by the European Union but are not yet mandatorily applicable and have not been early adopted by the Group as at 31 December 2023:

- On 23 January 2020, the IASB published an amendment entitled "*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*" and on 31 October 2022 published an amendment entitled "*Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants*". Such changes are intended to clarify how to classify debts and other short-term or long-term liabilities. In addition, the amendments also improve the information that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The amendments enter into force on 1 January 2024; earlier application is however permitted.

  The Directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of this amendment.

- On 22 September 2022, the IASB published an amendment entitled "*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 and leaseback transaction so as not to recognise an income or loss that relates to the retained right of use. The changes will apply from 1 January 2024, but earlier application is permitted.

  The Directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of this amendment.

IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union as at 31 December 2023

At the date of this document, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the amendments and standards described below.

- On 25 May 2023, the IASB published an amendment entitled "*Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments*: *Disclosures: Supplier Finance Arrangements"*. It requires an entity to provide additional disclosures about *reverse factoring arrangements* that enable users of financial statements to evaluate how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The changes will apply from 1 January 2024, but earlier application is permitted.

  The Directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of this amendment.

- On 15 August 2023, the IASB published an amendment entitled *"Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates*: *Lack of Exchangeability"*. The document requires an entity to apply a consistent methodology for verifying whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be made in the notes to the financial statements. The change will apply from 1 January 2025, but earlier application is permitted.

  The Directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of this amendment.

- On 30 January 2014, the IASB published *IFRS 14 - Regulatory Deferral Accounts*, which allows only first-time adopters of IFRSs to continue to recognise amounts related to activities subject to regulated rates ("*Rate Regulation Activities*") under the previous adopted accounting standards.

  As the Group is not a *first-time adopter*, this principle is not applicable.

5. Use of estimates

The application of IAS-IFRS to prepare the Consolidated Financial Statements requires the Directors to make accounting estimates, which are often based on complex and/or subjective evaluations, based on past experience and assumptions considered reasonable and realistic in relation to the information known at the time of the estimate, including with the support of experts. The use of these estimates is reflected in the carrying value of assets and liabilities and in the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements, as well as in the amount of income and expenses in the accounting period represented. Actual results may differ from those estimated due to the uncertainty surrounding the assumptions and conditions on which the estimates are based.

For this reason, estimates and assumptions are reviewed periodically and the effects of any changes are reflected in the Consolidated Income Statement.

For a better understanding of the Consolidated Financial Statements, the most significant estimates in the process of preparing the Consolidated Financial Statements are indicated below, as they involve a high degree of reliance on subjective judgements, assumptions and estimates relating to matters that are by their nature uncertain. Changes in the conditions underlying the judgments and assumptions made could have a material impact on subsequent results.

Recoverability of the value of property, plant and equipment and intangible assets (including rights of use for leased assets)

The year 2023 was characterised for the ATM Group by the significant impact of the increase in electricity prices. In fact, 2023 was the first year in which the parent company was affected by the change in electricity supply contracts, which, as of 2023, are characterised for ATM S.p.A. by variable prices whereas, until 2022, they were at a fixed price for the entire duration of the supply. The significant increase in the price of electricity coupled with a level of fees related to the Service Agreement with the Municipality of Milan that is historically static has led to a negative EBIT at the Parent Company level of EUR 25.4 million, a situation that has given rise to the need, as recommended by ESMA with the *Public Statement* of 31 May 2022 number 32-63-1277, to assess the recoverability of its non-financial non-current assets. The *impairment test* was carried out on the *cash generating unit* ("CGU") most impacted by these events, namely "*Local Public Transport and Complementary Services*", identified with the activities of the company ATM S.p.A.

In the analyses carried out for the construction of the future cash flows, the Directors took as a reference the Economic and Financial Plan 2024 ÷ 2030 that takes into account the extension of the service contract with the Municipality of Milan for local public transport until 31 December 2026, as indicated in the Managerial Determination no. 12608 of 28 December 2023 of the Municipality of Milan, to then consider reasonable economic forecasts for the subsequent period until 31 December 2030 both in terms of revenue flows linked to the adjustment of the service contract, and in terms of costs with reference to

the impacts linked to the savings and efficiency-boosting actions envisaged and resulting from the *"full electric"* project, and with reference to the trend of electricity costs determined prospectively on the basis of reasonable assumptions inferred from the prospective trends. Investments were determined on the basis of the 2024 ÷ 2027 Investment Plan projected for the period until 31 December 2030. The Directors, in order to assess the reference time horizon of the Plan - longer than 5 financial years - have taken into account both the timeframes reasonably required to complete the procedures for entrusting the service, which will hopefully take place on the basis of what is contained in the "*Milano Next Project",* a project that, although being revised and redefined in terms of time horizon, scope of activities, investment plan to incorporate the new mobility reality in the light of the changed economic and social context, remains central and of interest to both the Entrusting Entities and, above all, the timeframe in which the considerable investments incurred in the three-year period 2024 ÷ 2026 relating to the *"full electric"* project will begin to generate returns in terms of economic results and cash flows.

On 27 March 2024, the Board of Directors approved the content and assumptions of the Economic and Financial Plan 2024 ÷ 2030, as well as the results of the *impairment* test and the *sensitivity analysis*.

The impairment test implied - in estimating the value in use - the use of projections that are based on a set of assumptions and hypotheses concerning future events and actions of the administrative bodies and competent regulatory bodies of LPT services, which will not necessarily occur. In fact, the assumptions concerning future performance and the consequent forecast data used to perform the *impairment test* are characterised, due to their forecasting nature, by a certain degree of uncertainty and, therefore, it cannot be excluded that the occurrence of future results that differ from those estimated may require possible adjustments to the value of tangible and intangible assets recognised in the financial statements.

Furthermore, as required by IAS 36 - Impairment of Assets, the Group must annually assess the value of goodwill acquired following a business combination; consequently, an impairment test was prepared for the activities of Rail Diagnostics S.p.A., to verify the maintenance of the carrying value of goodwill - albeit of non-significant value and amounting to EUR 472 thousand - recorded in the consolidated financial statements at the time of the acquisition of said company. The test confirmed the carrying value of this intangible asset with an indefinite useful life at 31 December 2023.

Finally, in consideration of the nature of the loss indicators, the Group determined that they only impacted the operating segment "Local Public Transport and Complementary Services" of the Parent Company and were not relevant for the CGUs of the other operating segments, since the "Regional Local Public Transport" segment, relating to the activities carried out by NET S. r.l. and "Foreign Local Public Transport", relating to the activities carried out by Metro Service A/S and Thema S.A., are characterised by positive economic trends with a positive outlook.r.l. and "Foreign Local Public Transport", relating to the activities carried out by Metro Service A/S and Thema S.A., are characterised by positive economic trends with a *outlook* of progressive growth in the medium term, as well as by the absence of current financial debt. Finally, the CGU related to the "Other Activities" operating segment, which mainly includes initiatives related to insurance practice management, has a limited exposure to market risks.

Recoverability of Investments in Associated Companies

Also with regard to verifying the recoverability of investments in associates, the Group checks at each balance sheet date for indicators of impairment. If such indicators are identified, the *impairment* test is performed on the basis of the estimated value in use.

Cash-generating units (CGUs) have been identified in line with the Group's organisational and business structure, as assets that generate independent cash inflows from their continuous use. The CGUs are therefore represented by the individual legal entities and, specifically, the SPV Linea M4 S.p.A., Metro 5 S.p.A., Movibus S.p.A. and the other minority interests.

If there is evidence that these investments are impaired, it is recognised in the income statement as an impairment loss. In the event that the Group's share of the investee's losses, if any, exceeds the carrying amount of the investment and the Group has the obligation or intention to be liable for those losses, the value of the investment is written off and the Group's share of further losses is recognised as a provision under liabilities. If, subsequently, the impairment loss ceases to exist or is reduced, a reversal of the impairment loss is recognised in the income statement within the limits of cost.

As mentioned in the previous paragraph, the Group considered various external indicators of impairment during 2023, such as the increase in bank interest rates reflected in the discount rate, the sudden increase in the inflation rate, as well as geopolitical uncertainty factors, mainly arising from the conflict between Russia and Ukraine and the Israeli-Palestinian conflict.

With reference to the verification of the recoverability of the carrying value of Metro 4, starting from the assumptions underlying the determination of the purchase price in December 2023 by an independent expert, when preparing these financial statements, the Directors updated the value of the cost of equity with respect to the value used as the basis for the economic-financial projections used to determine the purchase price of the shares owned by the construction shareholders.

Since the purchase of these shares took place in the last days of December 2023 and considering that this was a transaction between independent parties, the Directors considered that the purchase value represented the best estimate of the *fair value* of the shareholding acquired as at 31 December 2023. Furthermore, noting that the update of the equity cost when verifying the recoverability of the carrying value of the investment had not increased compared to the value used when estimating the value of the shares, the Directors decided to maintain the purchase value of the investment recorded in ATM's financial statements.

On the other hand, no indicators of impairment were identified with reference to the other CGUs identified with the other associated companies, as they are characterised by positive economic trends with future growth prospects over the medium-term time horizon.

Restated cost at fair value of land and buildings

The valuation of the *fair value* of the land and buildings taken as reference for the periodic redetermination of cost is a complex estimative process that depends on the characteristics of the properties, the criteria for identifying the market parameters used for the valuation, and the methodological approach adopted in determining the portfolio discount.

In order to assess the consistency of the valuations made when preparing the 2023 Financial Report, a leading independent third-party expert in the field of real estate valuations was commissioned to

conduct a market analysis to provide an update on real estate market trends. This analysis confirmed the book values of the land and buildings owned.

Useful life of tangible and intangible assets

Tangible and intangible assets with a finite useful life are amortised over the estimated useful life of the related assets. The economic-technical life of assets is determined by the Directors at the time the asset is acquired; it is based on historical experience for similar assets, market conditions and anticipations regarding future events that could impact the useful life. Therefore, the actual economic-technical life may differ from the estimated useful life. The Group periodically evaluates technological and industry changes to update the remaining useful life. This periodic update could lead to a change in the depreciation period and thus also in the depreciation rate for future years. It should be noted that as at 31 December 2017, on the occasion of the first adoption of the IAS-IFRS standards, updates were made to the useful lives referring to metro and tram rolling stock, while in the 2018 financial year, as part of the change in the valuation criterion for Buildings, a new economic-technical life was defined for Buildings subject to valuation at *fair value*.

In addition, following an analysis of the recoverability of the values recognised in the financial statements, with reference to metropolitan rolling stock, as a result of the removal from the production cycle of certain rolling stock due to technological obsolescence, the useful lives of 10 Eurotrams were revised, the first five of which retired from service on 31 December 2023 and the additional five will retire from the production process on 31 December 2024, the effects of which are illustrated in Note 37.

Recoverability in inventories

Inventory valuation is an estimative process subject to the uncertainty of determining the replacement value of rolling stock and consumable components that varies over time and according to market conditions as well as 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 Deferred Tax Assets

The consolidated financial statements include deferred tax assets, mainly related to income components with deferred tax deductibility, for an amount whose recovery in future years is deemed highly probable. Significant judgement calls by the Directors are required to determine the amount of deferred tax assets that may be recognised in the 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 tax assets have been recognised in respect of income components with deferred tax deductibility for the portion that the Directors believe will be recoverable against the future taxable income hypothesised for the Parent, subsequent to the end of the current expiry date of the Service Contract with the Municipality of Milan, which was extended until 31 December 2026.

Processes for estimating provisions for risks and charges

The Group is subject to legal and tax lawsuits 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 surrounding each lawsuit, jurisdiction and different applicable laws. Given the

uncertainties surrounding these issues, it is difficult to predict with certainty the payout that could result from such disputes. Accordingly, the Directors, after consulting with their legal, tax and environmental advisors and experts, establish a liability for such litigation when they believe it is probable that a financial outlay will be incurred and when the amount of the resulting losses can be reasonably estimated. This estimate involves assumptions that depend on factors that may change over time and therefore could have significant effects with respect to the current estimates made by the directors in preparing the Group's Consolidated Financial Statements.

Factors for the Valuation of Employee Benefits

Employee benefit liabilities are measured using an actuarial method that requires the use of estimates and assumptions to determine the value of the obligation. The estimates and assumptions inherent in actuarial valuation involve exogenous factors such as the discount rate and subjective factors such as the rate of future salary increases, mortality and resignation.

Determining the Fair Value of Financial Assets

The *fair value* of certain financial assets that are not quoted in active markets is determined using valuation techniques. The ATM Group uses valuation techniques that use inputs that are directly or indirectly observable by the market at the balance sheet date, related to the assets being valued. Although we consider the estimates of the above fair values to be reasonable, possible changes in the estimation factors on which the calculation of these values is based could lead to different valuations.

Climate change risk disclosure

As already reported in previous sections of this paper, the decarbonisation and electrification process of the global economy is underway worldwide and is crucial in achieving the goal of '*Net Zero*'. This goal should make it possible to avoid a temperature increase of more than 1.5 °C and avoid serious consequences for the environment.

In this context, the Group has considered the risks related to climate change in preparing these Financial Statements as at 31 December 2023, which appropriately reflect the effects of achieving carbon neutrality in the 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 "IFRS Standards and climate-related disclosures" as required by ESMA in its "European Common Enforcement Priorities", the Group provides explicit information in the Notes to these financial statements on how climate change is reflected in the accounts.

For a more effective and organic communication in relation to the climate change disclosure prepared within the Notes to these Financial Statements, the different climate change issues are outlined below.

IAS 1 - Presentation of Financial Statements

IAS 1 requires entities to disclose information, for example, climate-related issues, that are not specifically required by IFRS standards and not presented elsewhere, but that are relevant to an understanding of the financial statements.

With regard to assumptions and estimates, IAS 1 requires disclosure of assumptions that an entity makes about the future that have a significant risk of causing a material adjustment within the next financial year. Therefore, it may be necessary to make assumptions about climate-related issues explicit.

With regard to this area, management does not identify any 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 requires the application of assumptions about highly uncertain future developments, such as future technological developments, political developments, and government actions have been considered in the preparation of the financial statements with regard to the following.

IAS 2 - Inventories

In light of the assumptions underlying the 2024-2030 Business Plan and the contents of the Full Electric project, the potential impact of the *climate change* on the timing of investments and, therefore, on the timing of the decommissioning of the traditional and hybrid vehicle fleet is significant, with impacts both on inventory rotation and on the prospective consumption of spare parts for the current bus fleet, with potential risks of obsolescence of warehouse stocks, and on the supply of spare materials for maintenance work on the new vehicles.

IAS 36 - Impairment of Assets

The impairment test is drawn up on the basis of the 2024 - 2030 Business Plan taking into account the renewal of the Service Contract with the Municipality of Milan until 31 December 2026. The cash flows used are therefore derived from this plan and include both risks and opportunities related to climate change (e.g. CO2 reduction, replacement of energy supply sources, *Full Electric* project).

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

IAS 16 and IAS 38 define the criteria for the capitalisation of costs. Costs, including those of developing new solutions that reduce consumption, are capitalised when they meet the requirements of the two standards. The useful life of 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 exist before. Furthermore, an entity may make a public commitment to behave in a certain way or undertake certain activities in response to climate change.

It is possible, again, that previously recognised provisions for future events may have a faster realisation with the resulting change in estimate to be recognised. Climate change and associated legislation may require this assumption to be reconsidered, resulting in the need to recognise previously unrecognised liabilities. A specific disclosure of contingent liabilities is also provided, if the conditions are met.

Financial risk management

This section briefly describes the Group's policies for managing and controlling the financial risks to which it is exposed:

1) credit risk arising from the possibility of default by a counterparty;

2) liquidity risk arising from a lack of financial resources to meet short-term commitments;
3) risk of non-compliance with the debt covenants and possible default;
4) risk arising from exposure to interest rate fluctuations, exchange rate fluctuations, commodity price fluctuations and rating downgrades on m/l-term debt.

During the financial year 2023, the Group made use of derivative financial instruments to partially hedge its exposure to the risk of fluctuations in commodity prices, particularly electricity.

1) Credit risk

The credit risk represents the Group's exposure to potential losses deriving from the non-fulfilment of obligations undertaken by commercial counterparties, mainly represented by the Municipality of Milan and its investee companies, as well as financial counterparties in relation to the portfolio of financial assets, deposits with banks and capital contributions also in the form of loans granted to investee companies.

As part of its risk management of financial instruments subject to investment, the Group, in accordance with the approved policy, and with the aim of preserving the capital invested in real terms, uses instruments to monitor any deterioration of credit risk.

In particular, with reference to counterparty credit risk, the Group adopts procedures and tools to assess, select and monitor 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.

In management, priority is given to investment security before liquidity and liquidity before return. The parameters subject to ongoing assessment include the aforementioned indicators, as well as compliance with the minimum rating thresholds defined by policy, and the minimum size of individual assets included in the portfolio; the overall weighted average duration profile is also assessed for portfolio sensitivity mitigation purposes.

ATM's portfolio of invested assets includes cash securities, for the choice of which the rating constraints are respected, equal to at least, for the preponderant part of them, an 'Investment Grade' rating, as well as duration and issuer weighting with respect to the total portfolio, and units of UCITS with a limited risk profile, EU harmonised and with broad sector and geographical diversification.

The Group is also exposed to credit risk in relation to the financial guarantees (pledges on shares) issued in favour of the financing entities on the *project finance* transactions for the associated companies Metro 5 S.p.A. and SPV Linea M4 S.p.A. The Group's maximum exposure is equal to the value of the pledged shares of the two project companies totalling EUR 30.06 million as at 31 December 2023.

However, in accordance with the provisions of the European Securities and Markets Authority ('ESMA') and in accordance with IFRS 9, the aforementioned value contributes to the formation of total financial debt only to the extent of the related expected credit loss, i.e., the cash shortfall, which ATM S.p.A. as guarantor may have to bear.

The low exposure to counterparty credit risk is confirmed by the findings of the impairment analysis, as detailed in the next section.

With reference to commercial counterparties, the Group has internal tools for selecting and assessing the economic-financial reliability of customers and suppliers, as well as external sources for monitoring their credit situation. The continuous monitoring of exposure to the various counterparties and the implementation of appropriate mitigation actions also provide for the adoption of measures aimed at credit recovery.

The following table shows the Group's credit risk exposure as at 31 December 2023 compared to the balance as at 31 December 2022.

	31.12.2023	31.12.2022	Change
Non-current financial assets	199,293	51,177	148,116
Non-current financial assets net of allowance for doubtful accounts	**199,293**	**51,177**	**148,116**
Current financial assets	170,281	159,240	11,041
Current financial assets net of bad debt provision	**170,281**	**159,240**	**11,041**
Current trade receivables	229,005	242,046	(13,041)
Write-down fund	(11,878)	(12,541)	663
Current trade receivables net of bad debt provision	**217,127**	**229,505**	**(12,378)**
Other receivables and current assets	93,713	112,707	(18,994)
Write-down fund	(2,209)	(1,463)	(746)
Other receivables and current assets net of bad debt provision	**91,504**	**111,244**	**(19,740)**
Cash and cash equivalents	142,413	182,465	(40,052)
Write-down fund	(227)	(269)	42
Cash and cash equivalents	**142,186**	**182,196**	**(40,010)**
Total exposure net of impairment provision	**820,391**	**733,362**	**87,029**

The change in current financial assets and cash and cash equivalents reflects the effect of investment trends and operating expenses, as well as resources allocated to the settlement of loan instalments with the European Investment Bank.

Non-current financial assets include loans and receivables from related parties and third parties; the increase for the year is attributable to the purchase on 20 December 2023 of the shares owned by the construction shareholders of SPV M4 S.p.A. and their respective shares of the shareholders' loan. Against the increase shown, on the other hand, it should be noted that the associated company M5 fully repaid the shareholder loan subscribed with it on 29 April 2023.

The decrease in the allowance for doubtful trade receivables is related to the dynamics connected to utilisations and releases made during the year in order to adjust the value to the change in expected losses (for further details see Note 19 - Trade Receivables), the main ones referring to the

utilisation of the allowance for doubtful trade receivables for EUR 879 thousand, partly offset by the provision made against probable risks from third-party customers for EUR 192 thousand.

The decrease in other current receivables and assets is due to the collection of receivables for grants for investments, as well as the decrease in receivables for grants approved by the Granting Body but not yet requested by the Company.

The following tables show the exposure to credit risk by counterparty, in absolute terms and as a percentage, shown excluding cash and cash equivalents, as well as current and non-current financial assets:

	31.12.2023	Inc. %	31.12.2022	Inc. %
Municipality of Milan	135,117	43.8%	152,376	44.72%
Tax Receivables	3,287	1.1%	2,842	0.83%
Receivables from Institutions (State, Region, Province)	82,921	26.9%	104,057	30.54%
Receivables from ordinary customers	67,517	21.9%	69,801	20.48%
Receivables from affiliates	14,231	4.6%	2,180	0.64%
Receivables from other debtors	5,296	1.7%	4,345	1.28%
Receivables from subsidiaries of parent companies	262	0.1%	5,148	1.51%
Totale esposizione dei crediti commerciali, degli altri crediti correnti e non correnti	**308,631**	**100%**	**340,749**	**100%**

It should be noted that a significant portion of trade and other receivables is attributable to the parent company, the Municipality of Milan. The amount of financial assets deemed to be of doubtful collectability and of insignificant amount is covered by appropriate allocations to the allowance for doubtful accounts, which also take into account the generic risk of impairment of receivables that are not past due, determined on the basis of historical experience, in accordance with the requirements of IFRS 9.

The tables below provide a breakdown of financial assets as of 31 December 2023 and 31 December 2022, net of allowance for impairment, grouped by maturity and shown excluding cash and cash equivalents, as well as current and non-current financial assets.

	31.12.2023	Not expired	0-180	180-360	360-720	beyond 720
Municipality of Milan (gross)	135,587	74,405	40,710	11,889	-	8,583
Write-down fund	(470)	(193)	(111)	(2)	-	(164)
Municipality of Milan (net)	**135,117**	**74,212**	**40,599**	**11,887**	**-**	**8,419**
Tax receivables (gross)	3,287	3,173	-	-	-	114
Tax receivables (net)	**3,287**	**3,173**	**-**	**-**	**-**	**114**
Receivables from institutions (gross)	82,921	69,110	6,727	7,084	-	-
Write-down fund	-	-	-	-	-	-
Receivables from Entities (net)	**82,921**	**69,110**	**6,727**	**7,084**	**-**	**-**
Receivables from ordinary customers (gross)	78,896	47,888	18,508	280	1,154	11,066
Write-down fund	(11,379)		(690)	(162)	(253)	(10,274)
Receivables from ordinary customers (net)	**67,517**	**47,888**	**17,818**	**118**	**901**	**792**
Receivables from affiliates (gross)	14,260	13,812	228	-	77	143
Write-down fund	(29)	(27)		-	(2)	
Receivables from affiliates (net)	**14,231**	**13,785**	**228**	**-**	**75**	**143**
Receivables from other debtors (gross)	7,505	6,315	211	291	207	481
Write-down fund	(2,209)	(1,019)	(211)	(291)	(207)	(481)
Receivables from other debtors (net)	**5,296**	**5,296**	**-**	**-**	**-**	**-**
Receivables from subsidiaries of parent companies (gross)	262	66	79	63	-	54
Receivables from subsidiaries of parent companies (net)	**262**	**66**	**79**	**63**	**-**	**54**
Total exposure of trade receivables, of other current and non-current receivables net of bad debt provision	**308,631**	**213,530**	**65,451**	**19,152**	**977**	**9,522**

	31.12.2022	Not expired	0-180	180-360	360-720	beyond 720
Municipality of Milan (gross)	152,790	104,852	23,577	10,745	10,575	3,041
Write-down fund	(414)	(152)	(71)	(2)	33	(222)
Municipality of Milan (net)	**152,376**	**104,700**	**23,506**	**10,743**	**10,608**	**2,819**
Tax receivables (gross)	2,842	2,637	-	205	-	-
Write-down fund	-		-		-	-
Tax receivables (net)	**2,842**	**2,637**	**-**	**205**	**-**	**-**
Receivables from institutions (gross)	104,057	98,943	5,114	-	-	-
Write-down fund	-	-	-	-	-	-
Receivables from Entities (net)	**104,057**	**98,943**	**5,114**	**-**	**-**	**-**
Receivables from ordinary customers (gross)	81,915	54,854	11,225	1,377	1,768	12,691
Write-down fund	(12,114)	(65)	(128)	(153)	(406)	(11,362)
Receivables from ordinary customers (net)	**69,801**	**54,789**	**11,097**	**1,224**	**1,362**	**1,329**
Receivables from affiliates (gross)	2,187	1,973	81	-	28	105
Write-down fund	(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
Write-down fund	(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
Write-down fund	(6)	(6)				
Receivables from subsidiaries of parent companies (net)	**5,148**	**4,897**	**25**	**46**	**130**	**50**
Total trade receivables, other current and non-current receivables net of bad debt provision	**340,749**	**272,280**	**39,823**	**12,215**	**12,128**	**4,303**

During the course of the year, the impairment provisions were adjusted according to the riskiness observed for each type of credit. Please refer to the comment sections of the Explanatory Notes for details on changes in the provisions.

Impairment of financial assets

At each balance sheet date, financial assets other than those measured at fair value with impact on profit or loss (FVTPL) and securities classified as FVTOCI undergo an assessment to identify a change in credit risk, in order to include this change in the estimate of the expected credit loss ('ECL'). The quantification of the ECL of each registered financial instrument is based on financial parameters provided by leading market providers. A similar analysis is also performed 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 requires that the related provision be quantified in relation to the presumed impairment of financial assets classified in three categories (*stage allocation*) based on the degree of creditworthiness deterioration. The measurement of the expected loss on financial assets depends on the borrower's credit risk at the initial recognition date, and the change in that risk observed between initial recognition and the balance sheet date. In detail:

- Stage 1 classifies financial assets that have not suffered a significant deterioration in creditworthiness compared to the creditworthiness at initial recognition; exceptions are financial assets that were already impaired at the time of purchase. For classification purposes, the maintenance of "*investment grade*" status, as defined by the ECB-accredited rating agencies, is a discriminating factor. On the exposures included in this category, the Group quantifies the provision for losses equal to the expected credit losses from a possible default event in the following 12 months (*12-months expected credit loss* -ECL);

• Stage 2 classifies financial assets for which there has been a significant increase in credit risk since the date of initial recognition. Financial assets are considered, however, *performing* but their quality is lower than in Stage 1. On 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 (lifetime expected credit loss - ECL, taking into account potential future income);

• In Stage 3, "*impaired*" financial assets are classified, i.e. assets for which a loss event has occurred that permanently impairs creditworthiness. Similarly to assets classified in Stage 2, the Group assesses the provision at an amount equal to the expected losses over the entire life of the financial instrument (lifetime expected credit loss - ECL, but without considering future income from the financial instrument).

The following tables show the ECL values ("*Expected Credit Loss*") as at 31 December 2023 and 31 December 2022:

	31.12.2023	Expected Credit Loss		
		Stage 1 *ECL 12 months*	Stage 2 *ECL Lifetime*	Stage 3 *ECL Lifetime*
Cash and cash equivalents	227	227		
Financial Assets Held to Collect & Sell	44	44		
Financial Guarantees	54	54		
Trade receivables	11,878	11,878		
Other receivables	2,209	2,209		
Total	**14,412**	**14,412**	**-**	**-**

	31.12.2022	Expected Credit Loss		
		Stage 1 ***ECL 12 months***	**Stage 2** ***ECL Lifetime***	**Stage 3** ***ECL Lifetime***
Cash and cash equivalents	299	299		
Financial Assets Held to Collect & Sell	86	86		
Financial Guarantees	15	15		
Trade receivables	12,542	12,542		
Other receivables	1,463	1,463		
Total	**14,405**	**14,405**	**-**	**-**

In view of the credit risk detected, all financial assets other than trade receivables fall into Stage 1, with the probability of default measured at 12 months.

2) Liquidity risk

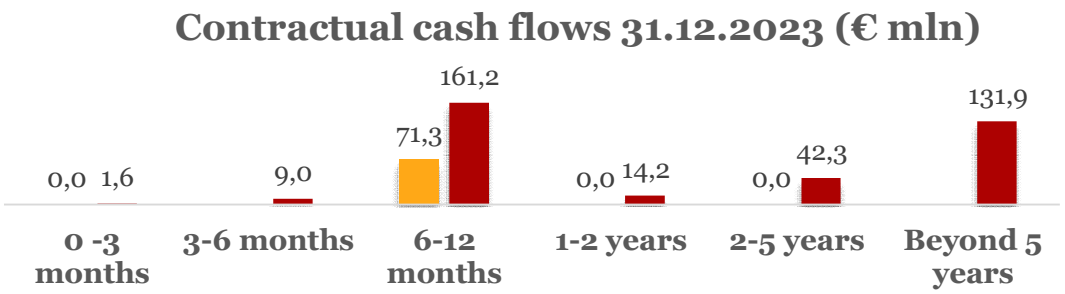
Liquidity risk is the risk that financial resources will not be sufficient to meet financial and commercial obligations on the agreed terms and deadlines, including due to difficulties in raising funds or liquidating assets on the market.

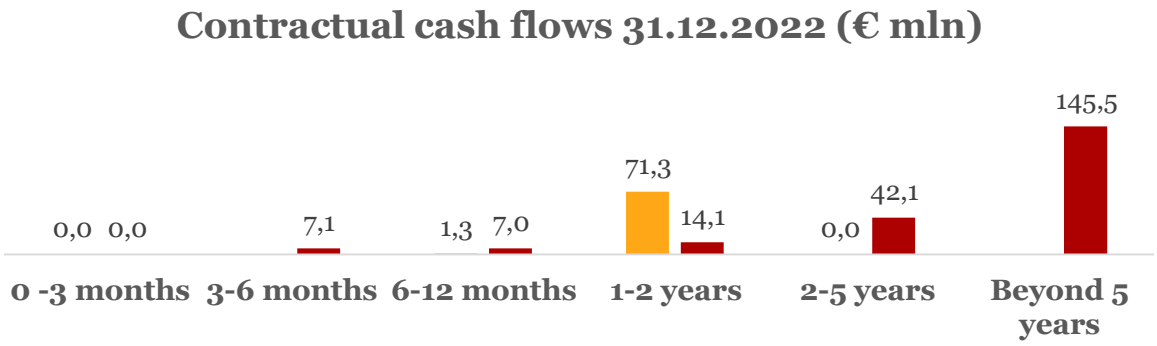
The Group manages liquidity risk by maintaining adequate reserves, committed credit lines and has the capital capacity to obtain additional funding, either through access to the capital market or by resorting to primary financial institutions, including supranational ones. Risk management is performed in the first instance by continuously monitoring expected and current cash flows and correlating the maturity profiles of financial assets and liabilities.

The following tables provide a breakdown of the remaining maturities of financial liabilities based on undiscounted cash flows, according to the first maturity at which the Group will be required to repay them. The amounts include both flows related to the repayment of principal and flows related to interest. In the event that interest flows are at a variable rate, the undiscounted value of the interest flows is estimated by applying, for subsequent maturities, the latest variable rate applied by the lending institution in 2023.

	31.12.2023	Contractual cash flows	0-3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Bonds	70,413	71,313	-	-	71,313	-	-	-
Loans from banks	330,131	360,113	1,551	9,027	161,194	14,156	42,273	131,912
Total	**400,544**	**431,426**	**1,551**	**9,027**	**232,507**	**14,156**	**42,273**	**131,912**

	31.12.2022	Contractual cash flows	0-3 months	3-6 months	6-12 months	1-2 years	2-5 years	Beyond 5 years
Bonds	70,248	72,626	-	-	1,313	71,313	-	-
Loans from banks	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**





The Group is able to meet its payment obligations both through the generation of cash flows from operations and by drawing on its ample and diversified available liquidity. The Group can count on committed credit lines of the so-called Hot Money / Mixed for a total of EUR 47.5 million as at 31 December 2023, as well as on RCF - Revolving Credit Facilities outstanding for EUR 160 million as at the same date.

On both types of lines as at 31 December 2023, there were no outstanding drafts.

The capital structure as outlined above was also positively assessed by the agency FitchRatings during its periodic rating review, which was confirmed at 'BBB' with a stable outlook to November 2023.

In 2021, the Group had a 'RAF - Risk Appetite Framework' policy and related KRIs (Key Risk Indicators) aimed at defining the maximum risk-taking thresholds that do not jeopardise prospective financial equilibrium and balance sheet strength.

3) Default risk and debt covenants

The risk of default consists in the possibility that upon the occurrence of precise circumstances, contained in the loan agreements or in the bond indentures, the lenders are entitled to trigger contractual protections that may go as far as early repayment of the loan, ('acceleration') thus generating a potential liquidity risk.

As of 31 December 2023, the Parent Company had loan agreements with the European Investment Bank and a Eurobond, which is scheduled to be repaid in a single instalment in 2024.

Loan agreements, as well as bonds, in line with international practice for similar transactions, generally provide for the right of the lender/debenture holder to request repayment of its claim by terminating the relationship with the debtor early in all cases where the latter is declared insolvent and/or is the subject of bankruptcy proceedings, or has commenced liquidation or other proceedings with similar effects.

In particular, the loan agreements and the bond indentures, as is customary in the market, contain a number of typical clauses, the breach of which entails the issuer's obligation to immediately redeem the bonds issued. These include the main ones: (i) negative pledge clauses, whereby the financed company undertakes not to pledge collateral on the Group's assets in favour of new lenders, above a specifically identified threshold (ii) cross default clauses that provide, in the event of the declaration of insolvency for an obligation, for the extension of the insolvency status to all outstanding financial liabilities and cross acceleration clauses that entail the obligation of immediate repayment of the debt upon the occurrence of specific events of default (iii) clauses obligating the Group to treat lenders similarly to other unsecured creditors (pari passu).

Specifically:

- loans granted by the EIB include the obligation to respect, throughout the duration of the loans, pre-established levels of financial ratios such as:

$$\frac{Consolidated\ Net\ Equity}{Group\ Financial\ Debt} > 2$$

$$\frac{Operating\ Cash\ Flow\ before\ changes\ in\ NWC}{Annual\ Debt\ Service} > 3$$

$$\frac{Real\ and\ personal\ guarantees\ given}{Consolidated\ Net\ Equity} \leq 18\%$$

  On 1 July 2022, an amendment to the first and third ratios was negotiated with the EIB ("Waiver") aimed, for the first, in accordance with the IFRS accounting standards to which ATM is required to adhere, to identify the actual financial debt by excluding guarantees from the calculation of the same, for the third to represent them at nominal value, while increasing the level of the ratio, in order to allow for adequate sizing in response to potential needs related to the approved investment plan.

- The bond provides for the obligation to comply with the following financial ratio throughout the life of the debt

$$\frac{Consolidated\ Net\ Equity}{Group\ Financial\ Debt} > 2$$

As at 31 December 2023, as in previous years, the covenants are complied with.

ATM S.p.A. is also obliged to ensure, throughout the duration of the loans and the bond loan, that the debt of Subsidiaries is less than 10% of the Group's debt. In this case, too, the parameter is largely respected, as the parent company ATM S.p.A., which manages the centralised treasury, extends its lines to the subsidiaries.

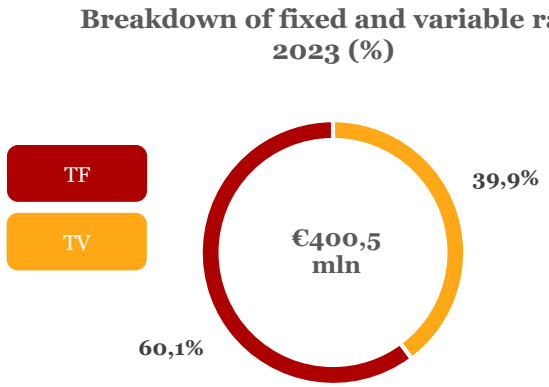
Compliance with the covenants is monitored by the Group on a half-yearly basis. As at the date of approval of the financial statements, the Group is not aware of the existence of any default situation or events that could jeopardise compliance with the covenants in the future.

4) Risk arising from exposure to interest rate fluctuations, exchange rate fluctuations, commodity price fluctuations and rating downgrades on m/l-term debt

Interest rate risk

Interest rate risk is related to interest rate fluctuations that affect the market value of the Group's financial assets and liabilities and the level of net financial expenses. In particular, the Group is exposed to fluctuations in interest rates (mainly Euribor and IRS) on financial assets and to a marginal extent on loans payable, considering that approximately 60% of financial debt is indexed at a fixed rate.

The following table shows the medium- and long-term loans payable at variable and fixed rates



	31.12.2023	Contractual cash flows	Current share	1 and 2 years	2 and 5 years	beyond 5 years
Variable rate	159,610	171,026	158,731	1,116	3,152	8,027
Fixed Rate	240,934	260,401	84,353	13,041	39,122	123,885
Total	**400,544**	**431,427**	**243,084**	**14,157**	**42,274**	**131,912**

	31.12.2022	Contractual cash flows	Current share	1 and 2 years	2 and 5 years	beyond 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**

Below is the sensitivity analysis on financial liabilities that illustrates the effects on the income statement of a hypothetical shift of the rate curves by +50 or -50 basis points relative to the rate levels recorded in 2023 and 2022:

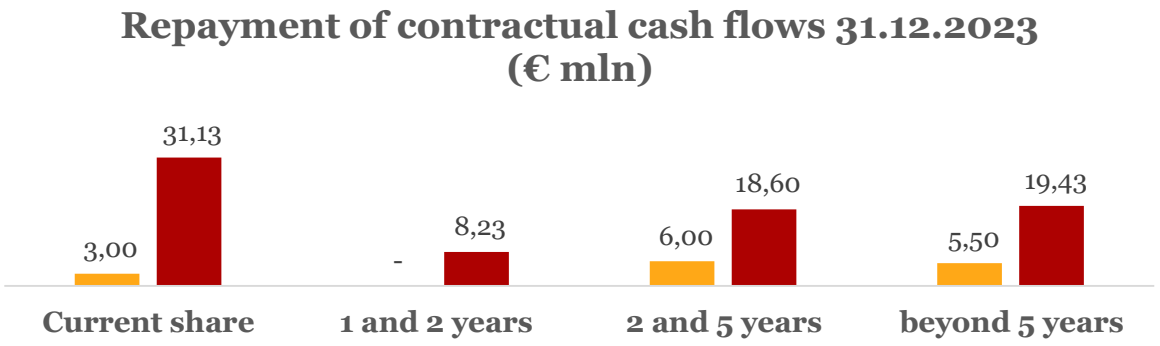
2023	**Shift + 50 bps**	**Shift - 50 bps**
Higher/(lower) interest expenses for variable-rate debt	625	(625)
Total	**625**	**(625)**

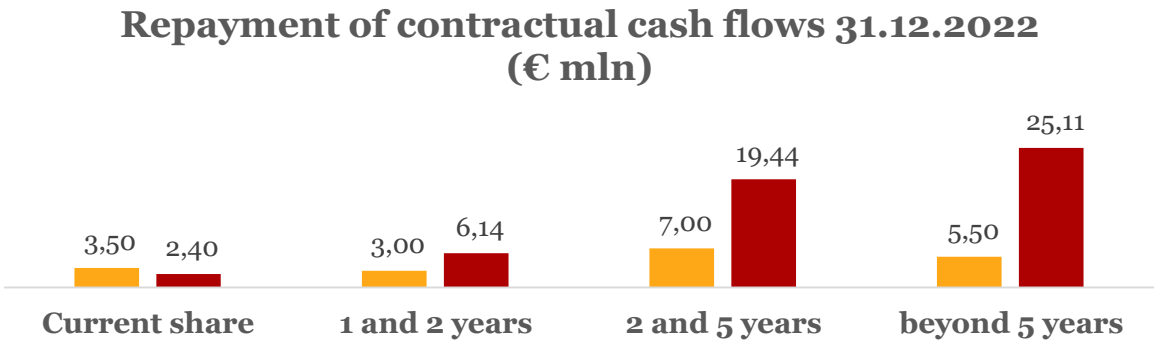
2022	**Shift + 50 bps**	**Shift - 50 bps**
Higher/(lower) interest expenses for variable-rate debt	56	(56)
Total	**56**	**(56)**

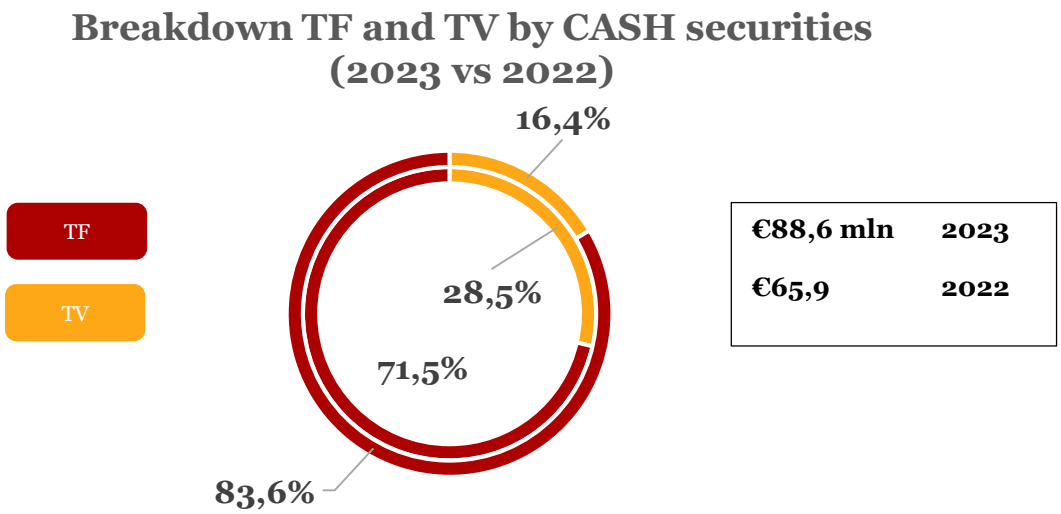
With regard to financial assets, the following table shows the breakdown of fixed-rate and variable-rate government and corporate bonds based on the undiscounted redemption flows of the nominal value of the instruments at their respective maturities:

	31.12.2023	**Contractual cash flows**	**Current share**	**1 and 2 years**	**2 and 5 years**	**beyond 5 years**
Variable rate	14,559	14,500	3,000	-	6,000	5,500
Fixed Rate	74,020	77,396	31,135	8,231	18,600	19,430
Total	**88,579**	**91,896**	**34,135**	**8,231**	**24,600**	**24,930**

	31.12.2022	**Contractual cash flows**	**Current share**	**1 and 2 years**	**2 and 5 years**	**beyond 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**







N.B.: the comparative pie chart shows the 2023 data externally and the 2022 data internally, respectively

Completing the analysis is the sensitivity analysis on the bond portfolio carried out by using the modified duration of the individual securities in the portfolio as a benchmark, assuming a 50, 150 and 250 basis point change in interest rates respectively. The assumption of the analysis is the linear relationship between the prices of securities and their yields.

No account was taken of coupon flows, given the presence in the portfolio of a component of variable-rate index-linked securities.

	31.12.2023	Sensitivity analysis		
		0.50%	1.50%	2.50%
Bonds	88,579	(702)	(2,101)	(3,500)
Total	**88,579**	**(702)**	**(2,101)**	**(3,500)**

	31.12.2022	Sensitivity analysis		
		0.50%	1.50%	2.50%
Bonds	65,850	(924)	(2,516)	(4,109)
Total	**65,850**	**(924)**	**(2,516)**	**(4,109)**

For assets invested in UCIs, a sensitivity parametric is reported for a hypothetical +/- 10% change in market value as of 31 December 2023 and 31 December 2022.

	31.12.2023	Sensitivity analysis	
		+10%	-10%
CIUs	81,702	8,170	(8,170)
Total	**81,702**	**8,170**	**(8,170)**

	31.12.2022	Sensitivity analysis	
		+10%	-10%
CIUs	93,391	9,339	(9,339)
Total	**93,391**	**9,339**	**(9,339)**

The Group did not enter into any interest rate derivatives during the financial year 2023. Instead, it finalised forward purchase transactions by means of swaps of electricity requirements, to the extent of half of the expected consumption, taking advantage of the significant price drops that occurred at the beginning of 2023. These contracts expired on 31 December 2023 and were not renewed.

Foreign exchange risk

The Group operates in the domestic market, in Denmark and in Greece; it holds financial assets denominated in foreign currencies and is therefore exposed to exchange rate risk from fluctuations in exchange rates.

	31.12.2023			
EUR thousands	USD	AUD	TRY	DKK
Bonds	2,074	-	-	6,484
Total	**2,074**	**-**	**-**	**6,484**

	31.12.2022			
EUR thousands	USD	AUD	TRY	DKK
Bonds	2,929	-	-	6,379
Total	**2,929**	**-**	**-**	**6,379**

The following table details the Group's sensitivity analysis to a hypothetical change of +10 or -10 basis points in the exchange rates applied to financial assets as at 31 December 2023 and 31 December 2022:

	31.12.2023	
	Shift + 10 bps	**Shift - 10 bps**
Change in value of financial assets in foreign currencies	(257)	293
Total	**(257)**	**293**

	31.12.2022	
	Shift + 10 bps	**Shift - 10 bps**
Change in value of financial assets in foreign currencies	(335)	389
Total	**(335)**	**389**

There are no material exchange rate risks for trade receivables and payables.

Commodity price risk

The Group is exposed to the price risk of energy commodities, i.e. electricity and petroleum products, since supplies are affected by fluctuations in the prices of these commodities either directly or through indexation formulas. Moreover, since some contracts contain exchange rates with other currencies within the price indexing formulas, the Group is also exposed to exchange rate risk.

The Group's policy is geared towards minimising the need to resort to the financial markets for hedging, to which it only turns if hedging is deemed appropriate and convenient, both for petroleum products and for the procurement of traction electricity.

In view of the extremely volatile market environment, in 2022, in the absence of willingness on the part of suppliers to offer fixed-price conditions and therefore to subscribe to variable-price electricity supplies as of 1 January 2023, ATM signed contracts in the first half of 2023 for the 2023 requirements quantified at a variable price, ("Commodity Swap") to compete for just under half (about 40%) of the estimated consumption for the year.

Three synthetic forward purchase contracts were negotiated by means of a swap, finalising an average hedging price for the estimated consumption string of EUR 188.3 per MW/h. All three transactions expired in December 2023 and therefore no derivative contracts were outstanding as at 31 December 2023.

Rating downgrade on m/l-term debt

Without prejudice to the "*credit linkage*" with the State and, consequently, with the Municipality of Milan, 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 assigned by the rating agency.

Consistently with current ESG issues and the sustainability policies adopted by the Group, also in relation to possible future openings towards the capital market, an assessment by a 'Second Party

Opinion Provider' is underway on the adherence of sustainability policies to the international principles of the Green Financing Frameworks.

Financial assets and liabilities by category

To complement the disclosure on financial risks, the following table provides a reconciliation between financial assets and liabilities as reported in the statement of financial position and categories of financial assets and liabilities identified on the basis of the requirements of IFRS 7

31.12.2023	Financial Assets and Liabilities at Amortised Cost	Financial Assets and Liabilities Measured at Fair Value	Non-financial assets and liabilities	Total
Non-current financial assets	39,491	159,802	-	199,293
Current financial assets	-	170,281	-	170,281
Current trade receivables	217,127	-	-	217,127
Other receivables and current assets	91,504	-	-	91,504
Non-current financial liabilities	173,842	-	-	173,842
Current financial liabilities	234,294	-	-	234,294
Trade payables	346,887	-	-	346,887
Other current payables and liabilities	130,601	-	-	130,601

31.12.2022	Financial Assets and Liabilities at Amortised Cost	Financial Assets and Liabilities Measured at Fair Value	Non-financial assets and liabilities	Total
Non-current financial assets	38,522	12,655	-	51,177
Current financial assets	-	159,240	-	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 current payables and liabilities	142,789	-	-	142,789

Determining Fair Value

The *fair value* of financial assets and liabilities is determined in accordance with IFRS 13, which requires it to be classified according to a hierarchy of levels, reflecting the characteristics of the inputs used in its determination:

- Level 1: valuations made on the basis of quoted prices in active markets for financial assets and liabilities identical to those being valued;
- Level 2: valuations made on the basis of inputs, other than the quoted 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: valuations using parameters that cannot be observed in the market.

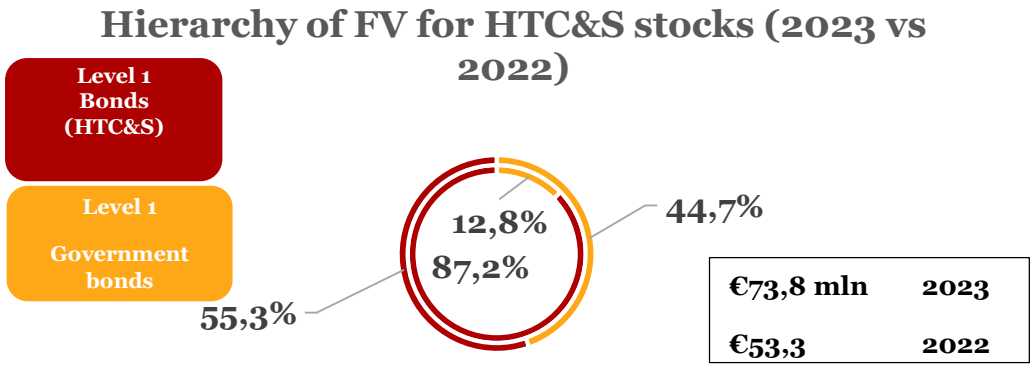
Using the above classification as a reference, valuation procedures were implemented for assets and liabilities outstanding as at 31 December 2023 and 31 December 2022 with reference to observable market parameters:

- the *fair value* of financial assets and liabilities with standard terms and conditions, quoted in an active market is measured by reference to prices published in the market itself by leading market contributors (info provider Bloomberg);
- the *fair value* of other financial assets and liabilities is measured, where applicable, through the application of the discounted cash flow method, using as reference quantities the prices recorded for recent market transactions by primary market contributors for similar instruments. In particular, for the valuation of certain investments in bond instruments, in the absence of regular market functioning, i.e. a sufficient and continuous number of transactions and a bid-ask spread and volatility sufficiently contained, the determination of fair value is made with reference to specific quotations of primary contributors issued at the Group's request;
- In the valuation of investments in UCIs, the fair value is determined on the basis of the NAVs calculated and disclosed by the relevant fund administrator at the balance sheet date. In cases where such information is not available at the date of preparation of the financial statements, the latest available official communication, however not earlier than one month after the balance sheet date, is used.

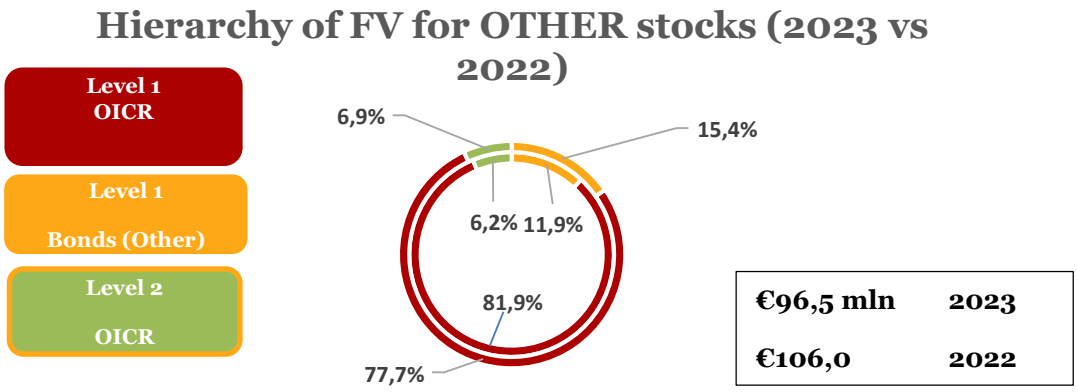
The following table shows the financial assets measured at fair value, and classified according to the hierarchy of levels defined above:

	31.12.2023	Fair Value as at balance sheet date		
		Level 1	Level 2	Level 3
HTC&S financial assets	**73,761**	**73,761**	**-**	**-**
Government Bonds	32,957	32,957	-	-
Corporate bonds	40,804	40,804	-	-
Other financial assets	**96,520**	**89,834**	**6,686**	**-**
Corporate bonds	14,818	14,818	-	-
CIUs	81,702	75,016	6,686	-
Total	**170,281**	**163,595**	**6,686**	**-**

	31.12.2022	Fair Value as at balance sheet date		
		Level 1	Level 2	Level 3
HTC&S financial assets	**53,244**	**53,244**	**-**	**-**
Government Bonds	6,792	6,792	-	-
Corporate bonds	46,452	46,452	-	-
Other financial assets	**105,996**	**99,429**	**6,567**	**-**
Corporate bonds	12,605	12,605	-	-
CIUs	93,391	86,824	6,567	-
Total	**159,240**	**152,673**	**6,567**	**-**



N.B.: the comparative pie chart shows the 2023 data externally and the 2022 data internally, respectively



N.B.: the comparative pie chart shows the 2023 data externally and the 2022 data internally, respectively

As regards non-current financial assets, related to active loans for investments in S.C.C.A.T.I. and M4, it is underlined that they fall within the third-level fair value category.

In accordance with the provisions of IFRS 13, the fair value of the financial liabilities at 31 December 2023 and 31 December 2022, including the bond loan, measured at amortised cost in the financial statements, is reported for information purposes.

	31.12.2023	31.12.2022
Bonds	68,836	66,363
Loans from banks	295,823	148,917
Total	**364,659**	**215,280**

In order to facilitate the financing of the M4 transaction, in December 2023 the Company finalised the signing of a Bridge to Bond loan, for EUR 150,000 thousand, indexed to a variable rate with a maturity of one year that can be extended, at the Company's option, for 6 months and a maximum of two times.

7. Operational Performance - Sector Analysis

The main areas of activity in which the Group is organised are:

Local Public Transport and Complementary Services

The LPT and Complementary Services business area includes LPT services performed in force:

- of the Service Contract stipulated with the Municipality of Milan and the Services connected and complementary to the LPT service such as the management of Parking Spaces, Parking Spaces and removal extended to 31 December 2026. This area of activity also includes the management of Area B and C and the Traffic and Territorial Control System, the rental of commercial areas in the metro, the management of advertising space and other residual and complementary activities;
- of the single management contract for the M5 underground line between ATM S.p.A. and the concessionaire company Metro 5 S.p.A. The contract regulates the management activities entrusted to ATM S.p.A. and related activities for the entire duration of the concession until 2040;
- of the single management contract for the M4 underground line between ATM S.p.A. and the concessionaire company SPV Linea M4 S.p.A. As with the M5 metro line, the contract regulates the management and related activities entrusted to ATM S.p.A. for the entire duration of the concession until 2046. The start of commercial operation of the M4 metro line, starting with the second functional section Dateo-Linate Airport, took place on 26 November 2022. As of 4 July 2023, the third functional route connecting San Babila with Linate Airport is active. The full line will open by the end of 2024.

The main revenue items of the business area refer to the Service Contract with the Milan Municipality for EUR 693,567 thousand, the revenues from complementary services refer to Parking Spaces revenues for EUR 15,876 thousand, Car Parks revenues for EUR 9,519 thousand, removal services for EUR 3,570 thousand, the single management contract for the M5 metro line for EUR 28,868 thousand and finally the single management contract for the M4 metro line for EUR 19,105 thousand.

Costs mainly refer to personnel costs totalling EUR 480,790 thousand, as well as service costs of EUR 310,230 thousand, including EUR 142,784 thousand for maintenance and cleaning activities and EUR 92,372 thousand for electricity and utilities consumption.

Depreciation, amortisation and impairment losses include the non-recurring effect related to the revision of the useful lives of 10 Eurotrams, which are scheduled to be taken out of the production process in view of the revision of the operating schedules. The first 5 were taken out of service on 31 December 2023 and the remaining 5 will be taken out of service on 31 December 2024. The higher

depreciation charged to the profit and loss account as a result of the change in useful lives amounted to a total of EUR 4,756.

Regional Local Public Transport

The area of business in question refers to the Service Contracts, under the net cost regime (as better defined in the Report on Operations), between the subsidiary NET S.r.l. and the Local Public Transport Agency of the Milan, Monza Brianza, Lodi and Pavia Metropolitan City Basin ("Agenzia di Bacino") for the management of the regional bus service. With reference to business continuity and contract extensions, it should be noted that, with Executive Determination No. 144 of 28 December 2023, the Agenzia di Bacino extended the term of the aforementioned contracts to 31 December 2025.

The decrease in revenue is mainly due to the counteracting effect of the increase in passenger numbers and the consequent increase in fare revenue generated by the sale of tickets, the decrease in the "*Service Contract Fee - Regional Area*" due to the lower number of journeys made during the year, and finally the decrease in "*Revenues and Special Transport Services*".

With regard to costs, the most significant changes concerned the costs for the purchase of raw materials, which mainly refer to the purchase of diesel fuel for motor vehicles, and personnel costs, which decreased mainly due to the reduction in the number of staff by 8 units in addition to the provision made in 2022 and representing the economic quantification of the debt to employees relating to the valuation of holidays taken and relating to the period prior to 1 July 2022.

Management of Copenhagen Metro

This business area refers to the Service Agreement for the management by the Danish-registered subsidiary Metro Service A/S. The company is a subsidiary of 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 operation and maintenance of the M1 and M2 metro lines, expires on 29 September 2027, and Metro Service A/S has also completed the *mobilisation* of the M3 and M4 (Cityringen) metro lines, commencing commercial operation and management on 29 September 2019 and 28 March 2020 respectively. The latter are governed by a further subcontracting agreement with Hitachi Rail STS also expiring on 29 September 2027.

Management of the Thessaloniki Metro

The area of activity in question refers to the Service Contract, in partnership with Egis Projects S.A.S., for the operation and maintenance, through the Greek-owned subsidiary THEMA S.A., of the automatic metro in the city of Thessaloniki. The operation and maintenance contract has a duration of 10 years plus one year of pre-operation. Pre-operation activities are expected to be completed in the second half of 2024.

Other assets

This area of activity refers to ancillary and complementary services provided by ATM Group companies, 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 the train and diversified services.

The following tables summarise the economic trends 2023 and 2022 in the sectors in which the ATM Group operates:

12_2023	Local Public Transport and Complementary Services	Regional Local Public Transport	Foreign Local Public Transport (Copenhagen and Thessaloniki)	Other assets	Intercompany	Consolidated
Segment operating revenues	937,700	26,508	140,487	11,239	(18,602)	1,097,332
Segment operating costs	(879,540)	(25,591)	(126,017)	(9,683)	18,602	(1,022,229)
Sector Operating Margin	**58,160**	**917**	**14,470**	**1,556**	**-**	**75,103**
Depreciation and Impairment Losses	(82,404)	(825)	(2,488)	(616)		(86,333)
Operating result	**(24,244)**	**92**	**11,982**	**940**	**-**	**(11,230)**
Financial Income and Expenses						4,284
Share of profit of investments accounted for using the equity method						4,477
Profit before tax						**(2,469)**
Income taxes						3,222
Profit for the year						**753**

12_2022	Local Public Transport and Complementary Services	Regional Local Public Transport	Management of the Copenhagen Metro	Other assets	Intercompany	Consolidated
Segment operating revenues	936,440	28,604	133,122	9,935	(16,631)	1,091,470
Segment operating costs	(842,193)	(28,068)	(116,786)	(7,735)	16,631	(978,151)
Sector Operating Margin	**94,247**	**536**	**16,336**	**2,200**	**-**	**113,319**
Depreciation and Impairment Losses	(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 of investments accounted for using the equity method						4,598
Profit before tax						**19,995**
Income taxes						(4,451)
Profit for the year						**15,544**

8. Employment data

The workforce increased from 10,473 in 2022 to 10,331 in 2023. The net change is attributable to 603 recruitments and 746 departures and one reinstatement. The figure for exits is slightly up on that of recent years and includes all reasons related to the termination of employment; among these, the most frequent are retirement and spontaneous resignation.

International Metro Service S.r.l. has no 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 changed as follows:

3Description	31.12.2022	Hired (+)	Left (-)	Other changes	31.12.2023
ATM S.p.A.	9,528	405	(619)	1	9,315
CITYLINK S.r.l. Smart mobility by ATM	4	3	(1)		6
GeSAM. S.r.l.	12	1			13
Metro Service A/S	598	150	(92)		656
Nord Est Trasporti S.r.l.	270	19	(27)		262
TheMA S.A.		2			2
Rail Diagnostics S.p.A.	61	23	(7)		77
Total	**10,473**	**603**	**(746)**	**1**	**10,331**

It should be noted that, limited to the companies operating in Italy, in the period under review the companies did not carry out any dismissals of an objective nature in accordance with the provisions of Legislative Decree No. 137/2020, the so-called "Restorals Decree", and its subsequent amendments.

Notes to the Consolidated Statement of Financial Position

Assets

9. Property, plant and equipment

The value of *"Property, Plant and Equipment"* as at 31 December 2023 amounted to EUR 1,150,091 thousand net of accumulated depreciation, plant grants and accumulated write-downs.

	31.12.2023	31.12.2022
Plant and machinery	702,194	752,841
Land and buildings	361,571	366,485
Industrial and commercial equipment	16,745	13,647
Other assets	5,249	6,075
Fixed assets under development	64,332	55,558
Total	**1,150,091**	**1,194,606**

This item refers to:

- *"Plant and Machinery"*, in the amount of EUR 702,194 thousand, related to line rolling stock and equipment for the operation of transport services owned by the Group;
- "*Land and Buildings",* amounting to EUR 361,571 thousand, mainly relating to warehouses for rolling stock and office buildings. This item includes *"Investment property"* represented by owned real estate of a non-instrumental nature leased for commercial purposes, the net book value of which as at 31 December 2023 was EUR 11,544 thousand (EUR 11,702 thousand as at 31 December 2022);
- "*Industrial and Commercial Equipment*", for EUR 16,745 thousand, mainly related to auxiliary vehicles;
- *"Other Assets",* in the amount of EUR 5,249 thousand;
- "*Current Fixed Assets*", in the amount of EUR 64,332 thousand.

"Assets under construction" refers to advances paid to suppliers for supplies and investments in tangible assets that are not yet completed and ready for use at the balance sheet date. This item is stated net of the recognised accrued contributions of EUR 98,261 thousand. The main components are outlined below:

- Fleet renewal or expansion including:
  - 21 metro trains on the M1 line for EUR 21,845 thousand and 25 metro trains on the M3 line for EUR 26,006 thousand;
  - 50 bidirectional urban trams for EUR 13,446 thousand, 10 bidirectional intercity trams for EUR 20,863 thousand and 14 bidirectional high-capacity trams for EUR 10,457 thousand;
  - 12-metre electric buses for EUR 15,649 thousand and 18-metre electric buses for EUR 11,734 thousand;
  - 18-metre trolleybus for EUR 7,029 thousand;
  - CBCT (Communication Based Train Control) signalling for new M1 trains for EUR 2,508 thousand;
  - 12-metre electric buses for EUR 702 thousand and 12-metre hybrid buses for EUR 225 thousand for NET;

- RCS installations for new two-way trams and eurotram restyling ancillary activities in the amount of EUR 500 thousand.

- Modernisation of facilities and infrastructure including:
  - extraordinary maintenance and expansion of company warehouses and design of new warehouses in the amount of EUR 8,812 thousand;
  - construction of electric vehicle supply/charging facilities at depots and terminals in the city in the amount of EUR 6,013 thousand;
  - new signalling for M3 - on-board equipment for EUR 5,014 thousand;
  - infrastructure renewal and metro operations room technology *refresh* for EUR 2,916 thousand;
  - magnetic-electronic ticketing system and new station turnstiles M1 and M2, for EUR 1,576 thousand;
  - M1 signalling renewal, for EUR 737 thousand;
  - new equipment and technology on lines and modernisation of CCTV system in M3 for EUR 869 thousand;
  - refurbishment of power supply and traction equipment for the M2 underground line for EUR 494 thousand;
  - Parking Spaces equipment in the amount of EUR 442 thousand.

- Other investments include:
  - 2 lathes in the pit for Gorgonzola and San Donato metro depots, for EUR 783 thousand;
  - service vehicles and related accessories for EUR 288 thousand;
  - other tangible assets in progress for EUR 930 thousand.

Below are the details of the contributions:

- 25 underground trains for the M3 line, for EUR 26,006 thousand;
- 21 underground trains for the M1 line, for EUR 21,845 thousand;
- 350 electric city buses for EUR 21,424 thousand;
- 50 two-way urban trams, for EUR 13,446 thousand;
- 14 bi-directional high-capacity trams, for EUR 10,457 thousand;
- 8 two-way urban trams related to the Milan - Limbiate line, for EUR 4,014 thousand;
- 10 trolleybuses, for EUR 836 thousand;
- 9 hybrid buses, for EUR 225 thousand;
- Advance payment for the purchase of the corporate control centre (CCA), in the amount of EUR 9 thousand.

The following table shows the changes during the year and in the previous year.

	Property, plant and equipment					
Property, plant and equipment	**Plant and machinery**	**Land and buildings**	**Industrial and commercial equipment**	**Other assets**	**Assets under construction and advances**	**Total**
Historical Cost	2,870,489	518,834	78,208	54,967	77,539	3,600,037
Depreciation fund	(1,658,778)	(134,603)	(64,561)	(47,849)	-	(1,905,791)
Cumulative contributions	(454,844)	(16,628)	-	(1,043)	(21,981)	(494,496)
Accumulated write-downs	(4,026)	(1,118)	-	-	-	(5,144)
Net book value as at 31.12.2022	**752,841**	**366,485**	**13,647**	**6,075**	**55,558**	**1,194,606**
Historical Cost						
Investments and Acquisitions of the Year	*380*	*-*	*397*	*95*	*199,904*	*200,776*
Transfers to finished plants	*104,725*	*137*	*7,917*	*2,124*	*(114,903)*	*-*
Disposals, Divestments and Reclassifications	*(64,281)*	*-*	*(476)*	*(89)*	*46*	*(64,800)*
Depreciation fund						*-*
Depreciation for the year	*(115,023)*	*(5,469)*	*(3,222)*	*(3,288)*	*-*	*(127,002)*
Disposals, Divestments and Reclassifications	*64,566*	*-*	*(529)*	*85*	*-*	*64,122*
Grants						
Increases	*(85,216)*	*-*	*(1,000)*	*-*	*(97,367)*	*(183,583)*
Fees deferred in the year	*44,202*	*392*	*9*	*247*	*-*	*44,850*
Disposals, Divestments and Reclassifications	*-*	*-*	*2*	*-*	*21,094*	*21,096*
Write-downs						
Uses to adjust depreciation	*-*	*26*	*-*	*-*	*-*	*26*
Historical Cost	2,911,313	518,971	86,046	57,097	162,586	3,736,013
Depreciation fund	(1,709,235)	(140,072)	(68,312)	(51,052)	-	(1,968,671)
Cumulative contributions	(495,858)	(16,236)	(989)	(796)	(98,254)	(612,133)
Accumulated write-downs	(4,026)	(1,092)	-	-	-	(5,118)
Net book value as at 31.12.2023	**702,194**	**361,571**	**16,745**	**5,249**	**64,332**	**1,150,091**

Property, plant and equipment	Plant and machinery	Land and buildings	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Historical Cost	2,939,799	523,965	77,959	53,395	31,424	3,626,542
Depreciation fund	(1,639,628)	(129,177)	(63,248)	(44,596)	-	(1,876,649)
Cumulative contributions	(414,075)	(17,020)	-	(1,915)	(7,042)	(440,052)
Accumulated write-downs	(16,268)	(4,165)	-	-	(1,876)	(22,309)
Net book value as at 31.12.2021	**869,828**	**373,603**	**14,711**	**6,884**	**22,505**	**1,287,531**
Historical Cost						
Investments and Acquisitions of the Year					*83,747*	*83,747*
Transfers to finished plants	*30,398*	-	*2,509*	*1,656*	*(34,563)*	-
Disposals, Divestments and Reclassifications	*(99,708)*	*(5,131)*	*(2,260)*	*(84)*	*(3,069)*	*(110,252)*
Depreciation fund						
Depreciation for the year	*(106,341)*	*(5,425)*	*(3,566)*	*(3,338)*	-	*(118,670)*
Disposals, Divestments and Reclassifications	*87,191*	*(1)*	*2,253*	*85*	-	*89,528*
Grants						
Increases	*(80,329)*	-	-	-	*(21,973)*	*(102,302)*
Fees deferred in the year	*39,290*	*392*	-	*872*	-	*40,554*
Disposals, Divestments and Reclassifications	*270*	-	-	-	*7,034*	*7,304*
Write-downs						
Increases	-	*(100)*	-	-	-	*(100)*
Uses to adjust depreciation	-	*26*	-	-	-	*26*
Disposals, Divestments and Reclassifications	*12,242*	*3,122*	-	-	*1,876*	*17,240*
Historical Cost	2,870,489	518,834	78,208	54,967	77,539	3,600,037
Depreciation fund	(1,658,778)	(134,603)	(64,561)	(47,849)	-	(1,905,791)
Cumulative contributions	(454,844)	(16,628)	-	(1,043)	(21,981)	(494,496)
Accumulated write-downs	(4,026)	(1,118)	-	-	-	(5,144)
Net book value as at 31.12.2022	**752,841**	**366,485**	**13,647**	**6,075**	**55,558**	**1,194,606**

As can be inferred from the movement tables, capital expenditure of EUR 200,776 thousand was made during the year under item *"Property, Plant and Equipment"*.

The main investments of the year concerned:

- The renewal or expansion of the fleet including:
  - purchase of 12-metre and 18-metre electric buses for EUR 61,988 thousand, of which EUR 25,274 thousand financed through state resources and EUR 27,828 thousand through regional resources;
  - purchase of hybrid buses for EUR 23,021 thousand, of which EUR 15,764 thousand was financed through municipal resources and EUR 5,397 thousand through regional resources;
  - purchase of 18-metre trolleybuses, for EUR 20,277 thousand, entirely financed through state resources;
  - purchase of two-way trams for EUR 15,574 thousand, of which EUR 12,459 thousand was financed through regional resources;
  - purchase of bi-directional high-capacity trams for EUR 10,457 thousand, fully financed through state resources;

- purchase of 25 trains for the M3 underground line for EUR 9,996 thousand, entirely financed through state resources;
- purchase of 21 trains for metro line 1 for EUR 8,397, entirely financed through state resources;
- CBCT (Communication Based Train Control) signalling for new M1 trains for EUR 2,508 thousand;
- purchase of hybrid buses for EUR 1,542 thousand, of which EUR 1,145 thousand financed through regional resources, for the subsidiary NET;
- purchase of electric buses in the amount of EUR 702 thousand, of which EUR 691 thousand financed through state resources, for the subsidiary NET;
- purchase of diesel-powered buses for EUR 430 thousand, of which EUR 332 thousand financed through regional resources, for the subsidiary NET;
- RCS equipment for new bidirectional trams for EUR 338 thousand;
- service vehicles in the amount of EUR 421 thousand.

- The modernisation of facilities and infrastructure including:
  - construction of electric vehicle supply/charging facilities at depots and terminals in the city, amounting to EUR 8,450 thousand entirely financed through state resources;
  - new equipment and software development for the magnetic-electronic ticketing system, for EUR 8,334 thousand, of which EUR 800 thousand financed through municipal resources and EUR 2,453 thousand financed through state resources;
  - extraordinary maintenance work and expansion of depots and planning of new depots in the amount of EUR 6,304 thousand;
  - new signalling equipment for the M3 underground line (on-board equipment) in the amount of EUR 5,014 thousand, entirely financed with state resources;
  - infrastructure renewal and metro operations room technology *refresh* for EUR 3,455 thousand;
  - modernisation and upgrading of computer network and equipment, in the amount of EUR 1,845 thousand;
  - rail road spark welding machine for rail rails for EUR 1,750 thousand, of which EUR 1,000 thousand was financed by state resources for the company Rail Diagnostics;
  - refurbishment of SSE Precotto depot and Monterosa civil apparatus electrical cabin for EUR 1,495 thousand;
  - test benches for brake system and pantograph for Leonardo metropolitan trains for EUR 1,120 thousand;
  - upgrading and implementation of new signalling system functionalities on the M1 underground line, for EUR 951 thousand;
  - self-localisation system on the various company vehicles, amounting to EUR 743 thousand;
  - general overhaul of operational service machinery for 729 thousand Rail Diagnostics;
  - video surveillance on the M3 line, financed to the tune of EUR 581 thousand;
  - refurbishment of power supply and traction equipment for the M2 underground line for EUR 387 thousand, of which EUR 196 thousand financed by state resources.

During the year, assets with a historical cost of EUR 64,800 thousand and a depreciation reserve of EUR 64,122 thousand were sold/disposed of. Capital gains realised in the period amounted to EUR 697 thousand and mainly related to the sale of 31 trolleybuses and 162 buses owned by ATM S.p.A. and 5 buses owned by CityLink S.r.l., as described under item "*Other proceeds*" (Note 31), while capital losses amounted to EUR 586 thousand as described under *"Other operating costs and expenses"* (Note 36).

In addition, the provision for *"Land and Buildings"* was utilised for the depreciation charges recognised in the period in the amount of EUR 26 thousand.

The "*Depreciation and Amortisation"* recognised in the Profit and Loss Account, in the amount of EUR 126,976 thousand, is adjusted by the portion of grants received to cover capital expenditures for the year, totalling EUR 44,850 thousand.

The details of these contributions by funding body are as follows:

- EUR 21,741 thousand from the State;
- EUR 13,582 thousand from the Lombardy Region;
- EUR 9,466 thousand from the Municipality of Milan;
- EUR 61 thousand from the Metropolitan City

The *"Property, plant and equipment"* acquired with regional co-financing are subject to inalienability restriction pursuant to D.G.R. 14795/2003 and subsequent amendments and integrations. Details of the regulatory constraints are given below:

- city buses: 8 years;
- suburban buses: 10 years;
- trolleybus: 15 years;
- underground trains and trams: 30 years;
- technologies: 7 years;
- infrastructure: 30 years.

For the automotive rolling stock co-financed by the Lombardy Region with the 2009 allocation plan, pursuant to Laws No. 296/2006 and No. 133/2008, the inalienability constraints refer to the entire useful life of the bus fixed, unless otherwise established by the Service Contracts, at 15 years as specified by D.G.R. No. IX/4619 of 28 December 2012.

The net residual value of "*Property, Plant and Equipment"* under finance leases was EUR 9,647 thousand (EUR 9,793 thousand as at 31 December 2022).

Taking into account that real estate is valued at cost re-determined at *fair value,* for the year 2023, a leading independent third party was commissioned to conduct an analysis to provide an update on real estate market trends. Considering the intended uses to which the individual properties of the Group's companies belong, the analysis carried out did not reveal the need to make any value adjustments with respect to the amounts recorded in these financial statements.

Impairment Test

As already explained in detail in Note 5 "*Use of estimates - Recoverability of the value of property, plant and equipment and intangible assets (including rights of use for leased assets)"*, in order to verify the correctness of the valuations made when preparing the Consolidated Financial Statements as at 31 December 2023 regarding the recoverability of the carrying value of Property, Plant and property, plant and equipment and intangible assets (including rights of use for leased assets), the Directors performed an *impairment test* on the *cash generating unit* - "*Local Public Transport and Complementary Services*".

The year 2023 was characterised for the ATM Group by the significant impact of the increase in electricity prices. In fact, 2023 was the first year in which the parent company was affected by the change in electricity supply contracts, which, as of 2023, are characterised for ATM S.p.A. by variable prices

whereas, until 2022, they were at a fixed price for the entire duration of the supply. The significant increase in the price of electricity coupled with a level of fees related to the Service Agreement with the Municipality of Milan that is historically static has led to a negative EBIT at the Parent Company level of EUR 25.4 million, a situation that has given rise to the need, as recommended by ESMA with the *Public Statement* of 31 May 2022 number 32-63-1277, to assess the recoverability of its non-financial non-current assets. The *impairment test* was carried out on the *cash generating unit* ("CGU") most impacted by these events, namely "*Local Public Transport and Complementary Services*", identified with the activities of the company ATM S.p.A.

In the analyses carried out for the construction of the future cash flows, the Directors took as a reference the Economic and Financial Plan 2024 ÷ 2030 that takes into account the extension of the service contract with the Municipality of Milan for local public transport until 31 December 2026, as indicated in the Managerial Determination no. 12608 of 28 December 2023 of the Municipality of Milan, to then consider reasonable economic forecasts for the subsequent period until 31 December 2030 both in terms of revenue flows linked to the adjustment of the service contract, and in terms of costs with reference to the impacts linked to the savings and efficiency-boosting actions envisaged and resulting from the *"full electric"* project, and with reference to the trend of electricity costs determined prospectively on the basis of reasonable assumptions inferred from the prospective trends. Investments were determined on the basis of the 2024 ÷ 2027 Investment Plan projected for the period until 31 December 2030. The Directors, in order to assess the reference time horizon of the Plan - longer than 5 financial years - have taken into account both the timeframes reasonably required to complete the procedures for entrusting the service, which will hopefully take place on the basis of what is contained in the "*Milano Next Project",* a project that, although being revised and redefined in terms of time horizon, scope of activities, investment plan to incorporate the new mobility reality in the light of the changed economic and social context, remains central and of interest to both the Entrusting Entities and, above all, the timeframe in which the considerable investments incurred in the three-year period 2024 ÷ 2026 relating to the *"full electric"* project will begin to generate returns in terms of economic results and cash flows.

On 27 March 2024, the Board of Directors approved the content and assumptions of the Economic and Financial Plan 2024 ÷ 2030, as well as the results of the *impairment* test and the sensitivity analysis.

The test showed the recoverability of the net invested capital referred to the CGU 'Local Public Transport and Complementary Services', with a cover deemed appropriate by the Directors.

With regard to the discounting of future cash flows, the post-tax WACC was used as the discount rate, which takes into account the specific risks of the business and reflects current market valuations of the cost of money, based on a weighting between the cost of debt and the cost of equity, drawn up on the basis of the values of comparable groups and subject to *impairment* as they operate in the same business sector. The WACC thus determined was 7.37% (pre-tax 9.70%), up from last year when it was 6.62% (pre-tax 8.71%).

The *impairment test* carried out shows a level of hedging that allows, even in the presence of deviations of 50 basis points on WACC or 6.5% on average EBITDA over the plan period, an alignment between the carrying value of net invested capital and the *enterprise value* determined as the sum of the explicit plan flows and the *terminal value*. The *terminal value* determined for the purpose of the impairment test on the basis of the EBIDTA and forward-looking average capex and calculated on the basis of the WACC as determined above as well as a period growth factor of 2% representing the ECB's desired rate of inflation for the economy, represents 88% of the *enterprise value*.

The impairment test implied - in estimating the value in use - - the use of projections that are based on a set of assumptions and hypotheses concerning future events and actions of the administrative bodies and competent regulatory bodies of LPT services, which will not necessarily occur. In fact, the assumptions concerning future performance and the consequent forecast data used to perform the *impairment test* are characterised, due to their forecasting nature, by a certain degree of uncertainty and, therefore, it cannot be excluded that the occurrence of future results that differ from those estimated may require possible adjustments to the value of tangible and intangible assets recognised in the financial statements.

Furthermore, as required by IAS 36 - Impairment of Assets, the Group must annually assess the value of goodwill acquired following a business combination; consequently, an impairment test was prepared for the activities of Rail Diagnostics S.p.A., to verify the maintenance of the carrying value of goodwill - albeit of non-significant value and amounting to EUR 472 thousand - recorded in the consolidated financial statements at the time of the acquisition of said company. The test confirmed the carrying value of this intangible asset with an indefinite useful life at 31 December 2023.

Lastly, considering the nature of the loss indicators, the Group assessed that they only impacted the "Local Public Transport and Complementary Services" operating segment and were not relevant for the CGUs relating to the other operating segments, since the "Regional Local Public Transport" segment, relating to the activities carried out by NET S.r.l. and "Foreign Local Public Transport", relating to the activities carried out by Metro Service A/S and Thema S.A., are characterised by positive economic trends with a positive outlook.r.l. and "Foreign Local Public Transport", relating to the activities carried out by Metro Service A/S and Thema S.A. are characterised by positive economic trends with a *outlook* of progressive growth in the medium term, as well as by the absence of current financial debt. Finally, the CGU related to the "Other Activities" operating segment, which mainly includes initiatives related to insurance practice management, has a limited exposure to market risks.

10. Intangible assets

The value of the *"Intangible Assets"* amounted to EUR 4,163 thousand as at 31 December 2023, broken down as follows:

	31.12.2023	31.12.2022
Goodwill	472	472
Software licences	3,638	3,676
Intangible Assets in Progress	53	155
Total	**4,163**	**4,303**

The following table shows the changes during the year and in the previous year.

	Intangible assets			
Intangible assets	**Goodwill**	**Software licences**	**Intangible Assets in Progress**	**Total**
Historical Cost	5,968	14,243	155	20,366
Depreciation fund	(5,496)	(10,567)	-	(16,063)
Net book value as at 31.12.2022	**472**	**3,676**	**155**	**4,303**
Historical Cost				
Investments and Acquisitions of the Year	-	*504*	*1,129*	*1,633*
Transfers to finished plants	-	*1,185*	*(1,185)*	-
Disposals, Divestments and Reclassifications	-	*(413)*	*(46)*	*(459)*
Depreciation fund				
Depreciation for the year	-	*(1,473)*	-	*(1,473)*
Disposals, Divestments and Reclassifications	-	*159*	-	*159*
Historical Cost	5,968	15,519	53	21,540
Depreciation fund	(5,496)	(11,881)	-	(17,377)
Net book value as at 31.12.2023	**472**	**3,638**	**53**	**4,163**

Intangible assets	**Goodwill**	**Software licences**	**Intangible Assets in Progress**	**Total**
Historical Cost	5,968	12,626	114	18,708
Depreciation fund	(5,496)	(9,011)	-	(14,507)
Net book value as at 31.12.2021	**472**	**3,615**	**114**	**4,201**
Historical Cost				
Investments and Acquisitions of the Year	-	-	*1,844*	*1,844*
Transfers to finished plants	-	*1,805*	*(1,803)*	*2*
Disposals, Divestments and Reclassifications	-	*(188)*	-	*(188)*
Depreciation fund				
Depreciation for the year	-	*(1,590)*	-	*(1,590)*
Disposals, Divestments and Reclassifications	-	*34*	-	*34*
Historical Cost	5,968	14,243	155	20,366
Depreciation fund	(5,496)	(10,567)	-	(16,063)
Net book value as at 31.12.2022	**472**	**3,676**	**155**	**4,303**

The "Asset" recorded in the amount of EUR 472 thousand refers to the residual difference between the acquisition cost and the current value of the identifiable assets and liabilities acquired with reference to Rail Diagnostics S.p.A. and has been subject to a impairment test as a result of which the recorded value is deemed recoverable.

"Software licences" amounting to EUR 3,638 thousand relate to the Group's proprietary operating systems.

During the year, investments of EUR 1,633 thousand were made under the heading "Intangible Assets", relating to the purchase of software.

11. Rights of use on leased assets

As at 31 December 2023, rights of use for leased assets in the amount of EUR 6,177 thousand were recognised.

The following table shows the changes during the year and in the previous year. The increase in the item "Equipment" refers to the renewal of the rental contract for the photovoltaic plant at the Precotto depot, while the change in the item "Vehicles" relates to the rental of 16 new vehicles in benefit.

Rights of use on leased assets	Equipment	Buildings	Motor vehicles	Computer equipment	Other assets	Total
Historical Cost	426	5,578	7,578	862	1,074	15,518
Depreciation fund	(309)	(2,171)	(4,924)	(317)	(820)	(8,541)
Net book value as at 31.12.2022	**117**	**3,407**	**2,654**	**545**	**254**	**6,977**
Historical Cost						
Rights of use acquired during the year	*1,447*	-	*480*	*8*	-	1,935
Depreciation fund						
Depreciation for the year	*(159)*	*(730)*	*(1,502)*	*(96)*	*(248)*	(2,735)
Historical Cost	1,873	5,578	8,058	870	1,074	17,453
Depreciation fund	(468)	(2,901)	(6,426)	(413)	(1,068)	(11,276)
Net book value as at 31.12.2023	**1,405**	**2,677**	**1,632**	**457**	**6**	**6,177**

Rights of use on leased assets	Equipment	Buildings	Motor vehicles	Computer equipment	Other assets	Total
Historical Cost	*332*	*4,959*	7,044	862	611	13,808
Depreciation fund	*(220)*	(1,475)	(3,522)	(222)	(591)	(6,031)
Net book value as at 31.12.2021	**112**	**3,484**	**3,522**	**640**	**20**	**7,778**
Historical Cost						
Rights of use acquired during the year	*94*	*618*	*534*	-	*462*	1,708
Depreciation fund						
Depreciation for the year	*(89)*	*(695)*	*(1,402)*	*(95)*	*(228)*	(2,510)
Historical Cost	426	5,578	7,578	862	1,074	15,518
Depreciation fund	(309)	(2,171)	(4,924)	(317)	(820)	(8,541)
Net book value as at 31.12.2022	**117**	**3,407**	**2,654**	**545**	**254**	**6,977**

12. Equity Investments

The amount of EUR 126,432 thousand refers to the following investments:

	31.12.2023	31.12.2022
Related companies	**126,432**	**44,196**
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.	42,227	40,337
Movibus S.r.l.	2,504	3,657
SPV Linea M4 S.p.A.	81,499	
Other companies		**5,798**
SPV Linea M4 S.p.A.		5,798
Total	**126,432**	**49,994**

The following is a list of the Group's equity investments and their changes, showing the effects of the valuation using the equity method for Movibus S.r.l., Metro 5 S.p.A. and SPV Linea M4 S.p.A.

	31.12.2022	Reclassifications	Increase	Equity Valuation	Effect on Income Statement	Distribution of Dividends	Effect on CFH Reserve	31.12.2023
Related companies	**43,994**	**5,798**	**75,160**	**1,278**	**4,477**	**(1,179)**	**(2,020)**	**126,230**
Metro 5 S.p.A.	40,337	-	-	1,890	3,791	-	(1,901)	42,227
Movibus S.r.l.	3,657	-	-	(1,153)	26	(1,179)	-	2,504
SPV Linea M4 S.p.A.	-	5,798	75,160	541	660	-	(119)	81,499
Other companies	**5,798**	**(5,798)**						-
SPV Linea M4 S.p.A.	5,798	(5,798)	-	-	-	-	-	-
Total	**49,792**	**-**	**75,160**	**1,278**	**4,477**	**(1,179)**	**(2,020)**	**126,230**

On 20 December 2023, ATM S.p.A., pursuant to the Municipal Council resolution of 14 December 2023 and based on the agreement with the private shareholders of M4 S.p.A., purchased the shares held by them, bringing its stake to 31.53%. Following the increase in ATM's interest, the investment was reclassified from "Other Companies" to "Associated Companies".

ATM S.p.A.'s purchase of part of the shares of the construction shareholders (29.2%) increased its shareholding from 2.33% to 31.53%. ATM S.p.A.'s purchase of the remaining share (1.8%) of the construction shareholders, a purchase that would bring ATM S.p.A.'s stake to 33.3%, is subject to the final acceptance of the line by 31 December 2025. Should the acceptance not have taken place by that date, ATM S.p.A. would not be obliged to purchase the remaining shares of the construction partners.

The portion of the 2023 adjustment of the carrying value of investments, gross of tax effects, that was recognised in the Consolidated Statement of Comprehensive Income was negative and amounted to EUR 2,020 thousand, while that recognised in the Income Statement was positive and amounted to EUR 4,477 thousand.

Impairment Test

Also with regard to verifying the recoverability of investments in associates, the Group checks at each balance sheet date for indicators of impairment. If such indicators are identified, the *impairment* test is performed on the basis of the estimated value in use.

Cash-generating units (CGUs) have been identified in line with the Group's organisational and business structure, as assets that generate independent cash inflows from their continuous use. The CGUs are therefore represented by the individual legal entities and, specifically, the SPV Linea M4 S.p.A., Metro 5 S.p.A., Movibus S.p.A. and the other minority interests.

With reference to the verification of the recoverability of the carrying value of Metro 4, starting from the assumptions underlying the determination of the purchase price in December 2023 by an independent expert, when preparing these financial statements, the Directors updated the value of the cost of equity with respect to the value used as the basis for the economic-financial projections used to determine the purchase price of the shares owned by the construction shareholders.

Since the purchase of these shares took place in the last days of December 2023, and considering that this transaction was a transaction between independent parties, the Directors considered that the purchase value represented the best estimate of the fair value of the shareholding acquired as at 31 December 2023. In light of the fact that the cost of equity was lower than that used at the time of acquisition, the Directors did not deem it necessary to perform an impairment test as the results could only have been an improvement.

On the other hand, no indicators of impairment were identified with reference to the other CGUs identified with the other associated companies, as they are characterised by positive economic trends with future growth prospects over the medium-term time horizon.
As regards information on investee companies, whose financial statements refer to the latest available financial statements prepared in accordance with Italian GAAP, please refer to the information contained in Note 10 of the Notes to ATM S.p.A.'s separate financial statements.

13. Non-current financial assets

	31.12.2023	31.12.2022
Financing and credit	199,293	51,177
Metro 5 S.p.A.		*1,944*
SPV Linea M4 S.p.A.	*158,989*	*9,803*
Coop S.E.D. ATM/S.C.C.A.T.I.	*813*	*908*
Financial receivables from third parties	*39,491*	*38,522*
Total	**199,293**	**51,177**

The *"Loans and receivables"* as at 31 December 2023 are broken down as follows:

- shareholder loan to Metro 5 S.p.A.; on 29 April 2023, the associate fully repaid the shareholder loan in the amount of EUR 2,080 thousand. The portion related to the valuation at *fair value* was positive and amounted to EUR 96 thousand;
- subordinated shareholder loan for EUR 158,989 thousand, granted to SPV Linea M4 S.p.A., of which EUR 126,000 thousand principal, EUR 33,673 thousand interest and EUR 683 thousand

cumulative negative effect related to fair value measurement. Interest on the subordinated loan will be collected, as contractually provided for, in accordance with the business and financial plan approved in September 2019. It should also be noted that on 20 December 2023, the Company purchased from Metro 4's private shareholders 29.2% of the share capital and the subordinated loans recorded in their respective balance sheets, including interest accrued as of 30 June 2023;

– loans of EUR 813 thousand disbursed to the building cooperatives SED-ATM and SCCATI for the realisation of social housing projects, of which EUR 932 thousand in principal and EUR 119 thousand in cumulative negative effect related to the valuation at *fair value*. In the financial year 2023, the loans were repaid in the amount of EUR 100 thousand, while the effect related to the valuation at fair value was positive and amounted to EUR 4 thousand;
– Advances paid to suppliers for works in the amount of EUR 39,491 thousand paid pursuant to Article 35 of Legislative Decree 50/2016. The increase is almost entirely related 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 amount of EUR 15,550 thousand as part of the contract for the construction of the new signalling system for the M2 line.

Changes in the year are shown below:

	31.12.2022	Collections	Payments for Acquisitions	Accrued Interest	IFRS 9	31.12.2023
Metro 5 S.p.A.	*1,944*	*(2,080)*		*40*	*96*	
SPV Linea M4 S.p.A.	*9,803*		*148,208*	*550*	*428*	*158,989*
Coop S.E.D. ATM/S.C.C.A.T.I.	*908*	*(100)*			*5*	*813*
Financial receivables from third parties	*38,522*	*(1,995)*	*2,964*			*39,491*
Total	**51,177**	**(4,145)**	**151,172**	**590**	**529**	**199,293**

The effects, gross of the tax effect, related to the impairment test of "Non-current financial assets"are shown below.

	Shareholders' equity as at 01.01-2023	Economic effect 2023	Total
Metro 5 S.p.A.	*(96)*	*96*	
SPV Linea M4 S.p.A.	*(1,112)*	*428*	*(684)*
Coop S.E.D. ATM/S.C.C.A.T.I.	*(124)*	*5*	*(119)*
Total	**(1,332)**	**529**	**(804)**

	Shareholders' equity as at 01.01-2022	Economic effect 2022	Total
Metro 5 S.p.A.	*509*	*(605)*	*(96)*
SPV Linea M4 S.p.A.	*341*	*(1,453)*	*(1,112)*
Coop S.E.D. ATM/S.C.C.A.T.I.	*(126)*	*2*	*(124)*
Total	**724**	**(2,056)**	**(1,332)**

14. Deferred tax assets

	31.12.2023	31.12.2022
Deferred tax assets	40,883	45,702
Total	**40,883**	**45,702**

Deferred tax assets of EUR 40,883 thousand are calculated in relation to the amount of temporary differences with reference to taxed provisions. In 2023, deferred tax assets relating to taxed provisions set aside in previous years totalling EUR 5,641 thousand were utilised.

The nature of temporary differences that generated deferred tax assets is summarised below:

	Deferred Tax Assets as at 31.12.2022	Recognised in Income Statement	Recognised as Assets	Deferred Tax Assets as at 31.12.2023
Provisions for Risk Reserves	45,071	(5,341)		39,730
Severance indemnity Evaluation	1,340	10	353	1,703
Fair Value Financial Assets	(1,425)	(6)	469	(962)
Plant and machinery	716	(304)		412
Total	**45,702**	**(5,641)**	**822**	**40,883**

The value of ATM S.p.A.'s IRES tax losses resulting from the last tax return filed, tax year 2022, is equal to EUR 864,382 thousand fully deductible and EUR 44,866 thousand limitedly deductible.

Even considering the 2023 tax year, the value of the loss carry-forwards for the 2023 tax year does not change, as the recognised losses flow through to the Consolidated Financial Statements on the basis of the existing Group contract.

15. Other receivables and noncurrent assets

As at 31 December 2023, there were no receivables due beyond 12 months.

16. Inventories

The balance of the item "Inventories" as at 31 December 2023 is broken down as follows:

	31.12.2023	31.12.2022
Maintenance consumables	134,489	125,490
Diesel	807	846
Other material in stock	1,598	852
Total inventory	**136,894**	**127,188**
Provision for inventory write-down	(33,591)	(29,718)
Total net inventory	**103,303**	**97,470**
Advances on supplies	1,657	1,657
Total	**104,960**	**99,127**

Inventories, gross of "Advances on supplies" and "Allowance for inventory write-downs", increased by EUR 9,706 thousand compared to 31 December 2022. With regard to the increase in inventories, at the parent company ATM S.p.A. level, it refers to maintenance materials for track equipment and electrical and electronic systems, while with reference to the subsidiary Metro Service A/S, it is consistent with the growth of the train fleet and the management of the four metro lines.

As a result of the inventory reconnaissance, obsolete assets in the amount of EUR 1,802 thousand were disposed of and, consequently, the "Inventory write-down provision" set up in previous years for this purpose was used for the same amount. In addition, at 31 December 2023, a provision of EUR 5,675 thousand, having considered, on the one hand, assets with a low turnover rate and, on the other hand, the results of the analyses carried out to assess the obsolescence of materials in inventory to be disposed of, with reference mainly to vehicles that at the date of preparation of the financial statements have left the production process or are expected to be taken out of service and consistent with maintenance requirements.

Changes in the *"inventory write-down provision"* are shown below.

	31.12.2022	Increases	Decreases	31.12.2023
Provision for inventory write-down	29,718	5,675	(1,802)	33,591
Total	**29,718**	**5,675**	**(1,802)**	**33,591**

The provision for "Allowance for inventory write-downs" is included in the profit and loss account item "Costs for purchases of goods and changes in inventories" (Note 32).

17. Current financial assets

	31.12.2023	31.12.2022
Current financial assets	170,281	159,240
Total	**170,281**	**159,240**

Current financial assets as at 31 December 2023 are broken down as follows:

- Government securities "Held to Collect & Sell" classified as FVTOCI in the amount of EUR 32,957 thousand, whose changes in fair value continue to be recognised with a balancing entry in the equity reserve (recognised in OCI) until realised or reclassified;
- Corporate bonds "Held to Collect & Sell "classified as FVTOCI in the amount of EUR 40,804 thousand, whose changes in fair value continue to be recognised with a balancing entry in the equity reserve (recognised in OCI) until realised or reclassified;
- Corporate bonds "Other" classified as FVTPL in the amount of EUR 14,818 thousand, whose changes in fair value are recognised in the Statement of Operations and contribute to the profit or loss for the year;
- Units of "Other" OICRs classified as FVTPL in the amount of EUR 81,702 thousand, whose changes in fair value are recognised in the Income Statement and contribute to the economic result for the year.

The net change from 31 December 2022 is attributable to changes in the portfolio of invested assets and its management. The analysis of portfolio movements is set out in the cash flow statement, to which reference should be made.

18. Current Tax Assets

	31.12.2023	31.12.2022
Withholding tax credit	13,016	14,735
Credits for tax advances (IRAP)	9,043	1,640
Total	**22,059**	**16,375**

The "Receivable from tax authorities for withholding taxes", amounting to EUR 13,016 thousand, relates to receivables for withholding taxes incurred by ATM S.p.A. and subsidiaries participating in the tax consolidation scheme.

The "Receivables for advance payments on taxes (IRAP)" amounting to Euro 9,043 thousand concern both disputes with the tax authorities with a favourable outcome for the Company, and advance payments made.

19. Trade receivables

Item "Trade Receivables" as at 31 December 2023 shows a balance of EUR 217,127 thousand, broken down as follows:

	31.12.2023	31.12.2022
Receivables from third parties	67,517	69,801
Receivables from related parties	149,610	159,704
Receivables from parent companies	*135,117*	*152,376*
Receivables from affiliates	*14,231*	*2,180*
Receivables from subsidiaries of parent companies	*262*	*5,148*
Total	**217,127**	**229,505**

"Receivables from third parties" mainly refer to receivables from Italian and European Union entities and concern services rendered for advertising, sponsorships and rental of commercial premises in underground stations. The decrease of EUR 2,284 thousand refers mainly to receivables for invoices to be issued, partially offset by receivables for invoices already issued. This item includes receivables of EUR 47,913 thousand (EUR 47,328 thousand in 2022) owed by the Danish subsidiary Metro Service A/S to the entrusting entity

Receivables are shown net of the specific allowance for doubtful accounts, which as at 31 December 2023 amounted to EUR 11,379 thousand (EUR 12,114 thousand as at 31 December 2022), set up to specifically cover doubtful receivables and receivables for which legal action is currently pending.

Changes in the provision for bad debts are as follows:

	31.12.2022	Provisions	Uses	Releases	31.12.2023
Provision for bad debts	12,114	192	(878)	(49)	11,379
Total	**12,114**	**192**	**(878)**	**(49)**	**11,379**

During the year, the reserve was utilised for EUR 878 thousand, the reserve was adjusted for EUR 192 thousand, and the reserve was released for EUR 49 thousand against new and more complete information on the status of disputes with certain creditors, with these amounts recognised in the item "Other operating costs and charges" (Note 36).

"Receivables from related parties" comprise:

- "Receivables from the Parent Company" for EUR 135,117 thousand (EUR 152,376 thousand as at 31 December 2022) net of the specific allowance for impairment which amounted to EUR 470 thousand as at 31 December 2023. This item refers to receivables from the Municipality of Milan, mainly for invoices issued for the consideration of the Local Public Transport (LPT) Service Contract for the month of December 2023 (EUR 58,560 thousand) as well as withholdings as guarantee of the aforementioned contract equal to 5% of the consideration for the months of April, May and June 2023 (totalling EUR 9,246 thousand) and for invoices to be issued for the same for the months of July through December 2023 (EUR 16,811 thousand). Also included are receivables in the amount of EUR 21,113 thousand as accrual for the Company's 2023 exercised mileage. Finally, there are invoices to be issued for work on the metro and tram infrastructure (EUR 22,018

thousand), services for area C (EUR 3,150 thousand), miscellaneous services including the construction of the traffic control system (EUR 2,129 thousand), additional school service (EUR 1,290 thousand) and management of the bike sharing service (EUR 800 thousand).

At the date of preparation of this financial report, the receivable from the Municipality of Milan related to the consideration for the LPT Service Contract for December 2023 was collected in the amount of EUR 53,236 thousand.

The change compared to 2022 is related to both the adjustment of the service contract fee with the Municipality of Milan and the lower maintenance services performed during the year on municipal-owned assets.

Changes in the provision for bad debts due from the parent company are shown below:

	31.12.2022	Provisions	Releases	31.12.2023
Allowance for doubtful accounts with subsidiaries	414	73	(17)	470
Total	**414**	**73**	**(17)**	**470**

During the year, due to new and more precise information on some specific positions, the provision was released in the amount of EUR 17 thousand and accrued in the amount of EUR 73 thousand, with these amounts recognised in the item "Other Operating Costs and Charges" (Note 36).

– "Receivables from associated companies" in the amount of EUR 14,231 thousand (EUR 2,180 thousand as at 31 December 2022), related to services rendered under existing contracts. The balance is broken down as follows:

	31.12.2023	31.12.2022
Co.Mo. Fun&Bus S.c.a r.l.	314	278
SPV Linea M4 S.p.A.	11,727	-
Metro 5 S.p.A.	2,186	1,878
Movibus S.r.l.	33	31
Total	**14,260**	**2,187**
Provision for bad debts	(29)	(7)
Total	**14,231**	**2,180**

Receivables mainly refer to services rendered under existing contracts. The increase in the item refers to both the reclassification among associates of SPV M4 S.p.A. due to the increase in ATM S.p.A.'s investment and the increase in the service contract consideration. Receivables from Metro 5 S.p.A. increased due to the increase in the service contract fee. Receivables from SPV M4 S.p.A. refer to the service contract consideration in relation to the opening of the Linate - San Babila functional section from 4 July 2023.

During the year, the "Allowance for doubtful accounts receivable from affiliates" was adjusted. Changes in the year are shown below:

	31.12.2022	Provisions	Releases	31.12.2023
Allowance for doubtful accounts with associates	7	26	(4)	29
Total	**7**	**26**	**(4)**	**29**

The provision of EUR 26 thousand as well as the release of EUR 4 thousand are recorded under 'Other operating costs and expenses' (Note 36).

– "Receivables from subsidiaries of parent companies", for EUR 262 thousand (EUR 5,148 thousand as at 31 December 2022). Receivables refer to services rendered under existing contracts. The decrease from 31 December 2022 is attributable to the credit position with SPV M4 S.p.A., which, as mentioned elsewhere in this document, was reclassified as an associated company due to the purchase of the shares owned by the private shareholders on 20 December 2023; a purchase that saw ATM S.p.A. go from 2.33% to 31.53% of the company's capital.
During the year, the "Allowance for doubtful accounts receivable from subsidiaries of the parent company" was adjusted by setting aside an amount of EUR 3 thousand and releasing EUR 9 thousand, with this amount recognised under "Other operating expenses and charges" (Note 36).

	31.12.2022	Provisions	Releases	31.12.2023
Allowance for doubtful accounts with subsidiaries of the parent company	6	3	(9)	-
Total	**6**	**3**	**(9)**	**-**

20. Other receivables and current assets

Other current receivables and assets as of 31 December 2023 showed a balance of EUR 91,504 thousand, net of the specific allowance for impairment, which amounted to EUR 2,209 thousand as of the same date.

	31.12.2023	31.12.2022
Receivables for contributions	82,921	104,057
Other tax receivables	3,287	2,842
Prepaid expenses	3,681	2,805
Other receivables	1,615	1,540
Total	**91,504**	**111,244**

The most significant change, with respect to 31 December 2022, relates to the item "Credits for grants", which recorded a decrease of EUR 21,136 thousand due to both lower receivables for regional grants, partly offset by higher receivables for state grants, and the receivable related to the grant for the "bonus transport", established by Decree-Law no. 50 of 17 May 2022 and converted with amendments into Law no. 91 of 15 July 2022.

As at 31 December 2023, the CCNL contributions pertaining to the financial year 2023 have almost been fully collected.

Below is a breakdown of the item "Receivables for contributions":

- EUR 57,585 thousand (EUR 18,554 thousand at 31 December 2022) related to grants requested for investments subject to contributions by public entities. The grants recognised refer for EUR 55,121 thousand (EUR 14,005 thousand in 2022) to receivables relating to investments financed by the State, (EUR 41,818 thousand for rolling stock, EUR 6,762 thousand for electric bus recharging systems, and EUR 6,541 thousand for infrastructure), for EUR 2,431 thousand (EUR 2,895 thousand in 2022) to receivables financed by the Lombardy Region for the purchase of buses for EUR 33 thousand to receivables financed by the Municipality for the bike sharing project;
- EUR 24,654 thousand (EUR 79,617 thousand as of 31 December 2022) in respect of grants resolved upon by Authorities and recorded on an accrual basis, of which EUR 22,155 thousand related to the purchase of rolling stock, EUR 1,974 thousand related to recharging equipment and EUR 525 thousand related to infrastructure;
- EUR 436 thousand (EUR 763 thousand as of 31 December 2022) concerning contributions deliberated by Authorities and mainly related to free circulation cards issued to entitled persons for EUR 430 thousand and EUR 6 thousand to National Labour Collective Contract contributions pertaining to Como Fun & Bus S.r.l;
- EUR 246 thousand referred to grants received related to the transportation bonus.

"Other tax credits" refer for EUR 1,239 thousand to tax credits under Article 1 paragraphs 184 to 194 of Law No. 160 of 27 December 2019, to the Industria 4.0 tax credit, recorded under Law No. 178/2020 - Article 1, paragraph 1057 for EUR 2,048 thousand and to the diesel excise tax credit related to the 3rd and 4th quarter of 2023.

"Prepaid expenses" refer to insurance premiums and fee-based maintenance services pertaining to the following year, the financial manifestation of which occurred in the year 2023.

Other receivables refer to advances paid to employees in accidents on behalf of INAIL, to receivables from employees for passes issued to family members, and to deposits made to various entities.

During the year, against doubtful receivables of EUR 2,209 thousand, an amount of EUR 746 thousand was set aside in the specific provision for bad debts with a balancing entry in the income statement under item *"Other operating expenses and charges"* (Note 36).

21. Cash and cash equivalents

	31.12.2023	31.12.2022
Cash and cash equivalents	142,186	182,196
Total	**142,186**	**182,196**

The balance includes current account balances, cash funds, prepaid company credit card balances, as well as teller allocations and issuer allocations.

All accounts are denominated in euros, with the exception of the current account in Danish kroner held by the Danish subsidiary Metro Service A/S with a countervalue of EUR 16,816 thousand at 31 December 2023 (EUR 23,157 thousand at 31 December 2022).

The item "Cash and cash equivalents" is stated net of the related provision to cover losses totalling EUR 227 thousand. In the financial year 2023, a provision of EUR 77 thousand was set aside.

It should be noted that short-term liquidity ("hot money") of EUR 35 million was repaid in 2023.

22. Windfall assets

In 2022, following the receipt of a purchase proposal accepted by the Directors, the presumed sale value of the land and warehouse located in Via Pompei in Monza and owned by the subsidiary Net S.r.l. was reclassified in the amount of EUR 3,200 thousand.

The finalisation of the sale of the land and the deposit has been postponed in order to take into account the time required for the completion of the bureaucratic formalities by the Municipality of Monza (and any other competent Authorities) for the definition of the property's boundaries, the building indexes and the applicability to the property of the conditions set forth in the PGT currently in force.

23. Net equity

The "Share Capital" amounts to EUR 700,000 and consists of 70,000,000 ordinary shares with a par value of EUR 10 each. It is fully subscribed and paid up and there were no changes during the year or in the previous year. The Municipality of Milan is the sole shareholder of the parent company ATM S.p.A.

The item "Other Reserves" includes the "Reserve actuarial gains/(losses) from defined benefit plans" which includes the effects of accounting under "Other Comprehensive Income" for gains/(losses) from defined benefit plans net of the related tax effect.

The changes shown in the Statement of Other Components of the Consolidated Income Statement are detailed and described in the "Statement of Changes in Equity".

The portion of the First Time Adoption reserve that became available amounted to EUR 131,603 thousand.

The following table shows the reconciliation of the Consolidated and Parent Company Shareholders' Equity:

	Capital and Reserves as at 31.12.2022	Result as at 31.12.2023	Var. UCITS components	IFRS 9 impacts	Dividend distribution	Incorporation TheMA S.A.	Other transactions	Capital and Reserves as at 31.12.2023
ATM S.p.A. shareholders' equity at 31/12/2022	1,091,363	(11,017)	1,402	(42)				1,081,706
Elimination of Investments	(29,937)							(29,937)
Change in the scope of consolidation						1,949		1,949
IAS 19 reserve	(335)							(335)
Net assets contributed by consolidated companies	144,048	26,581	(19)					170,610
Translation/rounding reserve	6						(5)	1
Dividends	(73,633)	(19,029)			(3,871)			(96,533)
Equity valuation of affiliated companies	30,864	4,398	(1,996)					33,266
Consolidation adjustments	14,969	(180)						14,789
Total equity	**1,177,344**	**753**	**(613)**	**(42)**	**(3,871)**	**1,949**	**(5)**	**1,175,515**
Group Shareholders' equity	**1,155,399**	**(3,941)**	**(613)**	**(42)**			**(5)**	**1,150,798**
Equity attributable to non-controlling interests	**21,945**	**4,694**			**(3,871)**	**1,949**		**24,717**

24. Non-Current and Current Financial Liabilities

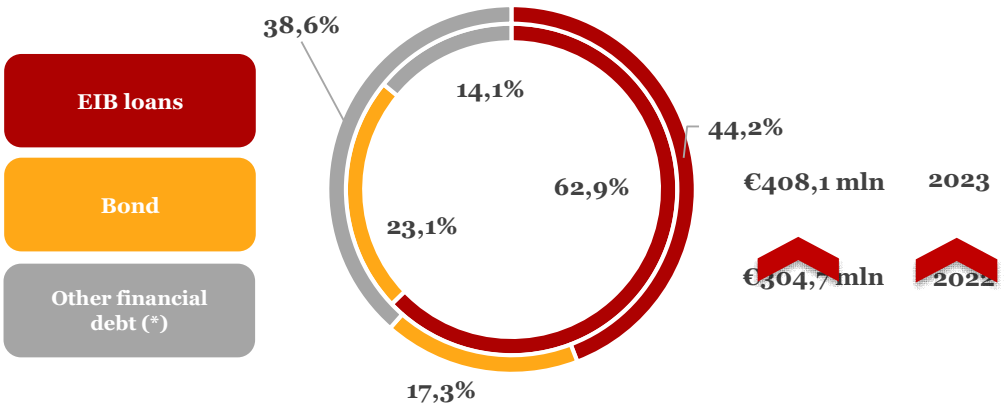
	31.12.2023	31.12.2022
Non-current financial liabilities	173,842	254,609
Current financial liabilities	234,294	50,051
Total	**408,136**	**304,660**

The breakdown of financial liabilities by their nature and maturity is shown below:

Loans	Within 12 months	In 1 year and 5 years	Over 5 years	Total
EIB loan	*11,360*	*46,963*	*122,029*	*180,352*
Bond	*69,890*			*69,890*
Bridge to Bond	*149,490*			*149,490*
Total Loans	**230,740**	**46,963**	**122,029**	**399,732**
Accrued interest				
Bond	*524*			524
Bridge to Bond	*252*			*252*
Hot money	*38*			*38*
Total accrued interest	**814**			**814**

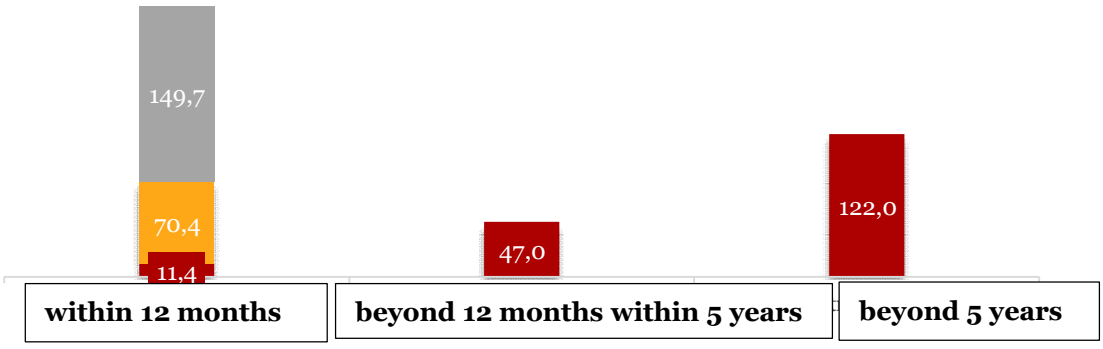
Liabilities for L.L. IFRS 16	**2,740**	**4,850**		**7,590**
TOTAL	**234,294**	**51,813**	**122,029**	**408,136**

Breakdown of financial debt (2023 vs 2022)



N.B.: the comparative pie chart shows the 2023 data externally and the 2022 data internally, respectively
* including Bridge to Bond, lease debts and accrual on hot money

Financial debt repayment 31.12.2023 (EUR mln)



* financial liabilities deriving from the application of IFRS 16, payables from cash pooling and the accrual on hot money are not included



The amount of EUR 408,136 thousand refers to:

- EUR 180,352 thousand (of which EUR 11,360 thousand current and EUR 168,992 thousand non-current) to accruals, net of repayments, activated under the loan agreement for a total of EUR 250,000 thousand signed with the European Investment Bank for the financing of the new underground trains on the M1 and M2 lines. The loan agreement places an obligation on the parent company to comply with certain capital and financial parameters. As at 31 December 2023, as in previous years, the *covenants* contractually set forth in the loan agreement have been fulfilled. The debt is fully due on 30 June 2038 and is therefore mainly recorded under "*Non-current financial liabilities*";
- EUR 70,414 thousand to the bond loan placed on 8 August 2017 by the Company (of which EUR 69,890 thousand related to the principal portion of the bond loan and EUR 524 thousand related to interest accrued in the period that will be paid on the maturity date), not backed by collateral and intended only for qualified investors for a total nominal value of EUR 70 million. The bonds mature on 8 August 2024 and interest is calculated at a fixed annual rate of 1.875 %. The stock is listed on the Dublin Stock Exchange (ISIN code XS1653969953). On 30 November 2023, Fitch Ratings confirmed ATM's long-term rating at 'BBB' (Long Term Issuer Default Rating) with a stable outlook, 'F2' for short-term and 'a-' as a single rating on the Parent Company. The bond is valued at amortised cost, which therefore took into account the expenses incurred and issue discounts. The effective, fixed interest rate for the entire term of the loan is deemed representative of market conditions as at 31 December 2023. At the end of the financial year, the Group has the financial resources necessary to repay the loan in full, as can be seen from the balance of the items cash and securities;
- EUR 149,490 thousand to a Bridge to Bond loan in principal and EUR 252 thousand in interest. The loan was signed on 15 December 2023, drawn on 20 December 2023 and the natural maturity date is 15 December 2024;
- EUR 38 thousand related to interest accrued up to the date of repayment of the "Hot Money" line of EUR 35,000 thousand, repaid in the first half of 2023;
- EUR 7,590 thousand to the value of the *lease liability* recognised following the entry into force from 2019 of IFRS 16 *Leases* (of which EUR 2,740 thousand due within 12 months and EUR 4,850 thousand due beyond 12 months). During the year, this item changed due to the recognition of new contracts in the amount of EUR 1,934 thousand, the recognition of implied interest in the amount of EUR 163 thousand, and the payment of fees in the amount of EUR 2,196 thousand.
- With regard to loans granted by the European Investment Bank (EIB), the Group signed loans totalling EUR 250,000 thousand, of which EUR 235,367 thousand at a fixed rate.

Details of EIB disbursements are given below:

EUR thousands	Date of draught	Currency	Initial amount of debt	Amount of debt to be repaid as at 31/12/2023	Interest rate as at 31/12/2023	Maturity
Disbursement 1	29/11/2013	euro	*14,633*	*9,869*	4.807% (*)	30/06/2038
Disbursement 2	28/11/2014	euro	*40,000*	*28,793*	1.99%	30/06/2038
Disbursement 3	23/04/2015	euro	*55,367*	*38,579*	0.96%	30/06/2038
Disbursement 4	15/03/2017	euro	*70,000*	*51,610*	1.45%	30/06/2038
Disbursement 5	31/01/2018	euro	*40,000*	*29,429*	1.37%	30/06/2038
Disbursement 6	31/01/2018	euro	*30,000*	*22,072*	1.37%	30/06/2038
Total			***250,000***	***180,352***		

(*) variable-rate indexed disbursement

Disbursements are recorded at amortised cost represented by the nominal value as there are no contractual start-up charges, and the effective interest rate of each disbursement, fixed for the entire duration of the loan, was considered to be representative of market conditions as at 31 December 2023. Similarly, the variable-rate tranche is recorded at nominal value, since, with reference to *forward* rates, in the medium term the rate is considered representative of market conditions.

25. Employee benefits

Defined benefit plans are calculated by estimating, using actuarial techniques, the amount of future benefit that employees have accrued in the current and prior periods. 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 is given by the price on 31 December of each year of the iBoxx Corporate EUR benchmark index with duration 7-10 and AA rating.

	31.12.2023	31.12.2022
Employee Severance Indemnity	83,493	89,351
Total	**83,493**	**89,351**

The TFR, governed by Article 2120 of the Civil Code, includes the estimated obligation relating to the amount to be paid to employees upon termination of employment. The allowance, which is paid in the form of a lump sum, is equal to the sum of allowances calculated on the salary items paid in respect of the employment relationship and revalued up to the time of termination thereof. As a result of legislative changes introduced as of 1 January 2007, for companies with more than 50 employees, the accrued termination indemnity is classified as a defined-contribution plan insofar as the company's obligation is represented solely by the payment of contributions to pension funds, i.e. to INPS. The liability for severance pay prior to 1 January 2007 represents a defined benefit plan to be valued using actuarial

techniques. The TFR falls under defined benefit plans that are unfunded and therefore there are no assets servicing the plan.

The following changes occurred during the financial year with regard to severance pay:

	Change
Opening balance	**89,351**
Cost of service	132
Interest cost	3,069
Actuarial losses	1,472
Benefits Paid	(10,531)
Closing balance	**83,493**

The amount of termination benefits calculated in accordance with Article 2120 of the Civil Code is EUR 86,042 thousand.

The actuarial loss for the period, amounting to EUR 1,472 thousand, was recognised in other comprehensive income by adjusting the balance of the employee severance indemnity reserve with a balancing entry in a specific equity reserve and is composed as follows:

	Change
Actuarial gains due to experience	(42)
Actuarial losses due to changes in financial assumptions	1,514
Closing balance	**1,472**

With regard to termination benefits, the actuary's valuations were based on the economic-financial and demographic assumptions summarised in the tables below:

Date of calculation	ATM S.p.A. 31.12.2023	GESAM S.r.l. 31.12.2023	Rail Diagnostics S.p.A. 31.12.2023	NET S.r.l. 31.12.2023	Citylink S.r.l. 31.12.2023
Mortality rate	IPS55 tables	IPS55 tables	IPS55 tables	IPS55 tables	IPS55 tables
Disability rates	INPS-2000 tables	INPS-2000 tables	INPS-2000 tables	INPS-2000 tables	INPS-2000 tables
Staff turnover rate	5.81%	4.08%	4.53%	6.90%	0.50%
*Discount rate**	3.08%	3.08%	3.08%	3.08%	3.08%
Rate of salary increase	1.50%	1.50%	1.50%	1.50%	1.50%
Rate of advances	0.64%	5.07%	2.99%	0.90%	0.50%
Inflation rate	2.00%	2.00%	2.00%	2.00%	2.00%

**Quotation at 31/12/2023 of the iBoxx Corporate EUR benchmark index with 7-10 duration and AA rating*

The sensitivity analysis on the discount rate represents the change in the value of the actuarial liability that results from year-end valuation data by varying the discount rate, subject to other assumptions:

	Change
Turnover rate +1%	83,622,934
Turnover rate -1%	83,354,686
Inflation rate +0.25%	84,197,149
Inflation rate -0.25%	82,796,708
With discount rate +0.25%	82,401,793
With discount rate -0.25%	84,609,585

26. Provisions for risks and charges

	31.12.2023	31.12.2022
Provision for environmental disputes and risks	48,599	68,163
Provision for damages/claims	13,965	16,912
Other provisions	20,455	13,880
Total	**83,019**	**98,955**

The most significant items contributing to the balance are as follows:

– The "*Provision for disputes and environmental risks*" in the amount of EUR 48,599 thousand, referring to contingent liabilities towards suppliers, customers, third parties, employees, related parties and the environment, arising from ordinary business operations, the occurrence of which is deemed probable. The fund is made up of *i)* EUR 17 million relating to the environmental fund *ii)* EUR 15 million for the guarantee provided when submitting the project finance proposal pursuant to Article 183, paragraph 15 of Legislative Decree no. 50/2016 *iii)* EUR 8 million for disputes concerning the allocation of tariff revenues; *iv)* EUR 5 million for disputes with personnel *v)* EUR 0.9 million for quality standard penalties that could be charged to NET S.r.l. by the Basin Agency *vi)* approximately EUR 2.7 million refers to legal expenses and disputes with suppliers. During the year, the amount of the provision was updated on the basis of the hypothesised impact of pending litigations and the outcome of completed litigations, as well as on the basis of revised estimates, resulting in accruals of EUR 4,853 thousand, utilisations of EUR 1,545 thousand and releases of EUR 22,872 thousand, as detailed below.

  Provisions of EUR 4,853 thousand were made in the financial year 2023, of which:

  - EUR 1,407 thousand for new and more updated information related to a dispute with CTP, which was fully disclosed in the Report on Operations in the section on *"Main Outstanding Disputes"*;
  - EUR 1,068 thousand for legal expenses related to various disputes in progress;
  - EUR 815 thousand related to disputes with personnel;
  - EUR 657 thousand in respect of a new dispute with the Agenzia per la Coesione Territoriale for the request to revoke the grant paid to ATM S.p.A. for the "*PON Metro Milano 2014/2020*" project;
  - EUR 552 thousand related to the settlement of penalties and adjustments for lower mileage related to service contracts for the year 2023 of the subsidiary NET S.r.l.;
  - EUR 321 thousand for the litigation underway with Caronte of which detailed information is provided in the Report on Operations in the section on *"Main Outstanding Litigations";*

- EUR 33 thousand related to disputes with some suppliers.

Utilisation movements of the provision of EUR 1,545 thousand refer to:

- EUR 540 thousand to utilisation related to the settlement of disputes with personnel;
- EUR 750 thousand to be used for specific maintenance work carried out at certain company sites and plants;
- EUR 211 thousand to utilisation relating to disputes with suppliers;
- EUR 44 thousand to legal expenses.

In addition, as a result of the review of estimates due to events during the year and in consideration of new and more complete information compared to that available at the time the original estimates were made, the provision was released for a total of EUR 22,872 thousand; EUR 22,730 thousand related to disputes with personnel and specifically to the dispute related to the recognition of specific remuneration parameters during the holiday period for the parent company ATM S.p.A. and for the subsidiary NET S.r.l.; for the latter, following the settlement of the service agreement for 2020 with the Basin Agency, the provision of EUR 41 thousand was also released and, lastly, following the settlement of certain disputes with suppliers, the provision of EUR 101 thousand was released.

– the "*Claims settlement reserve*" in the amount of EUR 13,965 thousand, the value of which is commensurate with the estimated compensation to be paid in future years for damages/claims related to the circulation of scheduled passenger cars, limited to the risk band not covered by the insurance policies taken out with the various Companies. Non-performing claims were assessed by examining individual files open as at 31 December 2023.

– from *"Other provisions"*: the item mainly refers to *"Provision for restoration charges"* and is attributable to the costs that Metro Service A/S will have to incur, as per the Service Agreement entered into with the municipality of Copenhagen, to return the assets received at the start of operation of the metro lines in their state of use. The fund was revised against contractual provisions.

The value of the above provisions includes the best estimate of litigation-related legal expenses.

Changes in the provisions for liabilities and charges are shown below:

	31.12.2022	Increases	Uses	Release	31.12.2023
Litigation Fund	68,163	4,853	(1,545)	(22,872)	48,599
Liquidated damages/claims fund	16,912	940	(3,887)		13,965
Other provisions	13,880	6,590		(15)	20,455
Total	**98,955**	**12,383**	**(5,432)**	**(22,887)**	**83,019**

Please refer to Note 5 "*Use of Estimates*" for considerations on the estimative processes underlying the valuation of disputes and contingent liabilities.

27. Deferred tax liabilities

	31.12.2023	31.12.2022
Deferred tax liabilities	49,238	49,744
Total	**49,238**	**49,744**

The nature of temporary differences that generated deferred taxes is summarised below:

	Liabilities for Deferred Tax Liabilities as at 31.12.2022	Recognised in Income Statement	Recognised as Assets	Liabilities for Deferred Tax Liabilities as at 31.12.2023
Land and Buildings - IAS 16	43,787	(341)	-	43,446
Fair Value Rolling Stock and Financial Leases	5,694	(299)	-	5,395
Fair Value Financial Assets/Liabilities	(110)	106	-	(4)
Equity Investments	373	52	(24)	401
Total	**49,744**	**(482)**	**(24)**	**49,238**

28. Current tax liabilities

	31.12.2023	31.12.2022
IRAP	-	29
Income tax Metro Service A/S	1,462	979
Total	**1,462**	**1,008**

The item refers for EUR 1,462 thousand to the current tax liability of the Danish subsidiary Metro Service A/S.

Italian companies do not have taxes for IRES purposes.

29. Trade Payables

	31.12.2023	31.12.2022
Payables to third parties	294,585	239,804
Payables to related parties	52,302	49,991
Payables to the parent company	*48,707*	*47,274*
Payables to affiliates	*2,929*	*1,060*
Payables to subsidiaries of parent companies	*666*	*1,657*
Total	**346,887**	**289,795**

The amount of EUR 294,585 thousand for "*Outstanding payables to third parties*" (EUR 239,804 thousand as at 31 December 2021) includes payables for invoices not yet paid and payables for invoices to be received that arose for the purchase of materials, services and capitalised goods, mainly to Italian and European Union suppliers. The increase of EUR 54,781 thousand is mainly attributable to the resumption of the supply of rolling stock.

"Payables to related parties" mainly include "*Debts to parent company*", which showed a balance of EUR 48,707 thousand as at 31 December 2023 (EUR 47,274 thousand as at 31 December 2022) and are entirely attributable to the City of Milan. The increase is mainly related to the dynamics of revenue from travel tickets, and therefore there are higher payables for refunds for December 2023 compared to the same period in 2022.

The balance of item *"Payables to parent company"* refers to:

- for EUR 35,387 thousand (EUR 31,055 thousand as of 31 December 2022) to the liability for the payment to the Municipality of Milan of the proceeds from ticket sales in December 2023;
- to payables for the repayment of Parking Spaces revenues to the Municipality as defined in the "Parking Spaces Agreement" of 27 April 2017, of which EUR 4,879 thousand referred to 2018 and EUR 4,830 thousand referred to 2019. For the years 2021 and 2022, there are no payables for Parking Spaces revenues to be repaid to the municipality since the amount of Parking Spaces revenues was less than the minimum amount guaranteed to ATM S.p.A. of EUR 18.5 million;
- EUR 2,176 thousand for the balance to be paid against the invoice for the reimbursement of ticket revenue for October and November 2023;
- for EUR 1,384 thousand to repayments of Area C revenues for the month of December 2023;
- 31 thousand to the portion of the grant recognised by the Municipality for the "*Mobility4MI*" project that was not used in 2023;
- for EUR 20 thousand to a sponsorship.

The *"Payables to affiliated companies"* are detailed below:

	31.12.2023	31.12.2022
Co.Mo. Fun&Bus S.c.a.r.l.	18	1
SBE Consortium	264	408
SPV LINEA M4 S.p.A.	1,927	-
Metro 5 S.p.A.	109	75
Movibus S.r.l.	611	576
Total	**2,929**	**1,060**

The most significant change from the previous year relates to the reclassification of payables to SPV M4 S.p.A. following ATM's purchase of the interests owned by the construction partners. Following the purchase of the shares in question, ATM owns 31.53% of the shares of SPV M4 S.p.A.

The *"Payables to subsidiaries of parent companies"* of EUR 666 thousand mainly refer to payables arising from services rendered to MM S.p.A.

30. Other current payables and liabilities

	31.12.2023	31.12.2022
Payables to employees	29,968	46,706
Payables to pension and social security institutions	30,707	33,835
Payables for holidays not taken	26,619	25,812
Other tax liabilities	11,076	14,306
Other payables	20,700	12,389
Waste collection tax	3,074	54
VAT payable	1,391	1,949
Accrued expenses and deferred income	7,071	7,738
Total	**130,606**	**142,789**

The item "*Other current payables and liabilities*" amounted to EUR 130,606 thousand as at 31 December 2023. The main changes are related to the decrease in the items *"Payables to employees"*, *"Amounts due to social security institutions*" and "*"Accrued expenses and deferred income*" partly offset by the increase in *"Other payables"* and *"Waste collection tax"*.

The main components of this item are as follows:

- EUR 29,968 thousand in payables to employees, the change in which was due to the settlement agreement relating to the settlement of remuneration due to employees during holiday periods. This item also includes provisions for redundancy incentive programmes for employees nearing retirement age;
- EUR 30,707 thousand from payables to INPS, Previndai, INAIL as well as to the pension funds of the category and were settled in accordance with legal deadlines in the first months of 2023;
- for EUR 26,619 thousand from the economic valuation of holidays not taken by employees, as well as the countervalue of overtime hours worked, usable as paid leave, not yet utilised;
- for EUR 11,076 thousand from the Irpef withholdings made by the Group as withholding agent on employee income;
- for EUR 20,700 thousand, miscellaneous payables including payables for security deposits of EUR 2,334 thousand and the payable to Fondazione ATM for contributions and payments for services rendered of EUR 725 thousand. The increase is related to the recognition of the portion of investment grants, not yet collected, amounting to EUR 7,985 thousand related to the purchase of electric buses that have not yet been delivered;
- EUR 7,071 thousand in deferred income related to revenues invoiced during the year but pertaining to 2023.

Notes to the consolidated income statement

31. Revenues and other operating income

The value of "*Revenues and other operating income*" consists mainly of:

- "*Revenues from core business*", which refer to revenues generated by the Service Contract for the management of the Local Public Transport (LPT) service stipulated with the Municipality of Milan,

revenues for the management of the Copenhagen metro lines, the consideration for the contract to manage the M5 metro line with Metro 5 S.p.A, the consideration for the contract to manage the M4 line with SPV Metro 4 S.p.A. and, residually, revenues related to other transport services, including the management of the Como - Brunate funicular and the POMA 2000 light metro service; lastly, this item includes revenues related to the mobilization of the Thessaloniki metro;

- "*Other Revenues*", which include revenues from advertising, property rentals, revenues for work performed on municipally owned assets, including maintenance services on infrastructure, and for services performed for the management of Area B and Area C;
- "*Other proceeds*", which mainly comprises operating grants, damage reimbursements and penalties charged to suppliers.

Revenues are realised in Italy and the European Union.

	2023	2022
Revenues from core business	925,458	905,587
Other revenues	81,156	93,317
Other proceeds	90,718	92,566
Total	**1,097,332**	**1,091,470**

The following is a breakdown of *"Revenues from core business"*:

	2023	2022
Revenues from LPT	896,266	878,343
Municipality of Milan Service Contract Fee	*693,567*	*697,751*
Copenhagen Service Contract Fee	*117,242*	*114,789*
Regional Area Service Contract Fee	*18,943*	*19,227*
Line 5 management contract fee	*28,868*	*24,448*
Line 4 management contract fee	*19,105*	*1,459*
Thessaloniki line management contract fee	*450*	-
Fare income - Regional area	*12,762*	*10,606*
Special/dedicated transport services	*5,329*	*10,063*
Revenues from Parking Spaces management	15,876	15,716
Revenues from car park management	9,519	7,971
Revenues from car removal management	3,570	3,428
Sundry revenues	227	129
Total	**925,458**	**905,587**

"*Revenues from LPT*" amounted to EUR 896,266 thousand (EUR 878,343 thousand in the previous year) and increased by EUR 17,923 thousand.

The main changes in the item "*Revenues from LPT*" refer to opposing events and specifically to:

- "Service Contract Fee Municipality of Milan" decreased compared to 2022 by EUR 4,184 thousand. The change is related to the non-recognition by the entrusting body of additional mileage;
- "*Copenhagen Service Contract Fee*" increased by EUR 2,453 thousand compared to last year. The higher revenues are related to the increase in service thanks to the new trains that came into

operation, to the recognition by the entrusted entity of the contractually stipulated indexation and finally to the definition, with the entrusted entity, of the "performance bonus" due to the operator;
- *"Regional Area Service Contract Fee*" decreased by EUR 284 thousand compared to 2022;
- "*Line 5 Management Contract Fee*" increased compared to the previous year by EUR 4,420 thousand. The change is related both to the recognition of the indexation of the consideration as contractually provided for, and to the increased services performed during 2023;
- *"Thessaloniki Management Contract Fee"* amounting to EUR 450 thousand, is related to revenue recognised in the *mobilisation* period of the line;
- *"Line 4 Management Contract Fee"* increasing by EUR 17,646 thousand and deriving from the single management contract for the Line M4 underground between ATM S.p.A. and the concessionaire company SPV Linea M4 S.p.A. The increase is linked both to the operation for the entire calendar year of the second functional Dateo-Linate Aeroporto section, which in 2022 was in place for the period from 26 November to 31 December 2022 only, and to the opening to service of the Piazza Tricolore and Piazza San Babila stations on 4 July 2023;
- "*Income from fares - regional area*" an increase of EUR 2,156 thousand compared to the previous year. The increase is due, as far as the subsidiary Net S.r.l. is concerned to the higher revenues related to the increase in passengers that led to a consequent increase in fare revenue relating to the STIBM share due to NET equal to about 85% of the pre-Covid-19 amount, as far as the Parent Company is concerned, to the higher revenues from passenger traffic related to the management of the Como - Brunate and Varese - Sacro Monte funicular railways for EUR 993 thousand and to the revenues from the management of the POMA 2000 light rail system for EUR 58 thousand;
- "*Special/dedicated transport services*" decreased by EUR 4,734 thousand. This latter change is related mainly to the additional transport services that ATM S.p.A. carried out at the request of the entrusting body, the Municipality of Milan, as part of the "*Pact for Milan*" and to the additional services requested by Agenzia di Bacino to the subsidiary NET S.r.l.. These additional services were performed for the first half of 2022 only, while they were not performed in 2023.

To complete the analysis of "*Revenues from LPT*", it should be noted that services complementary to the Service Contract with the Municipality of Milan increased by a total of EUR 1,850 thousand. More specifically:

- "*Revenues from Parking Spaces management*" increased by EUR 160 thousand due to the resumption of the paid Parking Spaces regime compared to previous years;
- "*Revenues from car park management*" and "*Revenues from car removal management*" increased by EUR 1,548 thousand and EUR 142 thousand, respectively. The increase of the two items is related to the resumption of activities in 2023.

The "*Various revenues"* amounting to EUR 227 thousand (equal to EUR 129 thousand at 31 December 2022) refer to the reimbursement of the secondment of personnel from the ATM Group to other companies.

"*Other revenues*" is broken down as follows:

	2023	2022
Revenue from services rendered	52,518	66,931
Revenues from advertising and sponsorship	16,701	15,386
Rental of commercial premises in underground stations	6,337	5,895
Other revenues	5,600	5,105
Total	**81,156**	**93,317**

"*Other Revenues"* decreased by a total of EUR 12,161 thousand, and the items under analysis are detailed below:

- "*Revenues for services rendered*" decreased by EUR 14,413 thousand compared to FY 2022, on the one hand due to lower services rendered by the Parent Company in the amount of EUR 12,480 thousand and referring to maintenance activities on municipal-owned infrastructure, the Area B and C payment system and the Traffic and Territory Control system and, on the other hand, due to higher services rendered by the Danish subsidiary Metro Service A/S in favour of the owner entity in the amount of EUR 1,855 thousand. It should also be noted that in 2022 SPV M4 S.p.A. was charged for the costs of maintaining the line following the postponement of the public opening of the M4 metro line on 26 November 2022. In 2023, however, in view of the start of operation of the second functional section last year, these costs were not recharged.
- "*Advertising and sponsorship revenues*" increased by Euro 1,315 thousand as a result of the higher fee recognised by IGP Decaux in the amount of Euro 958 thousand and in the amount of Euro 229 thousand as a result of Findomestic's recognition of an advertising contribution;
- "*Metro station commercial premises rents*" increased by EUR 442 thousand due to higher rents for fibre optic fibre in the metro and related to the rental of premises on the mezzanines of the metro lines;
- *"Other revenues*" increased by EUR 495 thousand. The increase was mainly due to higher revenues for the sale of operating materials in the amount of EUR 492 thousand, revenues related to the disposal of inventory materials, the effects of which were also reflected in the inventory write-down provision.

Below is a breakdown of the item "*Other proceeds*", which decreased by EUR 1,848 thousand compared to last year:

	2023	2022
Insurance reimbursements and costs incurred on behalf of third parties	8,765	12,310
Adjustments of Liabilities and Release of Funds	14	99
Income from penalties invoiced to suppliers	4,144	2,635
Capital gains on disposal of property, plant and equipment	697	319
Grants	63,350	65,750
Other proceeds	13,748	11,453
Total	**90,718**	**92,566**

The item *"Insurance reimbursements and for costs incurred on behalf of third parties"* decreased by Euro 3,545 thousand. The change is almost entirely related to lower revenues of the Parent Company

related to reimbursements paid by the Entrusting Entity to the Company for sanitisation costs incurred in 2022 and in previous years during the emergency phase connected to the Covid-19 pandemic for a total of EUR 5,166 thousand, partially offset by reimbursements received from contracting authorities to cover costs incurred in submitting tenders for EUR 952 thousand and reimbursements for higher commissions for EUR 517 thousand.

The item *"Liability adjustments and release of provisions"* decreased by EUR 85 thousand. In 2023, the specific provision for risks recorded by the Italian-registered subsidiary Rail Diagnostics S.p.A. was released in relation to the dispute between the Company and Nuova Ralfo S.r.l. concerning the derailment of the Schoerling train in October 2019. The two companies reached a settlement agreement, and the provision for risks was therefore released in the amount of EUR 14 thousand.

The item *"Income from penalties invoiced to suppliers"* increased by EUR 1,509 thousand. During the financial year 2023, among others, penalties of EUR 856 thousand were invoiced to contractors and EUR 728 thousand to suppliers of road rolling stock.

The item *"Gains on disposal of property, plant and equipment"* of EUR 697 thousand refers to the capital gain realised by the Parent Company from the sale of 162 buses, 31 trolleybuses and the sale of the following equipment: 2 coin/ banknote sorters, 20 column lifters as well as various workshop equipment for a total of EUR 682 thousand, and EUR 15 thousand refers to the sale of 5 buses by the subsidiary CityLink S.r.l. (EUR 319 thousand as at 31 December 2022).

The item *"Contributions"* decreased by EUR 2,400 thousand. The decrease is mainly due to the effect of the collection in 2022 of contributions pertaining to the *"Restorals Decree"* pertaining to NET S.r.l. for EUR 1,525 thousand and, as regards the Parent Company, to the collection in 2022 of contributions pertaining to the *"Restorals Decree"* pertaining to Como Fun&Bus for EUR 527 thousand.

This item also includes contributions for the production of electricity through photovoltaic plants and contributions for personnel training in the amount of EUR 752 thousand and EUR 855 thousand, respectively.

The item also includes EUR 50,190 thousand in contributions for the national labour agreement pertaining to the year, the amount of which is unchanged from the previous year, allocated by Law No. 47 of 27 February 2004 to cover the costs arising from the renewal of the collective labour agreement for the two-year period 2002/2003, by Law No. 58 of 22 April 2005 to cover the costs arising from the renewal of the national labour agreement for the two-year period 2004/2005, and by Law No. 296 of 27 December 2006 (2007 Budget) to cover the costs of the renewal of the national labour agreement for the two-year period 2006/2007.

The increase in *"Other proceeds"* of EUR 2,295 thousand refers mainly to fines collected by the Danish subsidiary Metro Service A/S.

32. Costs for purchases of goods and changes in inventories

	2023	2022
Purchases of goods	92,040	90,123
Changes in inventories	(3,314)	(118)
Consumption of raw materials for internal work	(1,970)	(1,031)
Total	**86,756**	**88,974**

This item, which totalled EUR 86,756 thousand, includes purchase costs for materials required for vehicle and plant maintenance, diesel fuel and travel and Parking Spaces tickets, as well as the change in inventories net of utilisations and provisions made to the *"Inventory write-down reserve"*. The net decrease for the period is related to lower purchases of materials to meet maintenance requirements and, above all, to the inventory dynamics of the related obsolescence provision. In addition, the item under analysis includes the excise tax refund on diesel fuel amounting to EUR 4,218 thousand in 2023, an increase of EUR 3,220 thousand compared to 2022.

The value is adjusted for the consumption of materials for internal works related to extraordinary maintenance work on the metropolitan train fleet in the amount of EUR 1,970 thousand (EUR 1,031 thousand in 2022).

33. Costs for services

	2023	2022
Maintenance and cleaning costs	164,841	158,561
Traction electricity	83,415	49,859
Utilities	27,699	21,417
Subcontracted transport services	25,173	31,682
Professional services	19,647	12,967
Various services	11,368	8,859
Production and distribution of travel documents	8,212	7,678
Insurance	6,621	6,057
Customer services and marketing	5,734	4,792
Staff services	5,367	4,908
Supervisory costs	2,264	2,289
Total	**360,341**	**309,069**

The item *"Maintenance and cleaning costs"*, increasing by EUR 6,280 thousand compared to 2022, refers to third-party interventions for ordinary and extraordinary maintenance in the amount of EUR 129,581 thousand (EUR 121,524 thousand in 2022) and EUR 35,260 thousand (EUR 37,037 thousand in 2022) for cleaning interventions carried out on plants, warehouses, premises and vehicles during the year.

Increases in maintenance costs incurred during the year totalled EUR 2,564 thousand. The main changes relate to the following: i) higher costs incurred for rolling stock maintenance activities totalling EUR 5,068 thousand, as a result of the internalisation of maintenance activities following the termination of the full service maintenance contracts that were the responsibility of the vehicle suppliers and included in the purchase contracts and, with regard to the subsidiary Metro Service A/S for the higher charges related to cyclical maintenance on rail rolling stock, ii) higher charges for the period relating to maintenance work carried out on the rolling stock and infrastructure, totalling 4,116 thousand euro iii) lower balances from previous years in the amount of 2,174 thousand euro, partly offset by lower charges relating to hardware and software maintenance in the amount of 1,161 thousand euro.

The decrease in cleaning costs incurred during the year, totalling EUR 1,777 thousand, is related to lower charges for cleaning operations on vehicles and premises for EUR 3,079 thousand, partially offset by higher cleaning operations on plants for EUR 1,118 thousand.

In 2023, the specific provision for environmental risks set up in previous years was used in the amount of EUR 750 thousand for specific maintenance work performed. EUR 6,568 thousand was set aside for the provision for restoration costs of the Danish subsidiary Metro Service A/S.

Item *"Traction electricity"* increased by EUR 33,556 thousand compared to 2022. The higher expenses are related to higher costs incurred in the period by both the parent company and the Danish subsidiary Metro Service A/S. As far as the parent company is concerned, the effect is affected by both the increase in procurement costs and the higher mileage for the period related to the operation of the Linate - San Babila section of the M4 line. In this regard, it is worth mentioning that the energy tender for the year 2022 was awarded in July 2021 with more favourable prices for the parent company, before the explosion of energy prices in the autumn and before the outbreak of the Russia-Ukraine conflict. With regard to the Danish-owned subsidiary, the increases are mainly related to the higher mileage on the M1&M2 lines compared to the previous period.

The item *"Subcontracted transport services"* includes fees paid to subcontractors of transport services in the Milan urban area and of the removal service. The decrease of EUR 6,509 thousand is related to additional transport services that ATM S.p.A. had to request in the first half of 2022, from carriers in order to guarantee the same service offer against the reduction in vehicle capacity that occurred during the COVID - 19 emergency; these additional services were not requested in 2023 due to the end of the emergency phase.

The item *"Utilities"* increased compared to 2022 by EUR 6,282 thousand mainly due to higher charges for *"Electricity for lighting"* in the amount of EUR 8,263 thousand. This increase is entirely affected by the impact on energy commodity prices caused by the conflict between Russia and Ukraine and the geopolitical uncertainty that is characterising the period. This effect on electricity, for ATM S.p.A., had been neutralised in 2022 thanks to the awarding of the supply service in July 2021, which had more advantageous prices for the company. Partially offsetting this increase were lower charges in 2023 for *"Gas and district heating"* in the amount of EUR 1,455 thousand, for *"Water and sewerage*" in the amount of EUR 756 thousand and for *"Cogeneration costs" in the amount of EUR* 675 thousand. Lastly, more adjustments were recognised in the year than in 2022 for a total of EUR 995 thousand.

The item "*Professional Services*" refers mainly to professional services provided by third parties in the IT, legal, corporate and engineering fields. The increase of EUR 6,680 thousand compared to 2022 is related to the support requested from professionals for the acquisition of the shares of SPV M4 S.p.A.'s construction partners, participation in international tenders and ATM S.p.A.'s business expansion programmes.

The item *"Miscellaneous services"* increased compared to 2022 by EUR 2,509 thousand and mainly refers to charges for bank commissions in the amount of EUR 6,475 thousand (EUR 4,711 thousand in 2022) and to charges for transport and material handling and waste disposal services in the amount of EUR 3,085 thousand (EUR 2,730 thousand in 2022).

The item *"Production and distribution of tickets"* refers to the remuneration due to resellers for the sale of travel, Parking Spaces and Parking Spaces tickets, Area B and Area C. The increase in this item of EUR 534 thousand compared to 2022 is a consequence of the recovery in sales volumes.

The item *"Insurance"* refers to costs related to insurance. The increase in this item is related to higher hedging costs.

Item *"Customer services and marketing"* mainly refers to expenses incurred for customer communication and information and increased by EUR 942 thousand compared to 2022. The higher expenses incurred in 2023 mainly refer to new marketing initiatives in the amount of EUR 478 thousand and EUR 203 thousand to restaurant tram activities.

The item *"Services for employees"* increased by a total of EUR 459 thousand compared to 2022 and mainly refers to the costs of medical expenses incurred for legal obligations and health checks in the amount of EUR 1,929 thousand (EUR 1,800 thousand in 2022) and training expenses in the amount of EUR 2,247 thousand (EUR 2,020 thousand in 2022). The increase is attributable to training activities for employees, which increased by EUR 227 thousand, travel expenses, which increased by EUR 65 thousand compared to 2022, and medical expenses, which increased by EUR 129 thousand.

The item *"Security costs"* decreased by EUR 25 thousand compared to 2022 and refers to the valuables transport service and security services carried out in order to combat vandalism and to ensure the safety of passengers on board vehicles.

34. Operating Leases Costs

	2023	2022
Fees and rents payable	420	273
Vehicle rentals	637	333
Plant and equipment rental	2,193	1,504
Total	**3,250**	**2,110**

Costs incurred in 2023 increased by EUR 1,140 thousand compared to 2022; also for the year under review, the management fee for Parking Spaces areas to be paid to the entrusted body - the Municipality of Milan - was not recognised, as the revenues from paid Parking Spaces activities did not exceed the minimum contractually established.

35. Costs for employee benefits

	2023	2022
Wages and salaries	418,719	413,956
Social security contributions	111,810	100,618
Charges for defined contribution plans	24,948	24,668
Other costs	2,563	30,279
Personnel costs for internal work	(302)	(611)
Total	**557,738**	**568,910**

Employee benefit costs of EUR 557,738 thousand include costs incurred for wages and social security contributions, accruals pursuant to law and industry agreements, as well as costs for accrued but unused holiday and paid time off. Overall, the item decreased by EUR 11,172 thousand. The change is related, on the one hand, to higher wages and salaries in the amount of EUR 4,763 thousand and higher social security charges in the amount of EUR 11,192 thousand, which were completely offset by lower charges

for other costs in the amount of EUR 27,716 thousand. In addition, lower costs for internal work of EUR 309 thousand were recognised in the period under review.

The higher *"Wages and salaries"* are mainly related to the higher salaries of the staff of the Danish subsidiary Metro Service A/S, the increase in remuneration for overtime, variable compensation and the renewal of the National Collective Labour Agreement during 2022 effective 1 July 2023. With regard to the reasons for decreases, it should be noted that, compared to the previous year, there were fewer provisions for holidays, renewal of the National Labour Contract/Results-based rewards and MBO.

The higher *"Social Security Charges"* are mainly due to lower reimbursements of sickness charges recorded in 2023 compared to the previous year, when EUR 10,599 thousand was charged as reimbursement of such charges. The item is also characterised by lower releases and higher contribution charges related to the renewal of the National Labour Collective Agreement already highlighted in *"Wages and salaries"*.

The decrease in the item *"Other costs"* is mainly related, for EUR 22,730 thousand, to the release of the provision for disputes with personnel and specifically to the dispute related to the recognition of specific remuneration parameters during the holiday period by ATM S.p.A. and the subsidiary NET S.r.l., as already described elsewhere in this document.

Costs are recognised net of capitalised personnel costs for internal work in the amount of EUR 302 thousand (EUR 611 thousand in 2022) and refer to the portion of capitalised personnel costs for extraordinary maintenance work carried out on the metro train fleet and trams.

The workforce as at 31 December 2023 stood at 10,331 people (10,473 as at 31 December 2022).

Contract Type	31.12.2022	New hires	Leavers	Other Changes	31.12.2023
Managers	35	3	(3)	3	38
Managers/middle managers	392	14	(18)	52	440
Office workers	980	108	(77)	(1)	1,010
Blue-collars	9,066	478	(648)	(53)	8,843
Total	**10,473**	**603**	**(746)**	**1**	**10,331**

It should be noted that the change in the outgoing workforce relates to voluntary resignations and therefore no dismissals of an objective nature were made in the period under review, in accordance with the provisions of Legislative Decree no. 137/2020, known as "Restorals Decree" and its subsequent amendments.

36. Other operating costs and charges

	2023	2022
Municipal taxes	5,219	5,747
Other Operating Charges	2,784	2,305
Provisions (releases) for risks and charges	2,419	326
TPL damage management	1,360	1,679
Provisions (releases) for bad debts	961	(1,712)
Various taxes and duties	735	681
Contingencies	666	62
Total	**14,144**	**9,088**

"*Other operating costs and expenses*" showed an increase of EUR 5,056 thousand compared to the previous year. The items that present the main changes refer to the Allocations/Releases of the Allowance for doubtful accounts in increase of EUR 2,673 thousand, the dynamics of which are fully explained in Note 19 *"Trade Receivables"* of these Notes, to the Allocations to the Provisions for Risks and Charges in increase of EUR 2,093 thousand, detailed information on which is provided in Note 26 of these Notes and in the Report on Operations in the section on *"Main Outstanding Disputes"*.

The most significant cost items include:

- *"Municipal taxes"* that mainly refer to the charge for waste collection tax in the amount of EUR 3,482 thousand and property tax in the amount of EUR 1,817 thousand;
- *"Other operating expenses"* mainly relate to memberships of associations, expenses for notarial deeds, entertainment expenses, and miscellaneous expenses. The capital loss recognised in the profit and loss account for EUR 324 thousand refers mainly to the disposal of obsolete and no longer usable equipment, as well as the capital loss recognised by the Danish subsidiary for EUR 262 thousand related to software that is no longer used. For details, see also Note 9 - *"Property, Plant and Equipment*";
- *"Provisions for risks and charges"* which refer to provisions made to adjust the "*Provisions for risks and charges*" (Note 26) following the revision of estimates and in view of the events of the period and in view of new and more complete information compared to that available at the time the original estimates were made.
- *"LPT damage management"* relating for EUR 4,092 thousand to the charge incurred for the settlement of damages related to the circulation of vehicles and EUR 215 thousand for motoring procedures, as well as EUR 940 thousand to accruals and EUR 3,887 thousand to the utilisation of the specific provision recognised in *"Provisions for risks and charges" (Note 26)*;
- *"Provisions (release) for doubtful debts"* refers for EUR 79 thousand to the release of provisions for doubtful debts and for EUR 1,040 thousand to provisions made to cover risks on receivables recorded in the financial statements, of which EUR 746 thousand for "*Sundry receivables",* EUR 192 thousand for "*Receivables from third parties",* EUR 73 thousand for "*Receivables from parent companies",* EUR 3 thousand for "*Receivables from subsidiaries of the parent company*" and finally EUR 26 thousand for "*Receivables from associated companies*". Please refer to Note 19 - "*Trade Receivables"* and Note 20 - *"Other Current Receivables and Assets"* of these Notes for comments on the constituent elements, respectively;

During the year, losses on receivables of EUR 878 thousand were recognised, which were entirely covered by the utilisation of the provision for bad debts.

37. Depreciation and impairment losses

	2023	2022
Depreciation of property, plant and equipment	126,976	118,644
Plant and machinery	*114,997*	*106,315*
Buildings	*5,469*	*5,425*
Industrial and commercial equipment	*3,222*	*3,566*
Other assets	*3,288*	*3,338*
Equipment grants	(44,850)	(40,554)
Amortisation - Intangible assets	1,473	1,590
Software licences	*1,473*	*1,590*
Depreciation of right of use for leased assets	2,734	2,510
Equipment	*159*	*89*
Buildings	*729*	*695*
Motor vehicles	*1,502*	*1,402*
Computer equipment	*96*	*96*
Other	*248*	*228*
Depreciation - Property, Plant and Equipment	-	100
Total	**86,333**	**82,290**

"*Depreciation, amortisation and impairment losses*" totalling Euro 86,333 thousand are charged to the financial year, an amount adjusted for the year's portion of Euro 44,850 thousand relating to grants received for investments made.

The change is attributable to higher depreciation related to the revision of the useful lives of 10 Eurotrams that are scheduled to be taken out of the production process due to the revision of the operating programmes. The first 5 were taken out of service on 31 December 2023 and the remaining 5 will be taken out of service on 31 December 2024. The higher depreciation charged to the profit and loss account as a result of the change in useful lives totalled EUR 4,756 thousand.

Please refer to the Report on Operations for a description of the non-recurring items affecting this item.

38. Net financial income (expense)

	2023	2022
Financial income	13,460	3,358
Interest income	*3,197*	*2,006*
Gains on securities	*322*	*540*
Fair Value Adjustment Income	*5,225*	*(274)*
Other	*4,716*	*1,086*
Financial expenses	(9,176)	(18,990)
Interest on defined benefit plans for employees	*(3,069)*	*(1,498)*
Interest expenses on loans and bonds	*(5,344)*	*(4,323)*
Other interests expenses	*(339)*	*(88)*
Losses on securities	*(135)*	*(1,071)*
Fair Value Adjustment Charges	*128*	*(11,424)*
Impairment of financial assets	*81*	*(78)*
Other	*(335)*	*(351)*
Interest expense IFRS 16	*(163)*	*(157)*
Total	**4,284**	**(15,632)**

Interest income is broken down as follows:

	2023	2022
Interest income on deposits and current accounts	1,102	120
Interest income on securities	1,505	1,022
Interest income on loans to associates	590	314
Interest income from subsidiaries of the parent company	-	550
Total	**3,197**	**2,006**

"Interest income on securities" amounting to EUR 1,505 thousand (EUR 1,022 thousand as at 31 December 2022) related to interest on government securities and bonds.

"Interest income on loans to associated companies" of EUR 590 thousand (EUR 314 thousand as of 31 December 2022) refers to interest accrued on loans granted to SPV M4 S.p.A. and Metro 5 S.p.A. On 20 December 2023, ATM S.p.A. increased its stake in SPV M4 S.p.A. to 31.53%, becoming its second shareholder. It should also be noted that Metro 5 S.p.A. fully repaid the shareholders' loan on 29 April 2023.

Interest income *"Interest receivable from subsidiaries of the parent company"* of EUR 550 thousand as of 31 December 2022 refers to interest accrued as of 31 December 2022 on the loan granted to SPV Linea M4 S.p.A. In 2023, ATM S.p.A.'s ownership interest was reclassified as an associated company.

"Gains on securities" of EUR 322 thousand (EUR 540 thousand as at 31 December 2022) refer to gains on securities.

"Fair value adjustment income", positive and amounting to EUR 5,225 thousand, and *"Fair value adjustment expense"*, positive and amounting to EUR 128 thousand, refer for EUR 96 thousand to income related to the measurement at fair value of financial receivables from the associate Metro 5 S.p.A,

for EUR 428 thousand to income related to the measurement at fair value of financial receivables from the associate SPV Linea M4 S.p.A, for EUR 4,824 thousand to the net proceeds from the valuation at fair value of the financial instruments designated FVTPL and, lastly, for EUR 5 thousand to the proceeds from the valuation at fair value of the financial receivables from the SED-ATM building cooperatives.

The item *"Others"* amounting to EUR 4,716 thousand refers to sundry income and for EUR 2,878 thousand mainly related to interest accrued on overdue amounts paid by the Agenzia delle Entrate following sentences issued by the Supreme Court of Cassation, and for EUR 1,837 thousand to the valuation at amortised cost of HTC&S designated securities.

The *"Financial expenses"* mainly refer to positive "*Interests for defined benefit plans for employees*" in the amount of EUR 3,069 thousand, *"Interest expenses on loans and bond loan"* recorded under payables in the amount of EUR 5,344 thousand; this item consists of the interest expense recognised on the bond loan and financial payables for disbursements from the European Investment Bank totalling EUR 4,334 thousand (as at 31 December 2022 equal to EUR 4,323 thousand) and increased compared to 2022 by EUR 11 thousand, also the interest expense accrued on the credit lines for a total of EUR 1,010 thousand of which EUR 758 thousand accrued on the RCF credit lines and EUR 252 thousand accrued on the Bridge to Bond.

"Losses on securities" amounted to EUR 135 thousand.

The *"Interest Expense"* resulting from the application of IFRS 16 *Leases* amounted to EUR 163 thousand.

39. Net result of companies accounted for using the equity method

The economic effect of the valuation of the investments in Metro 5 S.p.A., SPV M4 S.p.A. and Movibus S.r.l. using the equity method was positive and amounted to EUR 3,791 thousand, EUR 660 thousand and EUR 26 thousand, respectively (Note 12).

40. Income taxes

	2023	2022
Current taxes	2,932	4,184
IRES	*355*	*322*
IRAP	*35*	*758*
Income tax Metro Service A/S	*3,044*	*3,425*
Income (expenses) from tax consolidation	*(502)*	*(321)*
Prior year taxes	(11,314)	(911)
IRES	*230*	*(39)*
IRAP	*(11,544)*	*(872)*
Change in deferred tax liabilities	5,160	1,178
Total	**(3,222)**	**4,451**

The Group has 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 adhering companies, minus tax losses carried forward, up to a limit of 80%.

The *"Income from tax consolidation"* refers to the transfer to the Company Parent of the IRES of the individual companies that have joined the tax consolidation, to the extent of 80%.

The "*Deferred Taxes*" mainly include the release of deferred tax assets recognised against taxed provisions. Deferred tax assets and deferred tax liabilities reversed to the income statement amounted to EUR 5,641 thousand, of which EUR 5,341 thousand related to the release of deferred tax assets recognised against taxed risk provisions and EUR 482 thousand as detailed in Note 14 and Note 27, respectively.

The amount recorded under "*Previous Years IRAP Taxes"* and amounting to EUR 11,544 refers mainly to the settlement of certain disputes with the Agenzia delle Entrate and in particular, with regard to the Parent Company:

- Supreme Court Order No. 35633/23 - ATM wedge 2008 for EUR 3,465 thousand;
- Supreme Court Order No. 10225/23 - ATM wedge 2007 for EUR 2,765 thousand;
- Supreme Court Order No. 25742/23 - ATM Servizi wedge 2010 for EUR 2,298 thousand;
- Judgment of the 2nd Lombardy Tax Court No. 1570/03/23 - ATM wedge 2012 for EUR 1,710 thousand;
- Supreme Court Order No. 10225/23 - ATM Servizi wedge 2007 for EUR 676 thousand.

While as for the Italian subsidiary NET S.r.l. there is the out-of-court settlement concerning IRAP for the years 2012, 2013 and 2014, respectively amounting to:

- Out-of-court settlement IRAP tax year 2012 EUR 193 thousand;
- Out-of-court settlement IRAP tax year 2013 EUR 200 thousand;
- Out-of-court settlement IRAP tax year 2014 EUR 226 thousand.

The reconciliation between theoretical tax and actual tax is shown below.

A.T.M. GROUP - RECONCILIATION STATEMENT BETWEEN THEORETICAL TAX CHARGE AND ACTUAL TAX CHARGE - 2023

THEORETICAL TAXES DUE	**ATM GROUP**		
	IRES	**IRAP**	**FOREIGN TAXES**
VALUE OF PRODUCTION		957,295	140,037
OPERATING COSTS		(984,247)	(125,469)
DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS		(26,952)	14,568
PERSONNEL COSTS (NOT RELEVANT FOR IRAP PURPOSES)		557,738	0
PRE-TAX PROFIT/LOSS	(638)		12,759
THEORETICAL TAX BURDEN RATE	**24.00%**	**4.20%**	**22.00%**
TAXABLE AMOUNT THEORETICAL TAX BURDEN	**(638)**	**530,786**	**12,759**
THEORETICAL TAXES DUE	**(153)**	**22,293**	**2,807**
COSTS NOT ALLOWED AS DEDUCTIONS - NON-TAXABLE INCOME	**IRES**	**IRAP**	**IRAP**
NON-DEDUCTIBLE TAXES	3,253	1,968	0
TELEPHONE	115	115	0
OTHER NON-DEDUCTIBLE COSTS			
- staff	16,421	20	0
- depreciation (item B10)	8,679	5,153	0
- provisions not provided for by Tuir/L.446/97	11,490	11,678	0
- extraordinary write-downs/losses on receivables	0	0	0
- other non-deductible costs	10,009	10,955	0
NON-TAXABLE REVENUES			
- release/utilisation of taxed funds	(8,023)	(8,942)	0
- staff	(53,746)	0	0
- other non-taxable income	(24,847)	(10,629)	0
TOTAL INCREASE (+)	**(36,649)**	**10,318**	**0**
COSTS ALLOWED AS DEDUCTIONS - DIFFERENT IRAP TAX BASE	**IRES**	**IRAP**	**IRAP**
IFRS	3,856	(623)	
INAIL		311	0
EXPENSES INCURRED FOR DISABLED PERSONNEL		36	0
AGENZIA DELLE ENTRATE CIRCULAR NO. 22/E OF 09/06/2015 AND MISCELLANEOUS		498,682	0
FURTHER DEDUCTION/INCREASE IN EMPLOYMENT		16	0
SUPER DEPRECIATION	39	0	
DEDUCTION OF SUPPLEMENTARY PENSION CONTRIBUTIONS	983	0	
ECONOMIC GROWTH AID (ACE)	271	0	
ROUNDING OF TAX PROVISION	(30)	(1)	0
IRES DEDUCTION FOR IRAP PAID ON FIXED TERM PERSONNEL COSTS	12	0	
TOTAL DECREASES (-)	**5,131**	**498,421**	**0**
ACTUAL TAX BURDEN	**IRES**	**IRAP**	**IRAP**
ACTUAL TAXABLE INCOME	1,480	884	0
ACTUAL TAX BURDEN	**355**	**34**	**5,242**
ACTUAL TAX INCOME	**(250)**	**0**	**0**
ACTUAL TAX RATE	**0.00%**	**0.01%**	**41.08%**

41. Directors' and auditors' fees

In accordance with the law, the remuneration of the Directors and Statutory Auditors is shown, and it should be noted that the amount is shown gross of any contribution and accessory charges.

	2023	2022
Directors' fees	239	221
Statutory Auditors Fees	244	238
Total	**459**	**428**

42. Auditors' fees

The fees paid by ATM Group companies to the auditing company Deloitte & Touche S.p.A. and the Danish auditing company Deloitte Statsautoriseret Revisionspartnerselskab for 2023 amount to a total of EUR 405 thousand for activities related to the statutory audit of accounts, of which EUR 75 thousand related to fees for the audit of Metro Service A/S's financial statements, and EUR 230 thousand for audit services for the issuance of other certifications. No services other than auditing or attestation were rendered by Deloitte & Touche S.p.A. and the companies belonging to its network.

Type of services	Subject who supplied the service	Recipient	Fees
Audit			**405**
Statutory audit of the financial statements and consolidated financial statements, periodic checks on the proper keeping of accounts	*Parent Company Auditor*	*Parent Company*	*233*
Limited audit of the consolidated half-yearly financial statements, prepared on a voluntary basis, of ATM Group companies from 30.06.2018 to 30.06.2025	*Parent Company Auditor*	*Parent Company*	*37*
Statutory audit of the annual financial statements, periodic checks on the proper keeping of accounts	*Parent Company Auditor*	*Italian subsidiaries*	*60*
Limited audit of the half-year situation	*Parent Company Auditor's Network*	*Subsidiaries Metro Service A/S*	*75*
Certification services			**230**
Annual and half-yearly certification of Covenants to European Investment Bank	*Parent Company Auditor*	*Parent Company*	*13*
Signature of the certificates/certifications required by the laws and regulations in force at the time.	*Parent Company Auditor*	*Parent companies and subsidiaries*	*42*
Other certifications	*Parent Company Auditor*	*Parent Company*	
Signing of the certificates/certifications required by the laws and regulations in force at the time, including tax regulations	*Parent Company Auditor's Network*	*Subsidiaries Metro Service A/S*	*140*
Total			**635**

43. Information on intra-group and related party transactions

ATM S.p.A., as parent company, carries out transactions with its subsidiaries that essentially concern the provision of services and the provision and use of financial resources. Transactions are strictly of a commercial and financial nature, so they do not include any atypical and/or unusual transactions and are governed by arm's length contracts.

ATM S.p.A. participates in the tax consolidation scheme 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 agreement provides that, in the event of a transfer of positive taxable income, the consolidated company will owe the consolidating company an amount equal to the results of applying the IRES rate to the transferred taxable income. Conversely, in the case of a transfer of negative taxable income, it will be the consolidating company that will owe the consolidated company an amount equal to the results of applying the IRES rate to the transferred tax loss.

ATM S.p.A. also opted to apply the Group VAT regime 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 company liable to the Treasury.

RECEIVABLES	Trade	Financial	Grants	31.12.2023
- from parent companies				
MUNICIPALITY OF MILAN	135,587		33	135,620
- to associate companies				
CO.MO. FUN&BUS S.c.a r.l.	314			314
METRO 5 S.p.A.	2,186			2,186
MOVIBUS S.r.l.	33			33
SPV LINEA M4 S.p.A.	11,727	126,000		137,727
- from other companies				
FONDAZIONE TEATRO ALLA SCALA	16			16
MILAN CIVIC SCHOOLS	2			2
METROPOLITANA MILANESE S.p.A.	234			234
SEA S.p.A.	5			5
MILANOSPORT S.p.A.	1			1
MILANO RISTORAZIONE S.p.A.	4			4
- Other associate relationships				
COOP S.E.D. ATM/S.C.C.A.T.I.		813		813
Total gross write-downs and initial delta	**150,109**	**126,813**	**33**	**276,955**
- Allowance for doubtful accounts				
- from parent companies	(470)			(470)
- to associate companies	(29)			(29)
- SPV Line M4 S.p.A. - FV valuation effect		(683)		(683)
Total	**149,610**	**126,130**	**33**	**275,773**

PAYABLES	Trade	31.12.2023
- to parent companies		
MUNICIPALITY OF MILAN	48,707	48,707
- to associate companies (*)		
CO.MO. FUN&BUS S.c.a r.l.	18	18
CONSORZIO SBE	264	264
METRO 5 S.p.A.	344	344
MOVIBUS S.r.l.	611	611
SPV LINEA M4 S.p.A.	1,927	1,927
- to other companies		
METROPOLITANA MILANESE S.p.A.	632	632
SEA S.p.A.	14	14
AGENZIA MOBILITA' AMBIENTE E TERRITORIO S.r.l.	24	24
Total gross initial delta	**52,541**	**52,541**
IFRS 16		
- to associate companies	(235)	
- to other companies	(4)	
Total	**52,302**	**52,541**

ECONOMIC RELATIONS	Revenues from core business	Other revenues	Other proceeds	Financial income
- from parent companies				
MUNICIPALITY OF MILAN	696,121	32,571	2,235	-
- from other companies				
FONDAZIONE TEATRO ALLA SCALA	-	1	-	-
METROPOLITANA MILANESE S.p.A.	159	145	-	-
MILANO RISTORAZIONE S.p.A.	1	1	-	-
FONDAZIONE PICCOLO TEATRO DI MILANO - TEATRO D'EUROPA	-	54	-	-
SEA S.p.A.	-	2	-	-
- to associate companies				
CO.MO. FUN&BUS S.C.a R.L.	623	-	-	-
METRO 5 S.p.A.	28,867	319	58	132
MOVIBUS S.r.l.	-	28	455	1,178
SPV LINEA M4 S.p.A.	19,105	54	3	4,236
Total	**744,876**	**33,175**	**2,751**	**5,546**

ECONOMIC RELATIONS	Costs for services	Operating Leases Costs	Costs for employee benefits	Other operating costs and charges
- to parent companies				
MUNICIPALITY OF MILAN	(23)	-	-	(5)
- to other companies				
AGENZIA MOBILITÀ AMBIENTE E TERRITORIO S.r.L.	(26)	-	-	-
FONDAZIONE TEATRO ALLA SCALA	(1)	-	-	-
METROPOLITANA MILANESE S.p.A.	(1,668)	(11)	-	(4)
FONDAZIONE PICCOLO TEATRO DI MILANO - TEATRO D'EUROPA	(50)	-	(2)	(3)
SEA S.p.A.	-	(14)	-	-
- to associate companies				
CO.MO. FUN&BUS S.C.a R.L.	-	(227)	-	(1)
METRO 5 S.p.A.	-	(33)	-	-
MOVIBUS S.r.l.	(268)	-	-	(1)
CONSORZIO SBE	-	-	-	(264)
SPV LINEA M4 S.p.A.	(1,266)	-	-	-
- Other companies				
SERVIZI IMMOBILIARI AGRICOLI E ITTICI S.r.L.	-	(116)	-	-
Total	**(3,302)**	**(401)**	**(2)**	**(278)**

44. Commitments, guarantees and contingent liabilities not recognised in the balance sheet

This item, which showed a balance of EUR 6,566,945 thousand as at 31 December 2022, is broken down as follows:

	31.12.2023	31.12.2022
Assets in use	6,148,175	5,735,787
Guarantees, of which:	418,770	349,421
- Guarantees in favour of third parties	*33,897*	*31,823*
- Third-party guarantees	*341,596*	*300,172*
- Guarantees to investees	*43,277*	*17,426*
Total	**6,566,945**	**6,085,208**

This item includes guarantees, commitments and third-party assets held by the Group and Group assets held by third parties.

Guarantees are recorded at a value equal to that of the guarantee provided or, if not determined, at the best estimate of the risk assumed in the light of the existing situation. Commitments are recognised at nominal value, while any non-quantifiable commitments are commented on in the notes. Third-party assets held by the Group are recognised at nominal value, current market value or value deduced from existing documentation, depending on the type of asset.

The amounts entered for commitments and guarantees in the notes are revalued at the end of each financial year.

The amount of EUR 6,148,175 thousand related to "*assets in use*" mainly refers to:

- for EUR 5,967,546 thousand to the value of assets in use by the Municipality of Milan for the operation of the LPT service;
- for EUR 171,420 thousand to the value of Parking Spaces areas and car parks in use pursuant to the Service Agreements;
- for EUR 9,078 thousand to materials owned by Metro 5 S.p.A. and SPV Linea M4 S.p.A. received for maintenance activities under warranty;
- for EUR 131 thousand for the value of assets in use by the Municipality of Milan (works of art).

The *"guarantees in favour* and *of third parties*", amounting to Euro 33,897 thousand, refer to sureties issued in favour of third parties.

The *"third party guarantees"* amounting to Euro 341,596 thousand, refer to sureties or guarantees issued by third parties in favour of the Group.

The "*guarantees to affiliates and subsidiaries of parent companies*" amounting to Euro 43,277 thousand refer to:

- for a total of EUR 10,660 thousand to the pledge recorded on 106,600 shares of the company Metro 5 S.p.A. and for EUR 19,403 thousand to the pledge recorded on 19,403 shares of the company SPV Linea M4 S.p.A. in favour of a pool of financing banks within the framework of the related projects for the construction and management of the new M5 and M4 lines;
- for EUR 13,214 thousand to co-obligations and guarantees provided in favour of the associate Metro 5 S.p.A. and in favour of SPV Linea M4 S.p.A.

The value of contractual commitments for investment supply contracts is EUR 890,951 thousand.

45. Disclosure of public disbursements - Article 1, paragraphs 125 to 129 of Law No. 124/2017

The amounts collected in the financial year 2023 by way of contributions are shown by type and entity:

- National Labour Contract grants, paid by the Lombardy Region through the Agenzia TPL for EUR 50,190 thousand, of which EUR 6 thousand pertaining to the year 2022 and EUR 48,638 thousand pertaining to the year 2023, gross of 4% withholding tax;
- Grants of EUR 3,724 thousand from the State for measures to ensure safety on the underground;
- Grants for the purchase of two-way trams, paid by the State, in the amount of EUR 11,925 thousand;
- Grants for the purchase of metro trains M.D. 607/19, granted by the State, in the amount of

EUR 58,521 thousand;

- Grants for the purchase of buses and infrastructure Ministerial Decree 530/21, disbursed by the State in the amount of EUR 54,776 thousand;
- Grants for the purchase of buses and infrastructure Ministerial Decree 234/20, disbursed by the State in the amount of EUR 9,186 thousand;
- Grants for the purchase of buses Trolleybuses Ministerial Decree No. 448, disbursed by the State in the amount of EUR 880 thousand;
- Grants for the purchase of hybrid buses D.M. 3853/4343/5359/5640, granted by the Lombardy Region for EUR 12,887 thousand;
- Grants for the purchase of hybrid buses, paid by the municipality in the amount of EUR 25,322 thousand;
- Grants for electronic ticket validators, disbursed by the municipality in the amount of EUR 800 thousand;
- Grants for energy refurbishment and school grants, paid by the municipality in the amount of EUR 266 thousand;
- Investment Tax Credit L.160/2019, L.178/2020 and Decision Decree-Law No. 50/2017 for EUR 1,154 thousand and energy tax credit Decree-Law 50/2022 art. 3, Decree-Law 21/2022 Art. 3 and Decree-Law 144/22 in the amount of EUR 6,215 thousand, almost all of which was offset in tax payments for the year.
- Reimbursement of transport bonuses in the amount of EUR 17 thousand.

STATEMENT OF FINANCIAL POSITION OF ATM S.P.A.

	Notes	31.12.2023	31.12.2022
Assets			
Property, plant and equipment	7	1,136,075,887	1,180,957,819
Intangible assets	8	2,689,025	2,631,381
Right of use on leased assets	9	5,464,970	5,987,319
Investments	10	110,129,390	32,941,221
Non-current financial assets	11	199,292,987	51,176,493
of which: from Related Parties	*40*	*159,801,723*	*12,664,737*
Deferred tax assets	12	35,599,116	40,435,955
Other receivables and noncurrent assets	13	-	-
Non-current assets		**1,489,251,375**	**1,314,130,188**
Inventories	14	85,277,234	85,104,965
Current financial assets	15	163,877,626	152,872,561
of which: from Related Parties		*81,433*	*10,483*
Current Tax Assets	16	16,668,505	13,625,248
Trade receivables	17	181,124,930	187,535,029
of which: from Related Parties	*40*	*160,321,693*	*168,659,997*
Other receivables and current assets	18	88,400,582	110,946,255
Cash and cash equivalents	19	109,159,182	153,830,125
Current assets		**644,508,059**	**703,914,183**
Windfall assets	20	-	-
Total assets		**2,133,759,434**	**2,018,044,371**

STATEMENT OF FINANCIAL POSITION OF ATM S.P.A.

	Notes	31.12.2023	31.12.2022
Net equity			
Share Capital		700,000,000	700,000,000
Legal reserve		119,304,576	119,048,468
Other reserves		273,417,936	272,058,374
Profit (loss) for the year		(11,017,434)	256,108
Total Net Equity	**21**	**1,081,705,078**	**1,091,362,950**
Liabilities			
Non-current financial liabilities	22	173,317,910	253,831,189
Employee benefits	23	80,244,465	86,138,027
Provisions for risks and charges	24	61,410,250	83,789,873
Deferred tax liabilities	25	48,471,462	48,957,014
Non-current liabilities		**363,444,087**	**472,716,103**
Current financial liabilities	22	257,630,139	74,004,784
of which: to Related Parties	*40*	*23,604,169*	*24,220,358*
Current tax liabilities	26	-	-
Trade payables	27	319,660,550	256,498,047
of which: to Related Parties	*40*	*59,145,919*	*55,575,575*
Other current payables and liabilities	28	111,319,580	123,462,487
Current liabilities		**688,610,269**	**453,965,318**
Liabilities relating to windfall assets		**-**	**-**
Total liabilities		**1,052,054,356**	**926,681,421**
Total Equity and Liabilities		**2,133,759,434**	**2,018,044,371**

INCOME STATEMENT OF ATM S.P.A.

	Notes	2023	of which related parties	2022	of which related parties
Revenues and other operating income					
Revenues from core business	29	790,150,114	750,853,420	772,416,407	737,058,271
Other revenues	29	66,627,095	33,623,251	80,573,842	51,455,629
Other proceeds	29	80,920,061	3,283,770	83,448,935	3,676,688
Total revenues and other operating income		**937,697,270**	**787,760,441**	**936,439,184**	**792,190,588**
Operating costs and other charges					
Costs for the purchase of goods and changes in inventories	30	(74,085,515)		(77,181,870)	
Costs for services	31	(310,229,808)	(14,940,806)	(261,501,849)	(13,045,542)
Operating Leases Costs	32	(2,613,305)	(284,519)	(1,722,650)	(423,999)
Costs for employee benefits	33	(480,790,118)	(1,500)	(493,602,619)	(1,500)
Other operating costs and charges	34	(12,965,842)	(271,536)	(8,183,040)	(751,126)
Total operating costs and other charges		**(880,684,588)**	**(15,498,361)**	**(842,192,028)**	**(14,222,167)**
Depreciation and Impairment Losses	**35**	**(82,405,073)**		**(78,618,584)**	
Operating result		**(25,392,391)**		**15,628,572**	
Financial income		18,115,642	9,575,836	4,952,714	2,686,291
Financial expenses		(9,636,002)	(677,749)	(18,266,067)	(50,896)
Net financial income (expenses)	**36**	**8,479,640**	**8,898,087**	**(13,313,353)**	**2,635,395**
Profit before tax		**(16,912,751)**		**2,315,219**	
Income taxes	37	5,895,317		(2,059,111)	
Profit (Loss) for the year		**(11,017,434)**		**256,108**	

TABLE OF OTHER COMPONENTS

OF COMPREHENSIVE INCOME STATEMENT

	Notes	2023	of which related parties	2022	of which related parties
Profit (Loss) for the year		**(11,017,434)**		**256,108**	
Other components of comprehensive income					
Components that will not be reclassified to (loss)/profit for the year					
Revaluations of net defined benefit (assets)/liabilities	21	(1,447,421)		13,461,460	
Taxes on items that will not be reclassified to (loss)/profit for the year	21	347,381		(3,230,750)	
Total items that will not be reclassified to (loss)/profit for the year		**(1,100,040)**		**10,230,709**	
Components that will or may be reclassified subsequently to (loss)/profit for the year					
Available-for-Sale Financial Assets - Held to Collect and Sell Reserve	21	2,032,964		(5,151,419)	
Taxes on Available-for-Sale Financial Assets - Held to Collect and Sell Reserve	21	469,166		(1,199,562)	
Total components that will or may be reclassified subsequently to (loss)/profit for the year		**2,502,130**		**(6,350,981)**	
Total Other Components of the Comprehensive Income Statement		**1,402,090**		**3,879,728**	
Total comprehensive Income Statement for the year		**(9,615,344)**		**4,135,836**	

STATEMENT OF CHANGES IN EQUITY OF ATM S.P.A.

Net equity	31.12.2022	Destination of profit	Other transactions	Result of other components of the overall profit	Profit for the year	31.12.2023
Share Capital	700,000,000					700,000,000
Legal reserve	119,048,468	256,108				119,304,576
Other Reserves	272,058,374		(42,528)	1,402,090		273,417,936
Rounding off reserve	*(2)*		*1*			*(1)*
FTA reserve	*155,710,246*					*155,710,246*
Actuarial Loss Reserve	*(2,795,316)*			*(1,100,040)*		*(3,895,356)*
Fair value valuation reserve of Buildings	*125,287,882*					*125,287,882*
Held to collect and sell reserve	*(6,230,535)*			*2,502,130*		*(3,728,405)*
OCI reserve	*86,099*		*(42,529)*			*43,570*
Profits carried forward	-					
Profit (Loss) for the year	256,108	(256,108)			(11,017,434)	(11,017,434)
Total Net Equity	**1,091,362,950**	**-**	**(42,528)**	**1,402,090**	**(11,017,434)**	**1,081,705,078**

Net equity	31.12.2021	Destination of profit	Other transactions	Result of other components of compr. income	Profit for the year	31.12.2022
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
Capital contribution reserve	3,198,425	*(3,198,425)*				-
Extraordinary reserve	5,763,772	*(5,763,772)*				-
Rounding off reserve	(2)		-			*(2)*
FTA reserve	155,710,246					*155,710,246*
Actuarial Loss Reserve	(13,026,025)			*10,230,709*		*(2,795,316)*
Available For Sale Reserve	-					-
Real estate fair value reserve	125,287,882					*125,287,882*
Held to collect and sell reserve	120,446			*(6,350,981)*		*(6,230,535)*
OCI reserve	36,093		*50,006*			*86,099*
Profits carried forward	-	-				-
Profit / (Loss) for the year	(29,913,729)	29,913,729			256,108	256,108
Total Net Equity	**1,087,177,108**	**-**	**50,006**	**3,879,728**	**256,108**	**1,091,362,950**

ATM S.P.A. CASH FLOW STATEMENT

		2023		2022	
A.	**Cash flows from operations**				
	Profit (Loss) for the year		**(11,017,434)**		**256,108**
	income taxes	(5,895,317)		2,059,111	
	interest expense/(interest income) net of impairment of financial assets and dividends and imputed interest expense on LL IFRS 16	(3,212,608)		15,074,909	
	dividends	(5,207,100)		(1,785,000)	
	Capital gains/losses deriving from disposal of assets	(357,286)		(260,754)	
	1. Profit for the year before income taxes, interest, dividends and capital gains/losses on disposals		**(25,689,745)**		**15,344,374**
	Adjustments for non-monetary items with no balancing entry in net working capital				
	change in provisions for risks and charges	(17,126,627)		8,490,722	
	change in provision for severance pay	(76,628)		69,598	
	change in cash and cash equivalents provision	(56,148)		11,279	
	amortisation	82,405,073		78,618,584	
	Value adjustments to investments			(37,244)	
	Impairment of financial assets	(59,932)		60,688	
	other changes	(42,528)		50,008	
	Total adjustments of non-monetary items		*65,043,210*		*87,263,635*
	2. Cash flow before changes in NWC		**39,353,465**		**102,608,009**
	Changes in net working capital:		99,382,253		(2,019,809)
	inventory	(172,269)		1,606,787	
	trade accounts receivable	20,646,819		(22,898,690)	
	intercompany trade receivables	(12,134,087)		(764,014)	
	other receivables	13,441,607		(325,264)	
	other intercompany receivables	(458,568)		(14,881)	
	accrued income and prepaid expenses	(877,465)		110,397	
	trade payables	87,760,223		11,943,313	
	IFRS 16 short-term lease liability	(39,385)		(286,116)	
	intercompany trade payables	3,331,488		(1,600,025)	
	other payables	(12,249,102)		9,479,691	
	other intercompany payables	26,797		500,914	
	accrued expenses and deferred income	106,195		228,079	
	Changes in assets not covered by the NWC				
	3. Cash flow after changes in NWC		**138,735,718**		**100,588,200**
	Other adjustments		(11,411,858)		(15,119,957)
	interest received/(paid)	(1,005,353)		(2,891,267)	
	interest received/(paid) on leased assets IFRS 16	(141,285)		(137,737)	
	dividends collected	5,207,100		1,785,000	
	(use of provision for risks and charges)	(5,252,996)		(2,345,885)	
	(utilisation of severance pay fund)	(10,219,324)		(11,530,068)	
	Cash flow from operations (A)		***127,323,860***		***85,468,243***

ATM S.P.A. CASH FLOW STATEMENT

		2023		2022
B.	**Cash flows from investment/disinvestment activities**			
	Tangible fixed assets			
	(Investments)	(194,697,141)		(79,867,463)
	Realisable price of disinvestments	1,034,891		536,754
	Intangible fixed assets			
	(Investments)	(1,128,560)		(1,133,015)
	Realisable price of disinvestments	45,321		-
	Increase/decrease in payables to suppliers for tangible assets	(27,916,620)		25,555,988
	Financial fixed assets			
	(Investments)	(234,102,759)		(17,268,955)
	Realisable price of disinvestments	9,917,939		8,729,309
	Current financial assets			
	(Investments)	(115,991,254)		(22,094,461)
	Realisable price of disinvestments	113,878,159		62,469,866
	change in equipment grants	176,335,974		14,618,992
	Cash flows from investing/disinvestment activities (B)		***(272,624,050)***	***(8,452,985)***
C.	**Cash flows from financing activities**			
	Third-party funds			
	Increase/(Decrease) in short-term payables to banks	149,490,080		(15,000,000)
	Loan repayments	(46,212,300)		(11,066,612)
	Repayment of principal on leased assets IFRS 16	(1,919,770)		(2,217,321)
	Cash Pooling Increase (decrease)	(687,139)		5,889,508
	Equity			
	Cash flows from financing activities (C)		*100,670,871*	*(22,394,425)*
	Currency exchange effect	*(97,772)*		*712,960*
	Increase/(decrease) in cash and cash equivalents		**(44,727,091)**	**55,333,793**
	Cash and cash equivalents at the beginning of the year *		**153,956,024**	**98,622,231**
	Cash and cash equivalents at year-end **		**109,228,933**	**153,956,024**

(*) Gross of provision for cash and cash equivalents

1. General information

ATM S.p.A. (hereinafter also referred to as the "Company" or "ATM") is a company incorporated and domiciled in Milan and organised under the laws of the Italian Republic. The Company has its registered office in Milan - Foro Buonaparte, 61.

The company manages the public transport service for the urban and regional areas of Milan and Monza, the management service of car parks, parking spaces and removals, Area B and C, as well as integrated vehicle and infrastructure maintenance activities.

The publication of these Financial Statements was authorised by the Directors on 27 March 2024 and the same will be submitted to the Shareholders' Meeting for approval and subsequent filing, within the terms provided by law. The Shareholders' Meeting has the power to make amendments to this Budget.

The company Deloitte & Touche S.p.A. is entrusted with the legal audit of the accounts until the approval of the financial statements for the year ending 31 December 2025.

The same accounting principles were applied in the preparation of these Annual Financial Statements as those adopted in the preparation of the Annual Financial Statements for the year ended 31 December 2022, supplemented by the matters described in section *"IFRS and IFRIC Accounting Principles, Amendments and Interpretations Endorsed by the European Union and Applied by the Company as of 1 January 2023"*.

2. Criteria for the Preparation of Annual Financial Statements

These Financial Statements for the year ended 31 December 2023 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 *IFRS Interpretations Committee* (IFRIC) and *the Standing Interpretations Committee* (SIC), recognised in the European Union pursuant to European Regulation (EC) no. 1606/2002 of 19 July 2002 and in force at the end of the financial year (all the above-mentioned standards and interpretations are hereinafter referred to as "IAS-IFRS Standards"). In particular, Legislative Decree No. 38 of 28 February 2005, which governed this regulation in Italy, introduced the obligation to apply the IAS-IFRS standards for the preparation of financial statements to companies issuing financial instruments admitted to trading on regulated markets in any EU Member State.

Also, these Financial Statements have been prepared on the basis of the best knowledge of IAS-IFRSs and taking into account the best doctrine on the subject; any future guidelines and interpretative updates will be reflected in subsequent years, in accordance with the procedures provided by the relevant applicable accounting standards.

The financial statements have been prepared on a going concern basis, in accordance with paragraphs 24 and 25 of IAS 1, as the Directors have verified that there are no financial, managerial, operational or other indicators that may indicate critical issues regarding the Company's ability to meet its obligations in the foreseeable future and in particular over the next 12 months, taking into account the Company's high levels of capitalisation and liquidity and access to the financial market This assessment also takes into account what is described in the Report on Operations in paragraph *"Going concern and contractual framework"* regarding Managerial Determination No. 12608 of 28 December 2023 of the

Municipality of Milan by which the current service contract with the Municipality of Milan for local public transport is extended, in accordance with the tender documents and the original contract, until 31 December 2026 pursuant to Article 24, par. 5-bis of Decree-Law No. 4/2022.

In relation to the above, on 29 December 2023, the Entrusting Entity - Municipality of Milan and ATM S.p.A. signed the extension of the following contracts:

- Local Public Transport Service and related and complementary services: until 31 December 2026;
- Parking Spaces control, Car park management and vehicle removal service: until 31 December 2026;
- Service for the implementation and operation of the Bike Sharing sustainable mobility system: until 31 December 2026.

Subsequently, on 11 January 2024, the Entrusting Entity - Municipality of Milan and ATM S.p.A. signed the extension of the following contract:

- Routine maintenance and management of the systems, technologies and facilities that make up the Integrated Traffic and Territorial Control System (SCTT): until 31 March 2024.

Finally, on 12 January 2024, the Entrusting Entity - Municipality of Milan and ATM S.p.A. signed the extension of the following contract:

- Management of payment channels and collection, on behalf of the Municipality of Milan, of revenue from accesses to the L.T.Z. Cerchia dei Bastioni - "Area C" as well as back office, front office and call centre services dedicated to the management of the fulfilments required by the traffic regulations L.T.Z. Cerchia dei Bastioni - "Area C" and "Area B": until 31 December 2026.
- Activities related to the management of payment systems for access to the LTZ Cerchia dei Bastioni "Area C" and subsequent adaptation of the computerised system for managing transit and verifying procedures: until 31 March 2024.

The activities included in the contracts extended to 31 March 2024, namely the routine maintenance and management of the systems technologies and equipment constituting the Integrated Traffic and Territorial Control System (SCTT) and the activity related to the management of the payment systems for access to the LTZ Cerchia dei Bastioni "Area C" and the subsequent adaptation of the computerised system for managing transit and the recording procedures, shall be included in the concession, by means of project financing pursuant to art. 183 - paragraph 15 of Legislative Decree no. 50/2016 as amended, for design, implementation and maintenance services of Smart City IT systems and applications for security and mobility "Minnovo". The concessionaire of the agreement is the Temporary Grouping of Companies formed by A2A Smart City S.p.A. (agent) and ATM S.p.A. (principal). The agreement will be effective from 1 April 2024 and will last for twelve years.

As already mentioned in the Report on Operations attached to the 2023 Annual Report, the year 2023 was characterised not only by the conflict between Russia and Ukraine, but also by the conflict that erupted in the Middle East and by a significantly high level of raw materials' prices; this for ATM had an impact on electricity costs, which were significantly affected by the new variable-price contracts, whereas until last year the price was fixed for the entire duration of the supply. The significant increase in the price of electricity associated with a level of fees related to the Service Agreement with the Municipality of Milan that suffers from a historical static nature has led to a negative EBIT at the Parent Company level of EUR 25.4 million, making it necessary during the preparation of the 2023 consolidated

financial statements, to perform an *impairment test*, to verify the recoverability of property, plant and equipment and intangible assets (including rights of use for leased assets), referred to the CGU "Local Public Transport and Complementary Services". Please refer to the following notes on the analysis performed and the results of the impairment test (see Notes 4 "*Use of Estimates*" and 7 *"Property, Plant and Equipment"*).

A description of how the Company manages financial risks is contained in Note 5 - "*Financial Risk Management*" below.

The Financial Statements consist of the Statement of Financial Position, the Income Statement, the Statement of Other Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement and the Notes thereto.

In particular, the Statement of Financial Position was prepared according to the format that shows the breakdown of "current/non-current" assets and liabilities as allowed by IAS 1. An asset/liability is classified as current when it meets one of the following criteria:

- expected to be realised/extinguished or expected to be sold or used in the normal operating cycle; or
- is held primarily to be traded; or
- is expected to be realised/extinguished within twelve months from the balance sheet date.

In the absence of all three conditions, assets/liabilities are classified as non-current. The credit and debit items also detail the values referring to transactions with related parties.

The Profit and Loss Account is drawn up according to the classification scheme of revenues and expenses by nature, highlighting the intermediate results relating to EBITDA, operating profit and pre-tax profit, in order to allow for a better representation of normal operating performance. The form chosen is in accordance with internal reporting and management methods of *business*, is in line with international practice and is therefore considered more representative than presentation by destination, providing more reliable and more relevant information for the sector. The income and expenses items also detail the values referring to transactions with related parties. Expenses and revenues to and from related parties are also broken down by counterparty in the table in Note 40.

The Statement of Other Components of the Statement of Comprehensive Income includes changes occurring during the year, generated by transactions other than those entered into with Shareholders and on the basis of specific IAS-IFRS standards. Changes in "*other comprehensive income (loss)*" are shown separately from the related tax effects.

The Statement of Changes in Shareholders' Equity has been prepared in accordance with IAS 1 and illustrates the changes in shareholders' equity items related to:

- Allocation of the net profit for the year;
- each item of profit and loss net of any tax effects, which, as required by IAS-IFRS, are either recognised directly in equity (actuarial gains and losses generated by the valuation of defined benefit plans, valuation of financial assets at fair value) or have a balancing entry in an equity reserve whose impact is then reflected directly in equity;
- the effect of any changes in accounting standards or the introduction of new accounting standards.

The Cash Flow Statement presents cash flows during the year classified into operating, investing and financing activities; cash flows from operating activities are presented using the indirect method.

The Financial Report is also accompanied by the Report on Operations that accompanies the Financial Statements. In addition, in compliance with the requirements introduced by Legislative 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 Company has prepared the Consolidated Non-Financial Statement, which constitutes a specific section of the Report and is intended to ensure an understanding of the Company's activities, performance, results and impact produced by the same, covering the 5 relevant areas: environment, social aspects, personnel management, human rights and anti-corruption. The Company therefore benefited from the exemption from preparing the Non-Financial Statement related to its business in the presence of the publication of the Consolidated Statement.

The Company's functional currency is the euro, the basis of presentation of the Financial Statements, which is 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 Statements, unless otherwise indicated, are expressed in euro units.

The Financial Statements have been prepared by applying the historical cost method, taking into account value adjustments where appropriate, with the exception of those items that, according to IAS-IFRS, must be recognised at fair value, as indicated in the valuation criteria and except where the IAS-IFRS Principles permit a different valuation criterion and such alternative criterion to cost has been adopted (in this case, the valuation of the real estate portfolio at fair value).

There are no events occurring after the end of the financial year that alter conditions already existing at the balance sheet date and that require changes to the values of assets and liabilities and to the economic result at the end of the financial year. For events after the balance sheet date, for which there is no impact on the income statement, balance sheet and financial position, please refer to the appropriate section in the Report on Operations.

3. Measurement criteria

Property, plant and equipment

Real estate, consisting of land, warehouses and offices (excluding warehouses decommissioned from the production process and those for which renovation and redevelopment work is planned) are valued at cost restated at *fair value*, a criterion that allows the value of the asset to be periodically restated so as to align it with a value equal to the *fair value* at the date of restatement, net of accumulated depreciation and any impairment losses.

Plant and machinery are recorded at purchase or production cost. The value is recorded net of accumulated depreciation and any impairment losses. The purchase or production cost includes charges directly incurred to make their use possible, as well as any dismantling and removal charges that will be incurred as a result of contractual obligations requiring the asset to be restored to its original condition.

Costs for improvements, modernisation and transformation that increase the value of tangible assets are recognised as assets. In particular, the maintenance activities defined as "General Overhaul" or "Medium General Overhaul" are to be considered in this context, having the objective of restoring the metro and tram rolling stock to a condition comparable to that of a corresponding vehicle acquired as

new, envisaging the substantial reconstruction of the vehicles starting from bare chassis or, as for the interventions defined as r*evamping*, including significant technological improvements/adaptations. These interventions are carried out from a time perspective, depending on the type of rolling stock, the degradation it has undergone and therefore the operating stresses to which it is subjected, the distance travelled, and the need for technological improvements/adaptations. The capitalisation of the above-described expansion, modernisation or improvement is made to the extent that they meet the requirements to be separately classified as an asset or part of an asset, applying the *component approach*, according to which each component susceptible to an independent assessment of its useful life and related value must be treated individually.

Charges 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 at rates deemed representative of the estimated economic-technical life of the tangible assets. Depreciation is computed from the time the asset is available for use, as intended by management. Land is not depreciated.

The estimated useful lives of the year are as follows:

	Service life years
Property, plant and equipment	
Buildings	50
Plant and machinery	
- Line installations	
- Fixed Workshop Equipment	20
- Fuelling Plant	9
- Installations and technologies on lines	10
- Building Plants	17
- Signalling Equipment	25
- Operating rooms	17
- Power supply substations	17
- Self-localisation	17
- Magnetic-electronic ticketing	10
- Line rolling stock	
- Railway rolling stock	30
- Road rolling stock	7 ÷ 13
Industrial and commercial equipment	
- Auxiliary vehicles	5 ÷ 13
- Miscellaneous equipment	5 ÷ 10
- Shelters/pensiline	20
Other assets	5 ÷ 8

The economic-technical life of tangible assets and their residual value are reviewed and updated, where necessary, at least at the end of each financial year.

Tangible assets are also tested for impairment annually or whenever there is an indication that the asset may be impaired. Please refer to the following paragraph "*Asset Impairment*" for the criteria for determining any write-downs.

Real estate also includes owned real estate of a non-instrumental nature. Like land, warehouses and offices, investment property is valued at cost revalued to *fair value*, a criterion that allows the value of the asset to be periodically revalued to a value equal to the *fair value* at the date of revaluation, net of accumulated depreciation and any impairment losses.

In the case of the sale of real estate, any price received in excess of the real estate's book value is credited to equity under the item "Other Reserves", which also includes the residual portion of OCI attributable to the real estate or land sold.

Intangible assets

Intangible assets consist of non-monetary items that are identifiable and lack physical substance, controllable, and capable of generating future economic benefits. Such elements are recorded at purchase and/or production cost, including directly attributable expenses to prepare the asset for use, net of accumulated amortization and any impairment losses.

Depreciation begins when the asset is available for use, according to management's intentions, and is allocated systematically in relation to the residual possibility of use of the asset, i.e. on the basis of its estimated useful life.

In particular, licence costs for software, including expenses incurred to make the software ready for use, are amortised on a straight-line basis over the relevant term (5 years), while costs related to software maintenance are charged to the income statement as incurred.

Intangible assets with a finite useful life are also tested for impairment whenever there is an indication that the asset may be impaired. Please refer to the section below on *"Impairment of Assets"* for the criteria for determining any impairment.

Rights of use on leased assets

Property, plant and equipment held under leases through which control (*right of use*) of an asset is acquired, are recognised by the lessee as an asset of the Company through the recognition of the *lease* asset as an asset with a balancing entry of a financial liability. The discriminating elements of *leases* are the following: the identification of the asset, the right to substitute the asset, the right to obtain substantially all economic benefits derived from the use of the asset and, finally, the right to direct the use of the asset underlying the contract.

Rights of use are systematically amortised from the time the asset is available for use, as intended by management, over the contractual term of the lease.

Investments in subsidiaries, associates and other companies

Investments in subsidiaries, associates and other companies are valued at acquisition cost, reduced by any impairment losses. Please refer to the section below on *"Impairment of Assets"* for the criteria for determining any impairment.

The positive difference, when arising at the time of the acquisition with third parties, between the acquisition cost and the Company's share of equity at current values of the investee is, therefore, included in the carrying value of the investment.

Investments in associates, subsidiaries and other companies are tested for impairment. If there is evidence that these investments have suffered an impairment loss, it is recognised in the income

statement as a write-down. In the event that the Company's share of the investee's losses, if any, exceeds the carrying value of the investment, and the Company has an obligation to cover those losses, the value of the investment is written off and the Group's share of further losses is recognised as a provision for risks and charges in the balance sheet liabilities. If, subsequently, the impairment loss ceases to exist or is reduced, a reversal of the impairment loss is recognised in the income statement within the limits of the original cost.

Please refer to the following section "*Adjustments to asset values*" for a more detailed examination of the recoverability of these investments.

Asset value adjustments

- *Property, Plant and Equipment, Intangible Assets (including Right of Use for Leased Assets) and Equity Investments*

  At each balance sheet date, a test is performed to determine whether there is any indication that property, plant and equipment, intangible assets (including rights to use them, the impairment of which relates to the occurrence of conditions to use the asset under an onerous contract within the meaning of IAS 37) and investments may be impaired and whether with reference to the value of land and buildings, the fair value may be different from the cost restated to fair value at the date of the review (therefore including accumulated depreciation recognised between the two dates of measurement of fair value). Both internal and external sources of information are considered for this purpose. For the former (internal sources), the following are considered: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset, and the economic performance of the asset compared to what was expected. As far as external sources are concerned, the following are considered: the market price development of assets, any technological, market or regulatory discontinuities, the development of market interest rates or the cost of capital used to evaluate investments.

  If the presence of such indicators is identified, the recoverable value of these assets is estimated (Impairment test), and any impairment is charged against the related carrying value in the income statement. The recoverable amount of an asset is the higher of its *fair value*, net of incidental selling costs, and its value in use, the latter being the present value of estimated future cash flows for that asset. In determining the value in use, expected future cash flows are discounted using a discount rate that reflects current market assessments of the cost of money, relative to the period of the investment and the specific risks of the asset. For an asset that does not generate largely independent cash flows, recoverable amount is determined in relation to the *cash generating unit* (CGU) to which that asset belongs.

  An impairment loss is recognised in profit or loss if the carrying amount of the asset, or the related *cash generating unit* to which it is allocated, is greater than its recoverable amount. Impairment losses of the *cash generating unit* are recognised as a reduction of assets, in proportion to their carrying amount and within the limits of their recoverable amount, including utilisation rights. If the conditions for a previously recognised impairment loss are no longer met, the carrying amount of the asset is reinstated and charged to profit or loss, up to the net carrying amount that the asset in question would have had if the impairment loss had not been recognised and, for tangible and intangible assets with a finite useful life, depreciation had been recognised.

See Note 4 "Use of Estimates" below for a more detailed discussion of the results of the *impairment test* performed as at 31 December 2023.

- *Land and buildings measured at cost restated to fair value*

  In the year of restatement of *fair value*, the positive differential between *the restated fair value* and the carrying value (*fair value* at the previous restatement adjusted for depreciation) is recognised in equity while in the case of a negative differential, the same is recognised in equity (OCI) up to the residual value of the restatement of the *fair value* of each property and for the excess part to the income statement.

Financial assets

Financial assets are classified into the following three categories: (i) financial assets measured at amortised cost; (ii) financial assets measured at fair value with the effects recognised in other comprehensive income (hereinafter also FVTOCI); (iii) financial assets measured at fair value with the effects recognised in profit or loss (hereinafter also FVTPL).

Financial assets are initially recognised at *fair value.*

(i) financial assets measured at amortised cost

Subsequent to initial recognition, financial assets that generate contractual cash flows represented solely by principal and interest payments are measured at amortised cost if they are held for the purpose of collecting the contractual cash flows (held to collect business model). According to the amortised cost method, the initial recognition value is subsequently adjusted for principal repayments, any write-downs and the amortisation of the difference between the repayment value and the initial recognition value. Amortisation is performed on the basis of the effective internal interest rate, which represents the rate that makes the present value of expected cash flows and the initial recognition value equal at the time of initial recognition. Receivables and other financial assets measured at amortised cost are presented in the balance sheet net of the related allowance for impairment.

(ii) financial assets at fair value through other comprehensive income (hereinafter also FVTOCI)

Financial assets representing debt instruments whose business model envisages both the possibility of collecting the contractual cash flows and the possibility of realising capital gains on disposal (business model *held to collect and sell*), are valued at *fair value* with the effects being charged to OCI (FVTOCI). In this case, changes in the *fair value* of the instrument are recognised in equity, among other components of comprehensive income. The cumulative amount of the changes in *fair value*, charged to the equity reserve that contains the other components of comprehensive income, is reversed to the income statement upon derecognition of the instrument.

(iii) financial assets at fair value through profit or loss (hereinafter also FVTPL)

A financial asset that is not measured at amortised cost or FVTOCI is measured at *fair value* with the effects recognised in profit or loss (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 measurement at amortised cost or FVTOCI.

The assessment of the recoverability of financial assets not measured at fair value with effects on the Profit and Loss Account is made on the basis of the Expected Credit Losses.

Transferred financial assets are derecognised when the contractual rights to obtain the cash flows associated with the financial instrument expire or are transferred to a third party.

With regard to value adjustments (*impairment*), loans and debt securities classified as financial assets at amortised cost, financial assets measured at fair value with impact on comprehensive income and significant off-balance sheet exposures are subject to value adjustments.

In this regard, such instruments are classified into stage 1, stage 2 or stage 3 depending on their absolute or relative credit quality with respect to the initial disbursement. More specifically:

- Step 1: includes (i) newly originated or acquired credit exposures, (ii) exposures that have not experienced a significant deterioration in credit risk since initial recognition, and (iii) exposures with low credit risk ("*low credit risk exemption*").
- Step 2: includes credit exposures that, although not impaired, have experienced a significant deterioration in credit risk since initial recognition.
- Step 3: includes impaired credit exposures. For stage 1 exposures, total value adjustments are equal to the expected loss calculated over a time horizon of up to one year. For stage 2 or stage 3 exposures, overall value adjustments are equal to the expected loss calculated over a time horizon equal to the entire duration of the related exposure.

The Company has developed specific models for calculating expected loss that leverage the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") parameters used for regulatory purposes and to which specific adjustments are made to ensure full consistency with accounting regulations. This also included the inclusion of forward-looking information through the development of specific scenarios.

Inventories

Inventories - referring to materials to be used for rolling stock maintenance activities - are recorded at the lower of purchase cost (including ancillary charges) and net realisable value. Cost is determined according to the weighted average cost method. The net realisable value is the replacement cost.

Obsolete inventories and/or slow moving, are written down in relation to their presumed possibility of use or future realisation, by reporting a specific provision to adjust the value of inventories. The writedown is eliminated in later years if the reason for it cease to exist.

Trade receivables, other receivables and current assets

Trade receivables, other receivables and current assets are initially recognised at fair value and subsequently measured according to the amortised cost method net of the allowance for doubtful accounts. If there is objective evidence of indicators of impairment, the asset is reduced to the extent that it is equal to the discounted value of the cash flows obtainable in the future. Objective evidence of impairment is tested by considering, inter alia, material contractual defaults, significant financial difficulties, risk of counterparty insolvency. Receivables are shown net of provisions for bad debts. If, in subsequent years, the impairment of the asset is ascertained, the impairment provision is utilised;

conversely, if the reasons for the previous write-downs no longer apply, the value of the asset is reinstated up to the value that would have resulted from the application of amortised cost if the write-down had not been made.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, available bank deposits, other short-term investments with a maturity of three months or less. Items included in cash and cash equivalents are valued at *fair value*.

Financial liabilities

Loans, trade payables and other financial liabilities are initially recorded at *fair value*, net of directly attributable incidental costs, and are subsequently measured at amortised cost, applying the effective interest rate method. If there is a change in the expected cash flows, the value of the liabilities is recalculated to reflect this change on the basis of the present value of the new expected cash flows and the internal rate determined initially. Loans, trade payables and other financial liabilities are classified as current liabilities, except for those that have a contractual maturity of more than 12 months after the balance sheet date and those for which the company has an unconditional right to defer their payment for 12 months after the balance sheet date. Loans, trade payables and other financial liabilities are removed from the balance sheet when they are extinguished and when the Company has transferred all risks and charges relating to the instrument.

Employee benefits

The Company has both defined contribution and defined benefit plans in place.

Defined contribution plans are managed by third-party fund managers, in relation to which there are no legal or other obligations to pay further contributions if the fund does not have sufficient assets to meet its commitments to employees. For defined contribution plans, the Company makes contributions, either voluntary or contractually agreed, to public and private insurance pension funds. Contributions are recorded as personnel costs on an accrual basis. Advanced contributions are recorded as an asset that will be repaid or offset against future payments, should they be due.

A defined benefit plan is a plan that cannot be classified as a defined contribution plan. In defined benefit schemes, the amount of the benefit to be paid to the employee is quantifiable only after the termination of employment, and is linked to one or more factors such as age, years of service and salary. 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 the future cash flows at an interest rate equal to that of bonds (*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. Gains and losses resulting from the actuarial calculation are fully recognised in equity, in the year of reference, taking into account the related deferred tax effect.

In particular, it should be noted that the company manages a defined benefit plan, represented by the Staff Severance Fund ("TFR"). TFR is compulsory for Italian companies under Article 2120 of the Civil Code; it is in the nature of deferred remuneration and is related to the length of the employee's working life and the remuneration received during the period of service rendered. As of 1 January 2007, Law No. 296 of 27 December 2006, "2007 Budget Law", and subsequent Decrees and Regulations, introduced significant changes in the rules governing severance pay, including the worker's choice as to whether to allocate his accruing severance pay to complementary pension funds or to the "Treasury Fund" managed

by INPS. It follows, therefore, that the obligation to INPS and the contributions to supplementary pension schemes have assumed, pursuant to IAS 19 "Employee Benefits", the nature of defined contribution plans, while the amounts recorded in the TFR fund as of 1 January 2007 maintain the nature of defined benefit plans.

Provisions for risks and charges

Provisions for risks and charges are recorded for losses and charges of a definite nature, of certain or probable existence, the amount and/or date of occurrence of which, however, cannot be determined. Recognition is made only when there is a current obligation (legal or implied) for a future outflow of economic resources as a result of past events, and it is probable that such an outflow will be required to fulfil the obligation. This amount represents the best estimate of the burden to settle the obligation. When the financial effect of time is significant and obligation payment dates can be reliably estimated, funds are valued at the present value of the expected outlay using a rate that reflects market conditions, the change in the cost of money over time, and the specific risk associated with the obligation. The increase in the value of the fund determined by changes in the cost of money over time is accounted for as passive interest.

Risks for which the occurrence of a liability is only possible are reported in the appropriate disclosure section on contingent liabilities, and no provision is made for them.

Revenue recognition

Revenues are recognised at the amount equal to the fair value of the consideration received or receivable, to the extent that the economic benefits flow to the Company and are reliably determined.

The consideration for Service Contracts relating to Local Public Transport services is recognised in the Profit and Loss Account on an accrual basis in relation to the distances and routes covered in the year of reference, net of penalties, discounts, rebates and premiums, as well as directly related taxes.

Revenues from services (in particular, parking spaces management, car parks, car removal) are recognised when the service is performed, sales revenues when the transfer occurs or when the counterparty obtains control of the asset.

Rental income for commercial space, advertising and sponsorship is recognised in the year in which it accrues, based on the contractual agreements signed.

Public grants

Public grants, where there is a formal allocation resolution, are recognised on an accrual basis in direct correlation with the costs incurred. In the event of uncertainty of attribution, they are recognised on a cash basis in the financial year in which they are definitively received.

- Capital grants

  Government capital grants refer to sums disbursed for the acquisition of rolling stock or for the construction, rehabilitation and expansion of property, plant and equipment. Capital grants are accounted for as a direct reduction of the assets to which they relate and contribute, as a reduction, to the calculation of depreciation allowances.

- Grants for operating expenses

Operating grants refer to sums disbursed by the Municipality of Milan or other public bodies to the company as a reduction of costs and charges incurred. Operating grants are charged to *"Other proceeds"* as a positive component of the Profit and Loss Account.

Entry of Costs

Costs are recognised when they relate to goods and services purchased or consumed during the financial year or by systematic allocation.

Dividends

They are recognised in the income statement when the shareholders' right to receive payment arises, which normally corresponds to the shareholders' resolution to distribute dividends.

Financial income

Financial income is recognised on an accrual basis and includes interest income on invested financial assets, gains on the sale of financial assets or on the adjustment of the *fair value* of financial assets, and exchange rate gains. Interest income is charged to the Income Statement as it accrues, taking into account the effective yield.

Financial expenses

Borrowing costs are recognised on an accrual basis and include interest expense on borrowings calculated using the effective interest method, losses on the sale of financial assets or on the adjustment of the *fair value* of financial assets, and foreign exchange losses.

Income taxes

Current taxes are calculated on the basis of taxable income for the year, applying the tax rates in effect at the balance sheet date. Deferred taxes are calculated for all differences arising between the tax base of an asset or liability and its book value.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which they can be recovered. Deferred taxes are determined using the tax rates that are expected to apply in the years in which the differences will be realised or settled. The recoverability of deferred tax assets is reviewed at each period end. Deferred tax assets not recognised in the financial statements are reanalysed at each balance sheet date and are recognised to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Current and deferred taxes are recognised in the Income Statement, except for those relating to items directly debited or credited to equity, in which case the tax effect is recognised directly in equity and in the Statement of Comprehensive Income. Taxes are set off when levied by the same tax authority and when there is a legal right of set-off and a settlement of the net balance is expected.

The company adheres to the ATM Group's National Tax Consolidation as the consolidating company; this allows IRES to be determined on the algebraic sum of the taxable amounts of the individual participants. The economic relations, responsibilities and reciprocal obligations between the consolidating company (ATM S.p.A.) and the consolidated Group companies are defined in the *"Agreement for the joint exercise of the option for national consolidation by ATM Group companies"*, which is valid for three years and is tacitly renewed, unless revoked.

IRAP is determined solely by reference to the Company.

Other taxes not related to income, such as property taxes, are included in "*Other operating expenses and charges*".

Conversion of foreign currency items

The translation of currencies other than the functional currency are reported at the exchange rate existing on the transaction date. Monetary assets and liabilities denominated in a currency different from the euro are later adjusted to the exchange rate existing at the end of the reporting period. Non-monetary assets and liabilities denominated in a currency different from the euro are reported at historic cost using the exchange rate in effect on the initial date the transaction was reported. Any exchange rate differences arising are reported in profit or loss.

IFRS and IFRIC accounting standards, amendments and interpretations applied since 1 January 2023

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Company as of 1 January 2023.

- On 12 February 2021, the IASB published two amendments entitled *"Disclosure of Accounting Policies-Amendments to IAS 1 and IFRS Practice Statement 2"* and *"Definition of Accounting Estimates-Amendments to IAS 8"*. The amendments to IAS 1 require an entity to disclose relevant information on the accounting policies applied by the Group. The amendments are intended to improve the disclosure of accounting policies applied by the Group so as to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish changes in accounting estimates from changes in *accounting policy*. The changes took effect on 1 January 2023.

  The adoption of these amendments had no impact on the Company's financial statements.

- On 23 May 2023, the IASB published an amendment entitled "*Amendments to IAS 12 Income Taxes*: *International Tax Reform – Pillar Two Model Rules"*. The document introduces a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the *Model Rules* of Pillar Two (which is effective in Italy as of 31 December 2023, but applicable as of 1 January 2024) and provides for specific disclosure requirements for entities affected by the related *International Tax Reform*.
  The document provides for the immediate application of the temporary exception, while the disclosure requirements are only applicable to annual financial statements beginning on or after 1 January 2023, but not to interim financial statements with a closing date prior to 31 December.

  The application of the Global Minimum Tax, envisaged by Directive No. 2022/2523 of 15 December 2022 (implementing the OECD/G20 Pillar II proposal), came into force in Italy on 1 January 2024 as provided by Legislative Decree No. 209 of 27 December 2023.
  Considering the complexity of the system outlined by the aforementioned legislation to ensure this minimum tax level, for the first three effective periods (for the ATM Group - financial years 2024 to 2026), the possibility of applying a simplified regime (so-called "transitional safe harbours") has been envisaged, based mainly on accounting information already available for each jurisdiction and on the application of three tests (De Minimis test, Simplified Effective Tax Rate test and Routine Profits test); passing at least one of these *tests* allows for the disapplication of any additional taxes required to reach the prescribed minimum tax level and the reduction of compliance burdens.

The Group is carrying out analyses and simulations of the impacts of the new regulations, which have highlighted the conclusions below, and is in the process of defining the compliance requirements related to the application of Pillar II, which will be implemented with appropriate corporate systems and procedures; based on the information known or reasonably estimable to date, the ATM Group's exposure resulting from the application of Pillar II is assessed as not material.
In any case, since the Pillar II legislation is not effective until 31 December 2023, it had no impact on current taxes. With regard to deferred taxation, the temporary exception introduced in May 2023 by the IASB with the "Amendments to IAS 12 Income Taxes" is applicable: International Tax Reform - Pillar Two Model Rules", concerning the deferred tax accounting requirements of IAS 12.

IFRS accounting standards, amendments and interpretations endorsed by the European Union 31 December 2023, not yet mandatorily applicable and not early adopted by the Company as at 31 December 2023.

- On 23 January 2020, the IASB published an amendment entitled "*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*" and on 31 October 2022 published an amendment entitled "*Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants*". Such changes are intended to clarify how to classify debts and other short-term or long-term liabilities. In addition, the amendments also improve the information that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The amendments enter into force on 1 January 2024; earlier application is however permitted.

  The Directors do not expect a significant effect on the financial statements from the adoption of this amendment.

- On 22 September 2022, the IASB published an amendment entitled "*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 and leaseback transaction so as not to recognise an income or loss that relates to the retained right of use. The changes will apply from 1 January 2024, but earlier application is permitted.

  The Directors do not expect a significant effect on the financial statements from the adoption of this amendment.

IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union as at 31 December 2023

At the date of this document, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the amendments and standards described below.

- On 25 May 2023, the IASB published an amendment entitled "*Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments*: *Disclosures: Supplier Finance Arrangements"*. It requires an entity to provide additional disclosures about *reverse factoring arrangements* that enable users of financial statements to evaluate how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of

those arrangements on the entity's exposure to liquidity risk. The changes will apply from 1 January 2024, but earlier application is permitted.

The directors do not expect a significant effect on the financial statements of the Company from the adoption of this amendment.

- On 15 August 2023, the IASB published an amendment entitled *"Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates*: *Lack of Exchangeability"*. The document requires an entity to apply a consistent methodology for verifying whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be made in the notes to the financial statements. The change will apply from 1 January 2025, but earlier application is permitted.

  The directors do not expect a significant effect on the financial statements of the Company from the adoption of this amendment.

- On 30 January 2014, the IASB published *IFRS 14 - Regulatory Deferral Accounts*, which allows only first-time adopters of IFRSs to continue to recognise amounts related to activities subject to regulated rates ("*Rate Regulation Activities*") under the previous adopted accounting standards.

  Since the Company is not a *first-time adopter*, this principle does not apply.

4. Use of estimates

The application of IAS-IFRS to prepare the Financial Statements requires the Directors to make accounting estimates, which are often based on complex and/or subjective evaluations, based on past experience and assumptions considered reasonable and realistic in relation to the information known at the time of the estimate, including with the support of experts. The use of these estimates is reflected in the carrying value of assets and liabilities and in the disclosure of contingent assets and liabilities at the date of the Financial Statements, as well as in the amount of income and expenses in the accounting period represented. Actual results may differ from those estimated due to the uncertainty surrounding the assumptions and conditions on which the estimates are based. For this reason, estimates and assumptions are reviewed periodically and the effects of any changes are reflected in the Income Statement.

For a better understanding of the Financial Statements, the most significant estimates in the process of preparing the Financial Statements are indicated below, as they involve a high degree of reliance on subjective judgements, assumptions and estimates relating to matters that are by their nature uncertain. Changes in the conditions underlying the judgments and assumptions made could have a material impact on subsequent years' results.

Recoverability of the value of property, plant and equipment and intangible assets (including rights of use for leased assets)

The year 2023 was characterised for ATM S.p.A. by the significant impact of the increase in electricity prices. In fact, 2023 was the first year in which ATM S.p.A. was affected by the change in its electricity supply contracts, which, as of 2023, are characterised by variable prices for ATM S.p.A., whereas, until

2022, they were at a fixed price for the entire duration of the supply. The significant increase in the price of electricity coupled with a level of fees related to the Service Agreement with the Municipality of Milan that is historically static has led to a negative EBIT at the Parent Company level of EUR 25.4 million, a situation that has given rise to the need, as recommended by ESMA with the *Public Statement* of 31 May 2022 number 32-63-1277, to assess the recoverability of its non-financial non-current assets. The *impairment test* was carried out on the *cash generating unit* ("CGU") most impacted by these events, namely "*Local Public Transport and Complementary Services*", identified with the activities of the company ATM S.p.A.

In the analyses carried out for the construction of the future cash flows, the Directors took as a reference the Economic and Financial Plan 2024 ÷ 2030 that takes into account the extension of the service contract with the Municipality of Milan for local public transport until 31 December 2026, as indicated in the Managerial Determination no. 12608 of 28 December 2023 of the Municipality of Milan, to then consider reasonable economic forecasts for the subsequent period until 31 December 2030 both in terms of revenue flows linked to the adjustment of the service contract, and in terms of costs with reference to the impacts linked to the savings and efficiency-boosting actions envisaged and resulting from the *"full electric"* project, and with reference to the trend of electricity costs determined prospectively on the basis of reasonable assumptions inferred from the prospective trends. Investments were determined on the basis of the 2024 ÷ 2027 Investment Plan projected for the period until 31 December 2030. The Directors, in order to assess the reference time horizon of the Plan - longer than 5 financial years - have taken into account both the timeframes reasonably required to complete the procedures for entrusting the service, which will hopefully take place on the basis of what is contained in the "*Milano Next Project",* a project that, although being revised and redefined in terms of time horizon, scope of activities, investment plan to incorporate the new mobility reality in the light of the changed economic and social context, remains central and of interest to both the Entrusting Entities and, above all, the timeframe in which the considerable investments incurred in the three-year period 2024 ÷ 2026 relating to the *"full electric"* project will begin to generate returns in terms of economic results and cash flows.

On 27 March 2024, the Board of Directors approved the content and assumptions of the Economic and Financial Plan 2024 ÷ 2030, as well as the results of the *impairment* test and the *sensitivity analysis*.

The impairment test implied - in estimating the value in use - the use of projections that are based on a set of assumptions and hypotheses concerning future events and actions of the administrative bodies and competent regulatory bodies of LPT services, which will not necessarily occur. In fact, the assumptions concerning future performance and the consequent forecast data used to perform the *impairment test* are characterised, due to their forecasting nature, by a certain degree of uncertainty and, therefore, it cannot be excluded that the occurrence of future results that differ from those estimated may require possible adjustments to the value of tangible and intangible assets recognised in the financial statements.

Recoverability of Investments in Subsidiaries and Associates

Also with reference to the impairment test of investments in subsidiaries and associates, the Company checks at each balance sheet date for indicators of impairment. If such indicators are identified, the impairment test is performed on the basis of the estimated value in use.

If there is evidence that these investments are impaired, it is recognised in the income statement as an impairment loss. In the event that the Company's share of the investee's losses, if any, exceeds the carrying amount of the investment and the Company has the obligation or intention to be liable for those

losses, the value of the investment is written off and the Group's share of further losses is recognised as a provision under liabilities. If, subsequently, the impairment loss ceases to exist or is reduced, a reversal of the impairment loss is recognised in the income statement within the limits of cost.

As mentioned in the previous paragraph, the Company considered various external indicators of impairment during 2023, such as the increase in bank interest rates reflected in the discount rate, the sudden increase in the inflation rate, as well as geopolitical uncertainty factors, mainly arising from the conflict between Russia and Ukraine and the Israeli-Palestinian conflict.

With reference to the verification of the recoverability of the carrying value of Metro 4, starting from the assumptions underlying the determination of the purchase price in December 2023 by an independent expert, when preparing these financial statements, the Directors updated the value of the cost of equity with respect to the value used as the basis for the economic-financial projections used to determine the purchase price of the shares owned by the construction shareholders.

Since the purchase of these shares took place in the last days of December 2023 and considering that this was a transaction between independent parties, the Directors considered that the purchase value represented the best estimate of the *fair value* of the shareholding acquired as at 31 December 2023. Furthermore, noting that the update of the equity cost when verifying the recoverability of the carrying value of the investment had not increased compared to the value used when estimating the value of the shares, the Directors decided to maintain the purchase value of the investment recorded in ATM's financial statements.

On the other hand, no indicators of impairment were identified with reference to other investments in subsidiaries and associates as they are characterised by positive economic trends with future growth prospects over the medium-term time horizon.

Restated cost at fair value of land and buildings

The valuation of the *fair value* of the land and buildings taken as reference for the periodic redetermination of cost is a complex estimative process that depends on the characteristics of the properties, the criteria for identifying the market parameters used for the valuation, and the methodological approach adopted in determining the portfolio discount.

Useful life of tangible and intangible assets

Tangible and intangible assets with a finite useful life are amortised over the estimated useful life of the related assets. The economic-technical life of assets is determined by the Directors at the time the asset is acquired; it is based on historical experience for similar assets, market conditions and anticipations regarding future events that could impact the useful life. Therefore, the actual economic-technical life may differ from the estimated useful life. The Company periodically evaluates technological and industry changes to update the remaining useful life. This periodic update could lead to a change in the depreciation period and thus also in the depreciation rate for future years. It should be noted that as at 31 December 2017, on the occasion of the first adoption of the IAS-IFRS standards, updates were made to the useful lives referring to metro and tram rolling stock, while in the 2018 financial year, as part of the change in the valuation criterion for Buildings, a new economic-technical life was defined for Buildings subject to valuation at *fair value*.

In addition, following an analysis of the recoverability of the values recognised in the financial statements, with reference to metropolitan rolling stock, as a result of the removal from the production

cycle of certain rolling stock due to technological obsolescence, the useful lives of 10 Eurotrams were revised, the first five of which retired from service on 31 December 2023 and the additional five will retire from the production process on 31 December 2024, the effects of which are illustrated in Note 35.

Recoverability in inventories

Inventory valuation is an estimative process subject to the uncertainty of determining the replacement value of rolling stock and consumable components that varies over time and according to market conditions as well as 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 Deferred Tax Assets

The financial statements include deferred tax assets, mainly related to income components with deferred tax deductibility, for an amount whose recovery in future years is deemed highly probable. Significant judgement calls by the Directors are required to determine the amount of deferred tax assets that may be recognised in the financial statements based on the timing and amount of future taxable income.

In addition, it should be noted that in these Financial Statements, deferred tax assets have been recognised in respect of income components with deferred tax deductibility for the portion that the Directors believe will be recoverable against the future taxable income hypothesised, subsequent to the end of the current expiry date of the Service Contract with the Municipality of Milan, which was extended until 31 December 2026.

Processes for estimating provisions for risks and charges

The Company is subject to legal and tax lawsuits 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 surrounding each lawsuit, jurisdiction and different applicable laws. Given the uncertainties surrounding these issues, it is difficult to predict with certainty the payout that could result from such disputes. Accordingly, the Directors, after consulting with their legal, tax and environmental advisors and experts, establish a liability for such litigation when they believe it is probable that a financial outlay will be incurred and when the amount of the resulting losses can be reasonably estimated. This estimate involves assumptions that depend on factors that may change over time and therefore could have significant effects with respect to the current estimates made by the directors in preparing the Company's financial statements.

Factors for the Valuation of Employee Benefits

Employee benefit liabilities are measured using an actuarial method that requires the use of estimates and assumptions to determine the value of the obligation. The estimates and assumptions inherent in actuarial valuation involve exogenous factors such as the discount rate and subjective factors such as the rate of future salary increases, mortality and resignation.

Determining the Fair Value of Financial Assets

The *fair value* of certain financial assets that are not quoted in active markets is determined using valuation techniques. The Company uses valuation techniques that use inputs that are directly or indirectly observable by the market at the balance sheet date, related to the assets being valued.

Although we consider the estimates of the above fair values to be reasonable, possible changes in the estimation factors on which the calculation of these values is based could lead to different valuations.

Climate change risk disclosure

As already reported in previous sections of this paper, the decarbonisation and electrification process of the global economy is underway worldwide and is crucial in achieving the goal of '*Net Zero*'. This goal should make it possible to avoid a temperature increase of more than 1.5 °C and avoid serious consequences for the environment.

In this context, the Company has considered the risks related to climate change in preparing these Financial Statements as at 31 December 2023, which appropriately reflect the effects of achieving carbon neutrality in the 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 "IFRS Standards and climate-related disclosures" and as required by ESMA in its "European Common Enforcement Priorities", the Company provides explicit information in the Notes to these financial statements on how climate change is reflected in the accounts.

For a more effective and organic communication in relation to the climate change disclosure prepared within the Notes to these Financial Statements, the different climate change issues are outlined below.

<u>IAS 1 - Presentation of Financial Statements</u>

IAS 1 requires entities to disclose information, for example, climate-related issues, that are not specifically required by IFRS standards and not presented elsewhere, but that are relevant to an understanding of the financial statements.

With regard to assumptions and estimates, IAS 1 requires disclosure of assumptions that an entity makes about the future that have a significant risk of causing a material adjustment within the next financial year. Therefore, it may be necessary to make assumptions about climate-related issues explicit.

With regard to this area, management does not identify any 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 requires the application of assumptions about highly uncertain future developments, such as future technological developments, political developments, and government actions have been considered in the preparation of the financial statements with regard to the following.

<u>IAS 2 - Inventories</u>

In light of the assumptions underlying the 2024-2030 Business Plan and the contents of the Full Electric project, the potential impact of the *climate change* on the timing of investments and, therefore, on the timing of the decommissioning of the traditional and hybrid vehicle fleet is significant, with impacts both on inventory rotation and on the prospective consumption of spare parts for the current bus fleet,

with potential risks of obsolescence of warehouse stocks, and on the supply of spare materials for maintenance work on the new vehicles.

IAS 36 - Impairment of Assets

The impairment test is drawn up on the basis of the 2024 - 2030 Business Plan taking into account the renewal of the Service Contract with the Municipality of Milan until 31 December 2026. The cash flows used are therefore derived from this plan and include both risks and opportunities related to climate change (e.g. CO2 reduction, replacement of energy supply sources, *Full Electric* project).

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

IAS 16 and IAS 38 define the criteria for the capitalisation of costs. Costs, including those of developing new solutions that reduce consumption, are capitalised when they meet the requirements of the two standards. The useful life of 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 exist before. Furthermore, an entity may make a public commitment to behave in a certain way or undertake certain activities in response to climate change.

It is possible, again, that previously recognised provisions for future events may have a faster realisation with the resulting change in estimate to be recognised. Climate change and associated legislation may require this assumption to be reconsidered, resulting in the need to recognise previously unrecognised liabilities. A specific disclosure of contingent liabilities is also provided, if the conditions are met.

5. Financial risk management

This section briefly describes the Company's policies for managing and controlling the financial risks to which it is exposed:

1) credit risk arising from the possibility of default by a counterparty;
2) liquidity risk arising from a lack of financial resources to meet short-term commitments;
3) risk of non-compliance with the debt covenants and possible default;
4) risk arising from exposure to interest rate fluctuations, exchange rate fluctuations, commodity price fluctuations and rating downgrades on m/l-term debt.

During the financial year 2023, the Company made use of derivative financial instruments to partially hedge its exposure to the risk of fluctuations in commodity prices, particularly electricity.

1) Credit risk

   The credit risk represents the Company's exposure to potential losses deriving from the non-fulfilment of obligations undertaken by commercial counterparties, mainly represented by the Municipality of Milan and its investee companies, as well as financial counterparties in relation to the portfolio of financial assets, deposits with banks and capital contributions also in the form of loans granted to investee companies.

As part of its risk management of financial instruments subject to investment, the Company, in accordance with the approved policy, and with the aim of preserving the capital invested in real terms, uses instruments to monitor any deterioration of credit risk.

In particular, with reference to counterparty credit risk, the Company adopts procedures and tools to assess, select and monitor investments on the basis of credit standing (including but not limited to explicit rating assessments, monitoring of CDS - Credit Default Swaps and Loss Given Default, IDR - Implicit Default Rate), and periodically develops stress test scenarios.

In management, priority is given to investment security before liquidity and liquidity before return. The parameters subject to ongoing assessment include the aforementioned indicators, as well as compliance with the minimum rating thresholds defined by policy, and the minimum size of individual assets included in the portfolio; the overall weighted average duration profile is also assessed for portfolio sensitivity mitigation purposes.

ATM's portfolio of invested assets includes cash securities, for the choice of which the rating constraints are respected, equal to at least, for the preponderant part of them, an 'Investment Grade' rating, as well as duration and issuer weighting with respect to the total portfolio, and units of UCITS with a limited risk profile, EU harmonised and with broad sector and geographical diversification.

The Company is also exposed to credit risk in relation to the financial guarantees (pledges on shares) issued in favour of the financing entities on the *project finance* transactions for the associated companies Metro 5 S.p.A. and SPV Linea M4 S.p.A. The Company's maximum exposure is equal to the value of the pledged shares of the two project companies totalling EUR 30,062,900 million as at 31 December 2023.

However, in accordance with the provisions of the European Securities and Markets Authority ('ESMA') and in accordance with IFRS 9, the aforementioned value contributes to the formation of total financial debt only to the extent of the related expected credit loss, i.e., the cash shortfall, which ATM as guarantor may have to bear.

The low exposure to counterparty credit risk is confirmed by the findings of the impairment analysis, as detailed in the next section.

With reference to commercial counterparties, ATM has internal tools for selecting and assessing the economic-financial reliability of customers and suppliers, as well as external sources for monitoring their credit situation. The continuous monitoring of exposure to the various counterparties and the implementation of appropriate mitigation actions also provide for the adoption of measures aimed at credit recovery.

The following table shows the Company's credit risk exposure as at 31 December 2023 compared to the balance as at 31 December 2022.

	31.12.2023	31.12.2022
Non-current financial assets	199,292,987	51,176,493
Non-current financial assets net of allowance for doubtful accounts	**199,292,987**	**51,176,493**
Current financial assets	163,877,626	152,872,561
Current financial assets net of bad debt provision	**163,877,626**	**152,872,561**
Current trade receivables	193,001,517	203,291,193
Write-down fund	(11,876,587)	(15,756,164)
Current trade receivables net of bad debt provision	**181,124,930**	**187,535,029**
Other receivables and current assets	90,609,574	112,409,733
Write-down fund	(2,208,992)	(1,463,478)
Other receivables and current assets net of bad debt provision	**88,400,582**	**110,946,255**
Cash and cash equivalents	109,228,933	153,956,024
Write-down fund	(69,751)	(128,899)
Cash and cash equivalents	**109,159,182**	**153,830,125**
Total exposure net of impairment provision*	**741,855,307**	**656,360,463**

** Tax credits are not included.*

The change in current financial assets is mainly attributable to the increase in the subscription of government bonds *held to collect and sell,* partially offset by the decrease in investments in UCITS. Cash and cash equivalents reflect the effect of investment trends and operating expenses that absorbed liquidity, as well as resources allocated to the settlement of loan instalments with the European Investment Bank.

Non-current financial assets include loans and receivables with related parties and third parties; the increase for the year is mainly attributable to the increase in the shareholders' loan granted to the associated company SPV Linea M4 S.p.A. for EUR 116,136,483 in addition to the increase in accrued interest income related to it for EUR 35,263,956.

The decrease in the provision for doubtful trade receivables is related to the dynamics connected to the utilisations and releases made during the year (for further details, please refer to Note 17 - *Trade Receivables*) of which the main ones refer to the utilisation of the provision for doubtful trade receivables for EUR 878,287 against the transfer to loss on receivables of numerous open positions and to the allocation of EUR 73,374 to the provision for doubtful trade receivables from the Municipality of Milan.

The decrease in other current receivables and assets is due to the collection of receivables for grants for investments, as well as the decrease in receivables for grants approved by the Granting Body but not yet requested by the Company.

The following tables show the exposure to credit risk by counterparty, in absolute terms and as a percentage, shown excluding cash and cash equivalents, as well as current and non-current financial assets:

	31.12.2023	Inc. %	31.12.2022	Inc. %
Receivables from subsidiaries	10,714,000	4.0%	8,528,037	2.9%
Tax receivables	1,975,208	0.7%	2,763,820	0.9%
Receivables from institutions (State, Region, Province)	82,102,435	30.5%	103,658,407	34.8%
Receivables from ordinary customers	20,803,237	7.7%	19,303,486	6.5%
Receivables from affiliates	14,230,058	5.3%	2,179,301	0.7%
Receivables from other debtors	4,322,939	1.6%	4,524,028	1.5%
Municipalty of Milan	135,115,719	50.1%	152,376,300	51.1%
Receivables from subsidiaries of parent companies	261,916	0.0%	5,147,905	1.6%
Total trade receivables, other current and non-current receivables	**269,525,512**	**100%**	**298,481,284**	**100%**

It should be noted that a significant portion of trade and other receivables is attributable to the parent company, the Municipality of Milan. The amount of financial assets deemed to be of doubtful collectability and of insignificant amount is covered by appropriate allocations to the allowance for doubtful accounts, which also take into account the generic risk of impairment of receivables that are not past due, determined on the basis of historical experience, in accordance with the requirements of IFRS 9.

The tables below provide a breakdown of financial assets as of 31 December 2023 and 31 December 2022, net of allowance for impairment, grouped by maturity and shown excluding cash and cash equivalents, as well as current and non-current financial assets:

	31.12.2023	Not expired	0-180	180-360	360-720	beyond 720
Receivables from subsidiaries (gross)	10,714,000	10,468,529	-	102,830	65,761	76,880
Write-down fund	-					
Receivables from subsidiaries (net)	**10,714,000**	**10,468,529**	**-**	**102,830**	**65,761**	**76,880**
Tax receivables (gross)	1,975,208	1,769,874	-	109,334	96,000	-
Write-down fund	-					
Tax receivables (net)	**1,975,208**	**1,769,874**	**-**	**109,334**	**96,000**	**-**
Receivables from institutions (gross)	82,102,435	68,290,549	6,727,440	7,084,446	-	-
Write-down fund	-	-	-	-	-	-
Receivables from Entities (net)	**82,102,435**	**68,290,549**	**6,727,440**	**7,084,446**	**-**	**-**
Receivables from ordinary customers (gross)	32,178,630	16,146,365	4,361,638	279,709	329,147	11,061,771
Write-down fund	(11,375,393)	(141,148)	(690,430)	(161,680)	(252,110)	(10,130,025)
Receivables from ordinary customers (net)	**20,803,237**	**16,005,217**	**3,671,208**	**118,029**	**77,037**	**931,746**
Receivables from affiliates (gross)	14,259,996	13,812,043	(106,917)	335,377	76,758	142,735
Write-down fund	(29,938)	(27,372)		(232)	(1,690)	(644)
Receivables from associates (net)	**14,230,058**	**13,784,671**	**(106,917)**	**335,145**	**75,068**	**142,091**
Receivables from other debtors (gross)	6,531,931	5,341,172	210,904	291,161	207,224	481,470
Write-down fund	(2,208,992)	(1,018,233)	(210,904)	(291,161)	(207,224)	(481,470)
Receivables from other debtors (net)	**4,322,939**	**4,322,939**	**-**	**-**	**-**	**-**
Municipality of Milan (gross)	135,586,503	74,404,979	40,709,611	11,889,171	-	8,582,742
Write-down fund	(470,784)	(194,069)	(111,098)	(1,576)	-	(164,041)
Municipality of Milan (net)	**135,115,719**	**74,210,910**	**40,598,513**	**11,887,595**	**-**	**8,418,701**
Receivables from subsidiaries of parent companies (gross)	262,388	65,943	78,881	62,975	914	53,675
Write-down fund	(472)	(119)	(142)	(113)	(2)	(96)
Receivables from subsidiaries of parent companies (net)	**261,916**	**65,824**	**78,739**	**62,862**	**912**	**53,579**
Total trade receivables, other current and non-current receivables net of bad debt provision	**269,525,512**	**188,918,513**	**50,968,983**	**19,700,241**	**314,779**	**9,622,997**

	31.12.2022	Not expired	0-180	180-360	360-720	beyond 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**
Tax receivables (gross)	2,763,820	2,691,820	-	72,000	-	-
Tax receivables (net)	**2,763,820**	**2,691,820**	**-**	**72,000**	**-**	**-**
Receivables from institutions (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 ordinary customers (gross)	31,413,813	11,610,117	4,681,229	667,627	1,767,672	12,687,168
Write-down fund	(12,110,327)	(61,457)	(128,125)	(152,581)	(406,272)	(11,361,891)
Receivables from ordinary customers (net)	**19,303,486**	**11,548,660**	**4,553,104**	**515,046**	**1,361,399**	**1,325,277**
Receivables from affiliates (gross)	2,186,828	1,972,783	81,274	254	27,755	104,762
Write-down fund	(7,527)	(4,716)	(427)	(1,604)	(331)	(449)
Receivables from associates (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
Write-down fund	(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
Write-down fund	(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
Write-down fund	(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 trade receivables, other current and non-current receivables net of bad debt provision	**298,481,284**	**234,536,462**	**33,809,157**	**13,633,241**	**12,175,724**	**4,326,702**

During the course of the year, the impairment provisions were adjusted according to the riskiness observed for each type of credit. Please refer to the comment sections of the Explanatory Notes for details on changes in the provisions.

Impairment of financial assets

At each balance sheet date, financial assets other than those measured at fair value with impact on profit or loss (FVTPL) and securities classified as FVTOCI undergo an assessment to identify a change in credit risk, in order to include this change in the estimate of the expected credit loss ('ECL'). The quantification of the ECL of each registered financial instrument is based on financial parameters provided by leading market providers. A similar analysis is also performed 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 requires that the related provision be quantified in relation to the presumed impairment of financial assets classified in three categories (*stage allocation*) based on the degree of creditworthiness deterioration. The measurement of the expected loss on financial assets depends on the borrower's credit risk at the initial recognition date, and the change in that risk observed between initial recognition and the balance sheet date. In detail:

- Stage 1 classifies financial assets that have not suffered a significant deterioration in creditworthiness compared to the creditworthiness at initial recognition; exceptions are financial assets that were impaired at the time of purchase. For classification purposes, the maintenance of "*investment grade*" status, as defined by the ECB-accredited rating agencies, is a discriminating factor. On the exposures included in this category, the Company quantifies the provision for losses equal to the expected credit losses from a possible default event in the following 12 months (*12-months expected credit loss* -ECL);

• Stage 2 classifies financial assets for which there has been a significant increase in credit risk since the date of initial recognition. Financial assets are considered, however, *performing* but their quality is lower than in Stage 1. On exposures included in this category, the Company assesses the provision for an amount equal to the expected losses over the entire life of the financial instrument (lifetime expected credit loss - ECL, taking into account potential future income);

• In Stage 3, "*impaired*" financial assets are classified, i.e. assets for which a loss event has occurred that permanently impairs creditworthiness. Similarly to assets classified in Stage 2, the Company assesses the provision at an amount equal to the expected losses over the entire life of the financial instrument (lifetime expected credit loss - ECL, but without considering future income from the financial instrument).

The following tables show the ECL values ("*Expected Credit Loss*") as at 31 December 2023 and 31 December 2022:

	31.12.2023	Expected Credit Loss		
		Stage 1 - 12m ECL	Stage 2 - ECL Lifetime	Stage 3 - ECL Lifetime
Cash and cash equivalents	69,751	69,751		
Financial Assets Held to Collect & Sell	43,570	43,570		
Financial Guarantees	54,113	54,113		
Trade receivables	11,876,587	11,876,587		
Other receivables	2,208,992	2,208,992		
Total	**14,253,013**	**14,253,013**	**-**	**-**

	31.12.2022	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	15,368	15,368		
Trade receivables	12,538,780	12,538,780		
Other receivables	1,463,478	1,463,478		
Total	**14,229,624**	**14,229,624**	**-**	**-**

In view of the credit risk detected, all financial assets other than trade receivables fall into Stage 1, with the probability of default measured at 12 months.

2) Liquidity risk

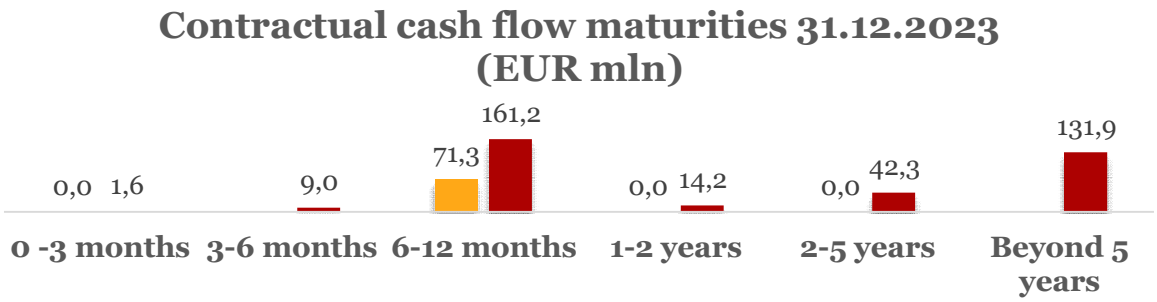
Liquidity risk is the risk that financial resources will not be sufficient to meet financial and commercial obligations on the agreed terms and deadlines, including due to difficulties in raising funds or liquidating assets on the market.

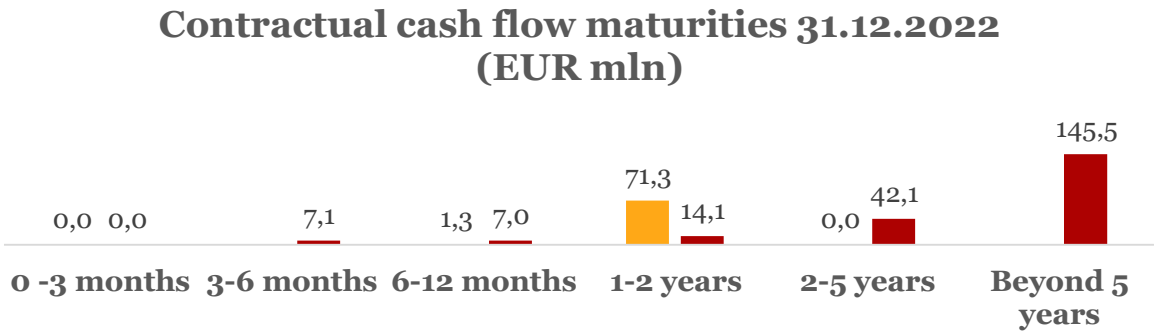
The Company manages liquidity risk by maintaining adequate reserves, committed credit lines and has the capital capacity to obtain additional funding, either through access to the capital market or by resorting to primary financial institutions, including supranational ones. Risk management is performed in the first instance by continuously monitoring expected and current cash flows and correlating the maturity profiles of financial assets and liabilities.

The following tables provide a breakdown of the remaining maturities of financial liabilities based on undiscounted cash flows, according to the first maturity at which the Company will be required to repay them. The amounts include both flows related to the repayment of principal and flows related to interest. In the event that interest flows are at a variable rate, the undiscounted value of the interest flows is estimated by applying, for subsequent maturities, the latest variable rate applied by the lending institution in 2023.

	31.12.2023	Contractual cash flows	0 -3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Bonds	70,413,095	71,312,500	-	-	71,312,500	-	-	-
Loans from banks	330,131,161	360,113,638	1,551,287	9,026,790	161,193,845	14,156,489	42,273,249	131,911,978
Total	**400,544,261**	**431,426,138**	**1,551,287**	**9,026,790**	**232,506,345**	**14,156,489**	**42,273,249**	**131,911,978**

	31.12.2022	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	-	-
Loans from banks	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**





The Company is able to meet its payment obligations both through the generation of cash flows from operations and by drawing on its ample and diversified available liquidity. The Company has cash on hand and financial assets in its portfolio that can be liquidated as they are listed on regulated markets. In addition to the above, the Company can also count on committed credit lines totalling EUR 47.5 million as of 31 December 2023, as well as RCF - Revolving Credit Facilities in the amount of EUR 160 million as of the same date.

On both types of lines as at 31 December 2023, there were no outstanding drafts.

In order to facilitate the financing of the M4 transaction, in December 2023 the Company finalised the signing of a Bridge to Bond loan, for EUR 150,000,000, indexed to a variable rate with a

maturity of one year that can be extended, at the Company's option, for 6 months and a maximum of two times.

The capital structure as outlined above was also positively assessed by the agency FitchRatings during its periodic rating review, which was confirmed at 'BBB' with a stable outlook to November 2023.

In 2021, the Company had a 'RAF - Risk Appetite Framework' policy and related group-level KRIs (Key Risk Indicators) aimed at defining the maximum risk-taking thresholds that do not jeopardise prospective financial equilibrium and balance sheet strength.

3) Default risk and debt *covenants*

The risk of default consists in the possibility that upon the occurrence of precise circumstances, contained in the loan agreements or in the bond indentures, the lenders are entitled to trigger contractual protections that may go as far as early repayment of the loan, ('acceleration') thus generating a potential liquidity risk.

As of 31 December 2023, the Company had loan agreements with the European Investment Bank and a Eurobond, which is scheduled to be repaid in a single instalment in 2024.

Loan agreements, as well as bonds, in line with international practice for similar transactions, generally provide for the right of the lender/debenture holder to request repayment of its claim by terminating the relationship with the debtor early in all cases where the latter is declared insolvent and/or is the subject of bankruptcy proceedings, or has commenced liquidation or other proceedings with similar effects.

In particular, the loan agreements and the bond indentures, as is customary in the market, contain a number of typical clauses, the breach of which entails the issuer's obligation to immediately redeem the bonds issued. These include the main ones: (i) negative pledge clauses, whereby the financed company undertakes not to pledge collateral on ATM's assets in favour of new lenders, above a specifically identified threshold (ii) cross default clauses that provide, in the event of the declaration of insolvency for an obligation, for the extension of the insolvency status to all outstanding financial liabilities and cross acceleration clauses that entail the obligation of immediate repayment of the debt upon the occurrence of specific events of default (iii) clauses obligating ATM to treat lenders similarly to other unsecured creditors (pari passu).

Specifically:

- loans granted by the EIB include the obligation to respect, throughout the duration of the loans, pre-established levels of financial ratios such as:

$$\frac{Consolidated\ Net\ Equity}{Group\ Financial\ Debt} > 2$$

$$\frac{Operating\ Cash\ Flow\ before\ changes\ in\ NWC}{Annual\ Debt\ Service} > 3$$

$$\frac{Real\ and\ personal\ guarantees\ given}{Consolidated\ Net\ Equity} \leq 18\%$$

  On 1 July 2022, an amendment to the first and third ratios was negotiated with the EIB ("Waiver") aimed, for the first, in accordance with the IFRS accounting standards to which ATM is required to adhere, to identify the actual financial debt by excluding guarantees from the calculation of the same, for the third to represent them at nominal value, while increasing the level of the ratio, in order to allow for adequate sizing in response to potential needs related to the approved investment plan.

- The bond provides for the obligation to comply with the following financial ratio throughout the life of the debt:

$$\frac{Consolidated\ Net\ Equity}{Group\ Financial\ Debt} > 2$$

As at 31 December 2023, as in previous years, the covenants are complied with.

ATM S.p.A. is also obliged to ensure, throughout the duration of the loans and the bond loan, that the debt of Subsidiaries is less than 10% of the Group's debt. In this case, too, the parameter is largely respected, as the parent company ATM, which manages the centralised treasury, extends its lines to the subsidiaries.

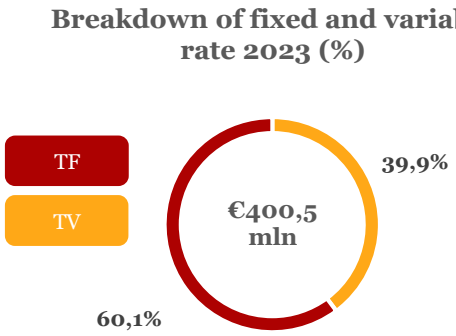
Compliance with the covenants is monitored by the Company on a half-yearly basis. As at the date of approval of the financial statements, the Company is not aware of the existence of any default situation or events that could jeopardise compliance with the covenants in the future.

4) Risk arising from exposure to interest rate fluctuations, exchange rate fluctuations, commodity price fluctuations and rating downgrades on m/l-term debt

Interest rate risk

Interest rate risk is related to interest rate fluctuations that affect the market value of the Company's financial assets and liabilities and the level of net financial expenses. In particular, the Company is exposed to fluctuations in interest rates (mainly Euribor and IRS) on financial assets and to a marginal extent on loans payable, considering that approximately 60% of financial debt is indexed at a fixed rate.

The following table shows the loans payable at variable and fixed rates.



	31.12.2023	Contractual cash flows	Current share	1 and 2 years	2 and 5 years	beyond 5 years
Variable rate	159,610,410	171,025,671	158,731,373	1,115,940	3,151,601	8,026,757
Fixed Rate	240,933,851	260,400,470	84,353,050	13,040,550	39,121,649	123,885,221
Total	**400,544,261**	**431,426,141**	**243,084,423**	**14,156,490**	**42,273,250**	**131,911,978**

	31.12.2022	Contractual cash flows	Current share	1 and 2 years	2 and 5 years	beyond 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	39,121,649	136,925,770
Total	**261,812,459**	**288,410,698**	**15,416,560**	**85,391,449**	**42,083,609**	**145,519,080**

Below is the sensitivity analysis on financial liabilities that illustrates the effects on the income statement of a hypothetical shift of the rate curves by +50 or -50 basis points relative to the rate levels recorded in 2023 and 2022:

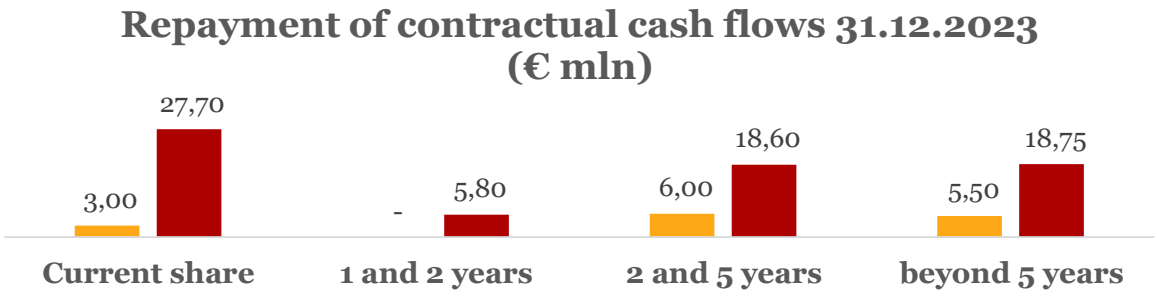
2023	Shift + 50 bps	Shift - 50 bps
Higher/(lower) interest expenses for variable-rate debt	625,389	(625,389)
Total	**625,389**	**(625,389)**

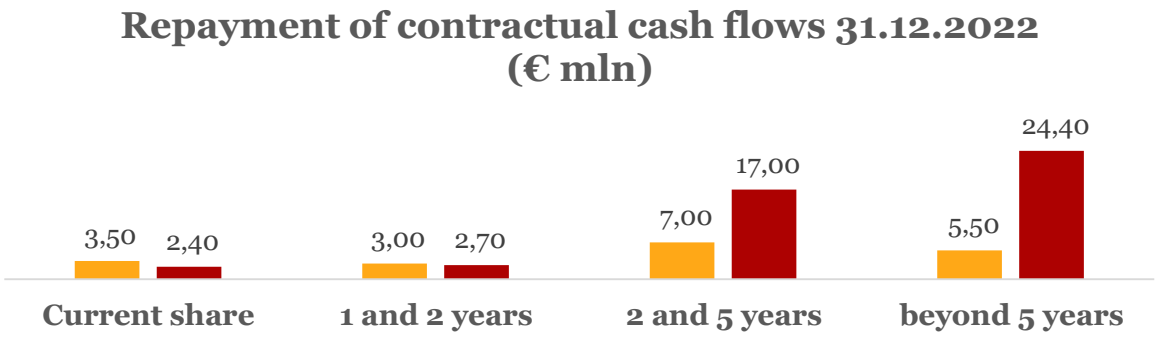
2022	Shift + 50 bps	Shift - 50 bps
Higher/(lower) interest expenses for variable-rate debt	55,909	(55,909)
Total	**55,909**	**(55,909)**

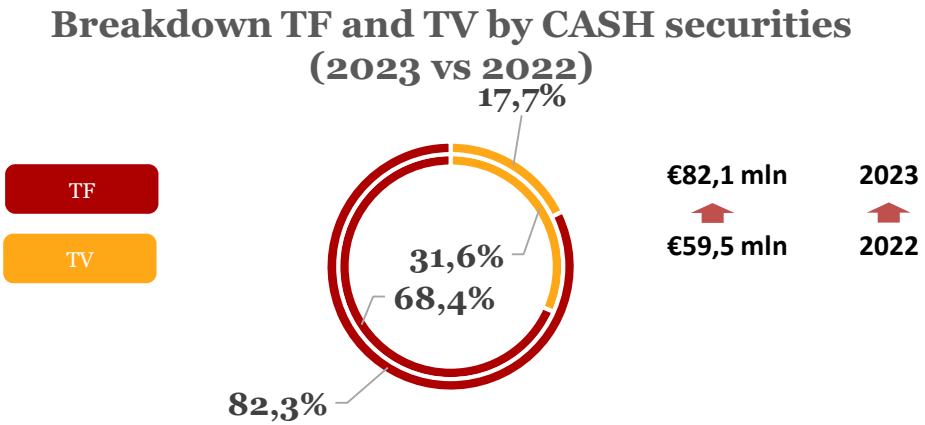
With regard to financial assets, the following table shows the breakdown of fixed-rate and variable-rate government and corporate bonds based on the undiscounted redemption flows of the nominal value of the instruments at their respective maturities:

	31.12.2023	Contractual cash flows	Current share	1 and 2 years	2 and 5 years	beyond 5 years
Variable rate	14,558,824	14,500,000	3,000,000	-	6,000,000	5,500,000
Fixed Rate	67,535,785	70,850,000	27,700,000	5,800,000	18,600,000	18,750,000
Total	**82,094,609**	**85,350,000**	**30,700,000**	**5,800,000**	**24,600,000**	**24,250,000**

	31.12.2022	Contractual cash flows	Current share	1 and 2 years	2 and 5 years	beyond 5 years
Variable rate	18,794,997	19,000,000	3,500,000	3,000,000	7,000,000	5,500,000
Fixed Rate	40,675,752	46,500,000	2,400,000	2,700,000	17,000,000	24,400,000
Total	**59,470,749**	**65,500,000**	**5,900,000**	**5,700,000**	**24,000,000**	**29,900,000**







N.B.: the comparative pie chart shows the 2023 data externally and the 2022 data internally, respectively

Completing the analysis is the sensitivity analysis on the bond portfolio carried out by using the modified duration of the individual securities in the portfolio as a benchmark, assuming a 50, 150 and 250 basis point change in interest rates respectively. The assumption of the analysis is the linear relationship between the prices of securities and their yields.

No account was taken of coupon flows, given the presence in the portfolio of a component of variable-rate index-linked securities.

	31.12.2023	Sensitivity analysis		
		0.50%	1.50%	2.50%
Bonds	82,094,609	(658,482)	(1,971,556)	(3,284,630)
Total	**82,094,609**	**(658,482)**	**(1,971,556)**	**(3,284,630)**

	31.12.2022	Sensitivity analysis		
		0.50%	1.50%	2.50%
Bonds	59,470,751	(856,994)	(2,315,965)	(3,774,935)
Total	**59,470,751**	**(856,994)**	**(2,315,965)**	**(3,774,935)**

For assets invested in UCIs, a sensitivity parametric is reported for a hypothetical +/- 10% change in market value as of 31 December 2023.

	31.12.2023	Sensitivity analysis	
		+10%	-10%
CIUs	81,701,584	8,170,158	(8,170,158)
Total	**81,701,584**	**8,170,158**	**(8,170,158)**

	31.12.2022	Sensitivity analysis	
		+10%	-10%
CIUs	93,391,327	9,339,133	(9,339,133)
Total	**93,391,327**	**9,339,133**	**(9,339,133)**

ATM did not enter into any interest rate derivatives during the financial year 2023.

Foreign exchange risk

The Company operates in the domestic market; it holds financial assets denominated in foreign currencies and is therefore exposed to exchange rate risk from fluctuations in exchange rates.

	31.12.2023		
Fair Value in Euro	**USD**	**AUD**	**TRY**
Bonds	2,073,869	-	-
Total	**2,073,869**	**-**	**-**

	31.12.2022		
Fair Value in Euro	**USD**	**AUD**	**TRY**
Bonds	2,929,346	-	-
Total	**2,929,346**	**-**	**-**

The following table details the Company's sensitivity analysis to a hypothetical change of +10 or -10 basis points in the exchange rates applied to financial assets as at 31 December 2023 and 31 December 2022:

	31.12.2023	
	Shift + 10 bps	**Shift - 10 bps**
Exchange rate change	(172,105)	206,355
Total	**(172,105)**	**206,355**

	31.12.2022	
	Shift + 10 bps	**Shift - 10 bps**
Exchange rate change	(251,101)	303,057
Total	**(251,101)**	**303,057**

There are no material exchange rate risks for trade receivables and payables.

Commodity price risk

For the latter, the Company finalised the supply until 2022 by means of tendering procedures aimed at acquiring contracts with a fixed price and a time horizon of the entire following year.

In view of the extremely volatile market environment, in 2022, in the absence of willingness on the part of suppliers to offer fixed-price conditions and therefore to subscribe to variable-price electricity supplies as of 1 January 2023, ATM signed contracts in the first half of 2023 for the 2023 requirements quantified at a variable price, ("Commodity Swap") to compete for just under half (about 40%) of the estimated consumption for the year.

Three synthetic forward purchase contracts were negotiated by means of a swap, finalising an average hedging price for the estimated consumption string of EUR 188.3 per MW/h. All three transactions

expired in December 2023 and therefore no derivative contracts were outstanding as at 31 December 2023.

Rating downgrade on m/l-term debt

Without prejudice to the "*credit linkage*" with the State and, consequently, with the Municipality of Milan, Sole Shareholder, ATM 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 assigned by the rating agency.

Consistently with current ESG issues and the sustainability policies adopted by the Group, also in relation to possible future openings towards the capital market, an assessment by a 'Second Party Opinion Provider' is underway on the adherence of sustainability policies to the international principles of the Green Financing Frameworks.

Financial assets and liabilities by category

To complement the disclosure on financial risks, the following table provides a reconciliation between financial assets and liabilities as reported in the statement of financial position and categories of financial assets and liabilities identified on the basis of the requirements of IFRS 7:

31.12.2023	Financial Assets and Liabilities at Amortised Cost	Financial Assets and Liabilities Measured at Fair Value	Non-financial assets and liabilities	Total
Non-current financial assets	39,491,264	159,801,723		199,292,987
Current financial assets	-	163,877,626		163,877,626
Current trade receivables	181,124,930			181,124,930
Other receivables and current assets	88,400,582			88,400,582
Non-current financial liabilities	173,317,910			173,317,910
Current financial liabilities	257,630,139			257,630,139
Current trade payables	319,660,550			319,660,550
Other current payables and liabilities	111,319,580			111,319,580

31.12.2022	Financial Assets and Liabilities at Amortised Cost	Financial Assets and Liabilities Measured at Fair Value	Non-financial assets and liabilities	Total
Non-current financial assets	38,522,239	12,654,254		51,176,493
Current financial assets	-	152,872,561		152,872,561
Current trade receivables	187,535,029			187,535,029
Other receivables and current assets	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 current payables and liabilities	123,462,487			123,462,487

Determining Fair Value

The *fair value* of financial assets and liabilities is determined in accordance with IFRS 13, which requires it to be classified according to a hierarchy of levels, reflecting the characteristics of the inputs used in its determination:

- Level 1: valuations made on the basis of quoted prices in active markets for financial assets and liabilities identical to those being valued;
- Level 2: valuations made on the basis of inputs, other than the quoted 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: valuations using parameters that cannot be observed in the market.

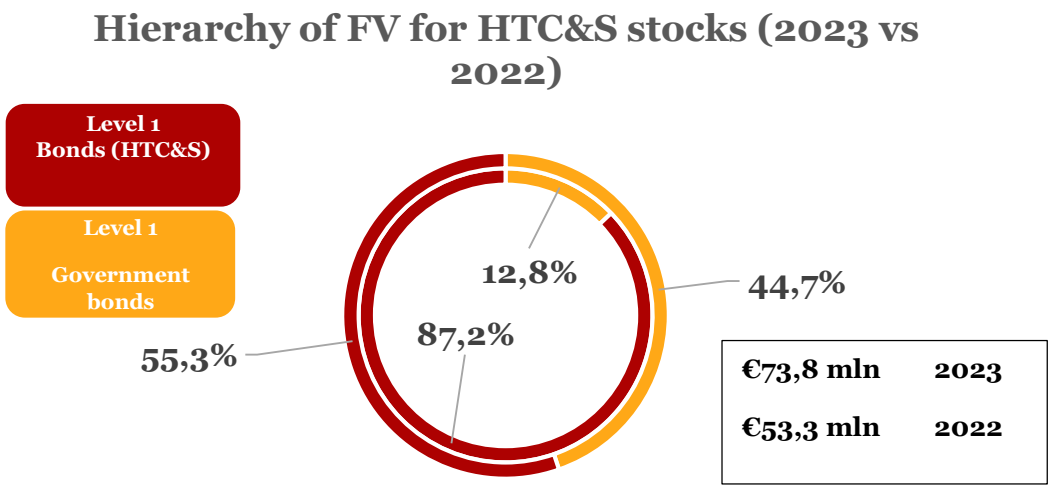
Using the above classification as a reference, valuation procedures were implemented for assets and liabilities outstanding as at 31 December 2023 and 31 December 2022 with reference to observable market parameters:

- the *fair value* of financial assets and liabilities with standard terms and conditions, quoted in an active market is measured by reference to prices published in the market itself by leading market contributors (info provider Bloomberg);
- the *fair value* of other financial assets and liabilities is measured, where applicable, through the application of the discounted cash flow method, using as reference quantities the prices recorded for recent market transactions by primary market contributors for similar instruments. In particular, for the valuation of certain investments in bond instruments, in the absence of regular market functioning, i.e. a sufficient and continuous number of transactions and a bid-ask spread and volatility sufficiently contained, the determination of fair value is made with reference to specific quotations of primary contributors issued at the Company's request;
- In the valuation of investments in UCIs, the fair value is determined on the basis of the NAVs calculated and disclosed by the relevant fund administrator at the balance sheet date. In cases where such information is not available at the date of preparation of the financial statements, the latest available official communication, however not earlier than one month after the balance sheet date, is used.

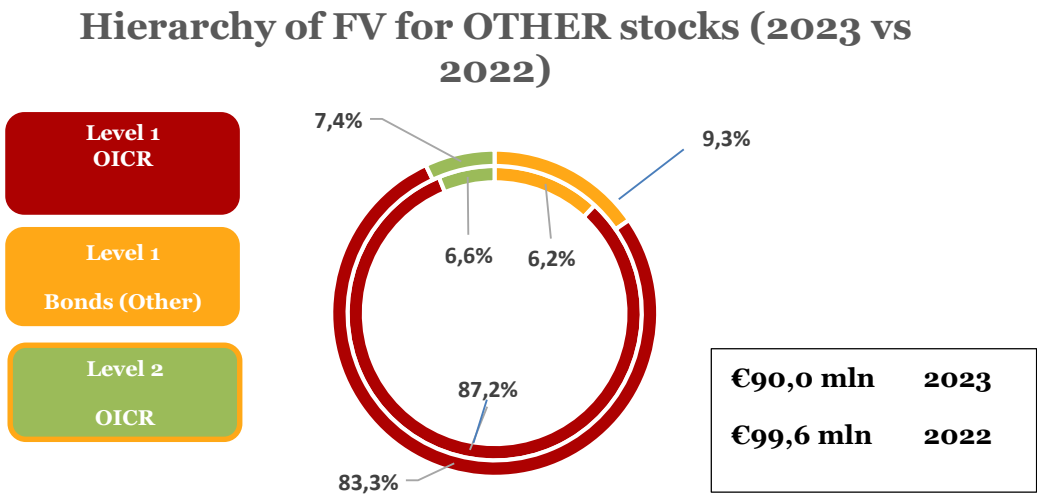
The following table shows the financial assets measured at fair value, and classified according to the hierarchy of levels defined above:

	31.12.2023	Fair Value as at balance sheet date		
		Level 1	Level 2	Level 3
HTC&S financial assets	**73,760,190**	**73,760,190**	**-**	**-**
Government Bonds	32,956,731	32,956,731	-	-
Corporate bonds	40,803,459	40,803,459	-	-
Other financial assets	**90,036,003**	**83,350,174**	**6,685,829**	**-**
Corporate bonds	8,334,419	8,334,419	-	-
CIUs	81,701,584	75,015,755	6,685,829	-
Total	**163,796,193**	**157,110,364**	**6,685,829**	**-**

	31.12.2022	Fair Value as at balance sheet date		
		Level 1	Level 2	Level 3
HTC&S financial assets	**53,245,043**	**53,245,043**	-	**-**
Government Bonds	6,792,567	6,792,567	-	-
Corporate bonds	46,452,475	46,452,475	-	-
Other financial assets	**99,617,034**	**93,049,689**	**6,567,345**	**-**
Corporate bonds	6,225,707	6,225,707	-	-
CIUs	93,391,327	86,823,982	6,567,345	-
Total	**152,863,077**	**146,294,732**	**6,567,345**	**-**



N.B.: the comparative pie chart shows the 2023 data externally and the 2022 data internally, respectively



N.B.: the comparative pie chart shows the 2023 data externally and the 2022 data internally, respectively

As regards non-current financial assets, related to active loans for investments in S.C.C.A.T.I. and M4, it is underlined that they fall within the third-level fair value category.

In accordance with the provisions of IFRS 13, the fair value of the financial liabilities at 31 December 2023 and 31 December 2022, including the bond loan, measured at amortised cost in the financial statements, is reported for information purposes:

	31.12.2023	31.12.2022
Bonds	68,835,930	66,362,552
Loans from banks	295,823,015	148,916,745
Total	**364,658,945**	**215,279,297**

In order to facilitate the financing of the M4 transaction, in December 2023 the Company finalised the signing of a Bridge to Bond loan, for EUR 150,000,000, indexed to a variable rate with a maturity of one year that can be extended, at the Company's option, for 6 months and a maximum of two times.

6. Employment data

The average company workforce, broken down by category, changed as follows compared to the previous year:

Contract Type	31.12.2023	31.12.2022	Change
Managers	29	28	1
Managers/middle managers	355	323	32
Office workers	843	825	18
Blue-collars	8,186	8,340	(154)
Total	**9,413**	**9,516**	**(103)**

The workforce at the end of the year changed as follows:

	31.12.2022	Hirings (+)	Leaving (-)	Other changes	31.12.2023
Workforce	9,528	405	(619)	1	9,315

The headcount as at 31 December 2023 was 9,315, compared to 9,528 as at 31 December 2022. The net change is mainly attributable to 405 recruitments and 617 departures. The figure for terminations is slightly higher than in recent years and includes all the reasons related to the termination of employment; among these, the most frequent are retirement and spontaneous resignation and therefore in the period under review, the Company did not make any dismissals of an objective nature in accordance with the provisions of Legislative Decree no. 137/2020, known as the "Restorals Decree" and its subsequent amendments.

Notes to the Statement of Financial Position

Assets

7. Property, plant and equipment

The value of *"Property, Plant and Equipment"* as at 31 December 2023 amounted to EUR 1,136,075,887 net of accumulated depreciation, plant grants and accumulated write-downs.

	31.12.2023	31.12.2022
Plant and machinery	696,272,041	747,471,414
Land and buildings	361,367,350	366,375,061
Industrial and commercial equipment	11,232,950	10,609,702
Other assets	3,578,134	2,977,460
Fixed assets under development	63,625,412	53,524,182
Total	**1,136,075,887**	**1,180,957,819**

This item refers to:

- *"Plant and Machinery"*, in the amount of EUR 696,272,041, related to line rolling stock and equipment for the operation of transport services owned by the Company;
- "*Land and Buildings",* amounting to EUR 361,367,350, mainly relating to warehouses for rolling stock and office buildings. This item also includes *"Investment property"* represented by owned real estate of a non-instrumental nature leased for commercial purposes, the net book value of which as at 31 December 2023 was EUR 11,544,155 (EUR 11,701,764 as at 31 December 2022);
- "*Industrial and Commercial Equipment"*, amounting to EUR 11,232,950, mainly related to auxiliary vehicles;
- *"Other Assets"*, for EUR 3,578,134;
- *"Assets under construction"*, amounting to EUR 63,625,412.

"Assets under construction" refers to advances paid to suppliers for supplies and investments in tangible assets that are not yet completed and ready for use at the balance sheet date. This item is stated net of the recognised accrued contributions of EUR 98,027,050. The main components are outlined below:

Fleet renewal or expansion including:

- 21 metro trains on the M1 line for EUR 21,844,683 and 25 metro trains on the M3 line for EUR 26,005,575;
- 50 bidirectional urban trams for EUR 13,445,880, 10 bidirectional intercity trams for EUR 20,862,692 and 14 bidirectional high-capacity trams for EUR 10,456,600;
- 12-metre electric buses for EUR 15,649,068 and 18-metre electric buses for EUR 11,733,750;
- 18-metre trolleybus for EUR 7,029,436;
- CBCT (Communication Based Train Control) signalling for new M1 trains for EUR 2,508,000;
- RCS installations for new two-way trams and eurotram restyling ancillary activities in the amount of EUR 499,658.

➢ Modernisation of facilities and infrastructure including:

- extraordinary maintenance and expansion of company warehouses and design of new warehouses in the amount of EUR 8,812,502;
- construction of electric vehicle supply/charging facilities at depots and terminals in the city in the amount of EUR 6,013,202;
- new signalling for M3 - on-board equipment for EUR 5,013,631;
- infrastructure renewal and *refresh* metro operations room technology for EUR 2,916,203;
- magnetic-electronic ticketing system and new station turnstiles M1 and M2, for EUR 1,576,439;
- refurbishment of power supply and traction equipment for the M2 underground line for EUR 494,142;
- M1 signalling renewal, for EUR 737,025;
- new equipment and technology on lines and modernisation of CCTV system in M3 for EUR 869,335;
- parking spaces equipment in the amount of EUR 441,850;

➢ Other investments include:

- 2 lathes in the pit for Gorgonzola and San Donato metro depots, for EUR 783,058;
- service vehicles and related accessories for EUR 288,090;
- other tangible assets in progress for EUR 929,896.

Below are the details of the contributions referring to investments classified as '*Current fixed assets*':

- 25 underground trains for the M3 line, for EUR 26,005,575;
- 21 underground trains for the M1 line, for EUR 21,844,683;
- 350 electric city buses for EUR 21,424,150;
- 50 two-way urban trams, for EUR 13,445,880;
- 14 bi-directional high-capacity trams, for EUR 10,456,600;
- 8 two-way urban trams related to the Milan - Limbiate line, for EUR 4,013,640;
- 10 trolleybuses, for EUR 836,522.

The following table shows the changes during the year and in the previous year.

Property, plant and equipment	Plant and machinery	Land and buildings	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Historical Cost	2,831,821,706	518,722,906	63,098,836	46,158,713	74,617,865	3,534,420,026
Depreciation fund	(1,629,086,708)	(134,601,863)	(52,489,134)	(42,138,180)	-	(1,858,315,885)
Cumulative contributions	(451,237,266)	(16,628,083)	-	(1,043,073)	(21,093,683)	(490,002,105)
Accumulated write-downs	(4,026,318)	(1,117,899)	-	-	-	(5,144,217)
Net book value as at 31.12.2022	**747,471,414**	**366,375,061**	**10,609,702**	**2,977,460**	**53,524,182**	**1,180,957,819**
Historical Cost						
Investments and Acquisitions of the Year					*194,697,141*	*194,697,141*
Transfers to finished plants	*101,477,455*		*4,110,842*	*2,119,568*	*(107,707,865)*	-
Disposals, Divestments and Reclassifications	*(64,280,963)*		*(474,457)*	*(86,893)*	*45,321*	*(64,796,992)*
Depreciation fund						
Depreciation for the year (Note 36)	*(113,438,042)*	*(5,425,003)*	*(2,484,342)*	*(1,761,669)*		*(123,109,056)*
Disposals, Divestments and Reclassifications	*64,565,525*		*(528,795)*	*82,658*		*64,119,388*
Grants						
Increases	*(83,045,248)*				*(98,027,050)*	*(181,072,298)*
Amounts deferred in the year (Note 36)	*43,521,900*	*391,692*		*247,010*		*44,160,602*
Disposals, Divestments and Reclassifications					*21,093,683*	*21,093,683*
Write-downs						
Uses to adjust depreciation		*25,600*				*25,600*
Historical Cost	2,869,018,198	518,722,906	66,735,221	48,191,388	161,652,462	3,664,320,175
Depreciation fund	(1,677,959,225)	(140,026,866)	(55,502,271)	(43,817,191)	-	(1,917,305,553)
Cumulative contributions	(490,760,614)	(16,236,391)	-	(796,063)	(98,027,050)	(605,820,118)
Accumulated write-downs	(4,026,318)	(1,092,299)	-	-	-	(5,118,617)
Net book value as at 31.12.2023	**696,272,041**	**361,367,350**	**11,232,950**	**3,578,134**	**63,625,412**	**1,136,075,887**

Property, plant and equipment	Plant and machinery	Land and buildings	Industrial and commercial equipment	Other assets	Assets under construction 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
Depreciation fund	(1,611,212,384)	(129,176,858)	(52,194,545)	(39,681,369)		(1,832,265,156)
Cumulative contributions	(409,944,883)	(17,019,775)		(1,915,053)	(7,034,100)	(435,913,811)
Accumulated write-downs	(16,267,852)	(1,143,499)				(17,411,351)
Net book value as at 31.12.2021	**863,703,723**	**371,382,774**	**10,963,587**	**3,542,434**	**21,309,404**	**1,270,901,922**
Historical Cost						
Investments and Acquisitions of the Year					*79,867,463*	*79,867,463*
Transfers to finished plants	*30,397,925*		*2,094,174*	*1,101,003*	*(33,593,102)*	-
Disposals, Divestments and Reclassifications	*(99,705,061)*		*(2,153,470)*	*(81,146)*		*(101,939,677)*
Fair Value Measurement (Land and Buildings)						-
Depreciation fund						
Depreciation for the year (Note 35)	*(105,068,096)*	*(5,425,005)*	*(2,442,844)*	*(2,536,927)*		*(115,472,872)*
Disposals, Divestments and Reclassifications	*87,193,772*		*2,148,255*	*80,116*		*89,422,143*
Grants						
Increases	*(80,329,396)*				*(21,093,683)*	*(101,423,079)*
Amounts deferred in the year (Note 35)	*38,767,259*	*391,692*		*871,980*		*40,030,931*
Disposals, Divestments and Reclassifications	*269,754*				*7,034,100*	*7,303,854*
Write-downs						
Increases						-
Uses to adjust depreciation		*25,600*				*25,600*
Disposals, Divestments and Reclassifications	*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
Depreciation fund	(1,629,086,708)	(134,601,863)	(52,489,134)	(42,138,180)	-	(1,858,315,885)
Cumulative contributions	(451,237,266)	(16,628,083)	-	(1,043,073)	(21,093,683)	(490,002,105)
Accumulated write-downs	(4,026,318)	(1,117,899)	-	-	-	(5,144,217)
Net book value as at 31.12.2022	**747,471,414**	**366,375,061**	**10,609,702**	**2,977,460**	**53,524,182**	**1,180,957,819**

As can be inferred from the movement tables, capital expenditure of EUR 194,697,141 was made during the year under item *"Property, Plant and Equipment"*.

The main investments of the year concerned:

- The renewal or expansion of the fleet including:

- purchase of 12-metre and 18-metre electric buses for EUR 61,988,250, of which EUR 25,273,890 financed through state resources and EUR 27,828,173 through regional resources;
- purchase of hybrid buses for EUR 23,021,183, of which EUR 15,763,655 was financed through municipal resources and EUR 5,396,709 through regional resources;
- purchase of 18-metre trolleybuses, for EUR 20,276,910, entirely financed through state resources;
- purchase of two-way trams for EUR 15,574,328, of which EUR 12,459,462 was financed through regional resources;
- purchase of bi-directional high-capacity trams for EUR 10,456,600, fully financed through state resources;
- purchase of 25 trains for the M3 metro line for EUR 9,996,375, entirely financed through state resources;
- purchase of 21 trains for the M1 metro line for EUR 8,396,955, entirely financed through state resources;
- CBCT (Communication Based Train Control) signalling for new M1 trains for EUR 2,508,000;
- RCS equipment for new bidirectional trams for EUR 337,645;
- service vehicles in the amount of EUR 420,945.

➢ The modernisation of facilities and infrastructure including:

- construction of electric vehicle supply/charging facilities at depots and terminals in the city, amounting to EUR 8,449,849 entirely financed through state resources;
- new equipment and software development for the magnetic-electronic ticketing system, for EUR 8,333,600, of which EUR 800,000 financed through municipal resources and EUR 2,453,015 financed through state resources;
- extraordinary maintenance work and expansion of depots and planning of new depots in the amount of EUR 6,304,406;
- new signalling equipment for the M3 underground line (on-board equipment) in the amount of EUR 5,013,631, entirely financed with state resources;
- infrastructure renewal and *refresh* metro operations room technology for EUR 3,455,098;
- modernisation and upgrading of computer network and equipment, in the amount of EUR 1,844,775;
- refurbishment of SSE Precotto depot and Monterosa civil apparatus electrical cabin for EUR 1,495,289 thousand;
- test benches for brake system and pantograph for Leonardo metropolitan trains for EUR 1,120,416;
- upgrading and implementation of new signalling system functionalities on the M1 underground line, for EUR 951,122;
- self-localisation system on the various company vehicles, for 742,600 euro;
- video surveillance on the M3 line, for EUR 580,745;
- refurbishment of power supply and traction equipment for the M2 underground line for EUR 387,187, of which EUR 195,748 financed by state resources.

During the year, assets with a historical cost of EUR 64,796,992 and a depreciation reserve of EUR 64,119,388 were sold/disposed of. Capital gains realised during the period amounted to EUR -681,505 and mainly related to the sale of 31 trolleybuses and 162 buses owned by ATM S.p.A., as described under

"Other proceeds" (Note 29), while capital losses amounted to EUR 324,219 as described under "Other operating costs and expenses" (Note 34).

In addition, the provision for *"Land and Buildings"* was utilised for the depreciation charges recognised in the period in the amount of EUR 25,600.

The *"Depreciation and Amortisation"* recorded in the Profit and Loss Account amounted to EUR 123,083,456 and is adjusted by the portion of grants to cover capital expenditures for the year, which totalled EUR 44,160,602. These grants are broken down by financing institution as follows:

- EUR 21,731,920 from the State;
- EUR 12,962,940 from the Lombardy Region;
- EUR 9,465,742 from the Municipality of Milan.

The *"Property, plant and equipment"* acquired with regional co-financing are subject to inalienability restriction pursuant to D.G.R. 14795/2003 and subsequent amendments and integrations. Details of the regulatory constraints are given below:

- city buses: 8 years;
- suburban buses: 10 years;
- trolleybus: 15 years;
- underground trains and trams: 30 years;
- technologies: 7 years;
- infrastructure: 30 years.

For the automotive rolling stock co-financed by the Lombardy Region with the 2009 allocation plan, pursuant to Laws No. 296/2006 and No. 133/2008, the inalienability constraints refer to the entire useful life of the bus fixed, unless otherwise established by the Service Contracts, at 15 years as specified by D.G.R. No. IX/4619 of 28 December 2012.

The net residual value of "*Property, Plant and Equipment"* under finance leases was EUR 9,647,016 (EUR 9,793,182 as at 31 December 2022).

Taking into account that real estate is valued at cost re-determined at *fair value,* for the year 2023, a leading independent third party was commissioned to conduct an analysis to provide an update on real estate market trends. Considering the intended uses to which the individual properties of the Company belong, the analysis carried out did not reveal the need to make any value adjustments with respect to the amounts recorded in these financial statements.

Impairment Test

As already explained in detail in Note 4 "*Use of estimates - Recoverability of the value of property, plant and equipment and intangible assets (including rights of use for leased assets)"*, in order to verify the correctness of the valuations made when preparing the Financial Statements as at 31 December 2023 regarding the recoverability of the carrying value of Property, Plant and property, plant and equipment and intangible assets (including rights of use for leased assets), the Directors performed an *impairment test* on the *cash generating unit* - "*Local Public Transport and Complementary Services*", identified with the activities of the company ATM S.p.A.

The year 2023 was characterised for the Company by the significant impact of the increase in electricity prices. In fact, 2023 was the first year in which ATM S.p.A. was affected by the change in its electricity

supply contracts, which, as of 2023, are characterised by variable prices for ATM S.p.A., whereas, until 2022, they were at a fixed price for the entire duration of the supply. The significant increase in the price of electricity coupled with a level of fees related to the Service Agreement with the Municipality of Milan that is historically static has led to a negative EBIT at the Parent Company level of EUR 25.4 million, a situation that has given rise to the need, as recommended by ESMA with the *Public Statement* of 31 May 2022 number 32-63-1277, to assess the recoverability of its non-financial non-current assets. The *impairment test* was carried out on the *cash generating unit* ("CGU") most impacted by these events, namely "*Local Public Transport and Complementary Services*", identified with the activities of the company ATM S.p.A.

In the analyses carried out for the construction of the future cash flows, the Directors took as a reference the Economic and Financial Plan 2024 ÷ 2030 that takes into account the extension of the service contract with the Municipality of Milan for local public transport until 31 December 2026, as indicated in the Managerial Determination no. 12608 of 28 December 2023 of the Municipality of Milan, to then consider reasonable economic forecasts for the subsequent period until 31 December 2030 both in terms of revenue flows linked to the adjustment of the service contract, and in terms of costs with reference to the impacts linked to the savings and efficiency-boosting actions envisaged and resulting from the *"full electric"* project, and with reference to the trend of electricity costs determined prospectively on the basis of reasonable assumptions inferred from the prospective trends. Investments were determined on the basis of the 2024 ÷ 2027 Investment Plan projected for the period until 31 December 2030. The Directors, in order to assess the reference time horizon of the Plan - longer than 5 financial years - have taken into account both the timeframes reasonably required to complete the procedures for entrusting the service, which will hopefully take place on the basis of what is contained in the "*Milano Next Project",* a project that, although being revised and redefined in terms of time horizon, scope of activities, investment plan to incorporate the new mobility reality in the light of the changed economic and social context, remains central and of interest to both the Entrusting Entities and, above all, the timeframe in which the considerable investments incurred in the three-year period 2024 ÷ 2026 relating to the *"full electric"* project will begin to generate returns in terms of economic results and cash flows.

On 27 March 2024, the Board of Directors approved the content and assumptions of the Economic and Financial Plan 2024 ÷ 2030, as well as the results of the *impairment* test and the sensitivity analysis.

The test showed the recoverability of the net invested capital referred to the CGU '*Local Public Transport and Complementary Services*', with a cover deemed appropriate by the Directors.

With regard to the discounting of future cash flows, the post-tax WACC was used as the discount rate, which takes into account the specific risks of the business and reflects current market valuations of the cost of money, based on a weighting between the cost of debt and the cost of equity, drawn up on the basis of the values of comparable groups and subject to *impairment* as they operate in the same business sector. The WACC thus determined was 7.37% (pre-tax 9.70%), up from last year when it was 6.62% (pre-tax 8.71%).

The *impairment test* carried out shows a level of hedging that allows, even in the presence of deviations of 50 basis points on WACC or 6.5% on average EBITDA over the plan period, an alignment between the carrying value of net invested capital and the *enterprise value* determined as the sum of the explicit plan flows and the *terminal value*. The *terminal value* determined for the purpose of the impairment test on the basis of the EBIDTA and forward-looking average capex and calculated on the basis of the WACC as determined above as well as a period growth factor of 2% representing the ECB's desired rate of inflation for the economy, represents 88% of the *enterprise value*.

The impairment test implied - in estimating the value in use - - the use of projections that are based on a set of assumptions and hypotheses concerning future events and actions of the administrative bodies and competent regulatory bodies of LPT services, which will not necessarily occur. In fact, the assumptions concerning future performance and the consequent forecast data used to perform the *impairment test* are characterised, due to their forecasting nature, by a certain degree of uncertainty and, therefore, it cannot be excluded that the occurrence of future results that differ from those estimated may require possible adjustments to the value of tangible and intangible assets recognised in the financial statements.

8. Intangible assets

The value of the *"Intangible Assets"* amounted to EUR 2,689,025 as at 31 December 2023, broken down as follows:

	31.12.2023	31.12.2022
Software licences	2,636,075	2,486,545
Intangible Assets in Progress	52,950	144,836
Total	**2,689,025**	**2,631,381**

The following table shows the changes during the year and in the previous year.

Intangible assets	Software licences	Intangible Assets in Progress	Total
Historical Cost	9,381,010	144,836	9,525,846
Depreciation fund	(6,894,465)	-	(6,894,465)
Net book value as at 31.12.2022	**2,486,545**	**144,836**	**2,631,381**
Historical Cost			
Investments and Acquisitions of the Year	*1,175,125*	*(46,565)*	*1,128,560*
Transfers to finished plants	*1,175,125*	*(1,175,125)*	-
Disposals, Divestments and Reclassifications		*(45,321)*	*(45,321)*
Depreciation fund			
Depreciation for the year (Note 36)	*(1,025,595)*		*(1,025,595)*
Historical Cost	10,556,135	52,950	10,609,085
Depreciation fund	(7,920,060)	-	(7,920,060)
Net book value as at 31.12.2023	**2,636,075**	**52,950**	**2,689,025**

Intangible assets	Software licences	Intangible Assets in Progress	Total
Historical Cost	8,278,485	114,346	8,392,831
Depreciation fund	(5,988,435)	-	(5,988,435)
Net book value as at 31.12.2021	**2,290,050**	**114,346**	**2,404,396**
Historical Cost			
Investments and Acquisitions of the Year		*1,133,015*	*1,133,015*
Transfers to finished plants	*1,102,525*	*(1,102,525)*	-
Depreciation fund			
Depreciation for the year (Note 35)	*(906,030)*		*(906,030)*
Historical Cost	9,381,010	144,836	9,525,846
Depreciation fund	(6,894,465)		(6,894,465)
Net book value as at 31.12.2022	**2,486,545**	**144,836**	**2,631,381**

Software licences amounting to EUR 2,636,075 relate to operational management systems.

During the year, investments under *"Intangible Assets"* in the amount of EUR 1,128,560 were made and related entirely to the purchase of software.

For an analysis of the recoverability of intangible assets, please refer to Note 7 above.

9. Rights of use on leased assets

As at 31 December 2023, rights of use for leased assets in the amount of EUR 5,464,970 were recorded as detailed below.

	31.12.2023	31.12.2022
Equipment	1,374,413	39,093
Buildings	2,023,425	2,559,677
Motor vehicles	1,605,733	2,589,562
Computer equipment	455,801	544,992
Other	5,598	253,995
Total	**5,464,970**	**5,987,319**

The following table shows the changes during the year and in the previous year. The increase in the item "*Equipment*" refers to the renewal of the rental contract for the photovoltaic plant at the Precotto depot, while the change in the item "*Vehicles*" relates to the rental of 16 new vehicles in benefit.

	Rights of use on leased assets					
Rights of use on leased assets	**Equipment**	**Buildings**	**Motor vehicles**	**Computer equipment**	**Other assets**	**Total**
Historical Cost	331,790	4,308,983	7,388,150	862,212	1,072,739	13,963,874
Depreciation fund	(292,697)	(1,749,306)	(4,798,588)	(317,220)	(818,744)	(7,976,555)
Net book value as at 31.12.2022	**39,093**	**2,559,677**	**2,589,562**	**544,992**	**253,995**	**5,987,319**
Historical Cost						
Rights of use acquired during the year	*1,447,565*	-	*480,297*	*6,413*	-	1,934,275
Depreciation fund						
Depreciation for the year (Note 36)	*(112,246)*	*(536,252)*	*(1,464,126)*	*(95,603)*	*(248,397)*	(2,456,624)
Historical Cost	1,779,355	4,308,983	7,868,447	868,625	1,072,739	15,898,149
Depreciation fund	(404,943)	(2,285,558)	(6,262,714)	(412,823)	(1,067,141)	(10,433,179)
Net book value as at 31.12.2023	**1,374,412**	**2,023,425**	**1,605,733**	**455,802**	**5,598**	**5,464,970**

	Rights of use on leased assets					
Rights of use on leased assets	**Equipment**	**Buildings**	**Motor vehicles**	**Computer equipment**	**Other assets**	**Total**
Historical Cost	331,790	4,248,332	6,853,975	862,212	610,942	12,907,251
Depreciation fund	(219,521)	(1,213,054)	(3,434,781)	(222,156)	(590,828)	(5,680,340)
Net book value as at 31.12.2021	**112,268**	**3,035,278**	**3,419,194**	**640,056**	**20,114**	**7,226,910**
Historical Cost						
Rights of use acquired during the year		*60,651*	*534,175*		*461,797*	1,056,623
Depreciation fund						
Depreciation for the year (Note 35)	*(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
Depreciation fund	(292,697)	(1,749,306)	(4,798,588)	(317,220)	(818,744)	(7,976,555)
Net book value as at 31.12.2022	**39,093**	**2,559,677**	**2,589,562**	**544,992**	**253,995**	**5,987,319**

10. Equity Investments

The "*Interests*" amounted to EUR 110,129,390 as at 31 December 2023 and are broken down as follows:

	31.12.2022	Increases Decreases	31.12.2023
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
Nord Est Trasporti S.r.l.	715,631		715,631
Rail Diagnostics S.p.A.	13,000,000		13,000,000
TheMa Sa		2,028,933	2,028,933
Total subsidiary companies	**14,192,631**	**2,028,933**	**16,221,564**
Related companies			
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
SPV Linea M4 S.p.A.		80,902,036	80,902,036
Movibus S.r.l.	2,146,790		2,146,790
Total Associated Companies	**13,005,790**	**80,902,036**	**93,907,826**
Other companies			
SPV Linea M4 S.p.A.	5,742,800	(5,742,800)	-
Total Other Companies	**5,742,800**	**(5,742,800)**	**-**
Total	**32,941,221**	**77,188,169**	**110,129,390**

On 4 October 2023, the contract for the operation of the automatic metro of the city of Thessaloniki was signed. Management is entrusted to the company Thema SA, 51% owned by ATM S.p.A. and 49% by Egis Projects S.A.S. The amount of EUR 2,028,933 present among the changes for the period is representative of the portion of Thema SA share capital owned by ATM S.p.A. and paid in at the same time.

On 20 December 2023, ATM S.p.A., pursuant to the Municipal Council resolution of 14 December 2023 and based on the agreement with the private shareholders of M4 S.p.A., purchased the shares held by them, bringing its stake to 31.53%.

Thus, ATM S.p.A.'s purchase of part of the shares of the construction shareholders (29.2%) increased its shareholding from 2.33% to 31.53%. ATM S.p.A.'s purchase of the remaining share (1.8%) of the construction shareholders, a purchase that would bring ATM S.p.A.'s stake to 33.3%, is subject to the final acceptance of the line by 31 December 2025. Should the acceptance not have taken place by that date, ATM S.p.A. would not be obliged to purchase the remaining shares of the construction partners.

Impairment Test

Also with reference to the impairment test of investments in subsidiaries and associates, the Company checks at each balance sheet date for indicators of impairment. If such indicators are identified, the *impairment* test is performed on the basis of the estimated value in use.

With reference to the verification of the recoverability of the carrying value of Metro 4, starting from the assumptions underlying the determination of the purchase price in December 2023 by an independent expert, when preparing these financial statements, the Directors updated the value of the cost of equity with respect to the value used as the basis for the economic-financial projections used to determine the purchase price of the shares owned by the construction shareholders.

Since the purchase of these shares took place in the last days of December 2023, and considering that this transaction was a transaction between independent parties, the Directors considered that the purchase value represented the best estimate of the *fair value* of the shareholding acquired as at 31 December 2023. Furthermore, noting that the update of the equity cost when verifying the recoverability of the carrying value of the investment had not increased compared to the value used when estimating the value of the shares, the Directors decided to maintain the purchase value of the investment recorded in ATM's financial statements.

On the other hand, no indicators of impairment were identified with reference to other investments in subsidiaries and associates as they are characterised by positive economic trends with future growth prospects over the medium-term time horizon.

Below is information on significant subsidiaries and associates, the figures for which refer to the latest available financial statements (in thousands of euros):

Companies in the group	Registered office	% ownership of the group	Book value	Share Capital	Net equity	Profit / loss	Equity attributable
CITYLINK S.r.l. - Smart Mobility by ATM	Milan, Foro Bonaparte 61	100	100	100	636	83	636
Ge.SAM S.r.l.	Milan, Foro Bonaparte 61	100	20	20	684	47	684
International Metro Service S.r.l.	Milan, Via Monte Rosa 89	51	357	700	15,655	14,733	7,984
Nord Est Trasporti S.r.l.	Milan, Via Monte Rosa 89	100	716	925	12,780	1,170	12,780
Rail Dignostics S.p.A.	Milan, Via Teodosio, 125	97.27	13,000	5,500	14,387	606	13,994
Thema SA	Thessaloniki, Venizelou, 43	51	2,029	3,978	4,015	37	2,048
Metro 5 S.p.A.	Milan, Via Adige, 19	20	10,660	53,300	77,325	12,198	15,465
SPV Linea M4 S.p.A. *	Milan, Piazza Castello 3	31.53	80,902	61,532	252,115	158	79,491
CO.MO. Fun&Bus S.c.a r.l.	Como, Via Asiago, 16/18	20	4	20	20	-	4
Full Green Consortium	Milan, Foro Bonaparte 61	30	150	500	521	21	156
SBE Consortium	Milan, Piazzale Cadorna, 14	45	45	100	101	-	45
Movibus S.r.l.	Milan, Piazza Castello 1	26.18	2,147	780	9,576	95	2,507

* The values of SPV Linea M4 S.p.A. refer to the reporting package prepared for the purpose of valuation of the equity investment.

- ***Subsidiaries:***

CITYLINK S.r.l. - Smart Mobility by ATM

The investee company is responsible for the development of the Smart Mobility initiative and the management of the *"flagship"* project aimed at implementing MaaS (*Mobility as a Service*) in the Milan metropolitan area.

Stockholders

ATM S.p.A. Percentage ownership 100%

Balance Sheet Value 100,000 euro

Income statement

Profit for the year 82,541 euro

Balance sheet

ASSETS		LIABILITIES	
Net fixed assets	-	Net equity	636,351
Inventories	-	Provisions	-
Receivables	1,184,081	Employee Severance Indemnity	9,391
Current financial assets	-	**Payables**	539,082
Availability	-		
Accruals and Deferrals	743	Accruals and Deferrals	-
Total assets	**1,184,824**	**Total Liabilities**	**1,184,824**

GeSAM S.r.l.

The investee carries out consultancy activities in the insurance sector, including all related specialist support for the investigation and settlement of claims, excluding insurance mediation activities.

Stockholders

ATM S.p.A. Percentage ownership 100%

Balance Sheet Value 20,000 euro

Income statement

Profit for the year 47,315 euro

Balance sheet

ASSETS		LIABILITIES	
Net fixed assets	-	Net equity	684,443
Inventories	-	Provisions	-
Receivables	317,884	Employee Severance Indemnity	261,573
Current financial assets	871,574	Payables	247,484
Availability	500		
Accruals and Deferrals	3,542	Accruals and Deferrals	-
Total assets	**1,193,500**	**Total Liabilities**	**1,193,500**

International Metro Service S.r.l. (*)

The object of the investee company is the management of passenger and goods transport services with related planning and operational organisation activities, all for the purpose of executing contracts for the operation and maintenance of metro systems.

Stockholders

ATM S.p.A.	Percentage ownership	51%
Hitachi Rail STS S.p.A.	Percentage ownership	49%

Balance Sheet Value 357,000 euro

Income statement

Profit for the year 14,732,868 euro

Balance sheet

ASSETS		LIABILITIES	
Net fixed assets	4,260,854	Net equity	15,655,109
Inventories	-	Provisions	-
Receivables	5,098	Employee Severance Indemnity	-
Current financial assets	-	**Payables**	256,994
Availability	11,646,151		
Accruals and Deferrals	-	Accruals and Deferrals	-
Total assets	**15,912,103**	**Total Liabilities**	**15,912,103**

(*) The Company wholly owns Metro Service A/S, a company under Danish law that operates the four metro lines in the city of Copenhagen. In 2023, the Company realised a profit of EUR 9,912 thousand and has a shareholders' equity of EUR 33,116 thousand.

NET S.r.l.

The investee company carries out the management of transport services for persons, goods and information, in the metropolitan city of Milan, the city of Monza and the province of Monza Brianza, with the related activities of planning and operational organisation, as well as the services related and connected to transport and mobility in general.

Shareholders List

ATM S.p.A. Percentage ownership 100%

Balance Sheet Value 715,631 euro

Income statement

Profit for the year 1,170,365 euro

Balance sheet

ASSETS		LIABILITIES	
Net fixed assets	6,306,569	Net equity	12,779,796
Inventories	3,258,776	Provisions	1,119,100
Receivables	11,700,437	Employee Severance Indemnity	2,086,737
Current financial assets	11,849,474	Payables	17,107,400
Availability	603	Accruals and Deferrals	22,826
Total assets	**33,115,859**	**Total Liabilities**	**33,115,859**

Rail Diagnostics S.p.A.

The object of the investee company is the design, construction, maintenance and integrated diagnostics of metro and tramway control systems.

Shareholders List

ATM S.p.A.	Percentage of ownership	97.27%
SIAI Servizi Immobiliari Agricoli e Ittici S.r.l.	Percentage of ownership	2.73%

Balance Sheet Value 13,000,000 euro

Income statement

Profit for the year 605,772 euro

Balance sheet

ASSETS		LIABILITIES	
Net fixed assets	4,091,027	Net equity	14,386,634
Inventories	-	Provisions	91,200
Receivables	4,015,492	Employee Severance Indemnity	987,690
Current financial assets	10,883,121	Payables	4,373,049
Availability	835,186		
Accruals and Deferrals	13,747	Accruals and Deferrals	-
Total assets	**19,838,573**	**Total Liabilities**	**19,838,573**

Thema SA

The subsidiary, established on 3 October 2023, has as its purpose the operation of the automatic metro system of the city of Thessaloniki.

Stockholders

ATM S.p.A.	Percentage ownership	51%
Egis Projects S.A.S.	Percentage ownership	49%

Balance Sheet Value 2,028,933 euro

Income statement

Profit for the year 37,109 euro

ASSETS		LIABILITIES	
Net fixed assets	-	Net equity	4,015,408
Inventories	-	Provisions	10,467
Receivables	598,444	Employee Severance Indemnity	-
Current financial assets	-	Payables	330,274
Availability	3,766,705		
Accruals and Deferrals	-	Accruals and Deferrals	-
Total assets	**4,356,149**	**Total Liabilities**	**4,356,149**

Associates

SPV Linea M4 S.p.A.

The associate carries out the construction and maintenance of Milan's metro line 4 and the provision of related public transport services.

Stockholders

Municipality of Milan	Percentage of ownership	66.67%
ATM S.p.A.	Percentage ownership	31.53%
Private shareholders	Percentage of ownership	1.8%

Balance Sheet Value 80,902,036 euro

Income statement

Profit for the year 158,142 euro

ASSETS		LIABILITIES	
Non-current assets	742,738,227	Net equity	252,115,348
Current assets	139,037,512	Non-current liabilities	505,024,774
		Current liabilities	124,635,617
Total assets	**881,775,738**	**Total Liabilities and Equity**	**881,775,738**

* The values of SPV Linea M4 S.p.A. refer to the reporting package prepared for the purpose of valuation of the equity investment.

Metro 5 S.p.A.

The associate carries out the definitive and executive design, expropriation, works management, execution of civil works and technological works, supply of rolling stock and management of metro line 5 and its possible extensions.

Stockholders

Ferrovie dello Stato Italiane	Percentage of ownership	36.7%
Hitachi Rail STS S.p.A.	Percentage ownership	31.9%
ATM S.p.A.	Percentage ownership	20%
Alstom Ferroviaria S.p.A.	Percentage ownership	9.4%
Partecipazioni Italia S.p.A.	Percentage ownership	2%

Balance Sheet Value 10,660,000 euro

Income statement

Profit for the year 12,198,493 euro

ASSETS		LIABILITIES	
Net fixed assets	412,582,217	Net equity	77,324,525
Inventories	-	Provisions	10,769,652
Receivables	53,726,819	Employee Severance Indemnity	84,574
Current financial assets	-	**Payables**	394,429,115
Availability	49,041,101		
Accruals and Deferrals	15,264,490	Accruals and Deferrals	48,006,761
Total assets	**530,614,627**	**Total Liabilities**	**530,614,627**

11. Non-current financial assets

As at 31 December 2023, *"Non-current financial assets"* amounted to EUR 199,292,987 and consisted entirely of *"Loans and receivables"*:

	31.12.2023	31.12.2022
Financing and credit	199,292,987	51,176,493
Metro 5 S.p.A.	*-*	*1,943,323*
SPV Linea M4 S.p.A.	*158,989,159*	*9,802,719*
Coop S.E.D. ATM/S.C.C.A.T.I.	*812,564*	*908,212*
Financial receivables from third parties	*39,491,264*	*38,522,239*
Total	**199,292,987**	**51,176,493**

The *"Loans and receivables"* as at 31 December 2023 are broken down as follows:

- On 29 April 2023, Metro 5 S.p.A. fully repaid the subordinated shareholder loan in the amount of EUR 2,039,631. The portion related to the valuation at *fair value* was positive and amounted to EUR 96,308;
- subordinated shareholder loan for EUR 158,959,159, granted to SPV Linea M4 S.p.A., of which EUR 126,000,000 in principal, EUR 33,672,403 in interest and EUR 683,242 in cumulative negative effect related to the valuation at *fair value*. Interest on the subordinated loan will be collected, as contractually provided for, in accordance with the business and financial plan approved in September 2019. It should also be noted that on 20 December 2023, the Company purchased from Metro 4's private shareholders 29.2% of the share capital and the subordinated loans recorded in their respective balance sheets, including interest accrued as of 30 June 2023;
- loans amounting to EUR 812,564 disbursed to the building cooperatives SED-ATM and SCCATI for the realisation of social housing projects, of which EUR 932 thousand in principal and EUR 119,436 in cumulative negative effect related to the valuation at fair value. In the financial year 2023, the loans were repaid in the amount of EUR 100,000, while the effect related to the valuation at fair value was positive and amounted to EUR 4,352;
- Advances paid to suppliers for works in the amount of EUR 39,491,264 paid pursuant to Article 35 of Legislative Decree No. 50/2016. The increase is almost entirely related 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 amount of EUR 15,550 thousand as part of the contract for the construction of the new signalling system for the M2 line.

Changes in the year are shown below:

	31.12.2022	Collections	Payments for Acquisitions	Accrued Interest	IFRS 9	31.12.2023
Metro 5 S.p.A.	*1,943,323*	*(2,079,897)*		*40,266*	*96,308*	*-*
SPV Linea M4 S.p.A.	*9,802,719*		*148,207,523*	*550,368*	*428,550*	*158,989,159*
Coop S.E.D. ATM/S.C.C.A.T.I.	*908,212*	*(100,000)*			*4,352*	*812,564*
Third parties	*38,522,239*	*(1,995,242)*	*2,964,267*			*39,491,264*
Total	**51,176,493**	**(4,175,139)**	**151,171,790**	**590,634**	**529,210**	**199,292,987**

The cumulative effects, gross of the tax effect, related to the impairment test of "*Non-current financial assets*" are shown below:

	Shareholders' equity as at 01.01-2023	Effect economic 2023	Total
Metro 5 S.p.A.	*(96,308)*	*96,308*	
SPV Linea M4 S.p.A.	*(1,111,792)*	*428,550*	*(683,242)*
Coop S.E.D. ATM/S.C.C.A.T.I.	*(123,789)*	*4,352*	*(119,437)*
Total	**(1,331,889)**	**(529,210)**	**(802,679)**

	Shareholders' equity as at 01.01-2022	Economic effect 2022	Total
Metro 5 S.p.A.	*508,542*	*(604,851)*	*(96,308)*
SPV Linea M4 S.p.A.	*341,362*	*(1,453,154)*	*(1,111,792)*
Coop S.E.D. ATM/S.C.C.A.T.I.	*(126,228)*	*2,440*	*(123,788)*
Total	**723,676**	**(2,055,565)**	**(1,331,888)**

12. Deferred tax assets

	31.12.2023	31.12.2022
Deferred tax assets	35,599,116	40,435,955
Total	**35,599,116**	**40,435,955**

Deferred tax assets of EUR 35,599,116 are calculated in relation to the amount of temporary differences with reference to taxed provisions. The nature of temporary differences that generated deferred tax assets is summarised below:

	Deferred Tax Assets as at 31.12.2022	Recognised in Income Statement	Contingencies	Recognised as Assets	Deferred Tax Assets as at 31.12.2023
Provisions for Risk Reserves	39,768,894	(5,312,047)			34,456,847
Severance indemnity Evaluation	1,376,978			347,381	1,724,359
Fair Value Financial Assets	(1,425,630)	(37,498)	(251)	469,166	(994,213)
Plant and machinery	715,713	(303,590)			412,122
Total	**40,435,955**	**(5,653,135)**	**(251)**	**816,547**	**35,599,116**

The value of ATM S.p.A.'s IRES tax losses resulting from the last tax return filed, tax year 2022, is equal to EUR 859,882 thousand fully deductible and EUR 44,866 thousand limitedly deductible.

Even considering the 2023 tax year, the value of the loss carry-forwards for the 2023 tax year does not change, as the recognised losses flow through to the Consolidated Financial Statements on the basis of the existing Group contract.

13. Other receivables and noncurrent assets

As at 31 December 2023, there were no receivables due beyond 12 months.

14. Inventories

The balance of the item "*Inventories*" as at 31 December 2023 is broken down as follows:

	31.12.2023	31.12.2022
Maintenance consumables	114,863,346	111,529,735
Diesel	748,478	783,837
Other material in stock	1,598,841	851,940
Total inventory	**117,210,665**	**113,165,512**
Provision for inventory write-down	(33,590,834)	(29,717,950)
Total net inventory	**83,619,831**	**83,447,562**
Advances on supplies	1,657,403	1,657,403
Total	**85,277,234**	**85,104,965**

Inventories, before *'Advances on supplies'* and '*Provision for inventory write-downs',*increased by EUR 4,045,153 compared to 31 December 2022. As regards the change in ATM S.p.A.'s inventories, the increase mainly relates to materials for the maintenance of the railway equipment and the maintenance of electrical and electronic systems.

As a result of the inventory reconnaissance, obsolete assets in the amount of EUR 1,801,828 were disposed of and, consequently, the "Inventory write-down provision" set up in previous years for this purpose was used for the same amount. In addition, at 31 December 2023, a provision of EUR 5,674,712, having considered, on the one hand, assets with a low turnover rate and, on the other hand, the results of the analyses carried out to assess the obsolescence of materials in inventory to be disposed of, with reference mainly to vehicles that at the date of the financial statements have left the production process or are expected to be taken out of service and consistent with maintenance requirements.

Changes in the *"inventory write-down provision"* are shown below.

	31.12.2022	Increases	Decreases	31.12.2023
Provision for inventory write-down	29,717,950	5,674,712	(1,801,828)	33,590,834
Total	**29,717,950**	**5,674,712**	**(1,801,828)**	**33,590,834**

The provision for "*Allowance for inventory write-downs*" is included in the profit and loss account item "*Costs for purchases of goods and changes in inventories*" (Note 30).

15. Current financial assets

	31.12.2023	31.12.2022
Current financial assets	163,877,626	152,872,561
Total	**163,877,626**	**152,872,561**

Current financial assets as at 31 December 2023 are broken down as follows:

- Government securities "Held to Collect & Sell" classified as FVTOCI in the amount of EUR 32,956,731, whose changes in fair value continue to be recognised with a balancing entry in the equity reserve (recognised in OCI) until realised or reclassified;
- Corporate bonds "Held to Collect & Sell "classified as FVTOCI in the amount of EUR 40,803,459, whose changes in fair value continue to be recognised with a balancing entry in the equity reserve (recognised in OCI) until realised or reclassified;
- Corporate bonds "Other" classified as FVTPL in the amount of EUR 8,334,419, whose changes in fair value are recognised in the Statement of Operations and contribute to the profit or loss for the year;
- Units of "Other" OICRs classified as FVTPL in the amount of EUR 81,701,584, whose changes in fair value are recognised in the Income Statement and contribute to the economic result for the year.

The item also includes the receivable from the subsidiary CityLink S.r.l. - Smart Mobility by ATM in the amount of EUR 81,433, represented by the cash pooling credit within the ATM Group's treasury management.

The net change from 31 December 2022 is attributable to changes in the portfolio of invested assets and its management. The analysis of portfolio movements is set out in the cash flow statement, to which reference should be made.

16. Current Tax Assets

The balance of the item "*Current tax assets*" as at 31 December 2023 is broken down as follows:

	31.12.2023	31.12.2022
Withholding tax credit	8,359,988	12,079,095
Credits for tax advances (IRAP)	8,308,517	1,546,153
Total	**16,668,505**	**13,625,248**

The "*Receivables from Tax Authorities for Withholding Taxes*", amounting to EUR 8,359,988, relates to receivables for withholding taxes incurred.

The *"Receivables for tax prepayments (IRAP)"* amounting to EUR 8,308,517 include EUR 1,823,377 in tax prepayments to be carried forward, and EUR 6,485,140 in receivables for IRAP to be refunded on the basis of Supreme Court ruling no. 35633/23 and 2nd degree CGT ruling that has become final, both in favour of ATM.

17. Trade receivables

Item "*Trade Receivables*" as at 31 December 2023 shows a balance of EUR 181,124,930, broken down as follows:

	31.12.2023	31.12.2022
Receivables from third parties	20,803,237	19,303,486
Receivables from related parties	160,321,693	168,231,543
Receivables from parent companies	*135,115,719*	*152,376,300*
Receivables from subsidiaries	*10,714,000*	*8,528,037*
Receivables from affiliates	*14,230,058*	*2,179,301*
Receivables from subsidiaries of parent companies	*261,916*	*5,147,905*
Total	**181,124,930**	**187,535,029**

"*Receivables from third parties*" mainly refer to receivables from Italian and European Union entities and concern services rendered for advertising, sponsorships and rental of commercial premises in underground stations. The increase compared to 31 December 2023 of 1,499,751 euros is mainly related to higher trade receivables from IGP Decaux S.p.A.

Receivables are shown net of the specific allowance for doubtful accounts, which as at 31 December 2023 amounted to EUR 11,375,392 (EUR 12,110,327 as at 31 December 2022), set up to specifically cover doubtful receivables and receivables for which legal action is currently pending.

Changes in the provision for bad debts are as follows:

	31.12.2022	Increases	Releases	Uses	31.12.2023
Provision for bad debts	12,110,327	192,513	(49,161)	(878,287)	11,375,392
Total	**12,110,327**	**192,513**	**(49,161)**	**(878,287)**	**11,375,392**

During the year, the reserve was adjusted by EUR 192,513, used to cover losses on receivables recognised during the year previously set aside in the amount of EUR 878,287, and released in the amount of EUR 49,161 to cover new and more complete information on the status of certain disputes with certain creditors, with these amounts recognised in the item "*Other operating expenses and charges*" (Note 34).

"Receivables from related parties" comprise:

- *"Receivables from parent company" in the amount of* EUR 135,115,719 (EUR 152,376,300 as of 31 December 2022) net of the specific allowance for impairment which amounted to EUR 470,784 as of 31 December 2023. This item refers to receivables from the Municipality of Milan, mainly for invoices issued for the consideration of the Local Public Transport (LPT) Service Contract for the month of December 2023 (EUR 58,559,583) as well as withholdings as guarantee of the aforementioned contract equal to 5% of the consideration for the months of April, May and June 2023 (totalling EUR 9,246,249) and for invoices to be issued for the same for the months of July through December 2023 (EUR 16,811,364). In addition, credits of EUR 21,112,777 are included for the higher mileage exercised in 2023 by the Company due to requests by the Municipality of Milan.

  Finally, there are invoices to be issued for work on the metro and tram infrastructure (EUR 22,015,904), services for area C (EUR 3,150,449), miscellaneous services including the

construction of the traffic control system (EUR 2,128,594), additional school service (EUR 1,290,800) and management of the bike sharing service (EUR 800,000).

At the date of preparation of this financial report, the receivable from the Municipality of Milan related to the consideration for the LPT Service Contract for December 2023 was collected in the amount of EUR 53,235,985.

The change compared to 2022 is related to both the adjustment of the service contract fee with the Municipality of Milan and the lower maintenance services performed during the year on municipal-owned assets.

Changes in the provision for bad debts due from the parent company are shown below:

	31.12.2022	Increases	Releases	31.12.2023
Allowance for doubtful accounts with subsidiaries	414,377	73,374	(16,967)	470,784
Total	**414,377**	**73,374**	**(16,967)**	**470,784**

During the year, the *"Allowance for doubtful accounts receivable from parent company"* was released in the amount of EUR 16,967 and accrued in the amount of EUR 73,374 against new and more precise information on certain specific positions, with these amounts recognised in *"Other operating expenses and charges"* (Note 34).

– *"Receivables from subsidiaries*" in the amount of EUR 10,714,000 (EUR 8,528,037 as at 31 December 2022) refer to services rendered under existing contracts. The increase is mainly related to the receivable from the tax authorities for withholding taxes transferred to the subsidiary Net s.r.l. within the scope of the National Tax Consolidation.

	31.12.2023	31.12.2022
CityLink S.r.l.	51,249	35,794
GeSAM S.r.l.	108,098	284,059
International Metro Service S.r.l.	157,967	89,248
Metro Service A/S	60,824	29,034
Nord Est Trasporti S.r.l.	9,574,572	7,270,249
Rail Diagnostics S.p.A.	761,290	819,653
Total	**10,714,000**	**8,528,037**

– *Receivables from associated companies*" in the amount of EUR 14,230,058 (EUR 2,179,301 as of 31 December 2022) net of the specific allowance for doubtful accounts, which amounted to EUR

29,938 as of 31 December 2023 (EUR 7,528 as of 31 December 2022). The balance is broken down as follows:

	31.12.2023	31.12.2022
Co.Mo. Fun&Bus S.c.a r.l.	313,930	277,367
SPV Linea M4 S.p.A.	11,727,301	-
Metro 5 S.p.A.	2,185,794	1,878,438
Movibus S.r.l.	32,971	31,024
Total	**14,259,996**	**2,186,829**
Provision for bad debts	(29,938)	(7,528)
Total	**14,230,058**	**2,179,301**

Receivables mainly refer to services rendered under existing contracts. The increase in the item is mainly related to both the reclassification of SPV M4 S.p.A. among the associated companies by virtue of the purchase on 20 December 2023 of 29.2% of the shares of the private shareholders, and to the increase in the credit position towards the Company related to the opening of the Linate - San Babila functional section from 4 July 2023. Receivables from Metro 5 S.p.A. increased due to the increase in the service contract fee.

During the year, the "*Allowance for doubtful accounts receivable from affiliates*" was adjusted. Changes in the year are shown below:

	31.12.2022	Increases	Releases	31.12.2023
Allowance for doubtful accounts with associates	7,527	26,332	(3,921)	29,938
Total	**7,527**	**26,332**	**(3,921)**	**29,938**

The provision of EUR 26,332 as well as the release of EUR 3,921 were recognised in the Profit and Loss Account under *"Other Operating Costs and Charges"* (Note 34).

– *"Receivables from subsidiaries of parent companies"* for EUR 261,916 (EUR 5,147,905 as at 31 December 2022). Receivables refer to services rendered under existing contracts. The decrease with respect to 31 December 2022 is attributable to the reclassification among associated companies of SPV M4 S.p.A. In fact, ATM S.p.A.'s purchase of the private shareholders' shares increased its shareholding from 2.33% to 31.53%. The change of SPV M4 S.p.A. from a subsidiary of the City of Milan to an associated company also entailed the reclassification of the credit position. The value is expressed net of the specific provision for bad debts, which amounted to EUR 473 as at 31 December 2023.

	31.12.2022	Increases	Releases	31.12.2023
Allowance for doubtful accounts with subsidiaries of the parent company	6,549	3,307	(9,383)	473
Total	**6,549**	**3,307**	**(9,383)**	**473**

In order to adjust the value of the allowance for doubtful accounts receivable from subsidiaries of the parent company, an amount of EUR 3,307 was set aside and an amount of EUR 9,383 was released with a balancing entry in the income statement under *"Other operating costs and expenses"* (Note 34).

18. Other receivables and current assets

Other "*current receivables and assets*" as at 31 December 2023 showed a balance of EUR 88,400,582 net of the specific provision for impairment, which amounted to EUR 2,208,992 as at 31 December 2023.

	31.12.2023	31.12.2022
Receivables for contributions	82,102,435	103,658,407
Other tax receivables	1,975,208	2,763,820
Prepaid expenses	3,661,453	2,783,988
Other receivables	661,486	1,740,040
Total	**88,400,582**	**110,946,255**

The most significant change, with respect to 31 December 2022, relates to the item "*Credits for grants"*, which recorded a decrease of EUR 21,555,972 as a result, on the one hand, of lower receivables for regional and municipal grants for plant and the lower receivable relating to the grant for the "*bonus* transportation", established by Decree-Law no. 50 of 17 May 2022 and converted with amendments into Law no. 91 of 15 July 2022, partly offset by the increase in receivables for government grants for plant.

As at 31 December 2023, the National Labour Collective Agreement contributions pertaining to the financial year 2023 have almost been fully collected.

Below is a breakdown of the item "Receivables for contributions":

- EUR 57,359,590 (EUR 18,554,457 at 31 December 2022) related to grants requested for investments subject to contributions by public entities. The grants recognised refer for EUR 55,121,254 (EUR 14,005,050 in 2022) to receivables relating to investments financed by the State, (EUR 41,817,973 for rolling stock, EUR 6,762,353 for electric bus recharging systems, and EUR 6.540.928 for infrastructure), for EUR 2,205,836 (EUR 2,895,287 in 2022) to receivables financed by the Lombardy Region for the purchase of buses for EUR 32,500 to receivables financed by the Municipality for the bike sharing project;
- EUR 24,454,641 related to contributions recorded on an accrual basis, of which EUR 21,956,084 related to the purchase of rolling stock, EUR 1,973,620 related to recharging equipment, and EUR 524,937 related to infrastructure;
- EUR 37,481 (EUR 34,923 in 2022) relating to free circulation cards issued to entitled persons and EUR 6,357 (EUR 6,357 as of 31 December 2022) relating to contributions due to Como Fun&Bus S.r.l. as reimbursement for the National Labour Collective Agreement renewals pursuant to L.47/2004, L.58/2005 and L.296/2006;
- EUR 245,390 (5,114,144 as at 31 December 2022) referred to grants received related to the transportation bonus.

The *"Other tax credits"* refer for EUR 1,780,541 (EUR 86,448 as of 31 December 2022) to the diesel excise tax credit relating to the 3rd and 4th quarters of 2023 and for EUR 194,667 (EUR 205,334 in 2022) to the tax credits provided for in Article 1, paragraphs 184 to 194 of Law No. 160 of 27 December 2019. The reduction compared to the previous year is related to the fact that in 2022, there were EUR 2,472,038 in tax credits on the purchase of electricity granted to non-energy-intensive enterprises.

"Prepaid expenses" refer to insurance premiums and fee-based maintenance services pertaining to the following year, the financial manifestation of which occurred in the year 2023.

"*Other receivables*" refer to advances paid to employees in accidents on behalf of INAIL, to receivables from employees for passes issued to family members, and to deposits made to various entities.

During the year, against doubtful receivables of EUR 2,208,992, an amount of EUR 745,514 was set aside in the specific provision for bad debts with a balancing entry in the income statement under item *"Other operating expenses and charges"* (Note 34).

19. Cash and cash equivalents

	31.12.2023	31.12.2022
Cash and cash equivalents	109,159,182	153,830,125
Total	**109,159,182**	**153,830,125**

The balance includes current account balances, cash funds, prepaid company credit card balances, as well as teller allocations and issuer allocations.

The item "*Cash and cash equivalents*" is stated net of the related provision to cover losses totalling EUR 69,751. In the financial year 2023, the fund was released in the amount of EUR 56,148.

It should be noted that short-term liquidity ("hot money") of EUR 35 million was repaid in 2023.

20. Windfall assets

There were no windfall assets during the financial year 2023.

21. Net equity

The "Share Capital" amounts to EUR 700,000,000 and consists of 70,000,000 ordinary shares with a nominal value of EUR 10 each. It is fully subscribed and paid up. There were no changes during the year or in the previous year and the Municipality of Milan is the sole shareholder.

The item "Other Reserves" includes the "Reserve actuarial gains/(losses) from defined benefit plans" which includes the effects of accounting under "Other Comprehensive Income" for gains/(losses) from defined benefit plans net of the related tax effect.

The changes shown in the Statement of Other Components of the Income Statement are detailed and described in the "Statement of Changes in Equity".

It is recalled that the Shareholders' Meeting of 27 April 2023 resolved to allocate the profit for the year of EUR 256,108 entirely to "Legal Reserve".

The composition of shareholders' equity with reference to availability and distributability is as follows:

Net equity		31.12.2022	31.12.2023	
Share Capital		700,000,000	700,000,000	
Legal reserve		119,048,468	119,304,576	B
Other Reserves		272,058,374	273,417,936	
	Rounding off reserve	(2)	(1)	
	FTA reserve	155,710,246	155,710,246	
	Actuarial Loss Reserve	(2,795,316)	(3,895,356)	
	Real estate fair value reserve	125,287,882	125,287,882	
	Held to collect and sell reserve	(6,230,535)	(3,728,405)	
	OCI reserve	86,099	43,570	
Profits carried forward		-	-	A, B, C
Profit / (Loss) for the year		256,108	(11,017,434)	
Net equity		**1,091,362,950**	**1,081,705,078**	

(*) A) for capital increase; B) to cover losses; C) for distribution to shareholders

The portion of the First Time Adoption reserve that became available during the year amounted to EUR 131,602,852. Please refer to the Statement of Changes in Equity shown above for a discussion of the events that occurred during the 2023 financial year.

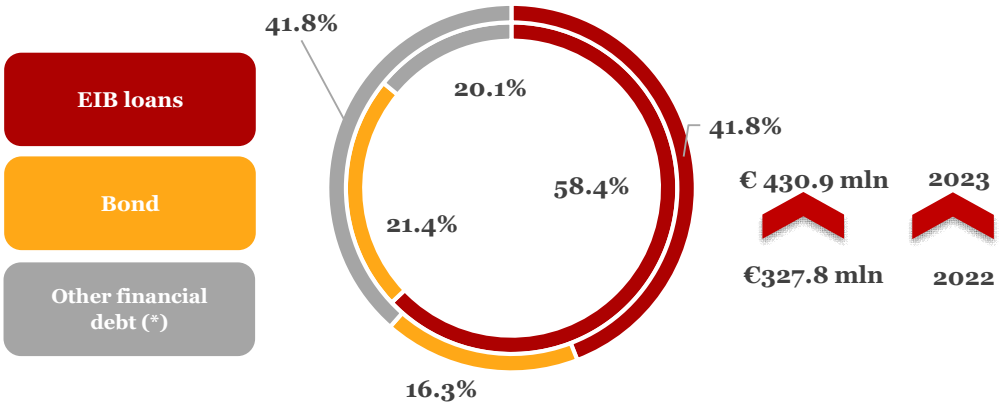
22. Non-Current and Current Financial Liabilities

	31.12.2023	31.12.2022
Non-current financial liabilities	173,317,910	253,831,189
Current financial liabilities	257,630,139	74,004,784
Total	**430,948,049**	**327,835,973**

The breakdown of financial liabilities by their nature and maturity is shown below:

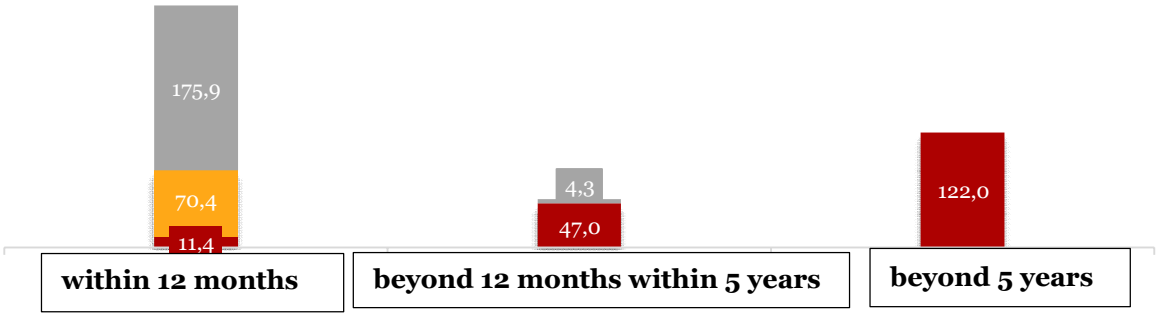
Loans	**Within 12 months**	**Between 1 year and 5 years**	**Over 5 years**	**Total**
EIB loan	*11,360,138*	*46,963,129*	*122,028,451*	*180,351,718*
Bond	*69,889,529*			*69,889,529*
Bridge to Bond	*149,490,080*			*149,490,080*
Total Loans	**230,739,747**	**46,963,129**	**122,028,451**	**399,731,327**
Accrued interest				
Bond	523,566			523,566
Bridge to Bond	251,560			251,560
Hot Money	37,808			37,808
Total accrued interest	**812,934**			**812,934**
Liabilities for L.L. IFRS 16	**2,473,289**	**4,326,330**		**6,799,619**
Cash pooling payables	**23,604,169**			**23,604,169**
TOTAL	**257,630,139**	**51,289,459**	**122,028,451**	**430,948,049**

Breakdown of financial debt (2023 vs 2022)



N.B.: the comparative pie chart shows the 2023 data externally and the 2022 data internally, respectively
* including Bridge to Bond, lease debts and accrual on hot money

Financial debt repayment 31.12.2023 (EUR mln)



The amount of EUR 430, 948,049 refers to:

- EUR 180,351,718 (of which EUR 11,360,138 current and EUR 168,991,580 non-current) to the loans, net of repayments, activated under the loan agreement for a total of EUR 250,000 thousand signed with European Investment Bank for the financing of the new underground trains on the M1 and M2 lines. The loan agreement places an obligation on the Company to comply with certain parameters of an equity and financial nature. As at 31 December 2023, as in previous years, the *covenants* contractually set forth in the loan agreement have been fulfilled. The debt is fully due on 30 June 2038 and is therefore mainly recorded under "*Non-current financial liabilities*";
- EUR 70,413,095 to the bond loan placed on 8 August 2017 by the Company (of which EUR 69,889,529 related to the principal portion of the bond loan and EUR 523,566 related to interest accrued during the period that will be paid on the maturity date), not backed by collateral and intended only for qualified investors with a total nominal value of EUR 70 million. The bonds mature on 8 August 2024 and interest is calculated at a fixed annual rate of 1.875 %. The stock is listed on the Dublin Stock Exchange (ISIN code XS1653969953). On 30 November 2023, Fitch Ratings confirmed ATM's long-term rating at 'BBB' (Long-Term Issuer Default Rating) with a stable outlook, 'F2' for short-term and 'a-' as a single rating on the Company. The bond is valued at amortised cost, which therefore took into account the expenses incurred and issue discounts.

The effective, fixed interest rate for the entire term of the loan is deemed representative of market conditions as at 31 December 2023. At year-end, the Company has the financial resources necessary to repay the loan in full, as can be seen from the balance of the items cash and securities;

- EUR 149,490,080 to a *Bridge to Bond* loan in principal and EUR 251,560 in interest. The loan was signed on 15 December 2023, drawn on 20 December 2023 and the natural maturity date is 15 December 2024;
- EUR 37,808 related to interest accrued up to the date of extinction of the 'Hot Money' line equal to EUR 35,000,000, repaid in the first half of 2023;
- EUR 6,799,619 to the value of the lease liability recognised following the entry into force from 2019 of IFRS 16 Leases (of which EUR 2,473,289 due within 12 months and EUR 4,326,330 due beyond 12 months). During the year, this item changed due to the recognition of new contracts for EUR 1,934,173, the recognition of implicit interest for EUR 141,285, and the payment of fees in the amount of EUR 1,919,770.
- EUR 23,104,169 to the debit balance of the cash pooling current account with subsidiaries. For more details on the composition and nature of receivables, please refer to Note 40 "Information on intercompany and related party transactions".

With reference to the loans granted by the European Investment Bank (EIB), the Company signed loans totalling EUR 250,000,000, of which EUR 235,366,996 at a fixed rate.

Details of EIB disbursements are given below:

EUR thousands	Date of draught	Currency	Initial amount of debt	Amount of debt to be repaid as at 31/12/2023	Interest rate as at 31/12/2023	Maturity
Disbursement 1	29/11/2013	euro	*14,633,004*	*9,868,770*	4.807% (*)	30/06/2038
Disbursement 2	28/11/2014	euro	*40,000,000*	*28,793,288*	1.99%	30/06/2038
Disbursement 3	23/04/2015	euro	*55,366,996*	*38,578,769*	0.96%	30/06/2038
Disbursement 4	15/03/2017	euro	*70,000,000*	*51,609,737*	1.45%	30/06/2038
Disbursement 5	31/01/2018	euro	*40,000,000*	*29,429,231*	1.37%	30/06/2038
Disbursement 6	31/01/2018	euro	*30,000,000*	*22,071,923*	1.37%	30/06/2038
Total			***250,000,000***	***180,351,718***		

(*) variable-rate indexed disbursement

Disbursements are recorded at amortised cost represented by the nominal value as there are no contractual start-up charges and the effective interest rate of each disbursement, fixed for the entire duration of the loan, was considered to be representative of market conditions as at 31 December 2023.

Similarly, the variable-rate tranche is recorded at nominal value, since, with reference to *forward* rates, in the medium term the rate is considered representative of market conditions.

23. Employee benefits

Defined benefit plans are calculated by estimating, using actuarial techniques, the amount of future benefit that employees have accrued in the current and prior periods. The calculation is performed by an independent actuary using the Projected Unit Credit Method. For the purposes of the calculation, the interest or discount rate used is given by the price on 31 December of each year of the iBoxx Corporate EUR benchmark index with duration 7-10 and AA rating.

	31.12.2023	31.12.2022
Employee Severance Indemnity	80,244,465	86,138,027
Total	**80,244,465**	**86,138,027**

The TFR, governed by Article 2120 of the Civil Code, includes the estimated obligation relating to the amount to be paid to employees upon termination of employment. The allowance, which is paid in the form of a lump sum, is equal to the sum of allowances calculated on the salary items paid in respect of the employment relationship and revalued up to the time of termination thereof. As a result of legislative changes introduced as of 1 January 2007, for companies with more than 50 employees, the accrued termination indemnity is classified as a defined-contribution plan insofar as the company's obligation is represented solely by the payment of contributions to pension funds, i.e. to INPS. The liability for severance pay prior to 1 January 2007 represents a defined benefit plan to be valued using actuarial techniques. The termination benefits fall under defined benefit plans that are unfunded and therefore there are no plan assets.

The following changes occurred during the financial year with regard to severance pay:

	Change
Opening balance	**86,138,027**
Severance benefits transferred from Group companies	(76,628)
Interest cost	2,954,969
Actuarial (gains)/losses	1,447,421
Benefits Paid	(10,219,324)
Closing balance	**80,244,465**

The amount of the provision for severance pay calculated in accordance with Art. 2120 of the Civil Code is EUR 82,696,228.

The actuarial loss for the period, amounting to EUR 1,447,421, was recognised in other comprehensive income by adjusting the balance of the Staff Leaving Indemnity Reserve with a balancing entry in a special equity reserve and is composed as follows:

	Change
Actuarial (gains)/losses due to experience	(1,621)
Actuarial (gains)/losses due to changes in financial assumptions	1,449,042
Closing balance	**1,447,421**

With reference to the severance indemnity, the valuations by the external actuary were made on the basis of the economic-financial and demographic assumptions summarised in the tables below.

	31.12.2023	31.12.2022
Mortality rate	IPS55 tables	IPS55 tables
Disability rates	INPS-2000 tables	INPS-2000 tables
Staff turnover rate	5.81%	5.81%
Discount rate*	3.08%	3.63%
Rate of salary increase	1.50%	1.50%
Rate of advances	0.64%	0.64%
Inflation rate	2.00%	2.30%

** Quotation at 31/12/2023 of the iBoxx Corporate EUR benchmark index with 7-10 duration and AA rating*

The sensitivity analysis on the discount rate represents the change in the value of the actuarial liability that results from year-end valuation data by varying the discount rate, subject to other assumptions:

	Change
Turnover rate +1%	80,368,308
Turnover rate -1%	80,112,953
Inflation Rate +0.25%	80,915,951
Inflation Rate -0.25%	79,580,454
With discount rate +0.25%	79,200,716
With discount rate -0.25%	81,312,417

24. Provisions for risks and charges

	31.12.2023	31.12.2022
Provision for environmental disputes and risks	47,559,075	67,161,789
Provision for damages/claims	13,797,062	16,612,716
Other provisions	54,113	15,368
Total	**61,410,250**	**83,789,873**

The most significant items contributing to the balance are as follows:

– from the "Fund for disputes and environmental risks" in the amount of EUR 47,559,075, referring to contingent liabilities towards suppliers, customers, third parties, employees, related parties and the environment, arising from ordinary business operations, the occurrence of which is deemed

probable. The fund is established for *i)* EUR 17 million relating to the environmental fund *ii)* EUR 15 million for the guarantee provided when submitting the project finance proposal pursuant to Article 183, paragraph 15 of Legislative Decree no. 50/2016 *iii)* for EUR 8 million for disputes concerning the allocation of tariff revenues; *iv)* EUR 5 million for disputes with personnel *v)* the remaining part, amounting to approximately EUR 2.5 million, refers to legal expenses and disputes with suppliers. During the year, the amount of the provision was updated on the basis of the hypothesised impact of pending litigations and the outcome of those concluded, as well as on the basis of revised estimates of future environmental charges, resulting in accruals of EUR 4,196,270, utilisations of EUR 1,538,294, and releases of EUR 22,260,690, as detailed below.

In the year 2023, provisions were made mainly for:

- 1,407,012 euro for new and more updated information on a dispute with CTP, which was fully disclosed in the Report on Operations in the section on "Main Outstanding Disputes";
- EUR 1,053,499 for legal expenses related to various pending litigations;
- EUR 724,226 related to disputes with personnel;
- EUR 657,000 for the emergence of a new dispute against the Agenzia per la Coesione Territoriale for the request to revoke the contribution paid to ATM S.p.A. for the "PON Metro Milano 2014/2020" project;
- EUR 321,026 for the litigation in progress with the carrier Caronte of which detailed information is provided in the Report on Operations in the section on "Main Outstanding Litigations";
- EUR 33,507 related to disputes with suppliers.

Movements in fund utilisation refer to:

- EUR 750,123 for specific maintenance work carried out at certain company sites and facilities;
- EUR 539,824 to utilisation related to the settlement of disputes with personnel;
- EUR 204,347 to utilisation related to the settlement of a lawsuit with a supplier;
- EUR 44,000 for legal fees.

The releases, made in consideration of new and more up-to-date information refer to:

- EUR 22,166,156 related to disputes with personnel and specifically to the dispute concerning the recognition of specific remuneration parameters during the holiday period;
- EUR 94,534 to the release of the provision set up for disputes with suppliers.

– the "*Provision for settlement of claims*" for EUR 13,797,062, the value of which is commensurate with the estimated compensation to be paid in future years for damages/accidents related to the circulation of scheduled passenger vehicles, limited to the risk band not covered by the insurance policies taken out with the various Companies. Non-performing claims were assessed by examining individual files open as at 31 December 2023.

The value of the above provisions includes the best estimate of litigation-related legal expenses.

Changes in the provisions for liabilities and charges are shown below:

	31.12.2022	Increases	Uses	Releases	31.12.2023
Provision for environmental disputes and risks	67,161,789	4,196,270	(1,538,294)	(22,260,690)	47,559,075
Liquidated damages/claims fund	16,612,716	899,048	(3,714,702)	-	13,797,062
Other provisions	15,368	38,745	-	-	54,113
Total	**83,789,873**	**5,134,063**	**(5,252,996)**	**(22,260,690)**	**61,410,250**

Please refer to Note 4 "*Use of Estimates*" for considerations on the estimative processes underlying the valuation of disputes and contingent liabilities.

25. Deferred tax liabilities

	31.12.2023	31.12.2022
Deferred tax liabilities	48,471,462	48,957,014
Total	**48,471,462**	**48,957,014**

The nature of temporary differences that generated deferred taxes is summarised below:

	Liabilities for Deferred Tax Liabilities as at 31.12.2022	Recognised in Income Statement	Liabilities for Deferred Tax Liabilities as at 31.12.2023
Fair Value Rolling Stock and Financial Leases	5,282,639	(248,133)	5,034,506
Land and Buildings - IAS 16	43,785,481	(341,316)	43,444,165
Fair Value Financial Assets	(111,106)	103,897	(7,209)
Total	**48,957,014**	**(485,552)**	**48,471,462**

26. Current tax liabilities

As of 31 December 2023, as well as 31 December 2022, no taxes are recognised for IRES and IRAP purposes.

27. Trade Payables

	31.12.2023	31.12.2022
Payables to third parties	260,514,631	201,157,468
Payables to related parties	59,145,919	55,340,579
Payables to parents	*48,707,092*	*47,272,940*
Due to parent company	*6,852,563*	*5,348,387*
Payables to affiliates	*2,914,705*	*1,060,596*
Payables to subsidiaries of parent companies	*671,559*	*1,658,656*
Total	**319,660,550**	**256,498,047**

The amount of EUR 260,514,631 for "*Obligations to third parties*" (EUR 201,157,468 as at 31 December 2022) includes payables for invoices not yet paid and payables for invoices to be received that arose for the purchase of materials, services and capitalised goods, mainly to Italian and European Union suppliers. The increase is mainly attributable to the resumption of the supply of rolling stock.

"Payables to related parties" mainly include *"Payables to parent company",* which showed a balance of EUR 48,707,092 as at 31 December 2023 (EUR 47,272,940 as at 31 December 2022), and are entirely attributable to the City of Milan. The increase is mainly related to the increase in the number of passengers transported, which led to a correlated increase in the sale of tickets and consequently to a higher liability for refunds for the month of December 2023 compared to the same period in 2022. The repayment debt amounted to EUR 35,386,703 in 2023 and EUR 31,054,888 in 2022, respectively.

"*Payables to parent company"* mainly refer to:

- for EUR 35,386,703 (EUR 31,054,888 as at 31 December 2022) to the debt for the repayment to the Municipality of Milan of the proceeds from ticket sales in December 2023;
- to payables for the repayment of Parking Spaces revenues to the Municipality as defined in the "Parking Spaces Agreement" of 27 April 2017, of which EUR 4,878,573 referred to 2018 and EUR 4,829,715 referred to 2019. For the years 2021 and 2022, there are no payables for Parking Spaces revenues to be repaid to the municipality since the amount of Parking Spaces revenues was less than the minimum amount guaranteed to ATM S.p.A. of EUR 18.5 million;
- EUR 2,176,230 for the balance to be paid for the invoice for the reimbursement of ticket revenue for the months of October and November 2023;
- EUR 1,384,089 for the repayment of Area C revenues for the month of December 2023;
- EUR 30,723 to the portion of the grant recognised by the Municipality and aimed at the "*Mobility4MI*" project that was not used in the year 2023;
- EUR 20,059 related to a sponsorship.

The "*Debts to subsidiaries*" showed a balance of EUR 6,852,563 as at 31 December 2023 (EUR 5,348,387 as at 31 December 2022). They refer to services rendered under existing contracts.

	31.12.2023	31.12.2022
CityLink S.r.l.	1,156,259	648,819
GeSAM S.r.l.	249,594	58,501
International Metro Service S.r.l.	5,098	5,098
Nord Est Trasporti S.r.l.	2,806,176	2,498,669
Rail Diagnostics S.p.A.	2,635,436	2,137,300
Total	**6,852,563**	**5,348,387**

The most significant change from the previous year relates to payables to the subsidiary CityLink S.r.l., and is related to the increase in services rendered by it to the ATM parent company. These services refer to project activities and the development of new and innovative digital solutions to support transport and mobility services.

Other changes include payables to the subsidiary NET S.r.l., up EUR 307,507 on 2022, mainly due to the increase in personnel seconded from the subsidiary to ATM S.p.A. for EUR 165,972, and payables to the subsidiary Rail Diagnostics S.p.A., up EUR 498,136, due to the different collection timing and the increase in services rendered to ATM S.p.A.

The *"Payables to affiliated companies"* are detailed below:

	31.12.2023	31.12.2022
Co.Mo. Fun&Bus S.c.a.r.l.	17,886	775
SBE Consortium	250,060	408,101
SPV LINEA M4 S.p.A.	1,927,212	-
Metro 5 S.p.A.	108,866	75,733
Movibus S.r.l.	610,681	575,988
Total	**2,914,705**	**1,060,597**

They refer to services rendered under existing contracts. The most significant change from the previous year refers to the reclassification in this item of trade payables to SPV M4 S.p.A., which, following ATM's purchase of the shares pertaining to the construction shareholders, increased its interest to 31.53%. The change of SPV M4 S.p.A. from a subsidiary of the City of Milan to an associated company also entailed the reclassification of the credit position. Payables mainly refer to the re-charging of costs incurred in connection with the *all risk* policy on buildings and guard and security services.

There was also a decrease in the liability for consortium contributions to the SBE Consortium of EUR 158,041.

The *"Payables to subsidiaries of parent companies"* of EUR 671,559 mainly refer to payables arising from services rendered to MM S.p.A.

28. Other current payables and liabilities

	31.12.2023	31.12.2022
Payables to employees	26,031,260	40,793,998
Payables to pension and social security institutions	29,275,531	32,262,892
Payables for holidays not taken	22,559,623	22,953,413
Other tax liabilities	9,609,683	12,901,520
Other payables	19,383,720	12,204,312
Waste collection tax	3,074,202	54,403
VAT payable	587,897	1,600,480
Accrued expenses and deferred income	797,664	691,469
Total	**111,319,580**	**123,462,487**

The item "*Other current payables and liabilities*" amounted to EUR 111,319,580 as at 31 December 2023. The main changes are related to the decrease in *"Payables to employees"* and *"Payables to Social Security Institutions"* partially offset by the increase in "*Other payables*", "*Waste collection tax*" and tax payables.

The main components of this item are as follows:

– EUR 26,031,260 from payables to employees. The decrease is related to the settlement and related settlement of a dispute with employees concerning the quantification of remuneration during holiday periods;

- EUR 29,275,531 from payables to INPS, Previndai, INAIL, as well as to the industry pension funds, settled in accordance with legal deadlines in the first months of 2024;
- EUR 22,559,623 from the economic valuation of employees' unused holidays, as well as the countervalue of overtime worked, usable as paid leave, not yet used;
- EUR 19,383,720 from various types of payables, including payables for security deposits in the amount of EUR 2,334,190 and the payable to the ATM Foundation for contributions and payments for services rendered in the amount of EUR 716,068. The increase is related to the recognition of the portion of investment grants, not yet received, amounting to EUR 7,984,685 related to the purchase of rolling stock that has not yet been delivered;
- EUR 9,609,683 to the Irpef withholdings made by the Company as withholding agent on employee income;
- EUR 3,074,202 to the debt for the waste collection tax 2023, settled in February 2024. In 2022, the debt had been settled in the reference year.
- EUR 797,664 in deferred income that relates to revenues invoiced during the year and pertaining to 2024.

Notes to the Income Statement

29. Revenues and other operating income

The value of "*Revenues and other operating income*" consists mainly of:

- "*Revenues from core business*", which refer to revenues generated by the Service Agreement for the management of the Local Public Transport (LPT) service stipulated with the Municipality of Milan, the consideration for the contract to manage the M5 underground line with Metro 5 S.p.A., the consideration for the contract to manage the M4 underground line with SPV Linea M4 S.p.A, to revenues related to the management of parking spaces, car parks and removal and custody and, residually, to revenues related to other transport services, including the management of the Como-Brunate funicular, the management of the Sacro Monte di Varese funicular and the POMA 2000 light rail service. For the entire year, the M4 line management contract refers to the second functional section Linate - Dateo to which the Tricolore and San Babila stops were added as of 4 July;
- "*Other revenues*", which include revenues from advertising and property rentals, revenues for work performed on municipally owned assets, including maintenance services on infrastructure, and for services performed for the management of Area B and Area C;
- "*Other proceeds*", which mainly comprises operating grants, damage reimbursements and penalties charged to suppliers.

Revenues are made in Italy.

	2023	2022
Revenues from core business	790,150,114	772,416,407
Other revenues	66,627,095	80,573,842
Other proceeds	80,920,061	83,448,935
Total	**937,697,270**	**936,439,184**

The following is a breakdown of *"Revenues from core business"*:

	2023	2022
Revenues from LPT	754,982,550	739,496,615
Municipality of Milan Service Contract Fee	*693,567,322*	*697,750,531*
Regional Area Service Contract Fee	*4,337,557*	*3,839,512*
Line 5 management contract fee	*28,867,167*	*24,448,247*
Line 4 management contract fee	*19,104,858*	*1,458,504*
Fare income - Regional area	*3,795,532*	*2,788,729*
Special/dedicated transport services	*5,310,114*	*9,211,092*
Revenues from Parking Spaces management	15,875,621	15,716,520
Revenues from car park management	9,518,688	7,971,549
Revenues from car removal management	3,569,984	3,428,229
Sundry revenues	6,203,271	5,803,494
Total	**790,150,114**	**772,416,407**

The "*Revenues from LPT*" amounted to EUR 754,982,550 (EUR 739,496,615 as at 31 December 2022) and increased in total by EUR 15,485,935 compared to the previous year.

The main changes in item "*Revenues from LPT*" refer to:

- "Service Contract Fee Municipality of Milan" decreasing compared to 2022 by EUR 4,183,209 thousand. The change is related to the non-recognition by the entrusting body of additional mileage;
- *"Line 5 management contract fee*" increased by EUR 4,418,920 compared to the previous year. The increase is related both to the adjustment of the fee according to the change in the inflation rate and to the increase of the service due to more mileage travelled;
- *"Line 4 Management Contract Fee"* for EUR 19,104,858 and deriving from the single management contract for the Line M4 underground between ATM S.p.A. and the concessionaire company SPV Linea M4 S.p.A. The increase is linked both to the operation for the entire calendar year of the second functional Dateo-Linate Aeroporto section (in 2022 it was in place for the period from 26 November to 31 December 2022 only), and to the opening to service of the Piazza Tricolore and Piazza San Babila stations on 4 July 2023;
- "*Regional Area Service Contract Fee*" increased by EUR 498,045 compared to the previous year. The increase is mainly due to the adjustments relating to the period 2017 ÷ 2020 of the service contract consideration for the management of the S5 line for EUR 367,429 and the consideration for the management of the Varese funicular for the period October ÷ December 2023 for EUR 106,949;

- "*Special/dedicated transport services*" decreased by EUR 3,900,978 compared to the previous year. This latter change is related to the additional transport services that ATM S.p.A. has carried out at the request of the entrusting body, the Municipality of Milan, as part of the "*Pact for Milan*". These additional services were performed for the first half of 2022 only, whereas they were not performed in 2023;
- *"Fare revenues - regional area"*: the increase of EUR 1,006,803 compared to the previous year is mainly due to higher revenues from passenger traffic related to the management of the Como - Brunate and Varese - Sacro Monte cableways for EUR 993,029 and to revenues from the management of the POMA 2000 light rail system for EUR 58,271.

In addition, the complementary services of the Service Contract with the Municipality of Milan increased by a total of EUR 1,847,995 and refer to: *"Parking Spaces management revenue"*, which increased by EUR 159,101; *"Car park management revenue"*, which increased by EUR 1,547,139; *"Car removal management revenue"*, which increased by EUR 141,755. The increase is due to the fact that these activities were significantly impacted by the emergency phase.

	2023	2022
Revenue from services rendered	38,206,177	54,453,487
Revenues from advertising and sponsorship	16,594,670	15,257,758
Rental of commercial premises in underground stations	6,596,130	6,156,675
Other revenues	5,230,118	4,705,922
Total	**66,627,095**	**80,573,842**

"*Other Income*" decreased by EUR 13,946,747 compared to the previous year. More specifically:

- *"Revenues for services rendered"* decreased by EUR 16,247,310 due to lower services rendered and related to maintenance activities on municipal-owned infrastructure, the Area B and C payment system and the Traffic and Territory Control system. In addition, in 2022, SPV M4 S.p.A. was charged for line maintenance costs following the postponement of the public opening of the M4 metro line on 26 November 2022. In 2023, in view of the start of operation of the second functional section last year, these costs were not recharged;
- *"Advertising and sponsorship revenue"* increased by EUR 1,336,912. The increase was mainly due to the higher fee recognised by IGP Decaux in the amount of EUR 958,333 and EUR 229,508 to Findomestic's recognition of an advertising contribution;
- the *"Rents for commercial premises in metro stations"* increased by EUR 439,455 due to higher rents for fibre optics in the metro and those related to rents for premises on the mezzanines of metro lines;
- *Other revenues* increased by EUR 524,196. Theincrease is mainly related to higher revenues from the sale of operating materials in the amount of EUR 491,683, revenues related to the disposal of inventory materials, the effects of which were also reflected in the inventory write-down provision,

and to a residual extent to higher revenues from the sale of magnetic cards in the amount of EUR 32,513.

Below is a breakdown of the item "*Other income*", which decreased by EUR 2,528,874 compared to last year.

	2023	2022
Insurance reimbursements and costs incurred on behalf of third parties	8,860,233	12,371,371
Adjustments of Liabilities and Release of Funds	-	38,368
Income from penalties invoiced to suppliers	4,143,169	2,553,313
Capital gains on disposal of property, plant and equipment	681,505	267,000
Grants	61,772,120	62,656,639
Other proceeds	5,463,034	5,562,244
Total	**80,920,061**	**83,448,935**

The item *"Insurance reimbursements and costs incurred on behalf of third parties"* decreases by EUR 3,511,138 mainly due to the reimbursements paid by the Entrusting Entity to the Company for sanitation costs incurred in 2022 and in previous years during the emergency phase related to the Covid-19 pandemic for a total of EUR 5,165,509 euro, partly offset by reimbursements received from the contracting authorities to cover costs incurred for the submission of tender bids in the amount of EUR 952,020 and reimbursements for higher commissions in the amount of EUR 516,577.

Item *"Income from penalties invoiced to suppliers"* increased by EUR 1,589,856. During the financial year 2023, penalties of EUR 855,657 were invoiced to contractors and EUR 727,966 to suppliers of road rolling stock.

The item *"Gains on disposal of property, plant and equipment"* refers to the gain from the sale of 162 buses, 31 trolleybuses that were decommissioned in addition to the sale of the following equipment: 2 coin/banknote sorters, 20 pillar lifters as well as miscellaneous workshop equipment totalling EUR 681,505 (Note 7).

The item *"Contributions"* refers for EUR 48,643,856 euros to the National Labour Collective Agreement contributions pertaining to the year and whose amount is unchanged from the previous year, allocated by Law No. 47 of 27 February 2004 to cover the charges deriving from the renewal of the collective labour agreement for the two-year period 2002/2003, by Law No. 58 of 22 April 2005 to cover the charges deriving from the renewal of the National Labour Collective Agreement for the two-year period 2004/2005, and by Law No. 296 of 27 December 2006 (2007 Budget) to cover the charges for the renewal of the National Labour Collective Agreement for the two-year period 2006/2007.

This item also includes contributions for the production of electricity through photovoltaic plants and contributions for personnel training. This item also includes tax credits on the purchase of electricity granted to non-energy consuming companies, which are described in detail in the section "*Main Regulatory Measures for the Local Public Transport Sector*" for EUR 6,199,486.

"Other proceeds" were substantially in line with the previous year. The main items relate to *"Passenger fines"* for EUR 4,564,543 (EUR 4,743,910 as at 31 December 2022) and *"Canteen revenue"* for EUR 851,649 (EUR 796,948 as at 31 December 2022).

30. Costs for purchases of goods and changes in inventories

	2023	2022
Purchases of goods	76,227,810	76,220,470
Changes in inventories	(172,269)	1,992,724
Consumption of raw materials for internal work	(1,970,026)	(1,031,324)
Total	**74,085,515**	**77,181,870**

This item, which totalled EUR 74,085,515, includes purchase costs for materials required for vehicle and plant maintenance, diesel fuel and travel and Parking Spaces tickets, as well as the change in inventories net of utilisations and provisions made to the *"Inventory write-down reserve"*.

The item "*Variation in inventories*" decreased by EUR 2,164,993 compared to 2022, as already mentioned in Note 14, due to the changes in provisions and utilisations of the reserve for obsolete inventories. In the item *"Purchase of goods"* there is a refund of excise duty on diesel in 2023 in the amount of EUR 3,649,893, an increase of EUR 2,787,857 compared to 2022, which is fully offset by the increase in costs related to the purchase of goods.

The value is adjusted for the consumption of materials for internal works related to extraordinary maintenance work on the metro and tram fleet amounting to EUR 1,970,026 (EUR 1,031,324 in 2022).

31. Costs for services

	2023	2022
Maintenance and cleaning costs	142,784,060	136,869,711
Traction electricity	65,243,169	33,218,500
Utilities	27,129,024	20,835,267
Subcontracted transport services	20,408,008	26,100,811
Professional services	16,973,067	11,189,242
Various services	10,824,842	8,579,834
Production and distribution of travel documents	8,212,101	7,678,576
Insurance	6,540,969	6,058,508
Customer services and marketing	5,555,367	4,680,595
Staff services	4,409,244	4,086,613
Supervisory costs	2,149,957	2,204,192
Total	**310,229,808**	**261,501,849**

The item *"Maintenance and cleaning costs"*, an increase of EUR 5,914,349 compared to 2022, refers to work by third party companies for routine maintenance in the amount of EUR 112,651,792 (EUR 105,136,638 in 2022) and EUR 30,132,268 (EUR 31,733,073 in 2022) for cleaning work carried out on plants, depots, premises and vehicles during the year.

The increase in maintenance costs incurred during the year, which totalled EUR 7,515,154, was mainly due to higher charges for the period related to maintenance work performed on the equipment in the amount of EUR 6,572,382 and higher charges for hardware and software maintenance in the amount of

EUR 1,035,090. Against these increases, in 2023 there were lower charges incurred for the maintenance of buildings in the amount of EUR 4,176,670 and lower maintenance adjustments related to previous years in the amount of EUR 2,173,967.

With regard to cleaning work, which decreased by EUR 2,097,879 compared to 2022, the most significant reduction was in the cleaning of vehicles and workplaces by EUR 3,084,497. This is related to the increased cleaning, sanitising and hygienisation work that ATM S.p.A. had undertaken due to the COVID-19 emergency in 2022. On the other hand, there was an increase in the cleaning costs of EUR 971,240 related to the increased activities carried out due to the opening of the M4 line to the San Babila station.

In 2023, the environmental risk fund set up in previous years was used in the amount of EUR 750,123 for specific maintenance work.

Charges for *"Traction electricity"* increased by EUR 32,024,669. The effect takes into account both the higher mileage for the period, mainly related to the operation of the Linate - San Babila section of the M4 line, and the effect related to higher input prices compared to 2022. The year 2022 benefited from the award of the supply contract in July 2021, before the explosion of energy prices in the autumn and before the outbreak of the Russia-Ukraine conflict.

Higher costs for *"Utilities"* of EUR 6,293,757 are mainly due to higher charges for *"Electricity for lighting"* of EUR 8,261,820. This increase was entirely affected by the impact on energy commodity prices of the conflict between Russia and Ukraine. This effect on electricity, for ATM S.p.A., was neutralised in 2022 thanks to the awarding of the supply service in July 2021. Partially offsetting this increase were lower charges in 2023 for *"Gas and district heating"* in the amount of EUR 1,455,227, for *"Water and sewerage*" in the amount of EUR 823,463, and for *"Cogeneration costs"* in the amount of EUR 675,236. Lastly, more adjustments were recognised in the year than in 2022 for a total of EUR 1,001,636.

The item *"Subcontracted transport services"* includes fees paid to subcontractors for transport services in the Milan urban area and for the removal service; the reduction, equal to EUR 5,692,803, is related to additional transport services that ATM S.p.A. had to request in the first half of 2022, from carriers in order to guarantee the same service offer against the decrease in vehicle capacity during the COVID - 19 emergency, additional services that were not requested in 2023 due to the end of the emergency phase.

The item "*Professional Services*" refers mainly to professional services provided by third parties in the IT, legal, corporate and engineering fields. The increase compared to 2022, equal to EUR 5,783,825, is related to the support requested from professionals for the acquisition of the shares of SPV M4 S.p.A.'s construction partners, participation in international tenders and ATM S.p.A.'s business expansion programmes.

The item *"Miscellaneous services"* increased compared to 2022 by EUR 2,245,008 and mainly refers to bank commission charges for EUR 6,444,537 (EUR 4,665,166 in 2022), transport services for material handling and waste disposal in the amount of EUR 2,145,640 (EUR 2,042 thousand in 2022) and charges related to personnel seconded by Group companies in the amount of EUR 992,252 (EUR 792,964 in 2022).

The item *"Production and distribution of tickets"* refers to the remuneration due to resellers for the sale of travel, Parking Spaces and Parking Spaces tickets, Area B and Area C. The increase in this item of EUR 533,525 compared to 2022 is a consequence of the recovery in ticket sales volumes.

The item *"Insurance"* refers to costs related to insurance.

The item *"Customer services and marketing"* refers to expenses incurred for customer communication and information and increased by EUR 874,772 compared to 2022. The increase is related to higher charges incurred for comarketing initiatives for EUR 420,968, for EUR 202,289 to the increase in the restaurant tram business, and finally to higher charges for the toll-free number for EUR 42,302.

The item *"Services for employees"* increased compared to 2022 by EUR 322,631 and mainly relates to the costs of medical expenses incurred due to legal obligations and health checks in the amount of EUR 1,819,607 (EUR 1,717,612 in 2022) and training expenses in the amount of EUR 1,543,645 (EUR 1,397,512 in 2022). The increase compared to 2022 is primarily attributable to training activities for employees, which increased by EUR 146,133, medical expenses, which increased by EUR 101,995, and travel expenses, which increased by EUR 45,319.

The item *"Security costs"* decreased by EUR 54,235 compared to 2022 and refers to the valuables transport service and security services carried out in order to combat vandalism and to ensure the safety of passengers on board vehicles.

32. Operating Leases Costs

	2023	2022
Fees and rents payable	262,642	155,440
Vehicle rentals	270,285	74,229
Plant and equipment rental	2,080,378	1,492,981
Total	**2,613,305**	**1,722,650**

The costs incurred in 2023 increased compared to the previous year due to the simultaneous increase in costs related to the rental of plant and equipment in the amount of EUR 587,397 and rental expenses in the amount of EUR 107,202. The change related to the item "*Vehicle Rental*" is related to the recognition in the financial year 2022 of adjustments related to previous years.

Also for the year under review, the Parking Spaces area management fee to be paid to the entrusting body - the Municipality of Milan - was not recognised as a consequence of the failure to reach the minimum revenue threshold of EUR 18,450,000.

33. Costs for employee benefits

	2023	2022
Wages and salaries	357,524,120	353,208,771
Social security contributions	104,090,632	93,296,707
Charges for defined contribution plans	24,103,158	23,913,989
Other costs	(4,625,373)	23,794,633
Personnel costs for internal work	(302,419)	(611,481)
Total	**480,790,118**	**493,602,619**

"Employee benefit costs" of EUR 480,790,118 include costs incurred for wages and social security contributions, accruals pursuant to law and industry agreements, as well as costs for accrued but unused holiday and paid time off. The overall decrease of EUR 12,812,501 is due to opposing effects, such as, on the one hand, the increase in *"Wages and salaries"* for EUR 4,315,349, *"Social security expenses"* for EUR 10,793,925, *"Defined contribution plan expenses"* for EUR 189,169, partly offset by lower recoveries for *"Personnel costs for internal work"* for EUR 309,062 and especially by the reduction in *"Other costs"* for EUR 28,420,006.

The increase in the item *"Wages and salaries"* is due to higher charges related to the renewal of the national collective labour agreement for road transport workers, for which the last two planned tranches of EUR 30 per month per capita were paid (the first from June 2023, the second and last from September 2023). The increase was also influenced by a second-level company agreement signed in April 2023, which resulted in a one-off payment of EUR 200 per person plus an increase of EUR 50 per person from April 2023. These effects are partially offset by a decrease in the average workforce of almost 90 people.

The item "*Social Security Charges*" increased both due to the contribution component related to the salary increases described above, and due to the non-recurring event occurring in 2022 related to the reimbursement of previous years' sickness charges in the amount of EUR 10,558,887, which was not present in 2023.

Costs are recognised net of capitalised personnel costs for internal work in the amount of EUR 302,419 (EUR 611,481 in 2022) and refer to the portion of capitalised personnel costs for extraordinary maintenance work carried out on the metro train fleet and trams.

The decrease in the item "*Other Costs*" is related, for EUR 22,166,156, to the release of the provision related to disputes with personnel and specifically to the dispute concerning the recognition of specific remuneration parameters during the holiday period.

The workforce as at 31 December 2023 stood at 9,315 people (9,528 as at 31 December 2022).

ATM	31.12.2022	New hires	Leavers	Other Changes	31.12.2023
Managers	27	3	(3)	3	30
Managers/middle managers	349	8	(17)	29	369
Office workers	840	64	(56)	(4)	844
Workers/operational staff	8,312	330	(543)	(27)	8,072
Total	**9,528**	**405**	**(619)**	**1**	**9,315**

In 2023, the employment trend decreased, including internal transfers, by 213 persons. Recruitment relates to operational areas: these include bus, tram and trolleybus drivers, station agents, security personnel, and other operational support figures. In addition, new resources were added to the maintenance departments and the structures of the Information Technology area were strengthened, as well as targeted interventions in staff functions including, in particular, activities aimed at participating in International Tenders in the Public Transport sector or the Smart Mobility projects. Other changes refer to changes in qualifications and to personnel reinstated in service following adverse court rulings against the company.

It should be noted that the change in the outgoing workforce relates to voluntary resignations and therefore no dismissals of an objective nature were made in the period under review, in accordance with the provisions of Legislative Decree no. 137/2020, known as "Restorals Decree" and its subsequent amendments.

34. Other operating costs and charges

	2023	2022
Municipal taxes	4,997,541	5,477,162
Provisions (releases) for risks and charges	2,418,545	364,923
Other Operating Charges	1,958,834	1,756,332
TPL damage management	1,301,107	1,562,848
Provisions (releases) for bad debts	961,607	(1,669,610)
Various taxes and duties	671,783	637,269
Contingencies	656,425	54,116
Total	**12,965,842**	**8,183,040**

"*Other operating costs and expenses*" showed an increase of EUR 4,782,802 compared to the previous year. The items showing the main changes refer to the provisions/releases of the allowance for doubtful accounts, which increased by EUR 2,631,217, the dynamics of which are fully explained in Note 17 - *"Trade Receivables"* of these Notes, to the provisions for risks and charges, which increased by EUR 2,053,622 of which a full disclosure is provided in Note 24 of these Notes and in the Report on Operations in the part on *"Principal Litigations Outstanding"*, lower charges for the period related to LPT damage management for EUR 261,741, to the increase in *"Other operating charges"* by EUR 202,502, and finally, to the decrease in municipal taxes by EUR 479,621.

The most significant cost items include:

- *"Municipal taxes"* that mainly refer to the charge for waste collection tax in the amount of EUR 3,324,693 and property tax in the amount of EUR 1,753,381;
- *"LPT damage management"* related for EUR 3,908,008 to the charge incurred for the settlement of damages related to the circulation of vehicles and for EUR 208,753 for motor vehicle practices, as well as for EUR 885,148 to provisions and for EUR 3,714,702 to the utilisation of the specific provision recorded under *"Provisions for risks and charges" (Note 24)*;
- *"Other operating expenses"* mainly relate to memberships of associations, expenses for notarial deeds, entertainment expenses, and miscellaneous expenses. The capital loss recognised in the profit and loss account totalling EUR 324,219 mainly relates to the disposal of obsolete and no longer usable tour groups. For details, see also Note 7 - *"Property, Plant and Equipment*";
- *"Provisions (release) for doubtful debts"* refers for EUR 79,432 to the release of provisions for doubtful debts, for EUR 1,041,039 to provisions made to cover risks on receivables recorded in the financial statements, of which EUR 745,514 is for "*Sundry receivables",* 192,513 euro for "*Receivables from third parties*", 73,373 euro for "*Receivables from parent companies*", 3,307 euro for "*Receivables from subsidiaries of the parent company"* and finally 26,332 euro for "*Receivables from affiliates*". Please refer to Note 17 - "*Trade Receivables"* and Note 18 - *"Other Current Receivables and Assets"* of these Notes for comments on the constituent elements, respectively;
- *"Provisions for risks and charges"* which refer to provisions made to adjust the "*Provisions for risks and charges*" (Note 24) following the revision of estimates and in view of the events of the period and in view of new and more complete information compared to that available at the time the original estimates were made. The amount as at 31 December 2023 is EUR 2,418,545.

During the year, losses on receivables of EUR 878,287 were recognised, which were entirely covered by the utilisation of the provision for bad debts.

35. Depreciation and impairment losses

	2023	2022
Depreciation of property, plant and equipment	123,083,456	115,447,272
Plant and machinery	*113,412,442*	*105,042,496*
Buildings	*5,425,003*	*5,425,005*
Industrial and commercial equipment	*2,484,342*	*2,442,844*
Other assets	*1,761,669*	*2,536,927*
Equipment grants	(44,160,602)	(40,030,931)
Amortisation - Intangible assets	1,025,595	906,030
Software licences	*1,025,595*	*906,030*
Depreciation of right of use for leased assets	2,456,624	2,296,213
Equipment	*112,246*	*73,174*
Buildings	*536,252*	*536,252*
Motor vehicles	*1,464,126*	*1,363,807*
Computer equipment	*95,603*	*95,064*
Other	*248,397*	*227,916*
Total	**82,405,073**	**78,618,584**

A *Depreciation and impairment losses* totalling EUR 82,405,073 are charged to the financial year, an amount that includes the portion of grants for plant and equipment pertaining to the financial year totalling EUR 44,160,602.

No write-downs were recorded for the period under review.

During the financial year 2023, the useful lives of 10 Eurotrams scheduled to be taken out of the production process were revised as a result of the revision of the operating programmes. The first 5 were taken out of service on 31 December 2023 and the remaining 5 will be taken out of service on 31 December 2024. The higher depreciation charged to the profit and loss account as a result of the change in useful lives amounted to a total of EUR 4,756,564.

36. Net financial income (expense)

	2023	2022
Financial income	18,115,642	4,952,714
Interest income	*2,647,639*	*1,910,896*
Gains on securities	*322,290*	*540,564*
Fair Value Adjustment Income	*5,225,692*	*(274,010)*
Other	*9,920,021*	*2,775,264*
Financial expenses	(9,636,002)	(18,266,067)
Interest on defined benefit plans for employees	*(2,954,969)*	*(1,445,366)*
Interest expenses on loans and bonds	*(5,343,787)*	*(4,322,425)*
Other interests expenses	*(798,082)*	*(56,046)*
Losses on securities	*(134,567)*	*(1,071,160)*
Fair Value Adjustment Charges	*(16,110)*	*(10,895,822)*
Impairment of financial assets	*59,932*	*(60,688)*
Other	*(307,134)*	*(276,823)*
Interest expense IFRS 16	*(141,285)*	*(137,737)*
Total	**8,479,640**	**(13,313,353)**

Interest income is broken down as follows:

	2023	2022
Interest income on deposits and current accounts	648,003	120,762
Interest income on securities	1,407,609	926,087
Interest income from subsidiaries	1,398	-
Interest income on loans to subsidiaries	(5)	5
Interest income on loans to associates	590,634	313,674
Interest income from subsidiaries of the parent company	-	550,368
Total	**2,647,639**	**1,910,896**

"Interest income on securities" amounting to EUR 1,407,609 (EUR 926,087 as at 31 December 2022) related to interest on government securities and bonds.

"Interest income on loans to associated companies" of EUR 590,634 (EUR 313,674 as of 31 December 2022) refers to interest accrued on loans granted to SPV M4 S.p.A. and Metro 5 S.p.A. On 20 December 2023, ATM S.p.A. increased its stake in SPV M4 S.p.A. to 31.53%, becoming its second shareholder. It should also be noted that Metro 5 S.p.A. fully repaid the shareholders' loan on 29 April 2023.

"Interest receivable from subsidiaries of the parent company" equal to 550,368 at 31 December 2022, referred to interest accrued on loans granted to SPV Linea M4 S.p.A., which, following the increase in the interest owned by ATM S.p.A., was reclassified among associated companies.

The *"Gains on securities"* of EUR 322,290 (EUR 540,564 as at 31 December 2022) refer to realised gains on securities.

The *"Income from fair value adjustment"* net of *"Expenses from fair value adjustment"* refer to income related to the valuation at *fair value* of financial receivables for EUR 96,308 from the associated companies Metro 5 S.p.A. and for EUR 428,550 to the positive valuation at *fair value* of the financial receivables from the associated companies SPV M4 S.p.A., to income of EUR 4,352 from the building cooperatives SED-ATM and SCCATI, and for EUR 4,680,372 to income related to the valuation at *fair value* of the financial instruments designated FVTPL.

The item *"Others"* mainly refers to dividends received from the subsidiary International Metro Service S.r.l. in the amount of EUR 4,029,000 and EUR 1,178,100 from the associated company Movibus S.r.l. This item includes sundry financial income of EUR 2,875,719, mainly related to interest on arrears accrued on amounts paid by the Agenzia delle Entrate following sentences issued by the Supreme Court of Cassation, and income related to the measurement at amortised cost of securities designated HTC&S for EUR 1,837,000, of which income on short-term government securities for about EUR 1,210,000.

"Financial expenses" refer to "*Interests on defined benefit plans for employees*" in the amount of EUR 2,954,969, *"Interest expenses on loans and bond loan"* recorded under payables in the amount of EUR 5,343,787; this item is made up of the interest expense recognised on the bond loan and financial payables for disbursements from the European Investment Bank totalling EUR 4,333,636 (as at 31 December 2022 amounting to EUR 4,323,425) and an increase compared to 2022 of EUR 11,211, also the interest expense accrued on the credit lines for a total of EUR 1,010,151 of which EUR 758,591 accrued on the RCF credit lines and EUR 251,560 accrued on the Bridge to Bond.

The *"Losses on securities"* during the year under review amounted to EUR 134,567.

The *"Interest Expense"* resulting from the application of IFRS 16 *Leases* amounted to EUR 141,285.

37. Income taxes for the year

Taxes for the year were recognised as detailed below:

	2023	2022
Current taxes	(252,312)	816,500
IRAP	*-*	*700,000*
Income (expenses) from tax consolidation	*(252,312)*	*116,500*
Prior year taxes	(10,810,588)	(436,474)
IRES	*88,088*	*2,664*
IRAP	*(10,898,676)*	*(439,138)*
Change in deferred tax liabilities	5,167,583	1,679,085
Total	**(5,895,317)**	**2,059,111**

No taxes for IRES and IRAP purposes were recognised for the year.

The *"Charges from tax consolidation*" refer to the transfer of the IRES, to the extent provided for by current legislation, by the companies included in the National Tax Consolidation.

The *"Deferred Taxes*" mainly includes the release of deferred tax assets recognised against taxed provisions. Deferred tax assets and deferred tax liabilities transferred to the Profit and Loss Account amounted to EUR 5,653,135 and EUR 485,552 respectively, as detailed in Note 12 and Note 25. Deferred

tax assets mainly refer to the release of deferred tax assets on provisions for risks in the amount of EUR 5,312,047.

The amount recorded under "*Previous Years IRAP Taxes"* and amounting to EUR 10,898,676 refers mainly to the settlement of certain disputes with the Agenzia delle Entrate and in particular:

- Supreme Court Order No. 35633/23 - ATM wedge 2008 for EUR 3,465,244;
- Supreme Court Order No. 10225/23 - ATM wedge 2007 for EUR 2,764,816;
- Supreme Court Order No. 25742/23 - ATM Servizi wedge 2010 for EUR 2,297,664;
- Judgment of the 2nd Lombardy Tax Court No. 1570/03/23 - ATM wedge 2012 for EUR 1,709,894;
- Supreme Court Order No. 10225/23 - ATM Servizi wedge 2007 for EUR 676,330.

The balance is adjusted for a portion of provisional payments related to the pending litigation for IRAP for tax years 2015-2017 on the contribution to Fondazione ATM, as well as for IRAP definition from the 2023 tax return referring to 2022.

The reconciliation between theoretical tax and actual tax is shown below:

THEORETICAL TAXES DUE	**ATM**	
	IRES	**IRAP**
VALUE OF PRODUCTION		937,697,079
OPERATING COSTS		(963,089,661)
DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS		(25,392,582)
PERSONNEL COSTS (NOT RELEVANT FOR IRAP PURPOSES)		480,790,118
PRE-TAX PROFIT/LOSS	(16,912,942)	
THEORETICAL TAX BURDEN RATE	**24.00%**	**4.20%**
TAXABLE AMOUNT THEORETICAL TAX BURDEN	**(16,912,942)**	**455,397,537**
THEORETICAL TAXES DUE	**(4,059,106)**	**19,126,697**
COSTS NOT ALLOWED AS DEDUCTIONS - NON-TAXABLE INCOME	**IRES**	**IRAP**
NON-DEDUCTIBLE TAXES	3,243,851	1,904,359
TELEPHONE	112,794	112,794
OTHER NON-DEDUCTIBLE COSTS		
- staff	15,950,907	0
- depreciation (item B10)	8,728,875	5,202,816
- provisions not provided for by Tuir/L.446/97	10,791,316	10,978,983
- other non-deductible costs	9,980,402	10,921,777
NON-TAXABLE REVENUES		
- release/utilisation of taxed funds	(6,901,037)	(7,820,928)
- staff	(53,043,979)	0
- other non-taxable income	(9,996,006)	(10,028,541)
TOTAL INCREASE (+)	**(21,132,877)**	**11,271,260**
COSTS ALLOWED AS DEDUCTIONS - DIFFERENT IRAP TAX BASE	**IRES**	**IRAP**
IFRS	3,855,832	(622,634)
INAIL	0	121,641
EXPENSES INCURRED FOR DISABLED PERSONNEL	0	35,794
AGENZIA DELLE ENTRATE CIRCULAR NO. 22/E OF 09/06/2015 AND MISCELLANEOUS	0	467,133,986
DEDUCTION OF SUPPLEMENTARY PENSION CONTRIBUTIONS	953,485	0
TOTAL DECREASES (-)	**4,809,317**	**466,668,787**
VARIATIONS FOR IRES PURPOSES	**IRES**	**IRAP**
TOTAL VARIATIONS FOR IRES PURPOSES (-)	**0**	**0**
ACTUAL TAX BURDEN	**IRES**	**IRAP**
ACTUAL TAXABLE INCOME	0	0
ACTUAL TAX BURDEN	**0**	**0**
ACTUAL TAX INCOME	**0**	**0**
ACTUAL TAX RATE	**0.00%**	**0.00%**

38. Directors' and auditors' fees

In accordance with the law, the remuneration of the Directors and Statutory Auditors is shown, and it should be noted that the amount is shown gross of any contribution and accessory charges.

	2023	2022
Directors' fees	239,509	221,046
Statutory Auditors Fees	139,648	139,467
Total	**379,157**	**360,513**

As of the date of preparation of this Financial Report 2023, the Board of Directors consists of five members, including the Chairman and the Chief Executive Officer; the Board of Statutory Auditors, on the other hand, consists of three members, one of whom is the Chairman. The remuneration paid to the individual directors in office is expressed before social security deductions of EUR 36,439 and amounts to EUR 202,683 as per the shareholders' resolution of 17 April 2023. Travel expenses of the Chairman of the Board of Directors due to the performance of office duties amount to EUR 387.

The amount of remuneration paid in 2023 to the Board of Directors increases due to the recognition of the emolument of Managing Director to Mr Arrigo Giana for the entire year.

39. Fees of the Auditing Company

The fees paid by ATM S.p.A. to the auditing company Deloitte & Touche S.p.A. for 2023 amount to EUR 270,125 for activities related to the statutory audit of the accounts and EUR 76,706 for audit services for the issuance of other certificates.

Type of services	Subject who supplied the service	Recipient	Fees
Audit			**270,125**
Statutory audit of the financial statements and consolidated financial statements, periodic checks on the proper keeping of accounts	*Parent Company Auditor*	*Parent Company*	*233,000*
Limited audit of the consolidated half-yearly financial statements, prepared on a voluntary basis, of ATM Group companies from 30.06.2018 to 30.06.2025	*Parent Company Auditor*	*Parent Company*	*37,125*
Certification services			**76,706**
Annual and half-yearly certification of Covenants to European Investment Bank	*Parent Company Auditor*	*Parent Company*	*12,706*
Signature of the certificates/certifications required by the laws and regulations in force at the time	*Parent Company Auditor*	*Parent Company*	*29,000*
Other certifications	*Parent Company Auditor*	*Parent Company*	*35,000*
Total			**346,831**

No services other than auditing or attestation were rendered by Deloitte & Touche S.p.A. and the companies belonging to its network.

40. Information on intra-group and related party transactions

Transactions with related parties with which the Company engages in commercial and financial dealings at arm's length terms and conditions pursuant to Article 2427, No. 22-bis of the Italian Civil Code are summarised below.

The *"trade receivables from parent companies*" refer to receivables for services rendered to the Parent Company within the scope of the Local Public Transport Service Contract and the management services for parking spaces, car parks and car removal with the Municipality of Milan, and receivables for works carried out on municipal property. The value of receivables is adjusted by the provision for bad debts of EUR 470,784 set up to align the value of receivables to their estimated realisable value.

"Trade receivables from subsidiaries" refer to receivables for services rendered to companies within the scope of consolidation, for which ATM S.p.A. performs service activities.

The "*financial receivables from subsidiaries*" refer to the positive balances of current accounts in *cash pooling* as at 31 December 2023. Accrued interest is recognised in line *"Net financial income"* of the Income Statement.

The *"tax receivables from subsidiaries"*, as described elsewhere in this document, relate to the receivable arising from contracts entered into with subsidiaries to participate in the National Tax Consolidation and Group VAT regime.

"Trade receivables from affiliates" refer to receivables for services rendered under existing contracts. The value of receivables is adjusted by the provision for bad debts of EUR 29,938 set up to align the value of receivables to their estimated realisable value.

The *"trade receivables from subsidiaries of parent companies"* refer to receivables for services rendered under existing contracts.

RECEIVABLES	Trade	Financial	Grants	tax	31.12.2023
- from parent companies					
Municipality of Milan	135,586,503	-	32,500	-	135,619,003
- from subsidiaries*					
City Link S.r.l.	23,542	81,433	-	27,707	132,682
Gesam S.r.l.	90,815	-	-	17,283	108,098
International Metro Service S.r.l.	16,016	-	-	141,951	157,967
Metro Service A/S	60,824	-	-	-	60,824
Nord Est Trasporti S.r.l.	4,913,246	-	-	4,661,326	9,574,572
Rail Diagnostics S.p.A.	594,513	-	-	166,777	761,290
- to associate companies					
Co.mo. Fun&Bus S.c.a r.l.	313,930	-	-	-	313,930
Metro 5 S.p.A.	2,185,794	-	-	-	2,185,794
Movibus S.r.l.	32,971	-	-	-	32,971
SPV Linea M4 S.p.A.	11,727,301	126,000,000	-	-	137,727,301
- from other companies					
Fondazione Teatro alla Scala	16,033	-	-	-	16,033
Scuole Civiche Milano	1,746	-	-	-	1,746
Metropolitana Milanese S.p.A.	234,287	-	-	-	234,287
SEA S.p.A.	5,486	-	-	-	5,486
Agenzia Mobilità Ambiente e Territorio S.r.l.	290	-	-	-	290
MilanoSport S.p.A.	870	-	-	-	870
Milano Ristorazione S.p.A.	3,676	-	-	-	3,676
- Other associate relationships					
Coop S.E.D. ATM/S.C.C.A.T.I.	-	812,564	-	-	812,564
Total gross write-downs and initial delta	**155,807,843**	**126,893,997**	**32,500**	**5,015,044**	**195,421,786**
- Allowance for doubtful accounts					
- from parent companies	(470,784)				(470,784)
- to associate companies	(29,938)				(29,938)
- from other companies	(472)				(472)
- SPV Line M4 S.p.A. - FV valuation effect		(683,273)			(683,273)
Total	**155,306,649**	**126,210,724**	**32,500**	**5,015,044**	**194,237,319**

The *"trade payables to parent companies"* refer to payables for services rendered under the Local Public Transport Service Contract and parking spaces, car parks and car removal management services with the Municipality of Milan.

"Trade payables to subsidiaries" refer to payables for services rendered by subsidiaries under existing contracts.

"Financial payables to subsidiaries" refer to the debit balances of current accounts in *cash pooling* as at 31 December 2023.

"*Tax payables to subsidiaries*", as described elsewhere in this document, relate to withholding taxes paid by subsidiaries to ATM S.p.A. as a result of adhering to the National Tax Consolidation Agreement.

"Trade payables to associates" refer to payables for services rendered by associates under existing contracts.

"*Trade payables to subsidiaries of parent companies*" refer to payables for services rendered by the companies to ATM S.p.A. under existing contracts.

PAYABLES	Trade	Financial	tax	31.12.2023
- to parent companies				
Municipality of Milan	48,707,092	-	-	48,707,092
- to subsidiaries				
City Link S.r.l.	963,615	-	192,644	1,156,259
Gesam S.r.l.	249,594	871,574	-	1,121,168
International Metro Service S.r.l.	-	-	5,098	5,098
Nord Est Trasporti S.r.l.	1,567,784	11,849,474	1,238,392	14,655,650
Rail Diagnostics S.p.A.	2,635,433	10,883,121	3	13,518,557
- to associate companies				
Co.mo. Fun&Bus S.c.a r.l.	17,886	-	-	17,886
Metro 5 S.p.A.	343,388	-	-	343,388
Movibus S.r.l.	610,681	-	-	610,681
SBE Consortium	250,060	-	-	250,060
SPV Linea M4 S.p.A.	1,927,212	-	-	1,927,212
- to other companies				
Metropolitana Milanese S.p.A.	637,287	-	-	637,287
SEA S.p.A.	14,300	-	-	14,300
Agenzia mobilita' ambiente e territorio S.r.l.	23,553	-	-	23,553
Total gross initial delta	**57,947,885**	**23,604,169**	**1,436,137**	**82,988,191**
IFRS 16				
- to associate companies	(234,522)			
- from other companies	(3,581)			
Total	**57,709,782**	**23,604,169**	**1,436,137**	**82,988,191**

ECONOMIC RELATIONS	Revenues from core business	Other revenues	Other proceeds	Financial income
- from parent companies				
MUNICIPALITY OF MILAN	696,120,637	32,571,294	2,235,424	-
- from subsidiaries				
CITY LINK S.r.l.	23,514	8	12	-
GESAM - Multi-risk Insurance Claims Management S.r.l.	341,247	71,006	16	-
INTERNATIONAL METRO SERVICE S.r.l.	13,707	4	4	4,029,000
METRO SERVICE A/S	544,502	-	24	-
NORTH EAST TRANSPORT S.r.l.	4,603,443	322,508	532,351	-
RAIL DIAGNOSTICS S.p.A.	451,572	54,506	16	-
- from Subsidiaries of the Parent Company				
FONDAZIONE TEATRO ALLA SCALA	-	1,446	-	-
METROPOLITANA MILANESE S.p.A.	159,390	144,875	322	-
MILANO RISTORAZIONE S.p.A.	864	998	-	-
FONDAZIONE PICCOLO TEATRO DI MILANO - TEATRO D'EUROPA	-	53,720	-	-
SEA S.p.A.	70	2,012	44	-
- to associate companies				
CO.MO. FUN&BUS s S.C.a R.L.	622,449	-	-	-
METRO 5 S.p.A.	28,867,167	318,674	58,052	132,303
MOVIBUS S.r.l.	-	28,146	454,970	1,178,100
SPV LINEA M4 S.p.A.	19,104,858	54,054	2,535	4,236,433
Total	**750,853,420**	**33,623,251**	**3,283,770**	**9,575,836**

ECONOMIC RELATIONS	Costs for services	Operating Leases Costs	Costs for employee benefits	Other operating costs and charges	Financial expenses
- from parent companies					
MUNICIPALITY OF MILAN	(22,704)	-	-	(4,502)	-
- to parent companies					
CITY LINK S.r.l.	(963,615)	-	-	-	(34)
GESAM - Multi-risk Insurance Claims Management S.r.l.	(900,353)	-	-	(4)	(27,762)
NORTH EAST TRANSPORT S.r.l.	(908,896)	-	-	(9,502)	(340,760)
RAIL DIAGNOSTICS S.p.A.	(8,863,341)	-	-	-	(309,193)
- to Subsidiaries of the Parent Company					
AGENZIA MOBILITÀ AMBIENTE E TERRITORIO S.r.l.	(25,993)	-	-	-	-
FONDAZIONE TEATRO ALLA SCALA	(1,446)	-	-	-	-
METROPOLITANA MILANESE S.p.A.	(1,670,904)	(10,500)	-	(3,014)	-
FONDAZIONE PICCOLO TEATRO DI MILANO - TEATRO D'EUROPA	(49,720)	-	(1,500)	(3,050)	-
SEA S.p.A.	-	(14,300)	-	-	-
- to associate companies					
CO.MO. FUN&BUS s S.C.a R.L.	-	(226,586)	-	(745)	-
METRO 5 S.p.A.	-	(33,133)	-	-	-
MOVIBUS S.r.l.	(267,770)	-	-	(659)	-
CONSORZIO SBE	-	-	-	(250,060)	-
SPV LINEA M4 S.p.A.	(1,266,064)	-	-	-	-
Total	**(14,940,806)**	**(284,519)**	**(1,500)**	**(271,536)**	**(677,749)**

41. Commitments, guarantees and contingent liabilities not recognised in the balance sheet

The item is broken down below:

	31.12.2023	31.12.2022
Assets in use	6,148,174,761	5,735,787,473
Guarantees, of which:	411,827,123	340,619,994
- Guarantees in favour of third parties	*32,337,804*	*30,238,095*
- Third-party guarantees	*336,212,267*	*292,955,878*
- Guarantees given to affiliates	*43,277,052*	*17,426,021*
Total	**6,560,001,884**	**6,076,407,467**

The amount of EUR 6,148,174,761 relating to '*assets in use*' refers to:

- EUR 5,967,545,694 to the value of assets in use for the management by the Municipality of Milan of the LPT service;
- for EUR 171,420,276 to the value of Parking Spaces areas and car parks in use pursuant to the Service Agreements;
- for EUR 9,077,611 to materials owned by Metro 5 S.p.A. and SPV Linea M4 S.p.A. received for maintenance activities under warranty;
- EUR 131,180 to the value of goods in use by the Municipality of Milan (works of art).

The "*guarantees in favour of third parties",* amounting to EUR 32,337,804, refer to sureties issued in favour of third parties.

The "*third-party guarantees*", amounting to EUR 336,212,267, refer to sureties or guarantees issued by third parties in favour of the Company.

The "*guarantees to affiliates*", amounting to EUR 43,277,052, refer to:

- for a total of EUR 10,660,000 to the pledge recorded on 106,600 shares of the company Metro 5 S.p.A. and for EUR 19,402,900 to the pledge recorded on 194,029 shares of the company SPV Linea M4 S.p.A. in favour of a *pool* of financing banks within the scope of the related projects for the construction and management of the new M5 and M4 lines;
- for EUR 13,214,152 to co-obligations and guarantees provided in favour of the associated companies Metro 5 S.p.A. and SPV Linea M4 S.p.A.

The value of contractual commitments for investment supply contracts is EUR 875,810,815.

42. Disclosure of public disbursements - Article 1, paragraphs 125 to 129 of Law No. 124/2017

The amounts collected in the financial year 2023 by way of contributions are shown by type and entity:

- National Labour Collective Agreement contributions, paid by the Lombardy Region through the TPL Agency for EUR 48,643,858, of which EUR 6,357 pertaining to the year 2022 and EUR 48,637,501 pertaining to the year 2023, gross of 4% withholding tax;

- Grants of EUR 3,723,710 from the State for measures to ensure safety on the underground;
- Grants of EUR 11,925,190 from the State for the purchase of two-way trams;
- Grants for the purchase of metro trains Ministerial Decree 607/19, disbursed by the State, amounting to EUR 58,521,407;
- Grants for the purchase of buses and infrastructure Ministerial Decree 530/21, disbursed by the State in the amount of EUR 54,775,758;
- Grants for the purchase of buses and infrastructure Ministerial Decree 234/20, disbursed by the State in the amount of EUR 9,185,924;
- Grants for the purchase of buses Trolleybuses Ministerial Decree No. 448, disbursed by the State for 880,000 thousand euro;
- Contributions for the purchase of hybrid buses Ministerial Decree Nos. 3853/4343/5359/5640, granted by the Lombardy Region for 12,174,316 euro;
- Grants for the purchase of hybrid buses, disbursed by the municipality amounting to 25,322,220 euro;
- Grants for electronic ticket validators, disbursed by the municipality in the amount of 800,000 euro;
- Grants for energy refurbishment and school subsidies, paid by the municipality in the amount of 266,403;
- Investment Tax Credit L.160/2019, L.178/2020 and Decision Decree-Law No. 50/2017 for EUR 132,640 and energy tax credit Decree-Law No. 50/2022 art. 3, Decree-Law 21/2022 Art. 3 and Decree-Law 144/22 for EUR 6,215,447, almost all of which was offset in tax payments for the year.

Resolutions of the Shareholders Meeting

Dear Shareholder,

We submit for your approval the financial statements of ATM S.p.A. for the year ended 31 December 2023, which show a loss of EUR 11,017,434 that we propose to cover by using the "Legal reserve":

Milan, 27 March 2024

For the Board of Directors

The Chairperson

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 (the "Group"), which comprconsolidated, theof consolidated financial position as at December 31, 2023, the income statement consolidated, the table of other components of consolidated statement of comprehensive income, the statement of changes in consolidated equity and the statement of cash flows for the year then ended, and explanatory note to the consolidated financial statements, including material accounting policy information.

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, 2023, 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. (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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Property, plant and equipment valuation	
Description of the key audit matter	Fiscal year 2023 has been characterized by the effects of geopolitical uncertainty related to Russian-Ukrainian and Middle - Eastern conflict, which have led to a marked increase of traction electricity costs for the Group, even due to the impact consequent to the subscription of new contracts for the supply with variable prices and significantly increased compared to fixed prices ones ongoing until fiscal year 2022. According to the Company's management, the significant level of traction electricity costs – in a context characterized by a level of the fees connected to the Service Contract with the Municipality of Milan, which suffers from a historical static nature, expiring on December 31, 2026 – represents exogenous trigger events to deemed it necessary to carry out an impairment test on the recoverability of property, plant and equipment, 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 Economic and Financial Plan 2024 – 2030, approved by the Board of Directors of the Company, (ii) medium – long term investments planning, and (iii) 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 medium term, the economic forecasts for the period after the expiration of the Service Contract with the Municipality of Milan and until 2030 and, in the long term, the efficiency actions of costs foreseen and resulting from "Full Electric" project. The impairment test confirmed the carrying amount of property, plant and equipment in the consolidated financial statements as at December 31, 2023. In consideration of the relevance of the amount of property, plant and equipment 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 consolidated financial statement. The paragraph "Recoverability of the value of property, plant and equipment and intangible assets" 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.

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Audit procedures performed	Our audit procedures included, among others, the following, even supported by experts from the Deloitte network: • 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; • analyzing the reasonableness of the main assumptions underlying the Economic and Financial Plan 2024 – 2030 approved by the Board of Directors as at March 27, 2024, 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 local public transport services by the competent Agency; • critical reading of the minutes of the meetings of the Board of Directors of the Company; • sensitivity analysis on certain variables of the Economic and Financial Plan and verification of the recoverable amount – considered as value in use – of property, plant and equipment; • 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; We also verified the accuracy and the completeness of the disclosure provided by the Group in relation to the impairment test according to IAS 36 requirements.

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.

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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.

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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 Milanesi 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, 2023, 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, 2023 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, 2023 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.

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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 12, 2024

This independent auditor's report has been translated into the English language solely for the convenience of international readers.

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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. (the "Company"), which comprise the statement of financial position as at December 31, 2023, the income statement, the table of other components of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and explanatory note to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, 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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Property, plant and equipment valuation	
Description of the key audit matter	Fiscal year 2023 has been characterized by the effects of geopolitical uncertainty related to Russian - Ukrainian and Middle - Eastern conflict, which have led to a marked increase of traction electricity costs for the Company, even due to the impact consequent to the subscription of new contracts for the supply with variable prices and significantly increased compared to fixed prices ones ongoing until fiscal year 2022. According to the Company's management, the significant level of traction electricity costs – in a context characterized by a level of the fees connected to the Service Contract with the Municipality of Milan, which suffers from a historical static nature, expiring on December 31, 2026 – represents exogenous trigger events to deemed it necessary to carry out an impairment test on the recoverability of property, plant and equipment, 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 Economic and Financial Plan 2024 – 2030, approved by the Board of Directors of the Company, (ii) medium – long term investments planning, and (iii) 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 medium term, the economic forecasts for the period after the expiration of the Service Contract with the Municipality of Milan and until 2030 and, in the long term, the efficiency actions of costs foreseen and resulting from "Full Electric" project. The impairment test confirmed the carrying amount of property, plant and equipment in the financial statements as at December 31, 2023. In consideration of the relevance of the amount of property, plant and equipment 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 financial statement. The paragraph "Recoverability of the value of property, plant and equipment and intangible assets" 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.

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Audit procedures performed	Our audit procedures included, among others, the following, even supported by experts from the Deloitte network: • 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 Company on the process of carrying out the impairment test; • analyzing the reasonableness of the main assumptions underlying the Economic and Financial Plan 2024 – 2030 approved by the Board of Directors as at March 27, 2024, 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 local public transport services by the competent Agency; • critical reading of the minutes of the meetings of the Board of Directors of the Company; • sensitivity analysis on certain variables of the Economic and Financial Plan and verification of the recoverable amount – considered as value in use – of property, plant and equipment; • 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. We also verified the accuracy and the completeness of the disclosure provided by the Company in relation to the impairment test according to IAS 36 requirements.

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.

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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.

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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 Milanesi 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 the Company as at December 31, 2023, 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, 2023 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, 2023 and is prepared in accordance with the law.

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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 12, 2024

This independent auditor's report has been translated into the English language solely for the convenience of international readers.

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