



TERMINALI ITALIA S.r.l.
OPERATIONS REPORT AND
FINANCIAL STATEMENTS AT
31 DECEMBER 2021

A SINGLE-MEMBER COMPANY SUBJECT TO THE MANAGEMENT
AND COORDINATION OF RFI S.P.A.
FERROVIE DELLO STATO ITALIANE GROUP

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ECONOMIC AND ADMINISTRATIVE INDEX	1206926
TAX CODE, VAT NUMBER AND REGISTRATION IN THE ROME COMPANIES REGISTER	06204310962
WEB ADDRESS	WWW.TERMINALIITALIA.IT

THE COMPANY'S MISSION

A wholly-owned subsidiary of Rete Ferroviaria Italiana, the infrastructure manager, Terminali Italia S.r.l. is the Ferrovie dello Stato Group company created primarily for the integrated management of terminal services at RFI's intermodal terminals belonging to the network.

Formed to increase the capacity of access lines and freight terminals within a single system and to optimise the use thereof in accordance with the principles of fairness, transparency and non-discrimination dictated by Legislative Decree 188/2003, as confirmed by Legislative Decree 112/2015, the company is a single *last-mile* railway service provider (handling and shunting).

With this objective, together with RFI, it is committed to ensuring:

- promotion of an integrated supply system for freight operators (infrastructure + services)
- the implementation of an integrated organisational model through joint planning of schedules and resources.

The basis of the RFI-Terminali Italia relationship is the contract awarding the public intermodal terminal business area, commercial and development policy responsibility, and compliance with safety regulations.

Following the same system logic, in order to integrate the terminal services offer with the RFI network access offer, the company also operates intermodal terminals owned by other companies.

CORPORATE BODIES
AND THE INDEPENDENT AUDITOR

Board of Directors

Chairman	Gianfranco Pignatone
CEO	Giuseppe Acquaro
Directors	Giuseppe Acquaro Rosa Frignola
Sole Auditor	Marco Leonetti

INDEPENDENT AUDITOR

KPMG S.p.A.

Term of office: from the financial year ending 31/12/2020 to the financial year ending 31/12/2022

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THE PRESIDENT'S LETTER

Dear RFI, Sole Shareholder,

The financial year closed with a net profit of 1.59 million euro and operating revenues that, for the first time, exceeded 40 million euro (44.82 million vs. 36.62 million in 2020), also thanks to the extension of the scope of terminals operated with the start-up of the Marzaglia terminal.

The year was characterised by the recovery of the national and global economy, resulting from the gradual response to the pandemic emergency, which, however, slowed down (significant also for the Company's accounts) due to the surge in energy costs in the last quarter of the year (the dynamics of fuel prices alone in 2021 weighed about 350 thousand euro more than in 2020).

The company's objectives for the financial year included the continuation of the investment in tangible assets that had begun in previous years (in 2021, the new gantry crane in Verona and 2 new self-propelled cranes in Segrate became operational, in addition to 5 road tractors in Verona and 3 semi-trailers purchased for Marzaglia and Segrate) and, at the organisational level, the outsourcing of crane maintenance activities, the expansion of the Company's workforce (+6.75 FTE year-on-year) and the use of more flexible employment systems for specific production needs.

In 2021, activities were launched to expand the range of services offered to customers, with a focus on customs services associated with the management of maritime traffic at the Marzaglia and Segrate terminals.

The Company obtained AEO (Authorised Economic Operator) status on 16 February 2022 and is now waiting for the acceptance of the requests submitted for the establishment of temporary storage areas, approved locations and the activation of the first so-called "Fast-Corridor" for customers interested in the Marzaglia - La Spezia route.

Acquiring the authorisations referred to above is a pre-condition for potential further developments at other terminals serving as maritime traffic hubs (such as, first and foremost, Bari).

The increase in turnover (+22%) compared to 2020 and an EBITDA/operating income ratio of 9.27% are elements that reflect their underlying 2021 development objectives and are intended to create value and demand in the years to come.

Finally, regarding the environmental sustainability of terminal services, 2021 also confirms the reduction of the environmental impact of activities through the modernisation of the vehicle fleet

instrumental to terminal operations (Euro 6 compliant) and the purchase of electricity for the driving force of Verona Quadrante Europa certified 100% from renewable sources.

The President

Gianfranco Pignatone

OPERATIONS REPORT

MAIN RESULTS ACHIEVED IN 2021

		31.12.2021	31.12.2020
<u>Profitability</u>			
ROE	RN/MP*	6.92%	11.02%
ROI	EBIT/CI*	10.85%	18.76%
ROS	EBIT/RIC	4.79%	8.36%
EBITDA/OPERATING INCOME	EBITDA/RIC	9.27%	13.13%
INVESTED CAPITAL TURNOVER	RIC/CI*	2.35	2.24
FINANCIAL DEBT	DF/MP	0.00	0.00
LABOUR COSTS/OPERATING INCOME		24%	25%
AVERAGE CREDIT COLLECTION (days)	(CRED*/RIC)x360	160	191
AVERAGE DEBT PAYMENT (days)	(DEB*/A)x360	85	117

LEGEND

CI*: Average net invested capital (between start and end of year)

DF: Financial liabilities

EBITDA: Earnings before Interest, Tax, Depreciation and Amortization (MOL)

MP*: Average equity (between the beginning and end of the year) net of year-end result

MP: Equity

RIC: Operating income

RN: Net profit

EBIT: Earnings before Interest and Tax (RO)

CRED*: Average trade receivables (between the beginning and the end of the year) gross of allowance for doubtful accounts

DEB*: Average trade payables (between beginning and end of year)

A: Purchases during the year (materials, services, use of third-party assets)

MAIN EVENTS DURING THE YEAR

January

- A three-year contract was signed, following a public tender, for the “Safety and Human Factor Awareness” project, to measure the level of awareness and perception of company personnel on safety issues

March

- A new Labour Law Officer was appointed

June

- The process for obtaining AEO (Authorised Economic Operator) and Temporary Custody, Approved Location for import and export, Authorised Consignee, Fast Track Authorisation at the Marzaglia terminal was activated, aimed at expanding the services offered by the company to maritime container traffic operators

November

- Training of company personnel operating at directly managed terminals in “Environmental Emergency Management” was started

December

- The VINT Network contract was signed with the company Magazzini Generali di Venezia S.r.l.
- The Update of the Organisational and Management Model pursuant to Legislative Decree 231/2001 was approved
- The Single Safety Certificate for shunting activities was also extended to the Marzaglia terminal

HUMAN RESOURCES

As at 31 December 2021, the Company's workforce consisted of 187 employees, an increase of 3 employees compared to 31 December 2020.

Furthermore, the company uses 6 resources seconded from RFI.

As of 31 December 2021, the Company can count on an additional 40 resources made available under temporary employment contracts to meet the needs of production increases being consolidated at the managed terminals.

In 2021, a total of 11 resources were hired as employees of Terminali Italia. More specifically:

- 6 shunting and conducting technicians at the Bari terminal;
- 1 clerk at the Verona head office;
- 3 engineers, temporarily assigned to the Verona office;
- 1 middle manager at the Milan head office.

A total of 8 employment contracts were terminated in 2021. More specifically:

- 2 crane operators at the Segrate Terminal;
- 5 employees (2 at the Milan office, 1 at the Verona office, 1 at the Verona Terminal, 1 at the Catania Terminal);
- 1 middle manager at the Milan office.

EMPLOYEES AT 31.12.2020	184
Incoming	11
Outgoing	8
EMPLOYEES AT 31.12.2021	187
AVERAGE COMPOSITION IN 2020	173
AVERAGE COMPOSITION IN 2021	179

In 2021 the Company continued negotiations with the trade unions for the renewal of the Company Labour Agreement through specific joint technical tables.

During the year, the Company continued to provide occupational safety, fire-fighting and first aid training, in cooperation with RFI's Central Training Structure.

ENVIRONMENTAL POLICY

In accordance with the provisions of the Integrated Policy for Railway Operations Safety, Occupational Safety, Environmental Protection and the Quality of Services Provided and in compliance with EU, national, regional regulations and the Company's voluntary provisions, and also taking into account that the objectives of the integrated management system can only be pursued on condition that a suitable "culture" is promoted and entrenched within the company, also with regard to environmental protection, the Company also intends to be a reference point for those who work within the company on a daily basis, as well as for those who come into contact with it from the outside, to ensure the dissemination and entrenchment of a solid culture.

Complying with environmental policies is one of the company's strategic objectives, and it is committed to ensuring that its activities generate the least possible environmental impact by promoting the efficient use of energy resources, the proper management of waste from operations and the reduction of greenhouse gas emissions, by implementing energy-efficient technologies and promoting the use of renewable sources.

In accordance with the above-mentioned general objectives, having obtained environmental certification 50 100 14451 in accordance with the UNI EN ISO 14001:2015 standards, and to ensure a more effective supervision of railway operation safety, environmental protection and work safety issues, Terminali Italia, with the organisational provision DOr. N.3/AD of 22 July 2019 created the Integrated Safety Management System Micro structure, subsequently renamed Integrated Management System with the organisational provision DOr. N.5/AD of 27 October 2020, entrusted with the responsibility of ensuring the preparation and verification of the proper implementation of the Integrated Management System, while confirming the resource dedicated to Quality and Environmental Protection management processes, which was joined by an additional resource as of July 2021 with the objective of monitoring the IMS quality aspects.

In 2021, Terminali Italia continued to modernise its vehicle fleet with the purchase of two new cranes in Segrate and the replacement of a gantry crane in Verona.

An increase in the consumption of diesel fuel used for machinery of + 35.91% was recorded for 2021, mainly due to an increase in handling recorded at all terminals (+ 26% vs. 2020).

The same trend is recorded for the consumption of diesel fuel used for railway traction (Shunting), equal to +60.03%, which is mainly attributable to the activation of the railway shunting service at the Marzaglia terminal and an increase in trains registered at the Bari terminal.

All waste from operations is managed and disposed of in full compliance with all applicable regulations and the highest safety standards. In previous years, contracts were signed both with companies authorised to collect waste and with a company specialised in waste matters, which assists Terminali Italia in the control of regulatory compliance and in issues relating to the day-to-day management of the terminals. In particular, the latter assists in the proper performance of administrative/operational activities of the waste disposal cycle. Waste loading and unloading registers have been established at each organisational unit and are constantly updated by the terminal managers and periodically checked by an external company. The personnel receive regular information and training on the storage and preservation of waste awaiting collection.

Monitoring showed savings in the consumption of raw materials for maintenance and a decrease in the production of special hazardous waste mainly due to the outsourcing of maintenance services for Terminali Italia's operating vehicles.

According to the contract, the maintenance technician is identified as a waste generator and custodian of the waste generated by the maintenance activities, with full organisational and managerial autonomy to perform all the duties that the environmental legislation places on the maintenance technician as waste generator/ custodian, providing, in addition to the rest, in particular, the transport, recovery and disposal of the waste in accordance with the procedures provided for by legislation, with the obligation to use parties that meet the regulatory requirements.

For the 2020-2023 period, the Company signed a contract for the supply of electrical energy with a Group supplier, the subject of which is energy covered by 100% green certificates (renewable sources), to cover 100% of Verona Quadrante Europa's power requirements.

The project for the partial recovery of excise duties on the cost of automotive diesel fuel continued in 2021. Applications submitted to the local Customs Agencies amounted to approximately € 390 thousand and reduced the cost incurred during the year for the purchase of fuel. The amount of this reimbursement is reported under Other revenues.

QUALITY

With reference to Stakeholder Engagement activities, in February 2021 a consultancy contract was activated to support the Terminali Italia IMS in developing a Customer Satisfaction project for its stakeholders, with the objective of:

1. Highlighting and defining the level of perceived quality;
2. Analysing emerging needs and segmenting business development areas.

The planned and implemented plan was defined according to the following steps:

- a) Structuring of the questions and drafting of the final survey for the main stakeholders (e.g. customers) to reveal their current needs and requests;
- b) Identifying new services through technological and organisational re-assessment, and planning to improve and extend the current services offered;
- c) Defining and tracking KPIs on an ongoing basis.

In October, 69 MTOs, RUs, Road Transport Companies and Shipping Companies were invited to complete a survey.

Following the analysis of the survey results, 15 strategic stakeholders of a mixed nature were selected and underwent a live, one-to-one interview to gain full input on the issues raised in the survey.

The initial results of the service quality and customer satisfaction survey were presented in December and will be analysed in early 2022.

The project is scheduled to end in July 2022.

RELATIONS WITH CUSTOMERS

The company represents a benchmark in the Italian combined and intermodal transport market.

This has been achieved with a daily commitment to observing and assessing the real needs of customers, which, together with the skills and quality of the company's in-house professionals, have made it possible to achieve substantial customer satisfaction and, ultimately, customer loyalty.

The company expanded its market penetration targets in 2022, specialising and investing in the maritime traffic sector.

Customer relations are geared towards compliance with market regulations and maximum transparency, with guaranteed free access to terminals and services.

With this in mind, the Company publishes the general terms and conditions (which refer, among other things, to compliance with the FS Group Code of Ethics) and the methods for calculating the rates applied on its website.

Work continued during the year to standardise expiring contracts with the guidelines outlined above.

The activities at the Marzaglia terminal, which were in the early stages of implementation in December 2020, were consolidated in 2021 and resulted in an increase in circulations at this terminal of around 60,000 handling operations by the end of 2021. The breakdown of handling volumes on the network of terminals managed by TI confirms Verona as the first production centre with about 40% of volumes, followed by the Segrate terminal with about 19% and then Bari, with about 13%. Fourth in terms of volumes handled is the newly activated terminal of Marzaglia with over 6% of the volumes developed by the entire network. In 2021, volumes were 21% higher than in 2020, the year when the impact of the pandemic emergency in the April/June 2020 quarter was recorded. Volumes at the end of 2021 were also 22% higher than in 2019, which was not affected by the pandemic emergency.

Finally, faced with the “Brexit” that became operational on 1 January and considering the significant number of trains departing from the Segrate terminal to Belgium and the Netherlands carrying UTCs with a UK final destination, services were guaranteed to customers for the outsourced management of the fulfilments resulting from the “Brexit”.

To develop the services to be offered at the managed terminals, activities to obtain AEO (Authorised Economic Operator) status were started in 2021 so that customs services can be offered directly to customers at its terminals.

MACROECONOMIC FRAMEWORK

The world economy, hit by the COVID-19 recession, the worst since the Second World War, ended 2021 on the one hand with an expected strong rebound, and on the other hand with undoubted uncertainty, caused by the resumption of inflation and the continuation of the health emergency and, finally, by geopolitical tensions due to the diplomatic and military crisis between the Russian Federation and Ukraine.

Globally, economic activity continued to expand, albeit at a slower pace in the latter part of the year, mainly due to persistent supply bottlenecks. The intensity of the recovery was also uneven across the various geographic areas, mainly due to different trends in vaccination campaigns.

The latter part of 2021 also witnessed a resurgence of the pandemic, as a result of which economically penalising restrictions were reintroduced in some countries (e.g. Austria and the Netherlands).

The supply-demand mismatch was a direct consequence of the restrictive measures, in the presence of a growing demand for goods, which resulted in higher price levels. Increases in the prices of food and energy, in particular gas and electricity, and shortages of certain intermediate goods, such as semiconductors, weighed on production costs, making it increasingly difficult to contain the inflationary effect on the selling prices of end products. Higher-than-expected inflation triggered an upward trend in rates in some developing countries and is setting the stage for a reduction in monetary policy support in 2022, particularly in the US and EU.

According to the latest estimates by Prometeia (December 2021), the world Gross Domestic Product growth for 2021 stands at 5.8 %, with emerging economies outperforming industrialised countries.

Despite the slowdown in recent months caused by difficulties in sourcing, international trade showed a year-on-year increase of 8.6 % on average compared to 2020.

The sudden increase in demand, combined with critical international logistics and supply constraints, significantly affected commodity prices. Oil prices rose well above pre-pandemic levels, driven by the global recovery and the use of oil to replace gas due to the high cost of the latter. Brent oil, which was just under 52 US dollars per barrel at the beginning of the year, had reached values close to 83 US dollars per barrel by the end of November, ending 2021 at around 71 US dollars per barrel.

Global economic data	2021	2020
GDP (year-on-year % change)		
World	5.8	(3.2)
Developed countries	4.9	(4.6)
USA	5.6	(3.4)
Japan	1.5	(4.8)
Euro Zone	5.2	(6.5)
Developing countries	6.2	(2.3)
China	8.1	2.1
India	8.6	(6.6)
Latin America	4.1	(7.1)
Global Trade	8.6	(5.2)
Oil (\$ per barrel)		
Brent	70.9	43.3

Data source: Prometeia December 2021

In the **United States**, economic recovery gradually moderated in 2021, against a backdrop of constraints along supply chains and a surge in infections attributable to the Delta variant of the SARS-CoV-2 coronavirus.

COVID-19 cases increased at the beginning of the third quarter, leading to a drop in consumer sentiment and a reduction in private consumption. Moreover, with unemployment benefits returning to pre-pandemic levels, household disposable income fell in real terms in the second half of 2021.

With rising inflation¹ and low unemployment rates, the Fed started to tighten, accelerating the pace of its extraordinary bond purchases and suggesting increases in policy interest rates during 2022. GDP growth was 5.6 % at the end of the year.

Signs of economic recovery in **Japan** became apparent towards the end of the year, as difficulties arose in the first part of the year in procurement and maritime transport in particular. The spike in new infections at the beginning of the summer and the further extension of the state of emergency negatively affected mobility and consumption. Consumption has picked up somewhat since September, following a steady decline in the number of cases, and in the latter part of the year the economy approached a more generalised recovery, thanks in part to the support

¹ The US Consumer Price Index (CPI) in seasonally adjusted data reached a peak of 6.9 % in November 2021, a level not experienced since the early 1980s.

provided by accommodating fiscal policy measures. GDP growth over the twelve months stood at 1.5%.

After a strong rebound in the first half of 2021, the economy in **China** experienced a slowdown in the second half of the year, with a resurgence of COVID-19 infections, to which the authorities responded very strongly, affecting mobility and consumer confidence.

On the production front, issues in the production chains were accompanied by a strong government tightening on energy consumption, which halted the activity of some production sites, even leading to temporary closures. An additional weak point was the downturn in the real estate sector, which also suffered from poorer credit access conditions. Exports remained the economy's main driving force, with growth close to double digits in the second half of the year. Year-on-year GDP expansion was at 8.1%, confirming China's leading role in the world economy.

In the main **Euro zone countries**, the rebound in GDP was substantial in the second quarter and economic activity maintained a rather sustained expansion rate even in the summer months, driven by tourism and domestic demand, represented in particular by spending on services. The upturn in private consumption was associated with high vaccination rates, lessening of infection fears and the easing of pandemic-related restrictions, and was also supported by a decline in the savings rate. Growth driven by services more than offset the drag on industrial activity represented by supply bottlenecks. The renewed COVID-19 pandemic led to tighter restrictions from the beginning of the fourth quarter of 2021 and reduced mobility in the final months, causing economic growth to moderate considerably at the turn of the year.

Compared to Europe, Italy and France showed above-average GDP expansion of 6.5 % and 6.7 %, respectively. Spanish GDP growth was 4.3 %, while Germany saw a more moderate growth of 2.8 % in the twelve months of 2021.

Inflation in the Euro zone amounted to 2.5 %, up significantly from 2020.

Euro Zone Economic Data	2021	2020
GDP (year-on-year % change)		
Euro Zone	5.2	(6.5)
Germany	2.8	(4.9)
France	6.7	(8.0)
Italy	6.5*	(9.0)
Spain	4.3	(10.8)
Inflation (year-on-year % change)		
Euro Zone	2.5	0.3
Germany	3.1	0.4
France	2.1	0.5
Italy	1.9*	(0.2)*
Spain	2.9	(0.3)

Data source: Prometeia December 2021

*Source: ISTAT, January 2022

In **Italy**, cyclical GDP grew particularly strongly during the second and third quarters of 2021, with a variation of 2.7% and 2.6%, respectively. This trend, which made it possible to further recover the decline in the first half of 2020, was the result of the robust positive contribution of domestic demand and the less intense contribution of the foreign component, against a zero contribution from inventories. The recovery of household consumption and capital investment boosted domestic demand, while the dynamics of the foreign component resulted from the excellent trend in exports of services.

On the supply side, the construction sector and the manufacturing sector performed very well, which recovered and then surpassed pre-pandemic production levels, despite the global difficulties associated with part shortages and price increases of intermediary factors. With regard to the transport equipment sector, Italy, which is more oriented towards the production of spare parts, was less penalised by the difficulties in the supply of semi-finished products - especially chips - than other countries, such as Germany, which are relatively specialised in high-end cars.

2021				
Italian economic data	I quarter	II quarter	III quarter	IV quarter
GDP (% change on previous quarter)	0.3	2.7	2.6	0.6
Domestic demand	1.1	2.4	2.2	0.7
Household and ISP* spending	(1.1)	5.0	3.0	0.6
AP** spending	(0.5)	(0.7)	0.1	0.7
Gross Fixed Capital Expenditure	4.2	2.4	1.6	0.7
Constructions	6.0	3.5	0.3	1.4
Other Capital Assets	2.6	1.4	2.8	0.7
Imports of goods and services	3.3	2.5	2.1	1.6
Exports of goods and services	0.5	3.4	3.4	0.6

Data source: Prometeia December 2021

Source: ISTAT January 2022

* ISP: Private Social Institutions

** AP: Public Administrations

In the fourth quarter, a sharp rise in infections, shortages of commodities and high energy prices led to a downturn in the Italian economy, which nevertheless ended 2021 with year-on-year GDP increase of 6.5%. The consumer price index for the whole country showed a growth of 1.9 % compared to 2020.

ECONOMIC PERFORMANCE AND FINANCIAL POSITION

Dear Sole Shareholder,

The draft financial statements for the 2021 financial year, which are being presented for approval, show operating revenues of € 44,817 thousand and a profit for the year of € 1,585 thousand, including € 548 thousand for taxes for the year and a decrease in the allocation of € 47 thousand to the provision for bad debts.

Below are the reclassified Profit and Loss Account and Balance Sheet (expressed in thousands of €), with comments on the changes in the main items compared to the 2020 financial year.

This result is linked to the significant increase in revenues of approximately 22% compared to 2020 and consequent to the increase of +21.3% compared to 2020 of the traffic volumes related to the terminal operations, despite the significant increase in the costs for the purchase of raw materials, semi-finished products and energy goods, which weighed on the EBIT of the financial year.

RECLASSIFIED PROFIT AND LOSS ACCOUNT

(amounts in thousands of euro)

RECLASSIFIED PROFIT AND LOSS ACCOUNT	2021	2020	Differences
Revenues from sales and services			
- Terminal services/handling services revenue	26.908	21.879	5.029
- Revenues from shunting services	8.445	6.862	1.583
- Other revenues	9.359	7.858	1.501
Revenues from State and other Entities			
- Other grants for current expenses	105	24	81
Operating income	44.817	36.623	8.194
Cost of labour	(10.784)	(9.266)	(1.518)
Other costs	(29.877)	(22.550)	(7.327)
Operating costs	(40.661)	(31.816)	(8.845)
EBITDA	4.156	4.808	(651)
Amortisation and depreciation of assets	(2.051)	(1.671)	(379)
Net provisions and impairments	(16)		(16)
- Impairment of cash assets	47	(75)	122
Balance of other income/expenses	13	0	13
EBIT	2.149	3.061	(913)
Total net income and expenses	(16)	28	(44)
EARNINGS BEFORE TAX	2.133	3.090	(957)
Income Taxes	(548)	(868)	319
EARNINGS FOR THE FINANCIAL YEAR	1.585	2.222	(637)

REVENUE

Operating revenue amounted to € 44,817 thousand, a year-on-year increase of € 8,194 thousand (+22%).

In particular, revenues for terminal services increased by € 5,029 thousand as a result of higher traffic volumes at the Marzaglia terminal, activated in December 2020, plus new traffic with consolidated customers at the Segrate, Bari, Brescia and Bologna terminals.

Revenues from shunting services also increased by € 1,583 thousand (+23%) as a consequence of the increase in the number of trains shunted at the terminals where the Company provides the service. The Marzaglia terminal, activated in December 2020, contributed 8% of shunting

revenues in 2021 once the terminal was fully operational. Other revenue increased by 19% (€ 1,501 thousand), mainly due to the increase in revenue from stoppages (€ 478 thousand) and other services (€ 778 thousand).

Below are detailed comments on the income for the year for the services offered.

Revenues from handling services

In 2021, the Company managed a total of 15 terminals owned by RFI and 2 owned by third parties (Brindisi Polimeri and Verona 3rd module). Of the terminals managed, 2 were sub-contracted to another operator of the FS group before 2014 (Roma Shunting Terminal and Marcianise), while activities are carried out on a self-handling basis at the Villaselva terminal by the only operator present at the terminal.

The handling services business volumes are shown in the table below.

Volumes of activity / Cargo units handled	2021	2020	Δ	Δ %
at directly operated terminals	617,249	502,869	114,380	22.75%
at terminals operated with network contracts	269,200	220,023	49,177	22.35%
Total - core activity	886,449	722,892	163,557	22.63%
Brindisi Versalis	29,045	32,169	-3,124	-9.71%
Total - no core activity	29,045	32,169	-3,124	-9.71%
Total	915,494	755,061	160,433	21.25%

The year-on-year change shows a total increase in the production of core business of 22.63% (corresponding to +163,557 handling), in addition to the contribution of non-core business (management of Brindisi Versalis), which decreased by -1.38% compared to 2020 (-3,124 handling): the overall increase in the volume of units moved was +160,433 handling (+21.3% year-on-year).

The positive balance of handling volumes in 2021 compared to 2020 volumes highlights not only the recovery of traffic that was lost during the peak of the pandemic (March-June last year), but also the significant contribution made by the Marzaglia terminal, activated in December 2020, in addition to the increases for new traffic at the Segrate, Bari, Brescia and Bologna terminals.

After Marzaglia (which accounted for an increase in handling of 59,480, i.e. more than 6% of the total handling carried out by the company compared to 2020), Bari, where handling increased by 29%, was the terminal where the most significant increase in volumes was recorded in 2021.

On the other hand, the Brindisi Versalis, Turin and Livorno terminals recorded a decrease of -10%, -6% and -25% year-on-year with respect to 2020, respectively. However, the impact in absolute terms was reduced and amounted in total to -5,402 handling per year.

Revenues from shunting services

Revenues from the provision of shunting services increased by € 1,583 thousand year-on-year. This change was mainly due to two factors: the increase in traffic volumes recorded at the Bari station, amounting to +32% year-on-year, and the start-up of the Marzaglia terminal, which contributed to the increase in revenue with the handling of about 2,000 trains. Bologna and Verona also recorded a year-on-year increase in volumes of +24% and +9% respectively, on which the decrease caused by the pandemic had weighed.

Other revenues

The item “Other revenues” includes income from services other than handling and shunting (i.e., stops and other services) and charge-backs of amounts owed by RFI under the contract for the assignment of terminal activities. The increase in “Other revenues” of € 1,501 thousand was primarily due to higher revenues for stoppages of approximately € 478 thousand and the increase in other services (€ 778 thousand), which were positively impacted by the start of operations at the Marzaglia terminal, where other services include the repair of maritime containers.

Customer portfolio

Among the company's customer portfolio, Mercitalia Intermodal S.p.A. is still the largest customer in terms of handling, covering 26% of the volumes generated by the entire terminal business handled by Terminali Italia, in line with the 2020 figures. Among the other intermodal operators, in 2021 TX Logistik A.G. became the second largest customer in terms of handled traffic, accounting for 13.2% of the total. GTS S.p.A accounted for 13% of the traffic, with a slightly smaller impact than in 2020.

With regard to shunting activities, the main customer is Mercitalia Rail, which accounts for 31% of shunting revenues. This is followed by Rail Traction Company with 16%, Tx Logistik Transalpine represents 13%, and GTS Rail accounts for 12% of shunting revenues.

In addition to the traditional handling operations for the Castelguelfo terminal, other services are also provided to the customer Versalis S.p.A., such as, for example, the complete activity carried out at the Brindisi Versalis terminal or some provisioning services provided in Catania, representing 8% of the total revenues recorded by the company among handling, stopovers and various services net of shunting. Compared to 2020, the tonnes handled in the management of the Brindisi container terminal decreased due to a terminal shutdown that went beyond the originally planned month of June 2021.

OPERATING COSTS

Operating costs amounted to € 40,661 thousand, an increase of € 8,845 thousand year-on-year.

Against the increase in labour costs (+ 1,518 thousand euro), there was also an overall increase in other costs of 7,327 thousand euro, mainly due to the increase in costs for services, owing to the higher volumes of terminal activities (+ 5,668 thousand euro year-on-year) and maintenance costs (+ 845 thousand euro on owned cranes and + 552 thousand euro on third-party assets such as yards, terminal infrastructure and shunting locomotives). Costs for the use of third-party assets increased by 558 thousand euro and costs for consumables also increased (762 thousand euro).

COST OF LABOUR

Labour costs, which account for 26.5% of operating costs, increased by € 1,518 thousand compared to 2020. The increase in staff costs is primarily due to the activation of temporary employment contracts to find resources for production increases not yet consolidated and, to a lesser extent, to new employees hired during the year.

OTHER COSTS

Other costs account for 73.5% of operating costs. Year-on-year they increased by a total of 7,327 thousand euro as a result of higher costs for terminal services (+ 1,995 thousand euro year-on-year), particularly at the Bari (+ 846 thousand euro), Bologna (+ 244 thousand euro), and Verona (+ 256 thousand euro) terminals, due to higher traffic volumes.

Maintenance costs on cranes (+ 1,153 thousand euro) and on third-party real estate (+ 255 thousand euro between terminal infrastructure and shunting locomotives) also increased during the year. There was also a significant increase in costs for container repair services (+ 771 thousand euro), linked to the corresponding revenues from repair services rendered at the Bologna and Marzaglia terminals.

Other costs also include costs for the use of third-party assets, the increase of which for 558 thousand euro is attributable to the year-end adjustment of the fee to be paid to RFI on the basis of the 2013 terminal operations assignment contract.

Consumption costs also increased (762 thousand euro), due to both the increase in volumes recorded at terminals and the sharp rise in fuel and energy prices.

DEPRECIATION

Depreciation increased overall by € 379 thousand compared to 2020 due to new capital expenditure in cranes and handling equipment at the Marzaglia, Verona and Segrate terminals.

TOTAL NET INCOME AND EXPENSES

The negative total net income and expenses (- € 16 thousand) results from the difference between bank fees and commissions (as of 2021, the application of the funds availability fee on current account balances, which led to the significant increase in bank fees, is to be reported) and interest income on arrears from repayment plans agreed with customers and proceeds from plant grants paid by the Ministry of Infrastructure and Transport, relating to investments pursuant to Law 166/2002 made in the 2004/2006 three-year period. These grants are disbursed over 15 years starting from the 2006 financial year with payment of interest, fixed at a rate of about 4%, and cease on 31/12/2021.

TAXES

Taxes for the year include current taxes for Regional Business Tax (IRAP) and Corporate Income Tax (IRES) and the provision for deferred tax assets for maintenance exceeding the limit deductible for tax purposes in future years (5%) and the provision for litigation against personnel.

RECLASSIFIED BALANCE SHEET

RECLASSIFIED BALANCE SHEET	(amounts in thousands of €)		
	31.12.2021	31.12.2020	Changes
ASSETS			
Net working capital	10.031	14.495	(4.465)
Other net assets	(1.088)	(1.682)	594
Working capital	8.943	12.813	(3.871)
Depreciation of net intangible assets	114	144	(30)
Net property, plant and equipment fixed assets	11.250	8.825	2.425
Investments in Financial Fixed Assets			
Net non-current assets	11.364	8.968	2.395
Indemnity Leaving Fund	(1.224)	(1.215)	(9)
Other funds	(16)	-	(16)
Indemnity Leaving Fund and Other funds	(1.240)	(1.215)	(25)
NET INVESTED CAPITAL	19.066	20.566	(1.500)
HEDGING			
Short-term net financial position	(6.519)	(3.434)	(3.085)
Net financial position	(6.519)	(3.434)	(3.085)
Equity	25.585	24.000	1.585
HEDGING	19.066	20.566	(1.500)

An analysis of the reclassified balance sheet shows the changes in net invested capital (NIC) and hedging.

The decrease in net invested capital of € 1,499 thousand is the consequence of, on the one hand, the decrease in working capital of € 3,871 thousand, and on the other hand, the increase in net fixed assets of € 2,395 thousand and the decrease in severance pay and other provisions of € 25 thousand.

The significant reduction in working capital is mainly caused by the downsizing of trade payables to Group companies, an increase in trade receivables from third parties, related to revenue dynamics, and a reduction in the value of the spare parts inventory resulting from the renewal of

the corporate fleet, offset by an increase in trade payables to third parties related to the development of services provided through network partners and third-party suppliers.

Changes in working capital are detailed below:

- decrease in net operating working capital of € 3,871 thousand resulting from:
 - lower trade payables to parent companies amounting to € 874 thousand and to affiliated companies amounting to € 105 thousand;
 - higher trade payables amounting to € 2,416 thousand, due to the increase in costs resulting from the increase in production at terminals (both directly and indirectly managed) and the increase in raw material costs recorded during the final months of the year;
 - lower receivables from Group companies amounting to € 4,529 thousand, primarily due to the improvement in current collection times from customers and the recovery of long-standing receivables from RFI;
 - higher trade receivables from third-party customers amounting to € 1,715 thousand, resulting from increased revenues;
 - lower inventories of spare parts for € 213 thousand.
- Decrease in other net assets of € 594 thousand due to:
 - increase in tax payables of € 51 thousand;
 - reduction in payables to social security institutions of € 63 thousand;
 - reduction in payables to others by € 128 thousand;
 - increase in deferred tax assets of € 467 thousand;
 - reduction in other accounts receivable by € 46 thousand;
 - increase tax credits of € 34 thousand.

The positive change in net fixed assets of € 2,395 thousand is caused by the reduction in net intangible fixed assets for € 30 thousand, referring to the capitalisation of labour costs for the employees of the new Marzaglia terminal incurred in 2020 during the formation phase, and by the increase in property, plant and equipment fixed assets generated by the purchase of new vehicles, specifically a gantry crane, two self-propelled cranes, five road tractors and three semi-trailers, net of depreciation and disinvestments for the period (see the INVESTMENTS section for details).

The increase in the “Employee Severance Indemnity and Other Provisions” item of € 25 thousand is caused by the increase in the provision for labour disputes amounting to € 16 thousand and the provision for severance indemnity mainly deriving from provisions for the year and amounting to € 9 thousand.

In terms of hedging, there was a change in the net short-term financial position of € 3,085 thousand and an increase in equity resulting from the year' results.

The change in the short-term net financial position of € 3,085 thousand resulted from the increase in cash and cash equivalents at the end of the 2021 financial year.

RISK FACTORS

With reference to the provisions of Article 2428, first paragraph, we report the risk factors to which the company is exposed.

Russia - Ukraine war conflict

The FS Group is characterised by a complex and varied domestic and international business, which exposes it to various risk factors related to the possible consequences of the Ukraine-Russia conflict. Several risk factors are significant in this context, particularly those related to:

- business development, such as reduced traffic, demand for mobility and reduced propensity to travel/tourist flows, border closures or restrictions on the transport of passengers and goods, restrictions on economic relations and cooperation;
- macroeconomic and financial factors, such as volatility of energy commodity prices, expected volatility of global financial markets, exchange rates and interest rates;
- supply chain, such as unavailability of raw materials and parts, unavailability of energy sources, interruption of the input supply chain for service continuity and/or capital expenditure;
- Cyber Crime, e.g. attacks on company assets operating locally or in neighbouring countries or the intensification of the same with potential impact on the disruption of services and critical infrastructures.

The Group has processes and procedures in place to support the identification, management and monitoring of events with potential significant impact on the company's resources and business. These processes are designed at maximising the responsiveness and effectiveness of the actions taken.

Furthermore, the company does not operate directly in the countries involved in the conflict.

ENVIRONMENTAL/CONTEXTUAL RISK

Since the company operates exclusively in Italy, it is not exposed to political and social risks in terms of instability.

STRATEGIC/OPERATIONAL RISK

Possible political and economic decisions related to the freight transport sector, which could substantially affect the markets to which the company is dedicated, are indicated as risks/opportunities for our activity. The promotion or otherwise, in whatever form, of this sector could significantly affect the company's economic activity.

COMPLIANCE RISKS

At present, there are no changes in national or international regulations that are expected to entail any downward risks on the company's business.

FINANCIAL RISKS

With reference to point 6-bis of Article 2428 of the Italian Civil Code, given its financial structure and limited risk areas, the Company does not apply any particular financial risk management policies.

The Company does not use derivative financial instruments.

With regard to other risks, it should be noted that:

- exchange rate risk: the Company operates with national and international customers and suppliers almost exclusively in the Euro Zone;
- credit risk: the customer portfolio is analytically and regularly monitored to minimise risk;
- cash risk: the Company implements prudent cash management with a view to favouring the availability of liquid assets;
- interest rate risk: since the Company does not have financial debts to third parties or to Group entities, it is not exposed to this risk.

INVESTMENTS

In implementing the main investment projects, the Company continued its programme of upgrading and modernising its capital goods, in line with the operational and management needs that emerged during the year. In 2021, capital expenditure amounted to € 4,447 thousand, of which € 1,614 thousand for the purchase of production assets for the Marzaglia Terminal.

Furthermore, a gantry crane and five road tractors were purchased for the Verona terminal (which weighed on acquisitions by € 3,372 thousand), and two self-propelled full-size cranes for the Segrate terminal.

Capital expenditure for the year included the purchase of 3 semi-trailers for € 63 thousand, two of which were for the Marzaglia terminal and one in Segrate.

The amount of property, plant and equipment fixed assets, shown net of depreciation incurred, mainly relates to systems and equipment used for operations (mobile cranes, rail-mounted gantry cranes, shunting locomotives and terminal vehicles and equipment).

RESEARCH AND DEVELOPMENT ACTIVITIES

No research and development activities were carried out during the year.

TRANSACTIONS WITH RELATED PARTIES

The transactions between Terminali Italia, the Group Companies and between the latter and other related parties are carried out in accordance with criteria of substantial fairness based on reciprocal economic benefits driven by normal market conditions; external professionals are also used to identify these, where appropriate.

Intercompany transactions pursue the common goal of creating efficiency, and thus value, for the entire Group.

These processes and transactions are conducted in compliance with sector-specific, statutory and tax regulations, according to and in conformity with the Group and Company Administrative and Accounting Procedures, and taking into account the specific nature and features of the activities performed by many of the Group companies.

The following table summarises the main asset and liability transactions during the year with subsidiaries, affiliated companies, parent companies and companies controlled by the parent companies.

Name	Receivables	Liabilities
Companies controlled by parent companies		
Mercitalia Intermodal S.p.A.	Terminal Services Shunting services	Various services
Mercitalia Logistics S.p.A.	Terminal Services	Rental of operational areas
Mercitalia Rail S.p.A.	Terminal Services Shunting services	Various services
Trenitalia S.p.A.	Shunting services	Railway ticketing
Tx Logistik A.G.	Terminal Services Shunting services	Various services
Grandi Stazioni	Expense recovery	
Mercitalia Shunting & Terminal s.r.l.	Terminal contracting	Various services
Ferservizi S.p.A.		Various services
Group Affiliates		
Quadrante Europa Terminal Gate S.p.A.		Rental of operational areas
Parent Companies		
R.F.I. – Rete Ferroviaria Italiana S.p.A.	Various Services	Contracting Network terminals, Secondment of staff, Administrators
Ferrovie dello Stato Italiane S.p.A.		Office rentals Insurance services Tax consolidation, group VAT
Other related parties		
ENEL group		Electricity supply
POSTE ITALIANE group		Provisions of postal services
ENI group	Other services Terminal Services	Fuel supply
EUROFER		Retirement funds (labour costs)

Name		Costs		Revenue
Trade and other relations	Receivables	Liabilities	Production Costs	Production Value
Companies controlled by parent companies				
Mercitalia Intermodal S.p.A.	2.893	(107)	92	9.270
Mercitalia Logistics S.p.A.	67	(6)	184	4
Mercitalia Rail S.p.A.	1.556	12		2.813
Trenitalia S.P.A.		(5)	4	
Tx Logistik A.G.	1.085	13	65	5.328
Grandi Stazioni	(1)			
Mercitalia Shunting & Terminal s.r.l.	53	26	1	53
Ferservizi S.p.A.		23	126	
Parent Companies				
R.F.I. – Rete Ferroviaria Italiana S.p.A.	1.886	1.755	2.618	1.467
Ferrovie dello Stato Italiane S.p.A.	72	239	90	
Group Affiliates				
Quadrante Europa Terminal Gate S.p.A.		202	1.169	
Other related parties				
ENEL group				
POSTE ITALIANE group				
ENI group	410	2	17	1.905
EUROFER		17	12	

SHAREHOLDINGS AND INVESTMENTS IN PARENT COMPANIES

The company does not hold, nor did it hold during the year, any shareholdings in its own portfolio or in the parent company, including through trust companies or intermediaries.

PARTICIPATION IN TAX CONSOLIDATION

Following the exercise of the option in 2021, the Company joined the tax consolidation of Ferrovie dello Stato S.p.A. for the 2021-2023 three-year period.

DISCLOSURE RELATING TO ARTICLE 2497 TER

The Company is subject to the management and coordination of RFI S.p.A.

Decisions influenced by management and coordination are not reported.

BRANCH OFFICES

The company does not have branch offices.

Operations are carried out at the following terminals:

TERMINALI ITALIA S.R.L local operational units	
BARI FERRUCCIO	Str. Vicinale del Tesoro – Ferruccio FS Freight Depot – 70123 BARI
BRINDISI	Via Porta Lecce – FS Freight Depot – 72100 BRINDISI
BRINDISI RACCORDO	Via E. Fermi, 4 Polimeri Europa factory – 72100 BRINDISI
BOLOGNA INT.TO	Bologna Freight Terminal FS Building – 40010 Bentivoglio (BO)
BRESCIA	Via Dalmazia, 50 – FS Freight Depot – 25125 BRESCIA
CASTELGUELFO	c/o Parma Freight Terminal Via Stoccolma, 1 – Bianconese – 43010 Fontevivo (PR)
CATANIA BICOCCA	STRADALE Passo Cavaliere – Industrial Area FS Bicocca Freight Depot – 95121 CATANIA
GELA	Via S. Cristoforo, 47 – 93012 GELA (CL)
LIVORNO	Tuscan A. Vespucci Freight Terminal - Via delle Colline, 26 – 57017 COLLESALVETTI – Guasticce (LI)
MARCIANISE/MADDALONI	Via Ficucelle – Maddaloni FS Freight Depot – 81025 MARCIANISE (CE)
MODENA – MARZAGLIA	Str. Rametto 25 – 41123 Modena (MO)

ROME SHUNTING STATION	Via di Villa Spada 35 – FS Shunting Freight Depot – 00138 ROME
SEGRATE	Viale Lazio – 20090 Segrate (MI)
TORINO ORBASSANO	Strada del Portone 265 – FS Freight Depot – 10043 ORBASSANO (TO)
VERONA QUADRANTE EUROPA	Via Sommacampagna, 32 Quadrante Europa – 37137 VERONA
VILLASELVA	Villaselva Industrial Area – FS Station – Via Selvina – 47100 FORLÌ

OTHER INFORMATION

ACTIVITIES UNDER LEGISLATIVE DECREE 231/2001

During the year, the Supervisory Board (hereinafter SB), in accordance with Article 6, paragraph 1, letter b) of Legislative Decree 231/2001, supervised the operation of and compliance with the Organisation, Management and Control Model.

On July 20, 2021, CO 18/AD of 20 July 2021 “Information Flows to the Terminali Italia Supervisory Board” was issued, which updated the methods and timing of the information flow to the Supervisory Board.

On November 22, 2021, the Board of Directors resolved to update the Company's Management Organisational Model (Model 231).

On 22 November, 2021, the Board of Directors approved the 2022 Audit Plan.

ETHICS COMMITTEE ACTIVITIES

No reports of conduct in breach of the Code of Ethics were received in 2021.

On December 3, 2021, CO 20/AD dated December 03, 2021 “Composition of the Terminali Italia S.r.l. Ethics Committee” was issued, which changed the composition of the Terminali Italia S.r.l. Ethics Committee as follows:

The Ethics Committee is made up of:

- The pro tempore Manager of the Legal Affairs and Personnel Organisational Structure (President);
- The pro tempore Manager of the Administration Control and Procurement Organisational Structure (Member).
- The pro tempore Manager of the Integrated Management System organisational structure (Member).

PRIVACY-RELATED ACTIVITIES

Privacy activities were impacted by the numerous legislative provisions issued in 2021 to counter the Covid 19 pandemic.

In particular, Green Pass checks in the workplace, in the various ways defined by the legislature, involved:

- the creation or updating of personal data processing data sheets;
- the appointment of the people entrusted with the processing, the drafting of letters of appointment and processing instructions;
- conducting or updating Data Protection Impact Assessments to identify the level of risk to data subjects;
- the implementation or updating of inter-company agreements or agreements with non-Group entities concerning data processing, security measures and instructions;
- the creation or updating of disclosure notices to Employees, Customers and Suppliers.

To keep TMI's register of processing activities up-to-date and in line with the organisational structure, the revision and updating of the register sheets pertaining to the Data Managers continued in 2021, involving all company departments.

There are currently 22 single processing operations (processing-Data Manager association) and 2 Data Managers appointed (corresponding to 2 Data Manager Departments/Facilities).

A “Data Protection Impact Assessment” (DPIA) for potentially high-risk processes in the shunting and handling sector was also concluded in 2021, relating to the use of radio transmitters by operators (internal and external) and the recording of voice communications.

A Pre-Assessment was also launched with regard to the processing of “Driver Accreditation for Terminal Access via APP”.

ENERGY CONSERVATION AND RATIONAL USE OF ENERGY ACTIVITIES (ENERGY MANAGER)

The project for the partial recovery of excise duties on the cost of automotive diesel fuel continued in 2021. Applications submitted to the various Customs Agencies amounted to approximately € 390 thousand and reduced the cost incurred during the year for the purchase of fuel. The amount of this reimbursement is reported under Other revenues.

Furthermore, the company holds the licence to purchase diesel at reduced excise duty for the shunting locomotives used at the Verona Q.E. and Bari Lamasinata terminals.

As Terminali Italia is a party required to provide periodic reporting of energy data, with particular reference to the consumption of diesel fuel used for crane motive power, for 2021 it confirmed the appointment of the person responsible for energy conservation and rational use of energy (Energy Manager) pursuant to Article 19 of Law 10 of 9 January 1991, as amended and supplemented.

FORESEEABLE EVOLUTION OF OPERATIONS

The beginning of 2022 was characterised by an economic recovery that was partly curbed by rising energy and commodity prices, resulting in soaring inflation.

The general recovery and the substantial resilience of the freight transport sector suggests that the Company's expectations of increased traffic volumes will continue to be confirmed for the coming year, while more uncertainty surrounds the price trend of supplies of interest to the Company.

In particular, the start-up and development of customs and other maritime transport-related ancillary activities, for which the Company started organisational deployment and the acquisition of the necessary authorisations as early as 2021, is planned during 2022.

Capital expenditure and staff increases have also been planned for 2022 to ensure the efficiency of the fleet and the expected production increases.

Rome, 18 February 2022

For the Board of Directors

The President

Gianfranco Pignatone

**FINANCIAL STATEMENTS AS AT 31/12/21: FINANCIAL
STATEMENTS**

BALANCE SHEET

(amounts in units of euro)

ASSETS BALANCE SHEET		31.12.2021	31.12.2020	Differences
B) FIXED ASSETS				
I. INTANGIBLE FIXED ASSETS				
1)	Start-up and expansion costs	113.168	142.690	(29.522)
4)	Grants, licences, trade marks and similar rights	690	1.050	(360)
	Total I	113.858	143.740	(29.882)
II. TANGIBLE FIXED ASSETS				
2)	Installations and machinery	10.822.936	8.395.883	2.427.053
3)	Industrial and commercial facilities	300.139	316.165	(16.026)
4)	Other goods	126.655	112.654	14.001
	Total II	11.249.730	8.824.702	2.425.028
III. FINANCIAL FIXED ASSETS				
2)	Receivables:			
d bis)	other accounts receivable - due after twelve months	4.394	5.742	(1.348)
	Total III	4.394	5.742	(1.348)
Total B) Fixed assets		11.367.982	8.974.184	2.393.798
C) CASH ASSETS				
I. INVENTORIES				
1)	Raw materials, auxiliary materials, consumables	711.489	924.682	(213.193)
	Total I	711.489	924.682	(213.193)
II. RECEIVABLES				
1)	Trade receivables - due within twelve months	9.566.569	7.851.997	1.714.572
4)	From parent companies - due within twelve months	1.957.363	3.941.642	(1.984.279)
5)	to companies controlled by parent companies - due within twelve months	5.651.712	8.181.011	(2.529.299)
5 bis)	Tax credits - due within twelve months	86.222	52.651	33.571
	Total 5 bis)	86.222	52.651	33.571
5 ter)	Deferred taxes - due after twelve months	589.217	121.748	467.469
5 quater)	Other accounts receivable			
a)	Group Affiliates - due within twelve months	-	15.921	(15.921)
b)	Other - due within twelve months	591.991	637.781	(45.790)
	Total 5 quater)	591.991	653.702	(61.711)
	Total II	18.443.074	20.802.751	(2.359.677)
IV. CASH AND CASH EQUIVALENTS				
1)	Bank and post office deposits	6.515.845	3.429.727	3.086.118
3)	Cash and valuables on hand	1	1	-
	Total IV	6.515.846	3.429.728	3.086.118
Total C) Cash assets		25.670.409	25.157.161	513.248
D) ACCRUALS AND DEFERRALS				
II. Other accruals and deferrals				
		463	-	463
Total D) Accruals and deferrals		463	-	463
TOTAL ASSETS		37.038.854	34.131.345	2.907.509

BALANCE SHEET

(amounts in units of euro)

LIABILITIES BALANCE SHEET	31.12.2021	31.12.2020	Differences
A) NET ASSETS			
I. SHARE CAPITAL	7.345.686	7.345.686	-
IV. LEGAL RESERVE	832.716	721.614	111.102
VIII. PROFIT (LOSSES) CARRIED FORWARD	15.821.599	13.710.663	2.110.936
IX. PROFIT (LOSS) FOR THE YEAR	1.584.747	2.222.038	(637.291)
Total A) Net Assets	25.584.748	24.000.001	1.584.747
B) PROVISIONS FOR LIABILITIES AND CHARGES			
3) Other	16.100	-	16.100
Total B) Provisions for liabilities and charges	16.100	-	16.100
C) SEVERANCE PAY	1.224.081	1.215.467	8.614
D) LIABILITIES			
6) Deferred payments - due within twelve months			0
7) Accounts payable - due within twelve months	5.701.152	3.284.765	2.416.387
11) Payables to parent companies - due within twelve months	1.994.420	2.868.211	(873.791)
11 bis) Payables to companies controlled by parent companies - due within twelve months	(43.822)	61.229	(105.051)
12) Tax payables - due within twelve months	238.628	186.731	51.897
13) Payables to social security institutions - due within twelve months	972.882	1.035.925	(63.043)
14) Sundry payables			
a) To Group affiliates - due within twelve months	201.813	201.726	87
b) Other accounts receivable - due within twelve months	1.148.850	1.277.289	(128.439)
Total 14)	1.350.663	1.479.015	(128.352)
Total D) Liabilities	10.213.924	8.915.876	1.298.048
TOTAL LIABILITIES	37.038.854	34.131.343	2.907.509

PROFIT AND LOSS ACCOUNT

(amounts in units of euro)

PROFIT AND LOSS ACCOUNT	2021	2020	Change
A) PRODUCTION VALUE			
1) REVENUES FROM SALES AND SERVICES	43.129.388	34.335.711	8.793.677
Total 1)	43.129.388	34.335.711	8.793.677
5) OTHER REVENUE AND INCOME			
a) contributions for operating expenses	104.912	23.711	81.201
b) other	1.595.732	2.264.066	(668.334)
Total 5)	1.700.644	2.287.777	(587.133)
Total A) Production value	44.830.032	36.623.488	8.206.544
B) PRODUCTION COSTS			
6) FOR RAW MATERIALS, CONSUMABLES AND GOODS	3.287.368	2.525.408	761.960
7) FOR SERVICES	22.047.464	16.379.083	5.668.381
8) FOR THE USE OF THIRD PARTY ASSETS	4.192.422	3.634.187	558.235
9) FOR PERSONNEL			
a) wages and salaries	6.638.591	6.560.794	77.797
b) social security contributions	2.277.659	2.232.445	45.214
c) severance pay	502.459	457.676	44.783
d) other costs	1.365.455	14.988	1.350.467
Total 9)	10.784.164	9.265.903	1.518.261
10) AMORTISATION AND DEPRECIATION			
a) depreciation of intangible assets	29.882	4.950	24.932
b) depreciation of tangible assets	2.020.821	1.666.396	354.425
d) Impairment of receivables included in current assets and cash and cash equivalents	-46.800	75.000	(121.800)
Total 10)	2.003.903	1.746.346	257.557
11) CHANGES IN INVENTORIES OF RAW MATERIALS, ANCILLARY, CONSUMPTION AND OTHER GOODS	213.194	(113.633)	326.827
12) RISK PROVISIONS	16.100	-	16.100
14) OTHER OPERATING EXPENSES	136.203	124.743	11.460
Total B) Production costs	42.680.818	33.562.037	9.118.781
Difference between value and cost of production (A-B)	2.149.214	3.061.451	(912.237)
C) FINANCIAL INCOME AND EXPENSES			
16) OTHER FINANCIAL INCOME			
c) from securities under current assets that are not shareholdings			
d) income other than the above:			
- from others	17.230	32.794	(15.564)
Total 16)	17.230	32.794	(15.564)
17) INTEREST AND OTHER FINANCIAL EXPENSES			
- to others	(33.484)	(4.551)	(28.933)
Total 17)	(33.484)	(4.551)	(28.933)
Total C) Financial income and expenses	(16.254)	28.243	(44.497)
Earnings before tax (A-B+/-C+/-D)	2.132.959	3.089.695	(956.735)
20) INCOME TAXES FOR THE YEAR			
CURRENT, DEFERRED AND PREPAID			
a) current taxes	1.015.681	1.005.735	9.946
b) deferred and prepaid taxes	(467.469)	(138.078)	(329.391)
Total 20)	548.212	867.657	(319.445)
21) Profit (loss) for the year	1.584.747	2.222.038	(637.290)

CASH FLOW STATEMENT

Cash Flow Statement		
<i>(values in euro)</i>	2021	2020
A - Cash flow from operating activities (indirect method)		
Profit (loss) for the year	1.584.747	2.222.038
Income Taxes	548.212	867.657
Interest expenses/(interest income)	16.254	(28.243)
(Gains)/losses on disposal of tangible fixed assets	(2.500)	-
1 - Profit (loss) for the year before income taxes, interest, dividends and Adjustments for non-monetary items not reflected in net working capital	2.146.714	3.061.452
Allocations to provisions	518.559	457.676
Depreciation of fixed assets	2.050.703	1.671.346
Other allocations	-	-
Other adjustments for non-monetary items	-	-
2 - Cash flow before changes in net working capital	4.715.976	5.190.474
Decrease/(increase) of inventories	213.194	(113.633)
Decrease/(increase) of trade receivables	(1.714.572)	(2.513.647)
Increase/(decrease) of accounts payable	2.416.387	639.939
Decrease/(increase) of accrued and deferred income	(463)	-
Other changes in net working capital	3.213.638	(3.683.642)
3 - Cash flow after changes in net working capital	8.844.158	(480.510)
Other adjustments		
Interest collected/(paid)	(16.254)	28.243
(Income taxes paid)	(803.441)	(1.611.504)
(Use of funds)	(493.845)	(491.109)
Other collections/payments	-	-
4 - Financial flow after other adjustments	7.530.619	(2.554.880)
Cash flow from operations (A)	7.530.619	(2.554.880)
B - Cash flow from capital expenditure activities		
Tangible fixed assets	(4.445.849)	(3.565.257)
(Investments)	(4.446.812)	(3.565.257)
Disinvestment	964	-
Intangible fixed assets	-	(148.690)
(Investments)	-	(148.690)
Financial fixed assets	1.348	
Disinvestment	1.348	
Cash flow from capital expenditure (B)	(4.444.501)	(3.713.947)
Increase (decrease) in cash and cash equivalents (A ± B ± C)	3.086.118	(6.268.827)
Cash and cash equivalents at the beginning of the financial year	3.429.728	9.698.555
bank and post office deposits	3.429.727	9.698.554
cash and valuables on hand	1	1
Cash and cash equivalents at the end of the financial year	6.515.846	3.429.728
bank and post office deposits	6.515.845	3.429.727
cash and valuables on hand	1	1
Change in Cash and cash equivalents in the financial statements	3.086.118	(6.268.827)

EXPLANATORY NOTES

INTRODUCTION

Terminali Italia S.r.l. (hereinafter also referred to as the “Company” or “Terminali Italia”) is a company incorporated and domiciled in Rome, Piazza della Croce Rossa 1, incorporated under the laws of the Italian Republic. The registered office of the Company is in Rome, Piazza della Croce Rossa 1 and it is part of the Ferrovie dello Stato Italiane Group, the parent company of which is based at the same address, where it is possible to obtain a copy of the consolidated financial statements, in which the Company's information is included, within the terms and according to the procedures provided for by current legislation.

CONTENT AND FORM OF THE FINANCIAL STATEMENTS

The Terminali Italia (hereinafter also referred to as the “Company”) financial statements were prepared in accordance with the rules contained in Articles 2423 et seq. of the Italian Civil Code, interpreted and supplemented by the accounting principles issued by the Italian Accounting Organisation (the ‘OIC accounting principles’).

The financial statements for the year ended 31 December consist of: Balance Sheet, Profit and Loss Account, Cash Flow Statement and Explanatory Notes. The information in the Explanatory Notes relating to items in the Balance Sheet and Profit and Loss Account is presented in the order in which the relevant items are shown in the Balance Sheet and Profit and Loss Account.

For the year to which the financial statements relate and for the previous year, the cash flow statement shows the amount and composition of cash and cash equivalents at the beginning and end of the year and the cash flows for the year from operating, investing and financing activities, including, with separate disclosure, transactions with shareholders. The cash flow statement, prepared on a comparative basis, was presented according to the indirect method using the format prescribed by the OIC 10 accounting standard.

The Balance Sheet, Profit and Loss Account and Cash Flow Statement were drawn up in euro units, without decimal places, while the amounts included in the Explanatory Notes are expressed in thousands, unless otherwise indicated.

If the information required by specific legal provisions is not sufficient for a true and accurate representation, additional information deemed necessary for the purpose is provided.

Refer to the Operations Report for detailed information on relations with subsidiaries, affiliated companies, parent companies and companies subject to the control of the latter, other related parties and affiliates of subsidiaries, as well as on relations with the company exercising management and coordination activities and with other companies subject to it.

Significant events occurring after the end of the financial year, the proposed allocation of the year's result, and the total amount of commitments, guarantees and contingent liabilities not shown in the balance sheet are disclosed in specific sections of these Explanatory Notes.

Please note that KPMG S.p.A. performs the statutory audit pursuant to Article 14 of Legislative Decree 39/2010.

Pursuant to Article 2497 et seq. of the Italian Civil Code, the Company is subject to the direction and coordination of RFI - Rete Ferroviaria Italiana S.p.A., and therefore, the Explanatory Notes include a summary of the essential data of the last financial statements of this company.

PRINCIPLES FOR THE DRAFTING OF THE FINANCIAL STATEMENTS

The annual financial statements were prepared in accordance with legal provisions, supplemented by the OIC national accounting standards, without any exceptions or waivers.

The items in the financial statements were valued according to the general principles of prudence and accrual, on a going concern basis, and taking into account the economic function of the asset or liability item considered, where compatible with the provisions of the Italian Civil Code and the OIC accounting principles. The principles of consistency in valuation criteria, relevance and comparability of information were also respected.

In application of the principles mentioned above:

The elements that make up the individual asset or liability items were valued separately, to avoid the possibility that capital gains of some items could offset capital losses of others. In particular, gains have been included only if the gain materialised by the end of the financial year, while risks and losses pertaining to the financial year were taken into account, even if they became known after the end of the financial year.

Income and expenses pertaining to the year were taken into account regardless of the date of receipt or payment. Accrual is the time criterion by which positive and negative income components are charged to the profit and loss account for the purpose of determining the result for the year. The directors conducted a forward-looking assessment of the company's ability to be a functioning economic entity intended to generate income over a foreseeable future period of at least twelve months from the reporting date. The assessment conducted did not identify any significant uncertainties with regard to this capacity.

The rights, obligations and conditions were identified based on the contractual terms of the transactions and their alignment with the accounting standards to ascertain the correctness of the recording or removal from the balance sheet and profit and loss account.

The valuation criteria did not change year-on-year to achieve a homogeneous measurement of the Company's results over the years.

During the year, there were no exceptional cases that made it necessary to derogate from the valuation criteria, pursuant to Article 2423, Section 5, of the Italian Civil Code, insofar as they were incompatible with the true and fair representation of the Company's financial position and economic results.

Also, assets were not revalued during the year pursuant to special laws on the subject.

The relevance of individual items was judged in the overall context of the financial statements. Both qualitative and quantitative elements were taken into account to quantify relevance.

The corresponding values as at 31 December 2020 are shown for each item in the Balance Sheet, Profit and Loss Account and Cash Flow Statement. If the items were not comparable, those for the previous year were adjusted providing the relevant comments in the Explanatory Notes for the pertinent circumstances.

DRAFTING CRITERIA

INTANGIBLE FIXED ASSETS

Subsequent to the approval of the Board of Auditors where required, intangible fixed assets are recorded at purchase or production cost and are stated net of depreciation. Ancillary costs are also included in the purchase cost. Production cost includes all costs directly attributable to the product and other costs, to the extent reasonably attributable, for the period of manufacture and up to the time the fixed asset can be used.

Deferred charges, which include start-up and expansion costs, are only recognised when their future usefulness is proven, there is an objective correlation with the related future benefits to be enjoyed by the Company, and their collectability can be estimated with reasonable certainty.

Intangibles, consisting of concessions, licences and trademarks, are recognised as assets only if they can be individually identified, if the Company acquires the power to enjoy the future economic benefits from the asset and can limit third parties' access to these benefits, and if their cost can be estimated with sufficient reliability.

Improvements and incremental expenses on third-party assets are entered under other intangible fixed assets if they cannot be separated from the assets themselves, otherwise they are entered under specific tangible fixed asset items.

Intangible fixed assets are systematically depreciated and the depreciation rate allocated to each year reflects the allocation of the cost incurred over their entire useful life. Depreciation begins when the fixed asset is available and ready for use. Systematic depreciation is related specifically to the correlation of expected benefits.

Intangible fixed assets are depreciated on a straight-line basis as follows:

- Start-up and expansion costs are depreciated over a period of five years.
- Intangibles (concessions, licences and trademarks) are depreciated over the shorter of their legal or contractual duration and their remaining useful life. The estimated useful life of trademarks does not exceed twenty years.
- Other fixed assets - leasehold improvements: are depreciated over the lower of the future useful life of the expenses incurred and the remaining term of the lease, taking into account the renewal period, if any.

Until depreciation of development, start-up and expansion costs is completed, dividends may only be distributed if there are sufficient available resources remaining to cover the amount of the depreciated costs.

TANGIBLE FIXED ASSETS

Property, plant and equipment are initially recorded when the risks and benefits associated with the acquired asset are transferred, and are recorded at purchase or production cost, adjusted by the respective accumulated depreciation and any write-downs. The purchase cost is the cost actually incurred for the acquisition of the asset and includes ancillary costs. Production cost includes all direct costs and general production costs, for the portion reasonably attributable to the fixed asset, for the period of manufacturing and up to the time when the asset can be used.

Depreciation is calculated on a straight-line basis, based on the remaining useful life of the assets. These rates are reduced by half in the first year when the asset is available for use, thus representing the shortest period of use of the fixed asset. If the estimated residual value at the end of the useful life is equal to or greater than the net book value, the fixed asset is not depreciated. Depreciation begins when the asset is available and ready for use.

Depreciation is also calculated on temporarily unused assets.

Land is not subject to depreciation; if the value of buildings also incorporates that of the land on which they stand, the value of the building is separated, also according to estimates, to determine the correct depreciation.

The value to be depreciated is the difference between the cost of the fixed asset and, if it can be determined, the residual value at the end of its useful life, which is estimated when the depreciation schedule is drawn up and reviewed periodically to verify that the initial estimate is still valid. Depreciation is discontinued if the estimated residual value is equal to or higher than the net book value.

The depreciation schedule is periodically reviewed to see if any changes have occurred that require a modification of the estimates made in calculating the remaining useful life. If the latter is changed, the book value of the fixed asset on the date of the change is allocated over the asset's new residual useful life.

The assets resulting from the Mercitalia Intermodal contribution, which occurred in the 2008 financial year, in accordance with the sworn appraisal report by the expert Lelio Fornabaio, were recorded at the current appraisal value, for mobile cranes and rail-mounted gantry cranes, and at the original purchase cost with the relative depreciation provision for all other asset categories.

The depreciation rates applied are as follows:

CATEGORY	USEFUL LIFE (years)	% DEPRECIATION
Mobile cranes	8	12.50
Flat bed semi-trailers	5	20.00
Self-propelled vehicles and tractors	5	20.00
Mobile crates, containers	6.66	15.00
Gantry cranes	12	8.33
Equipment and machines	10	10.00
Vans	5	20.00
Fixed installations	10	10.00
Vehicles	4	25.00
Office furniture and equipment	8.33	12.00
Computers and accessories	3	33.34
Machines and electronic systems	3	33.34
Shunting locomotives ²	2.75	36.36

Ordinary maintenance costs, relating to recurring maintenance and repairs performed to keep assets in good working conditions to ensure their original useful life, capacity and productivity, are recorded in the profit and loss account in the financial year in which they are incurred.

Extraordinary maintenance costs, which include expansions, upgrades, replacements and other improvements to the asset that generate a significant and quantifiable increase in the capacity, productivity or safety of the asset or extend its useful life, may be capitalised within the limits of the asset's recoverable amount.

Tangible fixed assets held for sale are reclassified as current assets only if they can be sold in their current condition, the sale appears highly probable and is expected to be completed in the short term. These fixed assets are not depreciated and are valued at the lower of net book value and estimated realisable value based on market trends.

Obsolete tangible fixed assets and in general those that are no longer used or can no longer be used in the production cycle on a permanent basis are not subject to depreciation and are valued at the lower of net book value and recoverable value.

² The shunting locomotives redeemed as a result of the leasing contract are depreciated over the residual term of the existing contract between Terminali Italia and RFI, under which the latter also entrusted the shunting service.

Tangible fixed assets are revalued, within the limits of their recoverable value, only when special laws require or permit.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE FIXED ASSETS

At each reporting date, the company assesses whether there is an indicator that a fixed asset may be impaired. If there are indicators of impairment of intangible and tangible fixed assets at the reporting date, the recoverable amount is estimated. Where there are no indicators of potential impairment, the recoverable amount is not estimated.

If their recoverable amount, defined as the greater of the value in use and fair value minus selling costs, is less than the corresponding net book value, fixed assets are depreciated.

When the recoverable amount of an individual fixed asset cannot be estimated, this analysis is performed with reference to the so-called “cash-generating unit” (hereafter “CGU”), i.e. the lowest possible group of identifiable assets that includes the fixed asset being measured and generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets.

If there is a long-term impairment loss, this is first recorded as a reduction in the goodwill value, if any, and subsequently to the other assets, in proportion to their net book value

A depreciation for impairment is reinstated if the grounds for the depreciation cease to exist. Impairment reversals are recognised within the limits of the value that the asset would have had if the impairment had never been made, i.e. taking into account the depreciation that would have been incurred in the absence of the impairment. It is not possible to reverse an impairment loss on goodwill and deferred charges.

FINANCIAL FIXED ASSETS

Receivables are classified as financial fixed assets and current assets according to the criterion of their allocation to ordinary assets and therefore, regardless of their maturity date, financial receivables are classified as financial fixed assets while trade receivables are classified as current assets. The criterion for the valuation of receivables is explained below.

INVENTORIES

Assets included in inventories are initially recorded at the date on which the risks and benefits associated with the acquired asset are transferred. Risk and benefit transfer usually occurs when ownership is transferred in accordance with the contractually agreed terms.

Inventories are initially recorded at purchase cost and subsequently valued at the lesser of the cost or the corresponding realisable value that can be inferred from the market.

Purchase cost means the actual purchase price plus ancillary charges. In addition to the price of the material, the purchase cost of materials includes freight, customs, other taxes and other costs directly attributable to that material. Returns, trade discounts, rebates and premiums are deducted from costs.

The costing method adopted for fungible goods is the weighted average cost.

The market-driven realisable value of raw and ancillary materials, goods, finished goods, semi-finished and finished goods and work-in-progress is equal to the estimated selling price of the goods and finished goods in the ordinary course of business, based on market information, net of estimated completion costs and direct selling costs (e.g. commissions, transport, packaging). In determining the realisable value based on market trends, account is taken, inter alia, of the obsolescence rate and inventory turnaround times.

Inventories whose realisable value based on market trends is lower than their book value are accordingly depreciated.

If the reasons for the depreciation cease to be applicable in whole or in part as a result of an increase in the realisable value inferable from the market, the adjustment made is reversed within the limits of the cost originally incurred.

RECEIVABLES

Receivables arising from revenues from the sale of goods are recognised on an accrual basis when both of the following conditions are met: the production process of the goods has been completed; and the substantial, non-formal transfer of title has occurred, assuming the transfer of risks and benefits as the benchmark for the substantial transfer.

Accounts receivable represent rights to collect fixed or determinable amounts of cash, or goods/services of equivalent value, from customers or other third parties at an identified or identifiable maturity.

Receivables that originate for reasons other than the exchange of goods and services are recognised in the financial statements if there is a right to the receivable, i.e. if they actually represent an obligation of a third party towards the company.

The depreciated cost method is not applied in cases where its effects are insignificant, generally for short-term receivables or when transaction costs, fees paid between the parties and any other differences between the initial value and the maturity value of the receivable are insignificant.

With reference to the estimated realisable value, the carrying amount of receivables is adjusted by a provision for impairment to take into account the probability that the receivables have lost value. For this purpose, specific and experience-based indicators and any other useful elements are considered that indicate a probable loss of value of the receivables.

The doubtful debt provision is estimated by analysing individual loans, calculating the expected losses for each abnormal situation that is already apparent or reasonably foreseeable, and estimating, based on experience and any other useful information, the further losses that are expected to be incurred on loans outstanding at the reporting date. The provision for bad debts on loans secured by guarantees takes into account the effects of the enforcement of such guarantees.

Discounts and trade rebates that are estimated to be granted upon collection and other reasons for lower realisation are also appropriated. Financial discounts and allowances, which did not contribute to the determination of the estimated realisable value because they were not foreseeable at the time of initial recognition of the receivable, are recognised upon collection as financial expenses.

Loans are derecognised when the contractual rights to the cash flows arising from the loan are extinguished or when the contractual rights to the cash flows arising from the loan are transferred and with it substantially all the risks inherent to the loan. All contractual clauses are taken into account in the assessment of the risk transfer.

When the receivable is derecognised in the presence of the conditions set out above, the difference between the amount of the payment and the receivable's carrying amount (the nominal value of the receivable less any losses allocated to the allowance for doubtful accounts) at the time of the sale is recognised in the profit and loss account as a loss, unless the sale agreement allows for the identification of other economic elements of a different nature, including financial.

CASH AND CASH EQUIVALENTS

These are the positive balances of the bank, postal, and cheque deposits, as well as cash and valuables on hand at the close of the financial year.

Bank, postal and cheque deposits are valued at their estimated realisable value, while cash and stamps on hand are valued at their par value.

ACCRUALS AND DEFERRALS

Accrued income and expenses are respectively portions of income and expenses pertaining to the financial year that will be manifested financially in subsequent years.

Accruals and deferrals represent, respectively, portions of costs and income that have become evident during the financial year or in previous financial years, but which fall due in one or more subsequent financial years.

Therefore, only portions of costs and income, common to two or more financial years, are entered under these items.

At the end of each financial year, the conditions that determined initial entry are verified and, if necessary, value adjustments are made. Specifically, in addition to the passage of time, the presumed realisable value is considered for accrued income while the existence of the future economic benefit related to deferred payments is considered for prepaid expenses.

PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges represent definite, certain or probable liabilities, the amount or date of occurrence of which cannot be determined. In particular, the provisions for risks represent definite and probable liabilities, the values of which are estimated, while the provisions for charges represent definite and certain liabilities, the amount or date of occurrence of which is estimated, connected with obligations already assumed at the date of the financial statements, but which will be settled in subsequent years. Provisions are recognised on an accrual basis for amounts that are expected to be paid or for goods and services to be provided when the obligation is fulfilled.

Provisions for risks and charges are recognised in the profit and loss account among the operating activities to which the transaction relates, with the classification of costs by their nature prevailing. The amount of provisions is measured with reference to the best estimate of costs,

including legal expenses, at each reporting date. If the valuation of provisions leads to the calculation of an amount within the range of value variability, the provision is the best feasible estimate within the maximum and minimum limits of the value variability range.

Provisions for liabilities and charges recorded in a previous period are re-examined to verify that they were correctly measured at the reporting date.

The funds are subsequently used directly and only for those expenses and liabilities for which the funds were originally established. Any negative differences or surpluses over actual expenses incurred are recognised in the profit and loss account consistently with the original provision, whereas if the surplus results from the positive development of situations occurring in a company's operations, the elimination or reduction of the excess provision is recognised as a positive income element under the same category.

SEVERANCE PAY

The Indemnity Leaving Fund (TFR) is the benefit to which employees are entitled upon termination of employment, pursuant to Article 2120 of the Italian Civil Code and taking into account the regulatory changes made by Law 296 of 27 December 2006. It corresponds to the total compensation accrued, taking into account all continuous forms of remuneration, net of advances paid and partial advances paid pursuant to collective or individual labour agreements or company agreements for which reimbursement is not required, and net of amounts transferred to supplementary pension funds or to the treasury fund managed by INPS (The National Social Security Institute).

Severance pay liabilities are equal to the amount that would have been payable to employees if the employment relationship had terminated at the reporting date. The Indemnity Leaving Fund (TFR) amounts relating to employment relationships already terminated at the reporting date and for which payment is made in the following year are classified as liabilities.

LIABILITIES

Payables are liabilities of a definite nature and certain existence, representing obligations to pay fixed or determinable amounts of cash, or goods/services of equivalent value, usually on a specified date. These obligations are with lenders, suppliers and other parties. Liabilities are classified on the basis of their nature (or origin) with respect to ordinary transactions, irrespective of the time period within which the liabilities are to be settled.

Liabilities from purchases of goods are recognised on an accrual basis when both of the following conditions are met: the production process of the goods has been completed; and the substantial, non-formal transfer of title has occurred, assuming the transfer of risks and benefits as the benchmark for the substantial transfer.

Financial liabilities and those arising for reasons other than the acquisition of goods and services are recognised when the company has an obligation to the counterparty.

In the case of early repayment, the difference between the outstanding amount of the debt and the total disbursement related to the repayment is recorded in the profit and loss account as financial income/expense.

Payables are recognised in the financial statements according to the depreciated cost criterion, taking into account the time factor.

At year-end, the value of payables measured at depreciated cost is equal to the current value of future cash flows discounted at the effective interest rate.

The depreciated cost method is not applied in cases where its effects are insignificant, generally for short-term debt or when transaction costs, fees paid between the parties and any other differences between the initial value and the maturity value of the debt are insignificant.

In this case, the debt is initially recognised at par value net of any premiums, discounts, allowances provided for by contract or otherwise granted, and is subsequently valued at par value plus interest expense calculated at the notional interest rate, less payments for principal and interest.

Transaction costs, such as appraisal fees, appraisal charges on the value of the property and other ancillary costs for obtaining loans and mortgages, any initial commission income and expenses, issuance costs (e.g. legal fees and initial commissions) incurred in connection with the issuance of bonds, bond issue premiums and discounts, and any other differences between the initial value and the par value at maturity are included in the calculation of the depreciated cost using the effective interest method, which implies that they are depreciated over the expected life of the debt. Their depreciation supplements or adjusts the interest expense calculated at the notional rate (following the same classification in the profit and loss account), so that the effective interest rate can remain a constant interest rate over the life of the debt to be applied to its value in the accounts. Under the effective interest criterion, the effective interest rate is calculated when the debt is initially recorded and is then used for its subsequent measurement, with the exception of contractual interest rates that are variable and benchmarked to market rates.

To take the time factor into account, the interest rate inferable from the contractual terms and conditions must be compared with market interest rates, the rate that would have been applied if two independent parties had negotiated a similar financing transaction with comparable terms and conditions to the one in question.

Trade payables with maturities beyond 12 months from initial recognition, without interest payments, or with interest significantly different from market interest rates, and related costs, are initially recognised at the value determined by discounting future cash flows at the market interest rate. The difference between the initial recognition value of the debt thus established and the forward value must be recorded in the profit and loss account as a financial liability over the life of the debt using the effective interest rate method.

The company removes all or part of a debt from the financial statements when the contractual and/or legal obligation is settled by fulfilment or other reason, or transferred. The settlement of a debt and the issuance of a new debt to the same counterparty results in the elimination from the accounts if the contractual terms of the original debt differ materially from those of the debt issued.

COSTS AND REVENUES

Revenues from the sale of products and goods or the provision of services related to normal operations are recorded net of returns, trade discounts, rebates and premiums, as well as taxes directly related to the sale of products and the provision of services, in accordance with the accrual and prudence principles.

Revenue from the sale of goods or the provision of services is recognised when the production process of the goods or services has been completed and the exchange has taken place, i.e. the substantive and non-formal transfer of ownership has occurred, taking the transfer of risks and benefits as the benchmark.

Production costs are recorded net of returns, trade discounts, rebates and premiums. Costs originated by the purchase of goods are recorded when the manufacturing of the goods is completed and the substantial transfer of ownership has occurred, with the transfer of risks and benefits as the benchmark. Costs arising from the purchase of services are recorded when the services are received, i.e. when the service has been rendered.

Revenues and income, costs and expenses related to foreign currency transactions are calculated at the spot exchange rate on the date the relevant transaction is executed.

Financial expenses are recorded in an amount equal to the amount accrued during the year.

Exceptional revenue or cost items are commented on in a separate section of these Explanatory Notes.

CONTRIBUTIONS FOR OPERATING EXPENSES

Operating contributions due either by law or under contractual provisions are recorded on an accrual basis in the financial year in which the right to receive them is established with certainty.

INCOME TAXES

Current taxes are calculated on a realistic estimate of taxable income for the year, calculated in accordance with tax legislation, and applying the tax rates in force at the reporting date.

The related tax liability is recognised in the balance sheet at par value, net of payments on account, withholdings and tax credits that can be offset and for which reimbursement has not been requested. If payments on account, withholdings and credits exceed the taxes due, the related tax credit is recognised.

The Company participates in the parent company Ferrovie dello Stato Italiane S.p.A.'s national tax consolidation scheme for corporate income tax (IRES) and VAT purposes. Therefore, receivables from and payables to the consolidating company arising from the quantification of tax benefits attributed and received are recognised in the balance sheet.

Deferred and prepaid income taxes are calculated on the cumulative amount of all temporary differences existing between the values of assets and liabilities calculated using the statutory valuation criteria and their recognised value for tax purposes, which are to be written off in subsequent years.

Deferred and prepaid income taxes are recognised in the financial year in which the temporary differences arise and are calculated by applying the tax rates in force in the financial year in which the temporary differences will reverse, if these rates are already defined at the reporting date; otherwise, they are calculated on the basis of the rates in force at the reporting date.

Deferred tax assets on deductible temporary differences and on the benefit related to the carry-forward of tax losses are recorded and maintained in the financial statements only if there is a reasonable certainty of their future recovery, through forecasted taxable income or the availability of sufficient taxable temporary differences in the years when the deferred tax assets will reverse.

A deferred tax asset that was not accounted for or reduced in prior years, because the requirements for its recognition or retention were not met, is recorded or reinstated in the year in which those requirements are met.

The explanatory notes provide a statement of the temporary differences that led to the recognition of deferred tax assets and liabilities, specifying the rate applied and the year-on-year changes, the amounts debited or credited to the profit and loss account or equity and the items excluded from the calculation, as well as the amount of deferred tax assets recorded in the financial statements pertaining to losses for the year or previous years and the amount of taxes not yet recognised.

COMMITMENTS, GUARANTEES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The total amount of commitments, guarantees and contingent liabilities not shown in the financial statements are disclosed in separate sections of these Explanatory Notes.

Commitments are obligations assumed by the Company against third parties arising from legal transactions with certain mandatory effects but not yet performed by either party. The commitments category includes both commitments of which the implementation and amount are certain and commitments of which the implementation is certain but not the amount. The amount of the liabilities is the par value that can be inferred from the relevant documentation. If the commitment cannot be quantified, this is disclosed in the Explanatory Notes.

Guarantees include both real and personal guarantees given by the Company. These guarantees are those issued by the Company in connection with its own or another party's obligation. Its value corresponds to the value of the guarantee given or, if not determined, to the best estimate of the risk assumed in the light of the situation existing at that time.

Contingent liabilities not disclosed in the financial statements include those deemed probable, but the amount of which cannot be determined other than randomly and arbitrarily, and those deemed possible. Similarly, the appropriate section indicates the potential assets and profits considered probable that have not been recognised in the financial statements for the sake of prudence.

USE OF ESTIMATES

The preparation of financial statements requires estimates to be made that have an effect on the values of assets and liabilities and related disclosures. Actual results may differ from these estimates. Estimates are reviewed periodically and the effects of changes in estimates, where not resulting from faulty estimates, are recognised in the profit and loss account for the year in which the changes occur, if they affect only that year, and in subsequent years if the changes affect both the current and subsequent years.

EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

Events occurring after the end of the financial year that change conditions already existing at the reporting date and require changes to the values of assets and liabilities, in accordance with the relevant accounting standard, are recognised in the financial statements, in accordance with the accrual basis to reflect the effect that these events have on the financial position and economic result at the end of the financial year.

Events occurring after the end of the financial year that alter situations existing at the reporting date, but that do not require a change in the values of the financial statements, in accordance with the reference accounting principle, as they pertain to the next financial year, are not recorded in the financial statements but are explained in the operations report when necessary for a more complete understanding of the company's situation.

The time limit within which the event must occur for it to be taken into account is the date on which the Directors prepared the draft financial statements, except in cases where events occur between that date and the date scheduled for approval of the financial statements by the Shareholders' Meeting that make it necessary to amend the draft financial statements.

ANALYSIS OF FINANCIAL STATEMENT ITEMS AND RELATED CHANGES

BALANCE SHEET: ASSETS

FIXED ASSETS

INTANGIBLE FIXED ASSETS

As of 31 December 2021, this item amounted to 114 thousand euro and mainly consisted of charges referring to the capitalisation of labour costs for the employees involved in the training at the new Marzaglia terminal in 2020.

The following pages contain analyses of changes in “Original cost”, “Accumulated depreciation and impairment losses” and “Net values”, respectively.

INTANGIBLE FIXED ASSETS	ORIGINAL COST						Values at 31.12.2021
	Values at 31.12.2020	Increases	Decreases for disposals	Revaluation	Transfers from LIC and reclassification	Other changes	
Start-up and expansion costs	167	-	-	-	-	-	167
Grants, licences, trade marks and similar rights	1	-	-	-	-	-	1
Other	88	-	-	-	-	-	88
TOTAL	257						257

INTANGIBLE FIXED ASSETS	AMORTISATION AND DEPRECIATION FUND						Values at 31.12.2021
	Values at 31.12.2020	Increases	Decreases for disposals	Value restoration	Reclassification	Other changes	
Start-up and expansion costs							
- depreciation	25	30	-	-	-	-	54
Grants, licences, trade marks and similar rights							
- depreciation	-	-	-	-	-	-	-
Other							
- depreciation	88	-	-	-	-	-	88
TOTAL	113	30					143

INTANGIBLE FIXED ASSETS	NET VALUES					
	31.12.2020			31.12.2021		
	Original cost	Amortisation and depreciation fund	Net values	Original cost	Amortisation and depreciation fund	Net values
Start-up and expansion costs	167	25	142	167	54	113
Grants, licences, trade marks and similar rights	1	-	1	1	0	1
Other	88	88	-	88	88	-
TOTAL	257	114	143	257	143	114

TANGIBLE FIXED ASSETS

At 31 December 2021, this item amounted to € 11,250 thousand and consisted mainly of mobile cranes, rail-mounted gantry cranes, terminal equipment and machinery, and shunting locomotives.

The increases in the item “Loading and unloading equipment” amounting to € 4,156 thousand refer to the purchase of handling equipment: one gantry crane and five road tractors for the Verona terminal (which accounted for € 3,372 thousand of the acquisitions), two self-propelled full load cranes for the Segrate terminal, and 3 semi-trailers for the Marzaglia terminal and one in Segrate. This item also includes the divestment of 76 thousand euro resulting from the sale of a road tractor that was located at the Verona terminal.

The increase of 51 thousand euro in “Industrial and commercial equipment” is mainly related to the purchase of workshop materials and equipment.

The following pages contain analyses of changes in “Original Cost”, “Accumulated depreciation and impairment losses” and “Net values”, respectively.

TANGIBLE FIXED ASSETS	ORIGINAL COST						Values at 31.12.2021
	Values at 31.12.2020	Increases	Decreases for disposals	Value restoration	Reclassification	Other changes	
Installations and machinery							
- Loading and unloading vehicles	16.882	4.232	(76)				21.038
- Rolling stock	1.999						1.999
- On-road vehicles	46	73	-				119
Total loading and unloading vehicles	18.927	4.305	(76)				23.156
Industrial and commercial facilities							
- Fixed installations	854	27	(3)				877
- Cars	85						85
- Assets worth less than one million	0	0					0
- Sundry equipment	663	28	(1)				691
	1.602	55	(4)				1.653
Other goods							
- Furniture and furnishings	361	32					393
- Office equipment	702	55					758
	1.063	87	0				1.150
TOTAL	21.592	4.447	(80)				25.960

TANGIBLE FIXED ASSETS	AMORTISATION AND DEPRECIATION FUND						Values at 31.12.2021
	Values at 31.12.2020	Increases	Decreases for disposals	Value restoration	Reclassification	Other changes	
Installations and machinery							
- Loading and unloading vehicles	10.104	1.329	(76)				11.357
- Rolling stock	400	533					933
- On-road vehicles	27	16	-				43
Total loading and unloading vehicles	10.531	1.878	(76)				12.333
Industrial and commercial facilities							
- other fixed installations	642	46	(2)				685
- cars	84	0					84
- assets worth less than one million	0	0					0
- sundry equipment	560	23	(0)				583
	1.286	70	(2)				1.353
Other goods							
- Furniture and furnishings	313	38					351
- Electromechanical and electronic office e	637	36					673
	951	73	0				1.024
TOTAL	12.767	2.021	(78)				14.710

TANGIBLE FIXED ASSETS	NET VALUES					
	31.12.2020			31.12.2021		
	Original cost	Amortisation and depreciation fund	Net values	Original cost	Amortisation and depreciation fund	Net values
Installations and machinery	18.927	10.531	8.396	23.156	12.333	10.823
Industrial and commercial facilities	1.602	1.286	316	1.653	1.353	300
Other sundry assets	1.063	951	113	1.150	1.024	127
TOTAL	21.592	12.767	8.825	25.960	14.710	11.250

FINANCIAL FIXED ASSETS**OTHER ACCOUNTS RECEIVABLE**

They refer to security deposits issued to third parties for utilities and totalled € 4 thousand. These are entirely receivables from domestic suppliers.

Description	31.12.2021	31.12.2020	Differences
Within twelve months:			
- Security Deposits	4	6	(1)
TOTAL	4	6	(1)

CASH ASSETS**INVENTORIES**

Inventories of raw materials, auxiliary materials, consumables amounted to € 711 thousand, net of the provision for obsolescence of € 159 thousand, and refer to maintenance and consumable materials related to the mobile and gantry cranes used for terminal services.

Description	31.12.2021	31.12.2020	Differences
Raw materials, auxiliary materials, consumables	870	1.083	(213)
Obsolescence Fund	(159)	(159)	0
TOTAL	711	925	(213)

RECEIVABLES

This item amounted to € 18,443 thousand, a decrease of € 2,360 thousand from the previous year's value.

RECEIVABLES: TRADE RECEIVABLES

Trade receivables amounted to € 9,567 thousand with a decrease of € 1,715 thousand compared to 31/12/2020 and are detailed as follows:

Description	31.12.2021	31.12.2020	Differences
Invoices issued	10.974	9.197	1.778
Invoices to be issued	186	(301)	(116)
Credit notes to be issued	(144)	(111)	(33)
Doubtful debt provision	(1.450)	(1.535)	85
TOTAL	9.567	7.852	1.715

There was an overall increase in trade receivables from third-party customers of € 1,715 thousand, resulting from increased revenues.

Doubtful trade receivables provision	Balance at 31.12.2020	Use	Provisions	Release of surplus funds	Reclassification	Balance at 31.12.2021
Doubtful debt provision	1.535	(38)	(47)	-	-	1.450
TOTAL	1.535	(38)	(47)	-	-	1.450

The provision for bad debts was decreased by € 47 thousand based on a detailed analysis conducted on the collectability and maturity of trade receivables in current assets. Furthermore, a provision of € 38 thousand was utilised, resulting from collections received during the year on impaired positions.

There are no receivables in currencies other than euro.

Note that with regard to trade receivables, there are no receivables due after one year.

RECEIVABLES: FROM PARENT COMPANIES

This item amounts to € 1,957 thousand and is broken down as follows:

Nature	31.12.2021	31.12.2020	Differences
Business taxes			
RFI:			
- Invoices issued	690	1.747	(1.056)
- Invoices to be issued	1.195	1.945	(749)
Financial			
VAT receivables from subsidiaries <12	-	-	-
- FS credit for the consolidation of corporate income tax (IRES)	69	246	(177)
- intercompany current account	3	4	(1)
TOTAL	1.957	3.942	(1.984)

The year-on-year decrease of € 1,056 thousand in receivables from RFI for invoices issued stems mainly from the collection of items relating to previous years.

This item also includes the corporate income tax (IRES) receivables from Ferrovie dello Stato Italiane for consolidated taxation and the intercompany current account.

Specifically, with regard to the IRES tax consolidation credit, it should be noted that, due to the change in the year's result compared to 2020 and the estimated taxable income, there was a reduction of 177 thousand euro.

RECEIVABLES: FROM COMPANIES CONTROLLED BY PARENT COMPANIES

This item amounts to € 5,652 thousand and is broken down as follows:

Nature	31.12.2021	31.12.2020	Differences
Business taxes			
Mercitalia Logistics	67	863	(797)
Mercitalia Shunting & Terminal	53	281	(228)
Mercitalia Rail	1.556	3.191	(1.635)
Mercitalia Intermodal	2.893	2.815	78
TX Logistics	784	1.032	(249)
TX Logistics Transalpine	301		301
Grandi Stazioni	(1)	(1)	-
TOTAL	5.652	8.181	(2.529)

The overall decrease in receivables from companies under the control of the parent companies resulted mainly from the improvement in the Mercitalia group's year-on-year settlement trends. It should also be noted that from 2021 the receivables for rail shunting services, which until 2020 were included in the items pertaining to TX Logistics, will be allocated to the new TX Logistics Transalpine.

TAX CREDITS

Tax credits amount to € 86 thousand with an increase of € 33 thousand year-on-year, resulting on the one hand from the write-off of Regional Business Tax (IRAP) credits for higher payments made in 2020, and on the other hand from the booking of the tax credit for € 86 thousand referring to the investment in new capital assets, to the extent of 10% of the purchase cost.

Description	31.12.2021	31.12.2020	Differences
Tax credit to be recovered within the year	86	-	86
Higher credits paid for Regional Business Tax (IRAP)	-	52	(52)
Suspension of payment of Personal Income Tax (IRPEF) (heirs)	-	1	(1)
TOTAL	86	53	33

DEFERRED TAXES

Deferred taxes amounted to € 589 thousand, an increase of € 467 thousand and refers to the amounts deductible for tax purposes in future years due to the portion exceeding the limit deductible for tax purposes in the year (5%).

Description	31.12.2020	Increases	Decreases	Balance at 31.12.2021
Corporate Income Tax (IRES)	122	467	-	589
TOTAL	122	467	-	589

RECEIVABLES: OTHER ACCOUNTS RECEIVABLE

Other accounts receivable amounted to € 592 thousand with a decrease of € 62 thousand year-on-year. The details of these items are given below.

Description	31.12.2021	31.12.2020	Differences
Other accounts receivable:			
Within twelve months:			
- Advances on employee expenses	13	13	-
- Credits from Group Affiliates	0	16	(16)
- Sundry credits	579	384	195
- Credits for short-term contributions	(1)	241	(242)
TOTAL	592	654	(62)

The “Sundry receivables” item includes the recognition of the receivable of € 390 thousand from the Customs Agency for the reimbursement of excise duties on diesel fuel used for operating activities carried out at the Verona, Segrate, Turin, Bari, Brindisi, and Catania terminals.

“Receivables for short-term grants” refers to short- and medium-term receivables related to grants for capital expenditure in mobile cranes pursuant to Law 166/2002 for which the relevant concession decrees were received from the Ministry of Infrastructure and Transport.

These contributions were expected to be collected over 15 years starting in the 2006 financial year, so the item as at 31 December 2021 was nil.

There are no receivables due beyond 1 year.

There are no receivables due beyond 5 years.

RECEIVABLES BY GEOGRAPHICAL AREA

Receivables broken down by geographical area are shown below.

	Italy	Other EU countries	The rest of Europe	Other countries	Total	1000
Trade receivables	-	1.505	863	633	19	9.567
Receivables from parent companies		1.957				1.957
Receivables from affiliate companies						
Receivables from companies controlled by parent companies		4.639	1.012			5.652
Tax Credits		86				86
Deferred taxes		589				589
Other accounts receivable		592				592
TOTAL		6.359	1.876	633	19	8.886

CASH AND CASH EQUIVALENTS

This item amounts to € 6,516 thousand and is broken down as follows:

Description	31.12.2021	31.12.2020	Differences
Bank and post office deposits	6.516	3.430	3.086
TOTAL	6.516	3.430	3.086

Compared to 2020, there was an increase in cash and cash equivalents of € 3,086 thousand as a result of the management of receipts and payments.

BALANCE SHEET: LIABILITIES NET ASSETS

This item amounted to € 25,585 thousand, an increase of € 1,585 thousand compared to 31 December 2020, and is broken down as follows:

Breakdown of Net Assets	Balance at 31.12.2019	Allocation of the 2019 annual result	Result for the period	Balance at 31.12.2020	Allocation of the 2020 annual result	Balance at 31.12.2021
Share Capital	7.346			7.346		7.346
Legal Reserve	561	161		722	111	833
Profits (losses) carried forward	10.661	3.050		13.711	2.111	15.822
Profit (loss) for the year	3.210	(3.210)	2.222	2.222	(2.222)	1.585
TOTAL	21.778	-	2.222	24.000	-	25.585

The following table shows the origin, availability and divisibility of equity items, as well as their utilisation.

Origin	Amounts as at 31.12.2021 (a+b)	Unavailable share (a)	Available share (b)	Distributable portion of b	Summary of uses in the three previous years			
					Capital Increase	Hedging losses	Distribution to shareholders	Carried forward
Opening balance as at 31.12.2020	7.346	7.346						
Capital reserves:								6.666
Legal Reserve	833	833						
Carried forward	15.822		15.822	15.822				
TOTAL	24.000	8.178	15.822	15.822	-	-	-	6.666

PROVISIONS FOR LIABILITIES AND CHARGES

This item, amounting to € 16 thousand, refers exclusively to the provision for labour disputes made during the year.

Description	Balance at 31.12.2020	Provisions	Use	Release of surplus funds	Reclassification	Balance at 31.12.2021
Other	0	16				16
TOTAL	0	0	0	0	0	16

SEVERANCE PAY

This item amounts to € 1,224 thousand. The severance pay accrued by employees is paid, according to the individual employee's preference, to supplementary funds or to the National Social Security Institute (INPS). Changes in this item during the period are shown below.

Indemnity Leaving Fund	
Opening balance as at 31.12.2020	1.215
Increases:	
Accruals and Revaluations	44
On additional monthly payments	
Decreases:	
Transfer	22
Termination of the relationship	10
Advances paid	5
	37
Closing balance as at 31.12.2021	1.224

LIABILITIES

This item amounted to € 10,213 thousand with an increase of € 1,299 thousand year-on-year, found mainly in the “Accounts Payable” item.

There are no debts due beyond one year.

LIABILITIES: ACCOUNTS PAYABLE

This item amounted to € 5,701 thousand, an increase of € 2,415 thousand compared to 2020 and is broken down as follows:

Description	31.12.2021	31.12.2020	Differences
Ordinary suppliers			
Invoices received	1.757	872	885
To be invoiced/credit note to be received	3.944	2.414	1.531
TOTAL	5.701	3.286	2.415

The increase is mainly attributable to the increase in production volumes at the terminals, which led to higher costs for terminal services, as well as to purchases of capital goods during the year.

LIABILITIES: PAYABLES TO PARENT COMPANIES

This item amounts to € 1,994 thousand and is broken down as follows:

Nature	31.12.2021	31.12.2020	Differences
- within twelve months			
Business taxes			
RFI	1.397	1.685	(288)
RFI - from invoices and credit notes to be received	358	947	(590)
Ferrovie dello Stato Italiane S.p.A.	6	(22)	29
FSI - from invoices and credit notes to be received	90	66	23
Taxes			
Ferrovie dello Stato Italiane S.p.A.	144	192	(48)
TOTAL	1.994	2.868	(874)

The amount due to RFI mainly refers to amounts accrued in connection with the contract to entrust Terminali Italia with the freight terminals owned by RFI. During the year, the company gradually reduced the amount due to the parent company, for a total amount of € 878 thousand.

Tax payables to parent companies consist of VAT consolidation payables.

LIABILITIES: PAYABLES TO COMPANIES CONTROLLED BY PARENT COMPANIES

This item amounts to € -44 thousand and is broken down as follows:

Nature	31.12.2021	31.12.2020	Differences
MERCITALIA INTERMODAL	(107)	(88)	(19)
MERCITALIA LOGISTICS	(7)	13	(20)
MERCITALIA RAIL	12	12	-
MERCITALIA SHUNTING & TERMINAL	26	24	2
FERSERVIZI	23	80	(57)
TRENITALIA	(5)	0	(5)
TX LOGISTIK	13	20	(7)
TOTAL	(44)	61	(105)

LIABILITIES: TAX PAYABLES

This item amounts to € 239 thousand and is broken down as follows:

Description	31.12.2021	31.12.2020	Differences
Regional Business Tax (IRAP)	36	-	36
Withholding taxes on employment	203	187	16
TOTAL	239	187	52

The increase in the IRAP (Regional Business Tax) debt is related to the dynamics of the operating result and the related taxable income, which in 2021 would place the company in a debt position with the tax authorities with regard to IRAP tax. The increase in employee deductions is attributable to the increase in personnel.

LIABILITIES: PAYABLES TO SOCIAL SECURITY INSTITUTIONS

This item amounted to € 973 thousand, decreased by € 63 thousand compared to 31 December 2020, and is broken down as follows:

Description	31.12.2021	31.12.2020	Differences
Social Security (INPS)	939	1.001	(62)
SUPPLEMENTARY FUNDS -INDEMNITY LEAVING FUND:	28	24	4
PREVINDAI (pension fund for industrial executives)	7	7	-
SEVERANCE PAY ON ADDITIONAL MONTHLY PAYMENTS	(9)	(9)	-
HEALTHCARE	8	13	(5)
TOTAL	973	1.036	(63)

The decrease from the previous year is mainly due to the reduction in the amount due to the National Social Security Institute (INPS) for staff social security contributions, mainly resulting from the adjustment of previous years' estimates of accruals to personnel and the transfer of two employees to other group companies.

LIABILITIES: SUNDRY PAYABLES

This item amounts to € 1,351 thousand and is broken down as follows:

Description	31.12.2021	31.12.2020	Differences
Group Affiliates	202	202	-
Other			
- Personnel for accrued fees not yet settled	834	1.079	(245)
- Personnel for holidays not taken	343	228	114
- Trade Union withholding	2	2	
- INAT (National Transport Assistance Institute)	1	1	(0)
- Security deposits from customers	5	5	-
- Confiscation/Seizures	1	1	-
- Miscellaneous creditors	(37)	(39)	2
	1.149	1.277	(128)
TOTAL	1.351	1.479	(128)

In addition to the 14th-month salary, the item “Personnel accrued and unpaid remuneration” includes the estimated contractual holiday indemnity related to the renewal of the national collective labour agreement for railway activities and the related company contract, as well as the provision for the washing of staff PPE related to previous years. The difference in this item compared to the previous year is mainly due to the adjustment of estimates made in previous years.

LIABILITIES BY GEOGRAPHICAL AREA

Liabilities broken down by geographical area are shown below:

Liabilities	Italy	Other EU countries	The rest of Europe	Other countries	Total
Accounts payable	5.578	114	9	-	5.701
Payables to Parent Companies	1.994				1.994
Payables to Associates	202				202
Payables to companies controlled by parent companies	-	58	13	-	44
Tax payables	239				239
Payables to social security institutes	973				973
Sundry payables	1.149				1.149
TOTAL	9.077	127	9	-	10.214

There are no debts secured by collateral on assets owned by Terminali Italia.

PROFIT AND LOSS ACCOUNT

The revenues and expenses for 2021 are analysed below in comparison with the previous year.

PRODUCTION VALUE

This production value item amounted to € 44,830 thousand, an increase of € 8,207 thousand year-on-year, and is broken down as follows:

Description	2021	2020	Differences
Revenues from sales and services	43.129	34.336	8.794
Other revenue and income	1.701	2.288	(587)
TOTAL	44.830	36.623	8.207

The details of the production value items are presented in the tables and comments below.

REVENUES FROM SALES AND SERVICES

This item amounts to € 43,129 thousand and is broken down as follows:

Description	2021	2020	Differences
Loading and unloading terminal services	26.908	21.879	5.029
Shunting services	8.445	6.862	1.583
Stoppage	2.867	2.389	478
Other services	4.909	3.205	1.704
TOTAL	43.129	34.336	8.794

For 2021, revenues from sales and services increased by € 8,794 thousand compared to 2020, mainly due to higher revenues for terminal services and, to a lesser extent, higher revenues for shunting services, other services and stops.

With regard to the handling business, the increase came not only from the recovery of the decrease in traffic recorded during the worst months of the pandemic (March-June last year), but also from the significant contribution provided by the Marzaglia terminal, activated in December 2020, to which increases were added for new traffic recorded in the Segrate, Bari, Brescia and Bologna terminals.

With regard to the shunting operations, an increase in revenues of € 1,583 thousand was recorded, mainly due to two factors: on the one hand, the increase in traffic volumes recorded at

the Bari station, and, on the other hand, the start-up of the Marzaglia terminal. There was also an increase in volumes in Bologna and Verona, which have returned to pre-pandemic levels.

Other services, up by € 1,704 thousand, include revenues earned for the management of services performed at the Brindisi terminal owned by Versalis, which amounted to € 1,147 thousand, and other services rendered at the remaining terminals. Specifically, the contribution made by the repair services provided at the Marzaglia terminal, to which the significant increase in this item can be attributed, is recorded in this item.

It should be noted that all turnover for the 2021 financial year was achieved in Italy.

OTHER REVENUE AND INCOME

This item amounts to € 1,701 thousand and is broken down as follows:

Description	2021	2020	Differences
Contributions for operating expenses			
Contributions from the State, Public Territorial Authorities	105	24	81
Other			
Capital gains of a non-financial nature	2	0	2
Out-of-period and non-existent assets	11	0	11
Sundry non-financial income and revenues	1.583	2.264	(681)
TOTAL	1.701	2.288	(587)

The “Sundry non-financial revenues and income” item includes refunds from third parties, amounting to € 394 thousand, mainly consisting of amounts requested from the Customs Agency for the reimbursement of excise duties on fuels, and refunds from the group, amounting to € 1,189 thousand, consisting of charge backs to RFI for the year in connection with the contract for the assignment of terminal activities.

Operating subsidies included reimbursements for sanitation costs incurred in connection with the management of the COVID-19 health emergency and the tax credit on the purchase of new capital goods.

PRODUCTION COSTS

Production costs amounted to € 42,681 thousand, an increase of € 9,119 thousand year-on-year, and are broken down as follows:

Description	2021	2020	Differences
Raw materials, auxiliary materials, consumables	3.287	2.526	761
Services	22.047	16.379	5.668
Leased assets	4.192	3.634	558
Personnel	10.784	9.266	1.518
Amortisation and depreciation	2.004	1.746	258
Change in inventories of raw, ancillary and consumable materials and goods	213	(113)	326
Other allocations	16	-	16
Other operating expenses	136	125	11
TOTAL	42.681	33.562	9.119

The details of the production cost items are presented in the tables and comments below.

RAW MATERIALS, AUXILIARY MATERIALS, CONSUMABLES

This item amounts to € 3,287 thousand and is broken down as follows:

Description	2021	2020	Differences
Fuel for the transport of people and goods	1.743	1.313	431
Filters and lubricants	46	37	11
Tyres	531	473	59
Maintenance materials	308	240	69
Driving force	425	258	167
Other purchases	234	206	28
TOTAL	3.287	2.525	762

The trend in raw materials, consumables and goods in 2021 is mainly attributable to the trend in the price of fuel for passenger and goods transport and electricity, which increased significantly year-on-year.

There was also an increase in costs for other consumables (filters and lubricants, tyres and crane spare parts) related to the increased traffic volumes recorded at the terminals.

SERVICES

This item amounts to € 22,047 thousand and is broken down as follows:

Description	2021	2020	Differences
Shunting and Terminal Services			
- Shunting Costs	5.105	4.298	807
- Terminal costs	9.226	7.231	1.995
TOTAL SHUNTING AND TERMINAL SERVICES	14.331	11.529	2.802
Maintenance and repairs:			
- Company assets	1.964	1.118	846
- Third-party assets	1.628	1.075	553
Various Services:			
- Professional services	486	273	213
- IT services	67	71	(4)
- Container Repair Services	1.144	373	771
- Advertising and trade shows	1	11	(10)
- Other costs	806	514	292
- Utilities	179	113	66
- Insurance premiums	228	274	(46)
- Travel and accommodation	75	45	30
- Personnel training	141	28	113
- Personnel meal service	183	218	(35)
- Remuneration and reimbursement of directors' and auditors' expenses	64	221	(157)
- Sundry personnel expenses	2	1	1
- Administrative consulting	33	35	(2)
- Seconded personnel	716	480	236
TOTAL OTHER SERVICES	7.717	4.850	2.867
TOTAL	22.047	16.379	5.668

Terminal costs increased by € 1,995 thousand due to the increase in traffic volumes recorded at the terminals.

Maintenance on company assets, relating to repairs and ordinary maintenance of owned cranes and handling equipment, increased by € 846 thousand, as a result of the outsourcing of maintenance activities, entrusted by tender.

The “Maintenance of third-party assets” item, which refers to both the maintenance of the Verona III module cranes, the terminal infrastructures owned by RFI and QETG, and the shunting locomotives used in Verona, increased by € 553 thousand year-on-year. Specifically, the cost of Module III crane maintenance increased by € 50 thousand, both in relation to the cyclical nature of the periodic maintenance provided for in the schedule and as a result of a greater number of service and fault repair interventions during the year by the manufacturer. Maintenance expenses incurred on terminal infrastructures owned by RFI increased by € 238 thousand as a result of the works carried out in advance by the company for the refurbishment of

the yards. Maintenance of shunting locomotives increased by € 39 thousand and refers to the three locomotives used in Verona that were redeemed in the previous year. Please note that for rental locomotives in Bari and Bologna, the cost of periodic maintenance is included in the fee.

The IT service costs refer to the costs charged by the affiliate Ferservizi for the HR management service provided through the SAP-RUN application software.

Costs for professional services increased by € 213 thousand and refer to the assistance provided by Ferservizi for the preparation of an important tender during the year and for internal audit activities carried out by RFI on the company.

Costs related to container repair services, provided by third parties at the Bologna and Marzaglia terminals, increased by € 771 thousand, in line with the trend of related revenues.

Insurance costs decreased by € 46 thousand, due to the decrease in the portion charged to TI as a result of the new tenders organised by the holding company.

The increase in costs for seconded personnel is mainly the result of the recognition of costs related to the CEO's secondment from RFI.

LEASED ASSETS

This item amounts to € 4,192 thousand and is broken down as follows:

Description	2021	2020	Differences
Rental and Hire of Various Equipment	987	830	157
Renting areas and premises	3.206	2.804	402
TOTAL	4.192	3.634	558

Leases and rentals of various equipment include the rental of shunting locomotives located at the Bari and Bologna terminals and other equipment instrumental to terminal activities.

Compared to 2020, costs related to equipment rental increased by € 157 thousand mainly as a result of the rental contract for a crane at the Segrate terminal.

The item “Rent of areas and premises” includes the fee for using terminals owned by RFI (“fee”), and areas owned by other parties (Mercitalia Logistics and Quadrante Europa Terminal Gate), instrumental to the company’s business.

PERSONNEL

This item amounts to € 10,784 thousand and is broken down as follows:

Description	2021	2020	Differences
Wages and salaries	6.639	6.561	79
Social security contributions	2.278	2.232	45
Severance pay	502	458	45
Other costs	1.365	15	1.350
TOTAL	10.784	9.266	1.518

The year-on-year change in personnel costs is mainly due to the increase in “Other Costs”, resulting from the use of temporary staff due to the increases in traffic volumes recorded at various terminals.

There will be 40 temporary staff in 2021, most of them located at the Segrate, Bari and Marzaglia terminals.

AMORTISATION AND DEPRECIATION

This item amounts to € 2,004 thousand and is broken down as follows:

Description	2021	2020	Differences
Depreciation of intangible assets	30	5	25
Depreciation of tangible assets	2.021	1.666	354
Impairment of receivables included in current assets and cash and cash equivalents	(47)	75	(122)
TOTAL	2.004	1.746	258

Amortisation of intangible assets refers to personnel costs incurred in the period from August to October 2020 for the training of employees to be employed at the Marzaglia terminal, which will be open to the public from 3 November 2020.

Depreciation of tangible assets mainly refers to depreciation of mobile and gantry cranes used for customer service operations, as well as the three shunting locomotives operating in Verona.

In 2021, the allowance for doubtful trade receivables was adjusted by € -47 thousand.

CHANGE IN INVENTORIES OF RAW, ANCILLARY AND CONSUMABLE MATERIALS AND GOODS

The item Change in inventories of raw, ancillary and consumable materials and goods for resale increased by € 327 thousand compared to 2020, due mainly to the increase in the volume of trade during the year.

Description	2021	2020	Differences
Change in inventories of raw materials, auxiliary materials and consumables	213	(114)	327
TOTAL	213	(114)	327

PROVISIONS FOR RISKS AND OTHER PROVISIONS

The item amounts to € 16 thousand and is made up solely of the amount related to labour disputes during the year.

OTHER OPERATING EXPENSES

This item amounted to € 136 thousand, an increase of € 28 thousand year-on-year, and is detailed in the table below.

Description	2021	2020	Differences
Tax liabilities			
- Road traffic taxes	1	0	1
- Stamp duty and registration tax	6	6	0
- Waste collection fee	80	81	(1)
- Other taxes and fees	43	38	5
- Sundry expenses	5	0	5
	136	125	11
TOTAL	136	125	11

FINANCIAL INCOME AND EXPENSES

Financial income totalled € -16 thousand and is broken down as follows:

Description	2021	2020	Differences
Other financial income			
Income other than the above			
- from others			
- interest income on bank accounts	1	1	-
- other interest receivable	16	32	(16)
Total income other than the above	17	33	(16)
Total financial earnings	17	33	(16)
Financial expenses			
Interest and other financial expenses			
- to others	(33)	(5)	(28)
Total financial expenses	(33)	(5)	(28)
FOREIGN EXCHANGE GAINS (LOSSES)			
TOTAL	(16)	28	(44)

The “other interest income” item includes interest relating to grants for equipment pursuant to Law 166/2002 accrued during the year and interest on arrears from repayment plans agreed with customers (-16 thousand euro year-on-year).

The item “interest and other financial charges payable to others” includes bank commissions on current accounts, which increased by € 28, thousand as a result of the application of the commission for the availability of funds on current accounts.

CURRENT, DEFERRED AND PREPAID INCOME TAXES FOR THE PERIOD

Income taxes amounted to € 548 thousand and were made up of the following:

Description	2021	2020	Differences
Current taxes			
- Regional Business Tax (IRAP)	144	140	4
- Corporate Income Tax (IRES)	871	866	5
	1.015	1.006	9
Deferred and prepaid taxes			
- Prepaid			
- Corporate Income Tax (IRES)	(467)	(122)	(345)
	(467)	(122)	(345)
- Deferred			
- Corporate Income Tax (IRES)	0	(14)	14
- Regional Business Tax (IRAP)	0	(2)	2
	0	(16)	16
TOTAL	548	868	(320)

Compared to the previous year, there was an increase in current Corporate Income Tax (IRES) and Regional Business Tax (IRAP) due to the increase in the tax base.

Corporate Income Tax (IRES) deferred taxes of € 467 thousand were recognised for the amounts deductible for tax purposes in future years due to the portion exceeding the limit deductible for tax purposes in the year (5%).

DESCRIPTION	2021			2020		
	Amount of temporary differences	Tax Rate %	Net of tax	Amount of temporary differences	Tax Rate %	Net of tax
Deferred tax liabilities						
- Corporate Income Tax (IRES) deferred tax fund	589	24,00%	141	122	24,00%	29
- Regional Business Tax (IRAP) deferred tax fund	0	3,90%	0	0	3,90%	0
TOTAL	589		141	122		29

The reconciliation between the Corporate Income Tax (IRES) tax charges in the financial statements and the theoretical tax charge is shown below:

Reconciliation between balance sheet tax burden and theoretical tax burden	2021	2020
Earning before taxes	2.048	3.092
Theoretical tax burden (24% tax rate)	491	742
Temporary differences deductible in subsequent years	508	155
Total	999	898
Reversal of temporary differences	(41)	(2)
Total	(41)	(2)
Differences that will not be reversed in subsequent years	(124)	(42)
Total	(124)	(42)
Tax revenue	3.477	3.559
Use of Deferred Tax Provision	-	(14)
Corporate Income Tax (IRES) for the year	367	718

The reconciliation between ordinary and actual tax rates is also shown for Corporate Income Tax (IRES) purposes.

	2021	2020
APPLICABLE ORDINARY TAX RATE	24,00%	24,00%
Impact of increases (decreases) in relation to the standard tax rate:		
- Non-deductible costs	24,43%	5,41%
- Other permanent differences	-7,68%	-1,79%
EFFECTIVE TAX RATE	40,75%	27,62%

The statement for calculating Regional Business Tax (IRAP) can be found below:

The statement for calculating Regional Business Tax (IRAP)	2021	2020
Difference between value and cost of production	12.819	12.402
Differences that will not be reversed in subsequent years	9.258	9.166
Regional Business Tax (IRAP) tax base	3.560	3.236
Regional Business Tax (IRAP) (4.08%)	145	132
Use of deferred tax provision	0	(2)
Regional Business Tax (IRAP) for the year	145	130

The reconciliation between ordinary and actual tax rates is also shown for Regional Business Tax (IRAP) purposes.

	2021	2020
APPLICABLE ORDINARY TAX RATE	4,08%	4,08%
Impact of increases (decreases) in relation to the standard tax rate:		
- Increase:	0,26%	0,19%
- Decrease:	-3,21%	-3,20%
EFFECTIVE TAX RATE	1,13%	1,06%

OTHER INFORMATION

NUMBER OF EMPLOYEES

There were 187 employees, broken down by category as follows:

PERSONNEL	2020	incoming	outgoing	2021	Differences
Executives	-	-	-	-	-
Middle Manages	11	-	-	11	0
Other personnel	173	18	15	176	3
TOTAL	184	18	15	187	3

REMUNERATION TO DIRECTORS, AUDITORS AND THE AUDITING FIRM

Fees paid to the Independent Auditors for the statutory audit amounted to € 21,124 in addition to the relative Italian CONSOB fee, to which € 22,500 was added in 2021 for the audit of the regulatory accounts referring to shunting services provided in 2020, while those due to Directors and Statutory Auditors amounted to € 64 thousand.

The 2021 year-on-year decrease in the “directors” item is due to the reclassification of the CEO's remuneration as seconded personnel costs.

PAYROLL	2021	2020	Differences
Executives	45	203	(158)
Statutory Auditors	19	19	-
TOTAL	64	222	(158)

GUARANTEES AND COMMITMENTS

The Company issued a surety of € 515 thousand, issued by the Euler Hermes Institute, in favour of the Modena Customs Agency. The surety was requested in connection with the activities implemented to obtain the status of Authorised Economic Operator for customs operations and the granting of authorisation for the temporary storage warehouse in Marzaglia.

INFORMATION ON COMPANY MANAGEMENT AND COORDINATION

The core data of the direct parent company as of 31 December 2020 are available on the Company's website www.rfi.it and at the registered office of Rete Ferroviaria Italiana S.p.A. Furthermore, the Company preparing the consolidated financial statements is Ferrovie dello Stato S.p.A with registered office in Piazza della Croce Rossa, 1 - 00161 Rome.

SP	31.12.2020	k€
Assets		
Total non-current assets	39.850.295.200	39.850.295
Total current assets	3.842.991.906	3.842.992
Total assets	43.693.287.106	43.693.287
Net assets		
Share Capital	31.528.425.067	31.528.425
Reserves	172.585.606	172.586
Valuation Reserves	- 175.689.614 -	175.690
Profits (losses) carried forward	2.098.466.919	2.098.467
Profit (loss) for the year	38.291.246	38.291
Total Net Assets	33.662.079.224	33.662.079
Liabilities		
Total non-current liabilities	3.093.501.322	3.093.501
Total current liabilities	6.937.706.560	6.937.707
Total liabilities	10.031.207.882	10.031.208
Total Net assets and liabilities	43.693.287.106	43.693.287
CE		
31.12.2020		
Operating income	2.491.514.177	2.491.514
Operating costs	- 2.158.755.358 -	2.158.755
Depreciation	- 90.141.561 -	90.142
Write-downs and impairment losses (reversals)	- 44.513.422 -	44.513
Provisions	- 127.000.000 -	127.000
Financial income and (expenses)	- 32.812.416 -	32.812
Income Taxes	- 174 -	0
Net profit for the year	38.291.246	38.291

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

Following an audit by ANSFISA (National Agency for Railway and Road and Motorway Infrastructure Safety) in January 2022, the corresponding report was issued highlighting certain procedural non-compliances discovered with regard to the company's Safety Management System.

The required action plan containing the methods and timing of the relevant corrective actions is being drafted.

On 15 February 2022, the Company obtained the Authorised Economic Operator authorisation from the Customs Agency. The authorisation allows for customs operations starting from 19 February 2022.

The company's financial statements for the year ended 31 December 2021 show a net profit of € 1,584,747.

A resolution is proposed to allocate 5% to the legal reserve (amounting to € 79,237.35) and, taking into account the capital expenditure needs, to carry forward the remaining part of the earnings for the period.

Rome, 18 February 2022

For the Board of Directors

The President

Gianfranco Pignatone