

**Consolidated Financial Statements**  
**ATM Group**  
**Financial Statements**  
**ATM S.p.A.**

**2021**





CONSOLIDATED FINANCIAL  
STATEMENTS

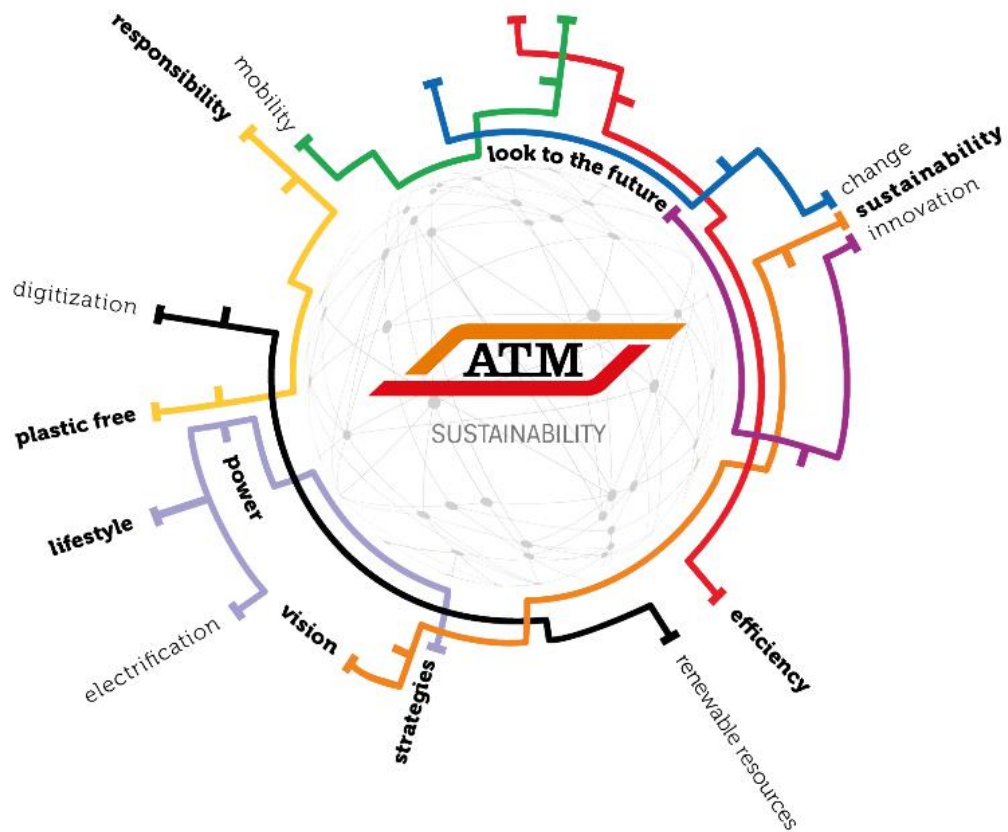
ATM Group

FINANCIAL STATEMENTS

ATM S.p.A.

2021





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

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

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





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## Letter from the Chairperson

Dear Shareholder,

ATM Group's fiscal year 2021 is inserted, for the second year running, in a global scenario characterized by the continuation of the pandemic emergency.

In a year of new complications, the Company has continued in the right direction: firstly from the point of view of the community service, with all the public transportation upgrades and secondly with the reduction of the losses by nearly two-thirds compared with the previous year. In addition, during 2021 ATM has capitalized the experience gained in the first year of the pandemic, facing the emergencies thanks to the expertise and the commitment of all its employees and the constructive dialogue with stakeholders.

The Group's economic and financial results, fully described in the management report, clearly reflect the Company's efforts, correctly addressed in an ongoing troubled scenario, both at a global and sector level: the Group reports a loss in the period of Euro 16 million. Compared to revenues of Euro 1.009,3 Mln (+51.3 Euro Mln vs 2020) and operating costs and charges of Euro 925,9 Mln (Euro +29.2 Euro Mln vs 2020), ATM Group recorded a gross operating margin of Euro 83,3 Mln (Euro + 22.1 Mln vs 2020) and a negative operating result of Euro -13,7 Mln (Euro + 33,7 Mln vs 2020), proposing to cover the loss using reserves. The loss for the fiscal year 2021 of Euro 16 Mln improved by 48,5 Mln compared to 2020.

The Board of Directors proposes to partially cover the loss through the use of capital reserves and by forwarding the residual portion of the loss over to the following year.

ATM Group shareholders' equity is therefore equal to Euro 1.148,8 Mln and substantially aligned to the previous year (Euro 1.149 Mln vs 2020), due to changes in reserves linked to the result of the other comprehensive income, in particular with regards to the reserve generated by the adjustment to the fair value in application of the revaluation model of property, following a specific appraisal.

Revenues, despite being due to overall increase of the period, remain far below pre-pandemic levels; these record lower ancillary businesses and complementary services, such as management of on-street parking of vehicles or the renting of commercial and advertising spaces. With regards to costs, ATM continued to carry the considerable costs related to Covid management, for sanitization, management of the social distance, for individual protection needs and target communication management. This is combined with the trend of increase in maintenance costs, in line with original planning related to the maintenance plans of the fleet.

Regarding costs, it is necessary to emphasize as of now the global increase in energy costs, which we are experiencing worldwide, in a context of instability caused by the invasion of Ukraine and the war. In order to mitigate economic consequences of this increase in costs, it is now more important than ever that companies operating in the public transportation sector need to be classified as "energy-consuming", allowing them to benefit from the announced tax reductions. For ATM, this is even more restrictive considering the process of total electrification of transport services offered already begun, thanks to the realization of the Full Electric Plan. For these reasons, we invite the Shareholder to support us by acting as promoter of this request.

In addition to the progress of the fleet's energy transition Plan, the Company - with commitment and determination in a complex situation - is respecting the objectives of strategic planning that it has set

itself, on the basis of the guidelines set by the Board of Directors and in the implementation of the main projects duly identified.

Within the scope of the Strategic Plan 2021-2025, the commitment to national and international competition continues, also in partnership with other leading companies in their respective fields. For example, ATM is engaged with the French group Egis in the bid for the driverless metro trains of the Grand Paris Express project.

The valorization of acquired competence over the years takes place through a targeted offer of services on the market, always by participation of tenders and consortia.

With regards to digital innovation and with the aim of providing increasingly integrated and accessible mobility services, the implementation of a Smart Mobility platform is at an advanced development stage and will be released by the end of the year.

The structured action for saving and efficiency of operations and procurement procedures is also well under way, without affecting the quality of service and working environment.

The importance of our people has been confirmed as a priority value for the Company, as demonstrated by the ongoing commitment to provide an increasingly positive, motivating, and inclusive working environment, through concrete initiatives of people evaluation and communication projects.

The Company, aware of the urgent necessity to create value for the Shareholder, confirms its full commitment to restoring the Group back to an economic and financial balance, as of the current year. At the same time, we aim to increase the quality levels of all the services offered, to contribute in making Milan an ever more livable and sustainable environment, especially after two years of socio-economic depression. ATM is deeply committed to this journey thanks to the professionalism and dedication of the more than ten thousand people who work every day at the service of the entire community.

The Chairperson  
Gioia Maria Ghezzi

## Our profile

Since 1932, Azienda Trasporti Milanesi S.p.A. (hereinafter also the “Company”, the “Parent Company” or “ATM”) has managed Milan's public transport, a 90-year history at the service of people.

ATM manages public transport and integrated mobility services due to the work of more than 10.000 employees of all the companies of the ATM Group (hereinafter also the “Group”) which, every day, they guarantee the operation of a complex and articulated system on a territory that affects more than 3,3 million inhabitants and that includes the city of Milan and 95 municipalities of Lombardy.

The transport network of the Municipality of Milan and its hinterland of four metro lines with a total extension of about 97 km, to which are added 19 tram lines with over 180 km of network, 134 bus lines and four tramlines covering over 1.500 km. In Milan, the ATM Group also manages the light rail system that connects the city's transport network to San Raffaele Hospital, 25 correspondences parking the control of parking t areas and payment systems and the payment and control system of Area C, the management of the cameras at the entrances of Area B, the service of removal and custody of vehicles and special tourist services including the tram restaurant ATMosphere.

The transport services carried out within the Metropolitan City of Milan, the Provinces of Monza and Brianza, Bergamo and Lecco include the public transport service of the North East Area of the Province of Milan, the urban public transport in the city of Monza and its hinterland. These services consist of 27 car lines that cross 60 municipalities for a total territorial extension of about 668 km. Finally, the management of the Como-Brunate funicular, a plant of great historical and touristic value.

The ATM Group has also been working abroad since 2008 through the subsidiary Metro Service A/S, that manages the Copenhagen M1 and M2 metro lines, one of the first fully automated in Europe. In the Danish capital, Metro Service A/S also won the management of the two new M3 and M4 metro lines (Cityringen), which opened on 29 September 2019 and 28 March 2020 respectively. Metro Service A/S has also been awarded the management of the new line called *greater Copenhagen Light Rail*, which will carry out the transport service to the suburban area west of the city which is due to start in 2025.

Over the years, ATM has accompanied the development and growth of the city and of the hinterland, responding to the changing needs of the people moving on the territory, which consist of integrated and sustainable mobility services, accessible to all, comfortable and safe.

Mobility, the one we are experiencing today, redesigned by the emergency COVID-19 which has caused a heavy impact on the service; Although the number of passengers has declined significantly, with a peak of 95% compared to normal operating conditions, the ATM Group has always ensured, with constant work by all its people, the operation in all phases of the emergency.

New mobility also means a change in people's habits: The Company has responded to the new needs of its citizens with a service enhancement and with the development of many digital innovation projects that, through the ATM app, the company has enabled customers to purchase all tickets and subscriptions of the tariff system, to book an appointment at the ATM Points and to check the attendance in the stations of the subway according to the different times in order to plan their own movements, interventions with the clear aim to guarantee a minimum stay in the station environments to limit the movements as much as possible and to speed up the processes.

Continuous innovation at the service of the environment, as well: *The Full Electricplan*, undertaken by ATM since the end of 2017, has among its primary objectives, , the improvement of the service in terms of efficiency and environmental sustainability. The investments, which in 2020 enabled the acquisition

of 30 new trolleybuses, are contributing concretely to the renewal of the fleet by electric and hybrid means and to the progressive divestiture of diesel-powered vehicles. The goal is in 2030 the complete conversion of the fleet to electricity and the reduction of 75,000 tons of CO<sub>2</sub> each year.

## **ATM Group and the COVID – 19 emergency**

The evolution of the pandemic linked to the spread of COVID-19 has led to a change in public mobility, which has necessarily added the new needs linked to health safety and responsibility to the priorities as always: Services adapted to customer demand and punctuality of public means.

For these reasons, ATM continues to operate by investing in real-time detection and information platforms for crowding levels, supply planning systems to provide adequate transport capacity based on demand, and solutions for monitoring and surveillance of distance compliance in metropolitan and surface stations.

In summary, ATM continued to operate on the following guidelines in 2021:

- ensure compliance with health measures in the area of social distance;
- create confidence in the public transport system users;
- offer greater digitization of ticketing and information services;
- manage efficiently the resources

ATM also participates actively in the coordination tables, chaired by the institutions, to define the most appropriate connection between the start and end times of the didactic activities and the times of the local, urban and extra-urban public transportation services, depending on the availability of usable means of transportation, the aim is to facilitate the flow of workers and students into public transportation systems resulting from their return to schools.

### **Regulatory interventions**

The Italian Government with the “Revival Decree” D.L. 34 of May 19, 2020 - Art. 200 paragraph 1 (converted with modifications by Law no. 77 of 17 July 2020), states that “in order to support the local and regional public passenger transport sector subject to public service obligations as a result of the adverse effects of the epidemiological emergency from COVID-19, a Fund with an initial budget of Euro 500 million for the year 2020 is set up at the Ministry of Infrastructure and Transport, this is intended to compensate for the reduction in tariff revenues for passengers in the period from 23 February 2020 to 31 December 2020 compared to the average tariff revenues for passengers recorded in the same period of the previous two-year period”. ATM S.p.A. as operator of *a service contract under gross cost* has not benefited from such interventions, except for the resources intended to finance additional public transportation services, which have been recognized by the body entrusted to the final service manager. On the other hand, the subsidiary NET S.r.l. , being a signatory to *a net cost contract*, has benefited from both resources. The regulatory measures described below relate to companies operating in Italy, except the Danish subsidiary Metro Service A/S which has not received any contribution.

The “Re-launch Decree” also establishes further measures concerning the local public transport sector: and companies operating in Italy.

- D.L. No. 34 of May 19, 2020 (art. 200, paragraph 1), which established a fund with an initial budget of EUR 500 million for the year 2020 at the Ministry of Infrastructure and Transport, to compensate for the reduction in tariff revenue for passengers in the period from 23 February 2020

to 31 January 2021 (Originally the term was December 31, 2020, then modified by D.L. n. 137 of 2020), compared to the average of tariff revenue for passengers recorded in the same period of the previous two years. The beneficiaries of the Fund are local and regional public transport companies, *entities with gross cost service contracts*, the Government Management of Lake Navigation, the Government Management of the Circumetnea Railway and the concessionaire of the Domodossola Swiss border railway service.

- D.L. n. "14" of August 2020 (art. 44 paragraph 1), which increased the fund described above by an additional 400 million euro which could be used, up to a maximum of 300 million euro, to finance additional local and regional public transportation services for students, which are required to meet the transportation needs resulting from the implementation of the containment measures deriving from the application of the Guidelines for information to users and the organizational modalities for the containment of the diffusion of COVID-19 in the field of public transport and of the Guidelines for dedicated school transport.
- Legislative Decree no. 28 of 2020 October 1988 (art. 22-ter paragraph 2) which extended the period defined by D.L. n. 34 from 23 February 2020 to 31 January 2021 and increased the same fund by a further 390 million euro for the year 2021 which can be used, in addition to the same purposes as Article 200 of the 34 Decree, also for financing, up to a limit of 190 million euro, Additional local and regional public transport services, also for students, which took place in 2021 to meet the transport needs resulting from the implementation of the containment measures of COVID-19.
- Law 178 of 30 December 2020 (art. 1 paragraph 816), Law on the "*State budget for the financial year 2021 and the multiannual budget for the three-year period 2021-2023*", It has established a special fund with a budget of 200 million euro for the year 2021 for the financing of additional local and regional public transportation services in the Autonomous Regions and Provinces of Trento and Bolzano. The fund is set up to allow additional local and regional public transportation services, also for students, necessary to meet the transport needs resulting from the implementation of containment measures resulting from the application of the guidelines for information to users and the organizational arrangements for containing the diffusion of COVID-19 in the field of public transport and the guidelines for dedicated school transport,
- D.L. No. 41 of 22 March 2021 (art. 29), which increased by a further 800 million euro for 2021 the resources initially allocated by D.L. n. 34/2020 and intended to compensate for the reduction in tariff revenue for passengers, as a priority during the period from 23 February 2020 to 31 December 2020 and, for the remainder, until the end of the application of the restrictions on the maximum capacity of public transport equipment, compared to the average passenger tariff revenue recorded in the same period of 2018-2019.
- D.L. No. 73 of May 25, 2021 (art. 51 paragraph 1), which increased the fund provided for by Law 178 by a further 450 million euros for the year 2021. These resources shall be used to finance the additional services planned to meet the effects of the limitations on the capital requirements. It also provided that part of the Fund's resources, up to a maximum of EUR 45 million, could be used to compensate for the increased costs incurred for the disinfection and sanitation of means of transport. The allocation of these resources is subject to a decree of the Minister for Sustainable Infrastructure and Mobility, in agreement with the Minister for Economic Affairs and Finance, after agreement at the Unified Conference, to be adopted within sixty days from the date of entry into force of the law of conversion of D.L. n. 73/2021.

## Summary table of government measures and allocated resources

Reference standard	Resources allocated	Of which for no revenue	Of which for additional services
D.L. No. 34 of May 19, 2020 (art. 200, paragraph 1)	€ 500 million	€ 500 million	-
D.L. n. "14" of August 2020 (art. 44 paragraph 1)	€ 400 million	€ 100 million	€ 300 million
Legislative Decree no. 28 of 2020 October (art. 22-ter paragraph 2)	€ 390 million	€ 200 million	€ 190 million
Law 178 of 30 December 2020 (art. 1 paragraph 816)	€ 200 million	-	€ 200 million
D.L. No. 41 of 22 March 2021 (art. 29)	€ 800 million	€ 800 million	-
D.L. No. 2021 May 73 25 (art. 51 paragraph 1)	€ 450 million	-	€ 450 million
<b>Total</b>	<b>€ 2.740 million</b>	<b>€ 1.600 million</b>	<b>€ 1.140 million</b>

The acts that defined the liquidation and allocation of resources to the regions, to the bodies (TPL agencies or Municipalities), and finally to the transport companies were issued from the resources allocated by the Italian Government. The implementing acts are as follows:

- Interministerial Decree No. 340 of 11 August 2020, which provided for the allocation of 412,5 million euro to the regions as an advance; Interministerial Decree no. 411 of 29 December 2020, which made provision for the allocation of EUR 87,5 million to the regions as a balance. With these decrees, the euro 500 million fund, allocated by D.L. n. 34 of May 19, 2020 to compensate for the lack of revenue for local public transport companies in *the period of lockdown*, is completely liquidated.
- Interministerial Decree No. 541 of 3 December 2020, which made provision for the allocation of EUR 100 million for lost revenue to the regions as an advance. Interministerial Decree No. 33 of 27 January, which provided for the final allocation of EUR 58,9 million to the autonomous regions and provinces, for additional services and re-allocation of Euro 91,1 million to resources to cover the loss of revenue from the remaining resources for additional services. Interministerial Decree No. 411 of 29 December 2020, which ordered the regions to be cleared, by way of compensation, of the amount of EUR 146 million for lost revenue and of the amount of EUR 4 million for the compensation of the advance for additional services. With these decrees, the euro 400 million fund, which was allocated by Legislative Decree No. 104 of 14 August 2020, is completely liquidated.
- Interministerial Decree No. 61 of 4 February 2021, which provided for the allocation of EUR 295 million as an advance to the regions; of which EUR 195 million was applied to D.L. 137 of October 28, 2020 (of which EUR 100 million for lost revenue and EUR 95 million for additional services) and EUR 100 million was applied to Law No. 178 of December 30, 2020.
- Interministerial Decree No. 489 of 2 December 2021, which provided for a revenue-loss allowance to be allocated to the regions for 2020, 614,3 million euros have already been cleared in December 2021 and as an advance for lost revenue in 2021. Of the 64,5 million euros, both from D.L. 41 of March 22, 2021, which was still pending liquidation.

Specific interventions have been designed to assist the school service: The budget law 2021 (paragraph 790) established a Fund in the Ministry of Infrastructure and Transport's forecast state, in order to allow the provision of school transportation services in accordance with the measures to limit the diffusion of COVID-19 contained in the D.L. n. 19/2020 and no. 33/2020. For the fiscal year 2021, the fund's budget

is EUR 150 million. The D.L. n. 104/2020 also provided municipalities with Eur 150 million for the provision of additional school transportation services.

*The table below shows the regulatory measures and the amounts paid by the Italian Government as an advance for the Lombardy Region, and consequently for the Bacino Metropolitan City Agency of Milan, Monza and Brianza, Lodi and Pavia, and finally for the contracting entities Municipality of Milan and North East Transport (values in thousands of euros)*

Amounts in €/000	D.L. 34 of May 19 2020	D.L. 104 of 14 August 2020	D.L. 137 of 28 October 2020	Law 178 of 30 December 2020	D.L. 41 of 22 March 2021	D.L. 73 of 25 May 2021	Total
Amounts allocated at national level	500,000	400,000	390,000	200,000	800,000	450,000	<b>2,740,000</b>
Deposits settled at the National level (deposit)	500,000	400,000	195,000	100,000	614,304	-	<b>1,809,304</b>
Deposits cleared and due to the Lombardy Region	119,324	87,049	46,885	24,232	221,777	-	<b>499,266</b>
Cleared payments for local public transport agency in Milan, Monza and Brianza, Lodi and Pavia	82,790	66,888	23,815	14,741	151,290	-	<b>339,523</b>
Settlement of payments to the Municipality of Milan (*)	50,309	36,752	18,205	14,557	141,852	-	<b>261,674</b>
Net deposits cleared (*)	1,119	850	405	631	2,652	-	<b>5,657</b>

\* Values refer to both resources for reduced income and additional services

\*\* the values collected are gross of the withholding tax

### Regulatory interventions for investments

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

The main component of the NGEU program is the Recovery and Resilience facility (RRF), which lasts six years, from 2021 to 2026, and has a total amount of €672,5 billion (312,5 grants, the remaining €360 billion subsidized loans).

The recovery and resilience plan presented by Italy foresees investments and a coherent package of reforms, to which resources are allocated for €191,5 billion financed through the recovery and resilience mechanism and for €30,6 billion through the complementary Fund set up under the Legislative Decree no. 59 of 6 May 2021, based on the multiannual budget deviation approved by the Council of Ministers on 15 April. The total amount of funds projected are therefore EUR 222,1 billion.

In addition to these resources, the react-EU program has made an additional 13 billion dollars available for spending in the years 2021-2023, as specified in EU legislation.

The plan is divided into six missions based on four strategic axes that are shared at the European level: **Digitalization and innovation, environmental transition, and social inclusion**. It is an intervention aimed at repairing the economic and social damage caused by the pandemic crisis, assisting in the resolution of the Italian economy's structural weaknesses, and assisting the country on a path of ecological and environmental transition.

In particular, the second mission "**the Green Revolution and the Ecological transition**" provides a total of 68,6 billion with the main objectives of improving the sustainability and resilience of the economic system and ensuring a fair and inclusive environmental transition. As far as local transport is concerned, among the levers aimed at increasing its sustainability there is a program of great renewal of the obsolete bus park toward low/zero emission solutions (e.g., renewal of the bus park composed of

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

The 4.4 investment of this mission on the renewal of green buses and trains, amounting to 3,64 billion euros (of which 1 billion and 905 million euros dedicated to green buses), foresees the purchase by 2026 of around 3.360 low-emission buses, with the compulsory intermediate passage of at least 800 means already by the end of 2024. In order to give a strong boost to sustainable mobility and improve air quality in areas with higher levels of PM10 and nitrogen dioxide pollution, approximately one-third of the resources have been directed to major Italian cities including Milan, to which Eur 249 million has been allocated.

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

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

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

## **Significant events in 2021**

### **Activities in Italy**

#### **Service contracts**

- > March 17, 2020 – the Government, with D.L. n. 18 of March 17, 2020 (converted into Law no. 27 of April 24, 2020), with art. 92, paragraph 4b, has established that *'until the end of the containment measures for the COVID-19 virus, all ongoing procedures relating to the delivery of local public transport services may be suspended, With the option to extend the current mandate to 23 February 2020 until twelve months after the declaration of conclusion of the emergency; [...]*, the deadline currently set at 31.03.2022 by D.L. n. 221 of 24 December 2021, converted into law with modifications L. n. 11 of 18 February 2022;
- > May 28 , 2021 – Lombardy Region, with art. 30 of Regional Law No 8 of May 25, 2021 – published in BURL No 21 supplement of May 28, 2021 – provides that *“in view of the epidemiological effects of COVID-19 and the difficulties for local public transport agencies to have a stable economic and financial framework for The adoption of the preparatory acts necessary for the start of the tasks, the Agencies shall carry out the procedures for entrusting local public transport services, in accordance with Article 22, paragraph 2, within two years of the end of the state of emergency.”*
- > 24 December 2021 - the Italian Government with D.L. n. 221 of 24 December 2021 *“Extension of the state of national emergency and further measures to limit the spread of the outbreak from COVID-19”* extends the state of emergency to the end of 31 March 2022.



- > December 30, 2021 – the Municipality of Milan, with top Executive determination (“Determinazione Dirigenziale”) n. 12257/2021 provides for the continuation of the “*Contract for local public transport and related and complementary services*”, in accordance with the tender documents and the original contract. ATM S.p.A. and the Milan Board of entrusted to the following contracts:
  - Local and related and complementary public transport services until 31 December 2023;
  - Parking control, parking management and removal of vehicles until 31 December 2023;
  - Service for the implementation and management of the Bike Sharing sustainable mobility system until 31 December 2022;
  - Management service for payment systems for access to Area C (and Area B) until 31 December 2022;
  - Maintenance and management service of SCTT systems, technologies and installations: Until 30 June 2022, with the possibility of renewal in the Municipality of Milan for a further period of six months.
  
- > 31 December 2021 - with determination no. 77, the Bacino Agency has extended the deadline until 31 December 2023 of all existing Service contracts with the company Nord Est Trasporti S.r.l. relating to the management of the car service outside the urban area within two territorial areas, Milan and Monza and Brianza and the city car service of Monza and part of the urban area connections (municipalities of Brugherio, Muggio, see Al Lambro, Villasanta, Arcore).

#### National collective Labor Agreement (AutoFerrovieri)

- > 17 June 2021 – the contract renewal between the sector Companies and the trade unions is signed, the agreement covers the period from 1 January 2018 to 31 December 2020, effectively regulating the previous renewal which expired on 31 December 2017. The agreement provides for the recognition of a “*one-off*” economic share to be paid in two tranches in July and October 2021. On that same date, the parties also made a commitment to continue negotiations and agreements on other wage claims in the autumn. However, the year 2021 was concluded without the signing of another national level agreement and therefore the renewal of the regulatory part of the CCDL, as well as the economic cover for the year 2021, remains to be defined. This situation has led, in the last part of the year, to an increase in conflict with the execution of strikes in support of the renewal of the CCDL.

#### Innovation

- > 6 May 2021 – ATM , in collaboration with the Municipality of Milan, Politecnico di Milano, Vodafone and IBM, within the Joint Research Lab for urban, electric, autonomous and connected mobility announces the “*tech BUS*”, experimental project concerning a first trolley of the line 90/91. The experimentation concerns in particular the section of Viale Abruzzi, with assisted steering systems in the management of traffic lights and junctions in particular:
  - Traffic light precedence - the solution provides the driver with the status of traffic lights along the route and recommends the appropriate speed to synchronize with the traffic light green wave, thus improving passenger comfort and service efficiency. The development of a dynamic control system for traffic-light signaling on a 5G network is envisaged, which will allow priority to be given to the public medium, for example during the peak band or in case of delay on the time table;

- traffic information and crossing management - using algorithms, which process real-time video images and information collected by sensors along the road, it will be possible to signal to the driver and the trolley bus the presence of obstacles obstructing the route. or of a vehicle arriving at the next crossing, or of the approaching of people to the next pedestrian crossing. In these cases, the driver is alerted with a visual or audible signal by a monitor next to the driver's station and can be helped to pay particular attention to driving along the way.
- Stop control - the technological equipment present at the shelters informs the driver, for example, how many passengers are waiting, whether the area around the stop is fully accessible and what the flow of the passengers up and down from the trolley is. In addition, information on the load status of the vehicle can be sent from the trolley bus to the shelter.

This is a first step toward autonomous driving, the aim of the project is to improve the regularity and safety of local public transport. The current *chrono* program foresees that in two years the project can be extended to the other trolleybuses of the ATM fleet in service on the line 90/91, which will progressively enter the experimentation.

- > As part of the Full Electric project, which provides for the replacement of the entire fleet of diesel buses by zero emission vehicles by 2030, the first *opportunity chargers have been installed in 3 locations* that allow the new electric buses to carry out an ultra-fast charging directly in line.
- > *Mobility as a Service*, toward the integration of mobility services. In line with the ATM Group's strategic plan, the development of the “Maas” project has been initiated, which aims to create an integrated platform that has local public transport as a backbone and can integrate all the different public and private transport services, that gravitate on the Metropolitan City of Milan.

### Sustainability

- > September 29, 2021 - opening of the first bicycle parking by metro. The new bike station is part of a wider project of ATM and the Municipality of Milan, which aims to create an increasingly integrated mobility system, promoting the use of two wheels and public transport for its own movements.
- > October 21, 2021 - Installation of the first eco-compactors, for the recycling of PET plastic, inside company offices (Monte Rosa and Cascina Gobba M2 metro line). The aim of the project is to raise awareness among ATM employees and passengers about plastic recycling and circular economy policies.
- > Planting with 330 forest trees in the San Donato warehouse with the contribution of the company employees, directly involved in the forest work.
- > Construction of a green wall in the Giambellino depot. The work of 350 square meters is part of the European Horizon 2020 project within *the clever Cities Plan* and has seen the participation and contribution of the local community and the Polytechnic of Milan.

### Solidarity

- > December 2021 - for the setting up of 65 beds to provide shelter to persons without a fixed residence, ATM makes available to a cooperative entrusted by the Municipality of Milan the area of the corridor that leads to the exits of Piazza Duca d'Aosta/via Vitruvio at the railway station FS of the subway line M2; the corridor is made available from 20.00 a.m. each evening to 7.00 a.m. the following morning for the whole period of the initiative (16 December 2021-13 march 2022), during which it remains closed to the public.

## Customer care and communication campaigns

- > January 2021 - in line with the guidelines of the “Milan School Pact” aimed at supporting recovery in the presence of the didactic activities of high schools, ATM launches a new communication campaign aimed at inviting people not to travel, if not necessary. during peak hours between 7 and 9.30, informing them also of the service enhancement. For the diffusion of the messages ATM uses all the communication channels at its disposal; it also delivers an ad hoc travel rule guide and a digital student handbook with recommendations for safe travel that it publishes on social channels and the site and sends to school executives.
- > January 2021 - ATM publishes the new layout of the network scheme present in the stations, on board the trains and on its digital channels improved in the aspects of consultation.
- > May 10, 2021 - ATM, with the launch of the dedicated campaign, starts the celebrations of the anniversary of its birth on May 22, 1931, when the Municipal Tram Company was established. The campaign, marked by a specially created logo, is a journey through time that, through photographs of the past owned by the company's historical archive and contemporary images, has the objective of illustrating the strong link with the urban fabric, photographic shots that tell the evolution of public transport in Milan, the primary role of ATM in the city's growth path and the daily commitment of ATM people to serving the community. To celebrate the anniversary, ATM also issues a special ticket bearing the 90-year-old logo.
- > July 2021 - the Company launches the promotional campaign on the free renewal of the electronic card, due by November 30, 2021, valid for twelve months, And the campaign on the purchase or online renewal of the electronic card with the advantage of free delivery to the chosen address in the municipalities of the metropolitan city of Milan and in the province of Monza and Brianza.
- > August 2021 - ATM opens seventh ATM Point, ticket and subscription sales point and information office at Zadar station of the M3 metro line.
- > November 2021 - with the documentary series “ATM uncovered” the Company opens virtually the doors of its offices by streaming five thematic episodes on the ATM world told by its people on YouTube and Instagram. The promotion campaign of the event is spread through all the communication channels available to ATM.
- > December 2021 - ATM opens its online historical archive to the public and, with a dedicated campaign, presents it through the publication of the photographic section with a first selection of 3.000 images made up of shots dating from the end of the 19th century to the 70 years of the 20th century, they testify to the many aspects of the Company's activity and its history.

## Infrastructure interventions

- > September 2021 - conclusion of the contract for the renovation of the signaling plant for the M2 metro line. The project financed by ministerial contributions and the Municipality of Milan will ensure a safer and more efficient service management, allowing an increase in the frequency of train passage and consequently an increase in the capacity of passengers transported per hour. In close association with the intervention on signaling systems, the renovation of the armament is entrusted. The works, started in the summer of 2021, are aimed at the renewal of some sections of line in which the armament has suffered a performance decay of mechanical components or has been realized with technical solutions that do not allow the expected increase of the driving speed from 70 km/h to 85 km/h.

## The recruitment campaigns

- > February 15, 2021 - The recruitment campaign is launched, with the aim of finding new resources to fill positions in various professional areas. The company's hiring strategy also aims to improve gender balance within the Group by increasing the presence of women in a sector that has traditionally been associated with men.

## Activities abroad

### Management of the Service during the emergency COVID-19

- > In Copenhagen, the subsidiary Metro Service A/S inevitably had to manage and adjust the service during the second wave of pandemics. The maximum number of passengers per train has been reduced by 75% from January to April, by 50% from April to May and by 35% from June 2021. As of August, the only additional measures required were the dispensers of sanitizing gel and additional cleaning. Subsequently, in December 2021, the Danish Government reintroduced social restrictions such as the obligation to wear the surgical mask, the Green Pass to access the restaurant and the lock down from 22.00 a.m.

The control activity in the period from January to April 2021 was suspended and hygiene measures were improved through increased cleaning services on cars and on the quay as well as the installation of sanitizing gel dispensers. In addition, a customer awareness campaign on the correct behavior to be carried out through the application of information signs both in the stations and in the trains has been carried out.

- > For employees, Metro Service A/S has favored remote work, particularly for administrative staff. for workers of other functions, it has required the use of safety devices and has defined instructions on the behavior to be taken to ensure separation in both internal and external structures such as canteen structures. Specific instructions have been defined for on-site access, particularly for control room personnel, in order to mitigate the risk of infection among staff.

## Business expansion

- > July 29, 2021 - ATM S.p.A., A.T.A.C. S.p.A. and Azienda Napoletana Mobility S.p.A. sign an agreement that provides for the collaboration in the realization of a common project of sustainable mobility on the transport networks managed by them respectively (Milan, Rome and Naples) allowing the transition from traditional diesel-fueled bus fleets to zero-emission fleets. The objectives of the project are:

- 1) Sharing of their know-how on the management of local public transport and its infrastructure;
- 2) The definition of the technical characteristics and standard costs of buses and their infrastructure;
- 3) The preparation of the financial plan and all necessary and/or appropriate documentation for the purposes of the Presentation of the application for access to the financing of the National Recovery and Resilience Plan (investment program that Italy has presented to the European Commission in the framework of *the next generation EU*, Indicates among the six “priority missions” those of the “Green Revolution and the ecological transition” and the implementation of “infrastructure for sustainable mobility” by allocating to them financial resources to be used by 2026);

- 4) the preparation of the administrative and technical documentation necessary for the purpose of the invitation to tender for the purchase of new means and infrastructures as defined in point 2.
- > On 5 August 2021, ATM S.p.A., A.T.A.C. S.p.A. and the Neapolitan Mobility S.p.A. constitute the “Full Green Consortium” whose purpose is to implement the collaboration project described above. The Consortium is set up with a consortium fund of 450.000 euros to which each company adheres in equal way for 150.000 euros. In addition to the three constituent companies, other local public transport operators will be able to join the Consortium.
  - > In September 2021, ATM , as part of the invitation to tender issued by the local authority in Dubai, delivered the offer for the management of the surface transport service with bus of the city of Emiratina. The tender consists in the allocation in 2 lots of the 120 lines that make up the network of the city of Emiratina.
  - > In view of the participation in the tenders given by the transport authority in the Ile de France basin, the temporary grouping of ATEMIS companies has been created in partnership with the French engineering company Egis. The main objective is the calls for O&M contracts for future automatic metropolitan lines forming part of the Grand Paris Express project.

### **Corporate Governance**

- > March 30, 2021 – the General shareholders meeting of the of North-East Trasporti S.r.l. decides to change the governance, passing from a Single Director to a Board of Directors composed of a Chairman and two Directors.
- > April 7, 2021 – the Shareholders’ Meeting of Rail Diagnostics S.p.A. decides to change governance, moving from a Single Director to a Board of Directors composed of one Chairman and two Directors.
- > June 28, 2021 – the Board of Directors approved the updating of the ATM S.p.A. Organization, Management and Control Model (Model 231), including the underlying *risk assessment and gap analysis documents*. This update was necessary in order to transpose the regulatory and organizational changes since the last update of December 2018.
- > 28 July 2021 – the Board of Directors of International Metro Service S.r.l. approves the updated 231 model of the company, including the underlying *risk assessment and gap analysis documents*. This update was necessary in order to transpose the regulatory changes since the adoption of the model in October 2019 with *risk assessment* based on the regulations until December 2018.
- > October 12, 2021 - the Shareholders' Meeting of ATM Servizi diversificati S.r.l. decides:
  - To change the company name from the original “ATM Servizi diversificati S.r.l.” to the current “CityLink S.r.l. - Smart mobility by ATM” (hereinafter “CityLink”);
  - to modify the social object in order to reflect the new activity addressed to the smart mobility sector;
  - To change *governance*, moving from a single Director to a Board of Directors, with a Managing Director in it.

The newly established Board of Directors of CityLink, in view of the significant and substantial statutory changes inherent in the company's core business, subsequently decided to review the

work carried out until October 2021 for the updating of the 231 model, Therefore, a new *risk assessment activity 231* is necessary in relation to the new specificities, with the aim of drafting the model 231 of CityLink in 2022.

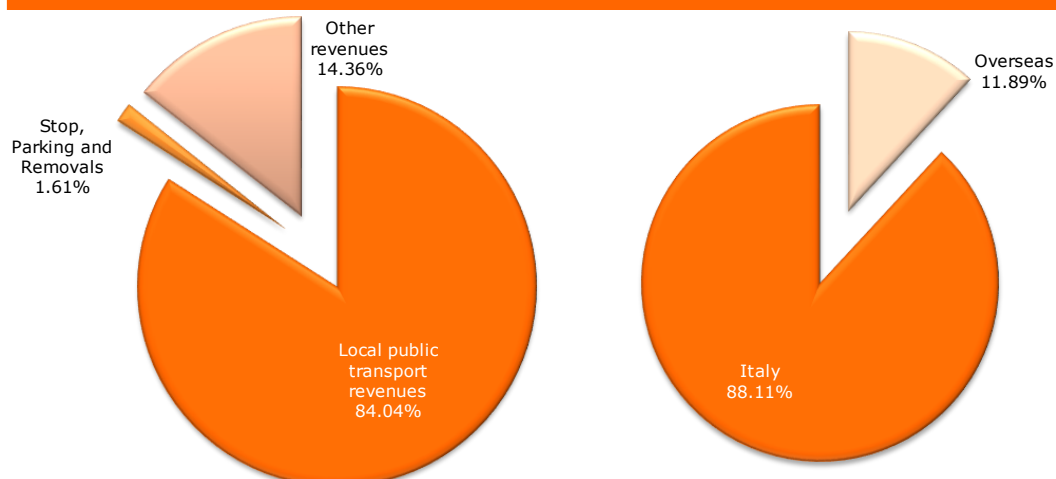
- > October 29, 2021 – the sole administrator of GESAM S.r.l. approves the updated model 231 of the company, including the underlying *risk assessment and gap analysis documents*. This update was necessary in order to transpose the regulatory changes since the adoption of the model in June 2019 with *risk assessment* based on the regulations until December 2018.
- > November 22, 2021 – the Board of Directors of ATM S.p.A. has defined the new Guidelines – addressing – ICRMS (Internal control and risk Management System) Which form the framework for the Internal control System and risk Management and are based on the principles and guidelines that must inspire the design, operation and development of a complete, adequate control system, functional and reliable to ensure a healthy and prudent management, oriented to the achievement of sustainable success in the long term, in line with the approved strategic and industrial plan.
- > December 2, 2021, - the Board of Directors of Rail Diagnostics S.p.A. approves the updated model 231 of the company, including the underlying *risk assessment and gap analysis documents*. This update was necessary in order to transpose the regulatory changes since the adoption of the model in June 2019 with risk assessment based on the regulations until December 2018.
- > December 13, 2021 - the Board of Directors of ATM S.p.A. approves the updating of the anti-corruption and transparency model (act model), adopted on a voluntary basis as ATM believes in respect of correctness and transparency and repudiates all forms of corruption.
- > December 20, 2021 – the Board of Directors of Nord Est Transport S.r.l. approves the updated model 231 of the company, including the underlying *risk assessment and gap analysis documents*. This update was necessary in order to transpose the regulatory changes since the adoption of the model in June 2019 with risk assessment based on the regulations until December 2018.

## Financial Highlights of the ATM Group

### Main economic indicators (millions of euros)

	2021	2020	2019
Revenues and other operating income	1,009.3	957.9	980.7
Costs and other operating charges	926.0	896.8	867.2
EBITDA	83.3	61.2	113.6
<i>% of "Revenues and other income"</i>	<i>8.3%</i>	<i>6.4%</i>	<i>11.6%</i>
EBIT	(13.7)	(47.4)	6.3
<i>% of "Revenues and other income"</i>	<i>(1.4%)</i>	<i>(4.9%)</i>	<i>0.6%</i>
Net Profit	(16.0)	(64.5)	9.2
<i>% of "Revenues and other income"</i>	<i>(1.6%)</i>	<i>(6.7%)</i>	<i>0.9%</i>

### 2021 Revenues - by nature and geographical area



### Key equity indicators (millions of euros)

	2021	2020	2019
Fixed assets (tangible and intangible)	1,299.5	1,308.9	1,287.1
Equity	1,148.8	1,149.2	1,226.7
Net Financial Position	1.9	(25.6)	(133.1)
Investments	72.7	139.9	155.4

### Key financial indicators (millions of euros)

	2021	2020	2019
ROI	(1.0%)	(3.5%)	0.5%
Net Invested Capital	1,405.7	1,372.7	1,336.3
EBIT	(13.7)	(47.4)	6.3
ROE	(1.4%)	(5.6%)	0.7%
Equity	1,148.8	1,149.2	1,226.7
Net profit	(16.0)	(64.5)	9.2

## **Comparability of data and alternative performance indicators and definitions**

### *Comparability of data*

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

### *Alternative performance indicators and definitions*

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

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

- Gross operating margin (gross operating margin): equal to the difference between “*total revenues and other operating income*” and “*total costs and other operating expenses*” is directly deducible from the consolidated income statement, as supplemented by the relative explanatory notes. However, this indicator is not defined by the International Financial Reporting Standards accounting standards; it could therefore be inhomogeneous and therefore not comparable with that presented by other groups.
- MOL margin: is calculated as the ratio between Gross Operating Margin and revenues.
- Operating result: Represents the “operating result” directly available from the consolidated and operating income statement.
- Margin on operating profit: This is calculated as the ratio between operating profit and revenues.
- Alternative performance *underlying indicators*: the results of the year and their comparison with those of the comparison exercise may include unusual (not repeated in the future) or non-operational performance-related elements, which significantly and unevenly and systematically influence the results of the Group and the Company over time, by generating effects which may not allow a correct interpretation of the normalized profitability of the Group and the Company during the period compared with the normalized profitability of the previous and future periods, thus limiting the informative value of the synthetic comparative profit and loss account (consolidated and for the period) and of the comparative profit and loss statement (consolidated and for the period) prepared in application of IAS 1. These components are highlighted in the paragraphs “Comment on the financial results of the ATM Group” and “Comment on the financial results of ATM S.p.A.” of this Management Report.
- Investments: They represent the sum of the investments indicated in the notes “Property, plant, and equipment” and “other intangible assets” of the consolidated and financial statements.



- Net financial position (net financial debt): Determined, as provided for in ESMA guideline 32-382-1138, as the sum of *net current financial debt* and *non-current financial debt*, both including financial debt for leasing contracts ex International Financial Reporting Standards 16. “*Net current financial debt*” means the algebraic sum between Cash and cash equivalents, equivalent means, current financial assets (such as securities held for trading) and current financial debt.

## Operational Highlights – ITALY

### TOTAL NETWORK <sup>1</sup>

Area served (km <sup>2</sup> )	656	Passengers transported (mln)	415.0
Municipalities served	46	Km travelled (mln)	159.0

### METRO NETWORK

Number of metro lines	4	Vehicle fleet (Engines and carriages) <sup>4</sup>	1.001
Network length (km) <sup>2</sup>	96.8		
Plant length (km) <sup>3</sup>	215.9		

### BUS NETWORK

Number of lines	134	Vehicle fleet <sup>4</sup>	1,283
Network length (km) <sup>2</sup>	1,268.0	Average age of the fleet in use (years)	8.7

### TRAM NETWORK <sup>5</sup>

Number of lines	19	Vehicle fleet <sup>4</sup>	493
Network length (km) <sup>2</sup>	180.3		
Plant length (km) <sup>3</sup>	285.1		

### TROLLEY BUS NETWORK

Number of lines	4	Vehicle fleet <sup>4</sup>	137
Network length (km) <sup>2</sup>	38.8		
Plant length (km) <sup>3</sup>	85.8		

<sup>1</sup> Figures concern the service carried out by ATM in the Metropolitan City of Milan

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

<sup>3</sup> Plant lines in operation and air network are considered

<sup>4</sup> Owned vehicles

<sup>5</sup> The Milan - Desio Interurban tramway is also temporarily suspended (replacement bus service from 1 October 2011)

## Operational Highlights – ITALY

### SERVICES CARRIED OUT IN THE METROPOLITAN CITY OF MILAN, PROVINCES OF MONZA AND BRIANZA, BERGAMO AND LECCO <sup>6</sup>

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Area served ( <i>km</i> <sup>2</sup> )	668.2	Number of lines	27
Municipalities served	60	Network length ( <i>km</i> )	390.8
Passengers transported ( <i>mln</i> )	6.5	Vehicle fleet	126
Km travelled ( <i>mln</i> )	8.3		

### CAR PARKS & ON-STREET PARKING

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Car parks <sup>7</sup>		On-street	
Number	25	Car spaces	101,084
Car spaces	19,854		
Entries	3,047,533		

### COMO - BRUNATE CABLE CAR

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Network length ( <i>km</i> )	1.1	Km travelled	41,871
Passengers transported ( <i>mln</i> )	0.6		

### CASCINA GOBBA - H. SAN RAFFAELE MINIMETRO

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Network length ( <i>km</i> )	0.7	Km travelled	87,829
Passengers transported ( <i>mln</i> )	0.4		

<sup>6</sup> Figures concern the service carried out by NET in the Metropolitan City of Milan, and in the Provinces of Monza and Brianza, Bergamo and Lecco

<sup>7</sup> The No vara-Trenno car park is also considered with 1,613 places.

## ***Operational Highlights –OVERSEAS***

### **METRO COPENHAGEN**

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Area served ( <i>km<sup>2</sup></i> )	162	Number of lines	4
Municipalities served	3	Network length ( <i>km</i> )	38.7
Passengers transported ( <i>mln</i> )	73.6	Vehicle fleet	71
Km travelled ( <i>mln</i> )	33.4		

## Corporate board

### Board of Directors <sup>1</sup>

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

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Managing director	Arrigo Giana
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### Board of Statutory Auditors <sup>2</sup>

Chairman	Salvatore Rino Messina
Statutory Auditors	Antonella Andreina Conti
	Margherita Molinari
Alternate Auditors	Monica Rossana Bellini
	Maurizio Bocca

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<b>Independent Audit firm <sup>3</sup></b>	Deloitte & Touche S.p.A.
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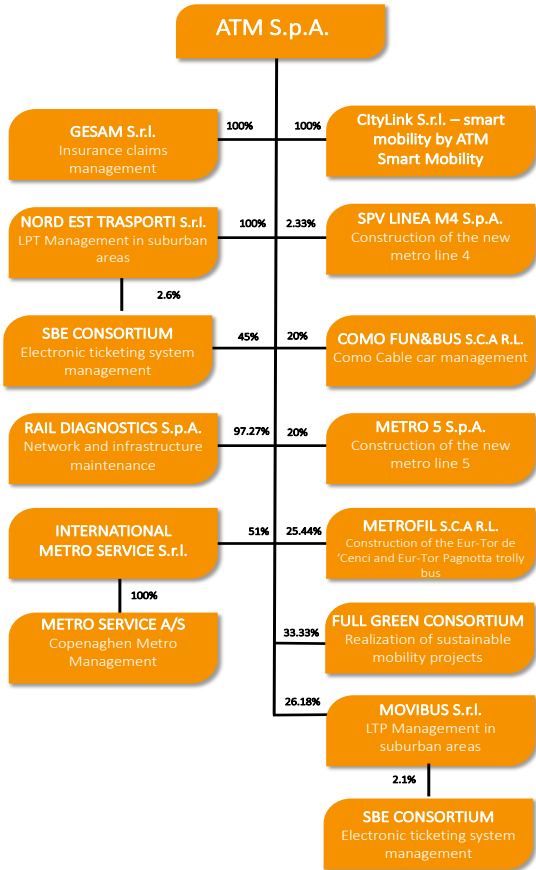
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1. The Board of Directors of five members was appointed by the Shareholders' Meeting of April 15, 2020 and remains in office until the approval of the 2022 Financial statements. On 23 August 2021, the Board of Directors, Stefano Pareglio, announced his immediate resignation from the Board of Directors of ATM S.p.A.. In his replacement on January 27, 2022, Arrigo Giana was appointed Director of the Board as Chief Executive Officer.
2. The Board of Statutory Auditors was appointed by the Shareholders' Meeting on April 19, 2019 and remains in office until the approval of the 2021 financial statements.
3. As a result of the assumption of the State of Public Interest Body under D. Lgs 39/2010, on November 9, 2017, the Shareholders' Meeting approved the appointment of Deloitte & Touche S.p.A. for the year 2025, with the deadline for the approval of the financial statements.

## Corporate structure as December 31, 2021

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

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



### Subsidiaries and their activities:

- Citylink S.r.l.– smart mobility by ATM:** already established on 9 October 2010 as ATM Servizi Diversificati S.r.l., on 12 October 2021 it changed its name. It is 100% controlled by ATM S.p.A. and is active in the realization of a project of “Maas” (*Mobility as a Service*) through the implementation and management of a “Maas” platform that will integrate all transport methods, private and public, and will allow users to plan, book and pay for multiple mobility services (sharing, micro-mobility, parking and parking) in a single solution through the use of a website and a mobile app.

- GeSAM S.r.l.** founded on December 22, 2005, is fully-owned by ATM S.p.A. and carries out the consultancy activity in the insurance sector, including all relevant specialist support for the education and settlement of claims with the exclusion of insurance mediation activities.
- International Metro Service S.r.l.:** incorporated on April 12, 2007, it is 51% owned by ATM S.p.A. and is responsible for the management of services for the transport of people and freight along with the related activities of programming and operative organization, all for the purposes of the execution of contracts for the operation and maintenance of metropolitan systems. International Metro Service S.r.l. owns 100%, **of Metro Service A/S**, a Danish company that operates the Copenhagen metro.
- Nord Est Trasporti S.r.l.** incorporated on December 5, 2007, is fully-owned by ATM S.p.A. and carries out the activity of management of services of transport of people, freight and information, along with the related activities of programming and operative organization, in addition to the services connected to transport and mobility in the Metropolitan City of Milan, in the Province of Monza and Brianza, Bergamo, Lecco and in the territory of the Municipality of Monza.
- Rail Diagnostics S.p.A.:** established on October 31, 2006, is 97.27% owned by ATM S.p.A. and is responsible for design, construction, maintenance and integrated diagnostics of metro and tramway control systems and systems.

#### **Associates:**

- Full Green Consortium.:** established on August 5, 2021. ATM S.p.A. holds 33.33% of the share capital. The Consortium is set up in order to establish a common organization between the members of the consortium for the purpose of collaboration in the implementation of projects of sustainable mobility and digitalization, characterized, in the first place, by the transition from traditional fleets of diesel-fueled buses to fleets of zero-emission vehicles, energy saving and efficiency, decarbonization and improvement of air quality.
- Movibus S.r.l.:** incorporated on May 15, 2008. ATM S.p.A. holds 26.18% of the share capital. The company carries out its activity in the local public transport sector where it operates as operator of lot 6 of the provincial sub-network of West Milan.
- Metrofil s.c.a. r.l.:** incorporated on 2 April 2009. ATM S.p.A. holds 25.44% of the share capital. The company was set up for the purpose of fulfilling the obligations deriving from the contract with the object of the executive design and the realization of the public transport system on its own premises of a trolleybus type to service the corridor EUR-Tor de Cenci and EUR Laurentina-Tor Pagnotta stipulated with Roma Metropolitana S.r.l.
- Metro 5 S.p.A.:** incorporated on June 5, 2006. ATM S.p.A. holds 20% of the share capital. The company carries out the activities of final and executive planning, expropriation, works management, execution of civil works and technological works, supply of rolling stock and management of the metro line 5 and its possible extensions.
- Co. Mo. Fun&Bus s.c.a.r.l.:** incorporated in June 9, 2006. ATM S.p.A. holds 20% of the share capital. The company supports the local public transport service in the municipality of Como and the management of the Como–Brunate funicular.

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

#### **Other companies:**

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

#### **Share capital structure**

The share capital of ATM S.p.A. of Euro 700,000 thousand is composed of 70,000.000 shares with a nominal value of 10 euros each and is entirely owned by the Municipality of Milan.

#### **Changes in the corporate structure o**

On July 29, 2021, ATM S.p.A., A.T.A.C. S.p.A. and Azienda Napoletana Mobility S.p.A. sign an agreement that provides for the collaboration in the realization of a common project of sustainable mobility on the transport networks managed by them respectively (Milan, Rome and Naples) allowing the transition from traditional diesel-fueled bus fleets to zero-emission fleets.

On 5 August 2021, the same companies constitute the “Full Green Consortium” whose purpose is to implement the collaboration project described above. The Consortium is set up with a consortium fund of 450.000 euros to which each company adheres in equal way for 150.000 euros. In addition to the three constituent companies, other local public transport operators who wish to join the project will be able to join the Consortium.

On October 12, 2021, the Shareholders’ Meeting of ATM Servizi diversificato S.r.l. decided to change the company name to “*CityLink S.r.l. - Smart mobility by ATM*” and to modify the company object in order to reflect the new activity addressed to the smart mobility sector. At the same time, the Governance is changed from a single Director to a Board of Directors, which has a Managing Director.



## The business model

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



## Corporate governance report

### Introduction

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

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

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

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

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

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

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

Although it falls within the cases of exclusion provided for by Legislative Decree no. 14 of 12 January 2019, referred to as the “ *Code of corporate crisis of business and insolvency*”, that ATM and its subsidiaries fall within the cases of exclusion provided for in the Decree, but in accordance with the obligations set out in the second paragraph of Art. 2086 of the c.c., introduced by the aforementioned decree, It has initiated a monitoring process that will result in the early detection of any patrimonial and financial imbalances related to the specific characteristics of the enterprise and the activity carried out.

### Code of Ethics: Principles, values and social responsibility

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

The values that ATM recognizes as fundamental in the performance of its business, and which are shared at all levels of the organization, are outlined in the Ethics Code, introduced in 2007 and last updated on September 24, 2018, in line with the anti-corruption and transparency model voluntarily adopted by ATM and entered into force on September 15, 2018.

The Ethics Code, which summarizes in a nutshell the set of values and lines of behavior that make up ATM's identity, sets out the relative ethical and social responsibilities and engages the social organs, management, personnel, external collaborators, The suppliers and all those who maintain relations with the Group companies. The same applies, in fact, to the Parent Company ATM S.p.A., and to the Group companies subject to the management and coordination of the Parent Company and, is an integral part, together with the models of organization, management and control ex D.Lgs. 231/2001 - of the Parent Company and of the directly controlled companies -, it forms an integral part of the General Internal control and risk Management System.

**Social responsibility** is one of the factors that most affects the organizational logic, the corporate and social policies of ATM, which are expressed, with a view to continuous improvement, bearing in mind the model of reference and the specific recommendations of the European Union.

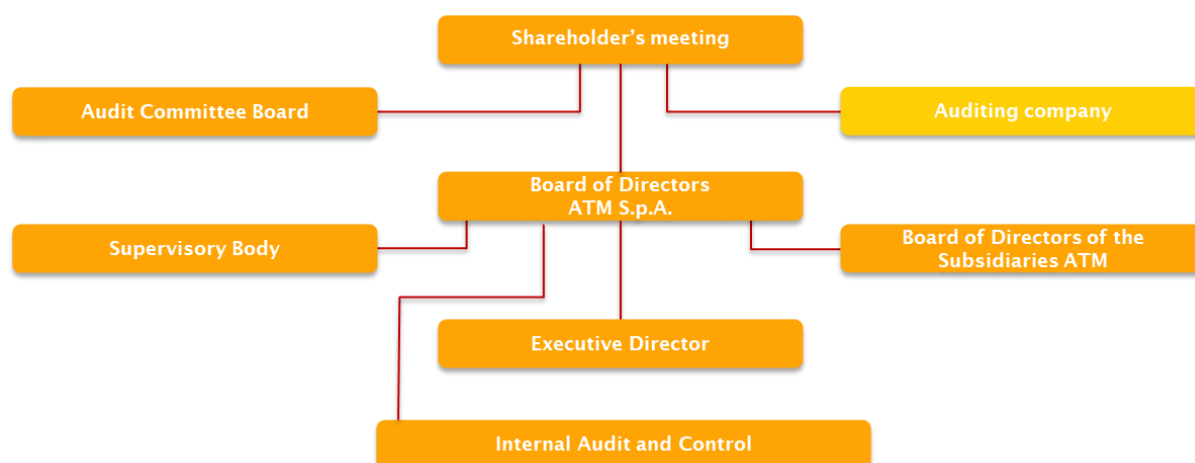
Since 2012, ATM has sought **to obtain the SA8000 certification**, an international standard aimed at improving working conditions and the quality standard of company supply, born as a combination of principles established by international documents: The United Nations Universal Declaration of Human Rights, the United Nations Convention on the Rights of the Child, the International *Labor Organization (ILO) Conventions and Recommendations*, the United Nations Conventions to eliminate all forms of discrimination. Within the framework of the Internal control and risk Management System, the maintenance of the certification and the periodic assessment of the Company's performance in this area is linked to the continuous monitoring, the internal audit activities by the various corporate departments and the widespread audit activity carried out by *the social performance team*, based on the reports of the workers' representatives. To this end, staff continued to be trained in the SA8000 requirements and the internal management system in relation to social responsibility during 2019.

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

In compliance with the requirements introduced by Legislative Decree no. 254 of 30 December 2016 implementing Directive 2014/95/UE, and in accordance with *the GRI Sustainability Reporting Standards*- published by *the Global Reporting Initiative (GRI)* - ATM has drawn up the Non-Financial Consolidated Declaration (hereinafter also "DNF") to ensure an understanding of the Group's activities, its performance, results and impact from the same product, covering the 5 relevant areas: environment, social aspects, personnel management, human rights and the fight against corruption. For further information, please refer to the document "Consolidated declaration of a non-financial nature" also available on the website [www.atm.it](http://www.atm.it).

### **The Corporate Governance Model**

With regards to the new Group scenarios and as part of the Corporate Governance system, ATM commits to follow the best corporate governance practices, comparing its Corporate Governance model with principles issued by the major associations and *best practices* in this field, promoting an adequate, Effective and efficient Internal control and risk Management System calibrated and proportional to the Group's specific features.



The **Board** of Directors of ATM S.p.A., which is responsible for the strategic management, and which is required to carry out all the appropriate acts for the implementation and achievement of the social object, except only those which by law are the responsibility of **the Shareholders' Meeting**, He has been delegated as part of his management skills to the responsibilities to **the Chief Executive Officer** and **General Manager**.

Appointed to monitor the compliance with the law and the articles of association and compliance with the principles of correct administration and adequacy of the organizational structure, the Audit Committee Board is ATM's Control Board.

In terms of statutory auditing, the audit functions were assigned to **the Independent Audit Firm** Deloitte & Touché S.p.A., with the Shareholders' Meeting of November 9, 2017, for nine financial years from 2017 to 2025, given the classification by the Company of the status of Public Interest Authority (EIP).

ATM's Corporate Governance system **also consists of operating practices and instructions governing the activities carried out by the various functions of the company, which are the subject of continuous monitoring and verification, in view of the amendments in regulations and processes. In this corporate governance system, the Audit and Internal control (DACI) Directorate**, which is not responsible for any operational area, depends hierarchically and functionally on the Board of Directors of ATM S.p.A., administratively by the Chairperson, maintaining a coordination relationship with the General Manager and the Senior Management of ATM S.p.A., Audit, Both continuously and as well as the administrative and social bodies of the directly controlled companies. DACI verifies, both continuously and in relation to specific needs, the operation and suitability of the Internal control and risk Management System of the ATM Group, through an integrated risk-based audit plan approved by the Board of Directors of ATM S.p.A.

### **The Internal control and risk Management System**

The **Internal control and risk Management System** ("ICRMS"), of ATM, as per the new Corporate Governance Code of Borsa art. 6 consists of a set of rules, procedures and organizational structures aiming at effective identification, measurement, management and monitoring and reporting of the main business risks, in order to contribute to the Group's long-term sustainable success of society.

This ICRMS is a fundamental element of Corporate Governance of the ATM Group.

An effective ICRMS helps to ensure ICRMS contributes to the management of the Group consistent with

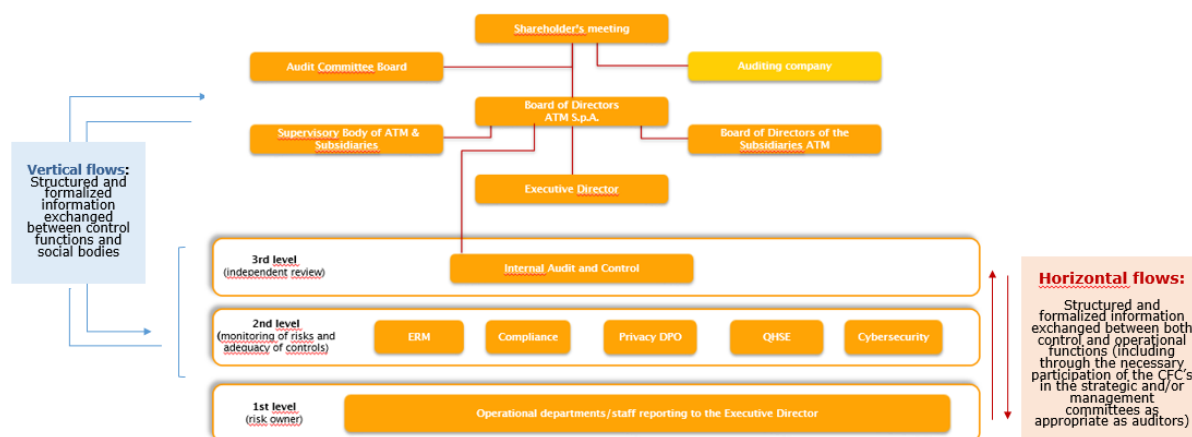
the business objectives defined by the Board of Directors and contributes to ensuring the protection of the corporate assets, the effectiveness and efficiency of the business processes, the reliability of the information provided to the corporate bodies and the market, the respect of laws and regulations as well as the bylaws and internal procedures.

The ICRMS is an integrated system that involves the entire organizational and corporate governance structure adopted and is divided into the following key elements:

- Governance, including the design of the ICRMS, as well as the assessment of its adequacy, effectiveness and efficiency;
- The actions and, therefore, the definition, implementation and monitoring of the ICRMS, which include:
  - The implementation of the Board of Directors' guidelines;
  - identification and management of business and process risks (including irregularities);
  - The definition and implementation of controls on the processes of competence of the various process Owners;
  - The updating over time of the ICRMS in the light of internal/external changes to the company;
  - Monitoring over time the effectiveness of the design and the proper functioning of the ICRMS;
- Assurance, i.e. the independent and professional analysis of ICRMS.

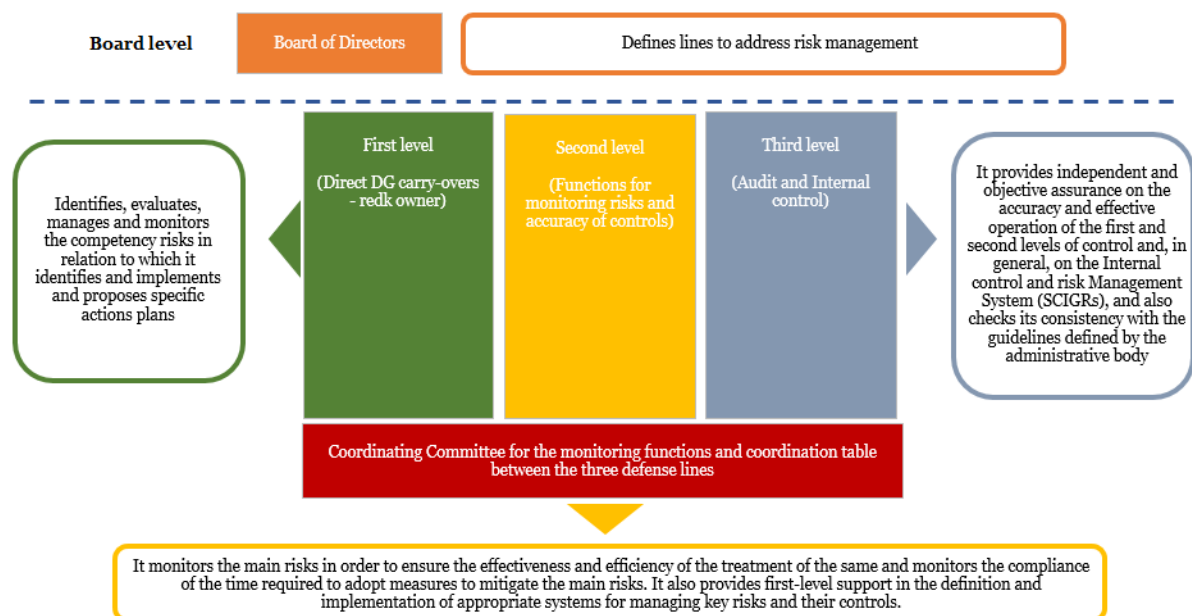
Each corporate governance actor has specific duties and responsibilities relevant to the ICRMS .

This system, in line with the regulations and the reference leading practices, gives all the corporate functions a clear place within three lines of defense, thus being, in practice, it is based on coordination between the different subjects involved in the ICRMS , in order to maximize the efficiency of the system itself.



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

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



## Participants and tasks

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

### The following control functions have been established:

- *Internal auditors;*
- *ERM;*
- *Compliance;*
- *Privacy and Data Protection (and Data Protection Officer).*
- *QHSE Management Systems;*
- *Cybersecurity.*

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

In respect of 2021, having taken note of the report on the organization, administrative and accounting structure of the ATM Group, presented at the Board meetings of 28 January and 25 October, the Board has assessed the organizational structure, Administrative and accounting system adapted to the current size and type of activity carried out by ATM and its subsidiaries, prepared by the administrative and organizational structures that are the Chief Executive Officer.

The Board of Statutory Auditors, intended as a supervisory body, also as a “Committee for Internal Audit

control ” pursuant to Art. 19 of D. 39/2010, carries out the tasks assigned to it by the law, by the Statute and by the internal regulations and supervises the observance of the laws, regulations and statutory regulations, the respect of the principles of correct administration and the adequacy, functionality and reliability of the organizational, administrative and accounting structure.

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

## **Control functions**

### *Internal Audit*

All the components of the Internal control and risk Management System are the subject of Internal auditors activity, aimed at assessing their suitability, functionality and consistency with the organizational evolution of the Group and the external regulatory framework, on the basis of a periodic *risk-based audit plan* approved by the Board of Directors.

In this context, and in line with the Internal Audit mandate, the function carries out an independent and objective activity, in line with the relevant professional standards, aimed at monitoring, from a third-level perspective, the regular performance of operations and the evolution of risks and, from the other hand, to assess the completeness, adequacy, functionality and reliability of the organizational structure and other components of the ICRMS, bringing to the attention of the social bodies possible and/or necessary improvements, including with reference to the RAF, the risk management process and the instruments for measuring and controlling the risks. On the basis of the results of its own audits and of the information flows actually received, it makes recommendations to the company structures through special information to the social organs in line with the regulations in force time for time.

### *ERM Risk Management*

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

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

The primary objective of the Enterprise risk Management process is to identify potential external and internal risk scenarios to which the Company may be exposed, which could influence the ability to pursue strategies, achieve goals, and effectively manage production processes.

### *Compliance*

The ATM Group has, in addition to the existing specialist precedes, at every relevant company level, a specific compliance function (also “Compliance”). *Compliance function* supervises, according to a risk-



based approach, the management of the risk of non-compliance<sup>1</sup> with respect to the whole business activity, ensuring that the internal procedures are adequate to prevent this risk.

Without prejudice to the specific methodological guidelines and framework, the Compliance Officer, through its Compliance function:

- Continuously identifies the rules applicable to the Parent Company (cd. A map of the areas of compliance relevant to the Group, including the identification of the relevant organizational assets) and its direct subsidiaries, assesses the measurement/evaluation of their impact on business processes and procedures; providing support and advice to social bodies and other corporate functions on matters for which the risk of non-compliance is important.
- supports the company structures responsible for the supervision of specific regulatory areas in the definition of the relative methodologies for the assessment of the risks of non-conformity;
- Proposes and requires the adoption of appropriate controls and/or organizational and procedural measures aimed at ensuring adequate control of the risks of non-compliance (including consolidating requests from other business functions, such as other control functions);
- verification over time of the effectiveness and correct application of the controls and organizational and procedural measures defined, including in the context of the development of special projects;
- coordinates and supervises training and information initiatives in the field of regulatory compliance, also in order to spread a corporate culture based on principles of honesty and correctness;
- it provides appropriate information flows to the company's social bodies and to the other structures involved.

#### *Privacy and Data Protection (and Data Protection Officer)*

The European General Data Protection Regulation (GDPR), which has been in force since 24 May 2016 and is applicable since 25 May 2018, it intends to strengthen and make more uniform the European legislation on the protection of personal data that companies have. Among the many important innovations is the introduction of the figure of the Data Protection Officer (DPO). The DPO is, in a very short way, the one who must support the Data Controller (Owner) and the delegates from the Data Controller (Company Data Manager) to evaluate and organize the management of personal data, and therefore their protection, so that they are treated to the full protection of the data owner and in compliance with European and National privacy regulations. The DPO plays its role in full autonomy and independence, without the attribution of conflicting or conflicting responsibilities.

#### *Quality, Health, Safety & Environment (QHSE)*

The QHSE function ensures the definition of the guidelines on quality, health and safety at work and the environment, according to Group's strategic lines and in full compliance with the mandatory standards and management systems implemented (without limitation ISO 9001, ISO 14001, ISO 45001, etc.). It oversees the activities of those responsible for the Prevention and Protection Service, as required by the current legislation, by preparing the documents for the assessment of the risks to health and safety and

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<sup>1</sup> The risk of non-compliance is the risk of legal or administrative sanctions, significant financial losses or reputational damage as a result of violations of mandatory rules (laws, regulations) or self-regulatory rules (e.g., statutes, codes of conduct, codes of self-regulation, internal corporate law).

the environment, working together to identify risk elimination or reduction actions and related training and information programs.

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

### *Cybersecurity*

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

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

### **Operational business functions**

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

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

### **Governance tools**

#### ***Internal control System and risk Management Guidelines***

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

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

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

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

### **Enterprise risk Management regulatory framework Guidelines**

**The Enterprise risk Management Guidelines (“ERM Guidelines”)**, approved by the Board of Directors of ATM on January 27, 2020, in line with the evolution of the ERM model, represent the regulatory reference instrument at company level within the integrated risk management process.

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

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

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

### **Regulations, Policies and operating procedures**

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

- **The Group's Regulations**, which govern the functioning of the Group and the intercompany relations, and which are updated in 2018 as a result of the evolution of the organizational structure and the updates on transparency and anti-corruption;
- **The Contract Procurement Regulation**, issued in its updated version in October 2020, which regulates the procedures for the award of contracts relating to works contracts, the purchase of goods and service contracts for all Group companies;
- **the sales regulation**, which regulates the procedures relating to the sale of goods, materials and services and the granting of contracts for the commercial exploitation of areas and spaces in order to guarantee maximum economic return, with a view to rationalizing and efficient management of resources and assets;
- **Policies** on the assumption of specific business risks;
- **The procedures and operating instructions**, which describe and regulate the business processes and which guarantee, among other things, the respect of quality, of the ISO 14001, ISO 9001, ISO 45001 Management Systems, of the SA8000 Certification System and of the Transport Safety Management System (SGS).

### **The coordinating Committee for the Control functions**

The Parent Company, in order to ensure coordination between the second and third level control functions, has established the Committee for the coordination of the control functions (hereinafter also only the “coordination Committee”).

The aim of the coordination Committee is to provide a moment of synthesis and comparison between the various control functions, inviting, if necessary, those responsible for any other specialist presides and without prejudice to their respective second and third level competences and prerogatives, with a view to:

- to share operational and methodological aspects through synergies that avoid potential overlaps or

- duplication of activities, as well as omissions;
- Coordinate information flows to social bodies;
- Share the areas of improvement (or “gap”) identified by the control functions (CF), assess their relevance, and consequently define the overall intervention strategies in integrated view of gap management jointly with the functions responsible for the individual risks; the analysis, where necessary or appropriate, will be accompanied by the relevant cost/benefit analysis;
- To support the updating of the ICRMS, in line with the changes in the reference context, internal and external to the company;
- disseminate information on specific risk issues in the context of special regular assurance meetings with the operational directorates. However, it is envisaged to convene the Committee at least annually as a coordinating table for the exchange of mutual information flows in the three lines of Defense.

### **Terms of the Coordination table**

The “coordination table for the mutual exchange of information flows in the three defense lines” (“coordination table”), suitably linked with the coordination Committee for the Control functions (“CCFC”), is an integral and substantial part of the general Internal control and risk Management System (“ICRMS”) of the ATM Group. In particular, as mentioned above, a meeting is provided at least annually of the CCFC acting as a coordinating table for the exchange of mutual information flows in the three Defense lines.

The coordination table is therefore one of the institutional moments within the ICRMS for the sharing and treatment of the main risk, control and gap issues of the Parent Company ATM and its subsidiaries, according to the roles and responsibilities of each of the participants and according to the architecture and mapping of Group information flows in the three lines of Defense.

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

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

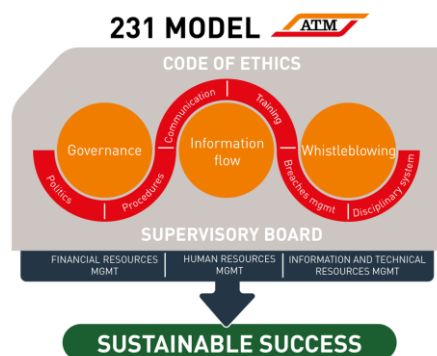
All of the above for the purpose of effective coordination and exchange of mutual information flows between the different parties involved in the Internal control and risk management system in order to maximize the efficiency of the system itself, Reduce duplication of activities and ensure effective performance of the tasks of the social bodies.

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

One of the main Internal control tools implemented by ATM is **the organization and management and control models ex D.Lgs. 231/2001** (also “Models 231” or “Models”) which has been adopted by the Parent Company ATM S.p.A. since 2008 and the directly controlled Companies. Model 231 of the Parent Company ATM S.p.A. was adopted, in its first version, in 2008. It was adopted in the same year by the subsidiary Rail Diagnostics S.p.A., in 2011 by the subsidiaries NET S.r.l. and Gesam S.r.l., in 2019

by the subsidiaries ATM Servizi CityLink S.r.l. (formerly ATM Servizi diversified S.r.l.) and International Metro Service S.r.l. these models are systematically revised and updated as previously anticipated.

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



Supervisory bodies ex D. Lgs 231/2001

The supervisory body of ATM S.p.A., an entity with independent authority of initiative and control, has been in office, as at present constituted, since February 2019. It consists of three components, two of which are external to the Company, chosen from among academics and professionals with proven competence and experience in Decree 231 issues (with particular reference, among others, to the sectors of economy, corporate organization and corporate criminal law). In accordance with best practices, the Director of Audit and Internal Control identifies the internal component of the supervisory body.

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

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

The supervisory bodies of ATM S.p.A. and of each directly controlled company approve, on an annual basis, a coordinated and *risk-based program* of the supervisory activities, also using both the operating arm within the Audit and Internal control management and external consultants, specially appointed. These activities were carried out by external consultants (time-by-time identified by a special tender procedure), in support of the supervisory bodies and with the coordination of the Audit and Internal control Directorate.

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

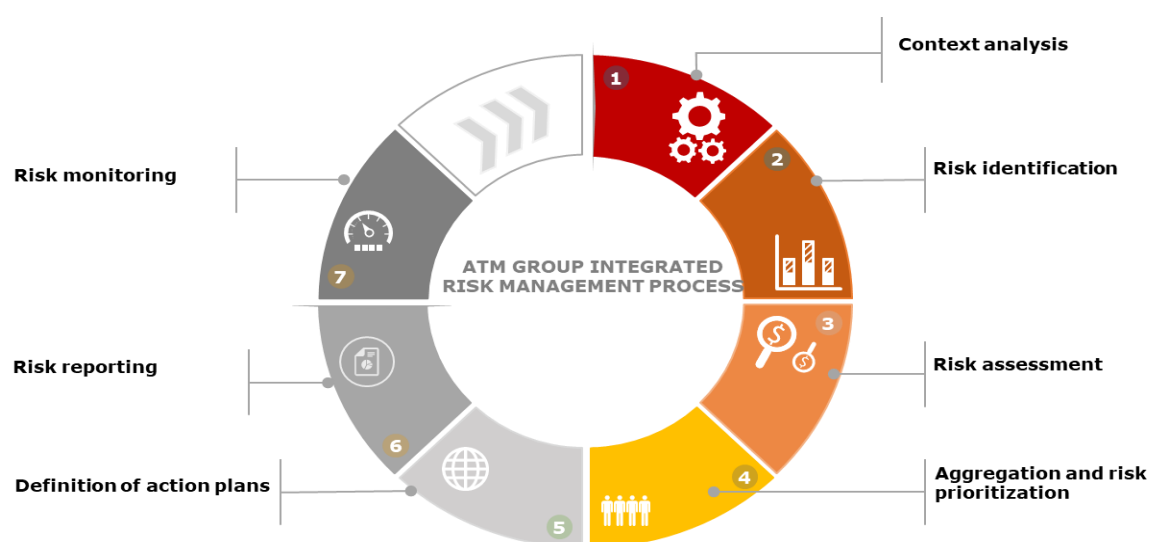
All the supervisory bodies therefore monitor the functioning of their respective models 231 and, if necessary, underline the updating of the model 231 and verify that their contents are adequately communicated and subject to specific training. To this end they use specific flows of information both periodic and event and receive timely information on the reports received and managed within *the Whistleblowing process*, reserving the right to ask for further details.

With reference to the fundamental component of the “Training” model, ATM develops a specific three-year plan in the Code of Ethics, 231 and act and also includes, if necessary, the updating of the models (MOG 231 of the Group’s companies and the Group’s anticorruption model). This training activity, addressed to social bodies, Senior Management and Middle Management, is based on *leading practices* and is based on ethical dilemmas and concrete situations, which require the active involvement of each participant. The training sessions were delivered remotely in synchronous mode, in order to face the notorious emergency COVID-19, by means of a special platform that has traced both the actual presence and the level of active participation of the participants. Video tutorials were also used, including *the one specific to Whistleblowing* (“WB”). Training can be supplemented by asynchronous lessons to facilitate remote learning. Training 231, in the ATM Group, is therefore calibrated and differentiated according to whether it is aimed at employees/Middle Management working in specific areas of risk, managers, social bodies and the Technical Secretariat of the SB/DACI. In the latter case, there have been external specialist meetings to be continuously prepared to manage the evolution of the “crime catalog 231” and the relevant case law.

### The Enterprise risk Management process (ERM)

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

### The integrated risk Management process of the ATM Group



The most valuable features of the adopted model are:

- **The inherent and residual risk dimension** - the Management involved in the ERM process, using a common methodology, It assesses the specific risk scenarios in terms of “probability of occurrence” and “impact” in an inherent and residual dimension downstream of the controls and mitigation actions and their effectiveness assessment.

- **the transversality of impact measurement**, i.e. the evaluation of multiple effects relating to economic-financial dimensions, health and safety, reputational, interruption of service, operational efficiency, legal and compliance, where applicable;
- **Integration with the process of stakeholder engagement and definition of the materiality matrix.**

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

**Risk classification**

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

**Legend**

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

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

## Responsible management and stakeholder relationships

ATM is committed to establishing fair good administration and transparency relations with its stakeholders in order to pursue concrete and shared sustainable development objectives and contribute to the well-being, quality of life and growth of the community in which it operates.

ATM It collaborates with the institutions and structures responsible for the government of the territory by participating in tables of discussion on the themes of mobility, innovation, environmental, social and economic sustainability.

It is also active in the internal dissemination, within its own organization, of the principles and culture of sustainable development, it constantly transmitting and sharing its values with institutions, partners, customers and suppliers. All the business sectors are involved and target their internal and external activities for these purposes.

In 2021, activities were also strongly influenced by the emergency health situation due to the COVID-19 pandemic, which has had a serious impact on the service and the needs associated with new mobility. In this context, the Company's commitment of ATM has been directed mainly toward the realization of initiatives aimed at raising awareness of customers and stakeholders with respect to the modalities for safe travel and to the rules defined by the authorities in reference to public transport and has been concretized in various initiatives including campaigns and actions communication, video and publications. In this context and, in particular, in line within the framework of the "Milan School Pact" established between the Prefecture of Milan and shared by all social all social partners, public institutions, transport managers, trade, companies and professional orders, Milan City Council, ATM has developed an integrated communication plan for students, for schools and other stakeholders with all the information related to the reorganization of the city's schedules and the plan to upgrade the public transport service

ATM has continued to promote sustainable mobility issues in public debate and technological innovation, while enhancing its commitment to the management of public transport during all phases of the health emergency; Business speakers have taken part, mostly digitally, in major national and international industry events, including McKinsey's Global Infrastructure Initiative Virtual Summit. In addition, ATM has presented the "Full Electric" plan, the know-how in the operation of automatic subways and the welfare actions adopted in the areas of diversity and inclusion. ATM as also actively participated in the global campaign "Changemakers" promoted by *Climate Investment Funds* as part of the Pre-COP26 initiatives, dedicated to the enhancement of people and organizations committed to climate action worldwide.

As a member of UITP *Union Internationale des Transports Publications*, ATM is a member of several technical committees that facilitate the exchange of best practices and information between operators in the sector.

As regards relations with the territory, compatible with the pandemic situation, ATM has carried out for the ninety years of its birth the campaign of institutional communication and various activities to share this goal with those who have accompanied the growth and development of the city; Among the projects aimed at involving citizens and stakeholders, "ATM Uncovered", a documentary series of five thematic episodes streamed on YouTube and Instagram, has also been created, a virtual journey through ATM sites, usually not accessible to the public, to inform, through the account of its people, the



activities that every day allow the public service to be carried out in the territory of Milan and the so-called urban area and the commitment of ATM to sustainability.

In order to protect and enhance its historical heritage, ATM has published its historical archive online, a project with which it has made available to the public a first selection of three thousand images that testify to its indissoluble link with Milan and document the many aspects of the company's activity from the end of the nineteenth century until the years of the twentieth century '70: means of transport and related facilities such as warehouses and workshops, infrastructure since their construction, personnel, passengers, institutional initiatives, depopulation, the town and the neighboring municipalities.

In order to promote the recruitment campaign launched during the year, ATM has organized with the Class Onlus association and with Milano & Partners some initiatives within which it has also been able to enhance its mobility services offered to citizens.

## **Our customers**

ATM has among its objectives the improvement of the service, and for this purpose it pays special attention to listening to its customers, both in terms of perceived quality (via Customer Satisfaction surveys) and delivered quality (via Mystery Client surveys). In 2021, the annual customer satisfaction survey was conducted in October on a sample of 3,484 passengers via in-person interviews at surface stops and metro stations in accordance with a specific health safety protocol mandated by general legislation. The results of the 2021 survey are better than those of the 2020 survey: Overall satisfaction for ATM service was expressed, on an evaluation scale from 1 to 10, with an average rating of 7,4 compared to 7,3 in 2020; the area of satisfaction also improved in comparison with the same period, from 95% to 97% of those who say they are very or quite satisfied with the service by expressing a rating from 6 to 10. Overall, the assessment represents the highest result in the last ten years. In the context of the survey, a section of the interviews was dedicated to intercepting new trends in mobility, i.e. new travel habits and needs in the period of resumption of activities since September 2021.

In addition, during 2021, further *Mystery Client survey* was provided to passengers of five lines of the ATM network, such as Tram line 14, Bus line 54, Trolley lines 90 and 91, Metro line M3 for UNI EN 13816:2002 certification, an international standard that evaluates the customer's point of view in terms of expectation and perception in relation to eight criteria (availability, accessibility, information, time, customer attention, Comfort, safety, environmental impact), certification achieved by the ATM Group for these lines in the second half of the year.

On the customer communication side, 2021 was still heavily influenced by the health emergency; as a result, ATM continued its constant commitment to spread the new travel rules, to raise awareness of people to respect the rules and to responsible collaboration. The campaigns, through articulated integrated communication plans, have constituted the main axis of the company strategy involving all channels available to ATM in order to disseminate, from time to time, in a capillary way the messages: from digital to social, from on-board and metro ads to posters at stops, stations and media, from direct mail to media relationships. At the same time, they worked to increase confidence in ATM, to enhance the positive perception of its work in order to promote a responsible and safe return on the means: Actions have therefore been carried out to communicate the performance of ATM from the point of view of the solutions put in place to deal with the emergency, in particular, the plan to strengthen the service and to sanitize the means in order to guarantee a safe service in accordance with the measures imposed by the authorities.

Through dedicated campaigns ATM has also promoted the free renewal of the electronic card due by November 30, 2021, valid for twelve months. And the campaign on the purchase or online renewal of the electronic card with the advantage of free delivery to the chosen address in the municipalities of the metropolitan city of Milan and in the province of Monza and Brianza.

In the more general framework of effective communication actions outside the organization, ATM has also worked to make its projects known in the field of ecological transition and digitization, industrial development initiatives, The strategic plan 2021-2025, which has at its center the offer of a service based on the needs of the citizens, technologically advanced and efficient, aimed at contributing to the evolution and relaunch of Milan. Even in a situation still decidedly marked by the health emergency, ATM has nevertheless resumed to transmit the value aspects linked to its own history, inseparably connected to the fabric of the city, celebrating the anniversary of its birth with a logo, an identity system and a communication plan, Enhancing its historical archive with the online publication of the photographic section with a first selection of 3.000 images consisting of shots dating from the end of the 19th century to the '70 of the 20th century. With the documentary series “ATM uncovered”, streamed in episodes, he successfully experimented with a new mode of communication in his world, which in a single month reached 120.000 views on YouTube and 28.800 on Instagram.

The information offered by ATM to the customer regarding the service, increasingly wide and articulated to best respond to the needs linked to the new mobility, is composed of several instruments: The site [www.atm.it](http://www.atm.it), the ATM Milano app, the Twitter account @ATM\_informa, the signs in the stations, stops and on board the cars; The communication strategy also includes ATM accounts on the social channels Instagram and LinkedIn and the online magazine Linea Diretta.

Many projects in 2021 specifically concerned customer communication, including the one dedicated to the new coordinated image, aimed at standardizing the style of communication that involved info mobility, service guides, advertising.

An important work of language control has been addressed to the texts of info mobility, the website, the app, and the communications sent by the structure Relations with customers and by mail in order to make the information clearer and more understandable. With regard to the website, in order to make the information more usable and accessible, a reorganization of the contents began in 2021, resulting in the new tree and the updating of some sections related to the customer world, such as tickets and subscriptions and accessibility. In the context of the project, the restyling of the newsletters has also been worked on, as well as the revision of the texts of the Italian section of the reserved area and the publication of the corresponding section in English; In parallel with the launch of the recruitment campaign 2021, the working in ATM section was also controlled.

Thanks to the recent digital innovations, site and APP allow the customer to plan the journey, to purchase the travel tickets without necessarily having to go to the vending machines in the stations or to the ATM Points, to verify in real time the attendance in the stations of the subway according to the different time bands, features introduced both to improve the customer experience and to implement interpersonal spacing measures and to avoid the creation of crowds. As regards the development of digital services, during the year both the site and THE APP have been equipped with two further payment methods for travel licenses such as Satispay and Bancomat Pay. Since July 2021, “Key Account” customers, i.e. employees of public and/or private entities with which a commercial agreement with ATM is in place, have been made available the possibility of requesting reimbursement from the site with the relative credit of the remaining subscription not used.

In terms of real-time customer information, the activity, carried out in synergy with the surface and metro operating rooms, is declined through the site, THE APP, the Twitter account @ATM\_informa, the announcements in the stations and on board the means, the variable message panels at the surface stops; with a view to improvement, this activity was also the focus of the project in 2021, which concerned the control, in terms of language, content and tone of voice, according to criteria of intelligibility and relationship, of the automatic announcements of the next stop and of the arrival in the stop spread on board the trains of the subway, of the layout and of the organization of the contents of the alerts on the programmed changes to the lines sent through mail, of the messages on the displays and of the warnings exposed to the stops.

The Company makes available to its customers the Infoline ATM 02.48.607.607, call center coordinated by the structure Relations with Customers, active every day from 7.30 to 19.30 for information on the hours of the service, the routes of the lines, the travel rates; The Infoline is in operation until 24 p.m. for assistance to passengers with disabilities by operators who can provide assistance in the planning of the journey with information on the accessibility of the stations and stops and on the real-time operation of lifts. To improve information on accessibility to metropolitan and surface transport and to provide it in real time, ATM is working on the development of a web platform called “information without barriers” which aims to provide real-time information on the accessibility of metro and surface transport; For this project, ATM has carried out, together with a group of passengers with mobility disabilities and LEDHA League for the Rights of persons with APS disabilities, an experiment for the development of the system's functionalities starting from the customer's travel experience. The aim is to publish the new system on the ATM site, currently under advanced processing, which has been slowed down by the pandemic.

Through the structure of Relations with customers, ATM continues to maintain a constant presence in the relationship with passengers through the targeted management of the call center and through timely responses to their requests and reports; The massive sending of direct mail to loyal customers has established a new mode of relationship aimed at consolidating confidence in the Company and encouraging a responsible and secure return on the means.

The customer information materials placed in the stations, at the surface stops, on board the cars, in the ATM Points, in the car parks managed by ATM are the subject of constant updating and control and adjustment interventions in conjunction, for example, with the redevelopment of the stops and with the changes of the route. The various phases of the health emergency and the measures taken from time to time also required in the course of 2021 continuous interventions for the adaptation of campaign messages on board vehicles, stations and stops to inform and direct customers during their travels.

To support sustainable mobility projects, in 2021, among other activities, ATM produced the film graphics that cover and characterize the high-tech chargers, the charging columns of electric buses installed in the city.

Social channels that have become an integral part of the communication strategy, increasingly in recent years, complete the set of ATM communication tools. The different ATM accounts, with different language modes and registers depending on the channel, make possible a diversified planning in coherence with the target audience: Twitter, of which we have already mentioned, is the real-time service. Instagram is the travel diary of the company and its passengers, LinkedIn is a window on the future that presents the projects that make the company attractive as a leading player in the mobility sector and enhances its professionalism through the employee branding. Lineadiretta is the online

magazine on the Medium platform, in which, again this year, passenger guides have been published that are constantly updated with travel rules according to anti-contagion measures.

## Our suppliers

As stated in the Ethics Code, each company in the Group “*guarantees a relationship of real and correct competition between the suppliers*”.

The Policy for Quality, Environment and Safety States that the Group’s sustainable development strategies require, among other things, a commitment to continuous improvement of the environmental, health and safety aspects of its activities, focusing attention on all interested parties, including the performance of its suppliers, and in fact these principles are inherent in the Purchase to pay process of each Group Company.

Indeed, among the technical evaluation criteria of the offers presented, the sustainability aspect of our suppliers' production processes is becoming increasingly important.

During 2021, 1.337 tender procedures were launched through the SRM platform, highlighting continued attention from ATM in rationalizing the entire purchase process. The process of reviewing the purchase business process is also ongoing, in order to increase its effectiveness by providing for periodic revisions of the “Contract-based Regulation” and training aimed at all the subjects involved in the purchasing process.

In accordance with the regulations, the entire Purchase to pay process is developed on computer platforms. All of the above purchasing processes were carried out and managed exclusively in “Electronic tenders” mode, guaranteeing technological and process coverage on all types of contracts provided for in the Code of Procurement and the Internal Procurement Regulation. The process adopted allows full traceability of the authorization process and guarantees full respect for the principles of transparency and equal treatment of all the interested parties.

## Our people

**Workforce** The ATM Group has a headcount of 10,468 as 31 December 2021 (10,364 at 31 December 2020).

Break down by Type of contract	12.31.2020	Hires	Terminations	12.31.2021
Executives	37	2		39
Transport of personnel	9,709	629	(551)	9,787
Others	618	106	(82)	642
<b>Total</b>	<b>10,364</b>	<b>737</b>	<b>(633)</b>	<b>10,468</b>

In 2021, the ATM Group, despite the continuing throughout the year of the difficult situation linked to the pandemic crisis, continued to invest energy in the care of its people, with the aim of constantly guaranteeing the increase in the value of the organization. The year was characterized by a substantial recruitment and selection program, aimed at ensuring a strengthening of internal structures. The selections were aimed in particular at resources to be included in the operational structures of the company; among these, bus, tram and trolley drivers, station agents, security personnel, other personnel supporting operational management. These assumptions were made both with full-time contracts and – in specific areas of the organization – with part-time contracts, due to the need for organizational

flexibility and optimal coverage of the scheduled services.

In parallel, new resources have been included in the maintenance departments and strategic structures such as *the Information Technology area*, activities aimed at participating in international public transport competitions or *the scope of Smart Mobility projects* have been strengthened. The recruitment was concentrated among traveling staff, where the entries were 70% of the new hires, followed by maintenance staff (13.5%) and personnel belonging to the administration and services area (11%). The recruitment was also necessary to meet the number of exits that have particularly affected some professional figures: 57% in the operating area, 14% among employees and in the maintenance sector. Most of these expenses were for retirement (42%). As in the labor market, voluntary resignation has increased and represents 35% of the total.

In the ATM Group, a total of 737 resources have been employed and the number of recruitment has exceeded the total expenditure of 633 resources.

During the period under consideration, the ATM Group did not make any objective redundancies in accordance with the provisions of D. Lgs. No. 137/2020, cd. "Ristori Decree" and its subsequent amendments.

The new recruitment plan has aimed above all at increasing the presence of young people and women. The recruitment focused on young people up to 30 years of age who accounted for about 47% of admissions. In general, 80% of the recruitment involved persons up to 40 years of age. Recruitment of female staff has also been 10% in order to help improve *the gender balance* in a sector that has for a long time had a purely male connotation. The transport sector has historically been characterized by a large gender gap in the ATM Group's public transport companies, with 8.4% of women present.

Most of the entries were on fixed-term contracts (about 75%), but – even in the context of crisis – were stabilized n. 317 employment contracts.

In 2021, the ATM Group did not use the bilateral fund of the sector.

### ***Human capital, resource and leverage for development***

ATM works with the constant objective of promoting an organizational context made up of people of value, aware of themselves and of their role, motivated to make their contribution to the quality of the service and to the satisfaction of the internal and external customer. In this context, a series of initiatives aimed at ensuring continuity in all operational and staff areas have been included, redefining the working methods, where possible, also compatible with the requirements of social separation and management in smart working. In order to face the new challenges and to face the pandemic crisis that saw two significant waves in spring and the end of the year, the use of remote activity was strengthened, with the affirmation of a "hybrid" model composed of a mix of presence and remote. Agile work has involved more than 1.150 people in the Italian companies of the ATM Group, for a total of about 111.000 days.

### ***Training***

Training is also considered a strategic lever: The lines of direction and management are developed both at the central level by the Parent Company ATM S.p.A. through a dedicated structure, and at the local level by the subsidiaries. In 2021, in view of the high number of recruits, one of the most significant activities was the training and training of personnel entering the company, with diversified interventions according to the role held.

A second activity of particular importance, in coherence with the regulations in force and the company policies on this subject, has been training for safety at work, both through periodic updates and through interventions aimed at specific categories of workers (workers, managers, managers, users of personal protective equipment or equipment, emergency teams). The aim is that every ATM worker becomes increasingly aware that the level of safety of vehicles, activities and services offered to the city depends mainly on his own actions. In addition, the staff of front line of recent hiring has been able to take advantage of specific training related to an increasingly effective relationship with the customers, while the managers have been involved in training activities aimed at supporting the collaborators, also in the management of the complexities related to the period addressed.

Compared to 2020, despite the continuing significant restrictions imposed on health rules on distance and the possibility of providing training in the presence, all activities continued and increased both the participants and the overall volume of training.

*An important role is the e-Learning training* , which has partly made it possible to mitigate the effect of the limitations of distance and has progressively involved a growing number of people remotely. More than 10.000 hours were delivered in FAD (distance learning) mode, making it a record never before achieved.

In general, more than 271.239 hours of training were provided in 2021, more than 50% more than in 2020.

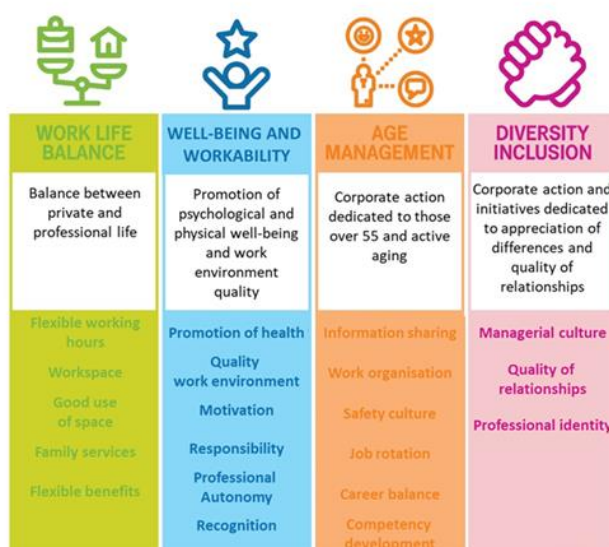
The use of the “Fondservizi” and “Fondirigenti” Interprofessional Funds, through strict internal discipline in the administrative field , also ensured that training costs were covered in 2021

### ***Welfare, Diversity and inclusion***

The Group has always been committed to investing in *Welfare, Diversity & inclusion programs* that promote positive work environments that generate well-being in people and in the organization. ATM has in fact activated a welfare system aimed at promoting employee satisfaction and establishing a participatory and resource-responsive “internal environment”. There are many dimensions that are intercepted in generating well-being in the company: Motivation, collaboration, involvement, participation, circulation of information, organizational flexibility, trust among people, conflict and litigation prevention, promotion of wellbeing.

*The Welfare ATM system* is aimed at all employees with the aim of promoting their psycho-physical and emotional well-being. *The mission* is to improve the quality of their lives and, in parallel, the quality of the working environment in which people operate. This system, promoted by *the role of the Welfare, Diversity & inclusion* of the Human Resources Department, offers concrete answers to the needs and new needs that have generated during the pandemic.

Realized in synergy with the ATM Foundation, *the Welfare system* is structured in four fields of action:



In 2021, 812 employees applied for a period of parental leave, of which 83.6% men and 16.4% women. In 2021, additional tools were introduced for the management of children in the epidemiological context, in particular during the suspension of teaching in the presence, as well as in the case of child quarantine. Total parental leave (ordinary / extraordinary) increased by 83% compared to 2020.<sup>2</sup>

The following are the main actions and projects of *Welfare, Diversity & inclusion* that are offered across all professional families:

- counseling service (including the 2020 #ready-to-make service) to support employees with a multidisciplinary team in personal and work issues. The people who turned to the service were 315 in 2021 with about 2.200 interventions realized by the specialized team of the company welfare; in 2021 the procedure of the counseling service was also realized;
- Support for disability during COVID-19 through coaching aimed at employees in protected categories, their managers, and colleagues (peers), with the activation of four coaching sessions;
- New webinar cycle “work and healthy brain”, visible synchronously and asynchronously (intranet area “Wellness and *Smart working*”) on topics of well-being at work, resilience, stress management and active aging with seven dedicated webinars. A total of 418 people attended the webinars;
- Project and follow-up “skills budget” dedicated to 20 managers over 50 with the objective of empowerment and skills reinvigoration.
- Regular re-opening of the company nests for 87 children and grandchildren of the employees, reorganized according to specific procedures COVID-19 with sections “bubble”;
- Grants for children and student employees through a Support and Financial Development Committee which in 2021 recognized 1.142 grants and 16 advances in FRS;
- Support for motherhood through the coaching path with the activation of five paths;

<sup>2</sup> The value includes paid and unpaid parental leave for full-day and fractional use. The data refers to ATM S.p.A., CityLink S.r.l. and NET S.r.l.

- Activation of a Marketplace platform with Corporate Benefits for the purchase of goods at agreed prices dedicated to all employees and their families with more than 250 items of expenditure;
- Accommodation for new hires and employees in situations of temporary need: Arrangement of accommodation at agreed prices with 3 structures to facilitate the insertion of new hires and of those who have temporary difficulties. There are 9 seats, distributed in the territory of Milan and hinterland with options of single, double, shared or autonomous rooms;
- Time care: Realization of ad hoc times dedicated to the personnel of surface exercise with specific family situations. In detail, time care is offered to single parents (exclusive entrustment or widowed) with minors under the age of 15 and allows to make shifts with start between 8:00 and 9:00 and end by 17:00, with fixed rest on Sunday. In 2021 there are eight-time care;
- Complex cases: For the management of particularly multi problematic situations at personal and family level, and also in a preventive perspective, six teams have been established composed of line managers, personnel management, occupational medicine and welfare that meet periodically for the monitoring of cases;
- Complex case training: Ad hoc training for 25 managers and management on complex cases;
- Complex cases desk with the Italian Center for mediation: These are specific support paths for the overcoming of trauma and the management of aggressiveness. In 2021, 15 support paths were activated;
- Accompanying service in procedures for the recognition of civil disability and invalidity;
- Pink keys: In 2021 3 new pink baths were built for a total of 66 bathrooms.

### **Industrial relations**

During 2021, the health restrictions imposed to deal with the COVID-19 emergency and the related measures to be taken to deal with the virus's spread continued to affect industrial relations, raising the priority of the objects of confrontation with trade unions, which could only be played remotely via video conferencing.

In accordance with the model of industrial relations, which has long been adopted and now consolidated, the precise involvement of the various levels of employee representation in relation to the various issues addressed has been ensured

In particular, in view of the many emerging regulatory provisions in the course of time which have taken place, a costly joint comparison has been made with regard to the prevention measures to be adopted, and actually implemented, in order to limit the spread of the infection, they have been gradually adjusted in relation to the development of the health environment and periodically audited.

Several minutes of agreement formalized the joint conclusions reached, which concerned, in the first place, the updates of the Security Guidelines but also the confirmation of the employment protection measures adopted by the 2020 Covid Framework Agreement.

As regards contractual issues other than emergency management, the agreement signed on 6 August 2021 with which indicators and criteria for quantifying the 2021 outcome Award model were defined should be noted (linked to business results in terms of efficiency-productivity – customer satisfaction and reduction of absenteeism). A particularly important element is the introduction, for the first time, of the possibility that the entire prize (or part of it), which is individually entitled, can be, at the employee's choice, used through the so-called “flexible benefits”, thus gaining access to the tax and contribution benefits provided for by law.



It is also worth mentioning the agreement of 20 October 2021, signed with the coordination RSU, relating to the guardian sector, because it allows for the internalization of a part of the evening services previously entrusted to third parties, and thus strengthens the opportunities for safeguarding the employment of personnel who become unsuitable for the job of recruitment and who is normally relocated within the scope of the bearer.

In 2021, the proportion of workers enrolled in a trade union compared with the previous year remained substantially unchanged compared to the total number of employees in force, standing at around 65 %.

As already explained in the paragraph “significant events of 2021”, on 17 June 2021 the contract renewal between the sector companies and the trade union was signed. The agreement covers the period from 1 January 2018 to 31 December 2020, effectively regulating the previous renewal which expired on 31 December 2017. However, the year 2021 was concluded without the signing of another national level agreement and therefore the renewal of the regulatory part of the CCDL, as well as the financial cover for the year 2021 and other wage claims, remains to be defined. This situation led, in the last part of the year and in the first months of 2022, to an increase in conflict with the execution of strikes. It is pointed out that the conflict connected with corporate disputes was limited to a strike action, while further abstentions from work were national in character or were proclaimed in adherence to general strikes.

### ***Internal communication***

2021 in internal communication was still very conditioned by the health emergency; in this area ATM, through the re-modulation of the integrated communication campaign for all personnel, he continued his constant commitment to awareness raising the level of attention and to the diffusion of updates related to management/operational information, spreading them to the company's offices through multi-object billboards and through the company intranet.

With the aim of maintaining active contact between the Company and employees, virtual meetings between the top management and middle management have been proposed; the training webinars offered by the Welfare structure during the whole year have been supported with a dedicated communication campaign; in order to promote the company's resources, video and textual interviews have been carried out to enhance the role and skills of the female operative staff.

In order to enhance the value of ATM people in corporate initiatives and public events, some events have been organized in presence, always in full compliance with the regulations in force for the containment of the pandemic, including the pastoral visit of the Archbishop of Ambrosian Diocese to the workshops of Teodosio, The celebrations for the anniversary of the Liberation in collaboration with ANPI National Association of Italian partisans, the prize-giving of Seniors, colleagues who have reached thirty years of company seniority, the planting of the urban forest in San Donato in collaboration with the staff of headquarters, The garrison in Piazza della Scala on the occasion of the commemoration in honor of Carla Fracci, to whose memory ATM has dedicated a tram of the line 1 personalized with an ad hoc livery.

## Protection of assets and people safety

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

In recent years, thanks to the modernization of the fleet, it has been possible to implement technological solutions aimed at monitoring on board the vehicles and in the stations, allowing the improvement of safety activities to protect the personnel, passengers and ATM assets.

In 2021, the number of attacks on ATM front line personnel remained almost in line with 2019, a year taken as a reference in that it relates to a fully operational exercise. The attacks were 44 compared to 47 in 2019, the metro train fouling recorded a marked decrease of 43% (45 in 2021 vs 79 in 2019) while vandalism in the metro and surface recorded a marked increase of +56% (1.797 in 2021 vs 1.150 in 2019).

The ATM Security Committee brought together has maintained intense and daily collaboration with the bodies managed by the public security authorities (Prefecture and Police) and with all the institutional components involved in the territory: Local Police, State Police, Carabinieri. The exchanges of information analyze the problems that emerged from the different experiences and from the reports that come from the various business sectors, programming activities also joint aimed to solve repeated criticalities or to monitor potentially critical phenomena and to have a concrete and rapid support in their resolution. Since December 2020, Security has also adopted the process of handling criminal complaints in the property sector of the ATM Group, further intensifying its relations with the commands of the law enforcement authorities in the territory in order to further guarantee the timeliness of their preventive actions, Control and repression of illicit phenomena to the detriment of ATM.

During 2019 the *activity carried out by the Security Operations Center (SOC)* has been active, that is , the Security Control Room, which operates in close contact with the operational centers of metropolitan and surface operation. *The Security Operations Center* operates 24 hours a day 24, 7 days a week, with three specialized security operators monitoring and managing the more than 11.000 video surveillance cameras installed in the stations. Sites and on the means and over 4.000 alarms that guarantee the security ATM staff the necessary remote support.

Finally, in 2021, the activity of benchmark security among the main world public transport realities continued, through participation in remote meetings between the business leaders of the sector characterized mainly by the sharing of the practices adopted during the management of the pandemic.

## Health, Safety and Environment

ATM, in compliance with its mission and in line with its own values, during 2021, despite the prolonged emergency situation, continued to carry out activities aimed at protecting the environment, health and safety of its employees, in compliance with its mission and in line with its own values. Moreover, with reference to corporate responsibility for safety at work and environmental offenses covered by Legislative Decree no. 231/2001, ATM has as its main objectives the continuous improvement of its management systems and that of raising the level of environmental and social responsibility.

Since the beginning of the health emergency due to the COVID-19 epidemic, the ATM Group has rigorously applied all the national and regional provisions that have taken place over the months. As provided for in the COVID-19 Emergency Management Safety Guidelines, shared with workers' representatives, which have been in place since 2 May 2020 and subsequently adjusted in time, the group has constantly applied the virus spread prevention measures provided for in the legislation, such as control of the temperature entering the company locations, periodic sanitization of cars and work environments, separation during activities, distribution of protective devices (disinfectant gel/gel and sanitizing wipes, protective masks, etc.)

In accordance with the principles contained in the Policy Document for Quality, Environment and Safety of 24 June 2020, signed by the Chairman of the Board of Directors, activities aimed at:

- Identify and assess eliminate or minimize any risks to health and safety at work even under non-standard or emergency conditions, by taking appropriate preventive measures;
- strengthen safety training programs, in order to involve everyone, at different organizational levels, ensuring that responsibilities and operational procedures are accurately defined and communicated in an appropriate manner;
- communicate information on health, safety at work and the environment to internal and external stakeholders;
- optimize the consumption of energy resources in order to prevent pollution by monitoring and minimizing the environmental impact of processes.

During the exercise, consistent with the functional organization charts in place, the necessary powers were assigned in the field of the protection of the health and safety of the workplace, in accordance with Art. 2DLgs. 9 April 2008 n. 81. The new positions of environmental manager have also been defined in compliance with the provisions of the current legislation on environmental protection, including the obligations laid down by Decree no. Lgs 152/2006.

The new assignments were commensurate with the staff, the headquarters and the activities of the company complex relating to the structure and management of strict competence.

Regarding the duties of the Prevention and Protection Service (Head of the Service and Medical Coordinator/competent), there has been no updates since 2020.

During 2021, even remotely, in order to comply with the anti-COVID-19 protocols, certification visits were carried out to attest the compliance status of the systems for environmental quality management and safety at work. Audits by the certification body found that ATM was able to respond to the requests of the context and the interested parties, as well as at all extraordinary corollary events, by implementing

strategic planning, timely monitoring and guaranteeing the contractually foreseen quality parameters, even in exceptional situations.

Compliance with ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 standards for the Group's certified companies is confirmed.

During the year, ATM S.p.A. reached the important goal of UNI EN 13816:2002 certification “Public passenger transport - definition, objectives and measurement of the quality of the Service” for some local public transport lines: Tram line 14, bus line 54, trolleybus lines 90 and 91, subway line M3.

Also during 2021, Rail Diagnostics S.r.l. achieved the strategic objective of ISO45001:2018 certification of the occupational health and safety management system.

Fire-fighting adjustments for some company locations have also continued.

With regard to the management of materials containing asbestos, it is noted that ATM has entrusted a new contract to a specialized company which will allow in the next two years 2022-2024 the removal of further 7,600 linear meters of insulation and (of which about 1.000 ml in metropolitan environment) about 2,000 square meters of plates/panels and various manufactured articles (of which about 500 square meters in metropolitan environment).

Constant is the commitment to minimize the vibro-acoustic impact during the operation of trams and metropolitan cars through an increase in diagnostics, to the improvement/adaptation of the armament, to the introduction of grinding for the elimination of the anomalous consumption of the rolling plane and of the systems of friction modification on the tramway network punctual analysis of indicators linked to the daily monitoring of the vibro-acoustic impact of infrastructures in compliance with the legislative framework in force. The analysis gives rise to a continuous collaboration with the technical functions that is manifested in particular in the renewal programs of the fleets of the rotables and components for network plants, as well as in the definition of the specific maintenance plans, aimed at the rotables and the metropolitan armament, always in a perspective of prevention and improvement, in order to protect customers and for the quality of life of the community. In this context ATM in 2021:

- it has given continuity to the installation plan of new friction moderators and upgrading of existing systems, aimed at eliminating the squeal produced by the rail wheel contact generated by the tramway cars on tight bends. A total of 6 new friction moderators have been installed;
- He has carried out an experimental plan for grinding and routine maintenance of the tram tracks covering 19 sections of the Milan City Road Network with excellent results on the reduction of the vibro-acoustic impact of the infrastructure.

In 2021, with the exception of the pandemic crisis in 2020, the positive trend regarding the number and severity of accidents at work was confirmed. As regards “in itinerary” accidents, i.e. during the journey home – work and vice versa, there has been an increase in the number of days lost due to the severity of some events.

The catalog of enterprise protection devices is constantly updated according to the needs of the departments, taken from the respective risk assessment documents and according to the technological progress offered by the suppliers.

As for the previous year, in 2021, the Group offered staff the opportunity to vaccinate against “seasonal” influence. Just under 400 employees of the Group have benefited from this possibility.

As regards the recognition of occupational diseases, all requests for information from the competent bodies were made during the period of the exercise.

The health surveillance was carried out in accordance with the programs established by the competent doctors any reports of particular criticalities. and in implementation of their indications, which were also conditioned in 2021 by the current health emergency situation.

## **The anti-corruption and transparency model**

ATM operates in practice by applying strict ethics of legality and transparency. To this end, it adopted, on a voluntary basis, for itself and for its subsidiaries, **an anti-corruption and transparency model** (hereinafter also “act model”) on a voluntary basis, periodically revised and updated in line with the 231 models of ATM and its directly controlled companies. because it operates in practice by applying a strict ethics of correctness, legality and transparency.

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

The purpose of the act model is to construct a structured and organic system of principles and controls aimed at preventing any corruption by identifying specific and/or cross-cutting activities exposed to corrupting risk (or instrumental to the same) and their subsequent procedures.

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

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

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

- Monitors the adoption of the act model and the transposition into internal anti-corruption legislation of the principles and contents of the act model;
- Promotes and supervises the training of Group staff in the field of act;
- Promote the review and possible update of the act model;

- It submits a periodic report on its activities, including as an RAC, to the Board of Directors of ATM in the periodic report of Internal auditors.

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

ATM Mutua, moreover, in the act model the disciplinary system already adopted within the 231 models.

### **The reporting system (*Whistleblowing*)**

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

Specifically, ATM:

- has defined a process of tracing and managing all reports, understood as any news concerning alleged findings, irregularities, violations, conduct and censurable facts. More generally, the system is able to detect any practice which does not comply with the provisions of the act model, the Code of Ethics and the 231 models, or in any case which may cause damage, even to the image of ATM and which can be referred indifferently to employees, members of the social bodies, supervisory bodies, Auditing companies and third parties (partners, customers, suppliers, consultants, contractors, etc.).
- Has taken appropriate and effective measures to ensure that confidentiality is always guaranteed regarding the identity of the reporting agent or of the person who transmits useful information to identify behavior that is different from what is required by the Group's legislation and ICRMS, without prejudice to legal obligations and the protection of the rights of the Company or persons accused in error and/or bad faith;
- A special computer tool has been provided for the management of the signals according to the current regulations (art.2 L 179/2017 and art.6 co 2-bis letter b of D. 231/2001), which provides for the obligation to manage the signaling by using at least one channel alternative to the main one that is of the computer type and suitable to guarantee the confidentiality and identity of the signaling person according to the law.

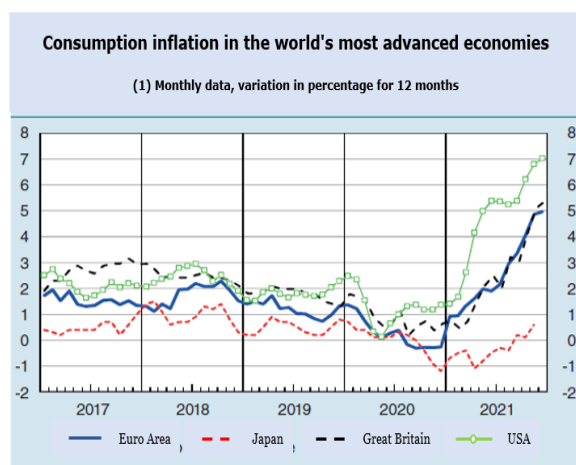
## The Macroeconomic scenario

### Macroeconomic framework

Global economic activity in 2021 was heavily influenced by the health emergency of COVID -19. Widespread vaccination campaigns have enabled a sharp recovery in demand and production activities more generally, (OECD estimates in December 2021 show world GDP growth of 5,6% per year), as well as global mobility, which, in the second half of 2021, it reached levels much higher than those of the same period of the previous year. In the last part of the year, following the spread of the Omicron variant, there have been reductions in mobility and slowing global GDP growth, together with an increase in risk aversion across the board in financial markets, which is further complicated by the sharp inflationary increases, caused by durable supply-side bottlenecks, rising energy-asset prices, and rising intermediate-input prices.

The aforementioned aggregate supply-side difficulties, starting in the summer, have contracted global trade in goods and services. According to Bank of Italy calculations, in 2021 world trade grew by around 10,8%, about half a percentage point lower than OECD estimates. For the coming year, trade growth is projected to be 4,8%, with risks falling again as health changes evolve.

The inflamed pattern in developed economies has prompted major central banks to announce ( “*forward guidance*”) the progressive removal of existing expansionary monetary-policy measures, disconnecting them from (in turn accommodative) fiscal policies. and by prioritizing price stability for now, given the economic improvements that have been made over the course of the year.



Source: (1) for the Euro area and the United Kingdom harmonized consumer prices

Countries	GDP growth			Inflation
	2020	2021 q2 (1)	2021 q3 (1)	december 2021 (2)
France	-7,9	1,3	3,0	3,4
Germany	-4,6	2,0	1,7	5,7
Italy	-8,9	2,7	2,6	4,2
Spain	-10,8	1,2	2,6	6,6
Euro area	-6,4	2,2	2,3	5,0

Source: Compilation of national statistics and Eurostat data.

(1) Quarterly data which are seasonally adjusted and corrected for working days; changes over the previous period.

(2) variation over the corresponding period of the harmonized index of the Consumer prices (HICP)

(Graphic source and table: Bank of Italy economic bulletin – January 2022)

In the eurozone, GDP rose in the third quarter (see Eurostat data table above on the right) and then fell further in the last half of 2021, following the recovery of Omicron-type infections, the persistence of the aforementioned business supply difficulties, and the sharp acceleration of production prices. however, this will mark a 4.6% expansion for the year. The change in consumer prices also showed the highest value since the monetary union’s departure, 5.0% in December, a level strongly influenced by the energy component, given that the same purified magnitude, stood at 2,6%.

The outbreak of the Russian-Ukrainian war in early 2022 posed downward risks to growth, as well as significantly upward risks to inflation. The ECB updated its estimates as of March 2022 as shown in the table below (in brackets the figure for December 2021)

	<b>Inflation</b>	<b>GDP</b>
2022	5,1% (3,2%)	3,7% (4,2%)
2023	2,1% (1,8%)	2,8% (2,9%)
2024	1,9% (1,8%)	1,6% (1,6%)

Italy followed the overall trend, showing GDP growth in the second and third quarters of 2021 (+2,7% and +2,6%, respectively), and then returned to a contraction in the last quarter (ISTAT growth figure for the period of 0,6%), due to the worsening of the pandemic situation and the tensions arising from global supply channels. For the year, however, overall GDP growth stood at 6,6% as made public by ISTAT in early March 2022.

According to the quarterly survey conducted by Bank of Italy (to which ATM also contributes) “*Survey on inflation and growth expectations*”, the evaluations of the sample of companies interviewed about the overall economic situation have become more prudent. Investment is expected to expand in 2022 but is down overall from 2021.

The gradual relaxation of the containment measures for infections, which has enabled the aforementioned phase of economic recovery in the course of the year, has, therefore, also had beneficial effects on the labor market, which has shown a lively, albeit unbalanced, dynamic, especially in the first part of the year, on fixed-term employment contracts in highly seasonal sectors, and then show an increase in the number of new permanent contracts in the second half of the year.

According to the latest available data, ISTAT (February 2022) the unemployment rate in Italy for 2021 falls to 9,0% and the employment rate rises to 59,0%.

### **The local public transport sector and the Raw materials market**

In 2021, the TPL sector was severely affected by the global health emergency. The containment measures adopted by the Government in the first part of the year, in particular the reduction of the maximum capacity of the means, have led to reductions in traffic revenues capable of affecting the economic and financial balance of the main market players.

Despite the repeated legislative measures aimed at ensuring the economic balance of operators in the sector (targeted financing which the State grants annually to the regions, public contributions to finance the development of electric drive rubber transport systems and their respective power infrastructure, As well as the expected resources under the NRR), an additional sector demand for 2021 is estimated at around EUR 1.4 billion.

The overall picture was further complicated by the rise in energy prices. Oil prices showed steady increases over the year, both as a result of increased demand and global production deficits, a result of OPEC+’s strategy of productive cuts. 2021 was a year of very strong volatility also for natural gas which, driven also by geopolitical factors, in Europe reached a new historical peak on 21 December over 187 €/MWh, then fell and returned to below 70€.

The early 2022 crisis and the ongoing military confrontation between Russia and Ukraine led to further marked increases in Raw materials prices, which are out of the ordinary for natural gas, which are more modest but still relevant for Brent oil. These increases have moved on to electricity prices, triggering sharp increases in inflationary expectations.





European natural gas TTF (spot) – price index in Euro, base January 2020= 100



Brent (spot) – Price indices in Euro, base January 2020=100

(Graphic source: Assolombarda Study Center)

## Going concern and contractual framework

### *Arrangements for the management of public transport services*

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

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

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

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

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

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

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### *The contractual relations in place*

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

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

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

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

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

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

- The single contract for the management of the M5 metro line 5 between ATM S.p.A. and the license holder Metro 5 S.p.A. The contract rules the management activities entrusted to ATM S.p.A. and those related services for the entire duration of the concession until 2040;
- The single contract for the management of the M4 metro line between ATM S.p.A. and the dealership company M4 S.p.A. as for the M5 metro line, the contract rules the management activities entrusted to ATM S.p.A. and those related for the entire duration of the concession until 2047. The start of the business of the M4 metro line, starting from the second functional section Dateo-Linate Aeroporto, is expected for the last quarter of 2022. ATM is guaranteeing the minimum maintenance for the first functional route Forlanini FS-Linate Aeroporto, already delivered last July 15, 2021;
- Service contracts, under net cost, between the subsidiary NET S.r.l. and the Local Public Transport Agency of the Bacino of the Metropolitan City of Milan, Monza Brianza, Lodi and Pavia ("Territory Agency" or "Bacino Agency") for the management of the suburban car service in force until 31 December 2023;
- The Service Contract concluded with Metroselskabet I/S, under *gross cost*, for the management, through the Danish subsidiary Metro Service A/S, of the operation and maintenance of the M1 and M2 Copenhagen metro lines on September 29, 2027;

- The subcontracting agreement with Hitachi Rail STS, which was poor on September 29, 2027, for the mobilization, management and maintenance of the M3 (Cityringen) and M4 lines of the Copenhagen metro. Metro Service A/S completed the mobilization of the M3 (Cityringen) and M4 metro lines and on September 29, 2019 opened the business and management of the M3 line, while the business and management of the M4 line was inaugurated on March 28, 2020;
- The Agreement with Hovedstadens Letbaneselskabet (the greater Copenhagen Light Rail), where Metro Service A/S pre-mobilizes the activities of the greater Copenhagen Light Rail, a service to the suburban area west of Copenhagen. The 15-year management and maintenance contract provides that after completion of the construction of the line, the commercial and operational activities of the line management begin in 2025.

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

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

In fact, following the epidemiological emergency state from COVID-19, of which in another part of this Management Report has been given extensive information, the public transport service sector has been protected by the Italian Government through targeted measures aimed at ensuring the continuity of the service and the safeguarding of companies operating in the sector.

With the D.L. n. 18 of 17.03.2020 (converted into Law no. 27 of 24.04.2020) Article 92(4)(b) States that “until the end of the containment measures for the COVID-19 virus, all ongoing procedures relating to the entrusts of local public transport services may be suspended, with the option to extend the tasks in place at February 23, 2020 until 12 months after the declaration of conclusion of the emergency; the public evidence procedures for local public transport services already defined with the award as at February 23, 2020 shall be excluded”. Subsequently, the Region of Lombardy has arranged (with L.R. 21.05.2020 no 11) the extension of the period referred to in article 60 C.4 of L.R.6/2012 by 18 months. 60 C.4 of L.R.6/2012 and subsequent amendments (deadline for the completion of the procedures for the custody of TPL services). Finally, with Article 30 C.1(c) of the L.R. n. 8 of 25.05.2021, which amended art. 60, paragraph 4, of L.R. n. 6/2012, it has been laid down that local public transport agencies shall carry out the procedures for entrusting local public transport services pursuant to Article 22, paragraph 2, within two years of the end of the state of emergency, thus allowing a further extension of the TPL service contract.

Consequently, with managerial determination n. 12257/2021 of the Transport and Agreement Area with the Mobility Planning and Programming Area, the continuation of the “Contract for local public transport and related and complementary services” has been arranged, in accordance with the tender documents and the original contract.

In relation to all the above, the Board of entrusted – Municipality of Milan and ATM S.p.A. signed, on December 31, 2021, the acts of continuation relating to the following contracts:

- Local and related and complementary public transport services: Until 31 December 2023;
- Parking control, parking management and vehicle removal service: Until 31 December 2023;

- Service for the realization and management of the Bike Sharing sustainable mobility system: Until 31 December 2022.

Subsequently, on December 31, 2021, the Board of Accredited Body – Municipality of Milan and ATM S.p.A. signed the follow-on acts relating to the following contracts:

- Management service for payment systems for access to Area C (and Area B): Until 31 December 2022;
- Maintenance and management service of SCTT systems, technologies and installations: Until 30 June 2022, with the possibility of renewal in the Municipality of Milan for a further period of six months.

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

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

In this regard, with managerial determination n. The Bacino Agency's 62/2020 of 30/12/2020 Dfirst extended the expiry of the existing contracts until 31 December 2021. Subsequently, with managerial determination n. 77 of 31 December 2021 concerning the "*restatement to 31.12.2023 of the deadlines for the expiry of the service contracts and local public transport concessions within the competence of the Agency which expired on 31/12/2021*", the Bacino Agency has further extended the expiry of the contracts currently in force until December 31, 2023.

**Going concern**

Given the regulatory framework described above and the global scenario characterized by the conflict between Russia and Ukraine, administrators are aware that a significant increase in energy costs can be a risk factor for the public transportation sector unless appropriate government interventions are implemented to protect it. In this context, as December 31, 2021, the ATM Group has estimated a negative "net financial position" of approximately EUR 1.9 million, consisting of cash on spot for EUR 114.1 million (bank stocks and securities payable) for EUR 214.9 million and from financial debt of approximately EUR 330.9 million, with an average residual maturity of more than 8 years, to be repaid within twelve months for about 13,5 million euros. The Group also has cash lines immediately usable for 97.5 million euros, unchanged from 31 December 2020, with the possibility of an increase on request.

As occurred in 2020, there is no evidence to date and for the immediate future of a failure to comply with the payment obligations relating to service contracts by the Municipality of Milan and the bodies entrusted with it. Consequently, the Group may be considered to have the resources necessary to meet its existing contractual obligations in force within a time horizon of at least 12 months, taking into account, among other things, the scalability of certain investment initiatives, greater attention to the management of the circulation and variable costs.

As a result of the above, when preparing the balance sheet, economic and financial position as December 31, 2021, the ATM Group, in its evaluation and sensitivity analysis processes, has identified some key parameters in which there are no risks to business continuity.

## The context and development of operational management

### Operations in Italy

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

The Milan metro network consists of four lines with a total extension of about 97 km and 113 stations.

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

The current configuration of the surface net is articulated as follows:

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

During 2021, the most significant operational management interventions referred to transportation service improvements and improvements provided for by the "Milan Pact for the School," which was established between the Prefecture of Milan and the Municipality of Milan and shared by transport operators, all social partners, public institutions, trade, companies, and professional orders. The agreement had two objectives: to implement the Covid legislation and to meet the specific needs of schools in preparation for the reopening of education in attendance in January 2021.

The "Milan Pact for the School," based on a study by the Milan Polytechnic, called for the reorganization of morning movements from 7 a.m. to 10 a.m. by diversifying the time of entry in secondary schools of second degree, opening up of commercial activities and offices to avoid crowding public transportation, avoiding the need to take off, and ensuring safer travel.

The reinforcement, always carried out in compliance with the capacity filling limits of the means that were gradually defined by the governmental authority, has been carried out by increasing the service on the main lines of mobility, especially school mobility, thanks also to the temporary subcontracting to private operators of some races or entire secondary lines of the urban and suburban network. To ensure the upgrading of the fleet, ATM has made available the whole fleet, also using the vehicles it had in plan to replace and using, as already pointed out, also many private and tourist buses of other companies.

Starting in January 2021, the upgrading of the transport service has resulted in 1.200 more runs on the whole network, 100 shuttle buses to connect 30 schools in Milan and the first of the most popular hinterland with some metro stations, 180 new races on 18 high-traffic urban and suburban lines, 160 more races on major power lines distributed throughout the day. In the subway ATM has programmed 8

more trains in peak hours, which have led to the maximum number of allowed runs in accordance with the existing constraints in terms of fleet, personnel and technical capacity of the security systems.

The adaptation of the services to the school needs also required a complex and demanding coordination action with the various institutes, aimed at guaranteeing the transport offer during the start/end times of the lesson, divided appropriately according to the criterion of the stagger in at least two bands (before 8 and after 9:30) in order to avoid phenomena of assemblage at the entrance/exit of the schools and to eliminate the peak band in which the most significant flows are already concentrated.

In order to limit access and, where necessary, to limit access to the most crowded stations of the network, the automatic passenger counting system has been activated by the subway, which temporarily blocks the turnstiles; voice announcements inform passengers of the situation and invite them to wait in line for access to the gates while respecting their distance between persons. On the surface, in case of reaching the maximum capacity of the vehicle, the vehicle traveled with the message “complete” on the external display and the driver did not make the following stops except to let the passengers get off.

The messages of the communication campaigns, spread through all the channels of which ATM has, invited the passengers who had the possibility to travel after 9.30 in the morning. Through its social channels and site, ATM also released a travel rule guide and a digital student “Vademecum” “Come with us” that it sent to school executives and relaunched with a QR code campaign on board connecting shuttles.

The daily cleaning of all contact surfaces on trains, buses, trams and trolleybuses, all stations and subway docks has been guaranteed by 400 employees; the day-long sanitation operations of all vehicles with special atomizers were further intensified and were used at the end of each run mainly on trains and buses. Hand sanitizing gel dispensers have also been installed on the subway docks, which have been added to those already present on the most popular surface lines, in all stations of the metro network and in ATM Points.

In April, ATM further enhances the surface service, compared to what has already been done since January, to cope with the increase in passengers as 70% of high school students return to their classes in attendance and with the resumption of various activities planned for the regions located in the so-called yellow zone. The increase in frequencies extended throughout the day provided for a further 20 shuttle buses serving 32 institutes, a further 30 vehicles on the surface force lines.

In June, the maximum capacity of the vehicles allowed in the white areas increased from 50% to 80%. On board the cars are removed the stickers from the seats being these returned to be all usable; inside the stations remain the routes guided by appropriate signs for the entrance and exit.

From September 13, at the same time as the start of the school activities, the “Milan School Pact” was renewed in accordance with the maximum 80% filling limit. ATM puts 200 more cars on the surface lines every day, with 120 shuttles to connect 32 institutes among the most frequented and some subway stations, for a total of 25.000 runs; by metro with 8 trains in addition it carries out 2.400 runs in total every day. At the most frequent stops of the network and at the interchange nodes, 380 passengers are active to direct the flow of customers and to provide them with information and 130 controllers operating in the stations, at the surface stops, on board the vehicles and shall ensure in particular that the mask is worn.

ATM carries out new communication campaigns dedicated to the travel rules, to the new timetables of the city, to inform of the daily sanitation of trains and surface means and of the plan of upgrading the

service; it broadcasts messages through all the communication channels it has and publishes on [www.atm.it](http://www.atm.it) a guide and a school “Vademecum” “Come with me” for students with all travel rules to use public transport safely.

On December 6, 2021, *Green Pass's obligation to access public transport* enters into force; for the control of compliance with this measure, anti-Covid agents of the order forces, accompanied by ATM personnel, carry out random checks at the stations and at the surface stops. The mask on board the cars and waiting in the stations and stops is still mandatory. ATM informs passengers about the anti-contact arrangements through the communication channels available to them.

In 2021 work was continued on the improvement of the tunnel between Lambrate and Piola stations on the M2 metro line, in particular surface work was completed at the end of 2021, while tunnel work is expected to be completed in the first half of 2022.

As part of the interventions on installations and infrastructures aimed at overcoming architectural barriers, ATM has carried out the program to improve the accessibility of stations on the M1 and M2 metro lines. In 2021 all the 14 planned escalators were installed, of which the last one in San Babila, now waiting for the commissioning. In addition, extraordinary maintenance work on was completed in 2021 no.42 escalators of the M3 metro line and 2 more escalators of the M2 metro line and 3 escalators of the M1 metro line have been added. During 2021, the replacement program for 68 mountain lifts was completed with the installation of the last 3 installations at the Rovereto station of the M1 metro line, and the operation started in 2019. Finally, on the request of the Municipality of Milan and among the projects aimed at overcoming the architectural barriers, the works of modernization of the external section of the M2 subway line (Cascina Gobba-Gessate) continue for a total of 6 stations, of which 3 provide for complete restyling.

The urban tram network, as part of its work for the Municipality of Milan, continued the renewal and technological updating of the infrastructure, including the application of a remote monitoring system on exchanges and switches and a preventive maintenance program, to reduce noise emissions and reduce wear. The construction sites involved in these interventions were: piazzale Cimitero Monumental, via Faruffini - Piazzale Brescia, via Fabio Filzi, viale Corsica, via Procaccini. The renovation of some “Forza” tram lines to make the service faster was completed in 2021. These interventions have adjusted the stops to improve passenger accessibility.

As regards the work on the premises, the work on the adaptation of the fire-fighting systems at the Molise, Leoncavallo and Ticinese warehouses continued in 2021; In addition, the Sarca warehouse has been renovated to accommodate the staff that will be transferred from the Zara Depot.

The internalization of the maintenance activities of the new trains continues; in June 2021 the first 30 “Leonardo” model trains, which ended the full service period, were added to the 46 “Menegino” model trains. It should be noted that this internalization phase has determined a new way of managing maintenance and engineering processes, given the different technology of the new trains compared to the previous ones whose technology dates back to the years ‘60. During this phase, third-party activities on patented technologies and structural interventions on the cashier are responsible, with no particular returns of experience for the company's core business.

As part of the “Full Electric” renewal plan, the program for the introduction of electric buses into the service continued. During 2021, the 45, 54, 84, 88, 42 car lines, 51, 60, 81, 82, 86 have been fully operated by electric buses, therefore it has been necessary to adapt the operating plan to make it

consistent with the specific requirements of such vehicles, the productivity of which is dependent on the capacity of the batteries or the possibility of having charging points.

The first Linate-Dateo section of the M4 metro line is expected to open in the last quarter of 2022. During 2021, the first three trains were tested at the ministerial level and were ready to begin pre-operation. Additionally, staff training activities for maintenance processes and the development of logistics equipment for the supply of spare materials for the M4 metro trains continued. ATM has already taken over the first functional section Linate-Forlanini FS, ensuring the so-called minimum maintenance pending the start of business.

### **Urban Forestation initiatives**

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

In particular, within *the Sustainable Development goal 11 – Sustainable Cities and Communities, and 13 – Climate action* ATM is advancing the “green deposits” project whereby old deposits will be converted to accommodate the new buses and columns needed to refill them. They also have a plan of exploitation for the planting of green. The revamping of spaces provides for the use of NBS (Natural based Solutions) instruments, which, in addition to being solutions that help reduce CO<sub>2</sub>, can also be an element of modernization of sustainable mobility and of the integration of the city fabric.

In this regard, ATM planted 330 forest trees in the San Donato warehouse in December 2021, with the contribution of the company employees, directly involved in the forest work.

Moreover, a green wall is being realized in Giambellino’s warehouse, a work of 350 square meters that is part of the European Horizon 2020 project within the clever Cities Plan and that has seen the participation and contribution of the local community and the Polytechnic of Milan.

These initiatives are important in the area of CO<sub>2</sub> compensation; in fact, each tree absorbs between 10 and 20 kg of CO<sub>2</sub> per year and 1 square meter of green wall absorbs 2,3 kg of CO<sub>2</sub> from the air and produces 1,7 kg of oxygen. Between autumn 2021 and spring 2022, ATM, through its compensation works, will have contributed to the absorption of more than 4 tons of CO<sub>2</sub>, this only for the first year. The project is carried out with the partnership of:

- The Municipality of Milan, both as a 100% shareholder of ATM, and as an entity that allows to converge the local, national and international contributions allocated for the realization of works necessary for its completion;
- Politecnico di Milano; Bocconi University and Bologna University, which are involved in the drafting of studies and projects of economic feasibility and study of the absorption of CO<sub>2</sub> and polluting particles through the use of plants
- ForestaMi, the foundation of the Municipality of Milan, which has been the objective of planting 3 million trees in the Metropolitan City, With which ATM has activated a protocol of understanding with which it makes available its own areas inside the deposits to be exploited with works dedicated to the green.



## Operations abroad - Copenhagen

In Denmark, the Copenhagen metro network, managed by the subsidiary Metro Service A/S, consists of four lines with a total extension of approximately 38.7 km and 61 stations. The M4 metro line is currently operative with 8 stations out of 13 stations.

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

In 2021, 73.6 million users were transported compared to 63.7 million in 2020, with a 15.7% increase in circus. The results of the management of the M1, M2 and M3 metro lines of the Copenhagen metro were of major importance. *Service availability* was 99.5% with a frequency of one train every 104 seconds at peak times for the M1 and M2 metro lines and 99.1% for the M3 metro line with a frequency of one train every 93 seconds between Østerport and La Copenhagen Central Station.

During 2021, the Company Metro Service A/S continued the investment program in the improvement of ERP systems, while in 2021 it will continue the program of investments in actions aimed at further reducing carbon dioxide emissions also through the replacement of the remaining fleet of fuel-powered service cars fossils with electric vehicles. In addition, the investment program provides for significant interventions on digitization, development and implementation of a DWH related to the analysis of costs related to operational activities.

## Business expansion plan

In 2021, the strategic business expansion plan of ATM was fully implemented, which aims to consolidate its role as a player of excellence also in the international arena, placing a sustainable, efficient and technologically advanced service at the center of the offer.

ATM has made concrete and presented in 2021 various offers in Italy and abroad for the management and maintenance of systems both on rubber and iron.

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

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

On the Italian market ATM, in ATI with civil and technological partners, presented the proposal for the construction of a tramway in the city of Bologna.

In 2022, the implementation of the industrial plan will continue both for the completion of current procedures and for the launch of new initiatives.

## Investments

During 2021, the ATM Group made investments of approximately 72.7 million euros, of which approximately 47.7 million euros were earmarked for fleet renewal, including extraordinary maintenance for the General Revision and Metro and Tram Revamping .

Under the framework agreement for the supply of Leonardo trains, deliveries and put into service of all 72 trains relating to the four application contracts have been completed. The last train was delivered in January 2021 and put into service in March.

During 2021, the authorization procedure for the publication in September of the tender for the signing of a framework agreement for the purchase of 46 new trains, of which 21 trains for the M1 metro line, was launched. It replaces the “revamping” trains and 25 trains for the M3 metro line. The purchase program for M3 metro trains is part of the line upgrading project, together with the new signaling facility. The renewal projects for M1 and M3 trains and M3 signaling installations will be fully publicly funded.

Under the “Full Electric” renewal plan, two application contracts have been concluded under the framework agreement for the supply of 250 electric buses: the first for 40 vehicles, which were delivered in 2020, the second for 100 vehicles, which were delivered in August 2021. In addition, in the second half of 2021, the process was started for the signing of a third application contract for 75 vehicles, which was concluded in January 2022. The framework agreement, in addition to the supply of the means, includes *full-service* maintenance and the replacement of the power supply batteries, which will replace those installed as original equipment at about half the life of the vehicle, expected period of performance degradation.

In December 2021, the ATM city bus fleet consisted of: 74% diesel, 13% hybrid, 13% electric. The aim is to have a total of 1.200 electric vehicles running, this will enable the creation of a “Zero Emission Zone” which will allow, on the one hand, a reduction in diesel fuel consumption of 30 million liters per year and, on the other hand, a reduction in CO<sub>2</sub> emissions of around 75.000 tons per year.

For the “Full Electric” project, in addition to the supply of the vehicles, it will be necessary to adapt also the spaces for the shelter and the recharging of the vehicles. With regard to the vehicles described above, a 5-year framework agreement was signed for the installation of the columns in the warehouses of Sarca, Giambellino and San Donato depots and the installation of *the opportunity charges* at the main terminals of the car service. During 2021, the activities for the laying of the columns in the Sarca warehouse were completed, and the setting up of 10 *opportunity chargers* (6+2+2) at the bus terminals

of Zadar, Centrale and Lambrate respectively. In the second half of 2021 also the activities for the installation of the columns in Giambellino's warehouse began, the conclusion of which is expected for a first step by the spring of 2022 and a second step by the spring of 2023. As for the other *opportunity chargers* at the beginning of 2022, 2 chargers were added to Piazza IV Novembre, bringing the resort to 4 plants. *Lambrate chargers* (Via Viotti) are also being completed.

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

The Group's investment strategies in surface vehicles also include the use of hybrid vehicles as an intermediate step, both because the market is not yet able to meet the wide demand for electric buses, As a consequence of the fact that the COVID-19 pandemic has caused the reprogramming of production activities and numerous difficulties in supplying the raw materials of batteries, both in accordance with the regulations, which establish time limits on the use of older diesel vehicles. In any case, hybrid buses, compared to traditional vehicles, allow significant reductions in both fuel consumption and CO2 emissions.

In October 2021, the tender for a framework agreement for the purchase of 150 hybrid buses, including *full* service maintenance extended to the life of the vehicle, was also awarded. When the framework agreement was signed (November 2021), the first application contract for 129 buses was also signed, with deliveries planned by 2022. It should be noted that the tender for the purchase of such vehicles has been delayed because, in the final award phase in June 2020, the winning company was excluded for some non-conformity. The same company appealed first to the tar, which in July 2021 was in favor of ATM and then to the Council of State, which formally authorized ATM to proceed with the assignment to the second classified.

Taking up the issue of electricity mobility, the first application contract for 30 trams was also signed in the second half of 2020 for the supply of 80 25-meter-long two-way trams to be used on the urban and long-distance network (10 interurban and 20 urban), with deliveries from 2022 and start of service from 2023. At the end of 2021, once the co-financing was confirmed by the Ministry of Infrastructure and Sustainable Mobility (MIMS), two additional application contracts were signed for a further 30 urban trams, completing the replacement program for 50 urban trams. It should be noted that the acquisition of the 80 trams has been delayed due to appeals from one of the companies participating in the tender, first to the tar and then to the State Council. Appeals both rejected by judgments in favor of the work of the ATM invitation to tender.

In November 2021, under the framework agreement for the supply of 80 articulated trolleybuses of 18 meters, the second application contract was signed for the supply of a further 50 trolleybuses, which are expected to be delivered from the end of 2022. The subscription took place at the end of the administrative procedures for the allocation of funds by the Ministry of Transport to the Municipality of Milan.

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

The new trams and new trolleybuses purchased will offer customers a better quality of service, in terms of comfort and accessibility; they will be updated to the most modern safety requirements, equipped with anti-collision system and technological systems to allow customers to connect to the network once

on board. They will also mitigate the noise emitted in the environment, and thanks to the system of recovery of energy during braking they will guarantee energy savings.

In the context of the renewal of the fleet of vehicles and in the perspective of sustainability, the project for the replacement of diesel service cars by rental electric cars, to be used for the assistance of on-line vehicles, the control of the operation and for the maintenance of the metro and tramway systems, continues. There are 106 cars already running.

With regard to the operations on the installations, the project to upgrade the M2 metro line, co-financed by the State at 60%, has been highlighted, which has seen ATM take over from the Municipality of Milan for the financing of the remaining quota. The project concerns the renovation of the electric traction and power supply systems of the Cascina Gobba-Gessate section, whose work was completed in 2019 and of the Cascina Gobba-Cologno Nord section, whose activities started in 2020 continued throughout 2021 and will end in the spring of 2022.

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

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

Finally, ATM is continuing its work on the complete remaking of the M3 metro line, which will contribute to the modernization of the “yellow” line, together with the renewal of the train fleet, in the medium term. The intervention is entirely financed by the Ministry of Sustainable Infrastructure and Mobility (MIMS). In 2021, the tender was launched with the aim of reaching the award by April 2022.

Among the investments there is also the revolution of *ticketing* in local public transport, of which ATM is the leader. The digital transformation of public transport in Milan is now at a turning point in the *ticketing mode*. In fact, ATM takes another step forward in the contactless payment revolution. After two years of operation in the metro, the contactless payment system has been extended and installed also on the first bus lines 56, 70 and 73 and plans are made to extend this payment method also to the car parks.

## **Technological innovation**

ATM is constantly engaged in the experimentation and use of new technologies applied to mobility services. In this context, it has developed distinctive skills in creating platforms for integrated mobility information management.

There are numerous projects carried out in 2021 for the purpose of technological innovation addressed to both internal and external customers; among others we highlight:

### **SAP SuccessFactors Platform**

During 2021, the Information Systems Department, in conjunction with the Human Resources Department, launched the Competency Assessment, MBO, Compensation Policy campaigns through SAP SuccessFactors. The adoption of the new platform has enabled, thanks to the digitalization of the process, greater speed and efficiency in communication between the Human Resources and Line Resources Directorate.

### **Employee Portal functionality evolution**

Transition of approximately 50% of enterprise domain users to Office365 with second factor security authentication. As of July 2021, all employees, thanks to the second authentication factor activated, no longer receive the paper coupon but only access it digitally via the Employee Portal. The aim is to extend this type of user to all staff.

### **Application “Attilio”**

During 2021, the Information Services Department developed and made available to the operating Directorates a new application that digitally allows to propose an extraordinary shift to an agent and to trace the process of acceptance or refusal.

### **Key Account Reimbursement process**

Since July 2021, ATM has launched a new refund procedure for “*Key Account*” customers, i.e. customers who are employees of public and/or private entities with which a commercial agreement is in place for the sale of ATM services. The new procedure provides for the independent management by the customer that provides in total autonomy the insertion of the reimbursement request in the ATM Web Site (Reserved Area). After the insertion of the request, the client can deactivate his contract, for which he has requested the reimbursement, by approaching his card to any of the “Totem” present in the stations of the metro lines. The claim is then handled by the ATM back-office for the financial aspects of reimbursement. The new process prevents the customer from physically visiting the counters and has made the reimbursement process more traceable and has reduced the time to process the reimbursement practices.

The process analysis is aimed at extending the “on-line” reimbursement mode to other sales channels as well.

### **Digitalization of legal practices**

During 2021, the Information Systems Department, in collaboration with the Legal and Corporate Affairs Department, launched a project aimed at the complete digitalization of legal practices.

The project aims to manage in an automated, digitized, fast and secure way the process of acquisition,

insertion, archiving and consultation of all those documents produced by the Legal Department in support of legal practices. The project is in line with the technological and normative evolution of the civil telematic process (PCT) and has been realized on a platform with logic “Software as A Service” (SAAS). The new platform also manages procedural deadlines and working procedures, automatic synchronization with platforms activated by the courts, Document Management, File Privacy and remote electronic signature according to law.

### **APPS for disabled people**

With a view to completing the process of dematerialization of staging posts and with the objective of providing users with more and more effective and efficient services, ATM in collaboration with the Municipality of Milan, started a project aimed at integrating THE APP “citizen's file” with a section completely dedicated to users with disability passes, allowing them to obtain on-line permission to stay on the whole territory of the Municipality of Milan and access to all the gates of the traffic zones Limited. The project also provides for a second phase, which will be carried out in the first quarter of 2022 aimed at extending the service also to persons accompanying users with a disability title.

### **Integration with Lombardy Region for move-in Area B project**

ATM , always in collaboration with the Municipality of Milan, has realized the integration of the ZTL and Area B management platform with what is defined at regional level. In particular, the project has complied with what was stated by Lombardy Region which, under D.G.R. n. 2055/2019, launched the experimental project called “move-in” (monitoring of polluting vehicles), which consists in allocating, to vehicles subject to traffic restrictions in relation to the pollutant emission class, a number of kilometers usable on portions of regional territory. The same derogation on mileage basis was also activated in the ZTL Area B discipline through integrations and data exchange with Lombardy Region platform.

### **Velostation of Cordusio**

In September he opened the new Velostation of Cordusio. The initiative is part of a wider project of ATM and the Municipality of Milan, which aims to create an increasingly integrated mobility system, promoting the use of two wheels and public transport for travel. The ATM information systems have taken care of equipping the room with all the necessary technology to enable the video surveillance systems, the anti-intrusion and alarm systems and the possibility of access to the velostation using the ATM card in the course of validity.

### **Business Intelligence Portal “13816 Certification”**

As part of the 13816 certification project for some TPL lines managed by ATM, the Information Systems Department has developed a data analysis model developing the indicators defined in the certification process and implementing a portal dedicated to the publication and consultation of the data monitoring and KPI reporting.

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

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

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

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

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

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

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

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

The Bacino Agency and the Municipality of Milan, as anticipated, must assess the public interest of the proposal which, in the event of a favorable evaluation, will be the subject of the tender procedure referred to in Article 183, paragraph 15, of Legislative Decree no. 50/2016. As anticipated in the event that potential competitors submit improvement offers (both in economic and qualitative terms), “Milano

Next”, as the subject “of the promoter”, will be able to exercise, in accordance with the already mentioned art. 183, paragraph 15, of Legislative Decree no. 50/2016, a right of pre-emption.

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

Inside the proposing team, the interlocutions aimed at defining the perimeter and the contractual conditions of the services of competence of each partner have been started, through the drafting of term sheets aimed at regulating the EPC and O&M operations; Technical tables for detailed activity planning and the definition of transition strategies have also been set up, and regular meetings of the coordination Committee have been held to address the most important issues at collegial level;

In external relations with the evaluators, a constructive discussion has been initiated, aimed at deepening the contents of the proposal presented through the convening of meetings and the exchange of correspondence aimed at providing the clarifications and the additional elements required.

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

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



## Comments on the financial results of the ATM Group

The 2021 financial statements have been prepared in accordance with the IAS/IFRS principles.

The COVID-19 pandemic continued to represent an exogenous trigger event to the ATM Group, therefore for the purposes of drawing up the 2021 consolidated annual financial statements, the ATM Group updated the assumptions underlying *the impairment test* already carried out at the end of the 2020 financial year, as recommended by ESMA and in accordance with the requirements of the International Accounting Standard IAS 36, on the recoverability of net invested capital. *The impairment test* was carried out on the lines of business that have suffered the most from the pandemic, named “*local public transport and complementary services*”, “*local public transport in long-distance area*” and “*other activities*” with specific reference to the activities carried out by the subsidiary Rail Diagnostics S.p.A.

The consolidated comparative economic and financial results determined taking account of the above statements mentioned:

- > Operating income for 2021 was negative at 13,655 thousand euros (negative at Euro 31 thousand as of 2020 December 47,374).
- > The Group's operating loss for the year amounted to Euro 16,022 thousand (an operating loss of 64,493 thousand euros as of December 31, 2021).
- > Current assets rose from Euro 399,909 thousand as December 31, 2020 to Euro 392,467 thousand as December 31, 2021.
- > Current liabilities rose from Euro 388,318 thousand as December 31, 2020 to Euro 364,806 thousand as December 31, 2021.
- > The net financial position is negative, taking into account the outstanding amounts of bonds and UCITS held, has decreased by Euro 27,500 thousand and amounts at 1.902 thousand euros as of 31 December 2021, while it was positive and equal to 25,598 thousand euros last year.
- > Net invested capital employed rose from Euro 31 thousand at December 2020, 1,405,799 to Euro 31 thousand at December 2021, 1,372,704, where 81,7% covered by equity.

## Consolidated profit and loss account

	2021	2020	Variation
<b>Revenue and other operating income</b>			
Core business Revenue	864,317	827,347	36,970
Local Public Transport Revenues of which :	848,210	811,633	36,577
<i>Service Contract Municipality of Milan</i>	670,415	663,636	6,779
<i>Service Contract Copenhagen</i>	101,738	98,349	3,389
<i>Service Contract – Intercity</i>	20,047	19,221	826
<i>Service Contract M5 Line</i>	22,724	23,640	(916)
<i>Ticket sales – Intercity</i>	7,054	6,085	969
<i>Special/dedicated transport services</i>	26,232	702	25,530
On – street parking management fees	8,031	9,497	(1,466)
Car parking management fees	5,222	3,996	1,226
Vehicle towing management fees	2,950	2,134	816
Other core business revenues	(96)	87	(183)
Other revenue	68,331	58,374	9,957
Other income of which:	76,606	72,226	4,380
<i>NCLA Grants</i>	50,190	50,190	-
<b>Total revenues and other operating income</b>	<b>1,009,254</b>	<b>957,947</b>	<b>51,307</b>
<b>Costs and other Operating charges</b>			
Purchases of goods and changes in inventories	(76,020)	(73,980)	(2,040)
Service costs	(289,120)	(267,284)	(21,836)
<i>Maintenance and cleaning costs</i>	(146,687)	(138,360)	(8,327)
<i>Electrical traction energy</i>	(47,804)	(51,833)	4,029
<i>Sub - contracted transport services</i>	(38,533)	(24,985)	(13,548)
<i>Utilities</i>	(15,795)	(16,441)	646
<i>Production &amp; distribution of travel titles</i>	(6,350)	(5,663)	(687)
<i>Insurance</i>	(6,330)	(6,526)	196
<i>Customer services, advertising and marketing</i>	(3,171)	(3,428)	257
<i>Personnel services</i>	(3,810)	(3,735)	(75)
<i>Miscellaneous services</i>	(7,316)	(5,694)	(1,622)
<i>Professional services</i>	(10,635)	(5,879)	(4,756)
<i>Security costs</i>	(2,689)	(4,740)	2,051
Operating leasing costs	(2,090)	(2,018)	(72)
Personnel expenses	(546,427)	(541,592)	(4,835)
<i>Salaries and wages</i>	(408,384)	(393,177)	(15,207)
<i>Social security charges</i>	(93,064)	(108,279)	15,215
<i>Post – employment benefits</i>	(23,683)	(23,126)	(557)
<i>Other costs</i>	(22,761)	(20,620)	(2,141)
<i>Personnel costs for internal work</i>	1,465	3,610	(2,145)
Other costs and operating charges	(12,299)	(11,896)	(403)
<b>Total costs and other operating charges</b>	<b>(925,956)</b>	<b>(896,770)</b>	<b>(29,186)</b>
<b>EBITDA</b>	<b>83,298</b>	<b>61,177</b>	<b>22,121</b>

	2021	2020	Variation
Amortisation, depreciation and write – down	(96,953)	(108,551)	11,598
<i>Depreciation - Property, plant and equipment</i>	(122,801)	(124,667)	1,866
<i>Plant capital grants</i>	35,947	36,735	(788)
<i>Amortization - intangible assets</i>	(1,334)	(1,339)	5
<i>Depreciation right of use for leased assets</i>	(2,231)	(2,151)	(80)
<i>Impairment – property, plant and machinery</i>	(7,724)	(17,129)	9,405
<i>Impairment- Revalutaion</i>	1,190		1,190
<b>EBIT</b>	<b>(13,655)</b>	<b>(47,374)</b>	<b>33,719</b>
Financial income	6,682	8,081	(1,399)
Financial charges	(6,484)	(6,515)	31
<b>Net financial income (charges)</b>	<b>198</b>	<b>1,566</b>	<b>(1,368)</b>
Share of the result of companies measured under the equity method	3,373	2,546	827
<b>Pre-tax result</b>	<b>(10,084)</b>	<b>(43,262)</b>	<b>33,178</b>
Income taxes	(5,938)	(21,231)	15,293
<b>(Loss) / profit for the financial year</b>	<b>(16,022)</b>	<b>(64,493)</b>	<b>48,471</b>
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the parent company	(19,393)	(68,082)	48,689
Non – controlling interests (*)	3,371	3,589	(218)
<b>Total</b>	<b>(16,022)</b>	<b>(64,493)</b>	<b>48,471</b>

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

In order to better understand the economic performance and to allow comparability of the 2021 and 2020 financial statements characterized by significant non-recurring economic effects, the Directors considered that the non-recurring effects were highlighted in the following table in order to identify the “normalized” trend of the economic result; As provided for in the ESMA recommendation, indications are given relating to the nature of the items considered in the reconciliation.

The impact of non-recurring effects is presented below:

	2021	2020
<b>(Loss) / profit for the financial year</b>	<b>(16,022)</b>	<b>(64,493)</b>
Other income	(5,346)	(1,915)
Personnel expenses	366	1,473
Amortisation, depreciation and write – down	6,533	17,129
Income taxes	-	13,610
<b>Total non-recurring effects</b>	<b>1,553</b>	<b>30,297</b>
<b>(Loss) / adjusted profit for the period</b>	<b>(14,469)</b>	<b>(34,196)</b>

The item “other income” refers for Euro 4,385 thousand to the financial contributions relating to the Ristori Decrees (D.L. 34/2020 and D.L. 104/2020), which Euro 3,524 thousand are the responsibility of NET S.r.l. and the responsibility of ATM S.p.A. for Euro 861 thousand in relation to the management of the Como – Brunate Funicular) And for 961 thousand euros to the release of funds recorded in previous years for risks related to qualitative penalties or to adjustments for minor mileage of the service

contracts concluded between the Bacino Agency and NET S.r.l. following the definition of the fees for the second half of 2017 and annuality 2018.

The item “*Personnel expenses*” totaling EUR 366 thousand (EUR 1.473 thousand at December 31, 2020) refers to the combined effect of the following events: On the one hand, the Ministry of Labor approved the application for contributions for sickness charges relating to annual payments from 2014 to 2018, totaling 17.406 thousand euros, limited to the amount compensated in 2021; on the other hand, Euro 15,160 thousand to the provision made to deal with risks associated with a labor dispute, and euro 2.612 thousand to the higher non-recurring costs for redundancy incentives granted to staff nearing retirement (euro 3.916 thousand at 31 December 2020). In 2020 the non-recurring effect was reported: Euro 2,443 thousand concerning the lower personnel costs as a result of the use of the bilateral Public Transport Solidarity Fund activated during *the lockdown period*.

The item “*depreciation and write – down*”, entered in the financial year 2021 for Euro 6,533 thousand, refers to the non-recurring effect linked to the devaluation of 5 technologically obsolete trams for Euro 4,026 thousand and the value of the write-downs recognized in the income statement determined by the adjustment to *fair value* in application of the method for 2.507 thousand euros the revalued cost of the property following the expert report prepared by a primary independent third party operator experienced in *the real estate market*. The value of EUR 17.129 thousand recorded in 2020 was related to the non-recurring effect linked to the devaluation of 6 trains used on the M2 metro line and 3 trains used on the M3 metro line.

Finally, the item “*income tax*” refers in 2020 to the non-recurring effect of Euro 13,610 thousand on the release of deferred tax on tax losses in previous years.

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

#### *Revenue and other operating income*

The “*revenues and other operating income*” in 2021 amounted to Euro 957,947 thousand (Euro 1,009,254 thousand as December 31, 2020) and increased by Euro 51,307 thousands. The “*characteristic management revenues*” for Euro 864,317, the “*other revenues*” for Euro 68.331 and the “*other income*” for Euro 76,606 thousand contribute to the total revenues.

The “*revenues and other operating income*” amounted to Euro 827,347 thousands (Euro 864,317 thousand as December 31, 2020) and increased altogether by Euro 36,970 thousand. This increase is due to the item “*revenues from TPL*” for 393 million euros and 36.577 thousand euros of services complementary to the service contract with the Municipality of Milan such as parking, parking, removal and other revenues from core business

The “*corresponding Milan Joint Service Contract*” increases by 6.779 thousand euros.

The “*Copenhagen Service Contract fee*” increased by 3.389 thousands of Euro compared to 2020, due both to the full operation of the M4 line of the Copenhagen Metro, which was opened on 28 March 2020, and to the definition, with the body in charge, of the of *the “bonus performance”* payable to the operator. This definition covered the whole period of management of metropolitan lines.

The “*Service Contract for the Urban Area*” increased by 826 thousand euros following the definition with Bacino Agency, in July 2021, of the fees due to the subsidiary NET S.r.l. for the first half of 2017 and for the year 2018.

The “*operating contract for line 5*” decreased by 916 thousand euros compared to the previous year. The change is linked to lower activities for 647 thousand euros and to mileage payments for 2020 defined in the year 2021 for 159 thousand euros and Euro 110 thousand for 2021 adjustments.

In addition, the following items have increased: “*tariff revenue - long-distance area*”, which increases by 969 thousand euros, As a result of the resumption of sales volumes of travel licenses following the disappearance of restrictions on the mobility of persons and restrictions on the capacity of the means imposed by the Italian Government and “*special/dedicated transport services*” increasing by 25.530 thousand euros. The latter change is linked to the additional transport services that the parent company ATM S.p.A. and the subsidiary NET S.r.l. have carried out at the request of the contracting entities (Municipality of Milan and Bacino Agency). In order to guarantee the same service, offer in view of the reduction in the capacity of the means during the COVID-19 emergency. These services have been financed through specific regulatory measures by the Italian Government to cover the costs, as described in the chapter “*the ATM Group and the COVID emergency - 19*” of this document.

The services complementary to the Service Contract with the Municipality of Milan such as parking, parking, removal and the other revenues of the characteristic management increased by a total of 393 thousand euros. In particular, “*parking revenue*” decreased by 1.466 thousand euros, affected by the suspension of the payment parking arrangements until 8 June 2021; The “*revenues from parking management*” and the “*revenues from car removal management*” increase by 1.226 thousand euros and 816 thousand euros respectively. The increase was due to the fact that in the lockdown period of 2020 these activities had been suspended.

The “*other revenues of the characteristic management*” 96 negative for 87 thousand (positive and equal to 31 thousand of euro as at 2020 December 2020) and refer to the reimbursement of parking subscriptions issued in 19 and not used due to the emergency COVID-“.

The “*other revenues*” in 2021 amounted to 58.374 thousand of euro (68.331 thousand of euro at 31 December 2020) and increased by 9.957 thousand of euro. The increase in the item is attributable to the higher “*revenues for services rendered*” in an increase of 11.456 million euros compared to 2020 and are mainly linked to the higher services performed by the Parent Company ATM S.p.A. for maintenance activities on municipal infrastructure, For the realization and management of the payment system of Area B and C and of the system of control of the traffic and the territory, for the extraordinary maintenance not planned on the metro line M5, and in residual way, for the services carried out by the Danish subsidiary in favor of the entrusted entity. In addition, SPV M4 S.p.A. was charged in 2021 for the maintenance of the line following the postponement of the opening of the M4 metro line to the public at 2022, which was initially scheduled for July 2021. This increase was partially offset by lower advertising revenues of 1.922 mi. Of euro, following the revision of the terms of the contract with the company that manages advertising space and revenues for renting spaces of 340 mi. reduction due to the revision of rent fees for metropolitan spaces.

The “*other income*” in 2021 amounted to Euro 72,226 thousand (Euro 76,606 thousand as of December 31, 2020) and increased by 4,380 thousand. The increase in this item is due to EUR 1.344 million for “*insurance refunds and costs incurred on behalf of third parties*” and EUR 2.558 million for “*contributions*”. In the year, contributions were entered, in respect of the Ristori Decrees, for 3.524

thousand euros ( 1.534 thousand euros in 2020) and for 861 thousand euros (381 thousand euros in 2020) by ATM S.p.A. Regarding the management of the Como – Brunate Funicular. In addition, for the residual part, the contributions for the production of electricity by means of photovoltaic systems and for the training of personnel are included in the item under consideration. Finally, for 971 Iget EUR under the heading “other income” mainly related to higher revenues related to “passenger fines.”

These changes were partially offset by 1.624 thousand euros by the decrease in “proceeds for penalties invoiced to suppliers”.

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

#### *Operating costs and other charges*

“Costs and other operating charges ” amounted to Euro 925,956 thousand (as December 31, 2020 equal to Euro 896,770 thousand ) and increased by Euro 29,186 thousand .

The main variations relate to:

- “purchase of goods and changes in inventories” equal to Euro 73,980 thousand (Euro 76,020 thousand as December 31, 2020), which increase by 2,040 thousand euros compared to 31 December 2020. The increase is due to the higher costs incurred by the Parent Company ATM S.p.A. and the subsidiary NET S.r.l. for the purchase of diesel fuel for motor vehicles and for the purchase of maintenance materials, following the internalization of some maintenance activities. These costs have been partly compensated by the dynamics of the fund obsolescence supply’s. In addition, in the year, higher charges were incurred by the Danish subsidiary Metro Service A/S for the purchase of materials for the maintenance of iron-on-iron rolling stock;
- “Service costs for services 289.120 equal to 267.284 thousand euros ( 31 thousand euros as of 2020 December) which increase by 21.836 “ thousand euros. The main items, which increased from 31 December 2020, are:
  - “Subcontracting services” increased by 13.548 thousand euros compared to 2020, The change is linked to the additional transport services that ATM Group companies have had to request from carriers in order to guarantee the same service offer in view of the reduction in the capacity of the means during the COVID – 19 emergency.
  - “maintenance and cleaning costs” increased by Euro 8327 thousand The increase is due to the higher maintenance costs incurred on armament and rolling stock. With regard to activities abroad, the increase is due to cyclical maintenance on trains, while with reference to the Parent Company ATM S.p.A., the internalization of the maintenance activities of rolling stock as a consequence of the expiration of the full-service maintenance contracts included in the purchase contracts that were in the head of the suppliers of the vehicles. As regards cleaning operations, the most significant increase refers to car cleaning for sanitation and sanitation of vehicles, which have been carried out since the first days of the COVID–19 pandemic;
  - “Professional services” increased by 4.756 thousand euros compared to 2020. The increase is due to the support activities of external consultants to the participation of international

competitions in the context of the geographical expansion that the Group is carrying out under the strategic plan 2021 - 2025;

- ” *Various services* “increased by 1.622 thousand euros compared to 2020; the variation is mainly due to the higher costs for transport services of 1.154 thousand euros and to the higher costs for bank charges applied to the sale of travel licenses by means of electronic payments of 443 thousand euros, as a result of the resumption of sales volumes of travel licenses compared with 2020,
- ” Production and distribution of travel securities an increase of 687 “thousand euros , as a result of the recovery of sales volumes.

The main cost items which, on the other hand, show a decrease are:

- “*Electric traction energy*” down by Euro 4,029 thousand, of which 5.476 thousand euros related to activities in Milan. The lower costs incurred by the Parent Company are linked to two opposite effects, on the one hand the increase in the service and on the other the lower supply costs due to a lower unit cost (kWh) compared to the previous year. At the Group level, these lower charges are partly offset by the higher charges incurred by the Danish subsidiary for 1.447 thousand euros as a result of the full operation of the M4 metro line and for contractual indexation related costs;
  - “*Security costs*” decreased by Euro 2,051 thousand compared to 2020 for additional services requested in 2020 by the Agency entrusted to Metro Service A/S;
  - “*Users*” decrease by 646 thousand euros compared to 2020, mainly due to lower costs incurred as a result of the closure of offices and *the use of smart working* and to the reduction of the costs of supplying services;
  - “*Customer services, advertising and marketing*” decreased by Euro 257 thousand compared to 2020. The decrease is due to lower marketing services, partly offset by the resumption of customer support initiatives.
- “*Operating leasing costs*” in line with the recognized costs in the previous year;
  - “*Costs for employee benefits*” amounting to 546.427 thousand euros (to 541.592 thousand euros at 31 December 2020), increase by 4.835 thousand euros overall. This increase is due to higher “*wages and salaries*” costs of EUR 15.207 thousand, and to “*other costs*” of EUR 2.141 thousand, from the lower recoveries linked to “*personnel costs for internal work*” of 2.145 thousand euros and from the higher “*charges for defined contribution plans*” of 557 thousand euros offset by the lower “*social charges*” of 15.215 thousand euros. The higher “*wages and salaries*” in addition to the non-recurring effect of the provision for risks related to a staff dispute for the remuneration share of EUR 10.966 thousand, are affected by the higher salaries of the staff of the Danish subsidiary Metro Service A/S, by the increase in overtime pay. For variable compensation (PDR, MBO), the provision for leave for staff still to be used at the date of the drawing-up of the financial statements and the lower reimbursement received by institutions for sick leave. In addition to the non-recourse in 2021 to the bilateral Public Transport Solidarity Fund which the Group used during *the lockdown period* in March and April 2020, which had resulted in a non-recurring benefit in the previous year. These effects were partly offset by lower charges linked to the non-recurring effect of the redundancy incentive program for staff close to retirement rights. The minor “*social security contributions*” are determined by two opposing effects, on the one hand by the non-recurring event recorded in the 2021 financial year on recognition, in the context of the contribution payment, Reimbursement of sickness charges for the period 2014 to 2018 for 17.406 thousand euro in addition to the lower payments for the INAIL

premium, and the non-recurring effect of the provision for risks related to a staff dispute for the contribution of 4.194 thousand euro, And the increased burden on the contribution quotas for the item “*wages and salaries*”;

- “*Other costs and operating charges*” amounting to Euro 12,299 thousand (as December 31, 2020 equal to Euro 11,896 thousand ) fall by (403) thousand euros. The decrease compared to the same period of 2020 is mainly due to the lower provisions made to deal with emerging risks of 1.891 thousand euros, partly offset by the higher provisions to Allowance for doubtful accounts of 628 thousand euros.

“*Depreciation and losses for value reductions*” amounted to Euro 96,953 thousand (as December 31, 2020 equal to Euro 108,551 thousand ) and decreased by Euro 11,598 thousand . The change is due to lower depreciation, net of contributions, of 2.193 thousand euros to lower write-downs of 9.405 thousand euros. In 2020 nine metropolitan trains were wrote-downs for a total of 17.129 thousand euros , while in 2021 the write-downs were equal to 7.723 thousand euros and refer to the devaluation of 5 trams for 4.026 thousand euros, which considering their technological obsolescence, they are no longer used in the transport service, For 2.507 thousand euros to the share recognized in the income statement relating to the adjustment to *fair value* in application of the method of the revalued cost of the property and finally to the depreciation for “thousand euros of the” land 1.190 on which the deposit of NET S.r.l. located in Monza insists following the adjustment of its net carrying amount at *fair value*. It should be noted that at the same time and for the same amount, the net carrying amount was restored to *the fair value* of the “building” of the same deposit which had been devalued in previous years.

The “*Net financial income (charges)*” was positive at 198 thousand euros (positive as 31 December 2020 and equal to 1.566 thousand euros) and decreased by 1.368 thousand euros.

The item “*Financial income*”, was positive at Euro 6,682 thousand (Euro 8,081 thousand as of December 31, 2020) and decreased by Euro 1,399 thousand. This decrease is linked, on the one hand, to the lower net profits achieved by the trading of financial assets (down from the same period of 2020 by Euro 92 thousand), and to lower earnings from adjustment to *the fair value* of FVTPL securities (down Euro 1,103 thousand compared to last year) in addition to the lower interest income of Euro 274 thousand . Other financial income increased by Euro 70 thousand , the value of the item was adjusted to the value of the stake held in Movibus S.r.l. to the representative value of the share of shareholders' equity attributable to ATM S.p.A. for Euro 360 thousand (Euro 131 thousand in 2020).

The item “*Financial charges*”, amounting to a total of Euro 6,484 thousand (Euro 6,515 thousand as of December 31, 2020), falls by Euro 31 thousand. The decrease is mainly due to lower interest for defined benefit plans for employees (down 468 thousand euros compared to 2020) and to a 350-mile decrease in other financial charges. These reductions were offset by the increased *fair value adjustment charges* for FVTPL securities (increased by 856 thousand euros compared to 2020). This item also consists of the interest liabilities recognized on the bond and financial debt for payment by the European Investment Bank amounting to Euro 4,214 thousand (as December 31, 2020, Euro 4,349 thousand) and a decrease of Euro 135 thousand compared to 2020.

The “*Share of the result of companies measured under equity method*”, equal to Euro 3,373 thousand , accepts the valuation of the companies Metro 5 S.p.A. for Euro 3,224 thousand and SPV Linea M4 S.p.A. with equity method for Euro 149 thousand.

The item “*income tax*” accepts the repayment of deferred tax liabilities for the adjustment to *fair value* for EUR 1.791 thousand in accordance with the method of the revalued cost of buildings and the



valuation of rolling stock at fair value for EUR 4.903 thousand the period movements of early taxes on risk funds. Current taxes refer mainly to those of Metro Service A/S for 2.682 miles of euro.

The “*operating loss*” amounts to EUR 16.022 thousand, including third-party profit of EUR 3.371 thousand. The contribution to the creation of the operating result of the foreign subsidiary Metro Service A/S was positive and amounted to 7.099 thousand euros.

### Reclassified consolidated balance statement of financial position

	12.31.2021	12.31.2020
<b>NET CAPITAL EMPLOYED</b>		
Property, plant, and equipment	1,287,531	1,299,209
Intangible assets	4,201	3,822
Right of use for leased assets	7,778	5,906
Financial fixed assets	78,558	52,176
<b>A. FIXED CAPITAL</b>	<b>1,378,068</b>	<b>1,361,113</b>
Trade receivables	190,900	182,888
Other current assets	102,945	124,004
Inventories	98,622	93,017
<b>B. CURRENT ASSETS</b>	<b>392,467</b>	<b>399,909</b>
Trade payables	230,288	252,231
Other current liabilities	134,518	136,087
<b>C. CURRENT LIABILITIES</b>	<b>364,806</b>	<b>388,318</b>
<b>Q. WORKING CAPITAL (D=B-C)</b>	<b>27,661</b>	<b>11,591</b>
<b>NET CAPITAL EMPLOYED (E=A+D)</b>	<b>1,405,729</b>	<b>1,372,704</b>
Assets and liabilities from discontinued operation	70	-
<b>TOTAL NET INVESTED CAPITAL AND DISCONTINUOUS ACTIVITIES AND LIABILITIES</b>	<b>1,405,799</b>	<b>1,372,704</b>

The total “*net invested capital and discontinuous assets and liabilities*” as December 31, 2021 amounted to Euro 1,405,799 thousand and increased by Euro 33,095 thousand compared to December 31 2020.

The “*Fixed capital*” as December 31, 2021 amounted to Euro 1,378,068 thousand. During the financial year, investments amounted to Euro 72,672 thousand (net of the increase in user rights registered under IFRS 16 for Euro 4,105 thousand ), while the shares of Amortization and write-downs recorded in the income statement amounted to Euro 132,900 thousand (including amortization’s share of user rights of Euro 2,231 thousand ) and before the effect of plant contributions of Euro 35,947 thousand .

The “*working capital*” as 31 December 2021 shows a positive balance of Euro 27,661 thousand , with a deteriorated position of Euro 16,070 thousand compared to December 31, 2020, the change is due to the dynamics of commercial receivables and payables and to inventory inventories . The dynamics of variation of the various components of working capital are better analyzed in the explanatory note.

Notes	31.12.2021	31.12.2020	Variation
1 (A) Cash and cash equivalents (B) means equivalent to Cash and cash equivalents	(114.146)	(123.861)	9.715
2 (C) other current financial assets	(214.912)	(234.443)	19.531
<b>(D) LIQUIDITY (A+B+C)</b>	<b>(329.058)</b>	<b>(358.304)</b>	<b>29.246</b>
(E) current debt(including debt instruments, but excluding the current portion of non-current financial debt)	50.020	42.261	7.759
4 (F) current part of the non-current financial debt	14.073	14.135	(62)
<b>(G) current financial debt (E+F)</b>	<b>64.093</b>	<b>56.396</b>	<b>7.697</b>
<b>(H) Net current financial debt (G+D)</b>	<b>(264.965)</b>	<b>(301.908)</b>	<b>36.943</b>
(I) Non-current financial debt (excluding the current part and debt instruments)	197.305	206.906	(9.601)
6 (J) Instruments of Debt (K) commercial debts and other non-current debts	69.562	69.404	158
<b>(L) Non-current financial position (I+J+K)</b>	<b>266,867</b>	<b>276,310</b>	<b>(9,443)</b>
<b>Net financial position (H+L)</b>	<b>1,902</b>	<b>(25,598)</b>	<b>27.500</b>

**Notes:**

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

The "net financial position" as December 31, 2021 - determined in accordance with the ESMA recommendations 32-382-1138 - for the purposes of this Management Report taking into account the Group's bonds and UCITS - is negative and stands at Euro 1,902 thousand down by Euro 27,500 thousand compared to the year 2000 on 31 December 2020. The change from 31 December 2020 is mainly due to the liquidity absorption generated by the investment activity and to the lower cash generation of generated by the income management. The balance of the financing with the European Investment Bank decreases as a result of the repayments made in the year amounting to Euro 10,923 thousand.

	12.31.2021	12.31.2020
<b>SOURCES OF FINANCING</b>		
Financial payables	330,960	332,706
Financial receivables	-	(7,251)
Cash and cash equivalents and securities	(329,058)	(351,053)
<b>F. NET FINANCIAL POSITION</b>	<b>1,902</b>	<b>(25,598)</b>
Employee benefits	113,579	125,664
Provisions risks and charges	141,509	123,487
<b>G. NON-CURRENT LIABILITIES</b>	<b>255,088</b>	<b>249,151</b>
<b>H. EQUITY</b>	<b>1,130,414</b>	<b>1,132,657</b>
-Share capital	700,000	700,000
-Reserves	409,087	408,428
-Retained earnings	21,327	24,229
<b>I. NON-CONTROLLING INTERESTS</b>	<b>18,395</b>	<b>16,494</b>
<b>L. SOURCES OF FUNDING (L=F+G+H+I)</b>	<b>1,405,799</b>	<b>1,372,704</b>

The “Group shareholders’ equity” on December 31, 2021, amounted to Euro 1,130,414 thousand , down by Euro 2,243 thousand . The decrease is due to the opposite effect of the negative change in the item “gains/(losses) carried to new” for 2.902 thousand euros and the positive change in the item of “reserves” for a total of 659 thousand euros. The latter is justified by:

- The negative change of EUR 16.491 thousand resulting from the coverage of the “operating loss” of 2020 and of EUR 181 thousand to the other negative changes in the total income statement related to the valuation of the TFR according to the actuarial methodology laid down in IAS 19;
- The positive change of EUR 14.689 thousand in relation to the adjustment to *fair value* in application of the revalued cost method of the property and of EUR 2.890 thousand in relation to the other positive changes in the total income statement related to the valuation of the securities portfolio and to the variation in the “Cash Flow reserve Hedgand”.

<b>Reclassified Consolidated Cash Flow Statement</b>	<b>2021</b>	<b>2020</b>	<b>Variation</b>
<b>Consolidated net profit</b>	<b>(16,022)</b>	<b>(64,493)</b>	<b>48,471</b>
<i>Adjustments to reconcile net profit to operating cash flow:</i>			
Amortization, depreciation and write-downs and from consolidation	76,364	108,551	(32,187)
net capital gain on asset disposals	(1)	(89)	88
- income taxes, interest, dividends	5,930	19,871	(13,941)
- financial asset impairment	(59)	(206)	147
- other non-monetary changes	10,941	(1,248)	12,189
Change in net working capital	4,366	(49,709)	54,075
Cash in provisions for cash and cash equivalents	182	(66)	248
Non-current liabilities (changes in risk provisions and severance indemnity fund)	1,668	(4,065)	5,733
Interest paid on leased assets International IFRS 16	(155)	(99)	(56)
Income Taxes paid, interest (paid) collected, dividends received	(3,969)	(2,596)	(1,373)
<b>Consolidated financial cash-flow from operating activities</b>	<b>79,245</b>	<b>5,851</b>	<b>73,394</b>
<b>Investments</b>			
Net capital expenditure	(72,672)	(139,924)	67,252
Proceeds from technical disposals	395	584	(189)
Change in supplier payables for capital expenditure	(30,704)	17,276	(47,980)
Investments in financial assets	(4,100)	27,723	(31,823)
Changes in plant capital grants	17,777	12,070	5,707
<b>Consolidated free cash flow</b>	<b>(10,059)</b>	<b>(76,420)</b>	<b>66,361</b>
Changes in current and non-current financial payables	4,077	24,218	(20,141)
Cash flow of own capital (dividends paid)	(1,470)	(3,920)	2,450
Exchange rate effect	253	(453)	706
Reimbursement of the principal amount of leased assets IFRS 16	(2,334)	(1,782)	(552)
<b>Consolidated net cash flow in the year</b>	<b>(9,533)</b>	<b>(58,357)</b>	<b>48,824</b>

The “consolidated cash flow from operating activities” in 2021 amounted to Euro 79,245 thousand, an increase Euro of 73,394 thousand compared to 2020. The trend is linked to the period result, net working capital, the variation in taxes and financial items, and the variation in the amount of risk funds following the settlement of disputes, have contributed to mainly to the formation of the result. This flow ensured the coverage of the needs deriving from the investment activity (Euro 72,672 thousand net of disposals).

The consolidated free cash flow was negative and amounted to Euro 10,059 thousand, mainly of the dynamics linked to investments and payments of suppliers for investments, in addition to the dynamics connected with the management of financial investments.

The consolidated net cash flow in the year for the consolidated financial year was negative and amounted to Euro 9,533 thousand and includes the drawing of Euro 15,000 thousand of cash, the adjustment of the mortgage payments with the European Investment Bank for Euro 10,923 thousand, the payment of dividends to Hitachi Rail STS S.p.A. agreed by International Metro Service S.r.l. for Euro 1,470 thousand. The value of Cash and cash equivalents decreased to Euro 114,415 thousand compared to Euro 123,948 thousand as December 31, 2020.

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

The financial statements of ATM S.p.A. as December 31, 2021 have been prepared in accordance with the IAS/IFRS principles.

The COVID-19 pandemic continued to represent an exogenous trigger event at ATM S.p.A., therefore the Company, for the purposes of drawing up the annual financial statements for 2021, updated the assumptions underlying *the impairment test*, already carried out at the end of the financial year 2020, as recommended by ESMA and in accordance with the requirements of the International Accounting Standard IAS 36, regarding the recoverability of net invested capital. *The impairment test* was carried out on the “*local public transport and complementary services*” business line, as defined in Note 7 “Operational performance – sector analysis”.

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

- > The operating income for 2021 is negative and amounts to Euro 28,290 thousand (negative at 31 thousand euros as of 2020 December 31).
- > The Group’s operating loss amounted to Euro 29,914 thousand (operating loss of Euro 70,360 thousand as 31 December 2020).
- > Current assets are equal to Euro 351,579 thousand (Euro 343,630 thousand as December 31, 2020).
- > Current liabilities are equal to Euro 360,628 thousand (Euro 334,201 thousand as December 31, 2020).
- > The net financial position was Euro 667 thousand (Euro 42,084 thousand as 31 December 31, 2020).
- > Net invested capital went from Euro 31 thousand at December 2020, Euro 1,366,694 to Euro 31 thousand at December 2021, Euro 1,337,284 and is 79.5% covered by net equity

## Income statement

	2021	2020	Variation
<b>Revenues and other operating income</b>			
Core Business Revenue	745,090	713,378	31,712
Local Public Transport Revenues of which:	723,316	692,331	30,985
<i>Service Contract Municipality of Milan</i>	670,415	663,636	6,779
<i>Service Contract Intercity for long-distance area service</i>	3,843	3,681	162
<i>Service Contract M5 Line</i>	22,724	23,640	(916)
<i>Ticket sales – Intercity</i>	1,458	1,084	374
<i>Special/dedicated transport services</i>	24,876	290	24,586
On-street parking, parking and vehicles towing management fees	16,203	15,627	576
Revenues and services from Group companies	5,571	5,420	151
Other revenue	52,937	45,208	7,729
Other income of which:	65,750	64,107	1,643
<i>NCLA contributions</i>	48,644	48,644	
<b>Total revenues and other operating income</b>	<b>863,777</b>	<b>822,693</b>	<b>41,084</b>
<b>Costs and other Operating charges</b>			
purchases of goods and changes in inventories	(67,064)	(64,706)	(2,358)
Service Costs	(240,935)	(219,654)	(21,281)
<i>Maintenance and cleaning costs</i>	(122,476)	(113,017)	(9,459)
<i>Electrical traction power</i>	(32,812)	(38,288)	5,476
<i>Sub-contracted transport services</i>	(32,528)	(20,472)	(12,056)
<i>Utilities</i>	(15,364)	(16,059)	695
<i>Production and distribution of travel tickets</i>	(6,350)	(5,664)	(686)
<i>Insurance</i>	(6,452)	(6,479)	27
<i>Customer services, advertising and marketing</i>	(3,100)	(3,207)	107
<i>Personnel services</i>	(3,175)	(3,177)	2
<i>Miscellaneous services</i>	(7,719)	(6,110)	(1,609)
<i>Professional services</i>	(8,374)	(4,863)	(3,511)
<i>Security costs</i>	(2,585)	(2,318)	(267)
Operating leasing costs	(1,838)	(1,802)	(36)
Personnel expenses	(478,782)	(477,287)	(1,495)
<i>Salaries and wages</i>	(352,793)	(340,919)	(11,874)
<i>Social security charges</i>	(87,471)	(102,143)	14,672
<i>Post-employment benefits</i>	(22,934)	(22,441)	(493)
<i>Other costs</i>	(17,049)	(15,394)	(1,655)
<i>Personnel costs for internal work</i>	1,465	3,610	(2,145)
Other costs and operating charges	(9,828)	(11,305)	1,477
<b>Total costs and other operating charges</b>	<b>(798,447)</b>	<b>(774,754)</b>	<b>(23,693)</b>
<b>EBITDA</b>	<b>65,330</b>	<b>47,939</b>	<b>17,391</b>

	2021	2020	Variation
Amortization, depreciation and write-downs	(93,620)	(105,124)	11,504
<i>Depreciation - property, plant and equipment</i>	<i>(119,300)</i>	<i>(120,648)</i>	<i>1,348</i>
<i>Plant capital grants</i>	<i>35,271</i>	<i>35,600</i>	<i>(329)</i>
<i>Amortization - intangible assets</i>	<i>(946)</i>	<i>(921)</i>	<i>(25)</i>
<i>Depreciation right of use for leased assets</i>	<i>(2,112)</i>	<i>(2,026)</i>	<i>(86)</i>
<i>Write-down – property, plant and equipment</i>	<i>(6,534)</i>	<i>(17,129)</i>	<i>10,595</i>
<b>EBIT</b>	<b>(28,290)</b>	<b>(57,185)</b>	<b>28,895</b>
Financial income	8,169	12,124	(3,955)
Financial expenses	(5,907)	(6,081)	174
<b>Net financial income (charges)</b>	<b>2,262</b>	<b>6,043</b>	<b>(3,781)</b>
Pre-tax result	(26,028)	(51,142)	25,114
<b>Income taxes</b>	<b>(3,886)</b>	<b>(19,218)</b>	<b>15,332</b>
<b>(Loss) for the financial year</b>	<b>(29,914)</b>	<b>(70,360)</b>	<b>40,446</b>

For a better understanding of the economic trend and in order to allow comparability of the 2021 and 2020 financial statements characterized by significant non-recurring economic effects, the Directors considered it appropriate to highlight the non-recurring effects in the following table to allow in order to the identification of the “adjusted” trend of the economic result; In accordance with the ESMA recommendation, indications related to the nature of the items considered in the reconciliation are provided.

The impact of non-recurring effects is shown below:

	2021	2020
<b>(Loss) / profit for the financial year</b>	<b>(29,914)</b>	<b>(70,360)</b>
Other income	(861)	(381)
Personnel expenses	1,053	1,306
Amortization, depreciation and write-downs	6,533	17,129
Income taxes	-	13,610
<b>Total non-recurring effects</b>	<b>(6,725)</b>	<b>31,664</b>
<b>Adjusted (loss) / profit for the adjusted period</b>	<b>(23,189)</b>	<b>(38,696)</b>

The “other income” component refers to the financial contributions relating to the “Ristori Decrees” which are the responsibility of ATM S.p.A. for 861 thousand euros relating to the management of the Como – Brunate Funicular.

The “personnel expenses” for Euro 1,306 thousand (Euro 1,053 thousand in 2020) refers to the recognition by the Ministry of Labor of the application for contributions for sickness charges for the year 2014 to 2018 for Euro 16,559 thousand, limited to the portion compensated for the financial year, Euro 15,000 thousand to the provision made to deal with risks related to a dispute with staff and Euro 2,612 thousand to the higher non-recurring costs for redundancy incentives granted to staff close to retirement (in 2020 it was Euro 3,720 thousand). In 2020 there was also the non-recurring benefit

of Euro 2,414 thousand concerning the lower personnel costs as a result of the appeal, during the lockdown period, to the bilateral Public Transport Solidarity Fund.

The “amortization, depreciation and write-downs”, total of Euro 6,533 thousand in 2021, Euro 4,026 thousand refers to the non-recurring effect of the devaluation of five technologically obsolete trams and Euro 2 507 thousand to the value of the write-downs recognized in the income statement determined by the adjustment to *fair value* in application of the method the revalued cost of the property following the expert report prepared by a primary independent third party operator experienced in *the real estate market*. The value of Euro 17,129 thousand recorded in 2020 was related to the non-recurring effect linked to the devaluation of 6 trains used on the M2 metro line and 3 trains used on the M3 metro line

Finally, the “*income taxes*” component related, in 2020, to the non-recurring effect of Euro 13,610 thousand on the release of deferred taxes on tax losses committed in previous years.

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

#### *Revenue and other operating income*

The “*revenues and other operating income*” component in 2021 amounted to Euro 822,693 thousand (Euro 863,777 thousand as December 31 2020) and increases by Euro 41,084 thousand . This variation is made up of the “core business revenue” for “ mi. Of euro, the” other revenues 7.729 for “ mi. Of euro and the” other income 1.643 for 30.985 mi. of euro.

The “*Revenues of the characteristic management*” in the reference period amounted to Euro 713,378 thousand (Euro 745,090 thousand as December 31, 2020) and increased by Euro 31,712 thousand; The change is linked to the increase in the item “*revenues from TPL*” for Euro 576 mi. More than Euro and 30,985 mi. More than Euro for services complementary to the service contract with the Municipality of Milan such as parking, , removal and services rendered to Group companies.

The “*corresponding Milan Joint Service Contract*” increases by Euro 6,779 mi. as well as *the “corresponding Urban Area Service Contract”* for Euro 162 thousand.

The “*operating contract for line 5*” decreased by Euro 916 thousand compared to the previous year, the change was due to lower assets of Euro 647 thousand and to 2020 income statements defined in 2021 for Euro 159 thousand and Euro 110 thousand in 2021.

In addition, entries are incremented: “*Fare revenue - long-distance area*” which increases by Euro 374 million as a result of the resumption of sales volumes of travel licenses due to the disappearance of restrictions on the mobility of persons and restrictions on the capacity of the means imposed by the Italian Government throughout The emergency phase; the “*special/dedicated transport services*” increases by Euro 24,586 mi. The latter change is linked to the additional transport services that ATM S.p.A. has carried out at the request of the Milan City Council in the framework of the “Pact for Milan”. These services have been financed by specific regulatory interventions of the Italian Government to cover the costs, as described in the chapter “*the ATM Group and the COVID emergency - 19*” of the document.

The services complementary to the service contract with the Municipality of Milan such as parking, parking and removal increase in total by Euro 576 thousand . In particular, “*parking revenue*” decreased by Euro 1,466 mi, which was affected by the suspension until June 8, 2021 of the pay-as-you-go scheme; *The “revenues from parking management”* and *the “revenues from car removal*



*management*” increase by Euro 816 thousand and Euro 1,226 thousand , respectively. The increase is due to the fact that in the lockdown period of 2020 these activities were suspended. Finally, *the item “revenues for services rendered to Group companies”* increased by a total of Euro 151 mi *“other revenues”* amounted to Euro 45,208 thousand (Euro 52,937 thousand as of December 31, 2020) and increased by Euro 7,729 thousand . The increase in the item is attributable to the higher *“revenues for services rendered”* in an increase compared to 2020 for Euro 9,197 million and is linked to the higher services performed by the Parent Company ATM S.p.A. for maintenance activities on municipal-owned infrastructures, The services provided to third parties include the activities for the implementation and management of the payment system of Area B and C and the traffic and territory control system, as well as the activities of unscheduled maintenance on the M5 metro line. Furthermore, in 2021 SPV M4 S.p.A. was charged the costs of maintaining the line following the postponement of the opening of the M4 metro line to the public at 2022, which was initially scheduled for July 2021. Finally, the higher revenues for *“Sales of operating materials”* and *“Sales of magnetic cards”* increased by Euro 307 thousand and Euro 500 thousand respectively in 2021.

The main decreases relate to advertising revenues of Euro 1,937 thousand following the revision of the terms of the contract with the company that manages advertising spaces and revenues for renting spaces for Euro 338 million, reduction due to the revision of rent fees for metropolitan spaces.

The *“other income”* in 2021 amounted to Euro 64,107 thousand (Euro 65,750 thousand as of December 31, 2020) and increased by Euro 1,643 thousand . The increase in the item is due to the increased revenues for *“passenger fines”* of Euro 1,214 thousand, to the higher financial contributions for the Financial statements related to the Ristori Decrees within the competence of ATM S.p.A. of Euro 381 thousand (Euro 861 thousand in 2020) Related to the management of the Como – Brunate Funicular, to the major *“Insurance reimbursements and costs incurred on behalf of third parties”* and in particular to the major *“Miscellaneous reimbursements”* for Euro 840 thousand and to the major commissions on the sale of travel licenses for Euro 247 thousand.

These changes were partially offset by the minor *“income for penalties invoiced to the suppliers”*, amounting to Euro 1,747 thousand. During 2020, significant penalties were issued in response to the definition of two transactive agreements with companies supplying *“metrotram material”*.

In addition, the item *“ other income”* includes Euro 48,644 thousand in contributions for CCN for the financial year, the amount of which is unchanged from the previous financial year, Committed by Law n° 47 of 27 February 2004 to cover the costs arising from the renewal of the collective employment contract for the two-year period 2002/2003, With Law n° 58 of 22 April 2005 to cover the charges deriving from the renewal of the CCIL two-year period 2004/2005 and with Law n° 296 of 27 December 2006 (Finanziaria 2007) to cover the charges of the renewal of the CCIL two-year period 2006/2007. Finally, the item under analysis includes contributions for the production of electricity by means of photovoltaic systems and contributions for staff training. No significant changes are reported for these items.

#### *Costs and other operating costs*

The *“operating costs and other costs”* amounted to Euro 774,754 thousand (Euro 798,447 thousand as December 31, 2020) and increased by Euro 23,693 thousand . The main changes refer to:

- *“costs for the purchase of goods and changes in inventories”*, equal to Euro 64,706 thousand (Euro 67,064 thousand as December 31, 2020), which increased by Euro 2,358 thousand compared to

December 31, 2020. The increase is due to the increased purchases of diesel fuel for automotive use and materials for the maintenance of iron-on rolling stock following the internalization of some maintenance activities. These costs have been partially compensated by the dynamics of the fund obsolescence supply's;

- "service costs", equal to Euro 219,654 thousand (Euro 240,935 thousand as December 31, 2020), which increased by Euro 21,281 thousand.

The main components, which increased from December 31, 2020, are:

- "subcontracted transport services" in an increase of 12.056 million Euro the variation is linked to the additional transport services that ATM S.p.A. has had to require from the carriers in order to guarantee the same service offer in the face of the reduction in the capacity of the means during The COVID emergency – 19;
- "maintenance and cleaning costs" an increase of Euro 9,459 mi. The increase is due to the higher maintenance costs incurred on armament and rolling stock. With reference to the higher maintenance costs sustained on the rolling stock on iron is due to the internalization of the maintenance activities of rolling stock as a consequence of the end of the full-service maintenance contracts included in the purchase contracts that were in the head of the suppliers of the rolling stock s both on iron and on rubber. As regards cleaning operations, the most significant increase refers to car cleaning for sanitation and sanitation of the means that have been carried out since the first days of the COVID-19 pandemic.
- "Professional performance" up by Euro 3,511 mi. The increase is due to the support activities of external consultants to the participation of international competitions in the context of the geographical expansion that the Parent Company is carrying out under the strategic plan of expansion 2021 - 2025;
- "Miscellaneous services" increased by Euro 1,609 million compared to 2020; the increase is mainly due to higher transport costs, amounting to a total of Euro 960 thousand (Euro 1,984 thousand in 2020) an increase of Euro 1,024 thousand and bank charges of Euro 3,389 thousand in 2021 (Euro 2,950 thousand in 2020) applied to the sale of travel licenses by electronic payments, as a result of the Euro 439 thousand increase in sales volumes of travel licenses compared with 2020;
- "Production and distribution of travel titles 686 increased by "million euros, as a result of the resumption of sales volumes of travel licenses.

The main cost items which, on the other hand, show a decrease are:

- "Electric traction energy" down by Euro 5,476 mi. The decrease is linked to two opposite effects, on the one hand the effect linked to the lower unit cost (kWh) of electricity supply compared to what was incurred in 2020 partially offset by the higher costs due to higher journeys than in the previous year;
  - "Users" decreased by Euro 695 million compared to 2020, mainly due to lower costs incurred as a result of the closure of offices and *the use of smart working* and the reduction of the costs of supplying services.
- "Operating lease costs" in line with what was recognized in the previous year.
  - "costs for employee benefits" amounting to a total of Euro 477,287 thousand (Euro 478,782 thousand as December 31, 2020) increase by Euro 1,495 thousand as a result of opposing effects: On the one hand, the highest "wages and salaries" for Euro 11,874 thousand and, on the other, the lowest "social security contributions" for Euro 14,672 thousand. The higher "wages and salaries" in addition to counting the non-recurring effect of the provision for risks related to a staff

dispute for the remuneration share, amounting to Euro 10,870 thousand, are related to some effects opposing, on the one hand, increases in overtime pay for variable compensation (PDR, MBO) the provision for leave for staff still to be employed at the date of the drawing-up of the financial statements and the lower reimbursements received by institutions for sick leave, in addition to the failure to use the bilateral Public Transport Solidarity Fund in 2021, ATM S.p.A. used during *the lockdown period* in March and April 2020, which gave a non-recurring benefit in the previous year. These effects were partly offset by lower charges linked to the non-recurring effect of the farm's migration incentive program for staff close to the maturity of retirement rights. The minor “*social security contributions*” are determined, on the one hand, by the non-recurring effect noted in the financial year 2021 on the recognition, at the time of the contribution payment, of the reimbursement of sickness charges for the period 2014 ÷ 2018 for Euro 16,559 thousand, in addition to the minor payments for the INAIL premium. These lower charges were partly offset by the non-recurring effect of the provision for risks related to a staff dispute for the contribution quota of Euro 4,130 thousand, and by the contribution quotas related to the higher charges for “*wages and salaries*”. In addition, the higher “*charges for defined contribution plans*” for Euro 493 thousand, for “*other costs*” for Euro 1,655 thousand, as well as the lower recoveries linked to “*personnel costs for internal work*” for Euro 2,145 thousand, contribute to compensating for the lower “*social charges*”;

- “*other operating costs and expenses*” totaling Euro 9,828 million (Euro 11,305 million as of December 31, 2020) and falling by Euro 1,477 million. The decrease compared to 2020 is due to the lower provisions made to meet emerging risks of Euro 1,917 mi. offset in part by the higher provisions of the Allowance for doubtful accounts for Euro 585 mi. made during the financial year 2021.

The “*depreciation and losses for value reductions*” totaled Euro 105,124 thousand (Euro 93,620 thousand as December 31, 2020) and decreased by Euro 11,504 thousand. The change was due to lower depreciation, net of contributions, of Euro 908 thousand and to lower write-downs of Euro 10,596 thousand. In 2020 9 metropolitan trains were devalued for a total of Euro 17,129 thousand, while in 2021 the devaluations are for Euro 6,533 thousand and refer for Euro 4,026 thousand to the devaluation of 5 trams, which in view of their technological obsolescence, they are no longer used in the transport service, and for Euro 2,507 thousand to the share recognized in the income statement relating to the adjustment to *fair value* in application of the revalued cost method of the property.

The “*Net financial income (charges)*” are positive and equal to Euro 31 mi (as at 2020 December Euro 6,043 they were positive and equal to Euro 3,781 mi) and they decrease by Euro 2,262 mi. The item “*Financial income*”, which amounts to a total of Euro 12,124 million (Euro 8,169 million as of December 31, 2020), falls by Euro 3,955 million. The decrease is due to the lower net profits achieved by trading in financial assets (down from the same period of 2020 by Euro 92 thousand) and lower earnings from adjusting to the fair value of FVTPL securities (down from the same period last year by Euro 1,103 thousand), lower interest income, down by Euro 274 thousand compared with the previous year, and finally the decrease in other financial income of Euro 2,487 thousand due mainly to lower income from participation of Euro 1,530 thousand (Euro 4,080 thousand in 2020). In the course of the year, in order to bring to the representative value of the share of shareholders' equity pertaining to ATM S.p.A., the value of the stake in Movibus S.r.l. was restored for Euro 360 thousand (Euro 131 thousand in 2020).

The item “*financial charges*” totaling Euro 5,907 million (Euro 6,081 million as December 31, 2020) falls by Euro 174 million for lower interest rates for defined benefit plans for employees (down Euro 452 thousand from 2020) and the reduction of the other financial charges by Euro 343 thousand. These

reductions were offset by higher fair *value adjustment charges* for FVTPL securities (increased by Euro 769 thousand compared to 2020). This item also consists of the interest receivable on the bond and financial debts of the European Investment Bank totaling Euro 4,214 thousand (as December 31, 2020, Euro 4,349 thousand). and down from 2020 for Euro 135 thousand.

The item “*income losses*” receives for Euro 1,907 thousand the repayments of deferred tax liabilities recorded against the adjustment to *fair value* in accordance with the method of the revalued cost of buildings and the valuation of rolling stock at fair value and for Euro 5,194 thousand the movements of the period of advance taxes on risk funds.

The “*operating loss*” amounts to a total of Euro 29,914 mi.

### Statement of financial position

	12.31.2021	12.31.2020
<b>NET CAPITAL EMPLOYED</b>		
Property, plant, and equipment	1,270,902	1,281,152
Intangible assets	2,404	2,366
Right of use for leased assets	7,227	5,766
Financial fixed assets	76,732	57,049
<b>A. FIXED CAPITAL</b>	<b>1,357,265</b>	<b>1,346,333</b>
Trade receivables	165,600	151,004
Other current assets	91,318	116,197
Inventories	86,712	84,378
<b>B. CURRENT ASSETS</b>	<b>343,630</b>	<b>351,579</b>
Trade payables	220,445	242,025
Other current liabilities	113,756	118,603
<b>C. CURRENT LIABILITIES</b>	<b>334,201</b>	<b>360,628</b>
<b>Q. WORKING CAPITAL (D=B-C)</b>	<b>9,429</b>	<b>(9,049)</b>
<b>E. NET CAPITAL EMPLOYED (E=A+D)</b>	<b>1,366,694</b>	<b>1,337,284</b>
Assets and liabilities from discontinued operation	-	-
<b>TOTAL NET INVESTED CAPITAL AND DISCONTINUOUS ACTIVITIES AND LIABILITIES</b>	<b>1,366,694</b>	<b>1,337,284</b>

The “*net invested capital*” amounts to Euro 1,366,694 thousand , with a net increase of Euro 29,410 thousand compared to December 31, 2020.

The “*fixed capital*” as December 31, 2021 amounts to Euro 1,357,265 thousand . During the fiscal year, investments were made for Euro 70,535 thousand (net of the increase in user rights registered in accordance with IFRS 16 for Euro 3,573 thousand ), while the shares of Amortization and Depreciation recorded in the income statement amounted to Euro 128,891 thousand , this includes amortization’s share of user rights of Euro 2,112 thousand, before the effect of plant contributions of Euro 35,271 thousand.

The “*working capital*” as December 31, 2021 has a positive balance of Euro 9,429 thousand , a decrease of Euro 18,478 thousand compared to December 31, 2020, due to the dynamics of loans and the collection of investment contributions. The dynamics of variation of the various components of working capital are better analyzed in the explanatory note.

Notes	12.31.2021	12.31.2020	Variation
1 (A) Cash and cash equivalents	(98,508)	(112,846)	14,338
(B) means equivalent to Cash and cash equivalents	-	-	-
2 (C) other current financial assets	(208,133)	(228,470)	20,337
<b>D) LIQUIDITY (A+B+C)</b>	<b>(306,641)</b>	<b>(341,316)</b>	<b>34,675</b>
3 (E) current debt (including debt instruments, but excluding the current portion of non-current financial debt)	68,340	51,686	16,654
4 (F) current part of the non-current financial debt	13,942	14,091	(149)
<b>(G) current financial debt (E+F)</b>	<b>82,282</b>	<b>65,777</b>	<b>16,505</b>
<b>(H) Net current financial debt (G+D)</b>	<b>(224,359)</b>	<b>(275,539)</b>	<b>51,180</b>
5 (I) Non-current financial debt (excluding the current part and debt instruments)	196,881	206,801	(9,920)
6 (J) Instruments of Debt	69,562	69,404	158
(K) commercial debts and other non-current debts	-	-	-
<b>(L) Non-current financial position (I+J+K)</b>	<b>266,443</b>	<b>276,205</b>	<b>(9,762)</b>
<b>Net financial position (H+L)</b>	<b>42,084</b>	<b>667</b>	<b>41,417</b>

**Notes:**

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

The Group's "net financial position" as December 31, 2021 – determined in accordance with the ESMA recommendations 32-382-1138 – determined for the purposes of this management report taking into account the bonds and UCITS held by the Company – is negative and amounts of Euro 42.084 thousand, decreased 41.417 thousand euros compared to December 31, 2020. The change from the previous year is mainly due to the absorption generated by the investment activity and the income of core business. The balance of the financing with the European Investment Bank decreases as a result of the repayments made in the year amounting to Euro 10,923 thousand. In addition, *the financial debt from cash pooling* to subsidiaries for Euro 9,425 thousand (Euro 18,320 thousand as of December 31, 2020) contributes to the formation of the total balance.

	12.31.2021	12.31.2020
<b>SOURCES OF FINANCING</b>		
Financial payables	348,725	341,982
Financial receivables	-	(8,235)
Cash and cash equivalents and securities	(306,641)	(333,080)
<b>F. NET FINANCIAL POSITION</b>	<b>42,084</b>	<b>667</b>
Post-employee benefits	109,615	121,605
Other provisions	127,818	112,006
<b>G. NON-CURRENT LIABILITIES</b>	<b>237,433</b>	<b>233,611</b>
<b>H. EQUITY</b>	<b>1,087,177</b>	<b>1,103,006</b>
-Share capital	700,000	700,000
-Reserves	417,091	419,497
-Retained earnings	(29,914)	(16,491)
<b>I. NET EQUITY OF THIRD PARTIES</b>	<b>-</b>	<b>-</b>
<b>L. SOURCES OF FUNDING (L=F+G+H+I)</b>	<b>1,366,694</b>	<b>1,337,284</b>

The "Equity" as December 31, 2021 amounted to Euro 1,087,177 thousand. The decrease is due to the change in the new profit/loss item of Euro 13,423 thousand and to the change in reserves of Euro 2,406 thousand, of which Euro 16,941 thousand for the use of the profit reserves to cover the loss for the year 2020 and Euro 14,085 thousand euro to other changes in the total income statement, mainly related to the adjustment to *fair value* in application of the method of revalued cost of positive buildings, equal to Euro 14,689 thousand, To the valuation of the TFR according to the actuarial methodology foreseen in IAS 19 positive for 26 thousand euros and to the valuation of the negative portfolio of securities for 630 thousand euros.

Reclassified Cash Flow Statement	2021	2020	Variation
<b>(Loss) for the financial year</b>	<b>(29,914)</b>	<b>(70,360)</b>	<b>40,446</b>
<i>Adjustments to reconcile net profit to operating net cash flow:</i>			
- amortization, depreciation and write-downs from consolidation	73,030	105,124	(32,094)
- net gain on asset disposals	5	(88)	93
- income taxes, interest, dividends	1,960	13,378	(11,418)
- financial asset impairment	(205)	(204)	(1)
- other non-monetary changes	14,449	(136)	14,585
Change in net working capital	4,042	(45,469)	49,511
Change in provisions for cash equivalents	32	(64)	96
Non-current liabilities (change in risk provisions and severance indemnity fund)	(95)	(9,704)	9,609
Interest paid on leased assets IFRS 16	(148)	(95)	(53)
Income taxes paid, interest (paid)/received , dividends received	(2,189)	1,737	(3,926)
<b>Cash flow from operating activities</b>	<b>60,967</b>	<b>(5,880)</b>	<b>66,847</b>
<b>Investments</b>			
Net capital expenditure	(70,535)	(136,615)	66,080
Proceeds from technical disposals	375	591	(216)
Change in supplier payables for capital expenditure	(30,708)	18,933	(49,641)
Investments in financial assets	(4,134)	29,261	(33,396)
Changes in plant capital grants	17,602	10,927	6,675
<b>Free cash flow</b>	<b>(26,433)</b>	<b>(82,782)</b>	<b>56,349</b>
Changes in current and non-current financial payables	13,957	27,822	(13,865)
Exchange rate effect	372	(315)	687
Reimbursement of the principal amount of leased assets IFRS 16	(2,202)	(1,659)	(543)
<b>Net cash flow in the year</b>	<b>(14,306)</b>	<b>(56,933)</b>	<b>42,628</b>

Reference should be made to the Statement of cash flows balance sheet for a detailed analysis of cash flows, it is noted here that the “operating cash flow” in 2021 was positive and amounted to Euro 60,967 thousand . The lower margin recorded in the year and the net working capital dynamics contributed mainly to the creation of the result

The “net cash flow in the year” is negative and equal to Euro 14,306 thousand ; as can be deduced from the previous table, the flow of operating liquidity was absorbed by the investments made in 2021 , resulting in the conclusion of a consolidated free cash flow of Euro 26,433 thousand partially offset by the draft of Euro 15,000 thousand of hot money lines. The value of Cash and cash equivalents decreased to Euro 98,622 thousand compared to Euro 112,926 thousand as December 31, 2020.

## Risk and uncertainties

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

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

In line with the sustainability policies approved by the Board of Directors, the Group will also refine its analysis of the risks related to climate change during 2022 in order to assess correctly and consequently mitigate any negative impacts on operational management and on the economic, financial and financial situation.

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

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

### External context risks

#### Risk of regulatory and regulatory change

With art. 30 of Law No. 8 of 25 May 2021, Lombardy Region decided that “*in view of the epidemiological effects of COVID-19 and the difficulties for local public transport agencies in having a stable economic and financial framework for the adoption of the preparatory acts necessary for the start of the entrusts, The Agencies shall carry out the procedures for entrusting local public transport services, in accordance with Article 22(2), within two years of the end of the state of emergency*”. The Government, by D.L. 105 of 23 July 2021 “*urgent measures to deal with the epidemiological emergency from COVID-19 and for the safe exercise of social and economic activities*” has first extended the state of emergency until 31 December 2021 and, last, By D.L. 221 of 24 December 2021 “*extension of the state of national emergency and further measures to limit the spread of the outbreak from COVID-19*”, until 31 March 2022.

The Agency for local public transport in the basin of the Metropolitan City of Milan, Monza and Brianza, Lodi and Pavia has taken advantage of the extension of the deadline within which to call tender procedures for the entrustment of the local public transport service subject to contracts expiring on 31 December 2021.

The “*Contract for local and related and complementary public transport services*” between ATM and the Municipality of Milan, which expires on 31 December 2021, has been extended until 31 December 2023, In accordance with the tender documents and the contracts signed and fair management determination no. 12257/2021 of the Transport Area and agreement with the Mobility Planning and Programming Area of the Municipality of Milan. For further details on the contracts governing the services carried out by ATM in favor of the Municipality of Milan and the related extensions, please refer to the previous paragraph “*Business continuity and contractual framework*”.



## Cyber attack

*The cyber-attack risk* remains a major global threat (“*World Economic Forum – Global risk report 2021*”); indeed, The health emergency COVID-19 has accelerated the process of technological adaptation in all industrial contexts, resulting in the growing digitization required by the changed environment.

The Group, with a view to continuous improvement, has launched a specific path to strengthen corporate cybersecurity measures.

Specific, targeted designs have been launched with regard to assets that allow access to corporate data, with the aim of further enhancing the security measures of *endpoints* and systems used for mobile access. Particular attention has been paid to the integration of the new functionalities in the cyber monitoring and control systems with which the Group has provided itself.

Finally, following *the maturity assessment cyber*, a specific risk mitigation plan has also been launched which provides for the strengthening of current cyber organizational, protective and preventive measures according to a priority logic.

*An awareness and training campaign was also launched in 2021* on the main IT security issues applicable both in the work and private context.

## Operating risks

### Risks related to the production of the service

Operating risks are mainly attributable to any **malfunction and unexpected interruption of the service** caused by accidental events and extraordinary events; such situations could cause harm to people and cause a negative economic impact. In general, the Internal control system and the action plans put in place by the Group are aimed at ensuring the security and continuity of the service and the safeguarding of the social patrimony, in full compliance with laws and regulations.

With reference to vibrational levels and acoustic emissions linked to the operation of metro and tram lines, ATM adopts measures to monitor and mitigate the intrinsic risk linked to infrastructure.

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

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

In view of the problems raised in the past years with reference to the operation of the M5 line, ATM also carried out extraordinary maintenance activities in 2021 supplementary to the basic maintenance plans, in accordance with the contractual provisions, collaborating with Metro 5 to overcome and/or mitigate possible impacts from extraordinary events related to infrastructure and assets.

### Commodity price risk

The ATM Group is exposed to the price risk of energy commodities, i.e. electricity and petroleum products, since supplies are affected by price fluctuations through indexation formulas. Given the world

scenario, which is characterized by the conflict between Russia and Ukraine, administrators are aware that the significant increase in energy costs can be a risk factor for the public transport sector. It is hoped that this scenario will be of short duration and that therefore it will not have significant impacts in normal operation; in any case, in the event of a prolonged conflict, it is desirable to intervene in government to protect the companies operating in the TPL sector.

### **Risk related to climate change**

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

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

### **Environmental, health and safety risks**

The maintenance and constant application of QHSE management systems allows the minimization of the major risk factors related to environmental and health and safety impacts.

In continuity with the QAS policy, continuous process improvement and monitoring of specific indicators enable effective monitoring of potential HSE risks related to the overall situation of the company's premises and to the evolution of the regulatory environment.

The achievement of HSE objectives and targets, supported by adequate resources, allow the Group not only to guarantee the conformity of its own processes, but to be a main driver of change: The "full electric" project in the field of sustainability is a clear example of this.

Despite the conditions linked to the pandemic situation, the Group has maintained a strong presence on the training, specifically training activities of the staff, in continuity with what has been done in recent years.

### **Human resources**

ATM's ability to guarantee a high-quality service is also closely related to the continuous updating of skills, as well as to an effective and targeted selection of the most qualified resources on the market.

In this perspective, the Group implements development and *empowerment paths* for key resources, with the objective of retaining distinctive skills and making the most of them with respect to strategic objectives, even in the complex context resulting from the pandemic of COVID-19.

In addition, ongoing training in the field, as well as classroom and remote training, is provided to support and monitor operations personnel to ensure full knowledge of specific regulations.

With reference to *Diversity & inclusion policies*, a specific set of initiatives has been defined within the framework of the implementation of the Industrial Plan with a view to revisiting processes and enhancing the competences that will be implemented in the two-year period 2022-2023.

## Legal and compliance risks

During the financial year 2021 and the first quarter of the financial year 2022, the Legal and Corporate Affairs Department has established a constant activity of support to the Company in order to ensure the knowledge and application of the measures for the containment of the emergency COVID-19 issued time by time, through a continuous monitoring activity and diffusion of matrices to the other company structures concerned, Both as regards the management of the personnel and as a pre-emption to the execution of the service in order to ensure the respect of the anti COVID-19 regulations and to avoid any legal risks associated with the non-application of the rules. The epidemiological emergency has therefore not affected the functionality of the management which has ensured the smooth running of the relevant activities.

Legal and *compliance risks* concern the risk of incurring judicial or administrative sanctions, suffering losses or reputational damage as a result of non-compliance with directly applicable European laws, regulations and standards or provisions of the Supervisory Authorities or self-regulation rules, such as statutes, codes of conduct or codes of self-regulatory; risk arising from unfavorable changes in the regulatory framework or jurisprudential guidelines.

This category includes, among others, the risks related to non-compliance the Commission of predicate offenses referred to with Legislative Decree no. 231/2001 which provides for the responsibility of the Companies for administration offenses resulting from a crime in relation to certain cases expressly regulated cases. In this context ATM and the directly controlled companies have adopted models 231 (periodically and systematically updated with underlying risk assessment and gap analysis), in order to represent the system of control assets in place for the protection from the risk of Commission of wrongdoing ex D.Lgs. 231/2001. The 231 models are also harmonized with the anti-corruption and transparency model, adopted on a voluntary basis and, last, updated on 13 December 2021.

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

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

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

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

Finally, within the category the risks associated with the absence or failure to comply with the provisions of internal procedures and regulations. In this regard, ATM has adopted an organic system of regulations and operating procedures, including **the Group Regulations**, which govern the functioning of the

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

### **Main disputes pending**

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

In detail, as regards the Juslabor dispute, The causes considered to generate probable liabilities are set out below and the appropriate risk fund has been entered under the heading "*Environmental disputes and risks Fund*" and commented on in Notes 26 and 24 respectively "*risk and expense Funds*" of the note Explanatory statement of the consolidated and separate financial statements:

- In relation to the legal disputes and procedures initiated against ATM, it is noted that the newly established disputes opened in 2021 were 55: The number of cases concerning the termination of employment was 19; The other cases concerned claims relating to alleged demotion/higher classification (5 lawsuits), compensation for damage caused by mobbing (2 lawsuits), calls for ATMs for joint liability (10 lawsuits), accidents (3 lawsuits), occupational diseases (3 lawsuits), conservative disciplinary sanctions (2 lawsuits), Claims relating to salary differences allegedly due during the holidays (2 lawsuits), missing rest (1 lawsuits), TFR (3 lawsuits); the remaining cases have been the subject of disputes not strictly classifiable in previous cases having very specific connotations (5 lawsuits);

With regard to the causes of salary differences allegedly due during the holiday period enjoyed by workers, it should be stressed that they touch on a problem affecting the entire population of ATM. In addition to the two cases referred to above, a new appeal on the subject was already notified in 2022, and a number of other cases are proposed. The risk of succumbing, given the consolidated jurisprudence on the subject, is also highlighted by the analysis of external lawyers involved in the Company.

One of the cases involving an occupational disease is of particular economic importance, since the heirs involved are claiming Euro 1.2 million in damages, with a high risk of succumbing. In addition, one of the causes of accidents at work is of particular economic importance, since the amount claimed in respect of accidents amounts to around Euro 900 thousand and in this case too there is a high risk of succumbing.

- The appeal against the removal by the former head of ATM Points in respect of facts in respect of which ATM decided to lodge a formal complaint is still pending. Of the cases previously established by the other former employees-sportsmen of ATM Points carried out in the same or similar facts, there is still one pending, currently in the opposition phase in the first degree, in which the risk of succumbing is high, waiting for an unfavorable Technical Consulting Informatica arranged by the

Judge. The other cases were closed by past decisions of the Court of first Instance and/or the Court of Appeal which confirmed the legality of the company's work.

As regards disputes relating to the Public Transport Service, the most important causes are explained, and for those deemed to generate probable liabilities, a special risk fund has been entered, as commented on in Notes 26 and 24, respectively, "*risk and expense Funds*" of the explanatory note to the consolidated financial statements and the separate financial statements:

- Among the cases inherent in the Public Transport Service, there is the case with Caronte S.r.l. ("Caronte") relating to the period October 1997-2010, on the basis of the counterparty assumption that the urban lines managed by the company were part of the SITAM system. The judgment of the first instance ended with the deposit of judgment No 8098 of 11 September 2019 which ordered ATM to pay Caronte the sum in principal of 6.421 thousand euros in addition to legal interests from the due to the balance, legal expenses and accessories. ATM has appealed to the Court of Milan against a judgment which points out that it is unfair for the legal reconstruction carried out by the Judge of first Care. On 22 October 2019, the interim procedure aimed at suspending the performance of the judgment was concluded with no purpose in providing for and with an agreement between the parties on the point or with the payment by ATM of Euro 2,052 thousand. The appeal judgment was concluded with judgment 1476/2021, which rejected the applications for reform of the ATM appellant. As a result of the unsuccessful payment in 2021, ATM paid Caronte the residual sum of Euro 4,260 thousand for a total amount of Euro 6,421 thousand, However, it is lower than the sentence because ATM has retained the sum of Euro 1,991 thousand which it considers has already been paid to Caronte by the Municipality of Cinisello Balsamo for the same title. Appeal for Cassation has been filed to appeal against the judgment of the Court of Appeal and the Company is awaiting the hearing for discussion. Taking into account the strategy of opposition adopted by the Company to the judgments and considering the probable risk of succumbing, it should be noted that in previous years adequate provisions have been entered in the risks and charges fund.
- It should also be noted that, although ATM is not involved in the proceeding, in 2019 ATM received a notice and a formal notice from the Municipality of Cinisello Balsamo in relation to an arbitration procedure operated by Caronte S.r.l. toward the aforementioned municipality. The economic claim is equal to Euro 4,169 thousand in addition to VAT and moralizing interests related to non-payment for lines 710 – 711, for annuality from 2000 to 2011, and 712 municipal for annuality from 2000 to 2010. On 7 February 2020, the Arbitration Committee issued the Lodo which accepted Caronte's application and ordered the Municipality of Cinisello Balsamo to pay about Euro 5.2 million for capital, interest and legal expenses. The Arbitration Committee originates from the legal relationship between Caronte and the Municipality of Cinisello Balsamo for the management of the urban transport service as defined in the contract signed on 22 July 1997 and subsequently extended to December 31, 2011. The fee for the service consisted of a public contribution and revenue from the tariff revenue by contract. In a special appendix to the contract dated 21 May 1999, the Municipality of Cinisello Balsamo also acted as guarantor against Caronte for the activities of reporting the proceeds from tariff following the agreement concluded with ATM (13 October 1997). This guarantee has legitimized Caronte's request to his dante cause. The arbitrators

have recognized Caronte, in respect of the lines and annuities indicated above, a kilometric consideration of 1.842 euro/km for the annuities from 2000 to 2007 (in accordance with what was indicated by the Milan Court in the judgment issued between ATM and Caronte), 2.5058 euro/km for 2008, 2.6345 for annuality from 2009 to 2011. This average kilometer value would have been derived from the ratio of total ATM revenues to the kilometers of the whole SITAM network detectable by ATM balance sheets. Although the Lodo was appealed, on 27 May 2020 the Municipality of Cinisello sent formal notice to ATM, giving notice to it of payment of all the sums due to Caronte, including those brought by the Lodo. On 8 June 2020 ATM formally challenged the claims of the Municipality of Cinisello, however reserving to the outcome of the judgment pending before the Court of Cassation any further consideration regarding the debt of sums in favor of Caronte. In the event of repeated requests, ATM will maintain the rejection position pending the outcome of the judgment before the Court of Cassation.

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

- Remote for the claims relating to annuality from 2000 to 2008, since it is superposable to what Caronte had already requested at ATM in the case before the Court of Milan, which ended with judgment n° 8098 of September 11, 2019;
  - Possible for the claims referring to the years 2009-2011, since the time scale in question is not included in the pending judgment before the Court of Appeal of Milan. Moreover, given the actions that Caronte is carrying out in various locations and with regard to multiple entities, not least the municipality of Sesto San Giovanni, it was considered necessary to set aside in 2020 a provision for the years from 2009 to 2011, For an amount of Euro 2 million, calculated by reference to the revaluation carried out by the Arbitration Board of the kilometer value indicated in the judgment in 8098/2019, beyond any legal interest, since, in the case of a second instance, this proves to be the most likely valuation.
- It should also be noted that the Municipality of Segrate, has served to obtain the refund of the amounts paid to Caronte as SITAM revenues for the year 2009 following a judgment in which ATM was not a party. The claim for compensation amounts to Euro 790 thousand, including capital, interest and expenditure. The risk of the dispute appears at a remote state since the recourse of the Municipality of Segrate (in relation to the original dispute between the aforementioned Municipality and Caronte pending appeal for cassation) originates from procedural errors which have affected the outcome of the judgment and which cannot, for that only fact, to be overturned on ATM. At the outcome of the hearing on March 16, 2021, the Judge, accepting the request for ATM in advance, ordered the suspension of the trial established by the Municipality of Segrate “*until the judgment issued by the Court of Appeal of Milan n. 4536/2019 or of the assessment contained therein (in case of cassation with reference )*”. The trial is therefore suspended; from the date of the final judgment rendered between the Municipality of Segrate and Caronte (or of the assessment contained therein, in case of cassation with postponement), the period of three months for the re-assumption of the trial will take place. In the absence of a re-employment , the process will be terminated. The state of the trial pending before the Court of Cassation, R.G., will be monitored

4148/2020, between the municipality and Caronte, of which ATM is not a party, concerning the appeal against the sentence of the Milan Court of Appeal No. 4536/2019.

- It should also be noted that the Public Transport Consortium in liquidation (CTP) has notified two summons in opposition to the two injunctions issued by ATM, aimed at establishing that any regulatory change that had affected the extent of the regional operating contribution, it should have led to an automatic proportional reduction in the size of the unit consortium contribution. CTP also contests the non-payment by ATM of revenues from advertising and from user sanctions: On the ATM point, it pointed out that no agreement to this effect was provided for in the Convention. CTP also applied for a counterclaim based on Provincial deliberation n. 22/09, cited above, with an application to ATM to pay an amount of more than 8 million euros plus VAT for the years 2000-2007 and 2000 to 2008. In the judgment of 898/2021 and 922/2021, the Court of Monza, on the one hand, accepted, correctly and appropriately, the defenses and demands of ATM rejecting the oppositions proposed by CTP declaring, for the effect, the executive decrees themselves. On the other hand, in its judgment of 898/2021, the Court of first Instance upheld CTP's counterclaim by condemning ATM to payment of the lowest sum of Euro 7,957 thousand. The two judgments therefore determine creditor and debt charges which, net of the precise calculation of legal and moralizing interests, see ATM as the creditor of the sum of euro 5,283 thousand toward CTP. Both judgments have been challenged and are pending judgments before the Court of Appeal. It should be noted, however, that the enforceability of the judgment in 922/2021 has been suspended and therefore ATM cannot activate its credit, while the enforceability of the judgment in 898/2021, which sees ATM in a debt position, has not been suspended. CTP has made requests for payment on a slope of appeal judgments. On 3 February 2022, CTP wrote to ATM, formally inviting it to comply with the provisions of judgment no. 898/2021, without however quantifying the amounts requested for payment and without indicating the manner in which payment is to be made. In view of the complete operative part of the judgment of the Court of Monza, n. 898/2021 and the current position of CTP, ATM has requested the support of a legal expert in bankruptcy law, in view of the alleged financial difficulties of CTP, In order to evaluate the possible scenarios for the recovery of the credit that the Company has against CTP and in particular the possibility of achieving the effect of a compensation between ATM credit and CTP counter credit. Following the detailed information ATM on 21 March 2022 sent in turn a request for payment of all its claims under penalty of forced execution.
- It should also be noted that ATM has notified Caronte to the Public Transport Consortium in liquidation, To the Municipality of Cinisello Balsamo and to the Municipality of Sesto San Giovanni an act of citation for negative assessment aimed at clarifying who and to what extent should proceed to the payment of sums in favor of Caronte in order to prevent ATM from being in a position to make payments multiple titles for the same titles to different subjects. The Judge did not consider it necessary to carry out any investigation and fixed the hearing for the clarification of the Opinion for June 2022 and then took the case for the decision.
- Lastly, on 21 January 2022 ANAC initiated the procedure to assess the existence of irregularities reported by the Municipality of Sesto San Giovanni and Caronte in their respective submissions to the Authority. With reference to the settlement agreement between the Municipality of Milan and

the municipalities of Bresso, Cinisello Balsamo, Cologno Monzese, Cormano, Cusano Milanino and Sesto San Giovanni for the regulation of the management of urban area TPL services for the years 2010-2017, the Municipality of Sesto San Giovanni has pointed out that, After the contract expired on 30.4.2017, the same was unilaterally extended by the Municipality of Milan, without the involvement of the other entities involved, in favor of ATM S.p.A. in the absence of a specific invitation to tender. According to the representative, the extension would be without an effective time limit, given the absence of publication of the call for tenders and outside any legal system for the allocation of the service, since, to date, the fourth unilateral extension. Caronte considered that it would forward to the Authority an additional and supplementary statement denouncing further, in its opinion, unlawful conduct by ATM which would have been removed from the reporting obligations of the proceeds from charging despite the first and second grade judgments favorable to Caronte. Moreover, the company denounces the omissive conduct of the municipalities of Cinisello Balsamo, Segrate and the Public Transport Consortium always in relation to the non-payment to the same company by ATM of what is due in account of revenue from charging. Moreover, Caronte contests the particularly favorable attitude of the Municipality of Milan toward ATM both for the non-exercise of the activity of control on compliance with the obligations of the convention and for the recognition of contributions for additional services not adequately documented. In the exposed Caronte finally shadowed the illegitimate conduct of the commune of Segrate in the conduct of public tenders in 2009 and in the concession of extensions to ATM. The Company submitted its counter-claims on 18 February 2022.

As regards the litigation of jurisdiction of the Civil Judge (courts, courts of Appeal, offices of the Judge of Peace), the same is based on both extrajudicial and judicial disputes relating to issues related to the figure of ATM as the local public transport service manager and activities connected to it and complementary to it (For example, but not exhaustive, claims for damages from transport; claims for damages from public service interruption; recovery of claims; rental reports, pathology of contracts): In 2021 it appears that the treatment (both in the judicial and extrajudicial phase) of n. 511 positions of civil law Judicial and extrajudicial activity is recovering at full speed and months of intensive work are expected to recover the appreciable slowdown in judgments which during 2020 and early 2021, due to the epidemiological emergency situation COVID-19, it has imposed the continuous postponement of a series of extrajudicial and procedural activities on the basis of the measures taken, time by time, by the judicial bodies to avoid the risk of contagion. The most important causes are:

- On 3 December 2021, ATM was notified of a summons by which Bluestone Verona S.r.l. and Bluestone Holding S.r.l – as purchasers following public procedure of the company's property located in Milan, Via Verona - they requested the assessment of the pre-contractual and contractual liability of ATM with the consequent sentence to the compensation of the damages suffered by the attrition companies for having been forced to face costs not foreseen to carry out the reclamation of the site from war devices, The removal of unreported metro tanks and price increase due to the considerable delay in the construction of the property to them say circumstances under chested by ATM in the tender. On the basis of the existing documentation and in view of the fact that the City of Milan was subject to numerous bombings during the second World War, ATM firmly rejected the arguments put forward by the counterparty and will establish itself in court. Any assessment of



the risk of cause may be indicated more precisely once the judgment has been initiated and at the outcome of the possible investigation phase.

- With contract no. 3000061701 ATM has entrusted Cofely Italia S.p.A. (at the time Cofathec Servizi S.p.A. - now Engie) with the integrated heat service concerning business locations, to be carried out also through the installation of cogeneration plants for the supply of self-produced electricity that ATM would then use directly. In the execution of the contract, disputes arose concerning the management of the heat management service (for disservices) and the lower quantity of electricity produced by the plant than the guaranteed quantity. This resulted in a judgment in which Engie asked for the payment of the sum of EUR 315 thousand for invoices which it claims have not been paid and which are equal to the sum of the penalties which ATM charged to the counterparty for the lesser amount of electricity produced than it to the guaranteed one. On 21 September 2021 by judgment no. 7580 the Court of first Instance ordered ATM to pay for Engie the sum of 313 thousand euros plus interest on late payment referred to in Legislative Decree no. 231/2002 and liquidated litigation costs. Medium tempore ATM has applied contractual penalties of euro 1.077 thousand for the period January 2015 December 2020, bringing them in compensation with the contractual consideration. In a note dated 7 April 2021, Engie contested the application of penalties and warned ATM not to make any compensation. In order to define the entire case in a good way both procedural and extrajudicial way, the parties have reached an agreement, the text of private writing of which is being refined, which includes, among other agreements, The issue of a credit note for 800 thousand euros by ATM with partial transfer of contractual penalties previously invoiced with reciprocal renunciation of the parties to any other application and exception.
- In relation to disputes and passive causes concerning civil liability (road accidents, transport accidents, liability for items in custody), the exposure and the probable risk for the Group appears to be largely covered by the “*damage/loss settlement fund*” (Notes 26 and 24 respectively of the explanatory note to the consolidated financial statements and the separate financial statements). The “*damage/Loss Settlement Fund*” is estimated by the Insurance Strategies Directorate, which provides for updating the economic alea of each practice, which originated in the extrajudicial phase, also taking into account the progress of the judgments in progress. With reference to other disputes (debt recovery, pathology of contracts, etc.), the Legal Directorate acts, on the basis of a constant information flow, in synergy with the Directorates concerned in order to quantify the risk alea, depending on the case. These cases are covered by the “*depreciation Funds*” provided for information in Notes 19 and 17 respectively of the explanatory note to the consolidated financial statements and the separate financial statements.

As regards criminal litigation, ATM was formed in civil part in 2021 in n. 22 criminal proceedings for the purpose of obtaining compensation for damages suffered as a result of offenses committed by third parties, charged in those proceedings. The most important causes are:

- As regards the complaint lodged by ATM on the facts relating to ATM Points for which the above-mentioned work cases are based, the position of the former Head of Points has been deleted from the other positions, and, for the latter, the criminal proceedings with R.G.N.R. n. 6784/18 is still under investigation, notice of termination of the investigation has been filed for the first in which

the offense of peculancy has been suspected. We are waiting to know the final determinations of the Public Ministry;

- There is always a criminal procedure under way concerning the emergency braking that has occurred in recent years on the M1 and M2 metro lines in order to establish causes and possible responsibilities; On September 28, 2021, notice of conclusion of the investigations was filed with entry in the register of suspects of the top management of Alstom Ferroviaria S.p.A. and Engie EPS Italia S.r.l. without charge to ATM;
- The criminal proceedings R.G.N.R. n. 41767/2015 promoted to the former Director General of ATM, Dr Elio Gambini, in view of the asbestos-related diseases suffered by former employees and employees of ATM (which was in the appeal phase), in which ATM was involved as civil manager, ended with judgment no. 6883/21 which confirmed that the defendant was fully acquitted;
- It should also be noted that, following the activity of verification of industrial waste water at the Gallarate and Messina depots, ATM received from the Authority of optimal Territorial scope (ATO) two management warnings concerning the violation of the single environmental authorization in force in the above depots for the exceeding of the zinc threshold values. As regards the above administrative procedure, ATO and ATM have launched a profitable technical table in which the Company has filed two technical reports concerning improvements to the purification plants. ATM's proposals were accepted by ATO and the administrative procedure is positive . However, the possibility remains that a criminal procedure for the offense referred to in Art. 137 paragraph 5 Single environmental text punishing the holder of the sole environmental authorization (AUA) that, when carrying out a discharge, exceeds the threshold values provided for by the current legislation. This infringement, as it is pointed out, is a prerequisite offense for the administrative responsibility of the institutions;
- There are no criminal proceedings against ATM under Legislative Decree no. 231/2001, before the Court of Auditors or the national or Community authorities.

## Subsequent events

### Activities in Italy

- > January 10, 2022 - the Super Green Pass, issued to persons vaccinated or healed from infection, becomes compulsory by decree-law until the end of the state of emergency in order to be able to access the local public transport; also mandatory the mask FFP2 on board the cars and waiting in the stations and stops. In relation to compliance with the measures anti-Covid, random checks (requests to show the Green Pass) are carried out by the order forces, flanked by ATM personnel at the stations and at the surface stops.

The strengthening of the service, the efforts to sanitize the means and the dissemination of the messages of the communication campaigns in place since the previous months continue

- > 17 January 2022 - ATM launches recruitment campaign, launched in February 2021, aimed at the search for drivers for surface lines, always aiming at the increase in the presence of women in staff; It is distributed in Milan and published on some web magazines that address the territorial basins of Puglia and Campania.
- > January 2022 - with the Bus degli Angeli, ATM supports the Association of City Angels Volunteers in the project aimed at giving assistance during the winter months to the homeless in Milan, providing a 12-meter bus for the distribution of hot meals, clothes and blankets in the evening; the initiative was carried out until 10 March 2022.

### Activities abroad

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

## Outlook

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

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

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

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

- Great workplace: Promoting a positive work environment that attracts and enriches, building company policies to enhance the person and diversity.

In fact , in line with the objective relating to environmental sustainability and innovation, ATM will continue its investment policy in ecological vehicles, mainly “*full electric*”, implementing a system choice that will gradually become a reference point also thanks to increasingly performing technologies. At the same time, 2022 will see the start of the construction work for the first and innovative storage dedicated to electric vehicles in viale Toscana.

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

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

## **Other information**

### **Other notifications pursuant to Art. 40 of Legislative Decree no. 127/91**

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

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

### **Information relating to intercompany transactions and transactions with related parties**

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

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

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

The contract provides, in the case of the transfer of assessable income, that the consolidated company recognizes a payable to the parent of an amount equal to the results of the application of the IRES rate on the assessable amount transferred Vice versa, the transfer of an assessable loss obliges the consolidating company to record a payable to the consolidated company for an amount equal to the results of the application of the IRES corporate tax rate to the tax loss transferred, where utilized.

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

This agreement provides for the transfer of the monthly VAT balance to the parent company ATM S.p.A., which is therefore the only debtor/creditor company with respect to the tax authorities, while the subsidiaries record receivable/payable with the Parent Company in their financial statements

Note 43 of the ATM Group's notes to the Financial Statement information on Related parties provided based on the nature of the service.

Milan, March 31, 2022

For the Board of Directors  
The Chairperson  
Gioia Maria Ghezzi



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	12.31.2021	12.31.2020
<b>Assets</b>			
Property, plant, and equipment	9	1,287,531	1,299,209
Intangible assets	10	4,201	3,822
Right of use for leased assets	11	7,778	5,906
Investments	12	34,730	27,748
Non-current financial assets	13	43,828	24,428
<i>Of which: Towards Related parties</i>	43	22,575	22,497
Deffered Tax assets	14	52,500	57,364
Other receivables and non-current assets	15	-	-
<b>Non-current assets</b>		<b>1,430,568</b>	<b>1,418,477</b>
Inventory	16	98,622	93,017
Current financial assets	17	214,912	227,192
Tax receivables	18	18,852	18,624
Trade receivables	19	190,900	182,888
<i>Of which: Towards Related parties</i>	43	129,801	124,851
Other receivables and current assets	20	31,593	55,267
Cash and cash equivalents and equivalent means	21	114,146	123,861
<b>Current assets</b>		<b>669,025</b>	<b>700,849</b>
Assets held-for-sale	22	70	-
<b>Total assets</b>		<b>2,099,663</b>	<b>2,119,326</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	12.31.2021	12.31.2020
<b>Equity</b>			
Share capital		700,000	700,000
Legal reserve		140,000	140,000
Other reserves		269,087	268,428
Retained earnings		40,720	92,311
(Loss)/profit of the year		(19,393)	(68,082)
<b>Group shareholders' equity</b>		<b>1,130,414</b>	<b>1,132,657</b>
<b>Non-controlling interest equity</b>		<b>18,395</b>	<b>16,494</b>
<b>Total Equity</b>	<b>23</b>	<b>1,148,809</b>	<b>1,149,151</b>
<b>Liabilities</b>			
Non-current financial liabilities	24	266,867	276,310
Employee benefits	25	113,579	125,664
Provisions for risks and charges	26	90,788	76,785
Deferred tax liabilities	27	50,721	46,702
<b>Non-current liabilities</b>		<b>521,955</b>	<b>525,461</b>
Current financial liabilities	24	64,093	56,396
Current income tax liabilities	28	1,013	1,990
Trade payables	29	230,288	252,231
<i>Of which: Towards Related parties</i>	43	43,514	28,048
Other Payables and current liabilities	30	133,505	134,097
<i>Of which: Towards Related parties</i>	43	-	-
<b>Current liabilities</b>		<b>428,899</b>	<b>444,714</b>
<b>Liabilities held-for-sale</b>			
<b>Total liabilities</b>		<b>950,854</b>	<b>970,175</b>
<b>Total Equity and liabilities</b>		<b>2,099,663</b>	<b>2,119,326</b>



## CONSOLIDATED INCOME STATEMENT

	Notes	2021	of which of which related parties	2020	of which of which related parties
<b>Revenue and other operating income</b>					
Core business revenue	31	864,317	716,503	827,347	687,999
Other revenue	31	68,331	33,079	58,374	24,000
Other income	31	76,606	1,469	72,226	1,425
<b>Total revenues and other operating income</b>		<b>1,009,254</b>	<b>751,051</b>	<b>957,947</b>	<b>713.424</b>
<b>Costs and other Operating charges</b>					
Purchase of goods and changes in inventories	32	(76,020)		(73,980)	
Service costs	33	(289,120)	(2,873)	(267,284)	(2,059)
Operating leasing costs	34	(2,090)	(349)	(2,018)	(475)
Personnel expenses	35	(546,427)		(541,592)	(31)
Other costs and operating charges	36	(12,299)	(188)	(11,896)	(85)
<b>Total operating costs and other operating charges</b>		<b>(925,956)</b>	<b>(3,410)</b>	<b>(896,770)</b>	<b>(2,650)</b>
<b>Ebitda</b>		<b>83,298</b>		<b>61,177</b>	
<b>Ammortisation, depreciation and write-downs</b>	<b>37</b>	<b>(96,953)</b>		<b>(108,551)</b>	
Depreciation - Property, plant, and machinery		(122,801)		(124,667)	
Plant capital grants		35,947		36,735	
Depreciation and amortization - intangible assets		(1,334)		(1,339)	
Depreciation and amortization of right of use for leased assets		(2,231)		(2,151)	
Write down of fixed assets		(7,724)		(17,129)	
Revaluations		1,190			
<b>Ebit</b>		<b>(13,655)</b>		<b>(47,374)</b>	
Financial income		6,682	1,299	8,081	1,160
Financial expenses		(6,484)		(6,515)	
<b>Net financial income (charges)</b>	<b>38</b>	<b>198</b>	<b>1,299</b>	<b>1,566</b>	<b>1,160</b>
Share of the result of the companies measured under the equity method	39	3,373		2,546	
<b>Pre-tax result</b>		<b>(10,084)</b>		<b>(43,262)</b>	
Income taxes	40	(5,938)		(21,231)	
<b>(Loss)/profit for the financial year</b>		<b>(16,022)</b>		<b>(64,493)</b>	
<b>(Loss)/profit for the period attributable to:</b>					
Owners of the parent company		(19,393)		(68,082)	
Non-controlling interests *		3,371		3,589	
<b>Total</b>		<b>(16,022)</b>		<b>(64,493)</b>	

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2021	of which related parties	2020	of which related parties
<b>(Loss) / profit for the year</b>		<b>(16,022)</b>		<b>(64,493)</b>	
<b>Consolidated other comprehensive income statement items</b>					
<b>Items which may not be reclassified subsequently in the P&amp;L account</b>					
Revaluations of net liabilities / (assets) for defined benefits	22	(237)		(11,024)	
Income taxes on items which may not be reclassified subsequently in the P&L account	22	56		2,646	
<b>Total items which may not be reclassified subsequently in the P&amp;L account</b>		<b>(181)</b>		<b>(8,378)</b>	
<b>Items which may be reclassified subsequently in the P&amp;L account</b>					
Equity investments at Equity- Cash flow hedge reserve	22	3,327		62	
Taxes on equity investments accounted for with Equity method – Cash flow hedge reserve	22	(41)			
Fair value evaluation of properties		20,458			
Income taxes on items which may be reclassified subsequently in the P&L account		(5,769)			
Financial assets held to Collect and Sale	22	(372)		(645)	
Income taxes on items which may be reclassified subsequently in the P&L account	22	(24)		(88)	
<b>Total items which may be reclassified subsequently in the P&amp;L account</b>		<b>17,579</b>		<b>(671)</b>	
<b>Total consolidated other comprehensive income statement items</b>		<b>17,398</b>		<b>(9,049)</b>	
<b>Total comprehensive income</b>		<b>1,376</b>		<b>(73,542)</b>	
<b>Total comprehensive income attributable to:</b>					
Owners of the parent company		(1,995)		(77,131)	
non-controlling interests (*)		3,371		3,589	
<b>Total</b>		<b>1,376</b>		<b>(73,542)</b>	

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

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Equity	12.31.2020	Allocation of Profit	Distributed Dividends	Other changes	IFRS 9 impacts	Other comprehensive income items	Net Profit	12.31.2021
Share capital	700,000							700,000
Legal reserve	140,000							140,000
Other reserves	268,428	(16,491)	-	(13)	(235)	17,398	-	269,087
<i>Conferment reserve</i>	19,690	(16,491)						3,199
<i>Extraordinary reserve</i>	5,764							5,764
<i>Revaluation reserve</i>	1,397							1,397
<i>Translation reserve</i>	14			(13)				1
<i>First Time Adaption</i>	154,105							154,105
<i>actuarial losses</i>	(13,440)					(181)		(13,621)
<i>Cash Flow Hedge reserve</i>	(10,488)					3,286		(7,202)
<i>Property revaluation</i>	110,599					14,689		125,288
<i>reserve – FTA</i>								
<i>held to collect and Sell</i>	516					(396)		120
<i>reserve</i>								
<i>OCI reserve</i>	271				(235)			36
Retained earnings	92,311	(51,591)						40,720
Net Profit for the year	(68,082)	68,082					(19,393)	(19,393)
<b>Group equity</b>	<b>1,132,657</b>	<b>-</b>	<b>-</b>	<b>(13)</b>	<b>(235)</b>	<b>17,398</b>	<b>(19,393)</b>	<b>1,130,414</b>
<b>Non-control. Int. Equity</b>	<b>16,494</b>	<b>-</b>	<b>(1,470)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,371</b>	<b>18,395</b>
Share capital	572							572
Retained earnings	14,312	1,610	(1,470)					14,452
Advances on dividends attributable to third parties	(1,979)	1,979						-
Net Profit for the year	3,589	(3,589)					3,371	3,371
<b>Total equity</b>	<b>1,149,151</b>	<b>-</b>	<b>(1,470)</b>	<b>(13)</b>	<b>(235)</b>	<b>17,398</b>	<b>(16,022)</b>	<b>1,148,809</b>

Equity	12.31.2019	Allocation of Profit	Distributed dividends	Other changes	IFRS 9 impacts	Other comprehensive income items	Profit / (loss) for the year	12.31.2020
Share capital	700,000							700,000
Legal reserve	140,000							140,000
Other reserves	277,593	-	-	20	(136)	(9,049)	-	268,428
<i>Conferment Reserve</i>	19,690							19,690
<i>Extraordinary reserve</i>	5,764							5,764
<i>Revaluation reserve</i>	-					1,397		1,397
<i>Translation reserve</i>	(5)			19				14
<i>Rounding reserve</i>	(1)			1				-
<i>First Time Adaption reserve</i>	154,105							154,105
<i>actuarial losses</i>	(5,062)					(8,378)		(13,440)
<i>Cash Flow Hedge</i>	(9,153)					(1,335)		(10,488)
<i>Property revaluation reserve</i>	110,599							110,599
<i>– FTA</i>								
<i>held to collect and Sell</i>	1,249					(733)		516
<i>reserve</i>								
<i>OCI reserve</i>	407				(136)			271
Retained earnings	86,220	6,091						92,311
(Loss)/profit for the year	6,091	(6,091)					(68,082)	(68,082)
<b>Group equity</b>	<b>1,209,904</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>(136)</b>	<b>(9,049)</b>	<b>(68,082)</b>	<b>1,132,657</b>
<b>Non-control. Int. equity</b>	<b>16,825</b>	<b>-</b>	<b>(3,920)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,589</b>	<b>16,494</b>
Share capital	572							572
Retained earnings	13,147	3,106	(3,920)	1,979				14,312
Advances in dividends	-			(1,979)				(1,979)
Net Profit for the year	3,106	(3,106)					3,589	3,589
<b>Total equity</b>	<b>1,226,729</b>	<b>-</b>	<b>(3,920)</b>	<b>20</b>	<b>(136)</b>	<b>(9,049)</b>	<b>(64,493)</b>	<b>1,149,151</b>

## CONSOLIDATED CASH FLOW STATEMENT

	2021	2020
<b>A. Cash flows from operating activities</b>		
<b>(Loss) / profit for the financial year</b>	<b>(16,022)</b>	<b>(64,493)</b>
income taxes	5,938	21,231
Interest income net of impairment Financial activities 16	(8)	(1,360)
capital gains/losses on sale of assets	(1)	(89)
<b>1. Profit / (loss) for the year before taxes, interest, dividends and capital gain/(losses) from disposals</b>	<b>(10,093)</b>	<b>(44,711)</b>
<i>Non-cash adjustments non impacting working capital</i>		
<i>change in provisions for risk and charges expense</i>		
change in provisions for risk and charges expense	20,357	10,561
change in employee benefits	99	27
changes in the provision for impairment on cash and cash equivalents	182	(66)
Amortisation & depreciation	89,229	91,422
adjustments to fixed assets	(12,734)	17,129
adjustments to investments	(131)	-
Impairment on financial assets	(59)	(206)
other changes	10,941	(1,248)
<i>Total non-cash adjustments</i>	<i>107,884</i>	<i>117,619</i>
<b>2. Cash flow before working capital changes</b>	<b>97,791</b>	<b>72,908</b>
<i>Change in net working capital:</i>	<i>4,366</i>	<i>(49,709)</i>
inventories	(5,675)	(4,239)
trade receivables	(8,157)	9,052
other receivables	8,846	1,457
Accrued income an prepaid expenses	(969)	325
trade payables	8,594	(59,485)
Short-term payables for IFRS 16	168	(204)
other payables	(6,848)	4,128
accrued expenses deferred income	8,407	(743)
payables due to shareholders for dividends	-	-
<i>Changes in assets not included in the net working capital</i>		
<b>3. Cash flow after net working capital changes</b>	<b>102,157</b>	<b>23,199</b>
<i>Other adjustments</i>	<i>(22,912)</i>	<i>(17,348)</i>
interest collected/(paid)	(3,818)	(2,515)
Interest collected/(paid) on leased assets International Financial Reporting Standards 16	(155)	(99)
(paid income taxes)	(151)	(81)
dividends collected	-	-
(utilization of provision for risks and charges)	(6,354)	(3,128)
(utilisation of provision for employee benefits )	(12,434)	(11,525)
<b>Cash flow of income management (A)</b>	<b>79,245</b>	<b>5,851</b>

## CONSOLIDATED CASH FLOW STATEMENT

	2021	2020
<b>B. Cash flows deriving from investment/divestment activities</b>		
<i>Property, plant &amp; equipment</i>		
(Investments)	(70,987)	(138,692)
Sales price of disposals	423	584
<i>Intangible assets</i>		
(Investments)	(1,685)	(1,232)
Sales price of disposals	(28)	-
Increase/decrease in trade payables for fixed assets	(30,704)	17,276
<i>Financial fixed assets</i>		
(Investments)	(21,268)	(5,477)
Sales price of disposals	3,110	5,543
<i>Current financial assets</i>		
(Investments)	(124,307)	(116,817)
Sales price of disposals	138,365	144,474
changes in plant capital grants	17,777	12,070
<b>Cash flow from investment/divestment activities (B)</b>	<b>(89,304)</b>	<b>(82,271)</b>
<b>C. Cash flows from financing activities</b>		
<i>Third party funds</i>		
Increase (decrease) short-term loans to banks	15,000	35,000
Repayment of loans	(10,923)	(10,782)
Reimbursement of share capital loans on IFRS 16 leased assets	(2,334)	(1,782)
<i>Own funds</i>		
Paid Dividends (and advances in dividends)	(1,470)	(3,920)
<b>Cash flow from financing activities (C)</b>	<b>273</b>	<b>18,516</b>
Exchange rate effect	253	(453)
Increase (decrease) in Cash and cash equivalents and current securities	<b>(9,533)</b>	<b>(58,357)</b>
<b>Cash and cash equivalents at the beginning of the year *</b>	<b>123,948</b>	<b>182,305</b>
<b>Cash and cash equivalents at year-end **</b>	<b>114,415</b>	<b>123,948</b>

(\*) Gross of the provision for liquidity write-downs

## 1. General information

ATM S.p.A. (hereinafter also the “Company”, the “Parent Company” or “ATM”) is a company established and domiciled in Milan and organized according to the legal order of the Italian Republic. The Company has its registered office in Milan – Foro Buonaparte, 61.

The Company and its subsidiaries (jointly the “Group” or the “ATM Group”) operate the public transport service for urban and long-distance areas of Milan and Monza, the Copenhagen metro, the parking, rest and storage management service, Area B and C, and activities for the integrated maintenance of equipment and infrastructure.

The publication of this consolidated financial statements was authorized by the Directors on March 31, 2022 and will be submitted to the Shareholders' Meeting for approval and subsequent filing, within the time limits laid down by law. The House has the power to make changes to this budget.

Deloitte & Touche S.p.A. is responsible for the statutory audit of the accounts, on the basis of the assignment entrusted to it on 9 November 2017.

In the preparation of this consolidated financial statements , the same accounting principles as those adopted in the preparation of the consolidated financial statements as 31 December 2020 were applied, supplemented by what is described in the paragraph “*Accounting principles, International Financial Reporting Standards and IFRIC amendments and interpretations approved by the European Union, applied by the Group as from 1 January 2021*”.

## 2. Basis of Presentation of the consolidated financial statements

This consolidated financial statements for the year ended December 31, 2021 were prepared in accordance with *the international accounting standards* (International Financial Reporting Standards) issued by *the international accounting standards board* (IASB), And interpretations issued by the *International Financial Reporting Standards interpretations Committee* (IFRIC) and *the Standing interpretations Committee* (SIC), recognized in the European Union under European Regulation (EC) No. 1606/2002 of July 19, 2002 and in force at the end of the financial year (all the above-mentioned principles and interpretations are hereinafter referred to as “IAS-IFRS principles”). In particular, Legislative Decree no. 38 of February 28, 2005, which regulated this Regulation in Italy, introduced the obligation to apply the IAS-IFRS principles for the drawing up of the financial statements and consolidated financial statements to companies issuing financial instruments admitted to trading on regulated markets in any Member State of the European Union.

It should also be noted that this consolidated financial statements have been drawn up on the basis of the best knowledge of the IAS-IFRS principles and taking into account the best doctrine on the subject; any future guidelines and interpretative updates will be reflected in subsequent years, in accordance with the procedures provided for in the accounting principles of reference from time to time.

The consolidated financial statements were drawn up on the basis of business continuity, in accordance with paragraphs 24 and 25 of IAS 1, having verified the absence of financial and management indicators, Operational and other types that may indicate critical issues regarding the Group's ability to meet its obligations in the foreseeable future and in particular in the next 12 months, taking into account the high levels of capitalization of the Group and Cash and cash equivalents and access to the financial market. This evaluation also considers what is described in the Management Report in the paragraph “*Business continuity and contractual framework of reference*” and in particular with reference to the

managerial determination no. 12257/2021 of the Transport Area and agreement with the Mobility Planning and Programming Area, the continuation of the *“Contract for local public transport and related and complementary services”* has been arranged, in accordance with the tender documents and the original contract.

In relation to all the above, the Board of entrusted – Municipality of Milan and ATM S.p.A. signed, on December 30, 2021, the acts of continuation relating to the following contracts:

- Local and related and complementary public transport services: Until December 31, 2023;
- Parking control, parking management and vehicle removal service: Until December 31, 2023;
- Service for the realization and management of the Bike Sharing sustainable mobility system: Until December 31, 2022.

Subsequently, on December 31, 2021, the Board of Accredited Body – Municipality of Milan and ATM S.p.A. signed the follow-on acts relating to the following contracts:

- Management service for payment systems for access to Area C (and Area B): Until December 31, 2022;
- Maintenance and management service of SCTT systems, technologies and installations: Until June 30, 2022, with the possibility of renewal in the Municipality of Milan for a further period of six months.

Moreover, as regards the subsidiary Net S.r.l., with managerial determination n. 77 of December 31 2021 concerning the *“restatement as December 31 2023 of the deadlines for the expiry of the service contracts and local public transport concessions within the competence of the Agency, which expire on December 31, 2021”*, The Bacino Agency has further extended the period of validity of the above contracts to December 31, 2023.

As already stated in the Management Report attached to the 2021 financial statements, in addition, in accordance with IAS 36 – *“impairment of assets”*, when drawing up the 2021 consolidated financial statements and the financial statements of the subsidiaries, The Parent Company and its subsidiaries have carried out *an impairment test* to verify the recoverability of the net invested capital entered in the financial statements, which corresponds to consolidated Financial Statement Level to the various lines of business of the Group (According to the subdivision provided for in IFRS 8 and reported in Note 7 *“operating performance – sector analysis”*) as previously done at the time of the closure of the 2020 financial statements. In fact, the COVID-19 pandemic continues to represent a significant exogenous event to the ATM Group that makes it necessary to carry out *the impairment test*, as recommended by ESMA. *The results of the impairment test* confirmed the keeping of the book values of the assets of the business lines analyzed (see Note 5 below *“use of estimates”*).

The description of the ways in which the Group manages financial risks is given in the following Note 6 – *“Financial risk Management”*.

The consolidated financial statements consist of the consolidated balance sheet, the consolidated income statement, the prospectus of the other components of the consolidated total income statement, the prospectus of changes in consolidated net equity, the consolidated Statement of cash flows and the relative explanatory note.

In particular, the consolidated balance sheet was drawn up in accordance with the scheme showing the breakdown of “current/non-current” assets and liabilities as permitted by IAS 1. An asset/liability is classified as current when it meets one of the following criteria:

- it is expected to be realized/extinguished or it is expected to be sold or used in the normal operating cycle; or
- it is owned primarily for negotiation; or
- It is expected that it will be realized within twelve months from the date of closure of the consolidated financial statements.

In the absence of all three conditions, assets/liabilities are classified as non-current. The credit and debit items also detail the values related to the relationship with Related parties.

The consolidated income statement is drawn up according to the classification scheme of revenues and costs by nature, highlighting the intermediate results relating to gross operating margin, operating profit and pre-tax profit, in order to allow a better representation of the trend of normal operating management. The form chosen conforms to the internal reporting and *business management methods*, is in line with international practice and is therefore considered more representative than the Presentation per destination, with more reliable and more relevant indications for the sector of membership. Revenue and cost items also detail the values related to the relationship with Related parties. The costs and revenues to Related parties are also detailed by counterparty in the table in Note 43.

The Prospectus of the other components of the consolidated total income statement includes changes in the period, generated by transactions other than those with shareholders and on the basis of specific IAS-IFRS principles. Changes in “other consolidated total profits (losses)” are shown separately from the related tax effects.

The Statement of changes in Consolidated Net assets has been defined in accordance with IAS 1 and illustrates changes in the items of Consolidated Net assets relating to:

- allocation of the consolidated result for the financial year;
- Each item of profit and loss net of any tax effects which, as required by the IAS-IFRS principles, are alternatively charged directly to consolidated net worth (actuarial gains and losses generated by the valuation of defined benefit plans, Valuation of financial assets at *fair value* and valuation of financial derivatives at *fair value* held by related companies valued with Equity method) or have counterpart in a equity reserve whose impact is therefore directly reflected in equity;
- the effect of any changes in accounting policies or the introduction of new accounting policies.

Consolidated Statement of cash flows presents cash flows during the period classified as operating, investment and financial assets; cash flows deriving from the operating asset are represented using the indirect method.

The consolidated financial report is also accompanied by the Management Report which accompanies the consolidated financial statements. Moreover, in compliance with the requirements introduced by Legislative Decree no. 254 of December 30, 2016 implementing Directive 2014/95/EU, and in accordance with *the GRI Sustainability Reporting Standards* - published by *the Global Reporting Initiative (GRI)* - the ATM Group has drawn up the Non-Financial Consolidated Declaration to ensure an understanding of the Group's activities and performance, its results and impact from the same product, covering the 5 relevant areas: environment, social aspects, personnel management, human



rights and the fight against corruption. For further information, please refer to the separate document from this dossier, “Consolidated Declaration of a Non-Financial character 2021” also available on the website [www.atm.it](http://www.atm.it).

The functional currency of the Group is the euro, the Presentation base of the consolidated financial statements, which represents the current currency of the country in which the Group operates mainly; the consolidated financial statements and all the amounts included in the tables of the explanatory note, unless otherwise indicated, are expressed in thousands of euros.

The consolidated financial statements were drawn up using the historical cost method, taking into account, where appropriate, value adjustments, with the exception of items of financial statements which, according to IAS-IFRS, are to be recognized at *fair value*. As indicated in the valuation criteria and without prejudice to cases where the IAS-IFRS principles permit a different valuation criterion and such alternative cost criterion has been adopted (in this case, the valuation of the property portfolio at fair value ).

No events after the end of the financial year are revealed that modify conditions already existing at the balance sheet date and require changes in the values of assets and liabilities and in the income at the end of the financial year. For Subsequent events at the closing date of the financial statements, for which there are no economic, capital and financial impacts, please refer to the appropriate paragraph in the Management Report.

### **3. Consolidation method and principles**

#### ***Subsidiaries***

The consolidated financial statements include, in addition to the Parent Company, the companies over which the Parent Company exercises control, directly or indirectly through its subsidiaries, from the date on which it is acquired and until the date on which such control ceases. Control may be exercised either by direct or indirect ownership of the majority of the votes that can be exercised, or by virtue of the right to perceive the variable returns deriving from its relationship with them, affecting those returns and exercising its power over society, even without any relationship of a shareholder nature. The existence of potential voting rights to be exercised at the balance sheet date is considered for the purposes of determining control.

In the case of the purchase of non-totalitarian controlling interests, goodwill is entered only for the part attributable to the Parent Company. The value of minority interests is determined in proportion to the shares held by third parties in the net identifiable assets of the acquiree.

If the business combination is carried out in several stages, at the time of acquisition of control, the shares previously held are revalued at fair value and any difference (positive or negative) is recognized in the profit and loss account.

In the case of the acquisition of minority shares, after obtaining control, the positive differential between the acquisition cost and the carrying amount of the acquired minority shares is led to a reduction in the Group's net worth. In the event of the sale of shares that do not lose control of the entity, on the other hand, the difference between the price collected and the carrying amount of the shares sold is recognized directly as an increase in the net worth, without passing through the income statement.

The financial statements of the subsidiaries and of the associates to be consolidated are drawn up at December 31, the date of reference of the consolidated financial statements, specially prepared and

approved by the administrative bodies of the individual entities, appropriately adjusted, where necessary, to comply with the accounting principles applied by the ATM Group.

The subsidiaries are consolidated according to the full method, as follows:

- The assets and liabilities, charges and income of fully consolidated entities are assumed line by line, allocating to minority shareholders, where applicable, the share of net worth and net result for the period covered by them; These shares are shown separately in the context of consolidated net equity and consolidated income statement;
- The business combinations between entities not subject to joint control, under which control of an entity is acquired, are accounted for using *the purchase method*. The acquisition cost is represented by *the current value (fair value)* at the date of purchase of the assets transferred, liabilities assumed and capital instruments issued. Identifiable assets and liabilities, acquired and assumed respectively, are recorded at their current value at the date of acquisition. The difference between the acquisition cost and the current value of the identifiable assets and liabilities acquired, if positive, is recorded among intangible assets such as Goodwill, or, if negative, after having reverted the correct measurement of the current values of the abovementioned assets and liabilities acquired and the cost of acquisition, It is accounted for directly in the income statement, as income. Where *the fair value* of the identifiable assets and liabilities acquired can only be determined provisionally, the business combination is recognized using these provisional values. Any adjustments resulting from the completion of the evaluation process shall be recognized within twelve months of the date of acquisition, restating the comparative figures ;
- The gains and losses, including their tax effects, arising from transactions carried out between companies which have been fully consolidated and have not yet been realized against third parties, shall be eliminated, except for unrealized losses which are not eliminated, if the transaction provides evidence of a reduction in the value of the transferred asset. Mutual debt and credit relations, costs and revenues, and financial charges and income shall also be eliminated;
- For acquisitions of minority interests relating to companies for which control already exists, any difference between the acquisition cost and the relative portion of net equity acquired is accounted for in equity.

All subsidiaries are included in the scope of consolidation from the date on which control is acquired by the Group. Entities are excluded from the scope of consolidation from the date on which the Group loses control.

List of companies consolidated using the comprehensive consolidation method:

<b>Company</b>	<b>Consolidation method</b>
Citylink S.r.l. - Smart mobility by ATM	Comprehensive
GE.SAM S.r.l.	Comprehensive
International Metro Service S.r.l.	Comprehensive
Metro Service A/S	Comprehensive
North Est Transports S.r.l.	Comprehensive
Rail Dignostics S.p.A.	Comprehensive

Associates

Associates are those over which the ATM Group exercises a significant influence, understood as the power to participate in the determination of the financial and management policies of the participant, without having joint control or control. In assessing the existence of significant influence, consideration shall also be given to potential voting rights which may be actually exercised or convertible.

Investments in associates are initially entered at the cost of the relative purchase and are then valued with the Equity method. The Equity method is described below:

- The book value of the investments in related companies is aligned with the equity of the same, adjusted, where necessary, by the application of the principles adopted by the ATM Group and includes the inclusion of the higher values attributed to the assets and liabilities and of the possible Goodwill identified at the time of acquisition;
- The profits or losses belonging to the ATM Group of related companies are accounted for from the date on which the significant influence began and until the date on which the significant influence ceases; in the event that, as a result of the losses, the companies show negative net assets, The carrying amount of the investment is canceled and any excess pertaining to the ATM Group, where the latter has undertaken to fulfill the legal or implicit obligations of the related company, or in any case to cover its losses, is recognized in a special fund; The components of the total income statement of companies valued with Equity method are recognized in the specific reserves of equity;
- The unrealized gains and losses generated on transactions between the Parent Company/subsidiaries and the related party valued with Equity method are eliminated on the basis of the value of the stake of the ATM Group in the same company; losses not realized shall be eliminated, except where they are representative of a reduction in value.

The economic results of the related companies are reflected in the consolidated income statement under the heading “The net result of companies measured under the Equity method ”.

If the value thus determined is higher than the recoverable amount, the related investment shall be adjusted by accounting in the income statement for the related loss of value.

The investments held in subsidiaries, associates and other undertakings whose consolidation or recognition in the consolidated financial statements with Equity method does not have a significant effect on the balance sheet and financial position and on the Group's economic performance, they are excluded from the scope of consolidation and are recognized at *fair value* where available, i.e. at the cost net of any impairment losses.

List of companies consolidated with Equity method:

<b>Company</b>	<b>Consolidation method</b>
Metro 5 S.p.A.	Equity
Movibus S.r.l.	Equity
SPV Linea M4 S.p.A.	Equity

List of investments in companies registered at the cost net of any impairment losses:

<b>Company</b>	<b>Consolidation method</b>
CO.MO. Fun&Bus s.c.a.r.l	Cost
SBE consortium	Cost
Full Green Consortium	Cost
Metrofili s.c.a. r.l.	Cost

The financial statements of subsidiaries and associates are drawn up using the currency of the primary economic environment in which they operate (functional currency). The rules for the translation of the budget of Metro Service A/S (Denmark) into a functional currency other than the euro are as follows:

- The assets and liabilities are converted using the exchange rates outstanding at the balance sheet date;
- The costs and revenues are converted at the average exchange rate for the period;
- The translation reserve, included in the items of consolidated shareholders' equity, includes both the foreign exchange differences generated from the conversion of the foreign currency transactions at a rate different from the closing rate and those generated by the translation of the opening shareholders' equity at an exchange rate different from the closing rate of the reporting period. This reserve shall be returned to the income statement at the time of the transfer of the relevant holding.

The exchange rates adopted for the conversion of the financial statements of Metro Service A/S (Denmark), which has the Danish krone as its functional currency, are as follows:

- Historical exchange rate as December 31, 2008 used for the translation of opening net equity: DKK 7.4428 for the equivalent of Euro 1;
- Exchange rate as December 31, 2021 used for the conversion of assets and liabilities: DKK 7.4364 for the equivalent of Euro 1 (DKK 7.4409 as December 31, 2020);
- Average exchange rate for the financial year 2021 used for the conversion of costs and revenues: DKK 7.4370 for the equivalent of Euro 1 (DKK 7.4542 for 2020).

#### **4. Valuation criteria**

##### Property, plant, and equipment

Property, plant and equipment (with the exception of deposits disposed of by the production process and those for which restructuring and redevelopment interventions are foreseen ) are measured according to the criterion of the cost revalued at *fair value*, a criterion that allows the asset to be periodically revalued in such a way as to align it to a *fair value* at the restatement date, net of accumulated depreciation and any impairment losses.

For the determination and updating of *fair value values*, in particular for land, warehouses, offices and real estate investments, excluding warehouses which are decomposed by the production process and those for which restructuring and retraining is planned, during the year, a specific evaluation was carried out, commissioned by a primary independent third-party operator experienced in *the real estate market*. The analysis carried out, in view of the use destinations to which the individual properties of the Parent Company ATM S.p.A. belong, showed the need to make an adjustment to *fair value* in application of the revalued cost method of the assets associated with the “land and buildings” class for

17.951 thousand euros. The net equity effect was positive and amounted to a total of 14.689 thousand euros net of the tax effect, equal to 5.769 thousand euros, while the profit and loss effect is negative and equal to 2.507 thousand euros before the positive tax effect and equal to 707 thousand euros. As regards the subsidiary NET S.r.l. the results of the report have shown the need to adjust the net carrying amount to the fair value of the “land” and of the “building”, referred to the warehouse located in Monza. A further depreciation of the “land” of EUR 1.190 thousand was then carried out and at the same time the value of the “building” was restored to the same amount of EUR 1.190 thousand; the transaction did not have any effect on the income statement. Note 9 “Property, plant, and equipment” and Note 37 “depreciation and impairment losses” are reported with respect to the above.

The plants and machinery are entered at the purchase or production cost. The value is recorded net of accumulated depreciation and any impairment losses. The cost of purchase or production includes the directly incurred costs to prepare the assets for their use, as well as any dismantling and removal costs that will be incurred as a result of contractual obligations requiring the asset to be returned to its original condition.

The costs of improvement, modernization and transformation of material assets are recognized for asset assets. In particular, maintenance activities defined as “General Audit” or “General Audit Media”, which aim to bring the metropolitan and tram rolling stock back to conditions comparable to those of a newly acquired corresponding medium, should be considered in this context, by providing for the substantial reconstruction of the cars starting from bare chassis or, as for the defined interventions of revamping, to include relevant technological improvements/adaptations. These interventions are carried out from the point of view of time, according to the type of rolling stock, the degradation from the same suffered and therefore the operating stresses to which it is subjected, the journeys, and the need for technological improvements/adaptations. The capitalization of the operations described above relating to enlargement, modernization or improvement shall be carried out to the extent that they meet the requirements for being classified separately as an activity or part of an activity, by applying the component approach criterion, according to which each component susceptible to an independent assessment of useful life and its value must be treated individually.

The costs incurred for maintenance and repairs of an ordinary nature are directly charged to the income statement when incurred.

Depreciation is calculated systematically and consistently on the basis of the rates considered representative of the estimated economic and technical life of the tangible assets. Depreciation is calculated from the moment the asset is available for use, according to the intentions of the management. Land is not depreciated.

The estimated useful lives for the financial year are as follows:

	Service life years
Property, plant, and equipment	
Buildings	50
Plants and machinery	
- Line plant	
- Depot fixed plant	20
- Water supply plant	9
- Line switch plant	10
- Industrial plant	17
- Signaling plant	25
- Operating offices	17
- Substation Power	17
- Localisation	17
- Magnetic-electronic ticketing	10
- Line rolling stock	
- Rail rolling stock	30
- Road rolling stock	7 ÷ 13
Industrial and commercial equipment	
- Ancillary vehicles	5 ÷ 13
- Other equipment	5 ÷ 10
- Tour buses	12
- Sentry/Shelters	20
Other assets	5 ÷ 8

The economic and technical life of the material assets and their residual value shall be reviewed and updated, where necessary, at least at the end of each financial year.

Tangible assets are also audited to identify any impairment annually or whenever there is an indication that the asset may have been reduced in value. Reference is made to the following paragraph “Impairment of assets” for the criteria for determining any write-downs.

The buildings also include properties owned that are not instrumental in nature. Similarly to land, deposits and offices, investment property is measured on the cost-revalued at *fair value criterion*, which allows the value of the asset to be revalued periodically so as to align it with *a value equal to fair value* at the revaluation date, net of cumulative depreciation and any impairment losses.

In the event of the sale of the property, the possible higher price collected with respect to the value of the property is credited to the Net Asset under the heading “other reserves” in which also the residual share of OCI attributable to the property or land transferred flows.

### Intangible assets

Intangible assets are non-monetary, identifiable and without physical substance, controllable and capable of generating future economic benefits. These assets are recognized at the purchase and/or

production cost, including the expenses directly attributable to prepare the activity for its use, net of cumulative depreciation and any impairment losses.

Amortisation begins when the asset is available for use, according to the intentions of management, and is systematically allocated in relation to the residual use of the asset, or on the basis of the estimated useful life.

The cost of software license, including expenses incurred to make *the software* ready for use, are amortized at constant rates based on its duration (5 years), while *costs related to the maintenance of software programs* are charged to the profit and loss account at the time they are incurred.

Intangible fixed assets with a defined useful life are also audited to identify any impairment whenever there is an indication that the immobilization may have suffered an impairment. Reference is made to the following paragraph “reduction in the value of assets” for the criteria for determining possible devaluations.

Goodwill represents the difference between the cost incurred for the acquisition of an asset and the fair value of the identifiable assets and liabilities acquired at the time of acquisition date. Goodwill is classified as indefinite asset and, therefore, is not systematically amortized but is subject to an impairment test at least annually in order to identify potential impairment losses. It is not allowed to restore the value of goodwill in the case of a previous write-down for impairment.

#### Assets held under lease agreements

Tangible assets held under lease contracts through which the control (right of use) of an asset is acquired are recognized as assets of the Company through the registration of *the leased asset* in assets with a counter-entry to a financial payable. The elements of *leases* are the following: The identification of the asset, the right to replace it, the right to obtain substantially all the economic benefits deriving from the use of the asset and, lastly, the right to manage the use of the asset under the lease contract.

The right to use is systematically depreciated from the moment the asset is available for use, over the contractual term of the lease contract, according to Management's intentions.

The right to use is also submitted to an impairment test to identify any reduction in value annually or whenever there is an indication that the asset may have suffered an impairment loss as a result of the implementation of management conditions that make the lease contract onerous in accordance with IAS 37.

#### Investments in subsidiaries, associates and other companies

The economic results and the assets and liabilities of investments in associates and in other companies are recognized in the consolidated financial statements using the Equity method, as described in Note 3 “Consolidation criteria and methods”, With the exception of those investments whose consolidation with Equity method does not have a significant effect on the balance sheet and financial position, as well as on the Group's economic performance, which are recognized at *fair value*, where available, or at cost less any impairment.

Any positive difference, arising on acquisition from third parties, between the purchase cost and fair value of net assets acquired in an investee company is included in the carrying amount of the investment.

Investments in affiliated undertakings and other undertakings shall be subject to annual or, if necessary more frequently, verification to detect any loss of value. If there is evidence that such holdings have

suffered a loss of value, the loss of value is recognized in the income statement as depreciation. In the event that the Group's share of the losses of the investee exceeds the carrying amount of the investment, and the Group is obliged to account for it, The value of the investment shall be reset and the share of further losses shall be recognized as a fund for risks and charges in the liabilities of the balance sheet. If, subsequently, the loss of value is lost or reduced, a restoration of value within the limits of the original cost shall be recognized in the income statement.

### Impairment of assets

- *Tangible and intangible assets with a definite useful life and investments*

At each reporting date, a verification is made to establish whether there are indicators that tangible, intangible assets (including rights to use, the reduction in value is linked to the provision of conditions of use of the asset on the basis of an onerous contract pursuant to r IAS 37) and the investments may have suffered a reduction in value and if , with reference to the value of the land and buildings , *the fair value* may differ from the cost restated to the *fair value* reference date of the verification (therefore including the accumulated depreciation recorded between *the two fair value measurement dates*). To this end, both internal and external sources of information shall be considered. With regard to the first (internal sources) we consider: The obsolescence or the physical deterioration of the activity, any significant changes in the use of the activity and the economic evolution of the activity with respect to what foreseen. As regards external sources: the trend in the assets' market prices, any technological, market or regulatory discontinuities, the trend in market rate interest rates or the cost of capital used to evaluate investments are considered

If the presence of such indicators is identified, the recoverable value of the above mentioned assets (*impairment test*) and *subsequently imputed* to the income statement. The recoverable amount of an asset is the largest of *the fair value*, net of ancillary sales costs, and its value of use, which is the present value of the estimated future cash flows for that asset. In determining the value of use, expected future cash flows are discounted using a discount rate that reflects current market valuations of the cost of money, in relation to the investment period and asset-specific risks. For an asset that does not generate largely independent cash flows, the recoverable amount is determined in relation to the cash generating unit (CGU) to which that asset belongs.

A loss in value is recognized in the income statement when the book value of the asset, or of the relative cash *generating unit* to which it is allocated, is higher than its recoverable amount. The loss in value of *the cash generating unit* is recognized as a reduction of the assets , in proportion to their book value and within the limit of the relative recoverable value , including the rights of use. When the reasons of the write-down no longer exist the book value of the asset is restated by crediting the income statement, up to the value at which the asset would be recognized if no write-down had taken place and amortisation or depreciation had been recognized.

See Note 5 below "use of estimates" for a more detailed analysis of the results of *the impairment test* carried out as December 31, 2021.

- *Goodwill and intangible assets not yet available for use*

The recoverable amount of goodwill and that of intangible assets not yet available for use is subject to impairment tests annually or more frequently, in the presence of indicators that may suggest that



such assets may have been reduced in value. The original value of the goodwill is not restored in any case if the reasons that led to the impairment cease to exist.

- *Land and buildings valued at the restated at fair value*

In the *fair value determination exercise*, the positive differential between the restated fair value and the recognition value (*fair value* at the adjusted with amortization) is recognized in equity, while, in the case of a negative differential, The same is recognized in equity (OCI) up to the residual value of the revaluation of *the fair value* of each property and for the part in excess of the income statement.

### Financial assets

Financial assets are classified into the following three categories: (I) financial assets valued at amortized cost; (ii) financial assets valued at *fair value*, with effects being charged to other components of overall profit (hereinafter also FVTOCI); (iii) Financial assets measured at *fair value* with the effect charged to the income statement (hereinafter also FVTPL).

The initial recognition of financial assets is at *fair value*.

(i) *financial assets valued at amortized cost*

After initial recognition, financial assets that generate contractual cash flows exclusively representing capital and interest payments are measured at the amortized cost if held for the purpose of collecting the contractual cash flows (so-called business model *held to collect*). According to the amortized cost method, the initial recognition value is subsequently adjusted to take into account capital repayments, any write-downs and depreciation of the difference between the repayment value and the initial entry value. Depreciation is made on the basis of the actual domestic interest rate, which represents the rate that makes the present value of the expected cash flows and the initial entry value equal at the time of initial recognition. Receivables and other financial assets valued at amortized cost are presented in the balance sheet net of the relevant depreciation fund.

(ii) *Financial assets measured at fair value with recognition of the effects among the other components of comprehensive income, (hereinafter also FVTOCI)*

The financial assets representing debt instruments whose business model provides both the possibility of cashing contractual cash flows and the possibility of realizing capital gains from sale (so-called business model *held to collect and sell*), They are measured at *fair value* with effects charged to OCI (FVTOCI). In this case, changes in *the fair value* of the instrument are recognized in equity, among other components of total profit. The cumulative amount of changes in *fair value*, charged to the equity reserve that accepts the other components of the total profit, is returned to the profit and loss account when the instrument is disposed of in the accounts.

(iii) *Financial assets measured at fair value with the effects recognized in the income statement (hereinafter also FVTPL)*

A financial asset that is not measured at amortized cost or FVTOCI is measured at *fair value* against the imputation of the effects to the income statement (FVTPL); This category includes financial assets held for trading purposes as well as financial assets whose cash flows have characteristics that do not meet the conditions for valuation at amortized cost or FVTOCI.

The assessment of the recoverability of financial assets not valued at *fair value* with effects on the income statement is made based on the so-called *expected Credit losses model*.

Financial assets transferred are removed from assets when contractual rights related to obtaining cash flows associated with the financial instrument expire, or are transferred to third parties.

With regard to value adjustments (“impairment”), loans and debt securities classified under the headings Financial assets at amortized cost, financial assets measured at fair value with an impact on comprehensive income and significant off-balance-sheet exposures are subject to calculation of adjustments of value.

In this regard, these instruments are classified in stage 1, stage 2 or stage 3 according to their absolute or relative credit quality with respect to the initial payment. In particular:

- Stage 1: Includes (I) credit exposures of new origin or acquisition, (ii) exposures that have not suffered a significant deterioration in credit risk with respect to the date of initial recognition, and (iii) exposures with low credit risk (“low credit risk exemption”).
- Stage 2: Includes credit exposures which, although not deteriorated, have suffered a significant deterioration in credit risk compared to the date of initial recognition.
- Stage 3: Includes impaired credit exposures. For exposures belonging to stage 1, the total value adjustments are equal to the expected loss calculated over a time horizon of up to one year. For exposures belonging to stages 2 or 3, the total value adjustments are equal to the expected loss calculated over a time horizon equal to the entire duration of the relative exposure.

The Group has developed specific models for the calculation of expected loss that rely on the parameters of probability of insolvency (“PD”), Loss considered insolvency (“LGD”) and exposure to the date of insolvency (“EAD”) used for regulatory purposes and to which specific corrections are made in order to ensure full consistency with accounting regulations. In this context, “forward-looking” information was also included through the development of specific scenarios.

### Inventories

Inventories - relating to materials for rolling stock - are recognized at the lowest between purchase cost (including any accessory charges) and the net realizable value. The cost is determined in accordance with the weighted average cost method. The net realizable value is represented by the replacement cost.

Obsolete and/or slow-moving inventories is written in relation to its expected future utilization through the recognition of an obsolescence provision. The write-downs made are restored in future years should if the reason for the write-down no longer exist.

### Trade and other receivables

Trade and other receivables are initially recognized at *fair value* and then measured based on the amortized cost method net of Allowance for doubtful accounts. Where there is objective evidence of indicators of impairment, the activity shall be reduced to such an extent as to be equal to the discounted value of future flows. The objective evidence of loss of value is verified by considering, among other things, significant contractual failures, significant financial difficulties and the risk of insolvency of the counterparty. Claims are shown net of provisions to the depreciation fund. When in subsequent periods the impairment of the asset is established, the depreciation fund is used; otherwise, if the reasons for

the previous write-downs are lost, the value of the assets is restored to the extent that the value that would be derived from the application of the amortized cost had the write-down not been made.

#### Cash and cash equivalents and equivalent means

Cash and cash equivalents include cash, available bank deposits, other short-term investments with a maturity of three months or less. Items included in the Cash and cash equivalents are measured at *fair value*.

#### Financial liabilities

Loans, trade payables and other financial liabilities are initially entered at *fair value*, net of the ancillary costs of direct charge, and are then measured at amortized cost, using the effective interest rate criterion. When there is a change in the estimate of expected cash flows, the value of liabilities is recalculated to reflect this change based on the present value of the new expected cash flows and the actual internal rate initially determined. Loans, trade debts and other financial liabilities are classified as current liabilities, Except for those which have a contractual maturity of more than 12 months from the balance sheet date and those for which the Group has an unconditional right to defer their payment for 12 twelve months after the reference date. Financing, trade debt and other financial liabilities are removed from the balance sheet at the time of their termination and when the Group has transferred all risks and charges related to the instrument.

#### Employee benefits

The Group has both defined contribution plans and defined benefit plans.

Defined contribution plans are managed by third party fund managers, in relation to whom there is no legal or other obligation to pay additional contributions if the fund does not have on active liabilities to fulfill its commitments to employees. For defined contribution plans, the Group pays contributions, either voluntary or contractually established, to public and private pension insurance funds. The contributions are recognized as personnel expense in accordance with the accruals principle. The advanced contributions are recognized as an asset which will be repaid or offset against future payments.

A defined benefit plan is a plan that cannot be classified as a defined contribution plan. In programs with defined benefits, the amount of benefit to be paid to the employee is quantifiable only after the termination of the employment relationship, and is linked to one or more factors such as age, years of service and remuneration. The obligations for defined benefit plans are therefore determined by an independent actuary using the “*projected unit credit method*”. The present value of the defined benefit plan is determined by discounting future cash flows at an interest rate equal to that of high-quality corporate bonds issued in the currency in which the liability will be liquidated and taking into account the duration of the relevant pension plan. The profits and losses arising from the actuarial calculation are fully charged to the net worth, in the reference period, taking into account the relative deferred tax effect.

In particular, it should be noted that the company operates a defined benefit plan, represented by the end-of-relationship treatment fund (“TFR”). The TFR is compulsory for Italian companies under Art. 2120 of the Civil Code; it is in the nature of deferred remuneration and is related to the duration of the working life of the employees and to the remuneration received during the period of service provided. As of 1 January 2007, Law No 296 of 27 December 2006 “Financial Law 2007” and subsequent decrees and regulations introduced significant changes to the TFR framework. This includes the choice of the employee as to whether his or her FRS will be used by the supplementary pension funds or the “Treasury

Fund” managed by the INPS. It follows, therefore, that the obligation to INPS and contributions to supplementary pension schemes have assumed, under IAS 19 “Employee Benefits”, the nature of defined contribution plans, Whereas the shares entered in the TFR fund as 1 January 2007 maintain the nature of defined benefit plans.

#### Provisions for risks and charges

Provisions for risks and charges are recognized against losses and charges of a specific nature, of a certain or probable existence, of which, however, the amount and/or date of occurrence cannot be determined. Enrollment is recognized only when there is a current obligation (legal or implicit) for a future exit of economic resources as a result of past events and it is likely that such exit is required for the fulfillment of the obligation. This amount is the best estimate of the cost of settling the obligation. When the financial effect of the time is significant and the payment dates of the bonds are reliably predictable, the funds are valued at the present value of the expected disbursement using a rate that reflects market conditions, the change in the cost of money over time, and the specific risk related to the obligation. The increase in the value of the fund due to changes in the cost of money over time is accounted for as passive interest.

The risks for which the occurrence of a liability is deemed possible are indicated in the relevant information section on Contingent liabilities and no allocation is made for them.

#### Revenue recognition

Revenues are recognized for the amount equal to *the fair value* of the consideration received or to be received, to the extent that the economic benefits flow to the Group and where determined reliably.

The consideration of the service contracts relating to local public transport services is recognized in the income statement on the basis of the time competence of the journeys and routes made in the reference year, net of penalties, discounts, rebates and premiums, as well as directly related taxes.

The revenues of services (in particular, parking, parking, car removal) are recognized at the completion of the service, the sales revenues when the transfer occurs or when the counterparty obtains control of the asset.

Rental income for commercial spaces, advertising and sponsorship are recognized in the maturing period, according to the contractual agreements entered into.

#### Public Grants

Public grants, in the presence of a formal award decision, are recognized by competence in direct correlation with the costs incurred. In the event of uncertainty of allocation, they shall be recognized by the cash criterion for the period in which they are definitively received.

- Capital contributions

Public capital contributions relate to sums paid for the acquisition of rolling stock or for the implementation of initiatives aimed at the construction, reactivation and expansion of Property, plant, and equipment. Capital contributions are accounted for with a direct reduction in the assets to which they relate and contribute, in decline, to the calculation of Amortization's shares.

Operating grants Operating grants refer to sums paid by the Municipality of Milan or other public bodies to the company as a reduction in costs and expenses incurred. Financial year contributions are charged under “other income” as a positive component of the income statement.

#### Recognition of costs

Costs are recognized when relating to assets and services purchased or consumed during the period or by systematic allocation.

#### Dividends

They are recognized in the income statement when the shareholders' right to receive the payment which normally corresponds to the shareholders' meeting decision on the distribution of dividends arises.

#### Financial income

Financial income is recognized by competence and includes interest on the financial assets invested, profit on the sale of financial assets and exchange differences in assets. Interest income shall be charged to the income statement at the time of maturity, taking into account the actual yield.

#### Financial charges

Financial charges are recognized by competence and include interest liabilities on financial debts calculated using the effective interest method, losses on the sale of financial assets and exchange differences.

#### Income taxes

Current taxes are calculated on the basis of taxable income for the period, applying the tax rates in force at the balance sheet date. Deferred taxes are calculated against all differences between the taxable amount of an asset or liability and its carrying amount.

Advance taxes are recognized to the extent that a future taxable income is likely to be available for which they can be recovered. Deferred taxes are determined using the tax rates that are expected to apply in periods in which differences will be made or extinguished. The recoverability of assets for deferred tax is reviewed at each period closure. Deferred tax assets not recognized in the balance sheet are reanalyzed at each balance sheet date and are recognized to the extent that it has become probable that future taxable income will enable the deferred tax asset to be recovered.

Current and deferred taxes are recognized in the profit and loss account, with the exception of those relating to items directly charged or credited to equity, in which cases the tax effect is recognized directly to equity and in the consolidated total profit and loss account. Taxes shall be compensated when applied by the same tax authority and when there is a legal right of compensation and a settlement of the net balance is expected.

ATM S.p.A. with its subsidiaries pursuant to art. 2359 of the Civil Code adheres to the National Tax Consolidation of the ATM Group as holding; this allows the IRES to be determined on the algebraic sum of the taxable amount of the individual participants. The economic relations, responsibilities and reciprocal obligations between the consolidating company (ATM S.p.A.) and the consolidated group companies are defined in the “*Agreement concerning the joint exercise of the option for national consolidated by the companies belonging to the ATM Group*”.

Other non-income taxes, such as property taxes, are included in “other operating costs and charges.”

Conversion of Accounts in Foreign Currencies

Transactions in currency other than functional currency are recognized at the exchange rate in place at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the euro are subsequently adjusted to the exchange rate outstanding at the year-end date. Non-monetary assets and liabilities denominated in currencies other than the euro are recorded at the historical cost using the exchange rate in force at the date of initial recognition of the transaction. Any emerging exchange-rate differences are reflected in the income statement.

IFRS and IFRIC standards, amendments and interpretations approved by the European Union, applied by the Group since January 1, 2021.

The following International Financial Reporting Standards accounting standards, amendments and interpretations were first applied by the Group from January 1, 2021:

- On 25 June 2020, the IASB published an amendment called “*Extension of the temporary exemption from applying International Financial Reporting Standards 9 (Amendments to International Financial Reporting Standards 4)*”. The amendments allow the temporary exemption from the International Financial Reporting Standards 9 application to be extended until 1 January 2023 for insurance companies.  
The adoption of this amendment did not affect the consolidated financial statements of the Group as 31 December 2021, since the Group was not in place insurance activities.
- On 27 August 2020, the IASB published, in the light of the reform on interbank interest rates such as IBOR, the document “*Interest Rate Benchmark reform—phase 2*” which contains amendments to the following standards:
  - International Financial Reporting Standards 9 *financial instruments*;
  - IAS 39 *Financial Instruments: Recognition and Measurement*;
  - International Financial Reporting Standards 7 *financial instruments: Disclosures*;
  - International Financial Reporting Standards 4 *Insurance contracts*; E- International Financial Reporting Standards 16 *leases*.
 All changes entered into force on 1 January 2021. The adoption of this amendment did not affect the consolidated financial statements of the Group.
- On 31 March 2021, the IASB published an amendment called “*Covid-19-related rent concessions beyond 30 June 2021 (Amendments to International Financial Reporting Standards 16)*” extending by one year the period of application of the amendment to IFRS 16, issued in 2020, That provided for lessees the right to account for reductions in fees related to Covid-19 without having to assess, through the analysis of contracts, whether the lease modification definition of IFRS 16 was respected. Therefore , the lessees who applied this option in 2020 accounted for the effects of the reductions in rent directly to the income statement at the date of the reduction. The 2021 amendment, which is only available to entities that have already adopted the 2020 amendment, applies from 1 April 2021 and can be adopted in advance. The adoption of this amendment did not affect the consolidated financial statements of the Group as 31 December 2021, since the Group did not adopt this expedient at the time of the closure of the 2020 consolidated financial statements.

International Financial Reporting Standards accounting standards, amendments and interpretations approved by the European Union, not yet mandatory and not adopted in advance by the Group as 31 December 2021

On 14 May 2020, the IASB published the following amendments:

- *Amendments to International Financial Reporting Standards 3 Business combinations*: the purpose of the amendments is to update the reference in IFRS 3 to the revised conceptual framework, without any change to the provisions of the Standard.
- *Additions to IAS 16 property, plant and Equipment*: the purpose of the modifications is not to allow the amount received from the sale of goods produced in the testing phase of the asset to be deducted from the cost of the tangible assets. These sales revenues and related costs will therefore be recognized in the profit and loss account.
- *Amendments to IAS 37 provisions, Contingent Liabilities and Contingent assets*: the amendment clarifies that in the estimate of the possible oneness of a contract, all costs directly attributable to the contract must be taken into account. Consequently, the assessment of the possible oneness of a contract includes not only incremental costs (such as the cost of the direct material used in the processing), but also all costs that the enterprise cannot avoid because it has entered into the contract (such as, for example, the portion of the depreciation of the machinery used for the performance of the contract).
- *Annual improvements 2018-2020*: the changes were made to IFRS 1 *first-time adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture* and *illustrative Examples of IFRS 16 leases*.

All changes will take effect on January 1, 2022. The Directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of these amendments.

- On May 18, 2017, the IASB published the International Financial Reporting Standards 17 – *insurance contracts principle*, which is intended to replace the International Financial Reporting Standards 4 – *insurance contracts principle*.

The aim of the new principle is to ensure that an entity provides relevant information that accurately represents the rights and obligations arising from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single, *principle-based framework* to take into account all types of insurance contracts, including reinsurance contracts that an insurer holds.

The new Standard also provides for Presentation and disclosure requirements to improve comparability between entities in this sector.

The new principle measures an insurance contract on the basis of a *General Model* or a simplified version of this, called *the Premium Allocation approach* (“PAA”).

The main features of *the General Model* are:

- estimates and assumptions of future cash flows are always current;
- the measurement reflects the time value of the money;
- the estimates provide for extensive use of market-observable information;
- there is a current and explicit measurement of risk;
- the expected profit is deferred and aggregated into groups of insurance contracts at the time of initial recognition; and,

- the expected profit is recognized during the contractual period taking into account the adjustments resulting from changes in the assumptions relating to cash flows for each group of contracts.

The PAA approach provides for the measurement of liability for the residual coverage of a group of insurance contracts, provided that, at the time of initial recognition, the entity provides that such liability reasonably represents an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications resulting from the application of the PAA method do not apply to the valuation of liabilities for outstanding claims, which are measured with *the General Model*. However, it is not necessary to update those cash flows if the balance to be paid or paid will be expected to occur within one year of *the date on which the claim occurred*.

An entity shall apply the new principle to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held, and also to investment contracts with a *discretionary participation feature* (DPF).

This accounting policy is not applicable by the Group.

*International Financial Reporting Standards accounting standards, amendments and interpretations not yet approved by the European Union*

At the reference date of this document, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and principles described below.

- On 23 January 2020, the IASB published an amendment called “*Amendments to IAS 1 Presentation of Financial statements: Classification of liabilities as current or non-current*”. The purpose of the document is to clarify how to classify debts and other short- or long-term liabilities. The amendments come into force on 1 January 2023; however, they are allowed to be applied in advance. The Directors do not expect a significant effect on the Group's consolidated financial statements since the adoption of this amendment.
- On 12 February 2021, the IASB published two amendments entitled “*Disclosure of Accounting Policies—Amendments to IAS 1 and International Financial Reporting Standards practice Statement 2*” and “*Definition of Accounting estimates—Amendments to IAS 8*”. The changes aim to improve *disclosure of accounting policies* in order to provide more useful information to investors and other primary users of financial statements and to help companies distinguish changes in accounting estimates from changes in *accounting policies*. The amendments will apply from 1 January 2023, but advance application is allowed. The Directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of these amendments.
- On 7 May 2021, the IASB published an amendment called “*Amendments to IAS 12 income taxes: Deposited Tax related to assets and liabilities raising from a Single Transaction*”. The document clarifies how deferred taxes on certain transactions that may generate equal amounts of assets and liabilities, such as leasing and decommissioning obligations, should be accounted for. The amendments will apply from 1 January 2023, but advance application is allowed. The Directors do not expect a significant effect on the Group's consolidated financial statements since the adoption of this amendment.



- On December 9, 2021, the IASB published an amendment called “*Amendments to International Financial Reporting Standards 17 insurance contracts: Initial Application of International Financial Reporting Standards 17 and International Financial Reporting Standards 9 – Comparative Information*”. The amendment is a transition option for comparative information on financial assets submitted at the initial date of application of IFRS 17. The amendment seeks to avoid temporary accounting misalignments between financial assets and liabilities of insurance contracts, and thus to improve the usefulness of comparative information for readers of financial statements. The amendments will apply from 1 January 2023, together with the application of the International Financial Reporting Standards 17 principle. The Directors do not expect a significant effect on the Group's consolidated financial statements since the adoption of this amendment
- On January 30, 2014, the IASB published the *International Financial Reporting Standards 14 – Regulatory Deferral Accounts principle*, which allows only those who adopt the International Financial Reporting Standards for the first time to continue to recognize amounts relating to activities subject to “*Rate Regulation activities*” in accordance with the previous accounting principles adopted. Since the Group is not a *first-time adopter*, this principle is not applicable.

## 5. Use of estimates

The application of the IAS-IFRS principles for the preparation of the consolidated financial statements involves the execution, by the directors, of accounting estimates, often based on complex and/or subjective assessments, based on past experience and assumptions considered reasonable and realistic in relation to the information known at the time of the estimate, even with expert support. The use of these estimates is reflected in the carrying amount of assets and liabilities and the disclosure of assets and Contingent liabilities at the date of the consolidated financial statements, as well as the amount of income and costs in the accounting period represented. Actual results may differ from estimated results due to uncertainty characterizing assumptions and conditions on which estimates are based.

For this reason, estimates and assumptions are periodically reviewed and the effects of any change are reflected in the consolidated income statement.

For a better understanding of the consolidated financial statements, below are the most significant estimates of the process of drawing up the consolidated financial statements because they involve a high use of subjective judgments, assumptions and estimates relating to issues of an uncertain nature. Changes in conditions based on judgments and assumptions could have a significant impact on subsequent results.

### Recoverability of the value of tangible, intangible assets and investments

As already indicated, the COVID-19 pandemic continues to represent an exogenous trigger event to the ATM Group which makes it necessary to carry out an *impairment test* on the recoverability of the net invested capital entered in the consolidated financial statements as 31 December 2021, as previously done at the time of the closure of the 2020 consolidated financial statements. In line with the previous year, the *impairment test* was carried out on *cash generating units* that were most affected by the pandemic, namely “*local public transport and complementary services*”. “*Local public transport in the long-distance area*” and “*other activities*” as defined in Note 7 “*Operational performance – sector analysis*”.

With reference to the CGU “*Local Public Transport and complementary Services*” – relating to the activities carried out by ATM S.p.A., the recoverable amount, considered as value of use, was determined

by applying an analysis that considered three alternative scenarios, with a different degree of probability of occurrence:

- The first scenario, based on the assumption of an extension of the current service contract and subsequent continuation of the concession activities following the award of the TPL invitation to tender according to three different developments: (I) perpetual renewal, (ii) renewal for a period of only 15 years and subsequent disposal of the assets and liabilities for their net carrying amount (iii) renewal for a period of 15 years plus further 15 years and subsequent disposal of the assets and liabilities for their net carrying amount. The expected future cash flows used for this scenario have been taken from the Industrial Plan 2022 – 2037 (period corresponding to the extension of the service contract or the expected renewal in continuity of concession and more detailed in the management report referred to), Which includes – in addition to the effects COVID–19 – prudent assumptions of trends in revenues and costs on the basis of historical trends and the introduction of certain expected effects of reasonably achievable leverage efficiency;
- Second scenario, based on the assumption of an extension of the service contract until 2023 and its interruption in the event of the award of the TPL tender to a third party. This scenario assumes the perpetual rent to the new operator of the fixed-driving rolling stock, of the installations and the sale of the buses.
- Third scenario, based on the assumption of an extension of the service contract until 2023 and its interruption in the event of the award of the TPL tender to a third party. This scenario assumes the disposal of assets and liabilities for their net carrying amount outstanding at the service contract expiration date.

In the updating of the impairment test, the directors assumed continuity with respect to the assumptions and scenarios identified for the 2020 financial statements and determined from the Industrial Plan 2022 – 2037 (the “Industrial Plan”), built in accordance with the Group Strategic Plan 2021 – 2025 (the “Strategic Plan”), the latter, approved by the advisers in the meeting of March 25, 2021. On the basis of the industrial plan and the probabilized multi-scenarios, prepared according to the expectations of the management, economic and financial projections consistent with medium to long term investment planning have been developed. These projections have been revisited on the basis of the events already recorded and of the impacts that are believed to result in the short to medium term and which by their nature are necessarily uncertain.

On March 31, 2022, the Board of Directors approved the Company's economic and financial forecasts and *the results of the impairment test*.

This procedure for the determination of the losses of value of tangible and intangible assets and investments involved – in estimating the value of use – the definition of the above-mentioned multi-scenarios and the use of an industrial plan which are based on a set of assumptions and assumptions relating to events Future actions and actions of the administrative bodies and the competent regulatory bodies of the TPL services, which will not necessarily take place.

In fact, the assumptions concerning future developments and the consequent forecast data used for the execution of *the impairment test* are characterized, given their predictive nature, by a certain degree of uncertainty and, therefore, it cannot be excluded that the occurrence of future results other than those estimated may require any adjustment of the value of tangible, intangible and financial assets entered in the balance sheet. In this context, *the sensitivity analysis* – carried out with reference both to flow

discount rates, to volumes and margins, as well as to the probabilization of scenarios – highlights possible devaluations as a function of a worsening of these variables.

It is also recalled that the post-tax WACC, which takes account of the specific risks of the asset and reflects current market assessments of the cost of money, has been used as the discount rate for the discounting of future cash flows, on the basis of a weighting between the cost of debt and the cost of equity, based on the values of comparable groups and which are subject to impairment as they operate in the same sector of activity. The WACC value thus determined was 4,42%.

*The impairment test* on this CGU confirmed the value of the net invested capital in the ATM Group's consolidated annual financial statements as December 31, 2021; the *test cover* reached makes it possible to consider reasonably recoverable the aforementioned entry value even in the event of divergence of the final data with respect to the forecasts within areas of variability confirmed by historical experience.

These updating activities with respect to the recruitment, scenarios and results resulting from *the impairment test* were also carried out with reference to *the cash generating unit* for “*local public transport in the long-distance area*”, Relating to the activities carried out by NET S.r.l. *the impairment test* has confirmed the value of the net invested capital in the consolidated annual financial statements as December 31, 2021. On 16 March 2022, the above was presented to the Board of Directors, which approved the assumptions, scenarios and results of *the impairment test*. The *test cover* reached has allowed to reasonably consider the above-mentioned value of entry also in case of divergence of the final data with respect to the forecasts within ranges of variability confirmed by historical experience.

Finally, for the *cash generating unit* relating to “*other activities*” – which is primarily related to the activities carried out by Rail Diagnostics S.r.l. – it is noted that the activities of updating the recruitment, Scenarios and results confirmed the value of the net invested capital in the consolidated annual financial statements as December 31, 2021. On 16 March 2022, the above was presented to the Board of Directors, which approved the assumptions, scenarios and results of *the impairment test*. The *test cover* reached has allowed to reasonably consider the above-mentioned value of entry also in case of divergence of the final data with respect to the forecasts within ranges of variability confirmed by historical experience.

#### Restated value of land and buildings at fair value

The Fair Value Measurement of land and buildings used for the periodic cost redetermination is a complex process which depends on the characteristics of the property, on the criteria for identifying the market parameters used for the valuation, and the methodological approach used in the determination of portfolio discount.

In order to update the fair value, in 2021, a leading independent third-party operator experienced in the real estate valuation sector was commissioned to carry out an analysis to provide an update on the development of the real estate market. The analysis carried out, in view of the use destinations to which the individual properties of the Parent Company ATM S.p.A. belong, showed the need to make an adjustment to *fair value* in application of the revalued cost method of *the assets* associated with the “*land and buildings*” class for 17.951 thousand euros. As regards the subsidiary NET S.r.l. the results of the report have shown the need to adjust the net carrying amount to *the fair value* of the “land”, which involved the inclusion of a depreciation of 1.190 thousand euros, And of the “building” which led to the restoration of the net carrying amount of the same amount, i.e. 1.190 thousand euros.

Useful life of tangible and intangible assets

Tangible and intangible assets with a defined useful life are amortized over the estimated useful life of the related assets. The economic and technical life of the assets is determined by the directors at the time the asset was purchased; it is based on historical experience for similar fixed assets, market conditions and advances on future events that could have an impact on useful life. Thus, actual economic-technical life may differ from estimated useful life. The Group periodically evaluates technological and sector changes to update the remaining useful life. This periodic update could lead to a change in the period of Amortization and therefore also in Amortization's share of future periods. It should be noted that , at the time of the first adoption of the IAS-IFRS principles, updates were made of the useful lives relating to metropolitan and tramway rolling stock, Whereas in the year 2018, a new economic and technical life of buildings to be assessed at *fair value was defined as part of the change in the valuation criterion for buildings*.

It is also noted that following the carrying out of an analysis of the recoverability of the values entered in the balance sheet, with reference to the metropolitan rolling stock, consequent to the taking of action of the exit from the production cycle of some rolling stocks for technological obsolescence, The devaluation of 5 trams no longer used in the transport service has been entered, the capital and economic effects of which are described in Note 9.

Recoverability of inventory

The valuation of the warehouse is an estimate process subject to the uncertainty of the determination of the replacement value of the components of rolling stock and of consumable material which varies over time and according to market conditions and from the conditions of use of the different types of vehicles that make up the fleet on the basis of fleet renewal plans that may vary over time.

Recoverable of the balance that guarantees TPL services

The estimate of the outcome of the negotiations on penalties, the definition and settlement by the customers of the balance to guarantee the services carried out under the TPL service contracts, implies, With particular reference to the extra-urban public transport services in the North East of the province of Milan and the city of Monza and its hinterland, the adoption of assessments on the recoverability of the amounts allocated to invoices to be issued, also related to previous years, They depend on elements that may change over time and that could therefore have significant effects compared to the current estimates made by the Directors for the preparation of the consolidated financial statements of the Group.

Recoverability of deferred taxes

The consolidated financial statements include deferred tax assets, mainly related to income components with deferred tax deductibility, for an amount whose recovery in future periods is considered highly likely. Significant executive judgments are required to determine the amount of advance taxes that can be recognized on the balance sheet based on the timing and amount of future taxable income

In addition, it should be noted that in this consolidated financial statements advanced taxes have been entered for income components with deferred tax deductibility for the portion that the directors consider recoverable against future taxable income assumed having a time horizon after the end of the current term of the Service Contract With the Municipality of Milan extended until 31 December 2023.

Processes for estimating funds for risks and charges

The Group is subject to legal and tax causes as well as environmental risks that may arise from complex and difficult issues, which are subject to a different degree of uncertainty, including the facts and circumstances inherent in each cause, jurisdiction and different applicable laws. Given the uncertainties inherent in these issues, it is difficult to predict with certainty the outlay that might arise from such disputes. Accordingly, the directors, after consulting their legal, tax, and environmental consultants and experts, determine a liability in respect of such disputes when they consider it likely that a financial outlay will occur and when the amount of the resulting losses can be reasonably estimated. This estimate involves the adoption of assumptions that depend on factors that may change over time and that could therefore have significant effects compared to the current estimates made by the Directors for the preparation of the Group's consolidated financial statements.

Factors for the evaluation of employee benefits

Employee benefit liabilities are valued with an actuarial methodology that requires the use of estimates and assumptions for the determination of the value of the obligation. The estimates and assumptions inherent in the actuarial valuation concern exogenous factors such as the discount rate and subjective factors such as the rate of increase in future wages, mortality and resignation.

Determination of the fair value of financial assets

The fair value of certain financial assets that are not listed on asset markets is determined using valuation techniques. The ATM Group uses valuation techniques that use inputs directly or indirectly observable from the market at the end of the year, related to the activities being evaluated. While considering the estimates of the above fair values reasonable, possible variations in the estimation factors on which the calculation of the above values is based could produce different valuations.

## 6. Financial risk management

This section summarizes the Group's policies for managing and controlling financial risks to which it is exposed:

- 1) credit risk deriving from the possibility of default of a counterparty;
- 2) liquidity risk deriving from the lack of financial resources to meet short-term commitments;
- 3) risk of non-compliance *covenants on the debt* and possible default;
- 4) risk deriving from exposure to fluctuations in interest rates, exchange rates, commodity price fluctuations and the downgrade of the rating on medium/long-term debt.

During the financial year 2021 – as in the previous year – the Group did not use financial derivatives to cover the effects of these risks.

### 1) Credit risk

Credit risk represents the Group's exposure to potential losses arising from the failure to fulfill the obligations assumed by its commercial counterparts, mainly represented by the Municipality of Milan and its subsidiaries, as well as by financial counterparties in relation to the portfolio of financial assets, deposits with banks and capital injections also in the form of financing granted to related companies.

In the context of risk management for the investment financial instruments, the Group, in accordance with the approved policy, and with the objective of preserving the capital invested in real terms, uses instruments to monitor the possible deterioration of credit risk.

In particular, with regard to counterparty credit risk, the Group adopts procedures and instruments for the valuation, selection and monitoring of investments on the basis of credit standing (without limitation explicit rating assessments, Monitoring of CDS – Credit Default Swaps and Loss Given Default), and periodically elaborates stress test scenarios.

In the management, the security of investment before liquidity and liquidity before yield are privileged. The parameters subject to continuous evaluation include the above indicators, in addition to compliance with the minimum rating thresholds defined by the policy, and the minimum size of the individual assets; the overall weighted average duration profile is also evaluated for the purpose of mitigating the sensitivity of the portfolio.

The ATM portfolio includes Cash securities, for the selection of which the rating constraints, equal to at least, for the predominant part of the invested assets, "Investment Grade", as well as the duration and incidence of the issuer with respect to the total portfolio, are respected, And OICR shares with limited risk profile and broad sectoral and geographical diversification.

The Group is, moreover, exposed to credit risk in relation to financial guarantees (equity liabilities) Issued to the financial institutions on *project finance operations* for the related company Metro 5 S.p.A. and SPV Line M4 S.p.A. the maximum exposure of the Group is equal to the value of the shares of the two project companies, which were given in pledge for a total of 31 million euros at 12,09 december 2021.

Moreover, in accordance with the provisions of the European Securities and Markets Authority ("ESMA") and in accordance with accounting standard International Financial Reporting

Standards 9, the above value contributes to the formation of total financial debt only to the extent of the related expected credit loss, or cash shortfall, That ATM S.p.A. as guarantor may have to bear.

The exposure to counterparty credit risk is confirmed by the findings of *the impairment analysis*, as detailed in the next section.

With reference to commercial counterparties, the Group has adopted internal tools for selecting and assessing of the economic and financial reliability of customers and suppliers, as well as external sources for monitoring their credit situation. Continuous monitoring of exposure to counterparties and the implementation of appropriate mitigation actions also include measures to recover credit.

The following table shows the Group's exposure to credit risk as December 31, 2021 compared with the balance as December 31, 2020.

	<b>12.31.2021</b>	<b>12.31.2020</b>
Non-current financial assets	43,828	24,428
<b>Non-current financial assets net of doubtful debt provision</b>	<b>43,828</b>	<b>24,428</b>
Current financial assets	215,037	227,463
Doubtful debt provision	(125)	(271)
<b>Current financial assets net of doubtful debt provision</b>	<b>214,912</b>	<b>227,192</b>
Current trade receivables	206,705	199,081
Doubtful debt provision	(15,805)	(16,193)
<b>Current trade receivables net of doubtful debt provision</b>	<b>190,900</b>	<b>182,888</b>
Other receivables and current assets	30,930	55,956
Doubtful debt provision	(980)	(689)
<b>Other receivables and current assets net of doubtful debt provision</b>	<b>29,950</b>	<b>55,267</b>
Cash and cash equivalents and equivalent means	114,415	123,948
Doubtful debt provision	(269)	(87)
<b>Cash and cash equivalents and equivalent means</b>	<b>114,146</b>	<b>123,861</b>
<b>Total exposure net of doubtful debt provision *</b>	<b>593,736</b>	<b>613,636</b>

\* the item excludes tax receivables.

The change in current financial assets and Cash and cash equivalents is reflected in the impact of investment dynamics and operating expenses that have absorbed liquidity, as well as resources for adjusting the rates of the loan with the European Investment Bank.

Other non-current assets include loans and credits to Related parties and third parties; The increase in the year is due, mainly, to the advance paid to a supplier in the context of the work relating to the new signaling system for the M 2 line, to interest accrued in the year 2021, partly offset by the proceeds received from the related company Metro 5 S.p.A.

The decrease in the Commercial Allowance for doubtful accounts is linked to the dynamics connected with the use and release carried out in the period in order to adjust the value to the change in expected losses (for more details see Note 19 – *Trade receivables*). Of which the main ones refer to the use of the Allowance for doubtful accounts toward the joint controlling body of

Milan for 150 thousand euros, the release of the depreciation fund to third-party customers for 423 thousand euros, partly offset by the provision made against probable risks to third-party customers for 198 thousand euros. The following tables show the exposure to credit risk by counterparty, in absolute value and in percentage value, exposed excluding Cash and cash equivalents and equivalent means, as well as current and non-current financial assets:

	12.31.2021	12.31.2020
Municipality of Milan	124,852	121,882
Receivables from tax authorities	1,221	2,899
Receivables from entities (State, Region, Province)	20,401	48,574
Receivables from third party customers	61,099	58,037
Receivables from associates	1,861	2,722
Receivables from other debtors	8,328	3,794
Receivables from subsidiaries of parent companies	3,088	247
<b>Total exposure of trade receivables, other current and non-current receivables</b>	<b>220,850</b>	<b>238,155</b>

	Inc. %	Inc. %
Municipality of Milan	56.5%	51.2%
Receivables from tax authorities	0.6%	1.2%
Receivables from entities (State, Region, Province)	9.2%	20.4%
Receivables from third party customers	27.7%	24.4%
Receivables from associates	0.8%	1.1%
Receivables from other debtors	3.8%	1.6%
Receivables from subsidiaries of parent companies	1.4%	0.1%
<b>Total exposure of trade receivables, other current and non-current receivables</b>	<b>100.0%</b>	<b>100.0%</b>

It should be noted that a significant proportion of trade receivables and other current and non-current receivables are attributable to the joint controlling entity of Milan. The amount of the financial assets considered to be of doubtful recoverability and of a non-significant amount is covered by appropriate appropriations to the Allowance for doubtful accounts, which also take into account the general risk of write-downs of non-expired claims, determined on the basis of historical experience, in accordance with IFRS 9.



The following tables give a breakdown of financial assets as December 31, 2021 and December 31, 2020, net of the provision for bad debts, grouped by expired and exposed excluding Cash and cash equivalents and equivalent assets, as well as current and non-current financial assets.

	12.31.2021	Not expired	0-180	180-360	360-720	over 720
Municipality of Milan (gross)	127,770	47,731	42,479	14,979	8,474	14,107
Doubtful debt provision	(2,918)	(41)	(101)	(20)	(2)	(2,754)
<b>Municipality of Milan (net)</b>	<b>124,852</b>	<b>47,690</b>	<b>42,378</b>	<b>14,959</b>	<b>8,472</b>	<b>11,353</b>
Receivables from tax authorities (gross)	1,221	1,016		205		
<b>Receivables from tax authorities (net)</b>	<b>1,221</b>	<b>1,016</b>		<b>205</b>		
Receivables from entities (gross)	20,401	20,368				33
<b>Receivables from entities (net)</b>	<b>20,401</b>	<b>20,368</b>				<b>33</b>
Receivables from associates (gross) (gross)	73,973	42,110	10,042	8,087	1,659	12,075
Doubtful debt provision	(12,874)	(156)	(358)	(193)	(95)	(12,072)
<b>Receivables from customers (net)</b>	<b>61,099</b>	<b>41,954</b>	<b>9,684</b>	<b>7,894</b>	<b>1,564</b>	<b>3</b>
Receivables from Associates (gross)	1,871	1,812	46		4	9
Doubtful debt provision	(10)	(1)	(9)			
<b>Receivables from associates (net)</b>	<b>1,861</b>	<b>1,811</b>	<b>37</b>		<b>4</b>	<b>9</b>
Receivables from other debtors (gross)	9,308	8,619		208		481
Doubtful debt provision	(980)	(499)				(481)
<b>Receivables from other debtors (net)</b>	<b>8,328</b>	<b>8,120</b>		<b>208</b>		
Receivables from subsidiaries of parent companies (gross)	3,092	2,834	43	141	25	49
Doubtful debt provision	(4)	(4)				
<b>Receivables from subsidiaries of Parent companies (Net)</b>	<b>3,088</b>	<b>2,830</b>	<b>43</b>	<b>141</b>	<b>25</b>	<b>49</b>
<b>Total exposure of trade receivables net current and non-current receivables net of doubtful debt provision</b>	<b>220,850</b>	<b>123,789</b>	<b>52,142</b>	<b>23,407</b>	<b>10,065</b>	<b>11,447</b>

	12.31.2020	Not expired	0-180	180-360	360-720	over 720
Municipality of Milan (gross)	124,944	36,587	57,236	8,405	9,690	13,026
Doubtful debt provision	(3,062)	(67)	(75)	(11)	(9)	(2,900)
<b>Municipality of Milan (Netto)</b>	<b>121,882</b>	<b>36,520</b>	<b>57,161</b>	<b>8,394</b>	<b>9,681</b>	<b>10,126</b>
Receivables from tax authorities (gross)	2,899	2,899				
<b>Receivables from tax authorities (net)</b>	<b>2,899</b>	<b>2,899</b>				
Receivables from entities (gross)	48,574	48,574				
<b>Receivables from entities (net)</b>	<b>48,574</b>	<b>48,574</b>				
Receivables from customers (gross)	71,160	33,520	20,277	5,087	375	11,900
Doubtful debt provision	(13,123)	(528)	(128)	(229)	(375)	(11,863)
<b>Ordinary Accounts receivable (Net)</b>	<b>58,037</b>	<b>32,992</b>	<b>20,149</b>	<b>4,858</b>	<b>-</b>	<b>37</b>
Receivables to Associates (gross)	2,730	2,554	123	116	169	
Doubtful debt provision	(8)	(8)				
<b>Receivables to associates (net)</b>	<b>2,722</b>	<b>2,546</b>	<b>123</b>	<b>(116)</b>	<b>169</b>	
Receivables from other debtors (gross)	4,483	3,794		208		481
Doubtful debt provision	(689)			(208)		(481)
<b>Receivables from other debtors (net)</b>	<b>3,794</b>	<b>3,794</b>		<b>-</b>		<b>-</b>
Receivables from subsidiaries of parent companies (gross)	247	30	87	48	39	43
Doubtful debt provision						
<b>Receivables from subsidiaries of parent companies (net)</b>	<b>247</b>	<b>30</b>	<b>87</b>	<b>48</b>	<b>39</b>	<b>43</b>
<b>Total exposure of trade receivables, current and non-current receivables net of doubtful debt provision</b>	<b>238,155</b>	<b>127,355</b>	<b>77,520</b>	<b>13,184</b>	<b>9,889</b>	<b>10,206</b>

During the year, the write-down provisions were adjusted according to the level of risk recognized for each type of credit. Please refer to the comment sections of the Explanatory Notes for details concerning the movement of funds.

### Impairment of financial assets

At each reporting date, financial assets other than those measured at *fair value* with impact to income statement (FVTPL) and equity securities classified to FVTOCI are subject to an assessment aimed to identify a change in credit risk, in order to insert this change in the estimate of the expected credit loss ("ECL"). The ECL quantification of each financial instrument recorded is based on financial parameters provided by primary market providers. A similar analysis is also carried out for current and cash balances, commitments to lend to third parties, and for guarantees that fall within the scope of subjects to *impairment* pursuant to IFRS 9.

IFRS 9 requires the valuation of the provision correlated to the presumable reduction in value of financial assets using a classification in three categories (*stage allocation*) based on the degree of

deterioration of creditworthiness. The measurement of the expected loss for financial assets depends on the debtor's credit risk on the first reporting date, and on the change in the same observed between the initial recognition and the reporting date. In detail:

- in Stage 1, financial assets that have not undergone a significant deterioration in creditworthiness with respect to that found at the time of initial recognition in the Financial Statements, are classified. Exception are made for a deteriorated financial asset at the time of purchase or origin, are classified. The retention of “*investment grade*” status, as defined by the ECB accredited rating agencies, is deemed a discriminating factor. Regarding the exposures included in this category, the Group assesses the provision of loss coverage in an amount equal to the expected losses on loans arising from a possible default event in the following 12 months (*12-months expected credit losses-ECL*);
- in Stage 2, financial assets for which there has been a significant increase in credit risk compared to the initial recognition date, are classified. The financial assets are considered *performing* but their quality is lower than those of stage 1. Regarding the exposures included in this category, the Group assesses the provision to the fund for an amount equal to the losses expected over the entire life of the financial instrument (expected losses on the residual life - *lifetime expected credit losses* – ECL, taking into account potential future income).
- in Stage 3, the “*impaired*” financial assets are classified, i.e. assets for which a loss event has occurred that definitively deteriorates the creditworthiness. Similarly to the assets classified in Stage 2, the Group assesses the provision to the fund for an amount equal to the losses expected over the entire life of the financial instrument (expected losses on the residual life - *lifetime expected credit losses* -ECL, but no longer taking into account future income from the financial instrument).

The following tables show the values of ECL (“*expected Credit Loss*”) as December 31, 2021 and December 31, 2020:

	12.31.2021	Expected Credit Loss		
		Stage 1 ECL 12 months	Stage2 ECL Lifetime	Stage 3 ECL Lifetime
Cash and cash equivalents	125	125		
Financial assets Held to Collect & Sell	36	36		
Trade receivables	16	16		
Other credits	1	1		
<b>Total</b>	<b>178</b>	<b>178</b>	-	-

	12.31.2020	Expected Credit Loss		
		Stage 1 ECL 12 months	Stage2 ECL Lifetime	Stage3 ECL Lifetime
Cash and cash equivalents	84	84		
Financial assets Held to Collect & Sell	271	271		
Loan commitments	2	2		
Financial guarantees	16	16		
Trade receivables	16,193	16,193		
Other credits	689	689		
<b>Total</b>	<b>17,255</b>	<b>17,255</b>	-	-

In consideration of the credit risk identified, all financial assets other than trade receivables fall within stage 1, with a probability of default measured at 12 months.

#### 1) Liquidity risk

The liquidity risk represents the risk that the financial resources are not sufficient to meet the financial and commercial obligations in the pre-established terms and deadlines, also due to the difficulty in finding funds or liquidating assets on the market.

The Group manages liquidity risk by maintaining adequate reserves, *committed* lines and has the capital capacity to obtain additional *funding*, both through access to the capital market and by leading financial institutions, including supranational ones. Risk management is carried out in the first instance through continuous monitoring of expected and current cash flows and the correlation of the maturity profiles of financial assets and liabilities.

The following tables provide a detail of the residual maturity of medium-long-term financial liabilities based on the undiscounted cash flows, based on the first maturity at which the Group will be required to repay them. The amounts include both the cash flows relating to the repayment of the principal amount and the interest flows. In the case that interest flows are at a variable rate, the non-discounted value of the same is estimated by applying, for subsequent maturities, the last variable rate applied by the lending institution in 2021.

	12.31.2021	Contractual cash flows	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Bonds	70,087	73,938	-	1,313	1,313	71,313	-
Bank loans	202,631	226,721	6,879	6,879	13,756	41,255	157,952
<b>Total*</b>	<b>272,718</b>	<b>300,659</b>	<b>6,879</b>	<b>8,192</b>	<b>15,069</b>	<b>112,567</b>	<b>157,952</b>

\* Financial liabilities deriving from the application of IFRS 16 are not included

	12.31.2020	Contractual cash flows	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Bonds	69,929	75,254	-	1,313	1,313	72,629	-
Bank loans	220,805	248,259	6,898	14,387	13,788	41,339	171,848
<b>Total*</b>	<b>290,734</b>	<b>323,513</b>	<b>6,898</b>	<b>15,700</b>	<b>15,100</b>	<b>113,967</b>	<b>171,848</b>

\* Financial liabilities deriving from the application of IFRS 16 are not included

**Contractual cash flow maturities 31.12.2021 (€ million)**



**Contractual cash flow maturities 31.12.2020 (€ million)**



The Group is able to satisfy its payment obligations both through the generation of cash flows from operating activities, and through the use of available, wide and diversified liquidity. Cash and financial assets in the portfolio, which can be liquidated as they are listed on regulated markets, exceed the medium/long-term debt stock, and in addition to the above, the Group can count on *lines of credit committed* for a total of Euro 97.5 million as December 31, 2021.

During the year, withdrawals and reimbursement were made, reporting a balance as December 31, 2021 equal to a total of Euro 50 million for an adequate balancing of sources and short-term loans from a prudential point of view and to prevent possible contingencies related to the framework of uncertainty arising from the health emergency.

The capital structure as described above was the subject of a positive assessment by the Fitch Ratings Agency during the periodic review of the rating.

In 2021, the Group adopted a “RAF – Risk Appetite Framework” policy and the related KRIs (Key Risk Indicators) aimed at defining maximum risk assumption thresholds that do not affect the financial balance and the prospective capital strength.

## 2) Default and *covenant debt risk*

The default risk is the possibility that when specific circumstances arise, whether contained in financing contracts or bond settlement, lenders are entitled to activate contractual protections that can lead to early repayment of the financing, thereby generating a potential liquidity risk.

As December 31, 2021, the Parent Company has loan agreements in place with the European Investment Bank and a bond loan in Eurobond format, whose repayment is expected to be repaid in a single solution in 2024.

The loan agreements, as well as the bond loan, in line with international practice for similar transactions, generally provide for the lender's right to request the repayment of his credit by terminating the relationship with the debtor in advance, in all cases in which the latter is declared

insolvent and/or is subject to bankruptcy proceedings, or has started a liquidation procedure or another procedure with similar effects.

In particular, the loan agreements and the regulation of the bond loan, as normally happens on the market, contain a series of typical clauses whose violation causes the issuer of the obligation to immediately repay the issued bonds. Among these, the main: (I) *negative pledge clauses* as a result of which the financed company undertakes not to constitute collateral on the assets of the ATM Group in favor of new lenders, beyond a specifically identified threshold; (ii) *cross-default clauses* providing, in the event that insolvency is declared for an obligation, for the extension of the insolvency status to all outstanding financial liabilities and *cross-acceleration clauses* requiring immediate repayment of debt upon the occurrence of specific default events; (iii) clauses that oblige ATM to reserve to lenders a treatment similar to that due to other unsecured creditors (*equal passu*).

Specifically:

- The EIB grants, provide for an obligation to comply, for the entire duration of the financing, pre-established levels of financial ratios such as:

$$\frac{\text{Consolidated net equity}}{\text{Group debt}} > 2$$

$$\frac{\text{Operating cash flows before changes in CCN}}{\text{Annual Debt Service}} > 3$$

$$\frac{\text{Real and personal guarantees given}}{\text{Consolidated net equity}} \leq 15\%$$

- the bond involves the obligation to respect for the entire duration of the debt the following financial ratio:

$$\frac{\text{Consolidated net equity}}{\text{Group debt}} > 2$$

As of December 31, 2021, as for previous years, covenants are also widely respected.

ATM S.p.A. is also required to ensure, for the duration of the loans and the bond, that the debt of the subsidiaries is less than 10% of the Group's debt. Also in this case, the parameter is widely respected since the parent company ATM S.p.A., which is responsible for the management of the centralized treasury, extends its lines to the subsidiaries.

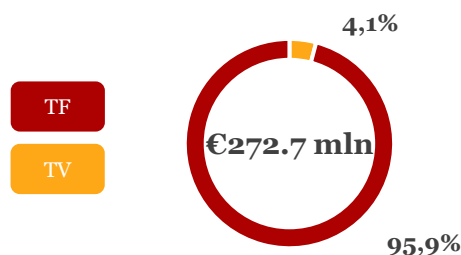
Compliance with *covenants* is monitored by the Group every six months. At the date of approval of the financial statements, the Group is not aware of the existence of any default situation or of events that may affect the respect of *covenants in the future*.

- 2) Risk deriving from exposure to fluctuations in interest rates, exchange rates, commodity price fluctuations and the downgrading of the rating on the medium/long-term debt.  
Interest rate risk

The risk of interest rate changes is linked to fluctuations in interest rates which affect the market value of the Group's financial assets and liabilities and the level of net financial charges. In particular, the Group is exposed to fluctuations in interest rates (mainly Euribor and IRS) on financial assets and to a marginal extent on loans payable, considering that approximately 96% of the medium/long-term financial debt is indexed to a fixed rate.

The following table shows the medium/long-term liabilities at variable and fixed-rates.

### Fixed and variable rate breakdown 2021 (%)



	12.31.2021	Contractual cash flows	Current dimension	1 and 2 years	2 and 5 years	over 5 years
Variable rate	11.230	11.552	718	716	2.133	7.986
Fixed rate	261.488	289.107	14.353	14.353	110.434	149.966
<b>Total *</b>	<b>272.718</b>	<b>300.659</b>	<b>15.071</b>	<b>15.069</b>	<b>112.567</b>	<b>157.952</b>

\* Financial liabilities arising from the application of IFRS 16 are not included

	12.31.2020	Contractual cash flows	Current dimension	1 and 2 years	2 and 5 years	over 5 years
Variable rate	11.911	12.556	751	747	2.217	8.841
Fixed rate	278.823	311	22	14	112	163
<b>Total *</b>	<b>290.734</b>	<b>12.867</b>	<b>773</b>	<b>762</b>	<b>2.329</b>	<b>9.004</b>

\* Financial liabilities arising from the application of IFRS 16 are not included

The *sensitivity analysis* on financial liabilities below illustrates the effects determined on the Income Statement by a hypothetical translation of the rate curves of +50 or -50 basis points with respect to the levels actually applied in 2021 and 2020:

2021	Shift + 50 bps	Shift - 50 bps
Higher/(lower) interest expense on variable rate debts	60	(60)
<b>Total</b>	<b>60</b>	<b>(60)</b>

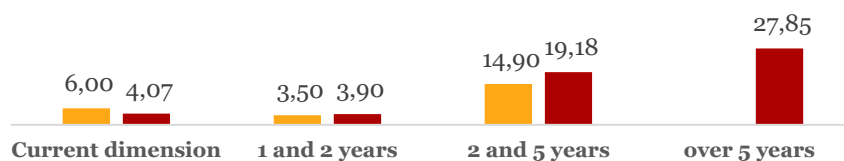
2020	Shift + 50 bps	Shift - 50 bps
Higher/(lower) interest expense for variable rate debts	63	(63)
<b>Total</b>	<b>63</b>	<b>(63)</b>

With reference to financial assets, the following table shows the subdivision of government bonds and corporate bonds at a fixed rate and variable rate based on the undiscounted repayment flows of the nominal value of the instruments at the respective due dates:

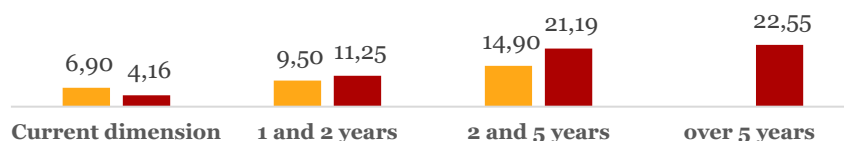
	12.31.2021	Contractual cash flows	Current dimension	1 and 2 years	2 and 5 years	over 5 years
Variable rate	24,245	24,400	6,000	3,500	14,900	-
Fixed rate	55,332	55,000	4,070	3,900	19,184	27,845
<b>Total</b>	<b>79,577</b>	<b>79,400</b>	<b>10,070</b>	<b>7,400</b>	<b>34,084</b>	<b>27,845</b>

	12.31.2020	Contractual cash flows	Current dimension	1 and 2 years	2 and 5 years	over 5 years
Variable rate	31,386	31,300	6,900	9,500	14,900	-
Fixed rate	59,643	59,150	4,163	11,250	21,190	22,547
<b>Total</b>	<b>91,029</b>	<b>90,450</b>	<b>11,063</b>	<b>20,750</b>	<b>36,090</b>	<b>22,547</b>

Reimbursement of contractual cash flows  
12.31.2021 (€ million)

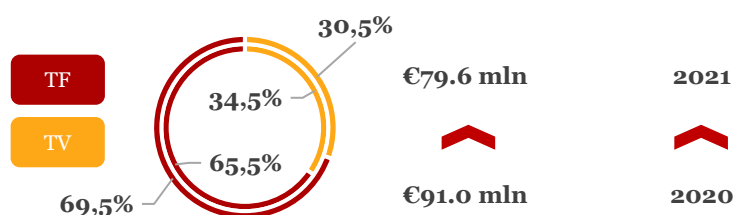


Reimbursement of contractual cash flows  
12.31.2020 (€ million)





**TF and TV breakdown by CASH securities (2021 vs 2020)**



P.N.: the comparative pie chart highlights, respectively, the 2021 data externally and the 2020 data internally

To complete the analysis, the sensitivity analysis on the bond portfolio carried out by using the modified duration of the individual securities in the portfolio as a reference parameter is reported, assuming an increasing change of 50, 150 and 250 in interest rates, respectively. The assumption of the analysis is the linear relationship between the prices of the securities and the relative returns.

Coupon flows were not taken into account, since, considering the portfolio presence of a component of variable rate indexed securities.

	12.31.2021	Sensitivity Analysis		
		0,50%	1,50%	2,50%
Bond Securities	79,577	(624)	(3,058)	(5,491)
<b>Total</b>	<b>79,577</b>	<b>(624)</b>	<b>(3,058)</b>	<b>(5,491)</b>

	12.31.2020	Sensitivity Analysis		
		0,50%	1,50%	2,50%
Bond Securities	91,029	86	(2,495)	(5,075)
<b>Total</b>	<b>91,029</b>	<b>86</b>	<b>(2,495)</b>	<b>(5,075)</b>

As regards the assets invested in OICR, a parametric sensitivity is reported against a hypothetical change of +/- 10% of the market value as December 31, 2021 and December 31, 2020.

	12.31.2021	Sensitivity Analysis	
		+10%	-10%
OICR	125,208	12,521	(12,521)
<b>Total</b>	<b>125,208</b>	<b>12,521</b>	<b>(12,521)</b>

	12.31.2020	Sensitivity Analysis	
		+10%	-10%
OICR	126,110	12,611	(12,611)
<b>Total</b>	<b>126,110</b>	<b>12,611</b>	<b>(12,611)</b>

For 2021, however, financial management ensured the preservation of the invested capital and also generated a positive return.

ATM has not put into place financial derivatives on “interest rates” after the closing of the financial statements nor financial derivatives on “commodity”.

### Risk of change

The Group operates on the domestic market and in Denmark; it holds financial assets denominated in foreign currency and is therefore exposed to exchange risk deriving from exchange rate fluctuations.

	12.31.2021			
	USD	AUD	TRY	DKK
Bond Securities	4.471	-	-	6.781
<b>Total</b>	<b>4.471</b>	<b>-</b>	<b>-</b>	<b>6.781</b>

	12.31.2020			
	USD	AUD	TRY	DKK
Bond Securities	6.074	-	-	6.957
<b>Total</b>	<b>6.074</b>	<b>-</b>	<b>-</b>	<b>6.957</b>

The following table details the Group’s *sensitivity analysis* to a hypothetical +10 or -10 *basis points change* in exchange rates applied to financial assets as December 31, 2021 and December 31, 2020:

	12.31.2021	
	Shift + 10 bps	Shift - 10 bps
Change in value of financial assets in foreign currency	(452)	525
<b>Total</b>	<b>(452)</b>	<b>525</b>

	12.31.2020	
	Shift + 10 bps	Shift - 10 bps
Change in value of financial assets in foreign currency	(549)	633
<b>Total</b>	<b>(549)</b>	<b>633</b>

There is no material exchange risk for trade receivables and payables.

### Commodity price risk

The Group is exposed to the price risk of energy commodities, that is to say electricity and petroleum products, since supplies are affected by fluctuations in the prices of these commodities directly or through indexing formulas. Furthermore, since some contracts contain the exchange rate with other currencies within the price indexing formulas, the Group is also exposed to exchange rate risk.

The Group's policy is aimed at minimizing the need to resort to financial markets for hedges, which are addressed only if the coverage is deemed appropriate and convenient, both for oil products and for the supply of electricity of traction.

For the latter, the Group completes the supply through tender procedures aimed at finalizing fixed price contracts. The tenders are held once a year for the following year.

The trend in baseload prices of electricity on futures trading markets and financial derivatives markets is systematically monitored in order to seize market opportunities during the year.

Downgrade of the medium/long-term debt rating

Without prejudice to the “*credit linkage*” with the State and, consequently, with the Municipality of Milan, the sole shareholder, ATM constantly monitors the performance of the indicators underlying the rating assessment, as well as the evolution of the capital structure, in order to maintain or improve the rating agency’s judgment.

In line with current ESG issues and with the sustainability policies adopted by the Group, the achievement of a rating linked to sustainability factors can be assessed, also in relation to possible future openings to the capital market.

Financial assets and liabilities by category

Complementing the disclosure on financial risks, the following table shows a reconciliation between financial assets and liabilities as reported in the statement of financial position and the categories of financial assets and liabilities identified based on the requirements of IFRS 7:

<b>12.31.2021</b>	<b>Financial assets and liabilities at amortized cost</b>	<b>Financial assets and liabilities with fair value in reserve</b>	<b>Non-financial assets and liabilities</b>	<b>Total</b>
Non-current financial assets	43,828	-	-	43,828
Current financial assets	10,127	204,785	-	214,912
Current trade receivables	190,900	-	-	190,900
Other receivables and current assets	29,950	-	-	29,950
Non-current financial liabilities	266,867	-	-	266,867
Current financial liabilities	64,093	-	-	64,093
Trade payables	230,288	-	-	230,288
Other payables and current liabilities	131,862	-	-	131,862
<b>12.31.2020</b>	<b>Financial assets and liabilities at amortized cost</b>	<b>Financial assets and liabilities with fair value in reserve</b>	<b>Non-financial assets and liabilities</b>	<b>Total</b>
Non-current financial assets	24,428	-	-	24,428
Current financial assets	-	227,192	-	227,192
Current trade receivables	182,888	-	-	182,888
Other current assets and receivables	55,267	-	-	55,267
Non-current financial liabilities	276,310	-	-	276,310
Current financial liabilities	56,396	-	-	56,396
Trade payables	252,231	-	-	252,231
Other payables and current liabilities	134,097	-	-	134,097

Determination of fair value

The fair value of financial assets and liabilities is determined in accordance with IFRS 13, which requires that these values be classified on the basis of a hierarchy of levels, which reflects the characteristics of the inputs used in its determination:

- Level 1: valuations made based on prices quoted on active markets for financial assets and liabilities identical to those being valued;
- Level 2: valuations made on the basis of inputs, different from the listed prices referred to in level 1, which for the financial asset or liability are observable either directly (prices) or indirectly (price derivatives);
- Level 3: assessments that refer to parameters that cannot be observed on the market.

With reference to the above classification, procedures were put in place for assessing the assets and liabilities in place as December 31, 2021 and December 31, 2020 with reference to observable market parameters:

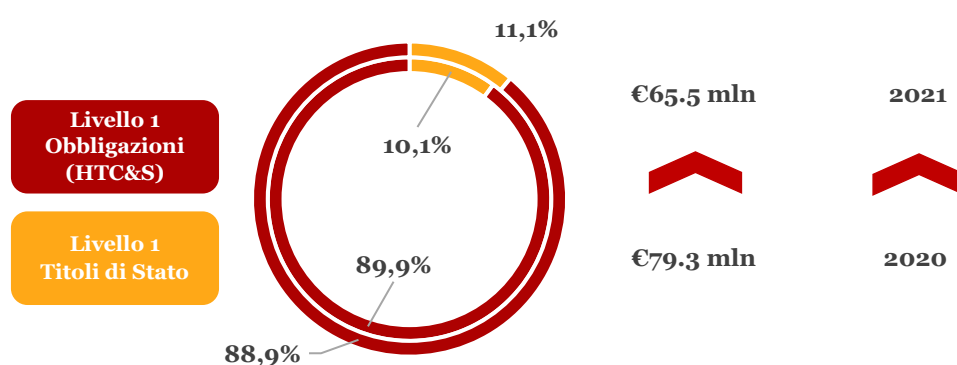
- *The fair value* of financial assets and liabilities with standard terms and conditions listed on an active market is measured with reference to prices published on the market by leading market contributors (Bloomberg info provider);
- *The fair value* of other financial assets and liabilities is measured, where the conditions exist, by applying the discounted cash flow method, using the reference values for prices recognized for recent market transactions by leading market contributors for similar instruments. In particular, for the valuation of certain investments in bond, in the absence of a regular functioning of the market, or of a sufficient and continuous number of transactions and a sufficiently low bid/offer spread, the determination of fair value is carried out with reference to specific quotations of primary contributors issued at the Group's request;
- *In the valuation of investments in OICR funds, the fair value* is determined on the basis of the NAV calculated and communicated by the relevant *fund administrator* at the reporting date. In the event that this information is not available at the date of preparation of the financial statements, the last available official communication is used, in any case not earlier than one month from the closing date of the financial statements.

The following table shows the financial assets measured at *fair value*, and classified according to the level hierarchy defined above:

	12.31.2021	Fair value at balance sheet date		
		Level 1	Level 2	Level 3
<b>Financial assets HTC&amp;S</b>	<b>65,529</b>	<b>65,529</b>	-	-
Government Securities	7,262	7,262	-	-
Bond Securities	58,267	58,267	-	-
<b>Other Financial assets</b>	<b>139,256</b>	<b>132,170</b>	<b>7,086</b>	-
Bond Securities	14,048	14,048	-	-
OICR	125,208	118,122	7,086	-
<b>Total</b>	<b>204,785</b>	<b>197,699</b>	<b>7,086</b>	-

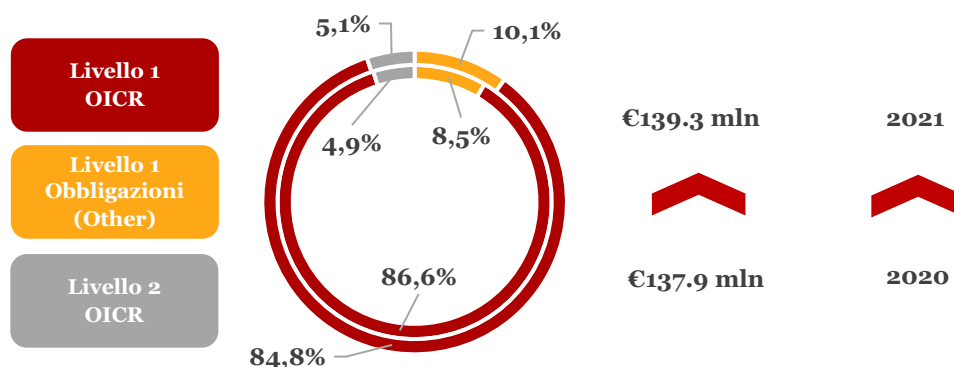
	12.31.2020	Fair value at balance sheet date		
		Level 1	Level 2	Level 3
<b>HTC&amp;S financial assets</b>	<b>79,256</b>	<b>79,256</b>	-	-
Government Securities	7,967	7,967	-	-
Bond Securities	71,289	71,289	-	-
<b>Financial assets other</b>	<b>137,883</b>	<b>131,148</b>	<b>6,735</b>	-
Bond Securities	11,773	11,773	-	-
OICR	126,110	119,375	6,735	-
<b>Total</b>	<b>217,139</b>	<b>210,404</b>	<b>6,735</b>	-

PV hierarchy for CASH securities (2021 vs 2020)



P.N.: the comparative pie chart highlights, respectively, the 2021 data externally and the 2020 data internally

PV Hierarchy for OICR (2021 vs 2020)



P.N.: the comparative pie chart highlights, respectively, the 2021 data externally and the 2020 data internally

In line with the provisions of IFRS 13, the fair value of financial liabilities as December 31, 2021 and December 31, 2020, including the bond loan, measured in the financial statements at amortized cost, is reported for information purposes.

	12.31.2021	12.31.2020
Bond loans	69,791	70,900
Financing from banks	197,348	225,760
<b>Total</b>	<b>267,138</b>	<b>296,660</b>

## 7. Operating trend – sector analysis

The main areas of activity in which the Group is organized are:

### Local Public Transport and complementary services

The area of activity relating to LPT and complementary services includes the local public transport services carried out:

- the Service Contract stipulated with the Municipality of Milan and the connected and complementary services to the LPT service such as on-street parking, car parks and towing management. The area of activity in question also includes the management of Area B and C and of the Traffic and Territory Control System, rents of commercial areas in the metro, the management of advertising spaces and other residual and complementary activities;
- the single management contract for the metro line 5 between ATM S.p.A. and the concessionaire Metro 5 S.p.A. the contract regulates the management activities entrusted to ATM S.p.A. and those related to the same for the entire duration of the concession until 2040.

The main revenue items of the business area refer to the Service Contract with the Municipality of Milan for Euro 670,415 thousand, the revenues of the complementary services refer to Euro 5,222 thousand for the on-street parking revenue, Euro 8.031 thousand for the parking revenues, Euro 2,955 thousand for the towing service, as well as the single contract for the management of the M5 metro line for Euro 22,724 thousand.

The costs mainly refer to personnel expenses totaling Euro 478,7838 thousand, as well as service costs for Euro 240,943 thousand, including Euro 122,476 thousand for maintenance and cleaning activities, and Euro 48,176 thousand for electricity and utility consumption.

Depreciation and impairment losses discount the non-recurring effect of the write-down carried out on the residual value of 5 trams which, in view of their technological obsolescence, they are no longer employed in the transport service in addition to the share recognized in the income statement relating to the write-downs of the buildings resulting from the expertise entrusted to an external professional and aimed at updating and aligning the values of the buildings and the land to their *fair value*.

### Intercity Local Public Transport

This activity is based on the service contracts, under the net cost regime (as better defined in the Management Report), between the subsidiary NET S.r.l. and the Local Public Transport Agency of the Basin of the Metropolitan City of Milan, Monza Brianza, Lodi and Pavia (“Basin Agency”) for the management of the suburban bus service. With reference to business continuity and contractual extensions, it should be noted that the Directive no. The Bacino Agency’s 62/2020 of December 30, 2020, extended the existing contracts until December 31, 2021. Subsequently, with Directive n. 77 of December 31, 2021 concerning the “*restatement to 12.31 2023 of the deadlines for the expiry of the service contracts and local public transport concessions within the competence of the Agency which expire on 12.31.2021*”, The Bacino Agency has further extended the period of validity of the above contracts to December 31, 2023.

The increase in revenues is mainly due to the contributions received by the company against the “Decreto Ristori”, to the increased revenues linked to the sale of travel securities, the definition of the fees payable to the Company relating to the Service Contract and finally to the revenues related to the upgrading of school transport services requested by Bacino Agency as a result of the resumption of teaching in the

presence. As regards costs, the most significant changes concerned the purchase costs of Raw materials (mainly related to purchases of diesel for motor vehicles), the costs of services in particular related to the transport services required of sub-contractors who have carried out the additional transport services that have become necessary during the pandemic.

#### Management of the Copenhagen Metro

The area of activity in question refers to the Service Contract for the management by the Danish subsidiary Metro Service A/S. The company is controlled by the sub Holding International Metro Service S.r.l. and is responsible for the operation and maintenance of the Copenhagen metro. The current contract, which refers to the management and maintenance of the M1 and M2 metro lines, expires on September 29, 2027, in addition, Metro Service A/S has completed *the mobilization* of the M3 and M4 (Cityringen) metro lines and inaugurated the business and management of the M4 line on September 29, 2019 and March 28, 2020 respectively. The latter are governed by an additional subcontracting agreement with Hitachi Rail STS, which also expires on September 29, 2027.

#### Other activities

The activities refer to ancillary and complementary services undertaken by the companies of the ATM Group, CityLink S.r.l. - Smart mobility by ATM, Rail Diagnostics S.p.A. and Gesam S.r.l., in the sectors of claims settlement, maintenance and diagnostics on armament and diversified services.

The following tables summarize the economic trends of 2021 and 2020 in the sectors in which the ATM Group operates:

2021	Local Public Transport And Complementary Services	Local public Transportation in Interurban Areas	Copenhagen Metro Management	Other Activities	Intercompany	Consolidated
Operating Revenues	863,778	30,710	121,774	7,866	(14,874)	1.009.254
Operating Costs	(798,444)	(24,883)	(110,925)	(6,578)	14,874	(925,956)
<b>Gross Operating Margin</b>	<b>65,334</b>	<b>5,827</b>	<b>10,849</b>	<b>1,288</b>	-	<b>83,298</b>
Amortization and impairment	(93,620)	(930)	(1,424)	(979)	-	(96,953)
<b>Operating Result</b>	<b>(28,286)</b>	<b>4,897</b>	<b>9,425</b>	<b>309</b>	-	<b>(13,655)</b>
Financial income and expenses						198
Share of profit from equity investments recognized under the equity method						3,373
<b>Pre-Tax result</b>						<b>(10,084)</b>
Income Taxes						(5,938)
<b>Net Loss</b>						<b>(16,022)</b>

2020	Local Public Transport And Complementary Services	Local public Transportation in Interurban Areas	Copenhagen Metro Management	Other Activities	Intercompany	Consolidated
Operating Revenues	822,690	24,991	116,565	6,876	(13,175)	957,947
Operating Costs	(774,754)	(23,575)	(105,800)	(5,816)	13,175	(896,770)
<b>Gross Operating Margin</b>	<b>47,936</b>	<b>1,416</b>	<b>10,765</b>	<b>1,060</b>	-	<b>61,177</b>
Amortization and impairment	(105,120)	(1,428)	(936)	(1,067)	-	(107,123)
<b>Operating Result</b>	<b>(57,184)</b>	<b>(12)</b>	<b>9,829</b>	<b>(7)</b>	-	<b>(47,374)</b>
Financial income and expenses						1,566
Share of profit from equity investments recognized under the equity method						2,546
<b>Pre-Tax result</b>						<b>(43,262)</b>
Income Taxes						(21,231)
<b>Net Loss</b>						<b>(64,493)</b>

## 8. Workforce

The average number of employees increased from 10,364 in 2020 to 10,468 in 2021.

International Metro Service S.r.l. does not have employees and for the performance of its activities, it avails itself of the services provided by the Parent Company, ATM S.p.A.

The workforce at the end of the year registered the following changes:

Description	12.31.2020	Hired (+)	Discharged (-)	Transfers between Group companies	12.31.2021
ATM S.p.A.	9,460	608	(531)	3	9,540
Citylink S.r.l.	5	-	(1)	(4)	-
Gesam S.r.l.	13	1	(1)		13
Metro Service A/S	582	87	(80)		589
North East Transports S.r.l.	273	23	(19)		277
Rail Diagnostics S.p.A.	31	18	(1)	1	49
<b>Total</b>	<b>10,364</b>	<b>737</b>	<b>(633)</b>	-	<b>10,468</b>

The number of employees as December 31, 2021 was 10,468, compared with 10,364 as December 31, 2020. The net change is mainly attributable to 737 hires and 633 departures. The departures are in line with of recent financial years and includes all the causes related to the termination of the employment relationship; among these, the most frequent are the retirement and the spontaneous resignation.

It should be noted that, limited to the companies operating in Italy, during the period under review, the Companies have not made any objective redundancies in accordance with the provisions of Law Decree No. 137/2020, cd. "Ristori Decree" and its subsequent amendments.



## Notes to consolidated statement of financial position

### Assets

#### 9. Property, plant, and equipment

The value of the “*Property, plant, and equipment*” as December 31, 2021 amounted to Euro 1,287,531 thousand net of accumulated depreciation, capital grants and accumulated write-downs.

	12.31.2021	12.31.2020
Plants and machinery	869,828	854,193
Land and buildings	373,603	363,163
Industrial and commercial equipment	14,711	12,733
Other goods	6,884	6,194
Assets in progress	22,505	62,926
<b>Total</b>	<b>1,287,531</b>	<b>1,299,209</b>

This items refers to:

- “*Plant and machinery*”, for Euro 869,828 thousand relating to line rolling stock and the transport system plant owned by the Group;
- “*Land and buildings*”, amounting to Euro 373,603 thousand mainly related to deposits for rolling stock and office buildings. This item includes “*investment property*” represented by non-instrumental property, leased for commercial purposes whose net book value as December 31, 2021 was Euro 12,017 thousand (Euro 11.859 thousand as December 31, 2020);
- “*Industrial and commercial equipment*”, for Euro 14,711 thousand mainly related to auxiliary vehicles;
- “*other assets*”, for Euro 6,884 thousand;
- “*assets in progress*”, for Euro 22,505 thousand.

The component “*assets in progress*” refers to advances paid to suppliers for supplies and to investments for fixed assets which at the closing date of the financial statements have not yet been completed and entered into operation. The following are the main components:

- Renewal or expansion of the fleet including:
  - 20 two-way urban trams for Euro 10 thousand and 5,034 two-way intercity trams for Euro 2,517 thousand;
  - trolleybus 18 mt for Euro 3,844 thousand;
  - hybrid buses from 12 mt for Euro 1,788 thousand;
  - general overhaul of tramcars model “1928” for special services and “4700” for Euro 626 thousand;
  - service vehicles for Euro 511 thousand.
- Modernization of plants and infrastructures including:
  - extraordinary maintenance and expansion of company deposits, for Euro 2,721 thousand;
  - realization of power supply/charging systems for electric vehicles at the deposits and terminal in the city for Euro 2,247 thousand;
  - magnetic-electronic ticketing system, for Euro 1,073 thousand;

- reconstruction of power supply and electric traction systems for the enhancement of the M2 metro line for Euro 997 thousand;
  - parking equipment and technological upgrade of parking meters, for Euro 786 thousand;
  - Voltage detection system 3<sup>^</sup>-4<sup>^</sup> Rail Line M1 for Euro 348 thousand;
  - Modernization of the public information system Gobba station M2 metro line for Euro 195 thousand;
- Other investments including:
- Purchase of numerical control milling machine for Euro 996 thousand;
  - purchase of a pit lathe for Euro 634 thousand;
  - New bike-sharing stations within the “P.O.N. project Metro” for Euro 109 thousand;
  - other fixed assets in progress for Euro 590 thousand.

The following table shows the movements during the year and in the previous one.

<b>Buildings, plants and machinery</b>	<b>Plants and machinery</b>	<b>Land and buildings</b>	<b>Industrial and commercial equipment</b>	<b>Other assets</b>	<b>Assets in progress and advances</b>	<b>Total</b>
Historical cost	2,913,105	506,000	73,430	50,392	66,567	3,609,494
Accumulated depreciation	(1,588,832)	(122,425)	(60,697)	(41,360)		(1,813,314)
Cumulative grants	(445,863)	(17,411)		(2,838)	(575)	(466,687)
Cumulative impairment	(24,217)	(3,001)			(3,066)	(30,284)
<b>Net book value as at 12.31.2020</b>	<b>854,193</b>	<b>363,163</b>	<b>12,733</b>	<b>6,194</b>	<b>62,926</b>	<b>1,299,209</b>
<b>Historical cost</b>						
<i>Investments and acquisitions of the year</i>					70,987	70,987
<i>Transfers to finished plant</i>	97,867	14	5,165	3,085	(106,131)	-
<i>Disposals, sales and reclassifications</i>	(71,172)		(637)	(84)		(71,893)
<i>Fair value rating (land and buildings)</i>		17,951				17,951
<b>Accumulated Depreciation</b>						
<i>Depreciation of the year</i>	(109,607)	(6,752)	(3,149)	(3,319)		(122,827)
<i>Disposals, sales and reclassifications</i>	58,809		599	85		59,493
<b>Grants</b>						
<i>Increases</i>	(2,925)				(7,034)	(9,959)
<i>Amount accrued in the year</i>	34,632	392		923		35,947
<i>Disposals, sales and reclassifications</i>	81				568	649
<b>Impairment</b>						
<i>Increases</i>	(4,026)	(1,190)				(5,216)
<i>Write-off for reinstatement in value</i>					1,190	1,190
<i>Utilizations of accumulated depreciation</i>		26				26
<i>Disposals, sales and reclassifications</i>	11,976					11,976
Historical cost	2,939,799	523,965	77,959	53,395	31,424	3,626,542
Accumulated depreciation	(1,639,628)	(129,177)	(63,248)	(44,596)		(1,876,649)
Cumulative grants	(414,075)	(17,020)		(1,915)	(7,042)	(440,052)
Cumulative impairment	(16,268)	(4,165)			(1,876)	(22,309)
<b>Net book value as at 12.31.2021</b>	<b>869,828</b>	<b>373,603</b>	<b>14,711</b>	<b>6,884</b>	<b>22,505</b>	<b>1,287,531</b>

Property, plant, and equipment	Plants and machinery	Land and buildings	Industrial and commercial equipment	Other goods	Real estate in progress and payments	Total
Historical cost	2,866,834	504,774	72,339	46,236	90,285	3,580,468
Accumulated depreciation	(1,570,783)	(115,683)	(58,142)	(38,809)		(1,783,417)
Cumulative grants	(471,232)	(17,803)		(3,655)	(337)	(493,027)
Cumulative impairment	(21,463)	(3,027)			(3,066)	(27,556)
<b>Net book value as at 31.12.2019</b>	<b>803,356</b>	<b>368,261</b>	<b>14,197</b>	<b>3,772</b>	<b>86,882</b>	<b>1,276,468</b>
<b>Historical cost</b>						
<i>Investments and acquisitions of the year</i>					138,692	138,692
<i>Transfers to finished plant</i>	154,838	1,226	1,989	4,357	(162,410)	-
<i>Disposals, sales and reclassifications</i>	(108,567)		(898)	(201)		(109,666)
<b>Accumulated Depreciation</b>						
<i>Depreciation of the year</i>	(111,737)	(6,742)	(3,458)	(2,756)		(124,693)
<i>Disposals, sales and reclassifications</i>	93,688		903	205		94,796
<b>Grants</b>						
<i>Increases</i>	(9,461)			(396)	(566)	(10,423)
<i>Amount accrued in the year</i>	35,130	392		1,213		36,735
<i>Disposals, sales and reclassifications</i>	(300)				328	28
<b>Impairment</b>						
<i>Increases</i>	(17,129)					(17,129)
<i>Cumulative impairment on disposal</i>	14,375					14,375
<i>Utilizations of accumulated depreciation</i>		26				26
Historical cost	2,913,105	506,000	73,430	50,392	66,567	3,609,494
Cumulative impairment on disposal	(1,588,832)	(122,425)	(60,697)	(41,360)		(1,813,314)
Cumulative grants	(445,863)	(17,411)		(2,838)	(575)	(466,687)
Cumulative impairment	(24,217)	(3,001)			(3,066)	(30,284)
<b>Net book value as at 31.12.2020</b>	<b>854,193</b>	<b>363,163</b>	<b>12,733</b>	<b>6,194</b>	<b>62,926</b>	<b>1,299,209</b>

As it can be deduced from the tables of movements, investments were undertaken during the year relating to the item “Property, plant, and equipment” for Euro 70,987 thousand. The main investments for the year includes:

- The renewal or extension of the fleet, including:
  - purchase of electric buses 12 mt, for Euro 27,850 thousand, of which Euro 17,322 thousand funded through ministerial resources and Euro 8,138 thousand funded through regional resources and purchase of minibuses of 8 meters, for Euro 2,249 thousand;
  - purchase of “Leonardo” trains for the M2 metro line, for Euro 4,427 thousand;
  - purchase of trolleybus 18 mt, for Euro 3,844 thousand entirely financed through state resources;
  - general overhaul of tramcars model “1928” for special services and “4700”, for Euro 2,670 thousand;
  - Purchase of motor trucks and spare load-bearing trucks for Leonardo metro trains, for Euro 2,502 thousand;
  - purchase of hybrid buses 12 mt, for Euro 1,788 thousand, of which Euro 1,621 thousand funded by municipal resources and Euro 133 thousand funded by regional resources;

- purchase of bi-directional trams for urban service, for Euro 1,007 thousand euros, of which Euro 604 thousand funded through ministerial resources and purchase of bi-directional trams for interurban service, for Euro 503 thousand, of which Euro 400 thousand funded through regional resources;
  - adjustment of engine and load-bearing trucks for spare passenger cars model “4900” revamping, for Euro 506 thousand;
  - service vehicles for Euro 389 thousand;
  - Light railway motor-trolley for cleaning/suction of channels for Euro 250 thousand for the subsidiary Rail Diagnostics S.p.A.;
  - General revision and modernization of the traditional M3 metro trains, amounting to Euro 222 thousand.
- The modernization of plants and infrastructures including:
- realization of power supply/charging systems for electric vehicles at the deposits and terminal in the city, for Euro 4,026 thousand;
  - modernization and upgrading of network and computer equipment, for Euro 3.107 thousand;
  - extraordinary maintenance and expansion of deposits, amounting to Euro 2,802 thousand;
  - Updating and implementation of new features of the signaling system of the M1 metro line, for Euro 2,344 thousands;
  - Renovation of power supply and electric traction systems for the upgrading of the M2 metro line, amounting to Euro 1,746 thousand, of which Euro 900 thousand funded by ministerial resources;
  - upgrade of parking meters technology, for Euro 1,305 thousand
  - new equipment and software development for the magnetic-electronic ticketing system, for Euro 1,171 thousand euros, of which Euro 744 thousand funded through municipal resources;
  - numerical control milling machine for armaments workshop, for Euro 996 thousand;
  - Equipment for overhauling train cases Metro line M5, for Euro 901 thousand;
  - Voltage detection system 3<sup>^</sup>-4<sup>^</sup> Rail Line M1, for Euro 620 thousand;
  - Pit lathe for reprofiling wheels deposit Gallarate for Euro 389 thousand.

During the financial year, assets with a historic cost of Euro 71,893 thousand and an accumulated depreciation fund of Euro 59,493 thousand were sold/disbarred. The capital gains realized during the period amounted to Euro 259 thousand, mainly related to the sale of 81 buses and a minibus owned by ATM and 2 buses owned by the subsidiary Net S.r.l., as described under “*Other income*” (Note 31), While losses amounted to Euro 258 thousand for the sale of 280 pallets as described under “*Other operating costs and charges*” (Note 36).

In view of the disposals of metropolitan trains no longer used in the transport service, the doubtful debt provision recorded in previous years was used for an amount of Euro 11,906 thousand. The transaction did not have any effect on the income statement as described under “*Other operating costs and charges*” (Note 36) since the accumulated depreciation was used for the same amount regarding the recognition of the impairment loss of Euro 11,906 thousand.

During the financial year 2021, the analyzes on the technological obsolescence of the rolling stock continued and in line with the renewal and exit programs of some rolling stock, *the impairment analysis was carried out* on the metropolitan rolling stock. The analysis showed that 5 trams can no longer be used in the transport service considering their technological obsolescence and therefore a write-down

of Euro 4,027 thousand was recorded. The non-recurring effect of the provision was recognized in the income statement under “*Depreciation and impairment losses*” (Note 37).

In addition, the provision of “*land and buildings*” was used to cover the depreciation recognized in the period for Euro 26 thousand.

The “*depreciation*” recognized in the income statement is adjusted by the proportion of grants received to cover the investments for the financial year, amounting to a total of Euro 35,947.

The detail of these grants by contributing authorities is as follows:

- Euro 13,390 thousand by the State;
- Euro 13,791 thousand by the Lombardy Region;
- Euro 217 thousand by the Metropolitan City;
- Euro 8,549 thousand by the Municipality of Milan.

The “*Property, plant, and equipment*” purchased with regional co-financing are constrained by non-disposal restrictions pursuant to Regional Decree 14795/2003 and subsequent amendments and supplements. The details of the restrictions required by the regulation is as follows:

- urban buses: 8 years;
- suburban and intercity buses: 10 years;
- trolleybus: 15 years;
- metro trains and trams: 30 years;
- technologies: 7 years;
- infrastructure: 30 years.

For the automotive rolling stock material co-financed by the Lombardy Region with the 2009 relaunch plan, pursuant to laws n. 296/2006 and no. 133/2008, the restrictions on disposal refer to the entire useful life of the fixed bus, unless otherwise established by the service contracts, as 15 years by Regional Decree No. IX/4619 of December 28, 2012.

The residual net value of the “*Property, plant, and equipment*” held under lease agreements amounted to Euro 10,085 thousand (Euro 9,939 thousand as December 31, 2020).

Taking into account that the properties are valued at *the restated fair value criterion*, in 2021 a primary independent third-party operator experienced in the field of real estate valuation, was entrusted with the task of carrying out an analysis aimed at providing an update on the performance of the real estate market. The analysis carried out highlighted, taking into account the intended use to which the individual properties of the Parent Company ATM S.p.A. belong, the need to make an adjustment to *fair value* in application of the revalued cost method of *the assets* associated with the “*land and buildings*” class for Euro 17,951 thousand. The net equity effect was positive and amounted to a total of Euro 14,689 thousand net of the tax effect, equal to Euro 5,062 thousand, while the profit and loss effect is negative and equal to Euro 2,507 thousand before the positive tax effect and equal to Euro 707 thousand. Regarding the subsidiary NET S.r.l. the results of the report have shown the need to adjust the net book to *the fair value* of the “land” and the “building”, which refer to the warehouse located in Monza. A further depreciation of the “land” of Euro 1,190 thousand was then carried out and at the same time the value of the “building” was restored for the same amount of Euro 1,190 thousand. The transaction did not have any effect on the income statement as described under “*Depreciation and impairment losses*” (Note 37).

As stated in other sections of this document, in particular in Note 5 “*Use of estimates*”, in order to verify the recoverability of the net invested capital recorded in the consolidated financial statements of the Group at December 31, 2021, The *impairment test* was carried out on *the cash generating units* that have suffered the most from the pandemic: “*Local public transport and complementary services*”, “*Intercity local public transport*” and “*Other activities*” as defined in Note 7 “*Operational trend – sector analysis*”. In this sense, the recoverable amount, considered as value in use, is determined by applying analysis models in continuity with what was already done in the preparation of the 2020 consolidated financial statements. In addition, the expected future cash flows used in this analysis were drawn up in continuity with the assumptions made in the preparation of *the impairment test* carried out in the preparation of the 2020 consolidated financial statements.

This procedure for the determination of losses in the value of net invested capital has involved – in estimating the value of use – a set of assumptions and future events hypothesis and actions of the administrative bodies and the competent regulatory bodies of the LPT services, which will not necessarily occur.

This procedure for the determination of losses in the value of net invested capital, tangible and intangible assets and equity investments has involved – in estimating the value in use – a set of assumptions and future events hypothesis and actions of the administrative bodies and the competent regulatory bodies of the LPT services, which will not necessarily occur.

In fact, the assumptions concerning future trend and the consequent forecast data used for the execution of the *impairment test* are characterized, given their predictive nature, by a certain degree of uncertainty and, therefore, it cannot be excluded that the occurrence of future results other than those estimated, may require any adjustment of the value of tangible, intangible and financial assets recognized in the financial statements. In this context, the sensitivity analysis – carried out with reference both to flow discount rates, to volumes and margins, as well as to the probabilization of scenarios – highlights possible write-downs as a function of a worsening of these variables.

It should also be noted that the post-tax WACC, which takes account the specific risks of the asset and reflects current market valuations of the cost of money, has been used as the discount rate for the discounting of future cash flows, on the basis of a weighting between the cost of debt and the cost of equity, elaborated in accordance with the values of comparable groups and which are subject to impairment as they operate in the same business sector. The WACC value thus determined was 4.42%.

In particular, on March 31, 2022, the Board of Directors approved the assumptions, scenarios and results deriving from *the impairment test*.

*The impairment test* confirmed the book value of the net invested capital in the consolidated annual financial statements as December 31, 2021; the *cover test* reached makes it possible to consider reasonably recoverable the aforementioned book value even in the event of divergence of the final data with respect to the forecasts within areas of variability confirmed by historical experience.

In addition, for *the cash generating unit* relating to “*Intercity local public transport*” – relating to the activities carried out by NET S.r.l. – it is noted that *the impairment test* which was carried out, has confirmed the book value of the net invested capital in the consolidated annual financial statements at December 31 2021. On March 16, 2022, the above was presented to the Board of Directors, which approved the assumptions, scenarios and results of *the impairment test*. The *cover test* made it possible to reasonably consider the above-mentioned book value even in the event of divergence of the final data with respect to the forecasts within ranges of variability confirmed by historical experience.

Moreover, for the cash generating unit relating to “Other activities” – the activities carried out by Rail Diagnostics S.r.l. - it is noted that the impairment test which was carried out, has confirmed the book value of the net invested capital in the consolidated annual financial statements as at December 31 2021.

On March 16, 2022, the above was presented to the Board of Directors, which approved the assumptions, scenarios and results of the impairment test.

The test cover made it possible to reasonably consider the above-mentioned book value even in the event of divergence of the final data with respect to the forecasts within ranges of variability confirmed by historical experience.

## 10. Intangible assets

The value of “intangible assets” as December 31, 2021 amounted to Euro 4,201 thousand, consisting of:

	12.31.2021	12.31.2020
Goodwill	472	472
Software Licenses	3,615	3,350
Intangible assets in progress	114	-
<b>Total</b>	<b>4,201</b>	<b>3,822</b>

The following table illustrates the movements during the year and the previous one.

Intangible assets	Goodwill	Software Licenses	Intangible assets in progress	Total
Historical cost	5,968	11,012		16,980
Accumulated amortisation	(5,496)	(7,662)	-	(13,158)
<b>Net book value as at 12.31.2020</b>	<b>472</b>	<b>3,350</b>	<b>-</b>	<b>3,822</b>
<b>Historical cost</b>				
<i>Investments and acquisitions of the year</i>			1,685	1,685
<i>Transfers to finished plant</i>		1,571	(1,571)	
<i>Disposals, sales and reclassifications</i>		43		43
<b>Accumulated Amortisation</b>				
<i>Depreciation of the year</i>		(1,334)		(1,334)
<i>Disposals, sales and reclassifications</i>		(15)		(15)
Historical cost	5,968	12,626	114	18,708
Accumulated amortisation	(5,496)	(9,011)	-	(14,507)
<b>Net book value as at 31.12.2021</b>	<b>472</b>	<b>3,615</b>	<b>114</b>	<b>4,201</b>

Intangible assets	Goodwill	Software Licenses	Intangible assets in progress	Total
Historical cost	5,968	9,780	-	15,748
Accumulated amortisation	(5,496)	(6,323)	-	(11,819)
<b>Net book value at 12.31.2019</b>	<b>472</b>	<b>3,457</b>	<b>-</b>	<b>3,929</b>
<b>Historical cost</b>				
<i>Investments and acquisitions of the year</i>	-	-	1,232	1,232
<i>Transfers to finished plant</i>	-	1,232	(1,232)	-
<b>Accumulated Amortisation</b>				
<i>Amortisation of the year</i>	-	(1,339)	-	(1,339)
Historical cost	5,968	11,012	-	16,980
Accumulated amortisation	(5,496)	(7,662)	-	(13,158)
<b>Net book value at 12.31.2020</b>	<b>472</b>	<b>3,350</b>	<b>-</b>	<b>3,822</b>

The "Goodwill" recognized for Euro 472 thousand refers to the residual difference between the purchase cost and the present value of the identifiable assets and liabilities acquired with reference to Rail Diagnostics S.p.A. and has been the subject of *impairment tests* – together with the tangible assets and the others Intangible assets – as described in Note 9 above.

"Software licenses" equal to Euro 3,615 thousand relate to operational management systems.

During the year, there were made investments in "Intangible assets" for Euro 1,685 thousand, related to the software purchase.

## 11. Rights of use for leased assets

During the year, rights of use for leased assets for Euro 7,778 thousand were recorded.

The following table shows the movement during the year and the previous one. The most significant increase is due to the inclusion of the right of use for the new rental contract for the deposit of Rhone amounting to a total of Euro 2,541 thousand.

Rights of use for leased assets	Equipment	Buildings	Vehicles	IT equipment	Other assets	Total
Historical cost	332	1.379	6.645	813	535	9.704
Accumulated amortisation	(146)	(863)	(2,153)	(128)	(508)	(3,798)
<b>Net book value as at 12.20.2020</b>	<b>186</b>	<b>516</b>	<b>4,492</b>	<b>685</b>	<b>27</b>	<b>5,906</b>
<b>Historical cost</b>						
<i>Rights of use acquired during the year</i>		3.580	399	50	76	4,105
<b>Accumulated Amortisation</b>						
<i>Amortisation of the year</i>	(73)	(613)	(1,369)	(94)	(82)	(2,231)
Historical cost	332	4,959	7,044	862	611	13,808
Accumulated amortisation	(220)	(1,475)	(3,522)	(222)	(591)	(6,031)
<b>Net book value as at 12.31.2021</b>	<b>112</b>	<b>3,484</b>	<b>3,522</b>	<b>640</b>	<b>20</b>	<b>7,778</b>



Rights of use for leased assets	Equipment	Buildings	Vehicles	IT equipments	Other assets	Total
Historical cost	332	1,271	5,708	468	535	8,315
Accumulated amortisation	(73)	(473)	(821)	(35)	(244)	(1,646)
<b>Net book value at 12.31.2019</b>	<b>259</b>	<b>797</b>	<b>4,887</b>	<b>434</b>	<b>292</b>	<b>6,669</b>
<b>Historical cost</b>						
<i>Rights of use acquired during the year</i>	-	108	937	345	-	1,390
<b>Accumulated Amortisation</b>						
<i>Amortisation of the year</i>	(73)	(389)	(1,332)	(94)	(263)	(2,151)
Historical cost	332	1,379	6,645	813	535	9,704
Accumulated amortisation	(146)	(863)	(2,153)	(128)	(508)	(3,798)
<b>Net book value as at 12.31.2020</b>	<b>186</b>	<b>516</b>	<b>4,492</b>	<b>685</b>	<b>27</b>	<b>5,906</b>

## 12. Investments

The amount of Euro 34,730 thousand relates to the following investments:

	12.31.2021	12.31.2020
SBE consortium	48	48
Full Green Consortium	150	-
CO.MO Fun&Bus s.c.a.r.l	4	4
Metro 5 S.p.A.	26,168	19,589
Movibus S.r.l.	3,524	3,392
SPV M4 S.p.A. line	4,836	4,715
<b>Total</b>	<b>34,730</b>	<b>27,748</b>

The following is a list of the Group's equity investments and their changes, with the effects of the valuation with Equity method as regards Movibus S.r.l., Metro 5 S.p.A. and SPV Line M4 S.p.A.

	12.31.2020	Increases	Impairment of value	Valuation by equity	12.31.2021
SBE consortium	48				48
Full Green Consortium		150			150
Co.mo. Fun&Bus S.C.A.R.L	4				4
Metro 5 S.p.A.	19,589			6,579	26,168
Movibus S.r.l.	3,392		132		3,524
SPV M4 S.p.A. line	4,715			121	4,836
<b>Total</b>	<b>27,748</b>	<b>150</b>	<b>132</b>	<b>6,700</b>	<b>34,730</b>

The increases in the period refer to:

- For the Full Green Consortium to ATM's share of the consortium fund set up on August 5, 2021 for Euro 150 thousand. For more information regarding the newly established Full Green Consortium, please refer to the comments in paragraph "Business Expansion" in the Report on Management;
- For Movibus S.r.l. to the restoration, within the limits of the original purchase cost, the value of the investment to the representative value of net equity owned by ATM S.p.A. for Euro 132 thousand.

The 2021 adjustment share of the book value of the investments recognized in the consolidated comprehensive income statement is positive and equal to Euro 3,327 thousand, while the share recognized in the income statement is positive and equal to Euro 3,373 thousand, before tax effects.

The recoverability of the book value of the equity investments – in particular for Metro 5 S.p.A. and SPV Line M4 S.p.A. – has been the subject of *impairment tests in the context of the cash generating unit* relating to the LPT and the complementary services, as described in Note 9 “*Property, plants and equipment*” to which reference should be made.

As regards the information relating to the subsidiaries, whose financial statements refer to the last available financial statements prepared in accordance with Italian accounting principles, please refer to the information contained in Note 10 of the Explanatory Note to the separate Financial Statements of ATM S.p.A.

### 13. Non-current financial assets

	12.31.2021	12.31.2020
Loans and receivables	43,828	24,428
Metro 5 S.p.A.	10,864	12,603
SPV M4 S.p.A. line	10,705	8,809
Coop S.E.D. ATM/S.C.C.C.T.I.	1,006	1,085
Financial receivables from third parties	21,253	1,931
<b>Total</b>	<b>43,828</b>	<b>24,428</b>

The “*loans and receivables*” as December 31, 2021 are as follows:

- Subordinated shareholders’ loan for Euro 10,864 thousand granted to Metro 5 S.p.A., of which Euro 10,062 thousand in principal, Euro 293 thousand in interest and Euro 509 thousand of cumulative positive effect linked to the measurement at *fair value*. On August 4, 2021, Metro 5 S.p.A. repaid Euro 3,010 thousand in total as principal and interest repayment. The share of interest accrued in 2021 was equal to Euro 649 thousand and the effect of the *fair value measurement* was positive and equal to Euro 622 thousand;
- Subordinated shareholders’ loan for Euro 10,705 thousand, paid to SPV line M4 S.p.A., of which Euro 8,820 thousand in principal, Euro 1,544 thousand euros in interest and Euro 341 thousand euros of cumulative positive effect linked to the measurement at *fair value*. In 2021, the interest accrued amounted to Euro 519 thousand and the effect of the *fair value measurement* was negative and equal to Euro 419 thousand. Interest on the subordinated loan will be collected, as contractually agreed, in accordance with the economic and financial plan approved in September 2019;
- Loan for Euro 1,006 thousand granted to the SED-ATM and SCCATI building cooperatives for the construction of social housing projects, of which Euro 1,132 thousand in principal and Euro 126 thousand of cumulative negative effect linked to the measurement at *fair value*. In 2021, the effect of the *fair value measurement* was positive and amounted to Euro 21 thousand;
- advances paid to suppliers for works of Euro 21,253 thousand paid pursuant to art. 35 Law Decree 50/2016. The increase is almost entirely linked to the payment of the advance to Siemens Mobility GmbH under the contract for the implementation of the new M2 signaling system.

The following are the movements of the year:

	12.31.2020	Reimbursement	Payments	Accrued interest	IFRS 9	12.31.2021
<i>Metro 5 S.p.A.</i>	12,603	(3,010)	-	649	622	10,864
<i>SPV M4 S.p.A. line</i>	8,809	-	1,797	519	(419)	10,705
<i>Coop S.E.D. ATM/S.C.C.C.T.I.</i>	1,085	(100)	-	-	21	1,006
<i>Third parties</i>	1,931	(1,080)	20,403	-	-	21,253
<b>Total</b>	<b>24,428</b>	<b>(4,190)</b>	<b>22,200</b>	<b>1,168</b>	<b>224</b>	<b>43,830</b>

The effects, related to *the impairment test* of “non-current financial assets” before tax effect, are shown below.

	Equity as at 01.01.2021	Economic result 2021	Total
<i>Metro 5 S.p.A.</i>	(114)	622	509
<i>SPV M4 S.p.A. line</i>	760	(419)	341
<i>Coop S.E.D. ATM/S.C.C.C.T.I.</i>	(147)	21	(126)
<b>Total</b>	<b>499</b>	<b>224</b>	<b>724</b>

	Equity as at 01.01.2020	Economic result 2020	Total
<i>Metro 5 S.p.A.</i>	(64)	(50)	(114)
<i>SPV M4 S.p.A. line</i>	226	534	760
<i>Coop S.E.D. ATM/S.C.C.C.T.I.</i>	(170)	23	(147)
<b>Total</b>	<b>(8)</b>	<b>508</b>	<b>499</b>

#### 14. Deferred Tax assets

	12.31.2021	12.31.2020
Deferred Tax assets	52,500	57,364
<b>Total</b>	<b>52,500</b>	<b>57,364</b>

Deferred tax assets of Euro 52,500 thousand are calculated in relation to the amount of temporary differences with reference to taxed funds. As illustrated and justified in the Management Report in the course of the financial year 2021, deferred tax assets were used, relating to provisions for tax risk allocated in previous years for a total of Euro 4,903 thousand.

The nature of the temporary differences which generated the deferred tax assets are illustrated below:

	Early Tax assets to 12.31.2020	Charged to Income statement	Charged to Heritage	Early Tax assets to 12.31.2021
Provisions for risk	51,527	(4,382)	-	47,145
Employee termination indemnities valuation	4,730	(65)	57	4,722
Fair value Financial assets	(165)	(196)	(23)	(384)
Plants and equipment	1,272	(255)	-	1,017
<b>Total</b>	<b>57,364</b>	<b>(4,903)</b>	<b>34</b>	<b>52,500</b>

The value of IRES tax losses of ATM S.p.A. resulting from the last declaration submitted, tax year 2020, is equal to Euro 864,382 thousand fully deductible and Euro 44,866 thousand deductible to a limited extent.

Even considering the taxes for 2021, the value of the losses carried forward for the tax year 2021 does not change, as the losses recognized flow into the Consolidated Statements on the basis of the existing Group contract.

#### 15. Other receivables and non-current assets

As December 31, 2021, no receivables due beyond 12 months were recorded.

#### 16. Inventories

The balance of item "Inventories" as December 31, 2021 is as follows:

	31.12.2021	31.12.2020
Consumable maintenance materials	125,339	125,102
Diesel	769	699
Other materials	869	1,031
<b>Total inventory</b>	<b>126,977</b>	<b>126,832</b>
Inventory obsolescence provision	(29,626)	(35,045)
<b>Total Net inventory</b>	<b>97,351</b>	<b>91,787</b>
Advances	1,271	1,230
<b>Total</b>	<b>98,622</b>	<b>93,017</b>

Inventories, before "advances" and "inventory obsolescence provision", are substantially in line with the value as December 31, 2020 and the increase is equal to Euro 145 thousand. Regarding the change in inventories, opposite dynamics are shown: The Parent Company ATM S.p.A. in 2020 and 2021 carried out a project of reduction and optimization of the supplies, which involved the disposal of obsolete maintenance materials whose alienation was compensated by the use of the provision for the depreciation of the warehouse, While the subsidiary Metro Service A/S has increased its stocks in line with the full start-up of the four metro lines.

As a result of the reconnaissance of the assets present in the warehouse, Euro 8,239 thousand euros of obsolete assets were sold and, consequently, the "Inventory obsolescence provision" established in previous years for this purpose was used for the same amount. Moreover, as at 31 December 2021, in order to adjust the value of the provision to the varying consistency of inventories, a provision of Euro

2,820 thousand was made, taking into account, on one hand, the assets with a low turnover rate and on the other, the results of the analyzes carried out to evaluate the obsolescence of the materials in warehouse to be disposed, with reference mainly to the vehicles for which the disposal from the service is assumed and in coherence with the maintenance requirements.

The movements in the "Inventory obsolescence provision", are shown below.

	12.31.2020	Increases	Decreases	12.31.2021
Inventory obsolescence provision	35,045	2,820	(8,239)	29,626
<b>Total</b>	<b>35,045</b>	<b>2,820</b>	<b>(8,239)</b>	<b>29,626</b>

The provision to the "Inventory obsolescence provision" is included in the income statement "Purchase of goods and changes in inventories" (Note 32).

## 17. Current financial assets

	12.31.2021	12.31.2020
Current financial assets	214,912	227,192
<b>Total</b>	<b>214,912</b>	<b>227,192</b>

Current financial assets as 31 December 2021 are as follows:

- "Held to Collect & Sell" government securities classified as FVTOCI for Euro 7,262 thousand whose changes in *fair value* continue to be recognized with a contra-entry to the equity reserve (recognized in the OCI) until they are realized or reclassified;
- "Held to Collect & Sell" corporate bonds classified as FVTOCI for Euro 58,267 thousand whose changes in *fair value* continue to be recognized with a contra-entry to the equity reserve (recognized in the OCI) until they are realized or reclassified;
- "Other" corporate bonds classified as FVTPL for Euro 14,048 thousand whose changes in *fair value* are recognized in the income statement and contribute to the formation of consolidated economic result;
- "Other" shares of OICR classified as FVTPL for Euro 125,208 thousand whose changes in *fair value* are recognized in the income statement and contribute to the formation of consolidated economic result.

The item also includes the investment in a Savings Bond of Euro 10,127 thousand, including interest accrued in the period of Euro 127 thousand.

The net change from December 31, 2021 is attributable to the movements of the portfolio of invested assets and to the management of the portfolio. The analysis of portfolio movements is presented in the Cash Flow Statement to which reference is made.

**18. Current taxes Assets**

	31.12.2021	31.12.2020
Receivables for withholding tax	16,507	16,262
Receivables for advanced taxes (IRAP)	2,345	2,362
<b>Total</b>	<b>18,852</b>	<b>18,624</b>

The “*Withholding taxes*”, equal to Euro 16,507 thousand, related to withholding taxes incurred by ATM S.p.A. and by companies within the scope of the consolidation.

The “*Receivables for advanced taxes (IRAP)*” amounting to Euro 2,345 thousand relate to the amount of advances paid in excess of the tax accruing in 2021.

**19. Trade receivables**

The item “*Trade receivables*” as December 31, 2021 amounts to Euro 190,900 thousand composed as follows:

	12.31.2021	12.31.2020
Receivables from third parties	61,099	58,037
Receivables from related parties	129,801	124,851
<i>Receivables from parent</i>	124,852	121,882
<i>Receivables from parent</i>	1,861	2,722
<i>Receivables from subsidiaries of parent</i>	3,088	247
<b>Total</b>	<b>190,900</b>	<b>182,888</b>

The “*Receivables from third parties*” refer mainly to credits toward Italian and European Union entities and refer to services provided for advertising, sponsorship and rental of the commercial premises of the metropolitan stations. The increase of Euro 3,062 thousand refers to the higher receivables for the transfers of IVOL and IVOP by Trenord S.r.l. partially offset by the decrease relating to claims for criminal charges to suppliers in addition to the lower commercial credits of the Danish subsidiary Metro Service A/S.

The receivables are recognized net of the specific doubtful debt provision, which as December 31, 2021 amounted to Euro 12,874 thousand (Euro 13,123 thousand as December 31, 2020), established to specifically cover specific doubtful receivables and claims for which currently legal action has been undertaken.

The movement of doubtful debt provision is as follows:

	12.31.2020	Increases	Releases	Uses	12.31.2021
Doubtful debt provision	13,123	199	(423)	(25)	12,874
<b>Total</b>	<b>13,123</b>	<b>199</b>	<b>(423)</b>	<b>(25)</b>	<b>12,874</b>

During the year, the provision was used for Euro 25 thousand, adjusted for Euro 199 thousand and released for Euro 423 thousand against new and more complete information on the status of some creditors, with these amounts included under “*Other operating costs and charges*” (Note 36).

“Receivables from related parties” include:

- “receivables from parent company” for Euro 124,852 thousand (Euro 121,882 thousand as 31 December 2020) net of the specific doubtful debt provision, which as December 31, 2021 amounted to Euro 2,918 thousand. This item refers to receivables from the Municipality of Milan, mainly for invoices issued for the consideration of the Local Public Transport Service Contract (LPT) of December 2021 (Euro 53,402 thousand), and the withholding of 5% of the consideration for canteens in May and June 2021 (total of Euro 5,576 thousand) and for invoices to be issued for canteens in the same case from July to December 2021 (Euro 11,152 thousand). In addition, receivables for invoices to be issued for Euro 11,652 thousand relating to the additional services that the Parent Company has carried out at the request of the Board of the Milan Municipality in order to guarantee the same service offer in view of the reduction in the capacity of the means during the COVID emergency 19. These services have been financed by specific regulatory measures of the Italian Government to cover the costs, as described in the chapter “*The ATM Group and the COVID emergency - 19*”. The balance also includes credits for invoices issued or to be issued for work carried out on metropolitan and tramway infrastructure and other services, including the implementation of the traffic control system totaling Euro 43,070.thousand.

At the date of preparation of this financial report, the receivable to the Municipality of Milan relating to the consideration of the LPT Service Contract in December 2021 is collected for the amount of Euro 53,402 thousand.

The movements in the bad debt provision towards parent companies are shown below:

	12.31.2020	Increases	Uses	Releases	12.31.2021
Bad debt provision to parent company	3,062	32	(150)	(26)	2,918
<b>Total</b>	<b>3,062</b>	<b>32</b>	<b>(150)</b>	<b>(26)</b>	<b>2,918</b>

During the year, the provision was used for Euro 150 thousand, adjusted for Euro 32 thousand and released for Euro 26 thousand against new and more complete information on certain specific positions, These amounts are entered under “*Other operating costs and charges*” (Note 36).

- “Receivables from associates” for Euro1,861 thousand (Euro 2,722 thousand as December 31, 2020), relating to services and services rendered under existing contracts. The balance is composed as follows:

	12.31.2021	12.31.2020
Co. Mo. Fun&Bus s.c.a.r.l	330	355
SBE consortium	-	7
Metro 5 S.p.A.	1,516	2,342
Movibus S.r.l.	25	26
<b>Total</b>	<b>1,871</b>	<b>2,730</b>
Bad debt provision	(10)	(8)
<b>Total</b>	<b>1,861</b>	<b>2,722</b>

Receivables refer to services and services rendered under existing contracts. The credits toward Metro 5 S.p.A. decrease due to the lower maintenance services provided by the Parent Company ATM S.p.A.

During the financial year, the “Bad debt provision to associates” was adjusted by adjusting the amount of Euro 4 thousand and releasing the amount of Euro 2 thousand with the inclusion of these amounts under “Other operating costs and charges” (Note 36).

The movements of the year are shown below:

	12.31.2020	Accruals	Releases	12.31.2021
Bad debt provision	8	4	(2)	10
<b>Total</b>	<b>8</b>	<b>4</b>	<b>(2)</b>	<b>10</b>

- “Receivables from subsidiaries of parent”, amounting to Euro 3.088 thousand (Euro 247 thousand as December 31, 2020). Receivables refer to services and services rendered under existing contracts. The increase compared to December 31, 2020 was due to the charge back to SPV M4 S.p.A. of the costs of maintaining the line following the postponement of the opening of the M4 metro line to the public at 2022, initially scheduled for July 2021. The value is expressed net of the specific doubtful debt provision, which as December 31, 2021 was equal to Euro 4 thousand. In order to adjust the value of the doubtful debt provision to subsidiaries of the parent company, the amount of Euro 4 thousand was set adjusted in return to the income statement under “Other operating costs and charges” (Note 36).

## 20. Other receivables and current assets

The item “Other receivables and current assets” as December 31, 2021 shows a balance of Euro 31,593 thousand net of the specific provision for bad debts, which as December 31, 2021 was equal to Euro 980 thousand.

	12.31.2021	12.31.2020
VAT credit	-	1,473
Grants	20,401	48,574
Other tax credits	1,221	1,426
Prepayments	2,910	1,941
Other receivables	7,061	1,853
<b>Total</b>	<b>31,593</b>	<b>55,267</b>

The most significant reduction, compared to December 31, 2020, relates to “grants” due, on one hand, of the collection of regional plant grants for Euro 14,732 thousand, and on the other, of the effect of the collection in 2021 of the share relating to the fourth quarter of 2020 of the reimbursement contributions of the CCDL renewals (pursuant to L. 47/2004, L. 5/2005 and L.296/2006) - amount which at December, 31 2020 was recorded among receivables. As of December 31, 2021, the CCDL contributions for the year 2021 were fully collected.



The following is a detail of the item “Grants”:

- Euro 19,404 thousand (Euro 27.868 thousand as December 31, 2020) for grants requested against investments contributed by public bodies. The contributions recorded refer to Euro 15,592 thousand for receivables relating to investments financed by the State, including Euro 6,834 thousand for infrastructure, Euro 5,034 thousand for rolling stock and Euro 3,724 thousand for safety projects; EUR 3.779 thousand for receivables financed by the Lombardy Region, of which Euro 2,381 thousand for the purchase of buses, Euro 994 thousand for safety systems on board buses and Euro 404 thousand for infrastructure and Euro 33 thousand for the bike sharing project financed by the Municipality of Milan;
- Euro 997 thousand (Euro 13,455 thousand as at December 31, 2020) relating to Euro 566 thousand relating to the balance of the planned contributions granted under Legislative Decree 137/2020 and 340/2020, for Euro 31 thousand to the free movement cards issued to the entitled people, Euro 9 thousand for the contributions of the Municipality of Milan under the “clever cities” project and Euro 6 thousand for the contributions of Como Fun&Bus S.r.l for the reimbursement of the CCNL renewals ex L.47/2004, L.5/2005 and L.296/2006. As already stated, the decrease is linked to the collection in 2021 of the contributions for CCDL in the 4th quarter of 2020 which as December 31, 2020 was recorded as a receivable for Euro 12,533 thousand. In addition, the item refers for Euro 385 thousand to the receivable for free circulation cards issued to those entitled by the subsidiary NET S.r.l.

The “other tax receivables” refer to the credit for diesel excise duty still to be collected for the fourth quarter of 2021 for Euro 1,038 thousand, and to the tax credits provided by art.1 paragraph 184 to 194 L. 160 of December 27, 2019 for Euro 183 thousand.

The “prepayments” refer to insurance premiums and maintenance services for the following year, whose financial presentation took place in 2021.

The “Other receivables” refer to the credit accrued for the Telepass passes in Area C for the period from December 16 to December 31, 2021 which will be settled in 2022, to advances paid to personnel in injury on behalf of INAIL, receivables from employees for subscriptions issued to family members and deposits made to different entities. The increase of Euro 5,208 thousand compared to 2020 is mainly linked to the recognition of the receivable from INPS relating to the reimbursement of the contributions for sickness provisions of Euro 4,678 thousand, which was offset by the payment of taxes in January 2022.

During the year, against doubtful receivables of Euro 980 thousand, an amount of Euro 291 thousand was set aside, in the specific bad debt provision doubtful, with a counterpart in the income statement under the component “Other operating costs and charges” (Note 36).

## 21. Cash and cash equivalents

	12.31.2021	12.31.2020
Cash and cash equivalents	114,146	123,861
<b>Total</b>	<b>114,146</b>	<b>123,861</b>

The balance includes current account balance, cash funds, balances of prepaid company credit card, as well as endowments to the tellers, and issuer's endowments. All the accounts are denominated in Euro,

with the exception of the Danish Crown current account held by the subsidiary Metro Service A/S for a value of Euro 14,347 thousand (Euro 9,712 thousand as December 31, 2020).

*The item “Cash and cash equivalents”* is recorded net of the related provision to cover losses totaling Euro 269 thousand. In 2021, the fund was released for Euro 32 thousand.

The decrease in Cash and cash equivalents during 2021 is related to investments and operating expenses incurred in the year. It should be noted that the drawing and the subsequent reimbursement of short-term availability (“hot money”) were carried out. As December 31, 2021, the hot money recorded a balance of Euro 50 million.

## 22. Discontinuous operations

During the financial year 2021, the recoverable amount of 17 minibuses owned by CityLink S.r.l. – Smart Mobility by ATM was included among discontinued operations and are intended to be sold in the next 12 months.

## 23. Equity

The “*Share capital*” amounts to Euro 700,000 thousand and consists of n. 70,000,000 ordinary shares with a nominal value of Euro 10 each. It is fully subscribed and paid and no changes occurred during the year and the previous one. The Municipality of Milan is the sole shareholder of the Parent Company ATM S.p.A.

*The item “Other reserves”* component includes *the “Actuarial gains/(losses) reserve of defined benefit plans”* which includes the effects of accounting for the “*Other components of the comprehensive income*” for the profits/(losses) of defined benefit plans net of the related tax effect.

The changes indicated in the statement of the other components of the consolidated income statement are detailed and described in *the “Statement of Changes in Consolidated Equity”*.

The quota of the First Time Adoption reserve made available is equal to Euro 131,603 thousand.

The reconciliation statement of consolidated equity and of the parent company is shown below:

	Capital and reserves as at 12.31.2020	Result as at 12.31.2021	Change of OCI components	IFRS 9 impacts	Dividend distribution	Other movements	Capital and reserves as at 12.31.2021
ATM S.p.A. Equity	1,103,006	(29,914)	14,319	(235)			1,087,177
Investments elimination	(29,937)						(29,937)
IAS 19 Reserve	(335)						(335)
Equity of consolidated companies	108,776	14,821	(208)				123,389
Translation reserve	14					(13)	1
Dividends	(56,079)	(4,530)			(1,470)		(62,079)
Equity valuation of associated companies	9,203	3,333	3,286				15,822
Consolidation adjustments	14,505	268					14,771
Total equity	1,149,151	(16,022)	17,398	(235)	(1,470)	(13)	1,148,809
Group equity	1,132,657	(19,393)	17,398	(235)		(13)	1,130,414
Equity of third parties	16,494	3,371			(1,470)		18,395

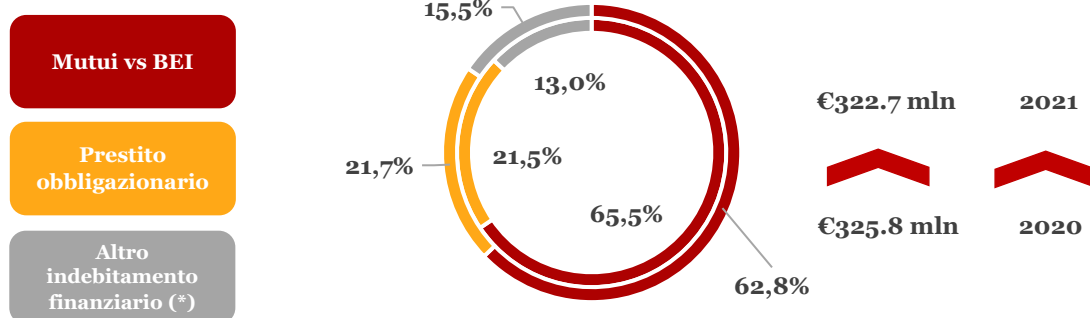
## 24. Non-current and current financial liabilities

	12.31.2021	12.31.2020
Non-current financial liabilities	266,867	276,310
Current financial liabilities	64,093	56,396
<b>Total</b>	<b>330,960</b>	<b>332,706</b>

The breakdown of financial liabilities by nature and by maturity is as follows:

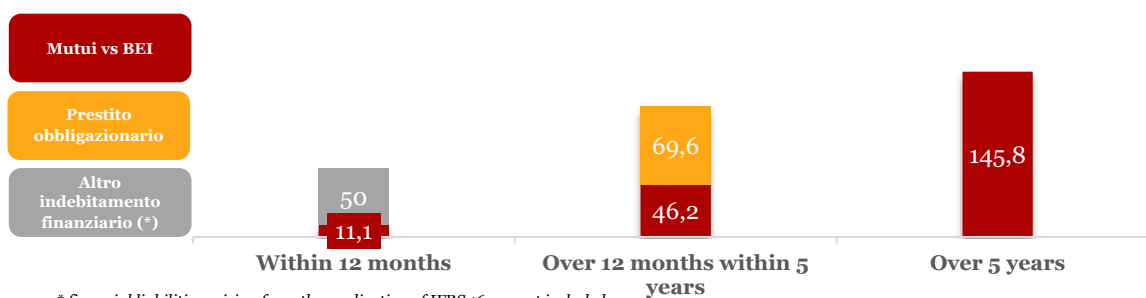
Financing	Within 12 months	Between 1 year and 5 years	Over 5 years	Total
<i>BEI Mortgage</i>	11,067	45,744	145,819	202,630
<i>Bonds</i>		69,562		69,562
<i>Hot money</i>	50,000			50,000
<b>Total financing</b>	<b>61,067</b>	<b>115,306</b>	<b>145,819</b>	<b>322,192</b>
<b>Interest rates</b>				
<i>Bond</i>	525			525
<i>Hot money</i>	21			21
<b>Total interest rates</b>	<b>546</b>			<b>546</b>
<b>Payables for Leasing Liabilities IFRS 16</b>	<b>2,480</b>	<b>5,742</b>		<b>8,222</b>
<b>TOTAL</b>	<b>64,093</b>	<b>121,048</b>	<b>145,819</b>	<b>330,960</b>

Breakdown of financial debt (2021 vs 2020)



*P.N. : the comparative pie chart highlights, respectively, the 2021 data externally and the 2020 data internally  
 \* financial liabilities arising from the application of IFRS 16 are not included*

### Repayment of 12.31.2021 financial debt (€ million)



\* financial liabilities arising from the application of IFRS 16 are not included

The amount of Euro 330,960 thousand refers to:

- Euro 202,631 thousand (of which Euro 191,564 thousand are non-current and Euro 11,067 thousand are current) at the start-ups, net of repayments, under the loan agreement of a total of Euro 250,000 thousand signed with the European Investment Bank for the financing of the new M1 and M2 metro trains. The loan agreement places on the Company the obligation to comply with certain parameters of an equity and financial nature. As December 31, 2021, as in previous years, *the covenants* contractually established by the loan agreement were respected. The debt fully expires on June 30, 2038 and is therefore mainly recorded under “*Non-current financial liabilities*”;
- Euro 70,087 thousand to the bond loan placed on August 8, 2017 by the Company (of which Euro 69,562 thousand relating to the principal amount of the bond loan and Euro 525 thousand relating to interest rate in the period to be settled at the maturity date), unsecured and intended only for qualified investors with a total nominal value of Euro 70 million. The bonds expire on August 8, 2024 and interest is calculated at the fixed annual rate of 1.875 %. The stock is listed on the Dublin Stock Exchange (ISIN code XS1653969953). On June 24, 2021, the international agency Fitch Ratings confirmed the medium/long-term rating for ATM, equal to “BBB-” with a stable outlook. A similar valuation was also confirmed for the bonds issued. The bond loan is valued at the amortized cost, which has therefore taken into account the expenses incurred and the release discounts. The actual and fixed interest rate for the entire duration of the loan shall be considered representative of the market conditions as December 31, 2021. At the end of the financial year, the Company has the financial resources necessary for the full repayment of the loan as can be seen from the balance of the Cash and cash equivalents and securities;
- Euro 50,020 thousand for the drawing of a short-term “hot money” line, including interest of Euro 20 thousand;
- Euro 8,222 thousand to the value of the lease liability recorded following the entry into force of IFRS 16 *leases from 2019* (of which Euro 2,480 thousand expiring within 12 months and Euro 5,742 thousand beyond 12 months). During the year, the item moved as a result of the registration of new contracts for Euro 4,104 thousand, the recognition of the interest involved for Euro 155 thousand and the payment of fees in the amount of Euro 2,999 thousand. As described, the increase is linked to the lease contract of the new Rodano warehouse, which resulted in the registration of a Lease liability equal to 2,378 thousand.

With regard to the loans disbursed by the European Investment Bank (BEI), the Group has subscribed loans totaling Euro 250,000 thousand, of which Euro 235,367 thousand at a fixed rate.

The details of EIB disbursements are as follows:

	Drawdown date	Currency	Initial amount of debt	Amount of repayable debt as at 12/31/2021	Interest rate as at 12/31/2021	Expiration
Dispensing 1	11/29/2013	EUR.	14,633	11,230	0.364% (*)	06/30/2038
Dispensing 2	11/28/2014	EUR.	40,000	32,155	1.99%	06/30/2038
Dispensing 3	04/23/2015	EUR.	55,367	43,491	0.96%	06/30/2038
Dispensing 4	03/15/2017	EUR.	70,000	57,918	1.45%	06/30/2038
Dispensing 5	01/31/2018	EUR.	40,000	33,050	1.37%	06/30/2038
Dispensing 6	01/31/2018	EUR.	30,000	24,787	1.37%	06/30/2038
<b>Totals</b>			<b>250,000</b>	<b>202,631</b>		

(\*) withdraws indexed at variable interest rate

The disbursements are recorded at the amortized cost represented by the nominal value as there are no contractual transaction costs, and the effective interest rate was considered for each disbursement, fixed for the entire duration of the loan, representative of the market conditions as December 31, 2021. Similarly, the variable interest rate tranche was recognized at the nominal value, as with reference to the forward interest rates, in the medium term, the rate is considered representative of market conditions.

## 25. Employee benefits

The defined benefit plans are calculated estimating, with technical actuaries, the amount of the future benefit which the employees matured in the current period and in previous years. The calculation is carried out by an independent actuary using the "Projected Unit Credit method". For the purposes of the calculation, the interest or discount rate used was taken from the listing as December 31, of each year of the benchmark iBoxx Corporate EUR index with a 7-10 year duration and AA rating.

	31.12.2021	31.12.2020
Employee termination indemnities (TFR)	113,579	125,664
<b>Total</b>	<b>113,579</b>	<b>125,664</b>

The TFR, governed by art. 2120 of the Civil Code, includes the estimate of the obligation relating to the amount to be paid to employees upon termination of employment relationship. The indemnity, paid in the form of capital, is equal to the sum of accruals calculated on the salary items paid in dependence on the employment relationship and revalued until the moment of termination of the employment relationship. As a result of the legislative changes introduced from January 1, 2007, for enterprises with more than 50 employees, the accruing termination indemnity is classified as a defined contribution plan, since the enterprise's obligation is exclusively the payment of contributions to pension funds, or to the INPS. The liability related to the termination indemnity prior to January 1, 2007 represents a defined benefit plan to be assessed according to actuarial techniques. The Employee Termination Indemnity is part of the "unfunded" defined benefit plans and therefore there are no assets to serve the plan.

The following changes took place in the TFR, during the year:

	Change
<b>Opening balance</b>	<b>125,664</b>
Service cost	99
Interest cost	(24)
TFR transferred from another Company	37
Actuarial (gains)/losses	237
Paid benefits	(12,434)
<b>Closing balance</b>	<b>113,579</b>

The amount of the employee termination indemnities calculated according to the provisions of Article 2120 of the Civil Code is equal to Euro 99,294 thousand.

The actuarial loss for the period, equal to Euro 237 thousand, was recognized under the other components in the Comprehensive income statement by adjusting the balance of the Employee Termination Indemnities with a contra-entry in an equity reserve and is composed as follows:

	Variation
Actuarial (earnings)/losses due to experience	(2,312)
Actuarial (earnings)/losses due to changes in the financial assumptions	2,549
<b>Closing balance</b>	<b>237</b>

With reference to the TFR, the actuary evaluations were carried out on the basis of the economic-financial and demographic assumptions summarized in the tables below:

12.31.2021	ATM S.p.A.	GESAM S.r.l.	North East Transports S.r.l.	RAIL DIAGNOSTICS S.p.A.
Mortality rate	IPS55 tables	IPS55 tables	IPS55 tables	IPS55 tables
Invalidity rates	INPS-2000 tables	INPS-2000 tables	INPS-2000 tables	INPS-2000 tables
Employee turnover rate	5.81%	4.08%	6.90%	4.53%
Discount rate*	0.44%	0.44%	0.44%	0.44%
Increases in salaries	1.50%	1.50%	1.50%	1.50%
Rate of advances	0.64%	5.07%	0.90%	2.99%
Inflation rate	1.75%	1.75%	1.75%	1.75%

\*Listing on 12/31/2021 of the iBoxx Corporate EUR benchmark index with duration 7-10 and AA rating

The sensitivity analysis on the discount rate represents the change in the value of the actuarial liability obtained from the year-end valuation data, by varying the discount rate, without prejudice to the other assumptions:

	Change
Turnover rate +1%	112,767,830
Turnover rate -1%	114,465,134
Inflation rate +0,25%	114,873,033
Inflation rate -0,25%	112,305,914
With discount rate +0,25%	111,522,942
With discount rate -0,25%	115,698,642

## 26. Provisions for risks and charges

	12.31.2021	12.31.2020
Provision for disputes and environmental risks	61,130	49,668
Provision for damages/claims settlements	17,182	17,543
Other provisions	12,476	9,574
<b>Total</b>	<b>90,788</b>	<b>76,785</b>

The most important items contributing to the formation of the balance are:

- From the “*Provision for disputes and environmental risks*” for Euro 61,130 thousand, referred to contingent liabilities for suppliers, customers, third parties, workers, related parties, and the environment, deriving from the ordinary business management.

During the year, the provision’s balance was updated on the basis of the expected effects of the ongoing disputes and the outcome of those concluded as well as on the basis of the revision of estimates, determining provisions for Euro 17,027 thousand, uses of Euro 4,607 thousand and releases of Euro 960 thousand, as specified below.

Provisions for Euro 17,027 thousand were made in 2021, of which:

- Euro 16,721 thousand relating to disputes with personnel;
- Euro 200 thousand related to the definition of penalties and adjustments for less journeys relating to service contracts for the years 2019 to 2021 of the subsidiary NET S.r.l.;
- Euro 62 thousand relating to a dispute with a supplier;
- Euro 44 thousand for the ongoing dispute with Caronte, of which extensive information was given in the Management Report in the “*Main disputes pending*” section.

The main movements in the use of the provision for Euro 4,607 thousand refer to:

- Euro 4,260 thousand for the ongoing dispute with Caronte, of which extensive information was given in the Management Report in the section on “*Main disputes pending*”,
- Euro 164 thousand for the use for the definition of penalties and kilometric adjustments related to the service contract of the subsidiary NET S.r.l and the adjustment for 2017;
- Euro 119 thousand to use for specific maintenance operations carried out in some company sites and plants;
- Euro 46 thousand for the use relating to the closure of disputes with personnel;
- Euro 18 thousand for the use of a dispute with a supplier.

Moreover, in view of the review of the estimates for the events of the year and in consideration of new and more complete information than that available at the time the original estimates were made, the provision was released for 958 thousand. In fact, during 2021, the subsidiary NET S.r.l. defined with the Bacino Agency the service contract fees for the second half of 2017 and the year 2018 and, consequently, the conclusion of the negotiations has led to the updating of the provision for risks linked to qualitative penalties or to the minor kilometric adjustments relating to the 2017 and 2018 service contracts.

- The “*Provision for damages/claims settlements*” for Euro 17,182 thousand, whose value is commensurate with the estimate of the compensation to be settled in the coming financial years for damages/claims related to the circulation of the scheduled cars, limited to the risk range not covered by the insurance policies stipulated with the various companies. The assessment of non-performing claims was carried out through the examination of the individual practices as December 31, 2021.
- “*Other provisions*”: The item refers mainly to the “*Provision for restoration costs*” and is attributable to the costs that Metro Service A/S will have to bear, as required by the Service Contract stipulated with the Municipality of Copenhagen, to return to their state of use the goods received when the management of the metropolitan lines is started. The provision has been reviewed against contractual forecasts.

The provisions include the best estimates of legal expenses related to the disputes.

The following table shows changes in the provisions for risks and charges:

	12.31.2020	Increments	Uses	Release	12.31.2021
Provision for disputes and environmental	49,668	17,027	(4,607)	(958)	61,130
Provision for damages/claims settlements	17,543	1,384	(1,745)		17,182
Other provisions	9,574	2,904	(2)		12,476
<b>Total</b>	<b>76,785</b>	<b>21,315</b>	<b>(6,354)</b>	<b>(958)</b>	<b>90,788</b>

For considerations on the estimation processes underlying the valuation of disputes and contingent liabilities, reference should be made to Note 5 "Use of estimates".

## 27. Deferred taxes Liabilities

	31.12.2021	31.12.2020
Deferred tax liabilities	50,721	46,702
<b>Total</b>	<b>50,721</b>	<b>46,702</b>



The nature of the temporary differences which generated deferred taxes is summarized below:

	Deferred taxes as at 12.31.2020	Recognized in Income statement	Recognized in Equity	Deferred taxes as at 12.31.2021
Land and buildings - IAS 16	39,780	(1,423)	5,769	44,128
Fair value rolling stock and financial leases	6,471	(307)	-	6,164
Fair value financial assets	339	(102)	-	237
Investment	112	39	41	192
<b>Total</b>	<b>46,702</b>	<b>(1,793)</b>	<b>5,812</b>	<b>50,721</b>

## 28. Current income tax liabilities

	12.31.2021	12.31.2020
IRAP	9	-
Income taxes Metro Service A/S	1,004	1,990
<b>Total</b>	<b>1,013</b>	<b>1,990</b>

The item refers to the current tax payable for IRAP of the Italian subsidiary Rail Diagnostics S.p.A. for Euro 9 thousand and to the debt for current taxes of the Danish subsidiary Metro Service A/S. for Euro 1,004 thousand.

The Italian companies do not record taxes for IRES purposes.

## 29. Trade payables

	12.31.2021	12.31.2020
Payables – third parties	186,774	224,183
Payables to related parties	43,514	28,048
<i>Payables to parent company</i>	40,612	23,207
<i>Payables to associates</i>	1,839	3,436
<i>Payables to subsidiaries of the parent companies</i>	1,063	1,405
<b>Total</b>	<b>230,288</b>	<b>252,231</b>

The amount of Euro 186,774 thousand for “*payables-third-parties*” (Euro 224,183 thousand as December 31, 2020) includes payables for invoices not yet paid and payables for invoices to be received for the purchase of capitalized materials, services and goods, mainly from Italian and European Union suppliers. The decrease of Euro 37,409 thousand is mainly attributable to the lower payables for instruments partly offset by the higher repayments to Trenord S.r.l.

“*Payables to related parties*” mainly include “*payables to parent company*”, which as December 31, 2021 have a balance of Euro 40,612 thousand (Euro 23,207 thousand as December 31, 2020) and are entirely attributable to the Municipality of Milan. The increase is mainly related to the trend of revenues for travel tickets and therefore higher payables for transfer relating to December 2021 compared to the same period in 2020 are recorded.

These debts refer to:

- Euro 28,523 thousand (Euro 12,475 thousand as December 31, 2019) to the payable for the transfer to the Municipality of Milan of the revenues deriving from the sale of tickets in December 2021;
- Payables for the transfer of the on-street parking revenues remained to the Municipality as defined in the “on-street parking agreement” of April 27, 2017, of which Euro 4,878 thousand referring to 2018 and Euro 4,830 thousand referring to 2019. For the year 2020, no payables for on-street parking revenues to be paid to the Municipality are recorded, since the amount of on-street parking revenues made in 2020 was less than the minimum amount guaranteed to ATM S.p.A. equal to Euro 18.5 million;
- Penalties for the Service Contract for non-compliance with certain quality standards as contractually provided, of which Euro 241 thousand for the year 2018 and Euro 704 thousand for the year 2019;
- Euro 23 thousand for the sponsorship of the Mi-Emob event and Euro 52 thousand for the sponsorship of the Milan initiative to be read 2019;
- Euro 1,361 thousand to the payables for the transfer of the revenues of Area C in December 2021.

The “Payables to associates” are detailed below:

	12.31.2021	12.31.2020
Co. Mo. Fun&Bus S.c.a.r.l.	19	18
Consorzio SBE	21	81
Metro 5 S.p.A.	314	1
Movibus S.r.l.	1,485	3,336
<b>Total</b>	<b>1,839</b>	<b>3,436</b>

The most significant change compared to the previous year refers to payables for transfers from STIBM to Movibus S.r.l.: The decrease is due to the minor payments received by the associated company on December 31, 2021.

The “Payables to subsidiaries of parent companies” of Euro 1,063 thousand refer mainly to the payables for the provision of services to MM S.p.A. and SPV M4 S.p.A.

### 30. Other payables and current liabilities

	12.31.2021	12.31.2020
Employee payables	41,184	49,744
Payables to social security institutions	35,640	38,346
Vacation days not taken	23,533	25,339
Other tax liabilities	14,241	14,156
Other payables	7,377	5,492
Tarsu	53	214
VAT payable	2,470	206
Accruals and deferred income	9,007	600
<b>Total</b>	<b>133,505</b>	<b>134,097</b>

The item “*Other payables and current liabilities*” was Euro 133,505 thousand as December 31, 2021. The main changes are related to the decrease in “*Employee payables*” and “*Payables for unused holidays*”, offset by the increase in “*Other payables*” and “*Accruals and deferred income*”.

Here are the main components of this item:

- Euro 41,184 thousand from payables to employees, whose change is due to the lower payables connected to the variable and deferred components of the remuneration and to lower payables, compared to the amount set aside in the previous year, for the redundancy incentive programs for staff employee close to accrual of retirement rights;
- Euro 35,640 thousand from payables to INPS, Previdai, INAIL and to category pension funds and were settled according to legal deadlines in the first months of 2022;
- Euro 23,533 thousand, from the economic value of the vacations not taken by employees and from the equivalent of the overtime worked, which can be used as paid permits, which have not yet been used at the date of the financial statements;
- Euro 14,241 thousand from Irpef withholding taxes made by the Group as a substitute for tax on employee income;
- For Euro 7,377 thousand, from payables of various kinds including the payables for security deposits of Euro 2,062 thousand and the payable to the ATM Foundation for contributions and payments of services provided for Euro 1,708 thousand. In addition, the item includes Euro 2,305 thousand in respect of debt for 2021 payments on travel licenses under STIBM to be transferred to other carriers;
- Euro 9,007 thousand, from deferred income relating to revenues invoiced during the year but attributable to future periods. The increase in the item is due for Euro 8,478 thousand to revenues attributable to the next few years relating to the definition between the Danish subsidiary Metro Service A/S and the Metroselskabet I/S body of “*performance bonuses*” referring to several years and to certain qualitative objectives.

## Notes to the consolidated income statement

### 31. Revenues and other operating income

The value of “*Revenues and other operating income*” consists mainly of:

- “*Core business revenue*”, which refer to the revenues generated by the Service Contract for the Management of the Local Public Transport Service (LPT) concluded with the Municipality of Milan, the revenues for the management of the Copenhagen Metro lines, with consideration of the contract for the management of the M5 metro line with Metro 5 S.p.A., the revenues relating to the management of on-street parking, parking and towing services and custody and , residually, the revenues relating to other transport services, including the management of the Como-Brunate funicular and the POMA 2000 light rail service;
- “*Other revenues*”, which include revenues from advertising, rental of properties, revenues from works on municipal property, including maintenance services on infrastructure, Area C and Area B;
- “*Other income*”, which mainly includes operating grants, reimbursements for damages and penalties charged to suppliers.

Revenues are realized in Italy and in the European Union.

	2021	2020
Core business revenue	864,317	827,347
Other revenue	68,331	58,374
Other income	76,606	72,226
<b>Total</b>	<b>1,009,254</b>	<b>957,947</b>

The details of the “*Core business revenue*” are shown below:

	2021	2020
Revenue from TPL	848,210	811,633
<i>Corresponding Service Contract Municipality of Milan</i>	670,415	663,636
<i>Corresponding Service Contract Copenhagen</i>	101,738	98,349
<i>Corresponding Service Contract Interurban area</i>	20,047	19,221
<i>Corresponding Management Contract line 5</i>	22,724	23,640
<i>Corresponding Management Contract line 4</i>	-	-
<i>Income from fees - interurban area</i>	7,054	6,085
<i>Special/dedicated transport services</i>	26,232	702
Revenues from management of on – street parking services	8,031	9,497
Revenue from parking management	5,222	3,996
Revenue from car removal management	2,950	2,134
Other revenue	(96)	87
<b>Total</b>	<b>864,317</b>	<b>827,347</b>

“*Revenues from LPT*” amounted to Euro 848,210 thousand (Euro 811,633 thousand in the previous year) and increased by Euro 36,577 thousand.

The main changes in the item “*Revenues from LPT*” refer to:

- “*Corresponding Service Contract Municipality of Milan*” increased by Euro 6,779 thousand;
- “*Corresponding Service Contract Copenhagen*” increased by Euro 3,389 thousand compared to the previous year. The increase is linked both to the full operation of the M4 line of the Copenhagen metro which was opened on March 28, 2020 and to the definition, with the contracting entity, of the “*performance bonuses*” to be paid to the operator;
- “*Corresponding Service Contract Interurban Area*” the increase is linked for Euro 826 thousand to the definition, in July 2021, of the fees due to the subsidiary NET S.r.l. for the first half of 2017 and for the year 2018;
- “*Line 5 management contract fee*”: the decrease compared to the previous year of 916 thousand euros, is linked to lower activities of 647 thousand euros and to 2020-related notes defined in the year 2021 for 159 thousand euros and 110 thousand euros relating to 2021 notes;
- “*Income from fees - Interurban area*”: An increase of Euro 969 thousand due to higher passenger traffic revenues (tickets and subscriptions) for Euro 603 thousand of NET S.r.l., to the higher revenues for the management of the Como-Brunate Funicular for Euro 339 thousand and to the higher revenues for the management of THE POMA 2000 light metro system for Euro 27 thousand. These changes are the direct consequence of the reduction in the sales volumes of travel tickets due to restrictions on the mobility of people and the limitations on the capacity of vehicles imposed by the Italian Government during the whole emergency phase;
- “*Special/dedicated transport services*”: increased by Euro 25,530 thousand attributable mainly to the additional transport services carried out by the parent company ATM S.p.A. and the subsidiary NET S.r.l. at the request of the contracting entities (Municipality of Milan and Bacino Agency) In order to guarantee the same service offer in view of the reduction in the capacity of the means during the COVID 19 emergency. These services have been financed by specific regulatory interventions of the Italian Government to cover the costs, as described in the chapter “*the ATM Group and the COVID 19 emergency*” of the document.

To complete the analysis of “*Revenues LPT*”, it is noted that the complementary services to the Service Contract with the Municipality of Milan increased by a total of Euro 393 thousand. In particular:

- “*Revenues from management of on-street parking services*”, decreased by Euro 1,466 thousand, suffering from the suspension until the end of June 8, 2021, of the payment rest scheme;
- “*Revenues from parking management*” and “*revenues from car removal management*”, increased by Euro 1,226 thousand and Euro 816 thousand respectively. The increase in the two items is due to the fact that in the lockdown period of 2020 these activities were suspended.

Finally, it is noted that in 2021 the item “*Other revenues*” decreased by Euro 183 thousand compared to the previous year. This change is due to the reimbursement in 2021 of parking subscriptions issued in 2020 and reimbursed during the year.

The “*other revenues*” are composed as follows:

	2021	2020
Service revenues	51,500	40,044
Advertising and sponsorship revenues	7,997	9,919
Commercial lease metro stations	4,897	5,237
Other revenue	3,937	3,174
<b>Total</b>	<b>68,331</b>	<b>58,374</b>

The “*other revenues*” increased by a total of Euro 9,957 thousand, the details of the items under analysis are as follows:

- “*Services revenues*” increased by Euro 11,456 thousand compared to the previous year mainly due to the increased services carried out for the payment system of Area B and C, the Traffic and Territory Control system, for extraordinary maintenance not planned on the M5 metro line and to a residual extent due to the higher performance carried out by the Danish subsidiary Metro Service A/S in favor of the owner. In addition, in 2021 SPV M4 S.p.A. was charged with the costs of maintaining the line following the postponement of the opening of the M4 metro line to the public at 2022, initially scheduled for July 2021;
- “*Advertising and sponsorship revenues*” decreased by Euro 1,922 thousand following the revision of the terms of the contract with the company that manages advertising;
- “*Commercial lease metro stations*” decreased by Euro 340 thousand, following the revision of the rent fees for the metro stations;
- “*Other revenues*” increased by Euro 763 thousand. The increase is mainly due to the higher revenues for the sale of operating materials for Euro 489 thousand, revenues linked to the disposal of warehouse materials whose effects have also been reverberated on the dynamics of the inventory write-down provision, and higher revenues for the sale of magnetic cards for Euro 307 thousand as a result of the resumption of sales of travel tickets and the transfer of travel cards from paper to electronic.

Below is the detail of the item “*Other income*”, increased by Euro 4,380 thousand compared to last year:

	2021	2020
Insurance receivables and costs undertaken for third parties	5,695	4,351
Adjustments to payables and release of provisions	961	-
Income for penalties invoiced to suppliers	4,403	6,027
Gains on fixed asset sales	259	89
Grants	56,762	54,204
Other income	8,526	7,555
<b>Total</b>	<b>76,606</b>	<b>72,226</b>

The item “*Insurance receivables and costs undertaken for third parties*” increases by Euro 1,344 thousand, especially in view of the increased Commission on the sale of travel tickets and revenues for the installation of vending machines in M5 line stations.

The “*Risk provision release*” of Euro 961 thousand refers to the non-recurring effect linked to the release made by the subsidiary NET S.r.l. of funds registered in previous years for qualitative penalties or lower

kilometric adjustments on the 2017 and 2018 service contracts, having the company defined with the Bacino Agency, the closure of the payments referring to those annuities.

The item “*Income for penalties invoiced to suppliers*” decreases by Euro 1,624 thousand. During 2021, penalties were invoiced to electricity supply companies, and in 2020, following the definition of two settlement agreements, were invoiced to companies supplying metro and tram material.

The item “*Gains on fixed asset sale*” refers to the sale of 83 buses for Euro 259 thousand (Euro 89 thousand as December 31, 2020).

The item “*Grants*” increases by Euro 2,558 thousand and the increase is mainly linked to the grants relating to the Ristori Decrees, which have been extensively highlighted in the Management Report in the chapter “*the ATM Group and the COVID 19 emergency*”. In particular, grants from NET S.r.l. were registered for a total of Euro 3,524 thousand (Euro 1,534 thousand in 2020) and Euro 861 thousand (Euro 381 thousand in 2020) by ATM S.p.A., in relation to the management of the Como – Brunate Funicular.

The item also refers to the grants for CCDL for the year for Euro 50,190 thousand, the amount of which is unchanged from the previous year, allocated by Law No 47 of February 27, 2004 to cover the charges arising from the renewal of the collective employment contract for the two-year period 2002/2003, with Law n° 58 of April 22, 2005 to cover the charges deriving from the renewal of the CCIL two-year period 2004/2005 and with Law n° 296 of December 27, 2006 (Finanziaria 2007) to cover the charges of the renewal of the CCIL two-year period 2006/2007. Finally, the item under analysis includes contributions for the production of electricity by means of photovoltaic systems and grants for the training of personnel

The increase in “*Other income*” refers to the increased fines for passengers of Euro 971 thousand for the resumption of passenger traffic and control activities.

### 32. Costs for purchases of goods and changes in inventories

	2021	2020
Purchases of goods	82,932	81,994
Change in inventories	(5,559)	(3,960)
Consumption of Raw materials for internal work	(1,353)	(4,054)
<b>Total</b>	<b>76,020</b>	<b>73,980</b>

The item, equal to Euro 76,020 thousand, includes the purchase costs for the materials necessary for the maintenance of vehicles and systems, for diesel fuel and travel and parking tickets, as well as the change in inventories net of uses and provisions made at the “*obsolesce provision*”.

The value is adjusted for the consumption of materials for internal work related to extraordinary maintenance on the fleet of metropolitan trains for Euro 1,353 thousand (Euro 4,054 thousand in 2020).

**33. Service costs**

	2021	2020
Maintenance and cleaning costs	146,687	138,360
Electrical traction power	47,804	51,833
Subcontracted transport services	38,533	24,985
Utilities	15,795	16,441
Professional services	10,635	5,879
Security costs	7,316	5,694
Production and distribution of travel titles	6,350	5,663
Insurance	6,330	6,526
Personnel services	3,810	3,735
Customer services, advertising and marketing	3,171	3,428
Security costs	2,689	4,740
<b>Total</b>	<b>289,120</b>	<b>267,284</b>

The item “Maintenance and cleaning costs”, increased by Euro 8,327 thousand compared to 2020, refers to the interventions of third companies aimed at ordinary and extraordinary maintenance for Euro 110,911 thousand (Euro 104,566 thousand in 2020) and Euro 35,776 thousand (Euro 33,794 thousand in 2020) to cleaning operations carried out on plants, warehouses, offices and vehicles during the year.

The increase in maintenance costs incurred during the year, amounting to a total of Euro 6,345 thousand euros, is due to the higher costs incurred in 2021 by the Parent Company ATM S.p.A. for the maintenance of the infrastructures, for the maintenance of the revolving public, which, with reference to the Parent Company, it is linked to the internalization of the maintenance activities of rolling stock on road and rail as a consequence of the end of the expiration of *the full service* maintenance contracts included in the purchase contracts and, with reference to the Danish subsidiary Metro Service A/S, for the higher costs related to cyclic maintenance on iron-on-rollers.

The increase in the cleaning costs incurred in the year, amounting to a total of Euro 1,982 thousand, refers to the higher costs incurred for the sanitization and sanitation of the means put in place following the COVID-19 pandemic.

In 2021, in response to specific maintenance interventions carried out, the environmental risks provision set up in previous years, was used, for Euro 119 thousand. Regarding the recovery charges provision of the Danish subsidiary Metro Service A/S, Euro 2,897 thousand has been set aside.

The item “Electric traction energy” decreased by Euro 4,029 thousand compared to 2020 due to the lower supply cost which more than compensated both the increase in the service at national level and the higher adjustments incurred by the Danish subsidiary Metro Service A/S.

The item “Subcontract transport services” includes the fees granted to subcontractors of transport services in the Milan urban area and the removal service. The increase of Euro 13,548 thousand is attributable to the additional transport services required in order to guarantee the same service offer in view of the reduction in the capacity of the means during the COVID-19 emergency.



The item “Utilities” decreased by Euro 646 thousand compared to 2020, mainly due to the lower costs incurred as a result of the closure of offices and the use of smart working and to the reduction of the costs of supplying services.

The item “Production and distribution of travel tickets” refers to the remuneration payable to retailers for the sale of travel, on-street parking and parking tickets, Area B and Area C. The increase in the item, equal to Euro 687 thousand compared to 2020, is the result of the resumption of sales volumes.

The item “Insurance” refers to the costs inherent in the insurance branch and the savings realized are the result of the reductions achieved during the tender.

The item “Customer services, advertising and marketing” mainly refers to expenses incurred for communication and information to customers and decreases by Euro 257 thousand compared to 2020. The higher costs incurred during 2020 were linked to the purchase and application of information material on public transport and metro stations following the information initiatives aimed at ensuring the distance and quota of passengers during the COVID-19 emergency.

The item “Personnel services” increased by Euro 75 thousand compared to 2020 and refers mainly to medical expenses incurred for legal obligations and for health inspections for Euro 1,700 thousand (Euro 1,937 thousand in 2020) and training costs of Euro 1,345 thousand (Euro 1,198 thousand in 2020).

The item “Miscellaneous services” increased by Euro 1,622 thousand compared to 2020 and mainly refers to charges for bank commissions of Euro 2,991 thousand (Euro 3,434 thousand in 2020) Euro 2,535 thousand (Euro 1,381 thousand in 2020) related to transport and material handling and waste disposal services.

“Professional Services” refers mainly to professional services provided by third parties in the IT, legal, corporate and engineering fields. The increase compared to 2020 is linked to the support for participation in international competitions as foreseen in the “Strategic Plan 2021 – 2025” and the Group’s business expansion programs.

The item “Security Services” decreased by Euro 2,051 thousand compared to 2020 and refers to the value transport service and security services carried out in order to combat vandalism and to guarantee the safety of passengers on board vehicles. The decrease in the year is due to the lower activities of the Danish subsidiary Metro Service A/S, which more than offset the higher costs incurred by the Parent Company for collection and transport services values that occurred in the face of the resumption of revenue from travel tickets.

### 34. Operating lease costs

	2021	2020
Rental charges	331	202
Vehicle hire	548	451
Plant and equipment hire	1,211	1,365
<b>Total</b>	<b>2,090</b>	<b>2,018</b>

The costs incurred in 2021 are in line with those incurred in the previous year; also for the year under review, the parking area management fee for to be paid to the entrusted body – Municipality of Milan –

has not been recorded as a consequence of the lower parking revenues received during 2021 due to the suspension of the paid-parking.

### 35. Personnel expenses

	2021	2020
Wages and salaries	408,384	393,177
Social security charges	93,064	108,279
Post-employment benefits	23,683	23,126
Other costs	22,761	20,620
Personnel costs for internal work	(1,465)	(3,610)
<b>Total</b>	<b>546,427</b>	<b>541,592</b>

The “Personnel expenses” of Euro 546,427 thousand include costs incurred for wages and social security contributions, statutory provisions and pursuant to category contracts, as well as costs for holidays and deductible hours accrued but not used in the year. Overall, the item increased by Euro 4,835 thousand. The change is related, on one hand, to higher wages and salaries of Euro 15,207 thousand, and to higher charges for other costs of Euro 2,141 thousand and for defined contribution charges of Euro 557 thousand, and, on the other hand, to the lower social security contributions of Euro 15,215 thousand. In addition, in the period under review, there were lower costs for internal work of Euro 2,145 thousand.

The higher “Wages and salaries” are mainly linked to the higher salaries of the staff of the Danish subsidiary Metro Service A/S, to the increase in overtime remuneration for variable compensation (PDR, MBO), to the provision for holidays due to staff still to be used at the date of preparation of the financial statements and, finally, from the lack of recourse, in 2021, to the bilateral Public Transport Solidarity Fund to which ATM S.p.A. and NET S.r.l. had resorted to during the lockdown period in March and April 2020, which resulted in a non-recurring benefit in the previous year. In addition, in the year 2021, fewer reimbursements were made from institutions for sick days. These effects were partially offset by Euro 1,304 thousand, by lower charges linked to the non-recurring effect of the redundancy incentive program for the staff close to the maturation of retirement rights compared to the one set aside last year.

The minor “Social security contributions” are determined by the opposite effect of the minor charges linked to the non-recurring effect of the recognition noted in the 2021 financial year, in the context of the contribution payment, of the reimbursement of sickness charges for the period 2014 ÷ 2018 for Euro 17,406 thousand and the lower payment for the INAIL premium in view of a lower rate of accidents at work, partly offset by the contribution quotas relating to the higher charges for “wages and salaries”.

The costs are recognized net of capitalized personnel costs for internal works for Euro 1,465 thousand (internal costs of Euro 3,610 thousand in 2020) and refer to the share of capitalized personnel costs for extraordinary maintenance works carried out on the metropolitan train fleet and trams.

The staff as December 31, 2021 was 10,468 (10,364 on December 31, on 2020).

Type of contract	12.31.2020	Recruitment	Outputs	Other variations	12.31.2021
Managers	37	2			39
Managers	361	67	(26)	14	416
Clerks	914	71	(81)	40	944
Operational workers	9,052	597	(526)	(54)	9,069
<b>Total</b>	<b>10,364</b>	<b>737</b>	<b>(633)</b>	<b>-</b>	<b>10,468</b>

In 2021, the employment trend recorded an overall increase of 104 units: The increases in the period net of normal turnover refer, as regards the staff of the Parent Company ATM S.p.A. (+ 76 units), to the operating sectors: these include bus, tram and trolleybus drivers, station agents, security personnel. At the same time, new resources have been included in strategic structures, such as the Information Technology area, activities aimed at participating in international competitions in the public transport sector or within the scope of Smart Mobility projects. In addition, with reference to the Group companies, the recruitment was concentrated in the Italian subsidiary Rail Diagnostics S.p.A. (+ 17 units), whose increase refers to the staff hired in anticipation of the increase in the Company's activities, and in the Danish subsidiary Metro Service A/S (+8 units). The other changes refer to changes in the qualification of personnel belonging to other companies of the Group.

It should be noted that the change in the number of personnel departures concerns voluntary resignation and therefore no objective redundancies have been made during the period considered in accordance with the provisions of Law Decree No. 137/2020, cd. "Ristori Decree" and its subsequent amendments.

### 36. Other operating costs and charges

	2021	2020
Municipal taxes	5,558	5,700
Other operating charges	2,266	1,116
TPL claims Management	1,707	2,465
Contingencies	1,937	549
Taxes and duties	678	650
Reversal of doubtful debts provision	79	(549)
Accrual/(release) provisions for risks and charges	74	1,965
<b>Total</b>	<b>12,299</b>	<b>11,896</b>

The "Other operating costs and charges" show an increase of Euro 403 thousand compared to the previous year mainly due to the higher charges for "Other operating charges" for Euro 1,150 thousand and to the higher "contingencies" for Euro 1,388 thousand. The higher charges mentioned above were partially offset by the lower provisions made during 2021re in relation to the ongoing disputes, of which extensive information has been disclosed in the Management Report in the section on the "Main disputes in progress" for Euro 1,891 thousand, and the lower period charges related to the management of damage from LPT for Euro 758 thousand.

The most important cost items include:

- “*Municipal taxes*” which refer mainly to the charge for Tarsu for Euro 3,865 thousand and IMU for Euro 1,844 thousand;
- “*Other operating charges*” relate mainly to membership of associations, expenses on the endorsement of notarial documents, representation expenses, and expenses of various kinds. The capital loss recognized in the income statement for a total of Euro 12,164 thousand refers to Euro 11,906 thousand for metropolitan trains no longer used in the transport service and for which the provision for write-downs recorded in previous years was used for a portion equal to Euro 11,906 thousand as highlighted in Note 9 – “*Property, plant, and equipment*”. The residual capital loss of Euro 259 thousand refers to the sale of Euro 280 poles for which a specific provision had not been set aside;
- “*LPT claims management*” relating to Euro 1,876 thousand to the charge borne for the settlement of damages related to the movement of vehicles and Euro 192 thousand for motor vehicle practices, and Euro 1,384 thousand euros to provisions, Euro 1,745 thousand for the use of the specific provision included in the “*Provisions for risks and charges*” (Note 26);
- “*Contingencies*” for Euro 1,937 thousand refer to the settlement of a dispute between the Danish subsidiary Metro Service A/S and the Metroselskabet I/S body related to the recognition of a VAT credit on the service contract;
- “*Accrual/(release) for doubtful debt provisions*” refers to the release of provisions for bad debts for Euro 451 thousand and to provisions for Euro 530 thousand made to cover the risks on the credits recorded in the financial statements, of which Euro 291 thousand for “*Different receivables*” and Euro 199 thousand for “*Receivables from third-parties*”, Euro 32 thousand for “*receivables from parent companies*”, Euro 4 thousand for “*receivables from subsidiaries of the parent company*” and finally Euro 4 thousand for “*receivables from subsidiaries*”. Please refer to Note 19 - *Trade receivables* and Note 20 - “*Other receivables and current assets*” of these explanatory notes for the comments on the constituent elements, respectively;
- “*Accruals (releases) for risks and charges*” which refer to provisions made to adjust the “*Provisions for risks and charges*” (Note 26) following the review of the estimates and against the events of the period and considering new and more complete information than those available at the time when the original estimates were made.

During the year, credit losses for Euro 175 thousand were recognized, entirely covered by the use of the doubtful debt provisions.

### 37. Depreciation and impairment losses

	2021	2020
Depreciation - property, plant and equipment	122,801	124,667
<i>Plants and machinery</i>	109,581	111,711
<i>Buildings</i>	6,752	6,742
<i>Industrial and commercial equipment</i>	3,149	3,458
<i>Other goods</i>	3,319	2,756
Plant capital grants	(35,947)	(36,735)
Amortization - intangible assets	1,334	1,339
<i>Software Licenses</i>	1,334	1,339
Amortization right of use for leased assets	2,231	2,151
<i>Equipment</i>	73	73
<i>Buildings</i>	613	389
<i>Vehicles</i>	1,369	1,332
<i>IT equipment</i>	94	94
<i>Others</i>	82	263
Write-down of fixed assets	7,724	17,129
Write-down of impairments	(1,190)	-
<b>Total</b>	<b>96,953</b>	<b>108,551</b>

“Amortization, depreciation and impairments” for a total of Euro 96,953 thousand are charged to the year, adjusted for the portion pertaining to the year for Euro 35,947 thousand relating to the contributions received in respect of the investments made. The write-downs recorded in the period under review, for Euro 7,724 thousand, refer for Euro 4,026 thousand to the residual value of 5 trams that, in view of their technological obsolescence, are no longer used in the transport service and for the residual part equal to Euro 2,507 thousand of the portion recognized in the income statement relating to the adjustment to *fair value* in application of the revalued cost method of the properties following the appraisal which is detailed in another part of the document.

In addition, during the year, the devaluation of the “land” for Euro 1,190 thousand, on which the deposit of NET S.r.l. insists located in Monza was recorded, following the adjustment of its net book value to *the Fair value*, at the same time and for the same amount, the net book value was restored to *the fair value* of the “building” of the same deposit which had been written down in previous years.

Please refer to the Management Report for a description of the non-recurring components that affect this item.

**38. Financial income and expenses**

	2021	2020
Financial income	6,682	8,081
<i>Interest income</i>	2,063	2,337
<i>Gains on securities</i>	2,577	2,669
<i>Income from fair value adjustment</i>	1,475	2,578
<i>Others</i>	567	497
Financial expenses	(6,484)	(6,515)
<i>Interest on employee defined benefits</i>	24	(444)
<i>Interest expense on loans and bond issues</i>	(4,214)	(4,349)
<i>Other interest expenses</i>	(194)	(241)
<i>Losses on securities</i>	(334)	(424)
<i>Fair value adjustment</i>	(1,366)	(510)
<i>Impairment of financial assets</i>	59	206
<i>Others</i>	(304)	(654)
<i>Interest expense IFRS 16</i>	(155)	(99)
<b>Total</b>	<b>198</b>	<b>1,566</b>

The interest income item are composed as follows:

	2021	2020
Interest on deposits and current accounts	9	-
Interest income on securities	886	1,177
Interest on loans to associates	649	808
Interest income from parent's subsidiaries	519	352
<b>Total</b>	<b>2,063</b>	<b>2,337</b>

“*Interest income on securities*” of Euro 886 thousand euros (Euro 1,177 thousand as December 31, 2020) refers to interest on government securities and bond loans.

The “*interest on loans to associates*” of Euro 649 thousand (Euro 808 thousand as December 31, 2020) refer to interest accrued on the loans granted to Metro 5 S.p.A.

The “*interest income parent's subsidiaries*” of Euro 519 thousand (Euro 352 thousand as December 31, 2020) refers to interest accrued on the loans granted to SPV line M4 S.p.A.

“*Gains on securities*” amounting to Euro 2,577 thousand (Euro 2,669 thousand as December 31, 2020) refer to gains realized with reference to securities trading.

The “*Income from fair value adjustments*” refer to the *fair value measurement* of financial receivables from the associated company Metro 5 S.p.A. for Euro 622 thousand, Euro 21 thousand to the SED-ATM and SCCATI construction cooperatives and Euro 832 thousand for the income from the *fair value measurement* of the FVTPL designated financial instruments. It is noted that overall, the net income statement effect from the FVTPL securities was positive and amounted to Euro 109 thousand (positive in 2020 and equal to Euro 2,068 thousand).

The item “*Other*” refers mainly to the restoration, within the limits of the original purchase cost, of the value of the investment held in Movibus S.r.l to the representative value of the share of equity attributable to ATM S.p.A. for Euro 131 thousand (in the 2020 financial statements, the restoration of the value of the investment held in the associated company Movibus S.r.l. was equal to Euro 360 thousand), for Euro 404 thousand at miscellaneous income and for Euro 32 thousand at amortized cost of the designated securities HTC&S.

The “*financial expenses*” refer mainly to “*interest on employee defined benefit*” positive and equal to Euro 24 thousand, “*interest expense on loans and bond issues*” recognized under payables equal to Euro 4,214 thousand and “*losses on securities*” of Euro 334 thousand.

The “*fair value adjustments*” refer to the *fair value measurement* of financial receivables from the subsidiary of the parent company SPV Line M 4 S.p.A. for Euro 419 thousand and to the *fair value measurement charges* of the designated financial instruments FVTPL for Euro 947 thousand.

The “*interest expense*” resulting from the application of the IFRS 16 leases amounted to Euro 155 thousand.

### 39. Net result of companies valued under the Equity method

The economic effect of the valuation of the investment in Metro 5 S.p.A. with equity method was positive and amounted to Euro 3,224 thousand; the effect of the valuation of the investment in SPV M4 S.p.A. was positive and equal to Euro 149 thousand (Note 12).

### 40. Income taxes

	2021	2020
Current income taxes	2,711	3,561
<i>IRES</i>	60	137
<i>IRAP</i>	28	12
<i>Income tax Metro Service A/S</i>	2,682	3,531
<i>Income (charges) from tax consolidated</i>	(59)	(119)
Prior year taxes	115	(156)
<i>IRES</i>	34	(144)
<i>IRAP</i>	81	(12)
Deferred tax charge	3,112	17,826
<b>Total</b>	<b>5,938</b>	<b>21,231</b>

The Group has adhered to the National Tax Consolidation; it follows that the Group's taxable income is determined as the algebraic sum of the results of the individual member companies, deducted from the reported tax losses, within the limit of 80%.

The “*income from tax consolidation*” refers to the transfer to the parent company of IRES of the individual companies that have joined the tax consolidation, up to 80%.

“*Deferred tax charge*” mainly refers to the release of deferred tax credits registered against taxed risk provision. The prepaid and deferred taxes reversed to the income statement respectively amounted to Euro 4,903 thousand and Euro 1,791 thousand as detailed in Note 14 and Note 27. Prepaid taxes reversed

into the income statement refer mainly to the release of prepaid taxes on risk provisions amounting to Euro 4,382 thousand.

The table of reconciliation between the theoretical and effective taxes is given below.

THEORETICAL TAX BURDEN	ATM GROUP		
	IRES	IRAP	FOREIGN TAX
VALUE OF PRODUCTION		887,480	119,977
PRODUCTION COSTS		(911,596)	(109,515)
<b>DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION</b>		(24,116)	10,462
PERSONNEL COSTS (NOT RELEVANT FOR IRAP PURPOSES)		546,427	0
<b>PRE-TAX PROFIT/LOSS</b>	(20,071)		9,987
<b>THEORETICAL TAX RATE</b>	<b>24.00%</b>	<b>3.90%</b>	<b>22.00%</b>
<b>THEORETICAL TAX BASE</b>	<b>(20,071)</b>	<b>522,310</b>	<b>9,987</b>
<b>THEORETICAL TAX CHARGE</b>	<b>(4,817)</b>	<b>21,937</b>	<b>2,197</b>
<b>COSTS NOT ALLOWED IN DEDUCTION - NON TAXABLE REVENUE</b>	<b>IRES</b>	<b>IRAP</b>	<b>FOREIGN TAX</b>
CO-ORDINATED AND ONGOING / OCCASIONAL COLLABORATIONS	0	13	0
NON-DEDUCTIBLE TAX	705	1.814	0
PHONES	110	110	0
<b>OTHER NON-DEDUCTIBLE COSTS</b>			
- personnel	35,923	0	0
- amortisation/depreciation (Item B10)	2,791	7,367	0
- provisions not required by TUIR/L.446/97	5,124	5,006	0
- extraordinary write-downs/credit losses	1,190	1,190	0
- other non-deductible costs	6,473	6,888	0
<b>EXEMPT REVENUES</b>			
- issue/use of taxed funds	(17,679)	(17,533)	0
- personnel	(35,887)	0	0
- other exempt income	(12,574)	(8,140)	0
<b>TOTAL INCREASE ( + )</b>	<b>(13,824)</b>	<b>(3,285)</b>	<b>0</b>
<b>DEDUCTED COSTS – IRAP DIFFERENT ASSESSABLE BASE</b>	<b>IRES</b>	<b>IRAP</b>	<b>FOREIGN TAX</b>
IFRS	6,519	6,454	
INAIL		6,040	0
COSTS FOR DISABLED STAFF		21,131	0
CIRCULAR TAX AUTHORITY NO. 22/E OF 09/06/2015 AND VARIOUS		452,664	0
TAX WEDGE (CUNEO FISCALE)		1,080	0
ADDITIONAL DEDUCTION / EMPLOYMENT INCREASE		16	0
SUPER DEPRECIATION	29		
DEDUCTION OF PAYMENT FOR SUPPLEMENTARY PENSION SCHEMES	583		
ECONOMIC GROWTH HELP (ACE)	110		
PREVIOUS YEAR'S COSTS ADMITTED AS A DEDUCTION	(61)		
TAX FUND ROUNDING	(36)	(9)	0
IRES DEDUCTION FOR IRAP PAID ON T.D. STAFF COST	13		
<b>TOTAL DECREASE ( - )</b>	<b>7,157</b>	<b>487,376</b>	<b>0</b>
<b>EFFECTIVE TAX CHARGE</b>	<b>IRES</b>	<b>IRAP</b>	<b>FOREIGN TAX</b>
<b>TAXABLE ACTUAL TAX BURDEN/INCOME</b>	(39,340)	714	0
<b>EFFECTIVE TAX CHARGE</b>	<b>1</b>	<b>28</b>	<b>2,682</b>
<b>EFFECTIVE FISCAL INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EFFECTIVE TAX CHANGE RATE</b>	<b>0.00%</b>	<b>0.01%</b>	<b>26.85%</b>



#### 41. Remuneration of directors and Audit Committee Board

According to the law, the remuneration of the directors and the statutory auditors is reported, it should be noted that the amount is exposed gross of any contribution charges and ancillary charges.

	2021	2020
Directors fees	190	197
Audit Committee fees	238	238
<b>Total</b>	<b>428</b>	<b>435</b>

#### 42. Statutory Auditor fees

The fees paid by the companies of the ATM Group to the auditing firm Deloitte & Touche S.p.A. and to the Danish auditing firm Deloitte Statsautoriseret Revisionspartnerselskab for the financial year 2021 amounted to a total of Euro 510 thousand for the activities related to the statutory audit, of which Euro 193 thousand related to the fees for the audit of the financial statements of Metro Service A/S, and Euro 40 thousand for verification services aimed at issuing other certificates. Deloitte & Touche S.p.A. and the companies belonging to its network have not provided services other than auditing or certifications.

Type of services	Subject that provided the service	Recipient/ Receiver	Fees
<b>Audit</b>			<b>472</b>
<i>Statutory audit of the financial statements and the consolidated financial statements, periodic checks on the regular bookkeeping of the accounts</i>	<i>Auditor of the Parent Company</i>	<i>Parent company</i>	220
<i>Limited audit of the consolidated half-year report, prepared on a voluntary basis, of ATM Group companies from 30.06.2018 to 30.06.2025</i>	<i>Auditor of the Parent Company</i>	<i>Parent company</i>	37
<i>Statutory audit of the financial statements, periodic checks on the regular bookkeeping of accounts</i>	<i>Auditor of the Parent Company</i>	<i>Subsidiaries</i>	60
<i>Statutory audit of the financial statements</i>	<i>Network of the Parent Company's auditor</i>	<i>Subsidiary Metro Service A/S</i>	125
<i>Limited audit of the half-yearly report</i>	<i>Network of the Parent Company's auditor</i>	<i>Subsidiary Metro Service A/S</i>	30
<b>Certification Services</b>			<b>42</b>
<i>Annual and semi-annual certification of Covenants to the European Investment Bank</i>	<i>Auditor of the Parent Company</i>	<i>Parent company</i>	13
<i>Subscription of claims/certifications required by current regulations and pro tempore regulations.</i>	<i>Auditor of the Parent Company and Network of the Parent Company Auditor</i>	<i>Parent company and Subsidiaries</i>	29
<b>Total</b>			<b>514</b>

#### 43. Intercompany and related parties transactions

ATM S.p.A., as the Parent Company, carries out operations with the subsidiaries that essentially concern the provision of services and the provision and use of financial resources. The relationships are strictly

of a commercial and financial nature, so they do not include atypical and/ or unusual transactions and are regulated by contracts at conditions in line with those of the market.

ATM S.p.A. adheres to the tax consolidation together with the following subsidiaries: Citylink S.r.l., GeSAM S.r.l., International Metro Service S.r.l., NET S.r.l., Rail Diagnostics S.p.A. The contract provides, in the case of transfer of positive taxable income, that the consolidated company is debtor to the consolidating company of an amount equal to the results of the application of the IRES tax rate to the transferred taxable amount. On the other hand, in the event of a negative taxable transfer, the consolidating company will be recognized as a debtor to the consolidated company for an amount equal to the results of the IRES rate appliancance to the transferred tax loss.

ATM S.p.A. also opted to apply the application of the Group VAT system with the following subsidiaries: Citylink S.r.l., GeSAM S.r.l., NET S.r.l., Rail Diagnostics S.p.A. This agreement provides for the transfer of the monthly VAT balance to the parent company, which is therefore the only debtor company to the Tax Authority.

RECEIVABLES	Trade*	Financial	Contributions	12.31.2021
<b>- Parent</b>				
MUNICIPALITY OF MILAN	124,852		41	124,893
<b>- Associates</b>				
CO.MO. FUN&BUS S.C.A R.L.	322		6	328
METRO 5 S.P.A.	1,514	10,864		12,378
MOVIBUS S.R.L.	25			25
<b>- Other companies</b>				
FOUNDATION THEATER ALLA SCALA	17			17
SCUOLE CIVICHE MILANO	2			2
METROPOLITANA MILANESE S.P.A.	274			274
SPV M4 S.P.A. LINE	2,766	10,705		13,471
MILANOSPORT S.P.A.	1			1
MILANO RISTORAZIONE S.P.A.	3			3
AGENZIA TPL DEL BACINO CITTÀ METROPOLITANA	25			25
<b>- Other transactions with Related Parties</b>				
Coop S.E.D. ATM/S.C.C.C.T.I.		1,006		1,006
<b>Total</b>	<b>129,801</b>	<b>22,575</b>	<b>47</b>	<b>152,423</b>

\* Trade receivables from associates are expressed net of the specific bad debt provision.

PAYABLES	Trade	31.12.2021
<b>- Parent</b>		
MUNICIPALITY OF MILAN	40,612	40,612
<b>- Associated</b>		
CO.MO. FUN&BUS S.C.A R.L.	19	19
CONSORZIO SBE	21	21
METRO 5 S.P.A.	314	314
MOVIBUS S.R.L.	1,485	1,485
<b>- Other companies</b>		
METROPOLITANA MILANESE S.P.A.	647	647
SPV M4 S.P.A. LINE	416	416
<b>Total</b>	<b>43,514</b>	<b>43,514</b>

<b>INCOME STATEMENT TRANSACTIONS</b>	<b>Core Business Revenue</b>	<b>Other Revenue</b>	<b>Other Income</b>	<b>Financial Income</b>
<b>- Parent</b>				
MUNICIPALITY OF MILAN	693,067	29,145	1,085	-
<b>- Other companies</b>				
METROPOLITANA MILANESE S.P.A.	40	138	1	-
SPV LINEA M4 S.P.A.	-	3,145	-	519
<b>- Associates</b>				
CO.MO. FUN&BUS S.C.A R.L.	672	-	6	-
METRO 5 S.P.A.	22,724	597	89	649
MOVIBUS S.R.L.	-	54	283	131
CONSORZIO SBE	-	-	5	-
<b>Total</b>	<b>716,503</b>	<b>33,079</b>	<b>1,469</b>	<b>1,299</b>

<b>INCOME STATEMENT TRANSACTIONS</b>	<b>Service costs</b>	<b>Operating lease costs</b>	<b>Other operating costs and charges</b>
<b>- toward controlling people</b>			
MUNICIPALITY OF MILAN	(50)	-	(32)
<b>- Other companies</b>			
METROPOLITANA MILANESE S.P.A.	(2,142)	(11)	-
SPV LINEA M4 S.P.A.	(416)	-	-
<b>- Associated</b>			
CO.MO. FUN&BUS S.C.A R.L.	-	(164)	(4)
METRO 5 S.P.A.	-	(174)	(97)
MOVIBUS S.R.L.	(265)	-	-
SBE CONSORTIUM	-	-	(55)
<b>Total</b>	<b>(2,873)</b>	<b>(349)</b>	<b>(188)</b>

#### 44. Commitments, guarantees and potential liabilities not recognized in the Financial Statements

The item, which as December 31, 2021 has a balance of Euro 5,397,040 thousand, is composed as follows:

	12.31.2021	12.31.2020
Assets in use	5,083,839	4,984,453
Guarantees of which:	313,201	313,390
- Guarantees in favour of third parties	30,701	26,406
- Guarantees given to third parties	265,724	267,618
- Guarantees to investees	16,776	19,366
<b>Total</b>	<b>5,397,040</b>	<b>5,297,843</b>

This item includes guarantees, commitments and third-party assets held by the Group and Group assets held by third parties.

The guarantees are recognized for a value equal to that of the guarantee given or, if not determined, to the best estimate of the risk taken in consideration of the existing situation. Commitments are recognized for a value equal to the nominal value while any non-quantifiable commitments are commented on the Explanatory Note. Third-party assets held by the Group are recognized at nominal value, current market value or value derived from existing documentation depending on the type of assets.

The adequacy of the amounts recognized for commitments and guarantees in the Explanatory Note is revalued at the end of each year.

The amount of Euro 5,083,839 thousand for “*assets in use*” mainly refers to:

- Euro 4,918,513 thousand to the value of the assets in use by the Municipality of Milan for the operation of the LPT service;
- Euro 159,881 thousand for the value of on-street parking areas and parking areas in use under service contracts;
- For Euro 5,235 thousand to the materials owned by Metro 5 S.p.A. received for the maintenance activities under warranty;
- Euro 210 thousand to the value of assets in use by the Municipality of Milan (works of art).

The “*Guarantees in favour of third parties*”, equal to Euro 30,701 thousand, refer to guarantees issued in favour of third parties.

The “*The guarantees given to third parties*” of Euro 265,724 thousand refer to guarantees or securities issued by third parties in favor of the Group.

The “*Guarantees to associates and subsidiaries of the parent companies*” amounting to Euro 16,776 thousand refer to:

- For a total of Euro 12,096 thousand to the pledge registered on 106,600 shares of Metro 5 S.p.A. and to the pledge registered on 13,720 shares of SPV Linea M4 S.p.A. in favor of a pool of financial banks in the context of the related projects for the construction and management of the new M5 lines And M4;

- Euro 4,680 thousand for co-obligations and guarantees for the subsidiary Metro 5 S.p.A. and SPV Line M4 S.p.A.;

The value of contractual commitments for investment supply contracts is Euro 173,300 thousand.

#### **45. Informative on public disbursements – Article 1, paragraphs 125 to 129 of Law n.124/2017**

The amounts of contributions collected in the 2021 financial year by nature and entity are displayed below:

- CCFL contributions, paid by the Region of Lombardy through the LPT Agency for Euro 62,718 thousand, of which Euro 12,534 thousand for the year 2020 and Euro 50,183 thousand for the year 2021, before the 4% withholding tax;
- Grants for the reimbursement of sickness charges relating to annuity 2014÷2018 for Euro 12,728 thousand, paid by the Ministry of Labor;
- Euro 5,231 thousand for the implementation of interventions to ensure safety in the metro paid by the State;
- Contributions for the purchase of electric buses provided by the State, amounting to Euro 9,501 thousand;
- Contributions for the purchase of buses and trams, paid by the Lombardy Region for Euro 3,126 thousand;
- Contributions for lower tariff revenues Law Decree 104/20 art. 44, Law Decree 137/20 and DGr.9002/21 for Euro 823 thousand;
- Contributions to the Ristori Decree, Law Decree 34/2020 art. 200, paid by the State through the LPT Agency, before the 4% withholding tax, for Euro 462 thousand;
- Non-repayable contributions to cover lower tariff revenues Dgr 9002/2021 of Euro 408 thousand;
- Non-repayable contributions art. 1 Law Decree 41/2021 and 73/2021 of Euro 152 thousand;
- Non-repayable contributions, balance 2020 determines 72/2021 Bacino Agency for Euro 2,652 thousand;
- tax credit for the purchase PPE COVID-19 for Euro 74 thousand art 32 Law Decree 73/21 and Euro 24 thousand for tax credit on investments L.L./2019 for Euro 24 thousand, both offset in tax payments for the year.



## FINANCIAL POSITION OF ATM S.P.A.

	Notes	12.31.2021	12.31.2020
<b>Assets</b>			
Property, plant, and equipment	7	1,270,901,922	1,281,151,746
Intangible assets	8	2,404,396	2,365,880
Right of use for leased assets	9	7,226,910	5,765,644
Investments	10	32,903,977	32,622,687
Non-current financial assets	11	43,828,370	24,426,326
<i>Of which: Related Parties</i>	40	22,575,086	22,495,701
Deferred Tax Assets	12	47,761,374	52,986,313
Other receivables and non-current assets	13	-	-
<b>Non-current assets</b>		<b>1,405,026,949</b>	<b>1,399,318,596</b>
Inventories	14	86,711,752	84,377,683
Current financial assets	15	208,133,420	221,218,802
<i>Of which: Related Parties</i>		-	984,359
Tax receivables	16	14,097,622	17,813,115
Trade receivables	17	165,599,703	151,003,723
<i>Of which: Related Parties</i>	40	139,548,094	129,809,729
Other receivables and current assets	18	29,458,780	52,649,709
Cash and cash equivalents	19	98,507,611	112,845,502
<b>Current assets</b>		<b>602,508,888</b>	<b>639,908,534</b>
<b>Discontinued Operations</b>	20	-	-
<b>Total assets</b>		<b>2,007,535,837</b>	<b>2,039,227,130</b>

## FINANCIAL POSITION OF ATM S.P.A.

	Notes	12.31.2021	12.31.2020
<b>Equity</b>			
Share capital		700,000,000	700,000,000
Legal reserve		140,000,000	140,000,000
Other reserves		277,090,837	279,497,066
Retained earnings		-	53,868,390
(Loss)/profit for the year		(29,913,729)	(70,359,522)
<b>Total Equity</b>	<b>21</b>	<b>1,087,177,108</b>	<b>1,103,005,934</b>
<b>Liabilities</b>			
Non-current financial liabilities	22	266,442,927	276,205,131
Employee benefits	23	109,614,591	121,605,385
Provision for risks and charges	24	77,645,036	65,694,835
Deferred tax liabilities	25	50,173,102	46,311,156
<b>Non-current liabilities</b>		<b>503,875,656</b>	<b>509,816,507</b>
Current financial liabilities	22	82,282,153	65,777,249
<i>Of which: Related Parties</i>	40	18,320,367	9,424,899
Current income tax liabilities	26	-	-
Trade payables	27	220,444,511	242,025,297
<i>Of which: Related Parties</i>	40	49,189,484	32,833,824
Other payables and current liabilities	28	113,756,409	118,602,143
<i>Of which: Related Parties</i>	40	-	-
<b>Current liabilities</b>		<b>416,483,073</b>	<b>426,404,689</b>
Discontinued operations		-	-
<b>Total liabilities</b>		<b>920,358,729</b>	<b>936,221,196</b>
<b>Total equity and liabilities</b>		<b>2,007,535,837</b>	<b>2,039,227,130</b>



## INCOME STATEMENT OF ATM S.P.A.

	Notes	2021	of which related parties	2020	of which related parties
<b>Revenue and other operating income</b>					
Core Business Revenue	29	745,090,465	722,171,109	713,377,316	693,331,327
Other revenue	29	52,937,079	33,548,543	45,207,603	24,565,316
Other income	29	65,749,555	1,800,645	64,106,593	1,685,619
<b>Total revenues and other operating income</b>		<b>863,777,099</b>	<b>757,520,297</b>	<b>822,691,512</b>	<b>719,582,262</b>
<b>Operating costs and other charges</b>					
Purchases of goods and changes in inventory	30	(67,063,684)		(64,706,211)	
Service costs	31	(240,934,751)	(11,168,761)	(219,653,268)	(8,926,427)
Operating leasing costs	32	(1,838,398)	(457,046)	(1,802,380)	(594,535)
Personnel expenses	33	(478,782,001)		(477,287,154)	(30,500)
Other costs and operating charges	34	(9,828,587)	(184,845)	(11,303,940)	(86,642)
<b>Total costs and operating charges</b>		<b>(798,447,421)</b>	<b>(11,810,652)</b>	<b>(774,752,953)</b>	<b>(9,638,104)</b>
<b>Ebitda</b>		<b>65,329,678</b>		<b>47,938,559</b>	
<b>Ammortisation, depreciation and write-downs</b>					
Depreciation - Property, plant and machinery	35	(93,619,786)		(105,123,846)	
Plant capital grants		35,271,268		35,599,995	
Amortization - Intangible assets		(945,754)		(920,684)	
Depreciation of right of use for leased assets		(2,111,799)		(2,026,003)	
Write down of fixed assets		(6,533,738)		(17,129,248)	
<b>Ebit</b>		<b>(28,290,108)</b>		<b>(57,185,287)</b>	
Financial Income		8,169,120	2,846,729	12,124,028	5,284,935
Financial Expenses		(5,907,035)		(6,081,129)	(135)
<b>Financial income and expenses</b>	<b>36</b>	<b>2,262,085</b>	<b>2,846,729</b>	<b>6,042,899</b>	<b>5,284,800</b>
<b>Pre-tax result</b>		<b>(26,028,023)</b>		<b>(51,142,388)</b>	
Income taxes	37	(3,885,706)		(19,217,134)	
<b>Net (Loss)/profit of the year</b>		<b>(29,913,729)</b>		<b>(70,359,522)</b>	

## STATEMENT OF COMPREHENSIVE INCOME

	Notes	2021	of which related parties	2020	of which related parties
<b>(Loss) for the financial year</b>		<b>(29,913,729)</b>		<b>(70,359,522)</b>	
<b>Consolidated other comprehensive income statement items</b>					
<b>Items which may not be reclassified subsequently in the P&amp;L account</b>	<b>314</b>				
Revaluations of net liabilities for defined benefits	21	33,568		(10,947,913)	
Income taxes on items which may not be reclassified subsequently in the P&L account	21	(8,056)		2,627,499	
<b>Total items which may not be reclassified subsequently in the P&amp;L account</b>		<b>25,512</b>		<b>(8,320,414)</b>	
<b>Items which may be reclassified subsequently in the P&amp;L account</b>	<b>314</b>				
Valuation at fair value of properties	21	20,458,547			
Income Taxes on valuation at fair value of properties	21	(5,769,310)			
Financial Assets Held to Collect and Sale	21	(372,450)		(645,850)	
Income taxes on items which may be reclassified subsequently in the P&L account	21	(22,873)		(88,171)	
<b>Total items which may be reclassified subsequently in the P&amp;L account</b>		<b>14,293,914</b>		<b>(734,021)</b>	
<b>Total consolidated other comprehensive income statement items</b>		<b>14,319,426</b>		<b>(9,054,435)</b>	
<b>Total comprehensive profit (loss)</b>		<b>(15,594,303)</b>		<b>(79,413,957)</b>	

## STATEMENT OF CHANGES IN EQUITY OF ATM S.P.A.

Equity	12.31.2020	Allocation of Profit	Other changes	Other Comprehensive Income Items	Net Profit	12.31.2021
Share capital	700,000,000					700,000,000
Legal reserve	140,000,000					140,000,000
Other reserves	279,497,066	(16,491,132)	(234,523)	14,319,426	-	277,090,837
<i>Conferment reserve</i>	19,689,557	(16,491,132)				3,198,425
<i>Extraordinary reserve</i>	5,763,772					5,763,772
<i>Rounding reserve</i>	-		(2)			(2)
<i>FTA reserve</i>	155,710,246					155,710,246
<i>Actuarial Losses reserve</i>	(13,051,537)			25,512		(13,026,025)
<i>Property, Fair value revaluation reserve</i>	110,598,645			14,689,237		125,287,882
<i>Held to Collect and Sell reserve</i>	515,769			(395,323)		120,446
<i>OCI reserve</i>	270,614		(234,521)			36,093
Retained earnings (loss)	53,868,390	(53,868,390)				-
Net Profit / (loss) of the year	(70,359,522)	70,359,522			(29,913,729)	(29,913,729)
<b>Total Equity</b>	<b>1,103,005,934</b>	<b>-</b>	<b>(234,523)</b>	<b>14,319,426</b>	<b>(29,913,729)</b>	<b>1,087,177,108</b>

Equity	12.31.2019	Allocation of Profit	Other changes	Other Comprehensive Income Items	Net Profit	12.31.2020
Share capital	700,000,000					700,000,000
Legal reserve	140,000,000					140,000,000
Other reserves	288,687,647		(136,146)	(9,054,435)	-	279,497,066
<i>Conferment reserve</i>	19,689,557					19,689,557
<i>Extraordinary reserve</i>	5,763,772					5,763,772
<i>Rounding reserve</i>	(1)		1			-
<i>FTA reserve</i>	155,710,246					155,710,246
<i>Actuarial Losses reserve</i>	(4,731,123)			(8,320,414)		(13,051,537)
<i>Property, Fair value revaluation reserve</i>	110,598,645					110,598,645
<i>Held to Collect and Sell reserve</i>	1,249,790			(734,021)		515,769
<i>OCI reserve</i>	406,761		(136,147)			270,614
Retained earnings (loss)	52,907,983	960,407				53,868,390
Net Profit / (loss) of the year	960,407	(960,407)			(70,359,522)	(70,359,522)
<b>Total Equity</b>	<b>1,182,556,037</b>	<b>-</b>	<b>(136,146)</b>	<b>(9,054,435)</b>	<b>(70,359,522)</b>	<b>1,103,005,934</b>

## CASH FLOW STATEMENT OF ATM S.P.A.

	2021	2020
<b>A Cash flows from operating activities</b>		
<b>Net Profit/(loss) of the period</b>	<b>(29,913,729)</b>	<b>(70,359,522)</b>
Income taxes	3,885,706	19,217,134
Interest income/expense net of impairment of financial activities and dividends and interest expense as per IFRS 16	(395,756)	(1,758,914)
Dividends	(1,530,000)	(4,080,000)
(Gains)/losses on sale of assets	5,296	(87,697)
<b>1. Profit/(loss) of the year before taxes, interest, dividends and gains/(losses) from disposals</b>	<b>(27,948,483)</b>	<b>(57,068,999)</b>
<i>Non-cash adjustments not impacting working capital</i>		
Changes in provisions for risk and charges	18,040,030	4,319,766
Changes in employee benefits	1	(1)
Changes in the provision for impairment on cash and cash equivalents	31,855	(63,941)
Amortisation	87,086,048	87,994,598
Adjustments to fixed assets value	(13,924,809)	17,129,248
Adjustments to the value of equity investments	(131,290)	
Impairment on financial assets	(205,039)	(203,985)
Other changes	14,448,441	(136,146)
<i>Total non-cash adjustments</i>	<i>105,345,237</i>	<i>109,039,539</i>
<b>2. Cash flow before working capital changes</b>	<b>77,396,754</b>	<b>51,970,540</b>
<i>Change in net working capital:</i>	<i>4,042,045</i>	<i>(45,469,381)</i>
Inventories	(2,334,069)	(206,170)
trade receivables	(10,668,194)	11,763,228
intercompany trade receivables	474,687	2,084,581
other receivables	7,683,944	(1,062,745)
other receivables intercompany	(195,061)	470,533
accrued income and prepaid expenses	(969,932)	334,463
trade payables	9,670,202	(61,777,193)
Short-term payables for IFRS 16 leasing	167,565	(203,553)
intercompany trade payables	(1,331,443)	1,635,883
other payables	1,074,489	2,041,293
other payables intercompany	519,206	190,358
accrued expenses and deferred income	(49,349)	(740,069)
Payables due to shareholders for dividends	-	-
<i>Changes in assets not included in the net working capital</i>		
<b>3. Cash flow after net working capital changes</b>	<b>81,438,799</b>	<b>6,501,159</b>
<i>Other adjustments</i>	<i>(20,471,839)</i>	<i>(12,380,746)</i>
interest collected/(paid)	(3,568,983)	(2,342,829)
Interest collected/(paid) on leased assets as per IFRS 16	(148,133)	(94,578)
(Paid income taxes)	(150,000)	-
Dividends collected	1,530,000	4,080,000
(Utilisation of provision for risk and charges)	(6,089,829)	(2,815,386)
(Utilisation of provision for employee benefits)	(12,044,894)	(11,207,953)
<b>Cash flow of income management (A)</b>	<b>60,966,960</b>	<b>(5,879,587)</b>

## CASH FLOW STATEMENT OF ATM S.P.A.

	2021	2020
<b>B Cash flows from investment/divestment</b>		
<i>Property, plant &amp; equipment</i>		
(Investments)	(69,550,749)	(135,609,820)
Sales price of disposals	374,805	590,605
<i>Intangible assets</i>		
(Investments)	(984,270)	(1,004,962)
Sales price of disposals		
Increase/(decrease) in trade payables for fixed assets	(30,707,880)	18,933,160
<i>Financial fixed assets</i>		
(Investments)	(21,269,506)	(4,063,459)
Sales price of disposals	3,110,224	5,543,604
<i>Current financial assets</i>		
(Investments)	(120,390,881)	(116,693,050)
Sales price of disposals	134,416,755	144,474,221
Changes in plant capital grants	17,601,671	10,927,017
<b>Cash flow of investment/divestment activity (B)</b>	<b>(87,399,831)</b>	<b>(76,902,684)</b>
<b>C Financial flows from the financing activities</b>		
<i>Third party funds</i>		
Increase/(decrease) short-term loans to banks	15,000,000	35,000,000
Repayment of loans	(10,923,045)	(10,781,559)
Reimbursement of share capital loans on IFRS 16 leased assets	(2,202,248)	(1,658,599)
Increase/(decrease) of Cash Pooling	9,879,827	3,604,005
<i>Own funds</i>		
Paid Dividends (and advances in dividends)		
<b>Cash flows from financing activities (C)</b>	<b>11,754,534</b>	<b>26,163,847</b>
Exchange rate effect	372,301	(315,020)
Increase/(decrease) in cash and cash equivalents and current securities	<b>(14,306,036)</b>	<b>(56,933,444)</b>
<b>Cash and cash equivalents at the beginning of the year *</b>	<b>112,928,267</b>	<b>169,861,711</b>
<b>Cash and cash equivalents at year end*</b>	<b>98,622,231</b>	<b>112,928,267</b>

(\*) Gross of the provision for liquidity write-downs

## 1. General information

ATM S.p.A. (hereinafter also the “Company” or “ATM”) is a company established and domiciled in Milan and organized according to the legal order of the Italian Republic. The Company has its registered office in Milan – Foro Buonaparte, 61.

The Company manages the public transport service for urban and long-distance areas of Milan and Monza, the management of cark parks, on-street parking and towing, Area B and C, as well as the integrated maintenance of vehicles and infrastructures.

The publication of this Financial statements was authorized by the Directors on March 31, 2022 and will be submitted to the Shareholders’ Meeting for approval and subsequent filing, within the terms required by law. The Shareholders’ Meeting has the power to make changes to these Financial Statements.

Deloitte & Touche S.p.A. is responsible for the statutory audit of the accounts.

In the preparation of these Financial Statements, the same accounting principles were applied as those adopted in the preparation of the Financial Statements as December 31, 2020 were applied, supplemented by the provisions described in the paragraph “*Accounting principles, International Financial Reporting Standards and IFRIC amendments and interpretations approved by the European Union, applied by the Company since January 1, 2021*”.

## 2. Basis of Presentation of the Financial Statements

These Financial Statements for the year ended December 31, 2021 have been prepared in accordance with *the International Accounting Standards* (International Accounting Standards – IAS and International Financial Reporting Standards - IFRS) issued by *the International Accounting Standards Board* (IASB), and interpretations issued by the *International Financial Reporting Standards Interpretations Committee* (IFRIC) and *the Standing Interpretations Committee* (SIC), endorsed by the European Union pursuant to European Regulation (EC) No. 1606/2002 of July 19, 2002 and in force at the reporting date (together these standards and interpretations defined hereinafter referred to as “IAS-IFRS principles”). In particular, Law Decree no. 38 of February 28, 2005, which governs this regulation in Italy, introduced the mandatory application of the IAS-IFRS Standards for the of the separate and consolidated financial statements to the companies issuing financial instruments admitted for trading on regulated markets in any Member State of the European Union.

It should also be noted that this financial statements were prepared based on the best knowledge on the IAS-IFRS Standards and taking into account the best practice; any further orientations and interpretative updates will be reflected in subsequent years, in accordance with the provisions accounting standards.

The financial statements have been prepared on a going concern basis, in accordance with paragraphs 24 and 25 of IAS 1, since the Directors have verified that there are no financial, management, operating or other factors that could indicate critical issues regarding the Company's ability to meet its obligations in the foreseeable future and in particular in the next 12 months, taking into account the high levels of capitalization, cash and cash equivalents and access to the financial market. This assessment also takes into account what is described in the Management Report in the section “Going concern and contractual framework” and in particular with reference to the managerial determination no. 12257/2021 of the Transport and Agreement Area with the Mobility Planning and Programming Area , the continuation

of the “Contract for local public transport and related and complementary services” has been arranged, in accordance with the tender documents and the original contract.

In relation to all the above, the Board of entrusted – Municipality of Milan and ATM S.p.A. signed, on December 31, 2021, the acts of continuation relating to the following contracts:

- Local and related and complementary public transport services: Until December 31, 2023;
- Parking control service, parking management and vehicle removal service: Until December 31, 2023;
- Service for the realization and management of the Bike Sharing sustainable mobility system: Until December 31, 2022.

Subsequently, on December 31, 2021, the Board of Accredited Body – Municipality of Milan and ATM S.p.A. signed the follow-on acts relating to the following contracts:

- Management service for payment systems for access to Area C (and Area B): Until December 31, 2022;
- Maintenance and management service of SCTT systems, technologies and installations: Until June 30, 2022, with the possibility of renewal in the Municipality of Milan for a further period of six months.

In accordance with IAS 36 – “Impairment of Assets”, the Company carried out *an impairment test during preparation of its 2020 financial statements*. In fact, the COVID-19 pandemic represented a significant exogenous event to the ATM Group which made it necessary to carry out *the impairment test*, as recommended by ESMA and in accordance with the requirements of the International Standard IAS 36. During the preparation of the 2021 financial statements, the Company updated the forecasts and results of *the impairment test* which, as described later in this explanatory note, confirmed the book values of the assets of the business lines analyzed (See Note 4 below “*use of estimates*”)

A description of the ways in which the Company manages financial risks is illustrated in Note 5 below - “*Financial risk Management*”.

The Financial Statements consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flows Statement and the related Explanatory Note.

In particular, the Statement of Financial Position has been prepared in accordance with the format that shows the breakdown of “current/non-current” assets and liabilities as permitted by IAS 1. An asset/liability is classified as current when it meets one of the following criteria:

- it is expected to be realized/settled or it is expected to be sold or used in the normal operating cycle; or
- it is principally held to be traded; or
- It is expected to be realized/settled within twelve months from the reporting date.

Where none of these conditions apply, assets/liabilities are classified as non-current. The receivable and payable balances also disclose the amounts related to the relationship with related parties.

The Income Statement was prepared in accordance with the format used to classify revenues and costs by nature, indicating interim results relating to EBITDA, EBIT and profit before taxes, in order to provide a better representation of normal operating performance. The form chosen complies with

internal reporting and *business management methods*, is in line with international practice and is therefore considered more representative than the presentation by destination, providing more reliable and more performance indications for the sector. Revenue and cost items also detail the values related to the relationship with related parties. The costs and revenues to related parties are also detailed by counterparty in the table in Note 40.

The Prospectus of the other components of the statement of comprehensive income includes changes in the period during the year, generated by transactions other than those with Shareholders and based on specific IAS-IFRS Standards. The changes to “other comprehensive profits/(losses)” are presented separately from the related tax effects.

The Statement of changes in equity has been defined in accordance with IAS 1 and outlines the changes to the equity accounts:

- allocation of the consolidated result for the year;
- each item of profit and loss account, net of any tax effects which, as required by the IAS-IFRS standards, are alternatively recognized to consolidated equity (actuarial profits and losses generated by the measurement of defined benefit plans, measurement of financial assets at *fair value*) or are recognized in a reserve of net worth whose impact is therefore directly reflected in equity;
- the effect deriving from changes in accounting or introduction of new accounting standards.

The Statement of Cash Flows presents the cash flow movements during the year, classified as operating, investment and financing activities; cash flows from the operating activities are presented according to the indirect method.

The financial report also includes the Management Report which accompanies the financial statements. Moreover, in compliance with the requirements introduced by Law Decree no. 254 of December 31, 2016 implementing Directive 2014/95/EU, and in accordance with *the GRI Sustainability Reporting Standards* – published by *the Global Reporting Initiative (GRI)* – the Company has prepared the Consolidated Non-Financial Report to ensure an understanding of the Company's business and performance, its results and impact from the same product, covering the 5 relevant areas: environment, social aspects, personnel management, human rights and the fight against corruption. The Company has therefore benefited from the exemption from the provision of the Non-Financial Declaration for its business in the presence of the publication of the Consolidated Declaration. For further information, please refer to the separate document from this dossier, “*Consolidated Declaration of a Non-Financial character 2021*” also available on the website [www.atm.it](http://www.atm.it).

The Company's functional currency is the euro, which is the basis for the presentation of the Financial Statements, representing the currency of the country in which the Company operates; the Financial Statements and all amounts included in the tables in the Notes to the Financial Statements, unless otherwise indicated, are expressed in units of euro.

The financial statements were prepared applying the historical cost method, taking in consideration, where appropriate, value adjustments, with the exception of financial statements accounts which, according to IAS-IFRS principles, must be recognized at *fair value*, as indicated in the accounting policies and without prejudice to cases in which the IAS-IFRS standards permit a different valuation criteria and this alternative criteria to the cost has been adopted (in this case, the valuation of the real estate portfolio at fair value).



No events occurred after the end of the financial year that modify conditions already existing at the financial statement date and require changes in the values of assets and liabilities and in the economic result at the end of the financial year. For subsequent events at the closing date of the financial statements, for which there is no impact on the income statement, balance sheet and financial position, please refer to the specific paragraph in the Management Report.

### **3. Valuation criteria**

#### ***Property, plant, and equipment***

Property, consisting of land, warehouses and offices (excluding warehouses sold off from the production process and those for which restoration and upgrading are planned) are measured at *fair value*, which allows the value of the asset to be recalculated periodically so as to align it with its *fair value* at the date of recalculation, net of accumulated depreciation and any impairment losses.

For the determination and updating of the amounts at *fair value*, in particular land, deposits, offices and real estate investments, excluding warehouses which are disposed by the production process and those for which restructuring and retraining is envisaged, specific evaluation was carried out commissioned to a primary independent third-party operator experienced in *the real estate market*. The analysis carried out, in view of the use destinations to which the individual ATM S.p.A. buildings belong, showed the need to make an adjustment to *fair value* in application of the revalued cost method of the assets associated with the "land and buildings" class for 17,951 thousand euros. The effect on shareholders' equity was positive and equal to a total of euro 14,689 thousand gross of the tax effect, equal to euro 5,062 thousand while the effect on the income statement is negative and equal to euro 2,507 thousand gross of positive tax effect of euro 707 thousand. With regard to the above, information is given in Note 7 "Property, plant and equipment" and in Note 35 "Depreciation and impairment losses".

The plants and machinery are recorded at the purchase or production cost. The value is recorded net of accumulated depreciation and any impairment losses. The cost of purchase or production includes the directly incurred costs to prepare the assets for their use, as well as any dismantling and removal costs that will be incurred as a result of contractual obligations requiring the asset to be returned to its original condition.

The costs of improvement, modernization and transformation of an incremental nature of fixed assets are allocated as an asset. In particular, these improvements include the maintenance activity defined as "General Revision" or "Ongoing General Revision", which aim to bring the metropolitan and tram rolling stock back to conditions comparable to those of a newly acquired vehicle, with its substantial reconstruction commencing from the carriage structure or, for revamping interventions, including significant technological modernization/upgrading. These interventions are based on the aging, type of rolling stock, deterioration of the stock and therefore its general usage and number of journeys and distances clocked and the need for technological modernization/upgrading. The capitalization of the interventions described above relating to expansion, modernization or improvement is made only when they satisfy the requirements for being classified separately as an asset, in accordance with *the component approach*, according to which the useful life and the relative value of each component is measured separately.

The expenses incurred for maintenance and repairs of an ordinary nature are directly charged to the income statement when incurred.

Depreciation is on a straight-line basis, based on depreciation rates representative of the economic-technical life of the tangible assets. Depreciation is calculated from the moment the asset is available for use, according to the intentions of the management. Land is not depreciated.

The estimated useful lives are as follows:

	Service life years
Property, plant, and equipment	
Buildings	50
Plants and machinery	
- Line plant	
- Depot fixed plant	20
- Refueling plant	9
- Line switch plant	10
- Industrial plant	17
- Signalling plant	25
- Operating offices	17
- Substation power	17
- Localisation	17
- Magnetic-electronic ticketing	10
- Line rolling stock	
- Rail rolling stock	30
- Road rolling stock	7 ÷ 13
Industrial and commercial equipment	
- Auxiliary vehicles	5 ÷ 13
- Other equipment	5 ÷ 10
Other assets	5 ÷ 8

The useful life of tangible assets and their residual value shall be reviewed and updated, where necessary, at least at the end of each financial year.

Tangible assets are also subject to verification to identify any reductions in value annually or whenever there is an indication that the asset may have been reduced in value. Reference should be made to the contents of the following paragraph “Impairment of assets” for the criteria for determining any write downs.

The Buildings also include properties owned that are not instrumental in nature. Similarly to land, deposits and offices, real estate investments are valued at the criteria of the cost recalculated at *fair value*, a criteria that allows periodically redetermining the value of the asset to align it with *a value equal to fair value* at the revaluation date, net of accumulated depreciation and any impairment losses.

In the event of the sale of the property, the possible higher price collected with respect to the value of the property is recognized in the equity under “other reserves” which also includes the residual share of OCI attributable to the property or land transferred.

#### Intangible Fixed Assets

Intangible assets are non-monetary, identifiable and without physical substance, controllable and capable of generating future economic benefits. These items are recognized at the purchase and/or

production cost, including the costs of bringing the asset to its current use, net of accumulated amortization and any loss in value.

Amortization begins when the asset is available for use, according to the intentions of the management, and is recognized on a straight-line basis in relation to the residual possibility of use and thus over the estimated useful life of the asset.

In particular, *the cost of software license*, including expenses incurred to make *the software* ready for use, are amortized on a straight-line basis over five years, while *software programs* maintenance costs are charged to the income statement when incurred.

Intangible fixed assets with a definite useful life are tested for losses in value when there is an indication that the asset may have incurred a loss in value. Reference should be made to the paragraph below "*Impairment of assets*" for impairment criteria.

#### Assets held under lease agreements

Tangible assets held under lease contracts through which the control (*right of use*) of an asset is acquired, are recognized as assets of the Company assets through the registration of *the leased asset* in the assets with a counter-entry to a financial payable. The elements of the *leases* are the following: The identification of the asset, the right to replace it, the right to obtain substantially all the economic benefits deriving from the use of the asset and, lastly, the right to direct the use of the asset under the lease contract.

The right of use is systematically depreciated from the moment the asset is available for use, over the contractual term of the lease contract, according to Management's intentions.

The rights of use are also audited to an impairment test to identify any reductions in value annually or whenever there is an indication that the asset may have suffered a reduction in value as a result of the implementation of management conditions that make the lease contract onerous under IAS 37.

#### Investments in subsidiaries, associates and other companies

Investments in subsidiaries, associates and other enterprises are valued at the purchase cost (including the ancillary costs of direct charges), which may be reduced due to losses of value. Reference to the following paragraph "*Impairment of assets*" for the criteria to determine any write-downs.

Any positive difference, arising on acquisition from third parties, between the purchase cost and fair value of net assets acquired in an investee company is included in the carrying amount of the investment.

Investments in subsidiaries, associates and other companies are tested for impairment annually or more frequently if necessary. If there is evidence that these investments have incurred an impairment loss, the loss is recorded in the Income Statement. When the share of losses pertaining to the Company in the investment exceeds the book value of the investment and the Company has an obligation to cover such loss, the value of the investment is written down and the share of further losses is recognized as a provision for risks and charges in the liabilities in the statement of financial position. If an impairment loss is subsequently reversed, the increase in book value (up to a maximum of purchase cost) is recognized through the income statement.

Impairments of assets

- *Tangible and intangible assets with a definite useful life and investments*

At each reporting date, an assessment is made to establish whether there are indicators that tangible and intangible assets (including rights of use, the impairment of which is linked to the emergence of terms of use on the basis of an onerous contract under IAS 37) and investments may have been impaired and whether, with reference to the value of the land and buildings, *the fair value* may be different from the cost restated at *fair value* at the reference date of the assessment (i.e. including accumulated depreciation recognized between *the two fair value measurement dates*). For this purpose, both internal and external sources of information are considered. With regard to the former (internal sources) the following are considered: the obsolescence or physical impairment of the asset, any significant changes in the use of the asset and the economic performance of the asset with respect to expectations. With regard to external sources, the following are considered: the trend in market prices of assets, any technological, market or regulatory discontinuity, the trend in market interest rates or the cost of capital used to evaluate investments.

If the presence of such indicators is identified, the recoverable value of the above mentioned assets (*impairment test*) is estimated, and subsequently imputed to the income statement. The recoverable value of an asset is represented by the higher of *its fair value*, net of accessory selling costs, and its value of use, which is the present value of the estimated future cash flows for the asset. In determining the value of use, the expected future cash flows are discounted to the present value using a discount rate that reflects current market value, compared to the investment period and specific risks of the business. For an asset that does not generate largely independent cash flows, the recoverable amount is determined in relation to the cash generating unit (CGU) to which that asset belongs.

A loss of value is recognized in the income statement when the book value of the asset, or of the relative cash generating unit to which it is allocated, is higher than its recoverable value. The impairment of *the cash generating unit* is recognized as a reduction of the asset, in proportion to its book value and within the limits of the relative recoverable value, including the rights of use. When the reasons for the write-down no longer exist, the book value of the asset is restored through the income statement, up to the value at which the asset would be recognized if no write-down had taken place or depreciation had been recognized.

See the following Note 4 “use of estimates” for a more detailed discussion of the impairment test results as December 31, 2021.

- *Land and buildings valued at cost restated at fair value*

In the *fair value determination exercise*, the positive difference between the restated fair value and the recognition value (previous recalculated *fair value* adjusted with previous amortization) is recognized in equity, while, in the event of a negative differential, it is recognized in the shareholders’ equity (OCI) up to the residual value of the revaluation of *the fair value* of each property and for the part exceeding the income statement.

Financial assets

Financial assets are classified into the following three categories: (I) financial assets measured at amortized cost; (ii) financial assets measured at *fair value*, with recognition of the effects among the

other components of comprehensive income (hereinafter also FVTOCI); (iii) Financial assets measured at *fair value* with recognition of the effects in the income statement (hereinafter also FVTPL).

The initial recognition of financial assets is at *fair value*.

(i) *financial assets measured at amortized cost*

After initial recognition, financial assets that generate contractual cash flows that are representative exclusively from capital and interest payments are valued at the amortized cost if held with the purpose of collecting the contractual cash flows (so-called business model *held to collect*). According to the amortized cost method, the initial recognition value is subsequently adjusted to take into account capital repayments, any write-downs and amortization of the difference between the repayment value and the recognition value. Amortization is based on the effective internal interest rate, which represents the rate that makes the present value of the expected cash flows and the initial book value equal at the time of initial recognition. Receivables and other financial assets measured at amortized cost are presented in the balance sheet net of the relevant depreciation fund.

(ii) *Financial assets measured at fair value, with recognition of the effects among the other components of comprehensive income (hereinafter also FVTOCI)*

The financial assets representing debt instruments whose business model provides both the possibility of cashing contractual cash flows and the possibility of realizing capital gains from sale (so-called business model *held to collect and sell*), They are measured at *fair value* with effects charged to OCI (hereinafter also FVTOCI). In this case, changes in *the fair value* of the instrument are recognized in shareholders' equity, among other components of comprehensive income. The cumulative amount of changes in *fair value*, recognized in the shareholders' equity reserve that includes the other components of the comprehensive income, is reversed to the income statement when the instrument is derecognized.

(iii) *Financial assets measured at fair value with the effects recognized in Income Statement (hereinafter also FVTPL)*

A financial asset that is not measured at amortized cost or FVTOCI is measured at *fair value* against with the effects being recognized to the income statement (FVTPL); this category includes financial assets held for trading purposes as well as financial assets whose cash flows have characteristics that do not meet the conditions for valuation at amortized cost or FVTOCI.

The measurement of the recoverability of financial assets not measured at *fair value* with effects on income statement is made based on the so-called Expected Credit losses.

Financial assets sold are derecognized when contractual rights associated with obtaining cash flows associated with the financial instrument expire, or are transferred to third parties.

With regard to value adjustments ("impairment"), loans and debt securities classified as Financial Assets at amortized cost, financial assets measured at fair value with impact on comprehensive income and significant off-balance-sheet exposures are the subject of value adjustments.

In this respect, these instruments are classified in stage 1, stage 2 or stage 3 according to their absolute or relative credit quality with respect to the initial supply. In particular:

- Stage 1: Includes (i) newly originated credit exposures, (ii) exposures that have not undergone a significant deterioration in credit risk with respect to the date of initial recognition, and (iii) exposures with low credit risk (“ low credit risk exemption ”).
- Stage 2: Includes credit exposures which, although not impaired, have undergone a significant deterioration in credit risk compared to the date of initial recognition.
- Stage 3: Includes impaired credit exposures. For exposures belonging to stage 1, the total value adjustments are equal to the expected loss calculated over a time horizon of up to one year. For exposures belonging to stages 2 or 3, the total value adjustments are equal to the expected loss calculated over a time horizon equal to the entire duration of the relative exposure.

The Company has developed specific models for the calculation of expected loss based on the parameters of probability of insolvency (“PD”), Loss in view of insolvency (“LGD”) and exposure at the insolvency date (“EAD”) used for regulatory purposes and to which specific corrections are made in order to ensure full consistency with accounting legislation. In this context, (“*forward looking*”) information was also included through the development of specific scenarios.

#### Inventories

The stock inventories relating to materials to be used for maintenance activities of the rolling stock - are recorded at the lowest between the purchase cost (including ancillary costs) and the net realizable value. The cost is determined according to the weighted average cost method. The net realizable value is represented by the replacement cost.

Obsolete and/or slow-return inventories are written-down in relation to its expected future utilization or future realization through the recognition of an obsolescence provision. The devaluation is eliminated in subsequent periods if the reason for the depreciation is lost.

#### Trade and other receivables

Trade and other receivables are recognized initially at *fair value* and subsequently measured according to the amortized cost method net of doubtful debt provision. When there is an indication of reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. Indicators of loss in value is verified by considering, among other, significant contractual non-compliance, significant financial difficulties and the risk of insolvency of the counterparty. Receivables are reported net of doubtful debts. When in subsequent periods the reduction in the value of the asset is confirmed, the doubtful debt provision is utilized; otherwise, where the reasons for the previous write-downs no longer exist, the value of the assets is reversed to the recoverable amount derived from applying the amortized cost method had the write-down had been made.

#### Cash and cash equivalents

Cash and cash equivalents include cash, available bank deposits, other short-term forms of investment, due within three months. Cash and cash equivalents are recognized at *fair value*.

#### Financial liabilities

Loans, trade payables and other financial liabilities are initially recognized at *fair value*, net of directly allocated accessory costs, and subsequently recognized at amortized cost, using the effective interest rate criterion. When there is a change in the estimate of expected cash flows, the value of liabilities is recalculated to reflect this change based on the present value of the new expected cash flows and the

actual internal rate initially determined. Loans, trade payables and other financial liabilities are classified as current liabilities, except where the contractual maturity is beyond 12 months compared to the reporting date and when the Group has an unconditional right to defer their payment for 12 months after the reporting date. Loans, trade payables and other financial liabilities are derecognized from the financial statements when they are settled and when the company has transferred all risks and charges related to the instrument.

#### Employee benefits

The Company has both defined contribution plans and defined benefit plans.

Third party fund operators, in relation to which there is no legal or other obligation to pay further contributions where the fund does not have sufficient assets to meet the obligations to the employees. For the defined contribution plans, the Company pays contributions, voluntary or established contractually, to public and private pension funds. The contributions are recognized as personnel expense in accordance with the accruals principle. Advance contributions are recorded as an asset that will be reimbursed or made to offset future payments, if they are due.

A defined benefit plan is a plan that cannot be classified as a defined contribution plan. In the defined benefit plans, the amount of benefit to be paid to the employee is quantifiable only after the termination of the employment relationship, and is linked to one or more factors such as age, years of service and remuneration. The obligations for defined benefit plans are therefore determined by an independent actuary using the “*projected unit credit method*”. The present value of the defined benefit plan is determined by discounting future cash flows at an interest rate equal to the obligations (high-quality corporate) issued in the currency in which the liability will be settled and taking into account the duration of the relevant pension plan. The profits and losses arising from the actuarial calculation are entirely recognized under equity in the year, in the reference period, taking into account the relative deferred tax effect.

In particular, it should be noted that the company operates a defined benefit plan, represented by the Employment Termination Indemnities (“TFR”). The TFR is obligatory for Italian companies under Art. 2120 of the Civil Code; it is a form of deferred remuneration and is related to the duration of the employment service and to the remuneration received during the period of service provided. From January 1, 2007, Law No 296 of December 27, 2006 (“Financial Law 2007”) and subsequent decrees and regulations introduced significant changes to the TFR framework. This includes the choice of the employee as to allocate maturing benefits to supplementary pension funds or the “Treasury Fund” managed by the INPS. Therefore, the obligations with INPS and the complementary pension contributions, in accordance with IAS 19 “Employee Benefits” are considered defined contribution plans, while the amounts recognized in the Employee Termination Indemnities as January 1, 2007 are considered defined benefit plans.

#### Provisions for risks and charges

Provisions for risks and charges are recognized to cover known or likely losses or liabilities, the timing and extent of which are not known with certainty at the reporting date. They are recognized only when there exists a current obligation (legal or implicit) for a future payment resulting from past events and it is probable that the obligation will be settled. This amount represents the best estimate of the costs required to settle the obligation. If the financial effect of the period is significant and the payment dates of the obligations can be reliably estimated, the provisions are valued at the present value of the expected payment, utilizing a rate, which reflects market conditions, the change in the cost of money in the period,

and the specific risk related to the obligation. The increase in the value of the provision from changes in the cost of money in the period is recognized as interest expense.

Possible risks that may result in a liability are disclosed in the notes on potential liabilities without any provision.

#### Revenue recognition

Revenues are recognized for the amount equal to *the fair value* of the consideration received or to be received, to the extent that the economic benefits flow to the Company and are determined reliably.

The fee for Service Contracts relating to local public transport services is recognized in the income statement based on the temporal competence of the distances and sections carried out in the reference year, net of penalties, discounts, allowances and premiums, as well as taxes connected.

The revenues from services (in particular, on-street parking, car parking, vehicle tow removing) are recognized at the completion of the service, sales revenue are recognized on the transfer of the risks and rewards related to the goods sold.

Rental Income for commercial spaces, advertising and sponsorship are recognized in the period they mature, according to the contractual agreements underwritten.

#### Public Grants

Public grants, in the presence of a formal resolution, are recognized on an accrual basis in direct correlation with the costs incurred. In the event of uncertainty on their allocation, they are recognized in accordance with the cash criteria in the year in which they are received.

- Capital Grants

Public grants relate to sums paid for the acquisition of rolling stock or direct construction interventions, reconstruction and expansion of Property, plant, and equipment. The capital grants are recognized as a direct reduction of the assets to which they refer and contribute to the reduction in the calculation of the depreciation.

- Operating Grants

Operating grants refer to sums received from the Municipality of Milan or other public Entities by the company as a reduction of costs and charges incurred. Operating grants are allocated to the account "*Other Income*" as an income item in the income statement.

#### Recognition of costs

Costs are recognized when relating to assets or services acquired or consumed in the year or by systematic breakdown.

#### Dividends

They are recognized in the income statement when the right of the shareholders' to receive the payment arises, which normally occurs at the shareholders' meeting for the distribution of dividends.



### Financial income

Financial income is recognized by competence and includes interest income on the financial assets invested, gains on the sale of financial assets and foreign currency gains. Interest income is recognized in the income statement at the time of maturity, considering the effective yield.

### Financial charges

Financial expenses are recognized by competence and include interest on financial payables calculated using the effective interest method, losses on the sale of financial assets and currency losses.

### Income taxes

Current Income taxes are calculated on the basis of taxable income for the period, applying the tax rates in force at the balance sheet date. Deferred taxes are calculated against all differences between the taxable amount of an asset or liability and its book amount.

Deferred taxes are recognized only for those amounts for which it is probable there will be future taxable income to recover the amounts. The deferred taxes are calculated utilizing the tax rates which are expected to be applied in years when the temporary differences will be realized or settled. The recovery of the deferred tax asset is reviewed at each reporting date. Deferred tax assets not recognized in the financial statements are reanalyzed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred taxes are recognized in the income statement, except those relating to accounts directly credited or debited to equity, in which case the fiscal effect is recognized directly to equity and to the consolidated comprehensive statement of income. Income taxes are offset when applied by the same fiscal authority, there is a legal right of offsetting and the payment of the net balance is expected.

The Company applies the National Tax Consolidation of the ATM Group as the consolidating company; this allows the IRES to be determined on the algebraic sum of the taxable amount of the individual participants. The economic relations, responsibilities and reciprocal obligations between the consolidating company (ATM S.p.A.) and the companies of the ATM Group within the National Tax Consolidation are defined in the *“Agreement concerning the joint exercise of the option for national consolidated by the companies belonging to the ATM Group”*.

The IRAP is determined exclusively with reference to the Company.

Other taxes not related to income, such as taxes on property, are included under *“Other operating costs and charges.”*

### Conversion of Accounts in Foreign Currencies

Transactions in currencies other than functional currency are recognized at the exchange rate in place at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the euro are subsequently adjusted to the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in currencies other than the euro are recorded at the historical cost utilizing the exchange rate on the date of initial recognition of the transaction. Any emerging exchange-rate differences are reflected in the income statement.

Accounting standards, International Financial Reporting Standards and IFRIC amendments and interpretations approved by the European Union, applied by the Company from January 1, 2021.

The following Accounting Standards, International Financial Reporting Standards amendments and interpretations were applied for the first time by the Company from January 1, 2021:

- On May 28, 2020, the IASB published an amendment called “Extension of the temporary exemption from applying International Financial Reporting Standards 9 (Amendments to International Financial Reporting Standards 4)”. The amendments allow the temporary exemption from the application of IFRS 9 to be extended until January 1, 2023 for insurance companies. At present, the directors are considering the possible effects of the introduction of this amendment on the Company’s financial statements.
- On August 27, 2020, the IASB published, in the light of the reform on interbank interest rates such as IBOR, the document “*Interest Rate Benchmark reform—phase 2*” which contains amendments to the following standards:
  - IFRS 9 “*Financial Instruments*”;
  - IAS 39 “*Financial Instruments: Recognition and Measurement*”;
  - IFRS 7 “*Financial Instruments: Disclosures*”;
  - IFRS 4 “*Insurance Contracts*”;
  - IFRS 16 “*Leases*”.

All changes entered into force on January 1, 2021. The adoption of this amendment did not affect the Company’s financial statements.

- On March 31, 2021, the IASB published an amendment called “*Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendments to IFRS 16)*” extending by one year the period of application of the amendment to IFRS 16, issued in 2020, regarding the accounting of the facilities granted, due to the COVID-19, to tenants. The amendments will apply from April 1, 2021, and early adoption is permitted. The adoption of this amendment did not affect the Company’s financial statements.

Accounting standards, amendments and interpretations International Financial Reporting Standards and IFRIC approved by the European Union, not yet mandatory and not adopted in advance by the Company as December 31, 2021

On May 14, 2020, the IASB published the following amendments:

- *Amendments to International Financial Reporting Standards 3 “Business combinations”*: the purpose of the amendments is to update the reference in IFRS 3 to the revised conceptual framework, without any change to the provisions of International Financial Reporting Standards 3.
- *Amendments to IAS 16 “Property, plant and Equipment”*: the purpose of the modifications is not to allow the amount received from the sale of goods produced in the testing phase of the asset to be deducted from the cost of the tangible assets. These sales revenues and related costs will therefore be recognized in the income statement.
- *Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent assets”*: the amendment clarifies that in the estimate of the possible oneness of a contract, all costs directly attributable to the contract must be taken into account. Consequently, the assessment of the possible oneness of a contract includes not only incremental costs (such as the cost of the direct material used in the processing), but also all costs that the enterprise cannot avoid because it has entered into the contract

(such as, for example, the portion of the depreciation of the machinery used for the performance of the contract).

- *Annual improvements 2018-2020*: the changes were made to all IFRS 1 “*First-time Adoption of International Financial Reporting Standards*”, IFRS 9 “*Financial Instruments*”, IAS 41 “*Agriculture*” and illustrative Examples of IFRS 16 “*Leases*”.

All changes will take effect on January 1, 2022. The Directors do not expect a significant effect on the Company's financial statements from the adoption of these amendments.

- On May 18, 2017, the IASB published the International Financial Reporting Standards 17 – *insurance contracts*, which is intended to replace the International Financial Reporting Standards 4 – *insurance contracts principle*.

The aim of the new principle is to ensure that an entity provides relevant information that accurately represents the rights and obligations arising from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single *principle-based framework* to take into account all types of insurance contracts including reinsurance contracts that an insurer holds.

The new Standard also provides for Presentation and disclosure requirements to improve comparability between entities in this sector.

The new principle measures an insurance contract on the basis of a *General Model* or a simplified version of this, called *the Premium Allocation approach* (“PAA”).

The main features of *the General Model* are:

- estimates and assumptions of future cash flows are always current;
- the measurement reflects the time value of the money;
- the estimates provide for extensive use of market-observable information;
- there is a current and explicit measurement of risk;
- the expected profit is deferred and aggregated into groups of insurance contracts at the time of initial recognition; and,
- the expected profit is recognized during the contractual period taking into account the adjustments resulting from changes in the assumptions relating to cash flows for each group of contracts.

The PAA approach provides that, for the measurement of liability for the residual coverage of a group of insurance contracts, at the time of initial recognition, the entity provides that such liability reasonably represents an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications resulting from the application of the PAA method do not apply to the valuation of liabilities for outstanding claims, which are measured with *the General Model*. However, it is not necessary to update those cash flows if the balance to be paid or collected is expected to occur within one year of the date on which the claim occurred.

An entity shall apply the new principle to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held, and also to investment contracts with a *discretionary participation feature* (DPF).

This accounting principle is not applicable by the Company.

Accounting Standards, International Financial Reporting Standards amendments and interpretations not yet approved by the European Union

At the date of reference of this financial report, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and principles described below.

- On January 23, 2020, the IASB published an amendment called “*Amendments to IAS 1 – Presentation of Financial statements: Classification of Liabilities as Current or Non-Current*”. The purpose of the document is to clarify how to classify debts and other short-long-term liabilities. The amendments will start being applied on January 1, 2023; however, they are allowed to be applied in advance. The Directors do not expect a significant effect on the Company's financial statements from the adoption of this amendment.
- On February 12, 2021, the IASB published two amendments entitled “*Disclosure of Accounting Policies—Amendments to IAS 1 and International Financial Reporting Standards practice Statement 2*” and “*Definition of Accounting estimates—Amendments to IAS 8*”. The changes aim to improve disclosure of accounting policies in order to provide more useful information to investors and other primary users of financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from January 1, 2023, but advance application is allowed. The Directors do not expect a significant effect on the Company's financial statements from the adoption of these amendments.
- On May 7, 2021, the IASB published an amendment called “*Amendments to IAS 12 income taxes: Deposited Tax related to assets and liabilities raising from a Single Transaction*”. The document clarifies how deferred taxes on certain transactions that may generate equal amounts of assets and liabilities, such as leasing and decommissioning obligations, should be accounted for. The amendments will apply from January 1, 2023, but advance application is allowed. The Directors do not expect a significant effect on the Company's financial statements from the adoption of this amendment.
- On December 9, 2021, the IASB published an amendment called “*Amendments to International Financial Reporting Standards 17 insurance contracts: Initial Application of International Financial Reporting Standards 17 and International Financial Reporting Standards 9 – Comparative Information*”. The amendment is a transition option for comparative information on financial assets submitted at the initial date of application of IFRS 17. The amendment seeks to avoid temporary accounting misalignments between financial assets and liabilities of insurance contracts, and thus to improve the usefulness of comparative information for readers of financial statements. The amendments will apply from January 1, 2023, together with the application of the International Financial Reporting Standards 17 principle. The Directors do not expect a significant effect on the Company's financial statements from the adoption of this amendment.
- On January 30, 2014, the IASB published the *International Financial Reporting Standards 14 – Regulatory Deferral Accounts principle*, which allows only those who adopt the International Financial Reporting Standards for the first time to continue to recognize amounts relating to activities subject to “*Rate Regulation activities*” in accordance with the previous accounting principles adopted. Since the Company is not a *first-time adopter*, this principle is not applicable.

#### 4. Use of estimates

The application of the IAS-IFRS principles for the preparation of financial statements entails the making, by the directors, of accounting estimates, often based on complex and/or subjective assessments, based on past experience and assumptions considered reasonable and realistic in relation to the information known at the time of the estimate, also with the support of experts. The use of these estimates is reflected in the book value of assets and liabilities and the disclosure of assets and Contingent liabilities at the date of the financial statements, as well as the amount of income and costs in the accounting period represented. Actual results may differ from estimated results due to uncertainty characterizing assumptions and conditions on which estimates are based. For this reason, estimates and assumptions are periodically reviewed and the effects of any change are reflected in the income statement.

For a better understanding of the budget, below are the most significant estimates of the budgetary process because they involve a high use of subjective judgments, assumptions and estimates relating to issues of an uncertain nature. Changes in conditions based on judgments and assumptions could have a significant impact on subsequent results.

##### Recoverability of the value of tangible, intangible assets and investments

As already indicated, the COVID-19 pandemic continues to represent a trigger event of an exogenous nature to the Company, such as to make it necessary to carry out *an impairment test*, concerning the recoverability of the net invested capital entered in the financial statements as December 31, 2021, as previously done in the closing of the 2020 budget. In line with the previous year, *the impairment test* was carried out by considering the Company as a single *cash generating unit* (CGU) relating to “*local public transport and complementary services*” relating to the activities carried out by ATM S.p.A.

With reference to this CGU, the recoverable amount, considered as the value of use, is determined by applying an analysis that considered three alternative scenarios, with a different degree of probability of occurrence:

- The first scenario, based on the assumption of an extension of the current service contract and subsequent continuation of the concession activities following the award of the TPL tender according to three different developments: (I) perpetual renewal, (ii) renewal for a period of only 15 years and subsequent disposal of the assets and liabilities for their net carrying amount (iii) renewal for a period of 15 years plus further 15 years and subsequent disposal of the assets and liabilities for their net carrying amount. The expected future cash flows used for this scenario have been taken from the Industrial Plan 2022 – 2037 (period corresponding to the extension of the service contract or the expected renewal in continuity of concession and more detailed in the management report to which reference is made), which includes, in addition to the COVID–19 effects, prudent assumptions of trends in revenues and costs on the basis of historical trends and the introduction of certain expected effects of operating leverage efficiency that are reasonably achievable;
- Second scenario, based on the assumption of an extension of the service contract until 2023 and its interruption in the event of the award of the TPL tender by a third party. This scenario assumes the perpetual rent to the new operator of the fixed-driving rolling stock, of the installations and the sale of the buses.

- Third scenario, based on the assumption of an extension of the service contract until 2023 and its interruption in the event of the award of the TPL tender to a third party. This scenario assumes the disposal of assets and liabilities for their net carrying amount outstanding at the service contract expiration date.

In the update of *the impairment test*, the directors assumed continuity with respect to the assumptions and scenarios identified for the 2020 financial statements and determined from the Industrial Plan 2022 – 2037 (the “Industrial Plan”), built in accordance with the Group Strategic Plan 2021 – 2025 (The “Strategic Plan”), the latter approved by the advisers in the meeting of March 25, 2021. On the basis of the industrial plan and the probabilized multi-scenarios, prepared according to the expectations of the management, economic and financial projections consistent with medium to long term investment planning have been developed. These projections have been revisited on the basis of the events already recorded and of the impacts that are believed to result in the short to medium term and which by their nature are necessarily uncertain.

This procedure for determining the loss of value of tangible and intangible assets and equity investments involved in estimating the value of use – the definition of the multi-scenarios mentioned above and the use of an industrial plan which are based on a set of assumptions and assumptions relating to future events and actions of the administrative bodies and the relevant regulatory bodies of the TPL services, which will not necessarily take place.

In fact, the assumptions concerning future developments and the consequent forecast data used for the execution of *the impairment test* are characterized, given their predictive nature, by a certain degree of uncertainty and, therefore, it cannot be excluded that the occurrence of future results other than those estimated may require any adjustment of the value of tangible, intangible and financial assets entered in the balance sheet. In this context, *the sensitivity analysis* – carried out with reference both to flow discount rates, to volumes and margins, as well as to the probability of scenarios highlights possible devaluations as a function of a worsening of these variables.

It is also recalled that the post-tax WACC, which takes account of the specific risks of the asset and reflects current market assessments of the cost of money, has been used as the discount rate for the discounting of future cash flows, on the basis of a weighting between the cost of debt and the cost of equity, based on the values of comparable groups and which are subject to impairment as they operate in the same sector of activity. The WACC value thus determined was 4.42%.

On March 31, 2022, the Board of Directors approved the assumptions, scenarios and results deriving from *the impairment test* determined from the Industrial Plan 2021 – 2037 (the “Industrial Plan”), built in accordance with the Group Strategic Plan 2021 – 2025 (the “Strategic Plan”), approved by the directors in the meeting of March 25, 2021. On the basis of the industrial plan and the probable multi-scenarios, prepared according to the expectations of the management, economic and financial projections consistent with medium to long term investment planning have been developed. These projections have been revisited on the basis of the events already recorded and of the impacts that are believed to result in the short to medium term and which by their nature are necessarily uncertain.

*The impairment test* confirmed the value of the net invested capital in ATM S.p.A. financial statements’ as December 31, 2021; the *test cover* reached makes it possible to reasonably consider the aforementioned entry value recoverable even in the event of divergence of the final data with respect to the forecasts within ranges of variability confirmed by historical experience.

Cost restated to the fair value of land and buildings

The Fair Value Measurement of land and buildings used as a reference for the periodic restatement of the cost is a complex estimation process which depends on the characteristics of the property, on the identification criteria of the market parameters used for the evaluation, as well as on the methodological approach adopted in the determining the portfolio discount.

Useful life of tangible and intangible assets

Tangible and intangible assets with a defined useful life are amortized over the estimated useful life of the related assets. The economic useful life of the assets is determined by the directors at the time the asset was purchased; it is based on historical experience for similar fixed assets, market conditions and advances on future events that could have an impact on useful life. Therefore, the actual economic-technical life may differ from estimated useful life. The Company periodically evaluates technological and sector changes to update the remaining useful life. This periodic update could lead to a change in the period of Amortization and therefore also in Amortization's share of future periods. It should be noted that, at the time of the first adoption of the IAS-IFRS standards, updates were made of the useful lives relating to metropolitan and tramway rolling stock, whereas in the year 2018, a new economic and technical life of buildings subject to *fair value measurement* was defined.

It is also noted that following the carrying out of an analysis of the recoverability of the values entered in the balance sheet, with reference to the metropolitan rolling stock, consequent to the taking of action of the exit from the production cycle of some rotables for technological obsolescence, the depreciation of 5 trams no longer used in the transport service has been entered, the capital and economic effects of which are described in Note 7.

Recoverability of warehouse inventories

The valuation of the warehouse is an estimate process subject to the uncertainty of the determination of the replacement value of the components of rolling stock and of consumable material which varies over time and according to market conditions and from the conditions of use of the different types of vehicles that make up the fleet on the basis of fleet renewal plans that may vary over time.

Recoverability of deferred tax assets

Deferred tax assets are recorded in the Financial Statements, mainly related to income components with deferred tax deductibility, for an amount whose recovery in future periods is considered highly probable. Significant judgments by the Directors are required to determine the amount of prepaid taxes that can be recognized in the Financial Statements based on the timing and amount of future taxable income.

In particular, it should be noted that in this financial statements advanced taxes have been entered for income components with deferred tax deductibility for the portion that the directors consider recoverable against future taxable income assumed having a time horizon after the end of the current term of the Service Contract with The Municipality of Milan is extended until December 31, 2023.

Processes for estimating funds for risks and charges

The Company is subject to legal and tax causes as well as environmental risks that may arise from complex and difficult issues, which are subject to a different degree of uncertainty, including the facts and circumstances inherent in each cause, jurisdiction, and different applicable laws. Given the uncertainties inherent in these issues, it is difficult to predict with certainty the outlay that might arise

from such disputes. Consequently, the Directors, after having heard the opinion of their consultants and experts in legal, tax, and environmental matters, ascertain a liability against these disputes when they believe it is probable that a financial outlay will occur and when the amount of the losses that will derive from them can be reasonably estimated. This estimate involves the adoption of assumptions that depend on factors that may change over time and that could therefore have significant effects compared to the current estimates made by the directors for the preparation of the Company's financial statements. Demonstration of this uncertainty is represented by the significant impacts recorded in the 2020 financial statements due to the redefinition of certain estimates in the light of new and relevant information.

#### Factors for assessing employee benefits

Liabilities for Employee benefit are valued with an actuarial methodology that requires the use of estimates and assumptions for the determination of the value of the obligation. The estimates and assumptions inherent in the actuarial valuation concern exogenous factors such as the discount rate and subjective factors such as the rate of increase in future wages, mortality and resignation.

#### Determination of the fair value of financial assets

The fair value of certain financial assets that are not listed on asset markets is determined using valuation techniques. The Company uses valuation techniques that use inputs directly or indirectly observable from the market at the end of the financial year, related to the activities being assessed. While considering the estimates of the aforementioned fair values reasonable, possible changes in the estimation factors, on which the calculation of the above values is based, could produce different valuations.

### **5. Financial risk management**

This section summarizes the Company's policies for managing and controlling financial risks to which it is exposed:

- 1) credit risk arising from the possibility of default of a counterparty;
- 2) liquidity risk deriving from the lack of financial resources to meet short-term commitments;
- 3) risk of non-compliance *with debt covenants* and possible default;
- 4) risk arising from exposure to fluctuations in interest rates, exchange rates, fluctuations in the price of commodities and the downgrade of the credit rating on medium/long-term debt.

During the financial year 2021 – as in the previous year – the Company did not make use of derivative financial instruments to cover the effects of the aforementioned risks.

- 1) Credit risk  
Credit risk represents the Company's exposure to potential losses deriving from the non-fulfillment of the obligations assumed by commercial counterparts, mainly represented by the Municipality of Milan and its subsidiaries, as well as by financial counterparties in relation to the portfolio of financial assets, to deposits with banks and capital contributions also in the form of loans granted to investee.

In the context of risk management for the financial instruments subject to investment, the Company, in accordance with the approved policy, with the objective of preserving the capital invested in real terms, uses instruments to monitor the possible deterioration of the credit risk.



For counterparty credit risk deriving from the use of instruments, the Company adopts procedures and tools for the evaluation, selection and monitoring of counterparties on the basis of *credit standing*, (explicit ratings, Monitoring of CDS – Credit Default Swaps and Loss Given Default), continuous exposure monitoring and adoption of *stress test scenarios*.

In the management, the security of investment is privileged before liquidity and liquidity before yield. The parameters subject to continuous evaluation include the above indicators, in addition to compliance with the minimum rating thresholds defined by the policy, and the minimum size of the individual assets; the overall weighted average duration profile is also evaluated for the purpose of mitigating the sensitivity of the portfolio.

The ATM portfolio includes Cash securities, for the choice of which the rating constraints are respected, equal to at least, for the majority of the assets invested, "Investment Grade", as well as the duration and incidence of the issuer with respect to the total of the portfolio, and OICR units with a limited risk profile and broad sectoral and geographical diversification.

The Company is, moreover, exposed to credit risk in relation to financial guarantees (pledges on shares) issued in favor of lenders on *project finance operations* for the associated companies Metro 5 S.p.A. and SPV Line M4 S.p.A. The maximum exposure of the Company is equal to the value of the shares of the two project companies pledged for a total of Euro 12,095,700 as December 31, 2021.

Moreover, in accordance with the provisions of the European Securities and Markets Authority ("ESMA") and in accordance with accounting standard International Financial Reporting Standards 9, the above value contributes to the formation of total financial debt only to the extent of the related expected credit loss, or cash shortfall, that ATM as guarantor could have to bear.

The exposure to counterparty credit risk is confirmed by the findings of *the impairment analysis*, as detailed in the following section.

With regard to its business counterparts, ATM has provided itself with internal methods for the selecting and evaluation of the economic and financial reliability of customers and suppliers as well as external sources for monitoring their credit situation. The continuous monitoring of exposure to various counterparties and the implementation of appropriate mitigation actions also include the adoption of credit collection measures.

The following table illustrates credit risk of the company as December 31, 2021 compared with the balance as December 31, 2020.

	12.31.2021	12.31.2020
Non-current financial assets	43,828,370	24,426,326
<b>Non-current financial assets net of doubtful debt provision</b>	<b>43,828,370</b>	<b>24,426,326</b>
Current financial assets	208,169,512	221,489,417
Doubtful debt provision	(36,092)	(270,615)
<b>Current financial assets net of doubtful debt provision</b>	<b>208,133,420</b>	<b>221,218,802</b>
Current trade receivables	181,355,867	167,188,904
Doubtful debt provision	(15,756,164)	(16,185,181)
<b>Current trade receivable net of doubtful debt provision</b>	<b>165,599,703</b>	<b>151,003,723</b>
Other current assets and receivables	30,438,635	53,338,403
Doubtful debt provision	(979,855)	(688,694)
<b>Other receivables and current assets net of doubtful debt provision</b>	<b>29,458,780</b>	<b>52,649,709</b>
Cash and cash equivalents	98,622,231	112,928,267
Doubtful debt provision	(114,620)	(82,765)
<b>Cash and cash equivalents</b>	<b>98,507,611</b>	<b>112,845,502</b>
<b>Total exposure net of doubtful debt provision*</b>	<b>545,527,884</b>	<b>562,144,062</b>

\* The items exclude tax receivables.

The change in current financial assets and Cash and cash equivalents reflects the effect of investment dynamics and operating expenses that have absorbed liquidity, as well as resources for adjusting the rates of the loan with the European Investment Bank.

Non-current financial assets include loans and receivables from related parties and third parties; the increase in the year is due, mainly, to the advance paid to a supplier in the context of the work relating to the new signaling system for line M2, to interest accrued in the year 2021 partly offset by the proceeds received from the related company Metro 5 S.p.A.

The decrease in the doubtful debt provision is due to the dynamics related to the use and releases made during the year (for more details, see Note 17 – *Trade receivables*), the main ones of which refer to the use of the doubtful debt provision toward its controlling entity, Municipality of Milan for Euro 150,162, the provision of the fund to third-party customers for Euro 151,193 in the face of probable risks and to release it for Euro 416,872.

The following tables show the exposure to credit risk by counterparty, in absolute value and as a percentage, excluding cash and cash equivalents and equivalent means, as well as current and non-current financial assets:

	<b>12.31.2021</b>	<b>12.31.2020</b>
Receivables from subsidiaries	9,747,014	4,960,533
Receivables from tax authorities	987,639	2,509,095
Receivables from entities (State, Region, Province)	19,283,676	46,390,296
Receivables from third party customers	26,051,609	21,193,994
Receivables from associates	1,861,456	2,720,151
Receivables from other debtors	9,187,465	3,750,318
Municipality of Milan	124,852,075	121,882,599
Receivables from subsidiaries of parent companies	3,087,549	246,446
<b>Total exposure of trade receivables, current and non-current receivables</b>	<b>195,058,483</b>	<b>203,653,432</b>

	<b>Inc. %</b>	<b>Inc. %</b>
Receivables from subsidiaries	5.0%	2.4%
Receivables from tax authorities	0.5%	1.2%
Receivables from entities (State, Region, Province)	9.9%	22.8%
Receivables from third party customers	13.4%	10.4%
Receivables from associates	1.0%	1.3%
Receivables from other debtors	4.7%	1.9%
Municipality of Milan	64%	59.9%
Receivables from subsidiaries of parent companies	1.5%	0.1%
<b>Total exposure of trade receivables, from other current and non-current receivables</b>	<b>100.0%</b>	<b>100.0%</b>

It should be noted that a significant part of trade receivables and other current and non-current receivables are attributable to receivables to the Municipality of Milan, its controlling entity. The amount of the financial assets considered to be of doubtful recoverability and of a non-significant amount is covered by appropriate provisions to the doubtful debt provisions, which also takes into account the general risk of write-downs of non-expired receivables, determined on the basis of historical experience, in accordance with IFRS 9.

The following tables provide a breakdown of financial assets as December 31, 2021 and as December 31, 2020, net of the doubtful debt provision, grouped by overdue and excluding cash and cash equivalents, as well as current and non-current financial assets:

	12.31.2021	Not expired	0-180	180-360	360-720	over 720
Receivables from subsidiaries (gross)	9,747,014	9,660,194	-	57,889	21,879	7,052
<b>Receivables from subsidiaries (net)</b>	<b>9,747,014</b>	<b>9,660,194</b>	-	<b>57,889</b>	<b>21,879</b>	<b>7,052</b>
Receivables from tax authorities gross)	987,639	891,639	-	96,000	-	-
<b>Receivables from tax authorities (Net)</b>	<b>987,639</b>	<b>891,639</b>	-	<b>96,000</b>	-	-
Receivables from entities (gross)	19,283,676	19,251,176	-	-	-	32,500
<b>Receivables from entities (Net)</b>	<b>19,283,676</b>	<b>19,251,176</b>	-	-	-	<b>32,500</b>
Receivables from third party customers (gross)	38,874,698	11,476,465	6,419,581	7,243,279	1,662,999	12,072,374
Doubtful debt provision	(12,823,089)	(150,862)	(312,742)	(193,098)	(94,014)	(12,072,374)
<b>Receivables from third party customers (Net)</b>	<b>26,051,609</b>	<b>11,325,603</b>	<b>6,106,840</b>	<b>7,050,181</b>	<b>1,568,986</b>	-
Receivables from associates (gross)	1,871,829	1,811,736	45,091	-	3,814	11,188
Doubtful debt provision	(10,373)	(1,474)	(8,899)	-	-	-
<b>Receivables from associates (Net)</b>	<b>1,861,456</b>	<b>1,810,262</b>	<b>36,192</b>	-	<b>3,814</b>	<b>11,188</b>
Receivables from other debtors (gross)	10,167,320	9,187,465	291,161	-	207,224	481,470
Doubtful debt provision	(979,855)	-	(291,161)	-	(207,224)	(481,470)
<b>Receivables from other debtors (Net)</b>	<b>9,187,465</b>	<b>9,187,465</b>	-	-	-	-
Municipality of Milan (gross)	127,770,377	47,730,981	42,478,747	14,978,914	8,474,547	14,107,188
Doubtful debt provision	(2,918,302)	(41,280)	(100,565)	(19,772)	(1,590)	(2,755,095)
<b>Municipality of Milan (Net)</b>	<b>124,852,075</b>	<b>47,689,701</b>	<b>42,378,182</b>	<b>14,959,142</b>	<b>8,472,957</b>	<b>11,352,093</b>
Receivables from subsidiaries of parent companies (gross)	3,091,949	2,833,894	43,164	140,916	24,666	49,309
Doubtful debt provision	(4,400)	(4,059)	(56)	(186)	(33)	(66)
<b>Receivables from subsidiaries of parent companies (Net)</b>	<b>3,087,549</b>	<b>2,829,835</b>	<b>43,107</b>	<b>140,730</b>	<b>24,633</b>	<b>49,244</b>
<b>Total exposure of trade receivables, current and non-current receivables net of doubtful debt provision</b>	<b>195,058,483</b>	<b>102,645,876</b>	<b>48,564,321</b>	<b>22,303,941</b>	<b>10,092,269</b>	<b>11,452,076</b>

	12.31.2020	Not expired	0-180	180-360	360-720	over 720
Receivables from subsidiaries (gross)	4,960,533	4,931,602	-	22,964	5,967	-
Doubtful debt provision	-	-	-	-	-	-
<b>Receivables from subsidiaries (Net)</b>	<b>4,960,533</b>	<b>4,931,602</b>	<b>-</b>	<b>22,964</b>	<b>5,967</b>	<b>-</b>
Receivables from tax authorities (gross)	2,509,095	2,509,095	-	-	-	-
Doubtful debt provision	-	-	-	-	-	-
<b>Receivables from tax authorities (Net)</b>	<b>2,509,095</b>	<b>2,509,095</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Receivables from entities (gross)	46,390,296	46,390,296	-	-	-	-
Doubtful debt provision	-	-	-	-	-	-
<b>Receivables from entities (Net)</b>	<b>46,390,296</b>	<b>46,390,296</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Receivables from third party customers (gross)	34,307,665	15,412,377	6,070,434	550,776	374,268	11,899,810
Doubtful debt provision	(13,113,671)	(524,580)	(128,345)	(223,344)	(374,268)	(11,863,134)
<b>Receivables from third party customers (Net)</b>	<b>21,193,994</b>	<b>14,887,797</b>	<b>5,942,089</b>	<b>327,432</b>	<b>-</b>	<b>36,675</b>
Receivables from associates (gross)	2,729,050	2,553,806	122,481	(116,185)	168,948	-
Doubtful debt provision	(8,899)	(7,727)	(775)	92	(490)	-
<b>Receivables from associates (Net)</b>	<b>2,720,151</b>	<b>2,546,080</b>	<b>121,706</b>	<b>(116,093)</b>	<b>168,458</b>	<b>-</b>
Receivables from other debtors (gross)	4,439,012	3,750,318	-	207,224	-	481,470
Doubtful debt provision	(688,694)	-	-	(207,224)	-	(481,470)
<b>Receivables from other debtors (Net)</b>	<b>3,750,318</b>	<b>3,750,318</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Municipality of Milan (gross)	124,944,887	36,587,152	57,235,922	8,405,957	9,690,135	13,025,721
Doubtful debt provision	(3,062,287)	(66,939)	(75,552)	(11,096)	(9,076)	(2,899,624)
<b>Municipality of Milan (Net)</b>	<b>121,882,599</b>	<b>36,520,212</b>	<b>57,160,370</b>	<b>8,394,861</b>	<b>9,681,059</b>	<b>10,126,097</b>
Receivables from subsidiaries of parent companies (gross)	246,769	29,642	86,783	47,897	39,495	42,954
Doubtful debt provision	(323)	(36)	(115)	(63)	(52)	(57)
<b>Receivables from subsidiaries of parent companies (Net)</b>	<b>246,446</b>	<b>29,606</b>	<b>86,668</b>	<b>47,833</b>	<b>39,443</b>	<b>42,897</b>
<b>Total exposure of trade receivables, current and non-current receivables net of doubtful debt provision</b>	<b>203,653,432</b>	<b>111,565,006</b>	<b>63,310,833</b>	<b>8,676,997</b>	<b>9,894,927</b>	<b>10,205,669</b>

During the year, the write-down provisions were adjusted according to the risk recognized for each type of credit. Please refer to the comment sections of the explanatory note for details regarding the handling of funds.

#### Impairment of financial assets

At each balance sheet date, financial assets other than those measured at *fair value* with impact to income statement (FVTPL) and securities classified to FVTOCI shall be subject to an assessment to identify a change in credit risk, in order to insert this change in the estimate of the expected credit loss ("ECL"). The ECL quantification of each financial instrument entered is based on financial parameters provided by primary market providers. A similar analysis is also carried out for current

and cash balances, trade receivables, commitments to lend to third parties, and for guarantees that fall within the scope of subjects to impairment pursuant to IFRS 9.

IFRS 9 requires the valuation of the provision correlated to the presumable reduction in the value of financial assets using a classification in three categories (stage allocation) based on the degree of deterioration of creditworthiness. The measurement of the expected loss for financial assets depends on the debtor's credit risk on the first reporting date, and on the change in the same observed between the initial recognition and the balance sheet date. In detail:

- in Stage 1, financial assets that have not undergone a significant deterioration in creditworthiness with respect that found at the time of initial recognition in the Financial Statements; financial assets impaired upon purchase are an exception. For the purposes of classification, the maintenance of the “investment grade” status, as defined by the ECB accredited rating agencies, constitutes a discriminating element. On the exposures included in this category, the Company quantifies the provision to the provision to cover losses to an extent equal to the expected credit losses resulting from a possible event of default in the following 12 months (12-months expected credit loss - ECL);
- in Stage 2, financial assets for which there has been a significant increase in credit risk with respect to the date of initial recognition are classified. Financial assets are considered, however, performing but their quality is lower than that of Stage 1. On the exposures included in this category, the Company evaluates the provision to the fund for an amount equal to the expected losses over the entire life of the financial instrument (expected losses on residual life - lifetime expected credit loss - ECL, taking into account potential future income);
- in Stage 3, are classified the financial assets “impaired”, assets for which a loss event has occurred which definitively deteriorates the creditworthiness. Similarly to the assets classified in Stage 2, the Company assesses the provision to the fund for an amount equal to the losses expected over the entire life of the financial instrument (*expected losses on the residual life - lifetime expected credit loss* – ECL, but no longer considering future income from the financial instrument).

The following table shows the ECL (“*expected Credit Loss*”) values as December 31, 2021 and December 31, 2020:

	12.31.2021	Expected Credit Loss		
		Stage 1 - 12m ECL	Stage 2 - ECL Lifetime	Stage 3 - ECL Lifetime
Cash and cash equivalents	114,619	114,619		
Financial assets held to collect & Sell	36,092	36,092		
Financial guarantees	16	16		
Trade receivables	15,756	15,756		
Other receivables	980	980		
<b>Total</b>	<b>166,463</b>	<b>166,463</b>		

	12.31.2020	Expected Credit Loss		
		Stage 1 - 12m ECL	Stage 2 - ECL Lifetime	Stage 3 - ECL Lifetime
Cash and cash equivalents	82,766	82,766		
Financial assets held to collect & Sell	270,615	270,615		
Loan commitments	2	2		
Financial guarantees	15	15		
Tax receivables	16,185	16,185		
Other receivables	1	1		
<b>Total</b>	<b>369,584</b>	<b>369,584</b>	-	-

In consideration of the credit risk identified, all financial assets other than trade receivables fall within Stage 1, with probability of default measured at 12 months.

## 2) Liquidity risk

The liquidity risk represents the risk that the financial resources are not sufficient to meet the financial and commercial obligations in the pre-established terms and deadlines, also due to the difficulty in finding funds or liquidating assets on the market.

The Company manages the liquidity risk through the maintenance of adequate reserves, *committed lines* and has the capital capacities to obtain additional *funding*, both through access to the capital market and through resource to primary financial institutions, including supranational ones. Risk management is carried out in the first instance through continuous monitoring of expected and current cash flows and the correlation of maturity profiles of financial assets and liabilities.

The following tables provide a detail of the residual maturity of the medium-long-term financial liabilities based on non-discounted cash flows, based on the first maturity date at which the Company will be required to repay them. The amounts include both the cash flows relating to the repayment of the principal amount and the interest flows. In the case in which the interest flows are at a variable rate, the non-discounted value of the same is estimated by applying, for subsequent maturities, the last variable rate applied by the lending institution in 2021.

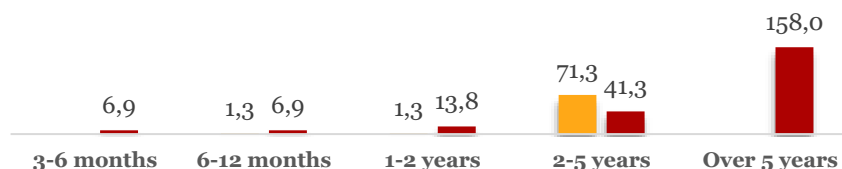
	12.31.2021	Contractual cash flows	0 -3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Bonds	70,087,204	73,937,500	-	-	1,312,500	1,312,500	71,312,500	-
Bank loans	202,630,631	226,721,461	-	6,879,379	6,879,111	13,756,193	41,254,882	157,951,896
<b>Total*</b>	<b>272,717,835</b>	<b>300,658,961</b>	<b>-</b>	<b>6,879,379</b>	<b>8,191,611</b>	<b>15,068,693</b>	<b>112,567,382</b>	<b>157,951,896</b>

\* Financial liabilities arising from the application of IFRS 16 are not included

	12.31.2020	Contractual cash flows	0 -3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Bonds	69,929,312	75,253,596	-	-	1,312,500	1,312,500	72,628,596	-
Bank Loans	220,804,727	248,259,430	-	6,897,771	14,387,497	13,787,754	41,338,831	171,847,579
<b>Total*</b>	<b>290,734,039</b>	<b>323,513,026</b>	<b>-</b>	<b>6,897,771</b>	<b>15,699,997</b>	<b>15,100,254</b>	<b>113,967,426</b>	<b>171,847,579</b>

\* Financial liabilities arising from the application of IFRS 16 are not included

### Contractual cash flow maturities 31.12.2021 (€ million)



### Contractual cash flow maturities 31.12.2020 (€ million)



The Company is able to satisfy its payment obligations both by generating cash flows from operating activities, and by using the available, wide and diversified liquidity. Cash and financial assets in the portfolio, both liquid as they are listed on regulated markets, exceed the medium/long-term debt stock, and in addition to the above, the Company can count on lines of credit committed for a total of Euro 97.5 million as December 31, 2021.

During the year, draws and repayments were made, with a balance of Euro 50 million at 12.31.2021, for the purpose of an adequate balancing of sources and short-term loans from a prudential point of view and to prevent *possible contingencies* related to the framework of uncertainty arising from the health emergency.

The capital structure as described above was the subject of a positive assessment by the FitchRatings Agency during the periodic review of the rating.



In 2021, the Company adopted a “RAF – Risk Appetite Framework” policy and the related KRIs (Key Risk Indicators) at Group level aimed at defining maximum risk assumption thresholds that do not affect the financial balance and the prospective capital strength.

3) Default risk and *debt covenants*

The default risk consists in the possibility that upon the occurrence of specific circumstances, included in the loan agreements or in the settlement of bonds, the lenders are entitled to activate contractual protections that may go as far as the early repayment of the loan, thus generating a potential liquidity risk.

As December 31, 2021, the parent company had loan agreements in place with the European Investment Bank and a bond loan in Eurobond format, whose repayment is expected to be repaid in a single installment in 2024.

The loan agreements, as well as the bond loan, in line with international practice for similar transactions, generally provide for the lender’s right to request the repayment of his credit by terminating the relationship with the debtor in advance, in all cases in which the latter is declared insolvent and/or is subject to bankruptcy proceedings, or has started a liquidation procedure or another procedure with similar effects.

In particular, the loan agreements and the regulation of the bond loan, as normally happens on the market, contain a series of typical clauses whose violation causes the issuer of the obligation to immediately repay the issued bonds. These include the main: (I) *negative pledge clauses*, as a result of which the financed company undertakes not to constitute collateral on the assets of the ATM Group in favor of new lenders, beyond a specifically identified threshold; (ii) *cross default* clauses which envisage, in the event that insolvency is declared for an obligation, the extension of the state of insolvency to all outstanding financial liabilities and *cross acceleration* clauses which entail the obligation to immediately repay the debt at occurrence of specific default events;; (iii) clauses that oblige ATM to reserve to lenders a treatment similar to that due to other unsecured creditors (*pari passu*).

Specifically:

- the loans granted by the EIB provide for the obligation to comply, for the entire duration of the loans, pre-established levels of financial ratios such as:

$$\frac{\text{Consolidated net equity}}{\text{Indebitamento del GruppGroup debito}} > 2$$

$$\frac{\text{Operating cash flows before changes in CCN}}{\text{Annual Debt Service}} > 3$$

$$\frac{\text{Real and personal guarantees given}}{\text{Consolidated net equity}} \leq 15\%$$

- the bond involves the obligation to respect for the entire duration of the debt the following financial ratio:

$$\frac{\text{Consolidated net equity}}{\text{Group debt}} > 2$$

As of 12.31.2021, as in previous years, covenants are widely respected.

ATM is also required to ensure, for the duration of the loans and the bond loan, that the debt of the Subsidiaries is less than 10% of the Group's debt. Also in this case, the parameter is widely respected since the parent company ATM, which is responsible for the management of the centralized treasury, extends its lines to the subsidiaries.

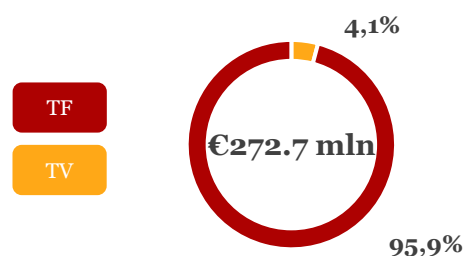
Compliance with *the covenants* is monitored by the Group every six months. At the date of approval of the financial statements, the Group is not aware of the existence of any default situation or of events that may affect the respect of *covenants in the future*.

- 4) Risk deriving from exposure to fluctuations in interest rates, exchange rates, fluctuations in the price of commodities and the downgrade of the rating on the medium/long-term debt.  
Interest rate risk

The risk of changes in interest rates is linked to fluctuations in interest rates that affect the market value of the Group's financial assets and liabilities and the level of net financial charges. In particular, the Company is exposed to fluctuations in the interest rate (mainly Euribor and IRS) on financial assets and to a marginal extent on loans payable, considering that approximately 96% of medium/long-term financial debt is indexed at a fixed rate.

The following table represents the variable rate and fixed rate of medium/long-term loans.

**Fixed and variable rate breakdown 2021 (%)**



	12.31.2021	Contractual cash flows	Current portion	1 and 2 years	2 and 5 years	over 5 years
Variable rate	11,229,980	11,552,393	717,941	715,643	2,133,233	7,985,576
Fixed rate	261,487,855	289,106,568	14,353,050	14,353,050	110,434,149	149,966,320
<b>Total *</b>	<b>272,717,835</b>	<b>300,658,961</b>	<b>15,070,990</b>	<b>15,068,693</b>	<b>112,567,382</b>	<b>157,951,896</b>

\* Financial liabilities arising from the application of IFRS 16 are not included

	12.31.2020	Contractual cash flows	Current portion	1 and 2 years	2 and 5 years	over 5 years
Variable rate	11,910,585	12,556,398	751,303	747,204	2,217,182	8,840,709
Fixed rate	278,823,454	310,957	21,846	14,353	111,750	163,007
<b>Total *</b>	<b>290,734,039</b>	<b>12,867,355</b>	<b>773,150</b>	<b>761,557</b>	<b>2,328,932</b>	<b>9,003,716</b>

\* Financial liabilities arising from the application of IFRS 16 are not included

The sensitivity analysis on financial liabilities below illustrates the effects determined on the Income Statement by a hypothetical translation of the rate curves of +50 or -50 basis points with respect to the levels applied in 2021 and 2020:

<b>2021</b>	<b>Shift + 50 bps</b>	<b>Shift - 50 bps</b>
Higher/(lower) interest expense on variable interest loans	59,510	(59,510)
<b>Total</b>	<b>59,510</b>	<b>(59,510)</b>

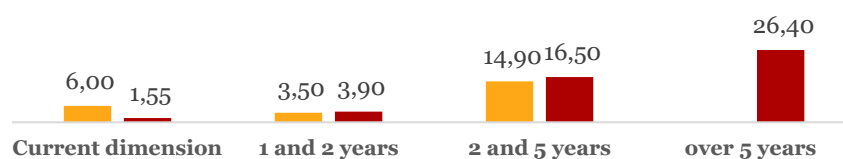
<b>2020</b>	<b>Shift + 50 bps</b>	<b>Shift - 50 bps</b>
Higher/(lower) interest expense on variable interest loans	63,136	(63,136)
<b>Total</b>	<b>63,136</b>	<b>(63,136)</b>

With reference to financial assets, the following table shows the subdivision of government bonds and corporate bonds at a fixed rate and variable rate based on the non-discounted repayment flows of the nominal value of the instruments at the respective due dates:

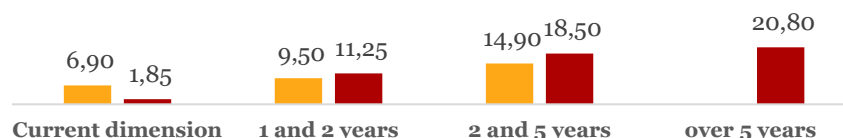
	<b>12.31.2021</b>	<b>Contractual cash flows</b>	<b>Current portion</b>	<b>1 and 2 years</b>	<b>2 and 5 years</b>	<b>over 5 years</b>
Variable rate	24,245,270	24,400,000	6,000,000	3,500,000	14,900,000	-
Fixed rate	48,552,612	48,350,000	1,550,000	3,900,000	16,500,000	26,400,000
<b>Total</b>	<b>72,797,882</b>	<b>72,750,000</b>	<b>7,550,000</b>	<b>7,400,000</b>	<b>31,400,000</b>	<b>26,400,000</b>

	<b>12.31.2020</b>	<b>Contractual cash flows</b>	<b>Current portion</b>	<b>1 and 2 years</b>	<b>2 and 5 years</b>	<b>over 5 years</b>
Variable rate	31,386,282	31,300,000	6,900,000	9,500,000	14,900,000	-
Fixed rate	52,685,608	52,400,000	1,850,000	11,250,000	18,500,000	20,800,000
<b>Total</b>	<b>84,071,890</b>	<b>83,700,000</b>	<b>8,750,000</b>	<b>20,750,000</b>	<b>33,400,000</b>	<b>20,800,000</b>

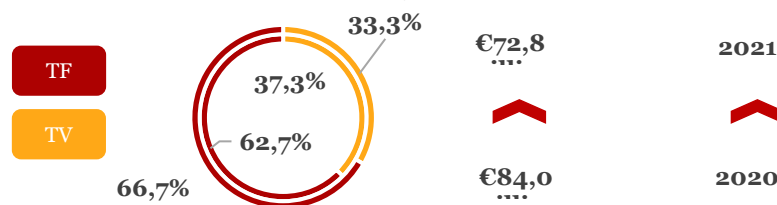
**Reimbursement of contractual cash flows  
31.12.2021 (€ million)**



**Reimbursement of contractual cash flows  
31.12.2020 (€ million)**



TF and TV breakdown by CASH securities (2021 vs 2020)



P.N.: the comparative pie chart highlights, respectively, the 2021 data externally and the 2020 data internally

To complete the analysis, the sensitivity analysis on the bond portfolio is carried out by using the modified duration of the individual securities in the portfolio as benchmark, assuming an increase of 50, 150 and 250 basis points in interest rates, respectively. The assumption of the analysis is the linear relationship between the bond prices and the relative yields.

Coupon flows have not been taken into account, given the portfolio presence of a component of floating rate indexed bonds.

	12.31.2021	Sensitivity Analysis		
		0.50%	1.50%	2.50%
Bond Securities	72,797,882	(504,321)	(2,698,607)	(4,892,893)
<b>Total</b>	<b>72,797,882</b>	<b>(504,321)</b>	<b>(2,698,607)</b>	<b>(4,892,893)</b>

	12.31.2020	Sensitivity Analysis		
		0.50%	1.50%	2.50%
Bond Securities	84,071,890	244,654	(2,017,690)	(4,280,034)
<b>Total</b>	<b>84,071,890</b>	<b>244,654</b>	<b>(2,017,690)</b>	<b>(4,280,034)</b>

As for the assets invested in OICR are subject to a parametric sensitivity against a hypothetical variation of +/- 10% of the market value as December 31, 2021.

	12.31.2021	Sensitivity Analysis	
		+10%	-10%
OICR	125,208,057	12,520,806	(12,520,806)
<b>Total</b>	<b>125,208,057</b>	<b>12,520,806</b>	<b>(12,520,806)</b>

	12.31.2020	Sensitivity Analysis	
		+10%	-10%
OICR	126,110,000	12,611,000	(12,611,000)
<b>Total</b>	<b>126,110,000</b>	<b>12,611,000</b>	<b>(12,611,000)</b>

For 2021, however, financial management ensured the preservation of the invested capital and also generated a positive return.

ATM did not put into place derivative financial instruments on “interest rates” after the end of the reporting period, nor financial derivatives on “commodities.”

### Currency risk

The Company operates in the domestic market and in Denmark; it holds financial assets denominated in foreign currency and is therefore exposed to the exchange risk deriving from fluctuations in exchange rate.

Fair Value in Euro	12.31.2021		
	USD	AUD	TRY
Bond Securities	4,470,758	-	-
<b>Total</b>	<b>4,470,758</b>	-	-

Fair Value in Euro	12.31.2020		
	USD	AUD	TRY
Bond Securities	6,074,483	-	-
<b>Total</b>	<b>6,074,483</b>	-	-

The following table details the Group’s sensitivity analysis to a hypothetical change of +10 or -10 *basis points* in the exchange rates applied to financial assets as December 31, 2021 and December 31, 2020:

	12.31.2021	
	Shift + 10 bps	Shift - 10 bps
Variation in exchange rate	(362,710)	432,961
<b>Total</b>	<b>(362,710)</b>	<b>432,961</b>

	12.31.2020	
	Shift + 10 bps	Shift - 10 bps
Variation in exchange rate	(457,726)	538,948
<b>Total</b>	<b>(457,726)</b>	<b>538,948</b>

There are no exchange risks for trade receivables and payables.

### Commodity price risk

The Company is exposed to the price risk of energy commodities, that is to say electricity and petroleum products, since supplies are affected by fluctuations in the prices of these commodities directly or through indexing formulas. Furthermore, since some contracts contain exchange rate with other currencies within the price indexing formulas, the Company is also exposed to exchange risk.

The Company's policy is aimed at minimizing the need to resort to financial markets for hedges, which are addressed only if the coverage is deemed appropriate and convenient, both for oil products and for the supply of electricity of traction.

For the latter, the Group completes the supply through tender procedures aimed at finalizing fixed price contracts. The tenders are held once a year for the following year.

The trend in baseload prices of electricity on futures trading markets and financial derivatives markets is systematically monitored in order to seize market opportunities during the year.

Downgrading of the medium/long-term debt rating

Except for the “credit linkage” with the State and the Municipality of Milan, the only shareholder, ATM constantly monitors the performance of the indicators underlying the rating assessment, as well as the evolution of the Group’s capital structure, in order to maintain the judgment assigned by the rating agency.

In line with current ESG issues and with the sustainability policies adopted by the Group, the achievement of a rating linked to sustainability factors can be assessed, also in relation to possible future openings to the capital market.

Financial assets and liabilities by category

Completing the disclosure on financial risks, the following table shows a reconciliation between financial assets and liabilities as reported in the statement of financial position and the categories of financial assets and liabilities identified based of the requirements of IFRS 7:

<b>12.31.2021</b>	<b>Financial assets and liabilities at amortized cost</b>	<b>Financial assets and liabilities at fair value</b>	<b>Non-financial assets and liabilities</b>	<b>Total</b>
Non-current financial assets	43,828,370			43,828,370
Current financial assets	10,127,481	198,005,939		208,133,420
Current trade receivables	165,599,703			165,599,703
Other current assets and receivables	29,458,780			29,458,780
Non-current financial liabilities	266,442,927			266,442,927
Current financial liabilities	82,282,153			82,282,153
Trade payables	220,444,511			220,444,511
Other payables and current liabilities	113,756,407			113,756,407

<b>12.31.2020</b>	<b>Financial assets and liabilities at amortized cost</b>	<b>Financial assets and liabilities at fair value</b>	<b>Non-financial assets and liabilities</b>	<b>Total</b>
Non-current financial assets	24,426,326			24,426,326
Current financial assets	11,036,912	210,181,890		221,218,802
Current trade receivables	151,003,723			151,003,723
Other current assets and receivables	52,649,709			52,649,709
Non-current financial liabilities	276,205,131			276,205,131
Current financial liabilities	65,777,249			65,777,249
Trade payables	242,025,297			242,025,297
Other payables and current liabilities	118,602,143			118,602,143

Determination of fair value

The fair value of financial assets and liabilities is determined in accordance with IFRS 13, which requires that these values be classified on the basis of a hierarchy of levels, which reflects the characteristics of the inputs used in determining fair value:

- Level 1: valuations made based on prices quoted on active markets for financial assets and liabilities identical to those being valued;
- Level 2: valuations made on the basis of inputs, different from the listed prices referred to in Level 1, which for the financial asset or liability are observable either directly (prices) or indirectly (price derivatives);
- Level 3: assessments that refer to parameters that cannot be observed on the market.

With reference to the above classification, valuation procedures have been carried out for the fair value of the assets and liabilities outstanding as December 31, 2021 and December 31, 2020 with reference to observable market parameters:

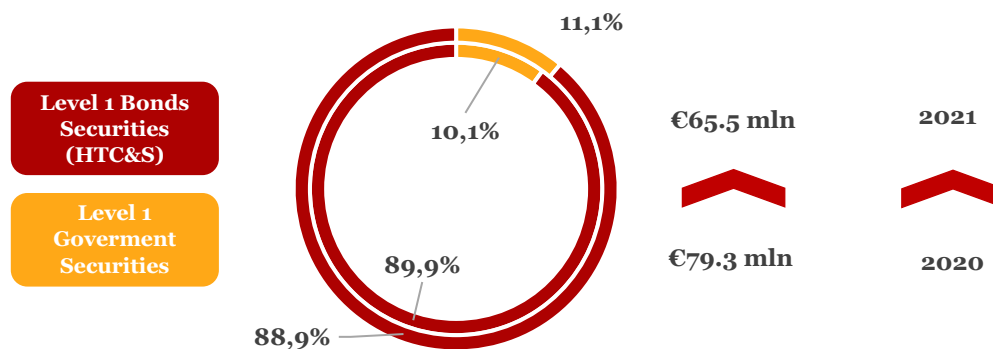
- *The fair value* of financial assets and liabilities with standard terms and conditions listed on an active market is measured with reference to prices published on the market by leading market contributors (Bloomberg info provider);
- *The fair value* of other financial assets and liabilities is measured, where the conditions exist, by applying the discounted cash flow method, using the reference values for prices recognized for recent market transactions by leading market contributors for similar instruments. In particular, for the valuation of certain investments in bond, in the absence of a regular functioning of the market, or of a sufficient and continuous number of transactions and a sufficiently low bid/offer spread, the determination of fair value is carried out with reference to specific quotations of primary contributors issued at the Group's request;
- *In the valuation of investments in OICR funds, the fair value* is determined on the basis of the NAV calculated and communicated by the relevant *fund administrator* at the reporting date. In the event that this information is not available at the date of preparation of the financial statements, the last available official communication is used, in any case not earlier than one month from the closing date of the financial statements.

The following table shows the financial assets and liabilities measured at *fair value*, and classified according to the hierarchy of levels defined above:

	12.31.2021	Fair value at the reporting date		
		Level 1	Level 2	Level 3
<b>Financial Assets HTC&amp;S</b>	<b>65,529,660</b>	<b>65,529,660</b>	-	-
Government Securities	7,262,097	7,262,097	-	-
Bond securities	58,267,563	58,267,563	-	-
<b>Other Financial Assets</b>	<b>132,476,279</b>	<b>125,389,329</b>	<b>7,086,950</b>	-
Bond securities	7,268,222	7,268,222	-	-
OICR	125,208,057	118,121,107	7,086,950	-
<b>Total</b>	<b>198,005,939</b>	<b>190,918,989</b>	<b>7,086,950</b>	-

	12.31.2020	Fair value at the reporting date		
		Level 1	Level 2	Level 3
<b>Financial Assets HTC&amp;S</b>	<b>79,256,338</b>	<b>79,256,338</b>	-	-
Government Securities	7,967,253	7,967,253	-	-
Bond securities	71,289,085	71,289,085	-	-
<b>Other Financial Assets</b>	<b>130,925,552</b>	<b>124,190,848</b>	<b>6,734,704</b>	-
Bond securities	4,815,552	4,815,552	-	-
OICR	126,110,000	119,375,296	6,734,704	-
<b>Total</b>	<b>210,181,890</b>	<b>203,447,186</b>	<b>6,734,704</b>	-

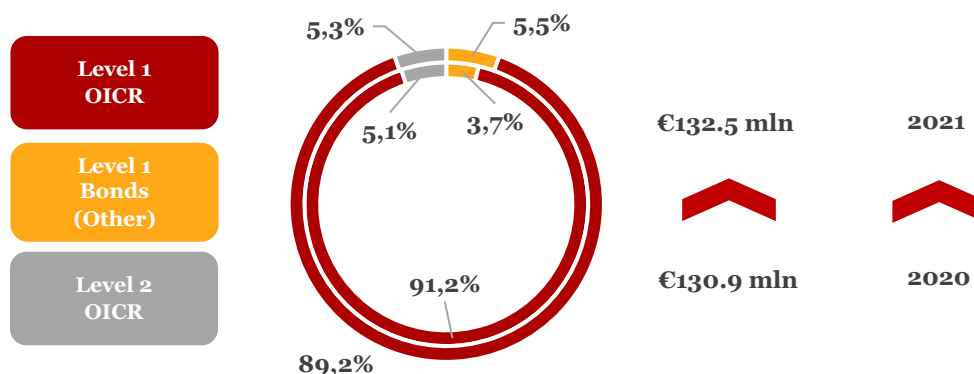
PV hierarchy for CASH scurities (2021 vs 2020)



NP.N.: the comparative pie chart highlights, respectively, the 2021 data externally and the 2020 data internally



PV Hierarchy for OICR(2021 vs 2020)



P.N.: the comparative pie chart highlights, respectively, the 2021 data externally and the 2020 data internally

In accordance with the provisions of International Financial Reporting Standards 13, the fair value of financial liabilities as December 31, 2021 and December 31, 2020, including the bond loan, measured in the balance sheet at amortized cost, is reported for information purposes:

	12.31.2021	12.31.2020
Bond	69,790,541	70,899,958
Bank loans	197,347,640	225,760,454
<b>Total</b>	<b>267,138,181</b>	<b>296,660,412</b>

## 6. Workforce

The average headcount, broken down by category, had the following changes compared to the previous year:

Type of contract	12.31.2021	12.31.2020	Changes
Executives	30	29	1
Managers	312	312	0
Clerks	781	791	(10)
Operational workers	8,364	8,255	109
<b>Total</b>	<b>9,487</b>	<b>9,387</b>	<b>100</b>

The following changes in the workforce were recorded at the end of the year:

	12.31.2020	Hire (+)	Hire (-)	Intragroup transfers	12.31.2021
Workforce	9,460	608	(531)	3	9,540

The number of staff as as December 31, 2021 was 9,540, compared with 9,460 as December 31, 2020. The net change is mainly attributable to 608 recruits and 431 outflows. The output data is in line with that of recent financial years and includes all causes related to termination of employment; Among these, the most frequent are the quiet location and the spontaneous resignation and therefore during

the period under consideration the Company did not make any objective redundancies in accordance with the provisions of D. Lgs. No. 137/2020, cd. "Ristori Decree" and its subsequent amendments.

## Notes to consolidated statement of financial position

### Assets

#### 7. Property, plant, and equipment

The value of the "Property, plant, and equipment" as December 31, 2021 amounted to Euro 1,270,901,922 net of accumulated depreciation, capital grants and accumulated write-downs.

	12.31.2021	12.31.2020
Plant and machinery	863,703,723	847,025,062
Land and buildings	371,382,774	359,752,457
Industrial and commercial equipment	10,963,587	8,939,042
Other assets	3,542,434	2,513,167
Assets in progress	21,309,404	62,922,018
<b>Total</b>	<b>1,270,901,922</b>	<b>1,281,151,746</b>

This item refers to:

- "Plant and machinery", for Euro 863,703,723 relating to line rolling stock and the transport system plant owned by the Company;
- "Land and buildings", for Euro 37,382,774 mainly related to deposits for rolling stock and office buildings. This item includes "investment property" represented by non-instrumental property, leased for commercial purposes whose net book value at December 31,2021 was Euro 11,859,374 ( Euro 12,016,984 as December 31, 2020);
- "Industrial and commercial equipment", for Euro 10,963,587 mainly related to auxiliary vehicles;
- "Other assets", for 3,542,434 euro;
- "Assets in progress", for Euro 21,309,404.

The item "Assets in progress" refers to advances paid to suppliers for supplies and investments for fixed assets which at the closing date of the financial statements have not yet been completed and entered into operation. The following are the main components:

- Fleet renewal or expansion including:
  - 20 two-way urban trams for Euro 5,034,100 and 10 two-way intercity trams for Euro 2,517,050;
  - trolleybus of 18 mt for Euro 3,844,500;
  - hybrid bus of 12 mt for Euro 1,787,940;
  - general overhaul of tramcars model "1928" for special services and "4700" for Euro 625,791;
  - service vehicles for Euro 510,656;
- Modernization of plants and infrastructures including:
  - extraordinary maintenance and expansion of company deposits, for Euro 2,721,145;
  - realization of power/charging systems for electric vehicles at the warehouses and terminal in the city for Euro 2,247,121;
  - magnetic-electronic ticketing system, for Euro 1,073,266;

- Power supply and electric traction systems for the upgrading of the M2 metro line for Euro 996,735;
- parking equipment and technological upgrade of parking meters, for Euro 785,949;
- Voltage detection system 3<sup>^</sup>-4<sup>^</sup> Rail Line M1 for Euro 347,581;
- Modernization of public information system Gobba station M2 metro line for Euro 194,675;
- Other investments including:
  - Purchase of numerically controlled milling machine for Euro 995,800;
  - purchase of pit lathe for Euro 633,910;
  - New bike-sharing stations within the project “P.O.N. Metro” for Euro 109,500;
  - other tangible fixed assets in progress for Euro 589,913.

The following table shows the movements during the year and in the previous year.

Property, plant, and equipment	Plants and machinery	Land and buildings	Industrial and commercial equipment	Other assets	Assets in progress and advances	Total
Historical cost	2,872,564,948	500,758,001	59,505,921	42,700,562	63,487,540	3,539,016,972
Accumulated depreciation	(1,560,339,110)	(122,424,979)	(50,566,879)	(37,349,512)		(1,770,680,480)
Cumulative grants	(441,053,421)	(17,411,467)		(2,837,883)	(565,522)	(461,868,293)
Cumulative impairment	(24,147,355)	(1,169,098)				(25,316,453)
<b>Net book value at 12.31.2020</b>	<b>847,025,062</b>	<b>359,752,457</b>	<b>8,939,042</b>	<b>2,513,167</b>	<b>62,922,018</b>	<b>1,281,151,746</b>
<b>Historical cost</b>						
<i>Investments and acquisitions in the year</i>					69,550,749	69,550,749
<i>Transfers to finished plant</i>	97,866,906	13,777	4,290,945	2,523,157	(104,694,785)	-
<i>Disposals, sales and reclassifications</i>	(69,303,012)		(638,734)	(84,863)		(70,026,609)
<i>Investments and acquisitions in the year</i>		17,951,128				17,951,128
<b>Accumulated Depreciation</b>						-
<i>Depreciation of the year (note 35)</i>	(107,949,622)	(6,751,879)	(2,207,678)	(2,416,184)		(119,325,363)
<i>Disposals, sales and reclassifications</i>	57,076,348		580,012	84,327		57,740,687
<b>Grants</b>						
<i>Increases</i>	(2,925,017)				(7,034,100)	(9,959,117)
<i>Amount accrued of the year (note 35)</i>	33,956,746	391,692		922,830		35,271,268
<i>Disposals, sales and reclassifications</i>	76,809				565,522	642,331
<b>Impairment</b>						
<i>Increases</i>	(4,026,319)					(4,026,319)
<i>Cumulative impairment on disposal</i>		25,600				25,600
<i>Utilizations of accumulated depreciation</i>	11,905,821					11,905,821
Historical cost	2,901,128,842	518,722,906	63,158,132	45,138,856	28,343,504	3,556,492,240
Accumulated depreciation	(1,611,212,384)	(129,176,858)	(52,194,545)	(39,681,369)		(1,832,265,156)
Cumulative grants	(409,944,883)	(17,019,775)		(1,915,053)	(7,034,100)	(435,913,811)
Cumulative impairment	(16,267,852)	(1,143,499)				(17,411,351)
<b>Net book value at 12.31.2021</b>	<b>863,703,723</b>	<b>371,382,774</b>	<b>10,963,587</b>	<b>3,542,434</b>	<b>21,309,404</b>	<b>1,270,901,922</b>

<b>Property, plant, and equipment</b>	<b>Plants and machinery</b>	<b>Land and buildings</b>	<b>Industrial and commercial equipment</b>	<b>Other assets</b>	<b>Assets in progress and advances</b>	<b>Total</b>
Historical cost	2,827,804,995	499,530,416	58,876,753	41,122,249	85,373,392	3,512,707,805
Accumulated depreciation	(1,544,724,619)	(115,682,801)	(48,794,027)	(35,228,116)	-	(1,744,429,563)
Cumulative grants	(466,060,070)	(17,803,159)	-	(3,653,114)	(19,693)	(487,536,036)
Cumulative impairment	(21,393,263)	(1,194,698)	-	-	-	(22,587,961)
<b>Net book value as at 12.31.2019</b>	<b>795,627,043</b>	<b>364,849,758</b>	<b>10,082,726</b>	<b>2,241,019</b>	<b>85,353,699</b>	<b>1,258,154,245</b>
<b>Historical cost</b>						
<i>Investments and acquisitions in the year</i>					135,609,820	135,609,820
<i>Transfers to finished plant</i>	153,059,528	1,227,585	1,405,224	1,803,335	(157,495,672)	-
<i>Disposals, sales and reclassifications</i>	(108,299,575)		(776,056)	(225,022)		(109,300,653)
<b>Accumulated Depreciation</b>						
<i>Depreciation of the year (note 35)</i>	(109,037,706)	(6,742,178)	(2,548,908)	(2,344,714)		(120,673,506)
<i>Disposals, sales and reclassifications</i>	93,423,215		776,056	223,318		94,422,589
<b>Grants</b>						
<i>Increases</i>	(8,998,969)			(399,000)	(565,522)	(9,963,491)
<i>Amount accrued of the year (note 35)</i>	33,994,072	391,692		1,214,231		35,599,995
<i>Disposals, sales and reclassifications</i>	11,546				19,693	31,239
<b>Impairment</b>						
<i>Increases</i>	(17,129,248)					(17,129,248)
<i>Cumulative impairment on disposal</i>	14,375,156					14,375,156
<i>Utilizations of accumulated depreciation</i>		25,600				25,600
Historical cost	2,872,564,948	500,758,001	59,505,921	42,700,562	63,487,540	3,539,016,972
Accumulated depreciation	(1,560,339,110)	(122,424,979)	(50,566,879)	(37,349,512)	-	(1,770,680,480)
Cumulative grants	(441,053,421)	(17,411,467)	-	(2,837,883)	(565,522)	(461,868,293)
Cumulative impairment	(24,147,355)	(1,169,098)	-	-	-	(25,316,453)
<b>Net book value as at 12.31.2020</b>	<b>847,025,062</b>	<b>359,752,457</b>	<b>8,939,042</b>	<b>2,513,167</b>	<b>62,922,018</b>	<b>1,281,151,746</b>

As illustrated in the tables above, investments were undertaken during the year relating to the item “*Property, plant, and equipment*” for Euro 69,550,749. The main investments for the year include:

- The renewal or extension of the fleet, including:
  - purchase of electric buses 12 mt, for Euro 27,849,900 of which Euro 17,321,850 financed through ministerial resources and Euro 8,138,520 financed through regional resources and purchase of minibuses 8 meters, for Euro 2,249,000;
  - Purchase of “Leonardo” trains for the M2 metro line, for Euro 4,427,642;
  - purchase of trolleybus 18 mt, for Euro 3,844,500 entirely financed through state resources;
  - general overhaul of tramcars model “1928” for special services and “4700”, for Euro 2,669,662;
  - Purchase of motor trucks and spare load-bearing trucks for Leonardo metro trains, for Euro 2,502,500;
  - purchase of hybrid buses 12 mt, for Euro 1,787,940 of which Euro 1,621,620 funded by municipal resources and Euro 133,056 funded by regional resources;

- purchase of bi-directional trams for urban service, for Euro 1,006,820, of which Euro 604,092 is funded by ministerial resources and purchase of bi-directional trams for interurban service, for Euro 503,410, of which Euro 400,009 funded by regional resources;
  - adjustment of engine and load-bearing trucks for spare passenger cars model “4900” revamping, for Euro 506,500;
  - General revision and modernization of the M3 metro line, for Euro 222,427
  - service vehicles for Euro 388,912.
- The modernization of plants and infrastructures including:
- realization of power/charging systems for electric vehicles at the deposits and terminal in the city, for Euro 4,026,483;
  - modernization and upgrading of network and computer equipment, for Euro 3,107,568;
  - extraordinary maintenance and expansion of deposits, for Euro 2,802,261;
  - Update and implementation of new functions signaling system of the M1 metro line, for Euro 2,344,188;
  - Renovation of power supply and electric traction systems for the upgrading of the M2 metro line, for Euro 1,745,996, of which Euro 900,000 funded by ministerial resources;
  - Upgrade of parking meter technology, for Euro 1,305,205
  - new equipment and software development for the magnetic - electronic ticketing system, for Euro 1,170,872, of which Euro 743,850 funded through municipal resources;
  - numerical control milling machine for armaments workshop, for Euro 995,800;
  - Equipment for overhauling train cases Metro line M5, for Euro 900,600;
  - Voltage detection system 3<sup>^</sup>-4<sup>^</sup> Rail Line M1, for Euro 620,000;
  - Pit lathe for reprofiling wheels deposit Gallarate for Euro 389,507;

During the year, assets with a historical cost of Euro 70,026,609 and an accumulated depreciation fund of Euro 57,740,687 were sold/disbarred. The capital gains realized during the period amounted to Euro 253,307, mainly related to the sale of 81 buses and a minibus owned by ATM S.p.A., as described under “*other income*” (Note 29), While the losses amounted to Euro 258,603 for the sale of 280 pallets as described under “*other operating costs and charges*” (Note 34).

In view of the disposals of metropolitan trains no longer used in the transport service, the doubtful debt provision recorded in previous years was used for an amount of Euro 11,905,821. The transaction did not have any effect on the income statement as described under “*other operating costs and charges*” (Note 34) since the accumulated depreciation was used for the same amount regarding the recognition of the impairment loss of Euro 11,905,821.

During the financial year of 2021, the analyzes on the technological obsolescence of the rolling stock continued and in consistence with the renewal and exit programs of some rolling stock, *the impairment analysis was carried out* on the metropolitan rolling stock. The analysis showed that 5 trams can no longer be used in the transport service considering their technological obsolescence and therefore it has been provided to enter a devaluation for a total of Euro 4,026,319. The non-recurring effect of the provision was recognized in the income statement under “*Depreciation and impairment losses*” (Note 35).

In addition, the provision of “*land and buildings*” was used against depreciation of Euro 25,600 over the period.

The “*depreciation*” recognized in the income statement is adjusted by the proportion of grants received to cover the investments for the financial year, amounting to a total of Euro 35,271,268. The details of these grants by contributing authorities is as follows:

- Euro 13,389,810 by the State;
- Euro 13,330,193 by the Lombardy Region;
- Euro 8,551,265 by the Municipality of Milan.

The “*Property, plant, and equipment*” purchased by regional co-financing are constrained by non-disposal restrictions pursuant to Regional Decree No. 14795/2003 and subsequent amendments and supplements. The details of the restrictions required by the regulation are as follows:

- urban buses: 8 years;
- suburban and intercity buses: 10 years;
- trolleybus: 15 years;
- metro trains and trams: 30 years;
- technologies: 7 years;
- infrastructure: 30 years.

For the automotive rolling stock material co-financed by the Lombardy Region with the 2009 relaunch plan, pursuant to Laws No. 296/2006 and no. 133/2008, the restrictions on disposal refer to the entire useful life of the buses fixed, where not otherwise established by the service contracts, as 15 years by Regional Decree No. IX/4619 of December 28, 2012.

The net residual value of “*Property, plant, and equipment*” held under lease agreements amounted to Euro 9,939,349 (Euro 10,085,516 as of December 31, 2020).

Taking into account that the properties are valued at *the restated fair value criterion*, in 2021 a primary independent third-party operator experienced in the field of real estate valuation, was entrusted with the task of carrying out an analysis aimed at providing an update on the performance of the real estate market. The analysis carried out highlighted, taking into account the intended use to which the individual properties of the Parent Company ATM S.p.A. belong, the need to make an adjustment to *fair value* in application of the revalued cost method of *the assets* associated with the “*land and buildings*” class for Euro 17,951,128. The net equity effect was positive and amounted to a total of Euro 14,689,237 net of the tax effect, equal to Euro 5,062,218, while the effect on income statement was negative and equal to 2,507,419 euros before the positive tax effect and equal to Euro 707,092.

In order to verify the correctness of the assessments made in the preparation of the separate financial statements as December 31, 2020, the results of *the impairment test were updated with* reference to the financial statements of ATM S.p.A., Considering the Company as a single *cash generating unit* related to “*local public transport and complementary services*”. In this respect, the recoverable amount, considered as value of use, is determined by the application of analysis models in continuity with that carried out in the preparation of the 2020 financial statements and as described in detail in note 4 “*use of estimates - recoverability of the value of tangible assets, and equity investments*”. In addition, the expected future cash flows used in this analysis were prepared in continuity with the assumptions made in the preparation of the impairment test carried out in the preparation of the 2020 financial statements.

This procedure for the determination of losses in the value of net invested capital, tangible and intangible assets and investments involved – in estimating the value in use – a set of assumptions and

hypothesis on future events and actions of the administrative bodies and the relevant regulatory bodies of the LPT services, which will not necessarily occur.

In fact, the assumptions concerning future trend and the consequent forecast data used for the execution of the impairment test are characterized, given their predictive nature, by a certain degree of uncertainty and, therefore, it cannot be excluded that the occurrence of future results other than those estimated may require any adjustment of the value of tangible, intangible and financial assets recognized in the financial statements. In this context, the sensitivity analysis – carried out with reference both to flow discount rates, to volumes and margins, as well as to the probabilization of scenarios – highlights possible write-downs as a function of a worsening of these variables.

It should also be noted that the post-tax WACC, which takes account the specific risks of the asset and reflects current market valuations of the cost of money, has been used as the discount rate for the discounting of future cash flows, on the basis of a weighting between the cost of debt and the cost of equity, elaborated in accordance with the values of comparable groups and which are subject to impairment as they operate in the same business sector. The WACC value thus determined was 4.42%.

On March 31, 2022, the above was presented to the Board of Directors, which approved the assumptions, scenarios and results of the impairment test.

*The impairment test* confirmed the entry value of the net invested capital in the consolidated annual financial statements as December 31, 2021; the *cover test* made it possible to consider reasonably recoverable the aforementioned entry value even in the event of divergence of the final data with respect to the forecasts within ranges of variability confirmed by historical experience.

## 8. Intangible assets

The value of “*intangible assets*” as December 31, 2021 amounted to Euro 2,404,396 and consisting of:

	12.31.2021	12.31.2020
Software Licenses	2,290,050	2,365,880
Intangible assets in progress	114,346	-
<b>Total</b>	<b>2,404,396</b>	<b>2,365,880</b>

The following table shows the changes during the year and in the previous year.

Intangible assets	Software Licenses	Intangible assets in progress	Total
Historical cost	7,408,561	-	6,403,599
Accumulated amortisation	(5,042,681)	-	(4,121,998)
<b>Net book value at 12.31.2020</b>	<b>2,365,880</b>	<b>-</b>	<b>2,365,880</b>
<b>Historical cost</b>			-
<i>Investments and acquisitions in the year</i>		984,270	984,270
<i>Transfers to intangible assets</i>	869,924	(869,924)	-
<b>Accumulated Amortisation</b>			-
<i>Amortisation of the year (note 35)</i>	(945,754)		(945,754)
Historical cost	8,278,485	114,346	8,392,831
Accumulated amortisation	(5,988,435)		(5,988,435)
<b>Net book value at 12.31.2021</b>	<b>2,290,050</b>	<b>114,346</b>	<b>2,404,396</b>

Intangible assets	Software Licenses	Intangible assets in progress	Total
Historical cost	6,403,599	-	6,403,599
Accumulated amortisation	(4,121,998)	-	(4,121,998)
<b>Net book value at 12.31.2019</b>	<b>2,281,602</b>	<b>-</b>	<b>2,281,602</b>
<b>Historical cost</b>			-
<i>Investments and acquisitions in the year</i>		1,004,962	1,004,962
<i>Transfers to intangible assets</i>	1,004,962	(1,004,962)	-
<b>Accumulated Amortisation</b>			-
<i>Amortisation of the year (note 35)</i>	(920,684)		(920,684)
Historical cost	7,408,561	-	7,408,561
Accumulated amortisation	(5,042,681)	-	(5,042,681)
<b>Net book value at 12.31.2020</b>	<b>2,365,880</b>	<b>-</b>	<b>2,365,880</b>

“Software licenses” equal to Euro 2,290,050 relate to operational management systems.

During the year, there were made investments in “*Intangible Assets*” for Euro 98,270 related to the software purchase .

For the analysis of the recoverability of intangible assets, see footnote 7 above.



## 9. Rights of use for leased assets

During the year, rights of use for leased assets were recorded in the amount of Euro 7,226,910, detailed below.

	12.31.2021	12.31.2020
Equipment	112,268	185,442
Buildings	3,035,278	517,072
Vehicles	3,419,194	4,350,798
IT equipment	640,056	684,959
Others	20,114	27,373
<b>Total</b>	<b>7,226,910</b>	<b>5,765,644</b>

The following table shows the changes during the year and the previous one. The most significant increase is due to the inclusion of the right of use for the new rental contract for the deposit of Rodano amounting to a total of Euro 2,541,269.

Rights of use for leased assets	Rights of use for leased assets					
	Equipment	Buildings	Vehicles	IT equipment	Other assets	Total
Historical cost	331,790	1,198,626	6,455,028	813,276	535,465	9,334,185
Accumulated Amortization	(146,348)	(681,554)	(2,104,230)	(128,317)	(508,092)	(3,568,541)
<b>Net book value as 12.31.2020</b>	<b>185,442</b>	<b>517,072</b>	<b>4,350,798</b>	<b>684,959</b>	<b>27,373</b>	<b>5,765,644</b>
<b>Historical cost</b>						
<i>Right of use acquisitions of the year</i>		3,049,706	398,947	48,936	75,477	3,573,066
<b>Accumulated Amortization</b>						
<i>Amortization of the year (Note 35)</i>	(73,173)	(531,500)	(1,330,551)	(93,839)	(82,736)	(2,111,799)
Historical cost	331,790	4,248,332	6,853,975	862,212	610,942	12,907,251
Accumulated Amortization	(219,521)	(1,213,054)	(3,434,781)	(222,156)	(590,828)	(5,680,340)
<b>Net book value as at 12.31.2021</b>	<b>112,268</b>	<b>3,035,278</b>	<b>3,419,194</b>	<b>640,056</b>	<b>20,114</b>	<b>7,226,910</b>

Rights of use for leased assets	Rights of use for leased assets					
	Equipment	Buildings	Vehicles	IT equipment	Other assets	Total
Historical cost	331,790	1,089,642	5,618,922	468,690	535,465	8,044,509
Accumulated Amortisation	(73,174)	(382,983)	(807,848)	(34,120)	(244,412)	(1,542,537)
<b>Net book value as at 12.31.2019</b>	<b>258,615</b>	<b>706,659</b>	<b>4,811,074</b>	<b>434,570</b>	<b>291,053</b>	<b>6,501,972</b>
<b>Historical cost</b>						
<i>Right of use acquisitions of the year</i>		108,984	836,106	344,586		1,289,676
<b>Accumulated Amortisation</b>						
<i>Amortisation of the year (note 35)</i>	(73,174)	(298,570)	(1,296,382)	(94,198)	(263,679)	(2,026,003)
Historical cost	331,790	1,198,626	6,455,028	813,276	535,465	9,334,185
Accumulated Amortisation	(146,348)	(681,554)	(2,104,230)	(128,317)	(508,092)	(3,568,541)
<b>Net book value as at 12.31.2020</b>	<b>185,442</b>	<b>517,072</b>	<b>4,350,798</b>	<b>684,959</b>	<b>27,373</b>	<b>5,765,644</b>

## 10. Investments

The “Investments” as December 31, 2021 amounted equal to Euro 32,903,977 and refers to the following investments:

	12.31.2020	Increases	Decreases	12.31.2021
<b>Subsidiaries</b>				
Citylink S.r.l.	100,000			100,000
GE.SAM S.r.l.	20,000			20,000
International Metro Service S.r.l.	357,000			357,000
Nord Est Transporti S.r.l.	715,631			715,631
Rail Diagnostics S.p.A.	13,000,000			13,000,000
<b>Total subsidiaries</b>	<b>14,192,631</b>	-	-	<b>14,192,631</b>
<b>Associates</b>				
CO.MO Fun&Bus S.C.A.R.L	4,000			4,000
Consorzio Full Green	-	150,000		150,000
Consorzio SBE	45,000			45,000
Metro 5 S.p.A.	10,660,000			10,660,000
Movibus S.r.l.	1,978,256		131,290	2,109,546
<b>Total associated</b>	<b>12,687,256</b>	<b>150,000</b>	<b>131,290</b>	<b>12,968,546</b>
<b>Other companies</b>				
SPV M4 S.p.A. line	5,742,800			5,742,800
<b>Total other enterprises</b>	<b>5,742,800</b>			<b>5,742,800</b>
<b>Total</b>	<b>32,622,687</b>	<b>150,000</b>	<b>131,290</b>	<b>32,903,977</b>

The increases and decreases in the period refer to:

- For the Full Green Consortium to the share of ATM’s of the consortium fund set up on August 5, 2021 for Euro 150,000. For more information about the newly established Full Green Consortium, please refer to the comments in paragraph “*Business Expansion*” in the Report on Management;
- For Movibus S.r.l. to restore, within the limits of the original purchase cost, the value of the participation to the representative value of the share of net assets of the company belonging to ATM S.p.A. for Euro 131,290.

The recoverability of the value of the investments in Metro 5 S.p.A. and SPV Line M4 S.p.A. has been the subject of impairment tests in the context of the TPL cash generating unit and the complementary activities, as described in Note 7. As regards the recoverability of the value of the equity investments in Net S.r.l. and Rail Diagnostics S.p.A., these two values were the subject of a specific impairment test in the context of the cash generating unit relating to the TPL of the long-distance area and the cash generating unit relating to the other activities, respectively.

The following is information on the investee companies, whose financial statements figures to the latest available financial statements (in thousands of euros):

Group Company	Registered Office	Group Holding %	Book Value	Equity share	Equity	Profit/Loss	Equity share pertaining to the group
CITYLINK S.r.l. - Smart Mobility by ATM	Milan, Foro Bonaparte, 61	100	100	100	495	65	495
GE.SAM S.r.l.	Milan, Foro Bonaparte, 61	100	20	20	552	37	552
International Metro Service S.r.l.	Milan, Via Monte Rosa, 89	51	357	700	4.462	2.772	2.276
Nord Est Trasporti S.r.l.	Milan, Via Monte Rosa, 89	100	716	925	11.208	5.082	11.208
Rail Dignostics S.p.A.	Milan, Via Teodosio, 125	97.27	13.000	5.500	13.012	170	12.657
Metro 5 S.p.A.	Milan, Via Adige, 19	20	10.660	53.300	13.321	5.975	2.664
SPV Linea M4 S.p.A. (Value at 12.31.2020)	Milan, Piazza Castello, 3	2.33	5.743	61.532	207.535	505	5.520
CO.MO. Fun&Bus S.c.a.r.l	Como, Via Asiago, 16/18	20	4	20	20	-	4
Consorzio Full Green	Rome, Via Prenestina, 45	33.33	150	450	450	-	150
Consorzio SBE	Milan, Piazzale Cadorna, 14	45	45	100	100	-	45
Metrofil s.c.a. r.l.	Rome, Via Genova, 23	25.44	-	10	-	-	-
Movibus S.r.l.	Milan, Piazza Castello, 1	26.18	2.110	780	13.473	517	3.527

\* For all companies, the values refer to the financial statements for the year 12.31.2021 with the exception of SPV line M4 S.p.A., the values of which refer to the financial statements for the year 12.31.2020, since the company has benefited from the possibility of approving the 2021 financial statements within the period of 180 days.

**ATM Servizi Diversificati S.r.l.**

The company is responsible for the management of transport services for people and goods both by road and by rail in the rental and diversified services sectors such as the restaurant tram and the tourist services.

**Partners**

ATM S.p.A.                      Percentage of ownership                      100%

**Book Value**    Euro 100,000

**Income statement**

Profit of the year                                      Euro 64,811

**Balance sheet**

ASSETS		EQUITY & LIABILITIES	
Net fixed assets	-	Equity	494,991
Inventories	102,906	Provisions	-
Receivables	381,672	Employee termination indemnities	-
Financial assets that do not constitute fixed assets	376,269	Payables	365,856
Cash and cash equivalents	-		
Accruals and Deferrals	-	Accruals and Deferrals	-
<b>Total Assets</b>	<b>860,847</b>	<b>Total Equity &amp; Liabilities</b>	<b>860,847</b>

**GeSAM S.r.l.**

The company offers consulting services in the insurance sector, including all related specialist assistance intended for the investigation and settlement of claims, excluding insurance brokerage activities.

**Partners**

ATM S.p.A.	Percentage of ownership	100%
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**Book Value** Euro 20,000

**Income statement**

Operating profit Euro 36,807

**Balance sheet**

ASSETS		EQUITY & LIABILITIES	
Net fixed assets	-	Equity	551,626
Inventories	-	Provisions	-
Receivables	106,728	Employee termination indemnities	213,929
Financial assets that do not constitute fixed assets	856,640	Payables	201,855
Cash and cash equivalents	500		
Accruals and Deferrals	3,542	Accruals and Deferrals	-
<b>Total Assets</b>	<b>967,410</b>	<b>Total Equity &amp; Liabilities</b>	<b>967,410</b>

**International Metro Service S.r.l.**

The company is responsible for the management of transport services for people and goods, with the related planning and operational organization activities, all in order to execute contracts for the operation and maintenance of metro systems.

**Partners**

ATM S.p.A.	Percentage of ownership	51%
Hitachi Rail STS S.p.A.	Percentage of ownership	49%

**Book Value** Euro 357,000

**Income statement**

Profit of the year Euro 2,772,223

**Balance sheet**

ASSETS		EQUITY & LIABILITIES	
Net fixed assets	4,260,854	Equity	4,461,880
Inventories	-	Provisions	-
Receivables	5,098	Employee termination indemnities	-
Financial assets that do not constitute fixed assets	-	Payables	114,905
Cash and cash equivalents	309,337		
Accruals and Deferrals	1,496	Accruals and Deferrals	-
<b>Total Assets</b>	<b>4,576,785</b>	<b>Total Equity &amp; Liabilities</b>	<b>4,576,785</b>

**Net S.r.l.**

The company is responsible for the management of transport services for people, goods and information, with the related planning and operative organization activities, as well as the services related and connected to the transport activity and mobility in general.

**Partners**

ATM S.p.A.                      Percentage of ownership                      100%

**Book Value**    Euro 715,631

**Income statement**

Profit of the year                                      Euro 5,082,248

**Balance sheet**

ASSETS		EQUITY & LIABILITIES	
Net Fixed Assets	9,722,319	Equity	11,208,233
Inventory	37,007	Provisions	668,089
Receivables	11,939,205	Employee termination indemnities	2,576,586
Financial assets that do not constitute fixed assets	8,277,117	Payables	15,806,379
Cash and cash equivalents	349,867	Accruals and Deferrals	66,228
<b>Total Assets</b>	<b>30,325,515</b>	<b>Total Equity &amp; Liabilities</b>	<b>30,325,515</b>

**Rail Diagnostics S.p.A.**

The Company's main activity is the design, construction, maintenance and integrated diagnostics of plants and of tramway control systems.

**Partners**

ATM S.p.A.	Percentage of ownership	97.27%
SIAI Real Estate Agricultural and Fish Services S.r.l.	Percentage of ownership	2.73%

**Book Value** Euro 13,000,000

**Income statement**

Profit of the year Euro 169,513

**Balance sheet**

ASSETS		EQUITY & LIABILITIES	
Net Fixed Assets	2,699,158	Equity	13,012,188
Inventories	-	Provisions	13,867
Receivables	3,229,191	Employee termination indemnities	707,198
Financial assets that do not constitute fixed assets	8,810,341	Payables	1,655,934
Cash and cash equivalents	639,212		
Accruals and Deferrals	11,285	Accruals and Deferrals	-
<b>Total Assets</b>	<b>15,389,187</b>	<b>Total Equity &amp; Liabilities</b>	<b>15,389,187</b>

As previously mentioned the book value of the subsidiary is higher than its share of equity in view of the profitability prospects of the subsidiary and is based on the results of the impairment test carried out.



## 11. Non-current financial assets

“Non-current financial assets” amounted to Euro 43,828,370 as December 31, 2021 and are entirely represented by “Loans and receivables”:

	12.31.2021	12.31.2020
Loans and receivables	43,828,370	24,426,326
Metro 5 S.p.A.	10,863,809	12,602,508
SPV Linea M4 S.p.A.	10,705,505	8,808,611
Coop S.E.D. ATM/S.C.C.A.T.I.	1,005,772	1,084,582
Financial receivables from third parties	21,253,284	1,930,625
<b>Total</b>	<b>43,828,370</b>	<b>24,426,326</b>

The “Loans and receivables” as December 31, 2021 are as follows:

- Subordinated shareholder’s loan for Euro 10,863,809 granted to Metro 5 S.p.A., of which Euro 10,062,047 in principal, Euro 293,130 in interest and Euro 508,542 of cumulative positive effect linked to the measurement at *fair value*. On August 4, 2021, M5 S.p.A. repaid in full euro 3,010,225 thousand in total as principal and interest repayment. The share of interest accrued in 2021 is equal to Euro 649,461 and the effect of the *fair value measurement* was positive and equal to Euro 622,064.
- Subordinated shareholder’s loan for Euro 10,705,505, paid to SPV line M4 S.p.A., of which Euro 8,820,000 in principal, Euro 1,544,143 in interest and Euro 341,362 of cumulative positive effect linked to the measurement at *fair value*. In 2021, the interest accrued amounted to Euro 519,035 and the effect of the *fair value measurement* was negative at Euro 418,987. Interest on the subordinated loan will be collected, as contractually agreed, in accordance with the economic and financial plan approved in September 2019;
- Loan for Euro 1,005,772 granted to the SED-ATM and SCCATI building cooperatives for the construction of social housing projects; of which Euro 1,132,000 in principal and Euro 126,228 of cumulative negative effect linked to the measurement at *fair value*. In 2021, the effect of the *fair value measurement* was positive and amounted to Euro 21,190;
- advances paid to suppliers for works for Euro 21,353,284 paid pursuant to art. 35 Law Degree 50/2016. The increase is almost entirely linked to the payment of the advance to Siemens Mobility GmbH under the contract for the implementation of the new M2 signaling system.

Changes during the year are listed below:

	12.131.2020	Repayments	Payements	Accrued interests	IFRS 9	12.31.2021
Metro 5 S.p.A.	12,602,508	(3,010,225)		649,462	622,064	10,863,809
SPV Linea M4 S.p.A.	8,808,611		1,796,846	519,035	(418,987)	10,705,505
Coop S.E.D. ATM/S.C.C.C.T.I.	1,084,582	(100,000)			21,190	1,005,772
Third parties	1,930,625	(1,080,336)	20,402,995			21,253,284
<b>Total</b>	<b>24,426,326</b>	<b>(4,190,561)</b>	<b>22,199,841</b>	<b>1,168,497</b>	<b>224,267</b>	<b>43,828,370</b>

The effects, related to the impairment test of the “Non-current financial assets”, gross of the tax effect, are shown below:

	Equity at 01.01.2021	Economic result 2021	Total
Metro 5 S.p.A.	(113,522)	622,064	508,542
SPV M4 S.p.A. line	760,349	(418,987)	341,362
Coop S.E.D. ATM/S.C.C.C.T.I.	(147,418)	21,190	(126,228)
<b>Total</b>	<b>499,409</b>	<b>224,267</b>	<b>723,676</b>

	Equity at 01.01.2020	Economic result 2020	Total
Metro 5 S.p.A.	(64)	(50)	(114)
SPV M4 S.p.A. line	226	534	760
Coop S.E.D. ATM/S.C.C.C.T.I.	(170)	23	(147)
<b>Total</b>	<b>(8)</b>	<b>508</b>	<b>499</b>

## 12. Deferred Tax assets

	12.31.2021	12.31.2020
Deferred Tax assets	47,761,374	52,986,313
<b>Total</b>	<b>47,761,374</b>	<b>52,986,313</b>

Deferred tax assets of Euro 47,761,374 are calculated in relation to the amount of temporary differences with reference to taxed funds. The nature of the temporary differences, which generated deferred tax assets, are illustrated below:

	Deferred tax assets as of 12.31.2020	Recognized in P&L	Recognized in Equity	Deferred tax assets as at 12.31.2021
Provisions for risks	47,229,626	(4,706,948)		42,522,678
Employee termination indemnities valuation	4,648,926	(33,142)	(8,056)	4,607,728
Fair value Financial assets	(164,485)	(198,505)	(22,873)	(385,862)
Plant and machinery	1,272,246	(255,416)		1,016,830
<b>Total</b>	<b>52,986,313</b>	<b>(5,194,011)</b>	<b>(30,929)</b>	<b>47,761,374</b>

The value of IRES tax losses of ATM S.p.A. resulting from the last declaration submitted, tax year 2020, is equal to Euro 864,382 thousand fully deductible and Euro 44,866 thousand deductible to a limited extent.

Even considering the taxes for 2021, the value of the losses carried forward for the tax year 2021 does not change, as the recognized losses flow into the Consolidated Statements on the basis of the existing Group contract.

## 13. Other receivables and non-current assets

As December 31, 2021, no receivables due for more than 12 months were recorded.

#### 14. Inventories

The balance of the item “*Inventories*” as December 31, 2021 is as follows:

	12.31.2021	12.31.2020
Consumable maintenance materials	113,463,896	116,510,772
Diesel	731,958	649,862
Other materials	870,322	1,031,674
<b>Total Inventory</b>	<b>115,066,176</b>	<b>118,192,308</b>
Inventory obsolescence provision	(29,625,890)	(35,044,590)
<b>Total Net Inventory</b>	<b>85,440,286</b>	<b>83,147,718</b>
Advances	1,271,466	1,229,965
<b>Total</b>	<b>86,711,752</b>	<b>84,377,683</b>

Inventories, gross of “*advances*” and the “*Inventory obsolescence provision*”, decreased by Euro 3,126,132 compared to December 31, 2020. With regard to the change in inventories ATM S.p.A. in 2020 and 2021 carried out a project of reduction and optimization of the supplies, which involved the disposal of obsolete maintenance materials whose alienation was compensated by the use of the provision for the depreciation of the warehouse.

Following the process of recognition of the assets present in the warehouse, obsolete assets were disposed for Euro 8,239,153 and, consequently, the “*Inventory obsolescence provision*” established in previous years for this purpose was used for the same amount. Moreover, as at December 31, 2021, in order to adjust the value of the provision to the varying consistency of inventories, a provision of Euro 2,820,453 was made, taking into account, on the one hand, the assets with a low turnover rate and on the other hand, the results of the analyzes carried out to evaluate the obsolescence of the materials in warehouse to be disposed, with reference mainly to the vehicles for which the disposal from the service is assumed and in coherence with the maintenance requirements.

The movements in the “*Inventory obsolescence provision*”, are shown below.

	12.31.2020	Increases	Decreases	12.31.2021
Inventory obsolescence provision	35,044,590	2,820,453	(8,239,153)	29,625,890
<b>Total</b>	<b>35,044,590</b>	<b>2,820,453</b>	<b>(8,239,153)</b>	<b>29,625,890</b>

The provision to the “*Inventory obsolescence provision*” is included in the income statement “*Purchases of goods and changes in inventories*” (Note 30).

#### 15. Current financial assets

	12.31.2021	12.31.2020
Current financial assets	208,133,420	221,218,802
<b>Total</b>	<b>208,133,420</b>	<b>221,218,802</b>

Current financial assets as December 31, 2021 are as follows:

- “Held to Collect & Sell” government securities classified as FVTOCI for Euro 7,262,097 whose changes in *fair value* continue to be recognized with a contra-entry to the equity reserve (recognized in the OCI) until they are realized or reclassified;
- “Held to Collect & Sell” corporate bonds classified as FVTOCI for Euro 58,267,563 whose changes in *fair value* continue to be recognized with a contra-entry to the reserve of equity (recognized in the OCI) until they are realized or reclassified;
- “Other” corporate bonds classified as FVTPL for Euro 7,268,222 whose changes in *fair value* are recognized in the income statement and contribute to the formation of consolidated economic result;
- “Other” shares of OICR classified as FVTPL for Euro 125,208,057 whose changes in *fair value* are recognized in the income statement and contribute to the formation of consolidated economic result.

The item also includes the investment in a Savings Bond of Euro 10,127,481, including interest accrued in the period of Euro 127,481.

The net change compared to December 31, 2021 is attributable to the movements of the portfolio of invested assets and to the management of the portfolio. The analysis of portfolio movements is presented in the Cash Flow Statement to which reference should be made.

## 16. Current Tax Assets

The balance of the item “Current Tax Assets” as December 31, 2021 is as follows:

	12.31.2021	12.31.2020
Receivables from Withholding Taxes	11,851,469	15,566,962
Receivables for advanced Taxes (IRAP)	2,246,153	2,246,153
<b>Total</b>	<b>14,097,622</b>	<b>17,813,115</b>

The “Receivables from Withholding Taxes”, equal to Euro 11,851,469, relate to receivables for withholding taxes incurred. The change is attributable to the recognition of the receivable to the Italian subsidiary NET S.r.l. within the scope of the National Tax Consolidation.

The “Receivables for advances on taxes (IRAP)” amounting to Euro 2,246,153 refer to the amount of advances paid in excess of the tax accruing in 2021.

## 17. Trade receivables

“Trade receivables” as December 31, 2021 has a balance of Euro 165,599,703 is composed as follows:

	12.31.2021	12.31.2020
Receivables from third parties	26,051,609	21,193,994
Receivables from related parties	139,548,094	129,809,729
Receivables from <i>parent company</i>	124,852,075	121,882,599
Receivables from <i>subsidiaries</i>	9,747,014	4,960,533
Receivables from <i>associates</i>	1,861,456	2,720,151
Receivables from <i>subsidiaries of the parent company</i>	3,087,549	246,446
<b>Total</b>	<b>165,599,703</b>	<b>151,003,723</b>

The “*Receivables from third parties*” refer mainly to receivables toward Italian and European Union entities and refer to services provided for advertising, sponsorship and rental of the commercial premises of the metropolitan stations. The increase of Euro 4,857,615 is mainly due to the higher receivables for the transfers of IVOL and IVOP to Trenord S.r.l. partially offset by the decrease relating to claims for criminal charges to suppliers.

The receivables are recognized net of the specific Allowance for doubtful debts, which as December 31, 2021 amounted to Euro 12,823,089 (Euro 13,113,671 as December 31, 2020), established to specifically cover doubtful receivables and claims for which currently legal action has been undertaken

Movements in doubtful debt provision are as follows:

	<b>12.31.2021</b>	<b>Increases</b>	<b>Releases</b>	<b>Uses</b>	<b>12.31.2021</b>
Doubtful debt provision	13,113,671	151,193	(416,872)	(24,903)	12,823,089
<b>Total</b>	<b>13,113,671</b>	<b>151,193</b>	<b>(416,872)</b>	<b>(24,903)</b>	<b>12,823,089</b>

During the year, the provision was adjusted by Euro 151,193 to be used against losses on receivables recorded during the previous financial year for Euro 24,903 and released for Euro 416,872 for new and more complete information on the status of some creditors, with the inclusion of these amounts under “*Other operating costs and charges*” (Note 34).

“*Receivables from related parties*” include:

- “*Receivables from parent company*” for Euro 124,852,075 (Euro 121,882,599 as December 31 2020) net of the specific doubtful debt provision, which as December 31, 2021 amounted to Euro 2,918,302. This item refers to receivables from the Municipality of Milan, mainly for invoices issued for the consideration of the Local Public Transport Service Contract (LPT) of December 2021 (Euro 53,401,515) and the withholding taxes as a guarantee of the aforementioned contract equal to 5% of the consideration for the months of May and June 2021 (total of Euro 5,575,758) and for invoices to be issued in the same case for the months from July to December 2021 (Euro 11,151,515). In addition, receivables for invoices to be issued, for Euro 11,652,212 relating to the additional services that the Parent Company has carried out at the request of the Board of the Milan Municipality in order to guarantee the same service offer in view of the reduction in the capacity of the means during the emergency COVID– 19. These services have been financed by specific regulatory measures of the Italian Government to cover the costs, as described in the chapter “*The ATM Group and the emergency COVID - 19*” of the document, in addition the balance also includes credits for invoices issued or to be issued for work carried out on metropolitan and tramway infrastructure and other services, including the implementation of the traffic control system totaling Euro 43,071,074.
- At the date of preparation of this financial report, the receivable to the Municipality of Milan relating to the consideration of the LPT Service Contract is collected in the amount of Euro 53,401,515. The variation is related to higher receivables relating to the special services carried out at the request of the body entrusted to the Municipality of Milan in order to guarantee the same service offer in view of the reduction in the capacity of the vehicles during the COVID – 19 emergency. These services have been financed by specific regulatory interventions of the Italian Government aimed at covering the costs, partially offset by the lower credits relating to the payment of the corresponding Service Contract with the Municipality of Milan.

The movements in the bad debt provision towards parent companies are shown below:

	12.31.2020	Increases	Uses	Releases	12.31.2021
Doubtful debt provision to parent company	3,062,288	31,696	(150,162)	(25,520)	2,918,302
<b>Total</b>	<b>3,062,288</b>	<b>31,696</b>	<b>(150,162)</b>	<b>(25,520)</b>	<b>2,918,302</b>

During the year, *the provision* was used for Euro 150,162, released for Euro 25,520 and increased for Euro 31,696 based on new and more complete information on certain specific positions, including these amounts under “*Other operating costs and charges*” (Note 34).

- “*Receivables from subsidiaries*” for Euro 9,747,014 (Euro 4,960,533 as as December 31, 2020), relating to services and services rendered under existing contracts. The increase is related to the receivable for withholding tax toward the subsidiary NET S.r.l. entered within the scope of the National Tax Consolidation.

	12.31.2021	12.31.2020
Citylink S.r.l.	206,042	357,414
GeSAM S.r.l.	70,463	51,998
International Metro Service S.r.l.	36,300	83,950
Metro Service A/S	67,715	36,571
Nord Est Transports S.r.l.	8,929,800	4,109,628
Rail Diagnostics S.p.A.	436,694	320,972
<b>Total</b>	<b>9,747,014</b>	<b>4,960,533</b>

- “*Receivables from associates*” for Euro 1,861,456 (Euro 2,720,151 as as December 31, 2020) net of the specific doubtful debt provision that at December 31, 2021 is equal to Euro 10,373 (Euro 8,899 as December 31, 2020). The balance is composed as follows:

	12.31.2021	12.31.2020
Co.Mo. Fun&Bus s.c.a.r.l	330,808	354,461
Consorzio SBE		7,000
Metro 5 S.p.A.	1,515,581	2,341,833
Movibus S.r.l.	25,440	25,756
<b>Total</b>	<b>1,871,829</b>	<b>2,729,050</b>
Doubtful debt provision	(10,373)	(8,899)
<b>Total</b>	<b>1,861,456</b>	<b>2,720,151</b>

The receivables refer to services provided under existing contracts. The receivables toward Metro 5 S.p.A. decrease due to the lower maintenance services provided by the Parent Company ATM S.p.A..

During the financial year, *the “Bad debt provision to associates”* was adjusted. The movements of the year are shown below:

	12.31.2020	Increases	Releases	12.31.2021
Bad debt provision to associates	8,899	3,588	(2,114)	10,373
<b>Total</b>	<b>8,899</b>	<b>3,588</b>	<b>(2,114)</b>	<b>10,373</b>

The provision of the fund for Euro 3,588 and the release of Euro 2,114 were posted in the income statement under “*Other operating costs and charges*” (Note 34).

- “*receivables from subsidiaries of the parent company*” for Euro 3,087,549 (Euro 246,446 as December 31, 2020). Receivables refer to services and services rendered under existing contracts. The increase compared to December 31, 2020 was due to the charge back to SPV M4 S.p.A. of the costs of maintaining the line following the postponement of the opening of the M4 metro line to the public in the last quarter of 2022, initially scheduled for July 2021. The value is expressed net of the specific doubtful debt provision, which as 31 December 31, 2021 was equal to Euro 4,400. In order to adjust the value of the doubtful debt provision to subsidiaries of the parent company, the amount of Euro 4,085 was set aside and the amount of EUR 8 was released in return to the income statement under “*other operating costs and charges*” (Note 34).

## 18. Other receivables and current assets

The item “*Other receivables and current assets*” as December 31, 2021 shows a balance of Euro 29,458,780 net of the specific provisions for bad debts, which as December 31, 2021 was equal to Euro 979,855.

	12.31.2021	12.31.2020
Receivables for VAT	-	1,472,645
Grants	19,283,676	46,390,296
Other tax Receivables	987,639	1,036,450
Prepayments	2,894,385	1,924,453
Other receivables	6,293,080	1,825,865
<b>Total</b>	<b>29,458,780</b>	<b>52,649,709</b>

The most significant reduction, compared to December 31, 2020, is related to “Grants” as a result, on the one hand, of the collections of regional plant grants and, on the other hand, of the effect of the collection in 2021 of the share relating to the fourth quarter of 2020 of the reimbursement contributions of the CCDL renewals ex L.47/2004, L. 58/2005 and L.296/2006, which as at December 31, 2020 was recorded among receivables. As of December 31, 2021, the CCDL contributions for the year 2021 were fully collected.

The following is a detail of the item “Grants”:

- Euro 18,671,357 (Euro 26,956,242 as December 31, 2020) for grants requested against investments contributed by public bodies. The contributions recorded refer to Euro 15,591,611 for receivables relating to investments financed by the State, including Euro 6,833,801 for infrastructure, Euro 5,034,100 for rolling stock and Euro 3,723,710 for safety projects; Euro 3,047,246 to receivables financed by the Lombardy Region, of which Euro 1,649,427 for the purchase of buses, Euro 993,516 for safety systems on board buses and Euro 404,303 for infrastructure and Euro 32,500 for the bike sharing project financed by the Municipality of Milan
- Euro 612,319 (Euro 12,183,001 as at December 31, 2020) relating to Euro 566,136 relating to the balance of the planned contributions granted under D.L. 137/2020 and 340/2020, Euro 30,984 for free movement cards issued to entitled persons, Euro 8,842 for the contributions of the Municipality of Milan under the “*clever cities*” project and Euro 6,357 for the contributions of Como Fun&Bus S.r.l for the reimbursement of the CCL renewals ex L.47/2004, L. 58/2005 and



L.296/2006. As already stated, the decrease is related to the collection in 2021 of the contributions for CCDL in the 4th quarter of 2020 which as December 31, 2020 were recorded as a receivable for Euro 12,183,001.

The “*Other tax receivables*” refer to the receivable for diesel excise duty still to be collected for the fourth quarter of 2021 for Euro 891,639 and Euro 96,000 to the tax receivables provided for in art. 1 paragraphs from 184 to 194 L. n. 160 of December 27, 2019.

The “*Prepayments*” refer to insurance premiums and fee-based maintenance services for the following year, whose financial presentation took place in 2021. The increase was due to the higher maintenance fees accruing in 2022.

The “*Other receivables*” refer to the credit accrued for the Telepass passes in Area C for the period from December 16 to December 31, 2021 which will be settled in 2022, to advances paid to personnel in injury on behalf of INAIL, receivables from employees for subscriptions issued to family members and deposits made to different entities. The increase of Euro 4,467,215 compared to 2020 is mainly related to the recognition of the receivable from INPS relating to the reimbursement of the contributions for sickness of Euro 4,027,056, which was offset in January 2022.

During the year, against doubtful receivables of Euro 979,855, an amount of Euro 291,161 was set aside in the specific bad debt provision with a counterpart in the income statement under the component “*Other operating costs and charges*” (Note 34).

## 19. Cash and cash equivalents

	12.31.2021	12.31.2020
Cash and cash equivalents	98,507,610	112,845,502
<b>Total</b>	<b>98,507,610</b>	<b>112,845,502</b>

The balance includes current account balances, cash funds, balances of prepaid company credit card, as well as endowments to the tellers, and issuer's endowments.

The item “*Cash and cash equivalents*” is recorded net of the related provision to cover losses totaling Euro 114,620. In 2021, the fund was released for Euro 31,854.

The decrease in Cash and cash equivalents during 2021 is related to investments and operating expenses incurred during the year. It should be noted that the drawing and the subsequent reimbursement of short-term availability (“hot money”) were carried out. As December 31, 2021, the hot money recorded a balance of Euro 50 million.

## 20. Discontinued Operations

There were no discontinued operations during the financial year 2021.



## 21. Equity

The “Share capital” amounts to Euro 700,000,000 and consists of n. 70,000,000 ordinary shares with a nominal value of Euro 10 each. It is fully subscribed and paid. There were no changes occurred during the year and the previous one and the Municipality of Milan is the sole shareholder.

The item “Other Reserves” includes the “Actuarial gains/(losses) reserve of defined benefit plans” which includes the effects of the recording in “Other components of the comprehensive income” of the profits/(losses) of defined benefit plans at net of the related tax effect.

The changes indicated in the statement of the Statement of Other Components of the Income Statement are detailed and described in the “Statement of Changes in Shareholders’ Equity”.

It should be noted that the Shareholders’ Meeting, on June 15, 2021, resolved to cover the loss of the year equal to Euro 70,359,522 as follows:

- Euro 53,868,390 with “retained earnings”;
- Euro 16.491,132 with the reserve for the contribution entered under “other reserves”.

The composition of equity with reference to availability and distributability is as follows:

<b>Equity</b>	<b>12.31.2020</b>	<b>12.31.2021</b>	
Share Capital	700,000,000	700,000,000	
Legal Reserve	140,000,000	140,000,000	B
Other Reserves	279,497,066	277,090,837	
Conferment Reserve	19,689,557	3,198,425	A, B, C
Extraordinary Reserve	5,763,772	5,763,772	A, B, C
Rounding Reserve	-	(2)	
FTA Reserve	155,710,246	155,710,246	
Actuarial Losses Reserve	(13,051,537)	(13,026,025)	
Property, fair value valuation Reserve	110,598,645	125,287,882	
Held to Collect and Sell Reserve	515,769	120,446	
OCI Reserve	270,614	36,093	
Retained Earnings	53,868,390	-	A, B, C
Net (Loss)/profit of the year	(70,359,522)	(29,913,729)	
<b>Equity</b>	<b>1,103,005,934</b>	<b>1,087,177,108</b>	

(\*) A: For capital increase; B: For cover loss; C: For distribution to shareholders

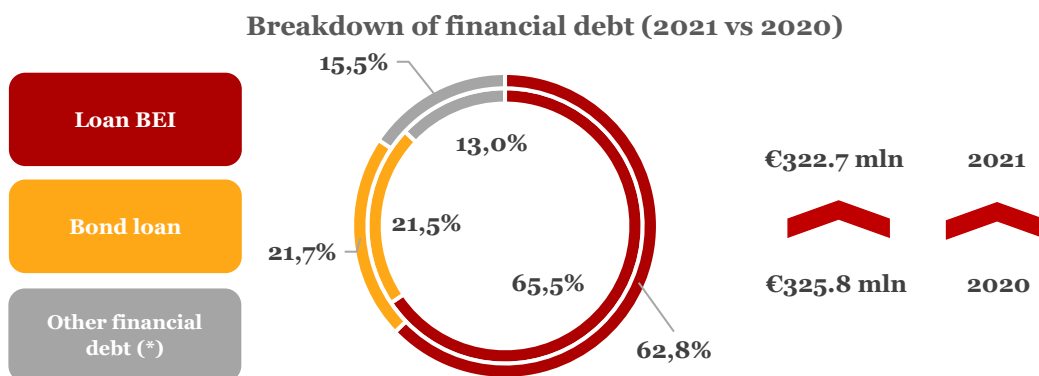
The amount of the First Time Adoption Reserve that became available during the year is equal to Euro 131,602,852.

## 22. Non-current and current financial liabilities

	<b>12.31.2021</b>	<b>12.31.2020</b>
Non-current financial liabilities	266,442,927	276,205,131
Current financial liabilities	82,282,153	65,777,249
<b>Total</b>	<b>348,725,080</b>	<b>341,982,380</b>

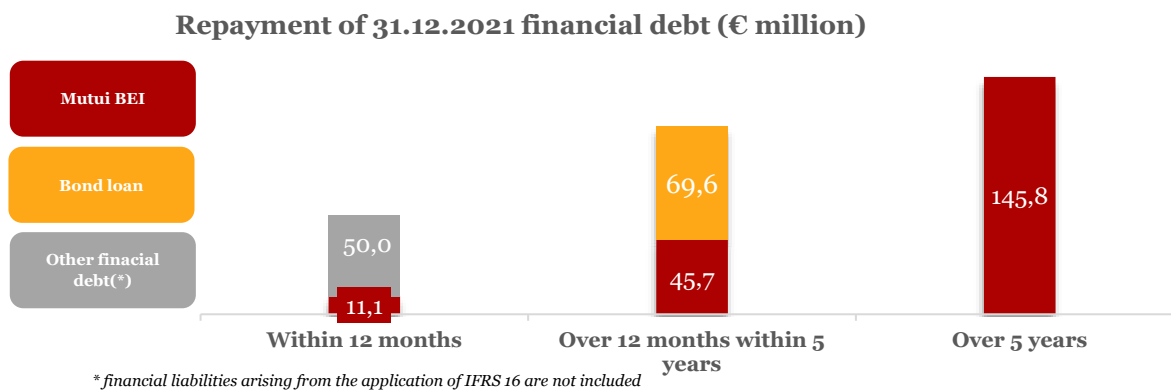
The breakdown of financial liabilities by nature and by maturity is as follows:

Financing	Within 12 months	Between 1 year and 5 years	Over 5 years	Total
Loan BEI	11,066,612	45,745,000	145,819,019	202,630,631
Bond		69,562,204		69,562,204
Hot money	50,000,000			50,000,000
<b>Total Financing</b>	<b>61,066,612</b>	<b>115,307,204</b>	<b>145,819,019</b>	<b>322,192,835</b>
<b>Interest rates</b>				
Bond	525,000			525,000
Hot money	20,089			20,089
<b>Total interest rates</b>	<b>545,089</b>			<b>545,089</b>
<b>Payables for Leasing Liabilities IFRS 16</b>	<b>2,350,084</b>	<b>5,316,705</b>		<b>7,666,789</b>
<b>Payables per Cash Pooling</b>	<b>18,320,367</b>			<b>18,320,367</b>
<b>Total</b>	<b>82,282,152</b>	<b>120,623,909</b>	<b>145,819,019</b>	<b>348,725,080</b>



P.N.: The comparative pie chart highlights respectively the 2021 data externally and the 2020 data internally

\* financial liabilities arising from the application of IFRS 16 and cash pooling are not included



The amount of Euro 348,725,080 refers to:

- Euro 202,630,631 (of which Euro 11,066,612 are current and Euro 191,564,018 are not current) at the start-ups, net of repayments, under the loan agreement of a total of Euro 250,000 thousand signed with the European Investment Bank for the financing of the new M1 and M2 metro trains. The loan agreement places on the Company the obligation to comply with certain parameters of equity and financial nature. As December 31, 2021, as in previous years, *the covenants* contractually established by the loan agreement were respected. The debt expires entirely on June 30, 2038 and is therefore mainly recorded under “*Non-current financial liabilities*”;
- Euro 70,087,204 to the bond loan issued on August 8, 2017 by the Company (of which Euro 69,562,204 relating to the principal amount of the bond loan and Euro 525,000 relating to interest accrued in the period to be settled on the maturity date), unguaranteed and destined only for qualified investors with a total nominal value of Euro 70 million. The bonds mature on August 8, 2024 and interest is calculated at the fixed annual rate of 1.875 %. The stock is listed on the Dublin Stock Exchange (ISIN code XS1653969953). On June 24, 2021, the international agency Fitch Ratings confirmed the medium/long-term rating for ATM, equal to “BBB-” with a stable outlook. A similar valuation was also confirmed for the bonds issued. The bond loan is valued at the amortized cost, which has therefore taken into account the expenses incurred and the release discounts. The actual and fixed interest rate for the entire duration of the loan shall be considered representative of the market conditions as December 31, 2021. At the end of the financial year, the Company has the financial resources necessary for the full repayment of the loan as shown in the balance of the Cash and cash equivalents and securities;
- Euro 50,020,089 for the drawing of a short-term “hot money” line, including interest of Euro 20,089;
- Euro 7,666,789 to *the value of the lease liability* recorded following the entry into force of IFRS 16 *Leases from 2019* (of which Euro 2,350,84 expiring within 12 months and Euro 5,316,075 beyond 12 months). During the year, the item moved as a result of the registration of new contracts for Euro 3,573,089, the recognition of the interest involved for Euro 148,133 and the payment of fees in the amount of Euro 2,868,011. As described, the increase is related to the lease of the new Rodano warehouse, which resulted in the registration of a Lease liability of Euro 2,378,877.
- Eur 18,320,367 to the debit balance of *the cash pooling* current account with subsidiaries as illustrated in the table below:

		12.31.2021	12.31.2020
CityLink S.r.l. Smart Mobility by ATM	- financial	376,269	853,235
GeSAM S.r.l.	- financial	856,640	755,062
Nord Est Trasporti S.r.l.	- financial	8,277,117	
Rail Diagnostics S.p.A.	- financial	8,810,341	7,816,602
	<b>Total</b>	<b>18,320,367</b>	<b>9,424,899</b>

For further details about the composition and nature of the receivables, reference is made to Note 40 “*Information concerning intercompany and Related parties transactions*”.

With regard to the loans disbursed by the European Investment Bank (EIB), the Group has subscribed loans for a total of Euro 250,000,000, of which Euro 235,366,996 at a fixed rate.

The details of EIB disbursements are shown below:

	Drawdown date	Currency	Initial amount of debt	Amount of repayable debt as of 12/31/2021	Interest rate at 12/31/2021	Maturity
Withdraw 1	11/29/2013	EUR.	14,633,004	11,229,980	0.364% (*)	06/30/2038
Withdraw 2	11/28/2014	EUR.	40,000,000	32,155,150	1.99%	06/30/2038
Withdraw 3	04/23/2015	EUR.	55,366,996	43,491,031	0.96%	06/30/2038
Withdraw 4	03/15/2017	EUR.	70,000,000	57,917,661	1.45%	06/30/2038
Withdraw 5	01/31/2018	EUR.	40,000,000	33,049,605	1.37%	06/30/2038
Withdraw 6	01/31/2018	EUR.	30,000,000	24,787,204	1.37%	06/30/2038
<b>Totals</b>			<b>250,000,000</b>	<b>202,630,631</b>		

(\*) variable rate indexed disbursement

The disbursements are recognized at amortized cost representative of the nominal value, as there are no contractual transaction costs and the effective interest rate was considered for each disbursement, fixed for the entire duration of the loan, representative of the market conditions as December 31, 2021. Similarly, the variable interest rate tranche was recognized for the nominal value, as with reference to forward rates, in the medium-term the rate is considered representative of market conditions.

### 23. Employee benefits

The defined benefit plans are calculated estimating, with technical actuaries, the amount of the future benefit which the employees matured in the current period and in previous years. The calculation is carried out by an independent actuary using the “*Projected Unit Credit method*”. For the purposes of the calculation of the interest or discount rate used, this was taken from the listing as December 31 of each year of the benchmark iBoxx Corporate EUR index with a 7-10 year duration and AA rating.

	12.31.2021	12.31.2020
Employee termination indemnities (TFR)	109,614,591	121,605,385
<b>Total</b>	<b>109,614,591</b>	<b>121,605,385</b>

The TFR, governed by art. 2120 of the Civil Code, includes the estimate of the obligation relating to the amount to be paid to employees upon the termination of employment relationship. The indemnity, paid in the form of capital, is equal to the sum of accruals calculated on the salary items paid in dependence on the employment relationship and revalued until the moment of termination of the employment relationship. As a result of the legislative changes introduced from January 1, 2007, for enterprises with more than 50 employees, the accruing termination indemnity is classified as a defined contribution plan, since the enterprise’s obligation is exclusively the payment of contributions to pension funds, or to the INPS. The liability related to termination indemnity prior to January 1, 2007 represents a defined benefit plan to be assessed according to actuarial techniques. The Employee Termination Indemnity is part of the “unfunded” defined benefit plans and therefore there are no assets to serve the plan.

The following changes took place in the “TFR” during the year:

	Change
<b>Opening balance</b>	<b>121,605,385</b>
TFR transferred from Group companies	110,795
Interest Cost	(23,128)
Actuarial (gains)/ losses	(33,568)
Paid benefits	(12,044,894)
<b>Closing balance</b>	<b>109,614,591</b>

The amount of employee termination indemnities calculated according to the provisions of Article 2120 of the Civil Code is equal to Euro 95,796,587.

The actuarial profit for the period, equal to Euro 33,568, was recognized under the other components in the Comprehensive income statement by adjusting the balance of the Employee Termination Indemnities with a contra-entry in an equity reserve and is composed as follows:

	Change
Actuarial (gains)/ losses due to experience	(2,489,044)
Actuarial (gains)/ losses due to changes in financial assumptions	2,455,477
<b>Total change</b>	<b>(33,568)</b>

With reference to “TFR”, valuations by the external actuary were carried out on the basis of the economic-financial and demographic assumptions summarized in the tables below.

<b>12.31.2021</b>	
Mortality rate	IPS55 tables
Invalidity rates	INPS-2000 tables
Employee turnover rate	5.81%
Discount rate*	0.44%
Increase in salaries	1.50%
Rate of advances	0.64%
Annual inflation rate	1.75%

\* Listing on 12/31/2021 of the iBoxx Corporate Eyro benchmark index with duration 7-10 and AA rating

The sensitivity analysis on the discount rate represents the change in the value of the actuarial liability that is obtained from the year-end valuation data, by varying the discount rate, without prejudice to the other assumptions:

	Variation
Turnover rate +1%	108,830,245
Turnover rate -1%	110,469,499
Inflation rate +0.25%	110,863,649
Inflation rate -0.25%	108,384,165
With discount rate +0.25%	107,623,798
With discount rate -0.25%	111,665,372

## 24. Provisions for risks and charges

	12.31.2021	12.31.2020
Provision for disputes and environmental risks	60,668,181	48,380,159
Damage/claims settlement provision	16,960,889	17,296,338
Other provisions	15,966	18,338
<b>Total</b>	<b>77,645,036</b>	<b>65,694,835</b>

The most significant items contributing to the formation of the balance are:

- From the “*Provision for disputes and environmental risks*” for Euro 60,668,181, referred to the contingent liabilities for suppliers, customers, third parties, workers, related parties and the environment, deriving from the ordinary business management. During the year, the provision’s balance was updated on the basis of the expected effects of the ongoing disputes and the outcome of those concluded as well as on the basis of the revision of estimates, resulting in provisions of Euro 1,667,619, utilizations for Euro 4,379,596, as specified below.

Provisions were made in 2021 for:

- Euro 16,561,415 relating to disputes with personnel;
- Euro 61,850 relating to disputes with suppliers;
- Euro 44,354 for the ongoing dispute with the carrier Caronte, of which extensive information was given in the Management Report in the section on “*Main disputes pending*”.

The main movements in the use of the provision refer to:

- Euro 4,260,168 for the payment to the carrier Caronte, of which extensive information was given in the Management Report to the section on “*Main disputes pending*”;
  - Euro 118,947 to use for extraordinary maintenance operations;
  - Euro 481 for the use relating to the closure of disputes with personnel.
- From the “*Provision for damages/claims settlements*” for Euro 16,960,889, the value of which is commensurate with the estimate of the compensation to be settled in the coming financial years for damages/claims related to the circulation of the scheduled cars, limited to the risk range not covered by the insurance policies stipulated with the various companies. The assessment of non-performing claims was carried out through the examination of the individual practices as December 31, 2021.

The value of the provisions indicated above includes the best estimate of legal costs related to litigation.

Changes in provisions for risks and charges are shown below:

	12.31.2020	Increases	Uses	12.31.2021
Provision for disputes	48,380,159	16,667,619	(4,379,597)	60,668,181
Provision for Damage/claims settlement	17,296,338	1,372,412	(1,707,861)	16,960,889
Other provisions	18,338	-	(2,372)	15,966
<b>Total</b>	<b>65,694,835</b>	<b>18,040,031</b>	<b>(6,089,830)</b>	<b>77,645,036</b>

Reference should be made to Note 4 “*Use of estimates*” for the considerations on the underlying estimation processes regarding uncertainties on disputes and potential liabilities.

## 25. Deferred Tax Liabilities

	12.31.2021	12.31.2020
Deferred tax liabilities	50,173,102	46,311,156
<b>Total</b>	<b>50,173,102</b>	<b>46,311,156</b>

The temporary differences giving rise to deferred tax liabilities are summarized below:

	Deferred tax as at 12.31.2020	Recognized in P&L	Recognized in Equity	Deferred tax as at 12.31.2021
Fair value Rolling Stock and financial leasing	6,192,153	(382,913)	-	5,809,240
Land and buildings - IAS 16	39,780,090	(1,422,604)	5,769,311	44,126,797
Fair value Financial assets	338,913	(101,848)	-	237,065
<b>Total</b>	<b>46,311,156</b>	<b>(1,907,365)</b>	<b>5,769,311</b>	<b>50,173,102</b>

## 26. Current Income Tax Liabilities

As December 31, 2021, as well as December 31, 2020, no tax was recorded for IRES and IRAP purposes.

## 27. Trade payables

	12.31.2021	12.31.2020
Payable – third parties	171,255,027	209,191,473
Payable to related parties	49,189,484	32,833,824
<i>Payables to parent company</i>	40,612,303	23,207,193
<i>Payables to subsidiaries</i>	5,666,374	4,784,327
<i>Payables to associates</i>	1,840,026	3,432,747
<i>Payables to subsidiaries of parent companies</i>	1,070,781	1,409,557
<b>Total</b>	<b>220,444,511</b>	<b>242,025,297</b>

The amount of Euro 171,255,027 for “*Payables to third parties*” (Euro 209,191,473 as December 31, 2020) includes payables for invoices not yet paid and payables for invoices to be received for the purchase of capitalized materials, services and goods, mainly from Italian and European Union suppliers. The decrease is mainly due to lower repayments partly offset by higher payments to Trenord S.r.l..

“*Payables to Related parties*” mainly include “*payables to parent companies*”, which as December 31, 2021 have a balance of Euro 40,612,303 (Euro 23,207,193 as December 31, 2020) and are entirely attributable to the Municipality of Milan. The increase is caused by the trend of revenues for travel securities and therefore higher payables for transfers relating to December 2021 compared to the same period of 2020 are recorded.

The balance of the item “*Payables to parent companies*” refers to:

- Euro 28,523,199 (Euro 12,475,161 as December 31, 2020) to the payable for the transfer to the Municipality of Milan of the revenues deriving from the sale of tickets in December 2021;

- Payables for the transfer of the revenues remained to the Municipality as defined in the “on-street parking agreement” of April 27, 2017, of which Euro 4,878,573 referred to 2018 and Euro 4,829,715 referring to 2019. For the year 2021, no payable for on-street parking revenues to be paid to the Municipality is recorded, since the amount of on-street parking revenues made in 2020 was less than the minimum amount guaranteed to ATM S.p.A. equal to Euro 18.5 million;
- Penalties for the Service Contract refer to non-compliance with certain quality standards as contractually provided, of which Euro 241,000 for the year 2018 and Euro 703,695 for the year 2019;
- Euro 22,763 for the sponsorship of the MI-Emob 2018 initiative and Euro 52,496 for the sponsorship of the Milan initiative to be read 2019;
- Euro 1,360,862 to the payables for the transfer of the revenues of Area C revenues for December 2021.

The “*Payables to subsidiaries*” have a balance of Euro 5,666,374 as December 31, 2021 (Euro 4,784,327 as December 31, 2020). They relate to services and services rendered under existing contracts.

	12.31.2021	12.31.2020
CityLink S.r.l.	332,840	344,426
GeSAM S.r.l.	53,100	28,164
International Metro Service S.r.l.	5,098	5,098
Metro Service A/S	-	-
Nord Est Trasporti S.r.l.	2,206,849	1,372,099
Rail Diagnostics S.p.A.	3,070,181	3,034,540
<b>Total</b>	<b>5,668,068</b>	<b>4,784,327</b>

The “*Payables to associates*” are detailed below:

	12.31.2021	12.31.2020
Co.Mo. Fun&Bus S.c.a.r.l.	18,929	18,306
Consorzio SBE	21,060	77,015
Metro 5 S.p.A.	314,286	1,944
Movibus S.r.l.	1,485,751	3,335,482
<b>Total</b>	<b>1,840,026</b>	<b>3,432,747</b>

They relate to services and services provided under existing contracts. The most significant change compared to the previous year refers to the decrease in payables for transfers from STIBM to Movibus S.r.l..

“*Payable to subsidiaries of the parent companies*” amounted to Euro 1,070,781 refer mainly to the payable provision of services provided by MM S.p.A. and SPV M4 S.p.A..



**28. Other payables and current liabilities**

	<b>12.31.2021</b>	<b>12.31.2020</b>
Employee payables	38,493,706	46,882,544
Payable to social security authorities	34,249,596	36,264,655
Vacation days not taken	20,546,831	18,692,934
Other tax payables	11,488,732	10,587,473
Other payables	7,179,116	5,399,398
Tarsu	52,524	214,039
VAT payable	1,282,514	48,361
Accruals and deferred income	463,390	512,739
<b>Total</b>	<b>113,756,409</b>	<b>118,602,143</b>

The item “*Other payables and current liabilities*” amounts to Euro 113,756,409 as December 31, 2021. The main changes are related to the decrease in the item “*Employees payables*”, offset by the increase in the item “*Payables for unused holiday*”, “*other payables*” and tax payables.

Below are the main components of this item:

- For Euro 38,493,706 from payables to employees whose change is due to the lower payables connected to variable and deferred components of remuneration and to lower payables, compared to those set aside in the previous year, for the redundancy incentive programs for staff employee close to accrual of retirement rights;
- EUR 34,249,596 from payables to INPS, Previdai, INAIL as well as to category pension funds and were settled according to normal legal provisions in the first months of 2022;
- For Euro 20,546,831 from the economic value of the vacations not taken by employees and from the equivalent of the overtime worked, which can be used as paid permits, not yet taken;
- For Euro 11,488,732 from IRPEF withholding taxes made by ATM as a substitute for tax on employee income;
- For Euro 7,179,116 from payables of various kinds including the payables for security deposits of Euro 2,062,190 and the payable to the ATM Foundation for contributions and payments of services provided for Euro 1,707,768. In addition, the item includes Euro 2,304,598 relating to debt for 2021 payments on travel licenses under STIBM to be transferred to other carriers;
- For Euro 463,390 from deferred income relating to revenues invoiced during the year and pertaining to 2022.

**Notes to the income statement****29. Revenue and other operating income**

The value of “*Revenues and other operating income*” consists mainly of the following items:

- “Core Business Revenue”, which refer to the revenues generated by the Service Contract for the Management of the Local Public Transport Service (LPT) concluded with the Municipality of Milan, the revenue from the contract for the management of the M5 metro line with Metro 5 S.p.A., the revenues relating to the management of on-street parking and parking areas, towing and custody

services and, residually, the revenues related to other transport services, including the management of the Como–Brunate funicular and POMA 2000 light rail service;

- “*Other revenue*”, which include revenues from advertising, rentals of properties, revenues from services on municipal property, including maintenance services on infrastructure, Area C and Area B;
- “*Other income*”, which mainly includes operating grants, reimbursements for damages and penalties charged to suppliers.

Revenues are realized in the Italian territory.

	2021	2020
Core business revenue	745,090,465	713,377,316
Other revenue	52,937,079	45,207,603
Other income	65,749,555	64,106,593
<b>Total</b>	<b>863,777,099</b>	<b>822,691,512</b>

The details of “*Core business revenue*” are shown below:

	2021	2020
Revenue from LPT	723,315,431	692,331,265
<i>Corresponding Service Contract Municipality of Milan</i>	670,414,545	663,636,364
<i>Corresponding Service Contract Interurban area</i>	3,843,493	3,681,095
<i>Corresponding Management Contract line 5</i>	22,723,608	23,639,802
<i>Income from fees-interurban area</i>	1,457,673	1,083,663
<i>Special/dedicated transport services</i>	24,876,112	290,341
Revenues from management of on-street parking services	8,031,022	9,496,716
Revenue from parking management	5,222,279	3,995,744
Revenue from car removal management	2,950,482	2,133,615
Other revenues	5,571,251	5,419,976
<b>Total</b>	<b>745,090,465</b>	<b>713,377,316</b>

“*Revenues from LPT*” amounted to Euro 723,315,431 (Euro 692,331,265 as December 31, 2020) and increased by Euro 30,984,166 compared to the previous year.

The main changes in the item “*Revenues from LPT*” refer to:

- “*Corresponding Service Contract Municipality of Milan*” an increase of Euro 6,778,181 compared to 2020;
- “*Corresponding Management Contract line 5*”: The decrease compared to the previous financial year of Euro 916,194 is related to lower revenues of Euro 647,274 and to 2020-related notes defined in the year 2021 for Euro 159,031 and Euro 109,889 relating to 2021 notes;
- “*Income from fees-interurban area*”: the increase of Euro 374,010 compared to the previous year is related to higher passenger traffic revenues, revenues and subscriptions, the management of the Como – Brunate funicular for Euro 339,091 and the management of the light rail system POMA 2000 for Euro 26,960. These changes are the direct consequence of the recovery in sales volumes of travel tickets due to the disappearance of restrictions on the mobility of persons and limitation

on the capacity of the vehicles imposed by the Italian Government during the whole emergency phase;

- “*Special/dedicated transport services*”: The increase of Euro 24,585,771 is due to the additional transport services that the Company has carried out at the request of the entity entrusted to the Municipality of Milan within the framework of the “Pact for Milan”. These services have been financed by specific regulatory interventions of the Italian Government to cover the costs, as described in the chapter “*the ATM Group and the COVID – 19 emergency*” of the document.

In addition, the complementary services of the Service Contract with the Municipality of Milan increased by a total of Euro 577,708 and refer to: To “*Revenue from parking management*”, which decreased by Euro 1,465,694, that were affected by the suspension of the parking payment scheme until the end of June 8, 2021, to “*Revenue from parking management*” which increased by Euro 1,226,535, as well as “*Revenue from car removal management*” of Euro 816,867. The increase in these two items is due to the fact that in the lockdown period of 2020 these activities were suspended.

The “*other revenues*” are composed as follows:

	2021	2020
Service revenues-third parties	36,231,450	27,033,459
Advertising and sponsorship revenues	7,899,826	9,837,187
Commercial leases metro stations	5,161,344	5,499,769
Other revenues	3,644,459	2,837,188
<b>Total</b>	<b>52,937,079</b>	<b>45,207,603</b>

“*Other revenues*” increased by Euro 7,729,476 compared to the previous year. In particular:

- The “*Services revenues*” increase by Euro 9,197,991 due to the increased services carried out for maintenance activities on municipal infrastructure, for the area B and C payment system, the traffic and territory control system, for extraordinary maintenance not planned on the M5 metro line. In addition, SPV M4 S.p.A. was charged during 2021 for the costs of maintaining the line following the postponement of the opening of the M4 metro line to the public at 2022, which was initially scheduled for July 2021.
- The “*Advertising and sponsorship revenues*” decrease by Euro 1,937,361 following the revision of the economic terms of the contract with the company that manages the advertising space;
- The “*Commercial lease metro stations*” decreased by 338,425 following the revision of the rent of the metro spaces;
- The “*Other revenues*” increase by Euro 807,271. The increase is related both to the higher revenues for the sale of operating materials for Euro 500,198, to revenues linked to the disposal of warehouse materials whose effects have also been reverberated on the dynamics of the inventory obsolescence provision, and to the higher revenues for the sale of magnetic cards for Euro 307,064 as a result of the resumption of sales of travel tickets compared to 2020 and of the transfer of travel tickets from paper to electronic.

Below is a detail of the item “*Other income*”, increased by Euro 1,642,962 compared to last year.

	2021	2020
Insurance receivables and costs undertaken for third parties	5,732,064	4,228,592
Income from penalties invoiced to suppliers	4,280,692	6,027,429
Gains on fixed asset sales	253,307	87,698
Grants	51,503,964	51,051,722
Other income	3,979,528	2,711,152
<b>Total</b>	<b>65,749,555</b>	<b>64,106,593</b>

The item “*Insurance receivables and costs undertaken for third parties*” increases by Euro 1,503,472. The increase mainly refers to increased commissions on the sale of travel tickets and revenues for the installation of vending machines in M5 line stations.

The item “*Income from penalties invoiced to suppliers*” decreases by Euro 1,746,737. During 2021, penalties were invoiced to electricity supply companies, while in 2020, due to the definition of two settlement agreements, were invoiced to companies supplying metro and tram material.

The item “*Gains on fixed asset sales*” refers mainly to the capital gain from the sale of 81 decomposed buses equal to Euro 253,307 (Note 7).

The item “*Grants*” for Euro 48,643,858 refers to grants for CCNL for the year, the amount of which is unchanged from the previous year, in accordance with Law No 47 of February 27, 2004 to cover the charges arising from the renewal of the collective employment contract for the two-year period 2002/2003, with Law n° 58 of April 22, 2005 to cover the charges deriving from the renewal of the CCIL two-year period 2004/2005 and with Law n° 296 of December 27, 2006 (Finanziaria 2007) to cover the charges of the renewal of the CCIL two-year period 2006/2007. The residual part, equal to Euro 2,866,212 (Euro 2,248,639 in the previous year), refers to grants for the production of electricity through photovoltaic systems, to grants for the training of personnel and finally to the share of grants relating to the “*Ristori Decreti*” for the management of the Como-Brunate Funicular for Euro 860,894.

The increase in the item “*Other income*”, totaling Euro 1,268,376 compared to the previous year, mainly refers to the higher penalties imposed on passengers.

### 30. Costs for purchases of goods and changes in inventory

	2021	2020
Purchases of goods	70,709,312	68,711,615
Change in inventory	(2,292,569)	47,019
Raw material consumption internal work	(1,353,059)	(4,052,423)
<b>Total</b>	<b>67,063,684</b>	<b>64,706,211</b>

The item, totaling Euro 67,063,684, includes the purchase costs for the materials necessary for the maintenance of vehicles and systems, for automotive diesel fuel and travel and parking tickets, as well as changes in inventories net of uses and provisions made to the “*obsolescence provision*”.

The value is adjusted for the consumption of materials for internal work related to extraordinary maintenance on the metropolitan metro and tram fleet for Euro 1,353,059 (Euro 4,052,423 in 2020).

### 31. Service Costs

	2021	2020
Maintenance and cleaning costs	122,475,609	113,016,851
Electric traction power	32,811,526	38,287,569
Subcontracted transport services	32,527,648	20,472,047
Utilities	15,363,943	16,058,920
Professional services	8,374,019	4,863,074
Miscellaneous services	7,718,991	6,110,047
Insurance	6,452,237	6,478,676
Production and distribution of travel tickets	6,349,823	5,663,693
Personnel services	3,175,312	3,177,373
Customer services, advertising and marketing	3,100,252	3,206,526
Security costs	2,585,391	2,318,492
<b>Total</b>	<b>240,934,751</b>	<b>219,653,268</b>

The item “Maintenance and cleaning costs”, increased for Euro 9,458,758 compared to 2020, refers to the interventions of third companies for ordinary and extraordinary maintenance for Euro 91,346,742 (Euro 83,557,041 in 2020) and cleaning services for Euro 31,128,867 (Euro 29,459,810 in 2020) carried out on plants, warehouses, offices and vehicles during the year.

The increase in maintenance costs incurred in the year, amounting to a total of Euro 7,789,701, the main expense incurred for the maintenance of rubber and iron-on-rollers is Euro 1,789,871 as a result of the internalization of maintenance activities following the end of *the full service* maintenance contracts that were owned by the vehicle suppliers and included in the purchase contracts, the higher charges of the period related to the maintenance operations carried out on the armament and infrastructure, which increased by 3,378,594 euros and 1,559,293 euros respectively.

With regard to cleaning operations, the most significant increase refers to vehicle cleaning, increased by Euro 1,543,965. This increase is related to the cleaning, sanitizing and sanitation of the vehicles that ATM S.p.A. has undertaken since the first days of the COVID-19 pandemic.

In 2021, in response to specific maintenance operations carried out, the specific provisions for environmental risks recorded in previous financial years for Euro 118,946 was used.

The lower charges for “Electric traction power” equal to Euro 5,476,043 are due to the lower supply cost which more than compensated for the increase in the service.

The item “Subcontracted transport services” includes the fees granted to subcontractors of transport services in the Milan urban area and the towing service, The increase of Euro 12,055,601 is related to the additional transportation services that ATM S.p.A. has had to require from carriers in order to guarantee the same service offer in view of the reduction in vehicle capacity during the COVID – 19 emergency;

The lower charges for “Utilities” to Euro 694,977 are due to lower costs incurred as a result of the closure of offices and *the use of smartworking* and a reduction in the costs of supplying services.

“*Professional Services*” refers mainly to professional services provided by third parties in the computer, legal, corporate and engineering fields. The increase compared to 2020 is related to support for participation in international competitions as foreseen by the “*Strategic Plan 2021 – 2025*” and the business expansion programs of ATM S.p.A.

The item “*Miscellaneous Services*” increased by Euro 1,608,944 compared to 2020 and mainly refers to charges for bank commissions of Euro 3,389,854 (Euro 2,950,085 in 2020), to charges for personnel seconded by the Group Companies for Euro 1,300,085 (Euro 1,174,477 in 2020) and transport services for material handling and waste disposal for Euro 1,984,426 (Euro 960,095 in 2020).

The item “*Insurance*” refers to the costs inherent in the insurance branch: the savings realized are the result of the reductions achieved during the tender.

The item “*Production and distribution of travel tickets*” refers to the remuneration payable to retailers for the sale of travel, on-street parking and parking tickets, Area B and Area C. The increase in the item, equal to Euro 686,130 compared to 2020, is due to the recovery in sales volumes of travel tickets.

The item “*Customer services, advertising and marketing*” mainly refers to expenses incurred for communication and information to customers and decreases by Euro 106,274 compared to 2020. During 2020, higher costs were incurred for the purchase and application of information material on public transportation and metro stations and for the conduct of the information campaign aimed at ensuring the distance and quota of passengers following the COVID-19 emergency.

The item “*Personnel services*” decreased by Euro 2,061 compared to 2020 and refers mainly to costs incurred for medical expenses, for legal obligations and for health inspections for Euro 1,650,045 (Euro 1,883,785 in 2020) and to training costs for Euro 819,266 (Euro 754,156 in 2020). The decrease is linked, on the one hand, to the lower costs incurred in the period for “*medical expenses*” decreased by Euro 233,740, offset by the higher costs for “*staff training*” and for “*Nursery management*”, which increased by Euro 65,110 respectively due to the resumption of training activities and by Euro 128,504 in view of the full-service recovery of the activities of the corporate nurseries.

The item “*Security Costs*” increased by Euro 266,899 compared to 2020 and refers to the value transport service and security services carried out in order to prevent vandalism and to guarantee the safety of passengers on board vehicles. During the year 2021, in view of the increase in passengers flow and the consequent recovery of revenue from travel tickets, the collection and transport services of valuables increased.

### 32. Operating lease costs

	2021	2020
Rental charges	255,552	152,577
Vehicle hire	376,115	288,621
Plant and equipment hire	1,206,731	1,361,182
<b>Total</b>	<b>1,838,398</b>	<b>1,802,380</b>

The costs incurred in 2021 are in line with those incurred in the previous year; for the year under review, also for the year under review, the parking area management fee for to be paid to the entrusted body – Municipality of Milan – has not been recorded as a result of the lower parking revenues for the rest of the period in 2021 due to the suspension of the paid-parking.

### 33. Personnel expenses

	2021	2020
Wages and salaries	352,793,396	340,918,683
Social security contributions	87,470,996	102,143,312
Post-employment benefits	22,933,826	22,441,481
Other costs	17,048,709	15,393,923
Personnel costs for internal work	(1,464,926)	(3,610,245)
<b>Total</b>	<b>478,782,001</b>	<b>477,287,154</b>

The “Personnel expenses” amounted to Euro 478,782,001, includes the costs incurred for salaries and social security contributions, statutory provisions and pursuant to category contracts, as well as costs for holidays and deductible hours accrued but not used in the year. The overall increase of Euro 1,494,847 is due to the increase in “Wages and salaries” of Euro 11,874,713, “Other costs” of Euro 1,654,786, “Post-employment benefits” of Euro 492,345 and the decreased “Personnel costs for internal work” of Euro 2,145,319 partially offset by the significant decrease of the item “social security contributions” by Euro 14,672,316.

The higher “Wages and salaries” are mainly linked to higher charges for overtime payments, for variable compensation (PDR, MBO), lower reimbursement from institutions, the increased provision for holidays not taken by employees and the failure to take place in 2021 at the bilateral Public Transportation Solidarity Fund which ATM S.p.A. used during *the lockdown period* in March and April 2020, that resulted in a non-recurring benefit in the previous year, for which we have provided information elsewhere in the document. These effects were partly offset by the lower provision of Euro 1,107,777 for the redundancy incentive program for personnel close to the maturity of their retirement rights compared to the amount set aside last year. The non-recurring effect determined is described in detail in another part of the document.

The lower “social security contributions” are determined by the opposite effect of the lower charges linked to the non-recurring effect linked to the reimbursement of sickness charges for the period 2014 ÷ 2018 for Euro 16,558,932 and the lower payment for the INAIL purposes in view of a lower rate of accidents at work, partially offset by the contribution quotas relating to higher charges for “wages and salaries”.



The costs are recognized net of capitalized personnel costs for internal work for Euro 1,464,926 (Euro 3,610,245 in 2020) and refer to the share of capitalized personnel costs for extraordinary maintenance works carried out on the metropolitan train fleet and trams.

The headcount as December 31, 2021 was 9,540 (9,460 as December 31, 2020).

Contractual type	12.31.2020	Hires	Departures	Transfers between Group companies	Other changes	12.31.2021
Executives	28	1			1	30
Managers	310	9	(25)		26	320
Clerks	774	67	(76)	3	47	815
Operational workers	8,348	530	(430)		(73)	8,375
<b>Total</b>	<b>9,460</b>	<b>607</b>	<b>(531)</b>	<b>3</b>	<b>1</b>	<b>9,540</b>

In 2021, employment trends showed an increase, including internal transfers, by 80 units, increases in the period net of normal turnover refer to the operating sectors: these include bus, tram and trolleybus drivers, station agents, security personnel, other support figures for operational management. In addition, new resources have been included in the maintenance departments and to strengthen the facilities of the Information Technology area, as well as targeted interventions in the staff functions, including in particular, activities aimed at participating in international competitions in the public transportation sector or the scope of Smart Mobility projects. The other changes refer to job changes and reinstated staff in service following adverse company rulings by the judiciary.

It should be noted that the change in the number of personnel departures concerns voluntary resignation and therefore no objective redundancies have been made during the period considered in accordance with the provisions of D. Lgs. No. 137/2020, cd. "Ristori Decree" and its subsequent amendments.

### 34. Other operating costs and charges

	2021	2020
Municipal taxes	5,327,044	5,524,612
Other operating charges	1,883,413	743,335
LPT claim Management	1,689,501	2,406,558
Taxes and duties	644,058	615,765
Prior year charges	141,157	538,821
Accrual/(release) provisions for risks and charges	106,204	2,023,219
Reversal of doubtful debts provision	37,210	(548,370)
<b>Total</b>	<b>9,828,587</b>	<b>11,303,940</b>

"Other operating costs and charges" reported a decrease of Euro 1,475,353 compared to the previous year, mainly due to the lower provisions made during 2021 in relation of ongoing disputes, which were widely disclosed in the Management Report in the part relating to the "Main disputes in progress" costs, from the lower period costs related to the management of damages from LPT for Euro 717,057, partially offset by the higher "other operating costs" for Euro 1,140,078.



The most important cost items include:

- “*Municipal taxes*” which refer mainly to the charge for Tarsu for Euro 3,697,736 and IMU for Euro 1,780,364. The charge of the period was offset by Euro 176,689 by tax adjustments related to previous years;
- “*LPT claim management*” related to Euro 1,838,779 to the cost incurred for the settlement of damages related to the movement of vehicles and to Euro 186,171 for motor vehicle practices, as well as to Euro 1,372,412 for provisions and Euro 1,707,861 for the use of the specific provision included in the “*Provisions for risks and charges*” (Note 24);
- “*Other operating charges*” mainly relate to membership of associations, expenses for the endorsement of notarial documents, representation expenses and miscellaneous expenses. The capital loss recognized in the income statement for a total of Euro 12,164,424 refers to Euro 11,905,821 for metropolitan trains no longer used in the transport service and for which the provision for write-downs recorded in previous years has been used for a portion of Euro 11,905,821 as highlighted to Note 7 – “*Property, plant, and equipment*”. The residual capital loss of Euro 258,603 refers to the sale of 280 poles for which a specific provision had not been set aside;
- “*Reversal of doubtful debts provision*” refers to the release of provisions for bad debt for Euro 444,514, to provisions for Euro 481,724 made to cover risks on receivables recorded in the financial statement, of which Euro 291,161 for “*Different receivables*”, Euro 151,193 for “*Receivables from third parties*”, Euro 31,696 per “*Receivables from parent companies*”, Euro 4,085 per “*Receivables from subsidiaries of the parent company*”, and finally Euro 3,588 per “*Receivables from subsidiaries*”. Please refer to Note 17 – “*Trade receivables*” and Note 18 – “*Other receivables and current assets*” of these explanatory notes for the comments on the constituent elements, respectively;
- “*Accrual/(release) provisions for risks and charges*” which refer to provisions made to adjust the “*Provisions for risks and charges*” (Note 24) following the review of the estimates and against the events of the period and considering new and more complete information than those available at the time when the original estimates were made.

During the year, credit losses for Euro 175,065 were recognized, which were entirely covered by the use of the doubtful debt provisions.

**35. Depreciation and impairment losses**

	2021	2020
Depreciation - Property, plant, and equipment	119,299,763	120,647,906
<i>Plant and machinery</i>	107,924,022	109,012,106
<i>Buildings</i>	6,751,879	6,742,178
<i>Industrial and commercial equipment</i>	2,207,678	2,548,908
<i>Other assets</i>	2,416,184	2,344,714
Plant capital grants	(35,271,268)	(35,599,995)
Amortization- Intangible assets	945,754	920,684
<i>Software Licenses</i>	945,754	920,684
Depreciation right of use for leased assets	2,111,799	2,026,003
<i>Equipment</i>	73,173	73,174
<i>Buildings</i>	531,500	298,570
<i>Vehicles</i>	1,330,551	1,296,382
<i>Computer equipment</i>	93,839	94,198
<i>Other</i>	82,736	263,679
Write-down of fixed assets	6,533,738	17,129,248
<b>Total</b>	<b>93,619,786</b>	<b>105,123,846</b>

“Depreciation and impairment losses” amounted to Euro 93,619,786, adjusted for the portion of the year equal to a total of Euro 35,271,268 relating to the contributions received in respect of the investments made.

The write-downs recognized in the period for Euro 6,533,738 refer to the residual value of 5 trams for Euro 4,026,319 which, in view of their technological obsolescence, are no longer used in the transport service and for the residual part equal to Euro 2,507,419 of the portion recognized in the income statement relating to the adjustment to *fair value* in application of the revalued cost method of the properties following the appraisal which is detailed in another part of the document.

Please refer to the Management Report for a description of the non-recurring components that affect this item.

### 36. Financial income and expenses

	2021	2020
Financial income	8,169,120	12,124,028
<i>Interest income</i>	2,029,135	2,302,464
<i>Gains on securities</i>	2,578,239	2,669,939
<i>Income from fair value adjustment</i>	1,475,632	2,578,051
<i>Other</i>	2,086,114	4,573,574
Financial expenses	(5,907,035)	(6,081,129)
<i>Interest for employee defined benefits</i>	23,128	(428,507)
<i>Interest expense on loans and bond issues</i>	(4,213,718)	(4,348,703)
<i>Other interest expense</i>	(50,385)	(25,351)
<i>Losses on securities</i>	(333,560)	(424,113)
<i>Fair value adjustments</i>	(1,216,374)	(447,232)
<i>Impairment of financial assets</i>	205,039	203,985
<i>Other</i>	(173,032)	(516,630)
<i>Interest expense IFRS 16</i>	(148,133)	(94,578)
<b>Total</b>	<b>2,262,085</b>	<b>6,042,899</b>

Interest income consists of:

	2021	2020
Interest on deposits and current accounts	8,097	939
Interest income on securities	835,599	1,096,756
Interest income from subsidiaries	16,943	44,255
Interest on loans to associates	649,461	808,165
Interest income from parent's subsidiaries	519,035	352,349
<b>Total</b>	<b>2,029,135</b>	<b>2,302,464</b>

“Interest income on securities” of Euro 835,599 (Euro 1,096,756 as December 31, 2020) refers to interest on government securities and bond loans.

“Interest income from subsidiaries” of Euro 16,943 (Euro 44,255 as December 31, 2020) refers to interest accrued under *the cash pooling agreement*.

“*Interest income on loans to associates*” of Euro 649,461 (Euro 808,165 as December 31, 2020) refer to interest accrued on loans granted to the company Metro 5 S.p.A.

“*Interest income from parent's subsidiaries*” of Euro 519,035 (Euro 352,349 as December 31, 2020) refers to interest accrued on loans granted to the SPV Line M4 S.p.A.

“*Interest income on securities*” of Euro 2,578,239 (Euro 2,669,939 as December 31, 2020) refer to gains realized with reference to securities trading.

“*Income from fair value adjustment*” refers to the *fair value measurement* of financial receivables of Euro 622,064 to the associated company Metro 5 S.p.A. and Euro 21,190 to the SED-ATM and SCCATI construction cooperatives and Euro 832,378 to the income from *fair value measurement* of the FVTPL

designated financial instruments. It is noted that overall, the net income statement effect from the securities designated by the FVTPL was positive and amounted to Euro 259,258 (positive in 2020 and equal to Euro 2,130,819).

The item “*other*” refer mainly to the dividend received from the subsidiary International Metro Service S.r.l. for Euro 1,530,000 and to the restoration, within the limits of the original purchase cost, of the value of the investment in Movibus S.r.l to the value representing ATM S.p.A.'s share of equity for Euro 131,290 ( in the 2020 Financial Statements the restoration of the value of the investment held in the associated company Movibus S.r.l. was equal to Euro 359,694) and for Euro 32,211 to the valuation at amortized cost of securities designated HTC&S and Euro 392,613 to miscellaneous income.

The “*financial expenses*” refer mainly to “*interest for employee-defined benefit plans*” for Euro 23,128, “*interest on loans and bond loans*” recognized under payables for Euro 4,213,718 and “*losses on securities*” for Euro 333,560.

“*Fair value adjustments*” refer to the *fair value measurement* of financial receivables from the subsidiary of the parent company SPV Line M 4 S.p.A. for Euro 418,987 and for Euro 797,387 to the *fair value measurement charges* of the designated financial instruments FVTPL.

“Interest expense” resulting from the application of IFRS 16 leases amounted to Euro 148,133.

### 37. Income taxes

The taxes for the year were recorded as detailed below:

	2021	2020
Current taxes	205,500	161,074
<i>Income (charges) from tax consolidation</i>	205,500	161,074
Prior year taxes	393,560	(119,037)
IRES	276,560	(119,037)
IRAP	117,000	
Deferred tax charge	3,286,646	19,175,097
<b>Total</b>	<b>3,885,706</b>	<b>19,217,134</b>

No taxes for IRES and IRAP purposes are recognized for the year.

“*Income from tax consolidation*” refers to the transfer of IRES, within the limits provided for by the current legal regulations, by the companies included in the National Tax Consolidation.

“*Deferred taxes*” includes the release of deferred tax credits registered against taxed risk funds. The prepaid and deferred taxes reversed to the income statement are Euro 5,194,011 and Euro 1,907,365 respectively, as detailed in Note 12 and Note 25. The prepaid and deferred taxes mainly refer to the release of prepaid taxes on risk provisions of Euro 4,706,948.

The table of reconciliation between the theoretical and effective taxes is given below:

	THEORETICAL TAX CHARGE	
	IRES	IRAP
VALUE OF PRODUCTION		863,777,099
COST OF PRODUCTION		(892,067,205)
<b>DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION</b>		(28,290,106)
PERSONNEL EXPENSES (NON-DEDUCTIBLE FOR IRAP PURPOSES)		478,782,001
<b>PRE-TAX PROFIT/(LOSS)</b>	(26,028,024)	
<b>THEORETICAL TAX RATE</b>	<b>24.00%</b>	<b>4.20%</b>
<b>THEORETICAL TAX BASE</b>	<b>(26,028,024)</b>	<b>450,491,895</b>
<b>THEORETICAL TAX CHARGE</b>	<b>(6,246,726)</b>	<b>18,920,660</b>
<b>NON-DEDUCTIBLE COSTS- EXEMPT REVENUES</b>	<b>IRES</b>	<b>IRAP</b>
CO-ORDINATED AND ONGOING / OCCASIONAL COLLABORATIONS	0	12,676
NON-DEDUCTIBLE TAXES	673,865	1,750,437
PHONES	106,389	106,389
<b>OTHER NON-DEDUCTIBLE COSTS</b>		
- personnel	35,542,577	0
- amortisation/depreciation (Item B10)	2,996,794	7,367,401
- provisions not permitted as per TUIR/L.446/97	4,590,230	4,590,230
- other non-deductible costs	6,361,335	6,775,592
<b>EXEMPT REVENUES</b>		
- release/utilization non-deductible provision	(14,743,001)	(14,890,250)
- personnel	(35,510,205)	0
- other exempt income	(5,448,705)	(3,863,915)
<b>TOTAL INCREASES (+)</b>	<b>(5,430,721)</b>	<b>1,848,560</b>
<b>DEDUCTED COSTS-IRAP DIFFERENT ASSESSABLE BASE</b>	<b>IRES</b>	<b>IRAP</b>
IFRS	6,518,554	6,284,870
INAIL	0	5,700,703
COSTS FOR DISABLED PERSONNEL	0	8,964,559
CIRCULAR TAX AUTHORITY NO.22/E OF 09/06/2015 AND VARIOUS	0	450,946,088
DEDUCTION OF PAYMENT FOR SUPPLEMENTARY PENSION SCHEMES	506,108	0
<b>TOTAL DECREASES (-)</b>	<b>7,024,662</b>	<b>471,896,220</b>
<b>EFFECTIVE TAX CHARGE</b>	<b>IRES</b>	<b>IRAP</b>
<b>ASSESSABLE EFFECTIVE TAX CHARGE/INCOME</b>	(38,483,407)	(19,555,765)
<b>EFFECTIVE TAX CHARGE</b>	<b>205,500</b>	
<b>EFFECTIVE TAX CHARGE RATE</b>	<b>0.00%</b>	<b>0.00%</b>

### 38. Remuneration of directors and Audit Committee Board

According to the law, the remuneration of the directors and the statutory auditors is reported below, it should be noted that the amounts are expressed gross of any contribution and ancillary charges.

	2021	2020	Variation
Director fees	190,000	196,660	(6,660)
Audit Committee fees	139,648	139,648	-
<b>Total</b>	<b>329,648</b>	<b>336,308</b>	<b>(6,660)</b>

The Board of Directors is composed, as at the date of the preparation of this Financial Report 2021 of five members, including the Chairperson and the Chief Executive Officer; the Board of Statutory Auditors is composed of three standing members, one of which is the President. The compensation paid to the individual incumbent directors are expressed gross of social security deductions of Euro 15,365 and are equal to Euro 174,350 as per the Shareholders' deliberation of April 15, 2020. The travel expenses of the Chairperson of the Board of Directors in respect of the performance of his duties amount to Euro 285.

The amount of compensation paid to the Board of Directors in 2021 decreased, compared to the amount paid in 2020, due to the resignation on August 23, 2021 of a member of the Board of Directors who had not yet been replaced as of the date of preparation of the financial statements.

### 39. Statutory Auditor fees

The fees recognized by ATM S.p.A. to the independent auditors Deloitte & Touche S.p.A. for the financial year 2021 amounted to Euro 257,125 for the activities related to the statutory audit of accounts and Euro 30,706 for audit services aimed at issuing other certificates.

Type of services	Fees
<b>Audit</b>	<b>257,125</b>
<i>Statutory audit of the accounts of the financial statements and the consolidated financial statements, regular audits of the regular keeping of the accounts</i>	220,000
<i>Limited audit of the consolidated half-yearly situation, drawn up on a voluntary basis, of the companies of the ATM Group from 06.30.2018 to 06.30.2025</i>	37,125
<b>Attestation Services</b>	<b>30,706</b>
<i>Annual and half-yearly attestation of covenants to the European Investment Bank</i>	12,706
<i>Subscription of claims/certifications required by current regulations and pro tempore regulations</i>	18,000
<b>Total</b>	<b>287,831</b>

Deloitte & Touche S.p.A. and the companies belonging to its network have not provided services other than auditing or certification.

### 40. Intercompany and related parties transactions

Transactions with related parties with which the Company has commercial and financial relationships at conditions in line with those of the market are summarized pursuant to art. 2427 of the Italian Civil Code, number 22-bis.

The “*trade receivables from parent companies*” refer to receivables for services and services rendered to the Parent company as part of the Local Public Transport Service Contract and management services of parking, parking spaces and car removal services with the Municipality of Milan and to receivables for works carried out on municipally owned assets. The value of the receivables is adjusted by the allowance for doubtful accounts amounting to Euro 3,062,288 set up in order to align the value of the receivables with the presumed realizable value.

“*Trade receivables from subsidiaries*” refer to receivables for services and services provided to companies within the scope of consolidation, for which ATM S.p.A. performs service activities.

The “*financial receivables from subsidiaries*” refer to the active balances of the cash pooling current accounts as December 31, 2020. The accrued interest is recognized in the line “*Net Financial income*” of the income statement.

The “*tax receivables from subsidiaries*”, as described in another part of this document, relate to the receivable arising from the contracts stipulated with the subsidiaries for the accession to the National Tax Consolidation and the Group VAT scheme.

“*Trade receivables from associates*” refer to receivables for services and services rendered under existing contracts. The value of the receivables is adjusted by the bad debt provision of Euro 8,899 set up in order to align the value of the receivables to the estimated realizable value.

“*Trade receivables from subsidiaries of the parent companies*” refer to receivables for services and services rendered under existing contracts.

RECEIVABLES	Trade	Financial	Contributions	12.31.2021
<b>- Parent</b>				
Municipality Of Milan	124,852,075		41,342	124,893,417
<b>- Subsidiaries</b>				
Citylink s.r.l.- smart mobility by ATM	206,042			206,042
Gesam S.r.l.	70,482			70,482
International Metro Service S.r.l.	36,300			36,300
Metro Service A/S	67,715			67,715
Nord Est Trasporti S.r.l.	8,929,800			8,929,800
Rail Diagnostics S.p.A.	436,694			436,694
<b>- Associates</b>				
CO.MO. Fun&Bus S.c.a.r.l	322,959		6,357	329,316
Metro 5 S.p.A.	1,513,439	10,863,809		12,377,248
Movibus S.r.l.	25,058			25,058
<b>- Other companies</b>				
Fondazione Teatro alla Scala	16,694			16,694
Scuole Civiche Milano	2,045			2,045
Metropolitana Milanese S.p.A.	274,261			274,261
SPV Linea M4 S.p.A.	2,765,833	10,705,505		13,471,338
Agenzia Mobilità Ambiente e Territorio S.r.l.	290			290
MilanoSport S.p.A.	942			942
Milan Ristorazione S.p.A.	2,818			2,818
Agenzia TPL del Bacino città	24,666			24,666
<b>- Other transactions with related parties</b>				
Coop S.E.D. ATM/S.C.C.A.T.I.		1,005,772		1,005,772
<b>Total</b>	<b>139,548,113</b>	<b>22,575,086</b>	<b>47,699</b>	<b>162,170,898</b>

The “*trade payables to parent companies*” refer to payables for services and services rendered under the Local Public Transport Service Contract and management services of parking, parking spaces and car removal with the Municipality of Milan.

“Trade payables to subsidiaries” refer to payables for services and services rendered by subsidiaries under existing contracts.

“Financial payables to subsidiaries” refer to the balances payable by current accounts in cash pooling as of December 31, 2020. Accrued interest is recognized in the line “Net Financial income” of the income statement.

The “tax liabilities to subsidiaries”, as described in another part of this document, relate to the withholding taxes incurred, transferred by the subsidiaries to ATM S.p.A. following the adhesion to the National Tax Consolidation.

“Trade payables to associates” refer to payables for services and services provided by the associates pursuant to existing contracts.

The “trade payables to subsidiaries of the parent companies” refer to payables for services and services rendered by the companies to ATM S.p.A. under the existing contracts.

PAYABLES	Trade	Financial	Tax	12.31.2021
<b>- Parent</b>				
Municipality of Milan	40,612,303			40,612,303
<b>- Subsidiaries</b>				
Citylink s.r.l- smart mobility by ATM	331,706	376,269	1,134	709,109
Gesam S.r.l.	53,100	856,640		909,740
International Metro Service S.r.l.	5,098			5,098
Nord Est Trasporti S.r.l.	2,206,849	8,277,117		10,483,966
Rail Diagnostics S.p.A.	3,069,621	8,810,341	560	11,880,522
<b>- Associates</b>				
CO.MO. Fun&Bus S.c.a.r.l	18,929			18,929
Metro 5 S.p.A.	314,286			314,286
Movibus S.r.l.	1,485,751			1,485,751
Consorzio SBE	21,060			21,060
<b>- Other companies</b>				
Metropolitana Milanese S.p.A.	654,412			654,412
SPV Linea M4 S.p.A.	416,369			416,369
<b>Total</b>	<b>49,189,484</b>	<b>18,320,367</b>	<b>1,694</b>	<b>67,511,545</b>



<b>INCOME STATEMENT TRANSACTIONS</b>	<b>Core Business Revenue</b>	<b>Other revenue</b>	<b>Other income</b>	<b>Financial income</b>
<b>- Parent</b>				
Municipality of Milan	693,067,216	29,144,785	1,084,762	
<b>- Subsidiaries</b>				
Citylink s.r.l.- smart mobility by ATM.	211,553		14	
Gesam S.r.l.	349,674	60,848	14	
International Metro Service S.r.l.	14,878			1,530,000
Metro Service A/S	379,790		24	
Nord Est Trasporti S.r.l.	4,086,649	354,000	329,071	16,943
Rail Diagnostics S.p.A.	625,679	54,500	3,214	
<b>- Other companies</b>				
Metropolitana Milanese S.p.A.	40,139	138,254	318	
SEA S.p.A.			24	
SPV Linea M4 S.p.A.		3,145,328		519,035
<b>- Associates</b>				
CO.MO. Fun&Bus s.c.a.r.l	671,923		6,357	
Metro 5 S.p.A.	22,723,608	597,208	89,223	649,461
Movibus S.r.l.		53,620	282,624	131,290
Consorzio SBE			5,000	
<b>Total</b>	<b>722,171,109</b>	<b>33,548,543</b>	<b>1,800,645</b>	<b>2,846,729</b>

<b>INCOME STATEMENT TRANSACTIONS</b>	<b>Costs for services</b>	<b>Operating lease costs</b>	<b>Other operating costs and charges</b>
<b>- Parent</b>			
Municipality of Milan	(50,230)		(31,696)
<b>- Subsidiaries</b>			
Citylink s.r.l.- smart mobility by ATM	(144,407)	(108,180)	(6)
Gesam S.r.l.	(893,970)		(4)
Nord Est Trasporti S.r.l.	(1,024,547)		
Rail Diagnostics S.p.A.	(6,231,831)		
<b>- Other companies</b>			
Metropolitana Milanese S.p.A.	(2,142,224)	(10,500)	(374)
SPV Linea M4 S.p.A.	(416,369)		
<b>- Associates</b>			
CO.MO. Fun&Bus s.c.a.r.l		(163,991)	(3,968)
Metro 5 S.p.A.		(174,375)	(97,130)
Movibus S.r.l.	(265,183)		(7)
Consorzio SBE			(51,660)
<b>Total</b>	<b>(11,168,761)</b>	<b>(457,046)</b>	<b>(184,845)</b>

#### 41. Commitments, guarantees and potential liabilities not recognized in the accounts

Details of the item are provided below:

	12.31.2021	12.31.2020
Assets in use	5,083,839,339	4,984,453,059
Guarantees of which:	304,857,893	305,565,228
- Guarantees in favor of third parties	29,232,621	24,724,658
- Guarantees given to third parties	258,848,945	261,475,582
- Guarantees to investees	16,776,327	19,364,988
<b>Total</b>	<b>5,388,697,232</b>	<b>5,290,018,287</b>

The amount of Euro 5,083,839,339 for “assets in use” refers to:

- Euro 4,918,512,894 to the value of the assets in use by the Municipality of Milan for the management of the LPT service;
- Euro 159,881,338 to the value of the on-street parking areas and parking areas in use under the Service Contracts;
- Euro 5,234,795 to materials owned by Metro 5 S.p.A. received for the warranty maintenance activities under warranty;
- For Euro 210,312 to the value of assets in use by the Municipality of Milan (works of art).

The “Guarantees in favor of third parties”, equal to Euro 29,232,621 refer to guarantees issued in favor of third parties.

The “Guarantees given to third parties”, amounting to Euro 258,848,945, refer to guarantees or securities issued by third parties in favor of the Company.

The “guarantees to investees”, amounting to Euro 16,776,327, refer to:

- For a total of Euro 12,095,700 to the pledge registered on 106,600 shares of Metro 5 S.p.A. and to the pledge registered on 13,720 shares of SPV Linea M4 S.p.A. in favor of a pool of financial banks in the context of the related projects for the construction and management of the new M5 and M4 lines;
- For Euro 4,680,627 to co-obligations and guarantees given to the subsidiary Metro 5 S.p.A. and to SPV Line M4 S.p.A.

The value of contractual commitments for investment supply contracts is equal to Euro 170,412,825.

#### 42. Information on public disbursements - Article 1, paragraphs 125 to 129 of Law no. 124/2017

The amounts of contributions collected in the 2021 financial year by nature and entity are displayed below:

- CCNL contributions, paid by the Region of Lombardy through the LPT Agency for Euro 60,785,751, of which Euro 12,148,250 for the year 2020 and Euro 48,637,501 for the year 2021, before the 4% withholding tax;
- Contributions for the reimbursement of sickness charges relating to 2014÷2018 for Euro

- 12,531,876, paid by the Ministry of Labor;
- Euro 5,230,906 for grants for the implementation of interventions to ensure safety in the metro paid by the State;
  - Contributions for the purchase of electric buses, paid by the State, for Euro 9,501,000;
  - Contributions for the purchase of buses and trams, paid by the Lombardy Region for Euro 2,946,574;
  - Contributions for lower tariff revenues D.L 104/20 art. 44, D.L. 137/20 and DGR.9002/21 for Euro 300,820;
  - tax credit for the purchase PPE COVID-19 for Euro 60,000 art 32 D.L 73/21 and Euro 24,000 for tax credit on investment L.160/2019 for Euro 24,000, both offset in tax payments for the year.

## Assembly Deliberations

Mr. shareholder,

We submit for your approval the financial statements of ATM S.p.A. for the year ended as December 31, 2021, which shows a loss of Euro 29,913,729 and we propose to:

- Use the “*contribution reserve*” for Euro 3,198,425 and the “*extraordinary reserve*” for Euro 5,763,772 recorded under “*other reserves*” to partially cover the loss;
- Allocate the residual loss of Euro 20,951,532 under “*Retained earnings (Losses) carried forward*”.

Milan, March 31, 2022

For the Board of Directors

The Chairperson

Gioia Maria Ghezzi

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**INDEPENDENT AUDITOR'S REPORT  
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010  
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Sole Shareholders of  
Azienda Trasporti Milanesi S.p.A.**

**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**Opinion**

We have audited the consolidated financial statements of Azienda Trasporti Milanesi S.p.A. and its subsidiaries (hereinafter the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Azienda Trasporti Milanesi S.p.A. (hereinafter the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Non-current assets valuation****Description of the key audit matter**

As the previous year, even 2021 was characterized by the spread of the Covid-19 pandemic and its consequences on the socio-economic context, with particular implications also on the local public transport sector (“TPL”).

Compared to the business trend prior to the Covid-19 pandemic, Group's economic and financial results as at December 31, 2021 still significantly reflect the pandemic context in terms of both a reduction in the TPL ancillary revenues, such as the parking of vehicles on the road, the vehicle removals and the renting of commercial and advertising spaces, and a marked increase in the costs of the sanitation rolling stock, stations and docks, in the purchase of individual protection equipment and periodic employees screening and in the management of communication and social distance.

According to the Company's Management, the delay in the effects of the Covid-19 pandemic has represented an exogenous trigger event which has made necessary the exercise of an impairment test on the recoverability of net invested capital, as recommended by the European Securities and Markets Authority (ESMA) and in accordance with the requirements of IAS 36.

The impairment test was carried out by the Directors on the cash generating units “Local public transport and complementary services”, “Local public transport in the Interurban area” and “Other assets”, comparing the recoverable amounts of the CGUs, determined by the estimate of the value in use, with the carrying amount of the CGUs. The value in use determined by the Management is based on assumptions regarding, among others, (i) the estimate of the cash flows as inferable from the Business Plan 2022 – 2037, prepared consistently to the Strategic Plan 2021 – 2025 and both approved by the Board of Directors of the Company, with reference to the CGU “Local Public Transport and complementary Services”, from the Business Plan 2022 – 2031 approved by the Sole Director of Nord Est Trasporti S.r.l., with reference to the CGU “Local Public Transport in the Interurban Area” and from the Business Plan 2022 – 2024 approved by the Sole Director of Rail Diagnostics S.p.A., with regards to the CGU “Other activities”, (ii) medium – long term investments planning, (iii) degree of probability associated to each considered scenario in accordance with Management expectations regarding the tender for the win of TPL services, and (iv) the determination of an appropriate discount rate (WACC) and of long-term growth (g-rate). The determination of value in use is also based on assumptions influenced by future expectations and external variables, the latter including the short-term evolution of the pandemic framework and the medium and long-term evolution of the demand for mobility services.

Impairment test result confirmed the value of non-current assets recorded in Group consolidated financial statements as at December 31, 2021.

In consideration of the relevance of the amount of non-current assets recognized in the consolidated financial statements and the subjectivity of the estimates related to the determination of cash flows and other key variables described above, we considered the impairment test as a key audit matter of the Group consolidated financial statement.

The paragraph "Recoverability of the value of tangible, intangible assets and investments" of note 5 "Use of estimates" and note 9 "Property, plant and equipment" of the notes to the consolidated financial statements disclose information regarding the methodology and results of the impairment test.

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**Audit procedures performed**

In the context of the audit on the financial statements, also supported by experts from the Deloitte network, we have carried out the following main audit procedures:

- examination of the methods used by the Management for the determination of value in use, by analyzing methods and assumptions used for the development of the impairment test;
- understanding of the relevant controls put in place by the Group on the process of carrying out the impairment test;
- reasonableness analysis of the main assumptions underlying the Business Plan prepared by the Management of ATM S.p.A. and its subsidiaries, also through discussions with the dedicated business functions;
- regular meetings with the Company's Management in order to share the progress of the activities related to the call for tender for TPL services by the Agenzia di Bacino, in order to confirm the reasonableness of the weighting of the different scenarios included as basis for the impairment test;
- critical reading of the minutes of the meetings of the Board of Directors;
- assessment of the reasonableness of the discount rate (WACC) and long-term growth rate (g-rate);
- verification of the arithmetic accuracy of the model used for the determination of the CGUs value in use;
- verification of the correct determination of the carrying amount of the CGUs and the comparison to the value in use resulting from the impairment test;
- sensitivity analysis of certain variables in the Business Plan and verification of the recoverable amount – considered as value in use – of the net invested capital analyzed;

- verification of the accuracy and completeness of the information provided in the notes to the consolidated financial statements.

### **Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements**

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

#### **Other information communicated pursuant to art. 10 of the EU Regulation 537/2014**

The Shareholders' Meeting of Azienda Trasporti Milanese S.p.A. has appointed us on November 9, 2017 as auditors of the Company for the years from December 31, 2017 to December 31, 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS****Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98**

The Directors of Azienda Trasporti Milanesi S.p.A. are responsible for the preparation of the report on operations, including some specific information set forth in art 123-bis, paragraph 2 (b), of Azienda Trasporti Milanesi Group as at December 31, 2021, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations including some specific information contained set forth in art 123-bis, paragraph 2 (b) of Legislative Decree 58/98, with the consolidated financial statements of Azienda Trasporti Milanesi Group as at December 31, 2021 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations, including some specific information set forth in art 123-bis, paragraph 2 (b), is consistent with the consolidated financial statements of Azienda Trasporti Milanesi Group as at December 31, 2021 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

**Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree December 30, 2016, no. 254**

The Directors of Azienda Trasporti Milanesi S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree December 30, 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Matteo Bresciani**  
Partner

Milan, Italy  
April 15, 2022

*This report has been translated into the English language solely for the convenience of international readers.*

**INDEPENDENT AUDITOR'S REPORT  
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010  
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Sole Shareholders of  
Azienda Trasporti Milanesi S.p.A.**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the financial statements of Azienda Trasporti Milanesi S.p.A. (hereinafter the "Company"), which comprise the statement of financial position as at December 31, 2021, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Non-current assets valuation****Description of the key audit matter**

As the previous year, even 2021 was characterized by the spread of the Covid-19 pandemic and its consequences on the socio-economic context, with particular implications also on the local public transport sector (“TPL”).

Compared to the business trend prior to the Covid-19 pandemic, Company's economic and financial results as at December 31, 2021 still significantly reflect the pandemic context in terms of both a reduction in the TPL ancillary revenues, such as the parking of vehicles on the road, the vehicle removals and the renting of commercial and advertising spaces, and a marked increase in the costs of the sanitation rolling stock, stations and docks, in the purchase of individual protection equipment and periodic employees screening and in the management of communication and social distance.

According to the Company's Management, the delay in the effects of the Covid-19 pandemic has represented an exogenous trigger event which has made necessary the exercise of an impairment test on the recoverability of net invested capital, as recommended by the European Securities and Markets Authority (ESMA) and in accordance with the requirements of IAS 36.

The impairment test was carried out by the Directors, considering the Company as a single cash generating unit (“CGU”) relating to “Local public transport and complementary services”, comparing the recoverable amount of the CGU, determined by the estimate of the value in use, with the carrying amount of the CGU. The value in use determined by the Management is based on assumptions regarding, among others, (i) the estimate of the cash flows inferable from the Business Plan 2022 – 2037, prepared consistently to the Strategic Plan 2021 – 2025 and both approved by the Board of Directors of the Company, (ii) medium – long term investments planning, (iii) degree of probability associated to each considered scenario, in accordance with Management expectations regarding the tender for the win of TPL services, and (iv) the determination of an appropriate discount rate (WACC) and of long-term growth (g-rate). The determination of value in use is also based on assumptions influenced by future expectations and external variables, the latter including the short-term evolution of the pandemic framework and medium and long term evolution of the demand for mobility services.

Impairment test result confirmed the value of non-current assets recorded in ATM S.p.A.'s financial statements as at December 31, 2021.

In consideration of the relevance of the amount of non-current assets recognized in the financial statements and the subjectivity of the estimates related to the determination of cash flows and other key variables described above, we considered the impairment test as a key audit matter of Company's financial statement.

The paragraph "Recoverability of the value of tangible, intangible assets and investments" of note 4 "Use of estimates" and note 7 "Property, plant and equipment" of the notes to the financial statements disclose information regarding the methodology and results of the impairment test.

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**Audit procedures performed**

In the context of the audit on the financial statements, also supported by experts from the Deloitte network, we have carried out the following main audit procedures:

- examination of the methods used by the Management for the determination of the value in use, by analyzing methods and assumptions used for the development of the impairment test;
- understanding of the relevant controls put in place by the Company on the process of carrying out the impairment test;
- reasonableness analysis of the main assumptions underlying the Business Plan prepared by the Management of ATM S.p.A., also through discussions with the dedicated business functions;
- regular meetings with the Company's Management in order to share the progress of the activities related to the call for tender for TPL services by the Agenzia di Bacino, in order to confirm the reasonableness of the weighting of the different scenarios included as basis for the impairment test;
- critical reading of the minutes of the meetings of the Board of Directors;
- assessment of the reasonableness of the discount rate (WACC) and long-term growth rate (g-rate);
- verification of the arithmetic accuracy of the model used for the determination of the CGU's value in use;
- verification of the correct determination of the carrying amount of the CGU and its comparison to the value in use resulting from the impairment test;
- sensitivity analysis on certain variables in the Business Plan and verification of the recoverable amount – considered as value in use – of the net invested capital analyzed;
- verification of the accuracy and completeness of the information provided in the notes to the financial statements.

## **Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements**

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

#### **Other information communicated pursuant to art. 10 of the EU Regulation 537/2014**

The Shareholders' Meeting of Azienda Trasporti Milanese S.p.A. has appointed us on November 9, 2017 as auditors of the Company for the years from December 31, 2017 to December 31, 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

##### **Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98**

The Directors of Azienda Trasporti Milanese S.p.A. are responsible for the preparation of the report on operations, including some specific information set forth in art. 123-bis, paragraph 2 (b) of the Company as at December 31, 2021, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations including some specific information contained set forth in art. 123-bis, paragraph 2 (b) of Legislative Decree 58/98 with the financial statements of Azienda Trasporti Milanesi S.p.A. as at December 31, 2021 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations including some specific information set forth in art. 123-bis, paragraph 2 (b) is consistent with the financial statements of Azienda Trasporti Milanesi S.p.A. as at December 31, 2021 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Matteo Bresciani**  
Partner

Milan, Italy  
April 15, 2022

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