

3

Reference Scenario

3.1 Macroeconomic Scenario

3.1.1 Macroeconomic Framework

The global scenario during 2024 was characterised by generalised growth, but with different dynamics in the main economic areas. Compared to a year-on-year growth rate of 2.8% in the US (OECD estimates), growth in the Eurozone slowed down in the second half of the year, despite the gradual easing of monetary policy by the ECB, as a result of subdued consumption and investment, together with a reduction in exports. The OECD's end-of-year assessments indicate a **growth rate** of the **world economy** for 2024 at around **3.2%**, in line with the level estimated for 2025 (3.3%). According to Bankitalia data (see Boleco 1/2025), the volume of international trade slowed down in the latter part of 2024 to +2.8% compared to the previous year. For 2025, the trend will be conditioned by the introduction of trade tariffs by the new US administration.

The **EU economy** showed modest growth. According to the macroeconomic projections made by the ECB in December 2024, the area's GDP **grew by 0.7%** in the year, with projections for a further increase to 1.1% in 2025, and 1.4% in 2026. The value for 2024 was affected by subdued consumption and investment, held back by still restrictive financing conditions, despite the further reduction of the interest rate on deposits with the ECB to 3% in December 2024. The dynamics of credit to manufacturing companies remained weak. The latter part of the year was also affected by the weakness of manufacturing in Germany, which accounts for about one third of the region's total, and the crisis in the automotive sector, partly attributable to the regulatory uncertainty related to the transition to the production of purely electrically-powered vehicles. The **labour market** remained robust, however, with an **unemployment rate** in the area at **6.1%** (see European Commission Autumn 2024 Economic Forecast).

GDP growth and macroeconomic scenarios (percentage changes, unless otherwise specified)							
ITEMS	2023	Growth		OECD Forecasts		Revisions (2)	
		2024 Q2: (1)	2024 Q3: (1)	2024	2025	2024	2025
World	3.2	-	-	3.2	3.3	0.1	0.1
Japan	1.7	2.2	0.9	0.3	1.5	-0.2	0.1
United Kingdom	0.3	1.8	0.6	0.9	1.7	-0.2	0.5
United States	2.9	3.0	2.8	2.8	2.4	0.2	0.8
Brazil	3.2	3.3	4.0	3.2	2.3	0.3	-0.3
China	5.2	4.7	4.6	4.9	4.7	0.0	0.2
India (3)	7.8	6.7	5.4	6.8	6.9	0.1	0.1
Russia	3.7	4.1	3.1	3.9	1.1	0.2	0.0
Euro Area	0.5	0.2	0.4	0.8	1.3	0.1	0.0

Source: for growth data, national statistics; for world GDP and forecasts, OECD, OECD Economic Outlook, December 2024.

(1) Quarterly data. For Japan, the United Kingdom and the United States, year-on-year and seasonally adjusted percentage changes over the previous period; for the other countries, changes over the corresponding period. - (2) Percentage points; revisions from OECD, OECD Economic Outlook, Interim Report, September 2024. - (3) Actual and forecast figures refer to the fiscal year beginning in April.

(Table source: Bank of Italy Economic Bulletin - January 2025)

The generalised deflation process was confirmed, driven by the restrictive monetary policy actions taken by the Central Banks, in particular by the FED and ECB between the end of 2022 and the autumn of 2023. According to data collected in December 2024, consumer inflation in the US stood at 2.9% and in the Eurozone at 2.4%, down sharply from 5.4% in 2023, with expectations of a further decline to 2.1% in 2025 and 1.9% in 2026 (see European Commission Economic Forecast, Autumn 2024). This scenario has fuelled expectations of a gradual normalisation of monetary policies in 2025.

Energy commodity prices fluctuated in 2024. Oil prices exceeded US\$ 85/bbl in the second half of March, then fell over the summer, as a result of weaker than expected global demand, and returned to around US\$ 80/bbl in the autumn. The outcome of the US elections fuelled expectations of supply expansion, mitigating the potential price impact of OPEC+ countries' decisions to increase supply cuts. Natural gas also rose to around EUR 50 per MW/h, driven by demand factors and geopolitical tensions, including the interruption of Russian gas flows to Europe via Ukraine.



Source: LSEG.

(1) For spot prices, monthly averages until December 2024; the figure for January 2025 refers to the average of daily data from 1 to 10 January. For futures prices, quotations on 10 January 2025. - (2) Gas price traded on the TTF market in the Netherlands. - (3) Price of gas distributed through the Henry Hub in Louisiana (USA). Right-hand scale.

(Source of graphics: Bank of Italy Economic Bulletin - January 2025)

In 2024, the Italian economy showed stagnant growth at around 0.5% (see document Macroeconomic projections for the Italian economy, Bankitalia, December 2024), in line with the trend in the Eurozone, with forecasts of an average expansion at 1% for the three-year period 2025-2027, a figure that is, however, subject to possible effects of protectionist trade policies.

According to the "Survey on Inflation and Growth Expectations", conducted by Bankitalia on a quarterly basis, and the ISTAT forecasts, the assessments of the sample of companies interviewed between November and December 2024 (including ATM), point to a weakening of demand, with uncertain prospects, linked to still unchanged conditions of access to credit.

With regard to the employment rate, according to ISTAT estimates, the number of employed persons increased slightly in the autumn, driven by both the permanent and the self-employed component. The **unemployment rate** fell in November to **5.7%** (youth unemployment to 19.2%).

3.1.2 The Local Public Transport Sector

In 2024 the sector, at an aggregate level, has almost completely realigned itself to pre-pandemic demand levels, with a gap of around 3% compared to 2019 (see report *"The performance of local public transport companies 2024"* by Intesa Sanpaolo). The companies guaranteed similar levels of supply in order to ensure the right to mobility.

A further acceleration of **investment in environmentally friendly vehicles**, and technologically advanced, is estimated for 2025, using funds from the NRRP and the National Transport Fund.

The mobility of people will tend to be characterised by paradigm shifts in service provision, organisational systems and demand culture. In this sense, the development of digital platforms for the integration of new and traditional transport services can facilitate the evolution of mobility by exploiting the opportunities opened up by the ongoing technological and digital evolution.

3.2 The regulatory framework for the Local Public Transport sector

The year 2024 was characterised by the prolonged conflict between Russia and Ukraine and the conflict between Hamas and Israel, which also had indirect effects on the public transport sector. The Italian government, in order to allow LPT companies to continue normal operations, has deployed a series of measures, detailed below by homogeneous areas.

3.2.1 Diesel price increase subsidies

Starting in 2022, there have been numerous government measures to cope with diesel price increases. With Decree-Law No. 21/2022 *'Urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis'* as amended, the excise duty on diesel used as fuel was temporarily reduced, with subsequent extensions until 31 December 2022 through the so-called *Aid Quater Decree* (Decree-Law No. 176/2022). With reference to the latter, it should be noted that the tax benefit provided for in point 4-bis of Table A, annexed to Legislative Decree No. 504/1995, has taken effect again. The standard diesel fuel rate was thus raised to EUR 467.40 per thousand litres above the rate for subsidised use (EUR 403.22 per thousand litres).

Of further importance were, on the one hand, Law Decree No. 115/2022, which established a fund of EUR 40 million to meet the cost of fuel and energy products incurred in the second quarter of 2022 for local and regional public transport vehicles. The fund was subsequently increased by EUR 100 million (Decree Law No. 144/2022) and then by a further EUR 320 million (Decree Law No. 176/2022).

On the other hand, Executive Decree No. 460/2022, authorised the commitment of EUR 40 million as a contribution for the increase in the cost of fuels incurred in the second quarter of 2022, for fuelling local and regional public transport vehicles in favour of the Regions, Autonomous Provinces, and companies operating public transport services. The Lombardy Region received EUR 4,594,688.49.

A further appropriation of EUR 80 million was authorised as an advance on the contribution to the increase in fuel costs incurred in the third quarter of 2022. The Lombardy Region's share was EUR 9,189,376.98.

In 2023, *Interministerial Decree No. 128* allocated EUR 80 million as an increase in the cost of fuel for the second quarter of 2022 to the competent territorial authorities and companies operating regional public transport services. The Lombardy Region was allocated EUR 7,351,501.59 as an advance in the amount of eighty per cent. Additionally, *Decree of the Ministry of Infrastructure and Transport No. 398/2023* authorised the payment of EUR 40 million as a contribution for the second quarter of 2022 to the Regions, Autonomous Provinces and companies operating LPT services. For the Lombardy Region, the authorised amount is EUR 4,594,688.49; The aforementioned decree also authorised the payment of EUR 78,966,368.12 for the third quarter of 2022. For the Lombardy Region, the authorised amount is EUR 9,189,376.98;

By *Interministerial Decree No. 335/2023*, a contribution of EUR 136,477,600.83 was allocated to the Regions, Autonomous Provinces and companies operating regional public transport services for the second quarter of 2022, and of EUR 96,807,703.33 for the third quarter of 2022. The amount allocated to the Lombardy Region was EUR 14,934,561.63 for the second quarter and EUR 11,789,912.32 for the third quarter.

Finally, the *Decree of the Ministry of Infrastructure and Transport No. 469/2023* authorised the payment, for Lombardy, of EUR 10,339,873.14 for the second quarter of 2022 and EUR 2,600,535.33 for the third quarter of 2022.

In 2024, the Lombardy Region allocated the funds received from the State for the **compensation of higher fuel and energy costs** for the **second and third quarters of 2022** through the following measures:

- Deliberation of the Regional Council no. XII/2818 of 2024, which allocated the amount of EUR 25,220,046.55 to Trenord S.r.l., to the LPT Agencies, to the Lake Basin Authority of lakes Iseo, Endine and Moro;
- Decree of the Directorate-General for Transport and Sustainable Mobility no. 11224 of 2024, which provided for the payment of EUR 12,342,088.75 to the Local Public

Transport Agency of the Milan, Monza and Brianza, Lodi and Pavia Metropolitan City Basin;

- Director Resolution no. 65 of 2024 of the Local Public Transport Agency of the Milan, Monza and Brianza, Lodi and Pavia Metropolitan City Basin with which state resources were paid to the Companies and Institutions.

3.2.2 Measures in favour of companies for the purchase of electricity

The year 2024 was a continuation of 2023 and no further decrees with new resource allocations were issued. For further details, please refer to what has already been described in the ATM Group's Integrated Annual Report for the year 2023.

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

With regard to information on regulatory measures and resources allocated and paid in the period prior to 1 January 2024, please refer to what is written in the Financial Report 2021, 2022 and 2023.

In 2024, Ministerial Decree No. 291/2024 was published, authorising the payment of EUR 156,865,998.97 to cover the integration of the advance allocated for the compensation of lower fare revenues 2021, pursuant to Ministerial Decree 169/2023 in favour of the Regions, Autonomous Provinces and companies operating public transport services.

We also report the publication of Interministerial Decree No. 329/2024 for the final allocation among the Regions, Autonomous Provinces, and companies operating LPT services, of the total resources allocated to compensate for the loss of fare revenues resulting from the COVID epidemic. It provided for the amount of EUR 878,445,049.85 as the maximum compensation recognisable to the Region of Lombardy. The decree then established that, downstream of the 'overcompensation' verifications after 30 September 2024, if there should turn out to be lower contributions to be allocated to the companies, compared to those calculated by the algorithm (for the Lombardy Region, the amount is equal to EUR 878,494,077.74), it will be the Region or the province concerned that will provide for the allocation of the contribution in the correct measure, recovering what is necessary.

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

With Decree no. 443/2021 of the Ministry of Infrastructure and Sustainable Mobility, the loan to **Local Institutions for EUR 182.9 million** was ordered for the subsequent allocation to the entitled Companies, who had presented extraordinary maintenance projects and programmes for fire prevention in the metro lines.

To the Municipality of Milan and, consequently, to ATM, contributions amounting to **EUR 44.4 million** have been allocated for the following maintenance works:

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

The deadlines originally set by Decree No. 443/2021 were rescheduled by Decree No. 343/2023, which waived the deadline for the completion of projects to 31 December 2025.

3.2.5 Regulatory measures for investments

Italy is one of the main beneficiaries of the **NextGenerationEU**, the European Union's economic recovery plan, which through the *Recovery and Resilience Facility* (RRF) makes available approximately **EUR 724 billion** in the form of grants and loans. In fact, in Italy, with a national plan called **NRRP (National Recovery and Resilience Plan)**, investments of **over EUR 191.5 billion** have been planned, supplemented by additional national and complementary resources. Next to the NRRP, the **REACT-EU** (*Recovery Assistance for Cohesion and the Territories of Europe*) programme provides additional funding for supporting territorial cohesion, strengthening health systems and revitalising the labour market.

The NRRP is developed around **seven strategic missions**, structured along **three main axes: digitalisation and innovation, ecological transition and social inclusion**. The latest mission, called **REPowerEU**, was introduced to strengthen energy independence and accelerate the transition to renewable sources. The implementation of the missions aims to improve the competitiveness of the Italian economic system and to foster sustainable and inclusive development, in line with the EU's long-term growth objectives. The measures are organised into reforms and investments that address the country's structural criticalities, with a focus on strengthening infrastructure and administrative capacity.

One of the central missions of the NRRP is **Mission 2: Green Revolution and Ecological Transition**, which benefits from a total allocation of approximately **EUR 59 billion**. The main objectives include promoting energy efficiency, reducing greenhouse gas emissions, increasing the use of renewable energy sources and developing a circular economy. Planned measures include making public and private buildings more efficient, enhancing infrastructure for sustainable mobility and strengthening green agricultural and industrial supply chains, thus contributing to the achievement of the European climate targets for 2030 and 2050.

As far as local transport is concerned, levers to increase its sustainability include the major obsolete **bus fleet renewal** towards low/zero emission solutions (e.g. renewal of the bus fleet of 5,540 vehicles and withdrawal of EURO 0, 1, 2 and some EURO 3 vehicles) and **green trains** for the accelerated development of green Local Public Transport.

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

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

- replace 350 12- and 18-metre buses, of which 92 already replaced by 31 December 2024 and the remainder by the second quarter of 2026. This will complete the replacement of the entire Euro III and Euro V bus fleet;
- provide for the necessary infrastructural adaptation of existing depots (Palmanova, Giambellino, Sarca, San Donato);
- implement online fast charging points.

For both bus procurement and recharging infrastructure works, the procurement procedures have already been completed and deliveries are in progress, in line with the mission's timelines and targets. In particular, the first milestone envisaged by the Decree for the city of Milan was reached on 31 December 2024, when 92 vehicles were registered. ATM also contributes to the national target of supplying new buses under measure M2C2 4.4.1 with an additional 44 buses, financed with resources from Interministerial Decree 234/2020.

The ATM Group is working on the electrification of the local public transport (LPT) service also for the city of Monza. In December 2023, the Municipality of Monza, ATPL, NET S.r.l., ATM S.p.A. and Autoguidovie S.p.A. signed an agreement for the management of the public contributions of the NRRP (EUR 7.4 million, resources provided by Ministerial Decree 530/2021) and the PSNMS High Pollution (EUR 7.7 million made available by Interministerial Decree 234/2020). These funds are earmarked for the **renewal of the bus fleet** for the urban LPT service, as well as for the **realisation of recharging infrastructure**. As far as the NRRP contribution is concerned, foreseen by investment 4.4.1 and regulated by Ministerial Decree 530/2021, NET S.r.l. is responsible for the supply of electric buses, with a contribution of EUR 5.1 million, while ATM S.p.A. is involved in the **electrification of the Monza depot** in Via

Aspromonte, with a contribution of EUR 2.3 million. PSNMS High Pollution contributions are divided between NET S.r.l. (EUR 1.75 million for new electric buses), Autoguidovie S.p.A. (EUR 5.37 million for new electric buses) and ATM S.p.A. (EUR 600,000 for the electrification of the Monza depot in Via Aspromonte). The bus deliveries planned for the city of Monza, financed with Interministerial Decree 234/2020 resources, contribute to the achievement of the NRRP target of placing vehicles in service on 30 June 2026. However, with regard to the part of the work financed by the NRRP (funds from former Ministerial Decree 530/2021), some critical issues were reported in connection with the supply of buses in charge of NET S.r.l. due to the industrial crisis of the supplier Industria Italiana Autobus S.p.A. (now Menarini S.p.A.), resulting in delays in achieving the intermediate target of registration of three buses by 31 December 2024. The MIT's NRRP mission unit reported that the new range of vehicle delivery and registration timeframe, as of today, envisaged by the supplier, is in line with the EU assessment period envisaged for the target.

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

Ministerial Decree 448/2021 allocated **EUR 156 million** to the Municipality of Milan. ATM is currently working on a number of projects involving the purchase of **14 new trams** and **10 trolleybuses** for more than EUR 60 million. For both projects, the tendering procedures have been carried out and supplies are in progress. The supply of trolleybuses will be completed by the first half of 2025, while the supply of trams is still ongoing.

A further NRRP-funded measure is aimed at promoting MaaS systems for the **digitisation of local transport** (M1C1 1.4.6: Mobility as a Service for Italy). Milan is the lead city for this experimentation worth a total of EUR 40 million. ATM is involved as a public transport operator in the implementation of MaaS systems as well as in LPT digitisation activities, such as the purchase of validators for the surface network, concluded in 2023. ATM is also making a contribution within the LivingLab project, financed by the same mission, which envisages the creation of a laboratory with infrastructures and services aimed at experimenting technologies and innovations related to connected and autonomous vehicles and advanced driver assistance systems (on-board units for trolleybuses, development of an app dedicated to the key users of the LivingLab experimentation, passenger counters installed on trolleybuses and further work on stops on the 90-91 route).

Furthermore, in order to reduce citizenship disparities, the NRRP, with mission M5C2, investment 2.2, made available EUR 2.49 billion to implement new services for citizens, upgrading logistics infrastructures, thus transforming the most vulnerable territories into smart cities and sustainable realities. In this context, for the development of the sub-project "Integrated Urban Plans", ATM is working together with the Municipality of Milan to **improve the accessibility** of the M1 and M2 metro stations.

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

3.3 ATM's Contractual Framework

Management of public transport services

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

- **Gross cost:** the industrial risk is borne by the operator while the commercial risk is borne by the entrusting entity, owner of the revenues from the sale of tickets. The operator receives a fee commensurate with the actual output of the service, revaluable from year to year on an inflationary basis. The fee is not influenced to any extent by the trend in revenue from the sale of tickets, the effects of any fare changes or changes in demand for mobility. As a result, it is necessary for the operator to continuously pursue operational efficiency objectives, based mainly on cost control.
- **Net cost:** both the industrial and the commercial risk are in the hands of the operator, which is the owner of the revenues from the sale of the tickets and receives from the entrusting body a fee calculated with reference to the theoretical non-coverage of the production costs by means of tickets.

Existing contractual relationships

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

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

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

In addition to transport services, ATM S.p.A. manages, by virtue of the same assignment, complementary services, such as Parking Spaces on the road and in facilities and the removal and custody of vehicles in accordance with the Highway Code. The pricing policy for Parking Spaces is the responsibility of the municipality, while revenues are the responsibility of ATM S.p.A., which pays a predetermined fee to the municipality. As of 2017, the allocation to the municipality of the portion of annual revenue attributable to the fare increase conventionally identified as those exceeding the level of EUR 18,490,000 annually was determined.

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

In addition, in the context of existing contractual relationships, the following are of particular relevance:

- the single management contract for the M5 underground line between ATM S.p.A. and the concessionaire company Metro 5 S.p.A. The contract, under the gross cost regime, regulates the management and related activities entrusted to ATM S.p.A. for the entire duration of the concession until 2040;
- the single management contract for the M4 underground line between ATM S.p.A. and the concessionaire company SPV Linea M4 S.p.A. The gross cost contract regulates the management and related activities entrusted to ATM S.p.A. for the entire duration of the concession until 2047;
- the Service Contracts, under the net cost regime, between the subsidiary Nord Est Trasporti S.r.l. and the Local Public Transport Agency of the Milan, Monza Brianza, Lodi and Pavia Metropolitan Area ("Agenzia del Territorio" or "Agenzia di Bacino") for the management of the non-urban auto service in force until 31 December 2025;
- the Service Contract entered into with Metroselskabet I/S, under the gross cost regime, for the management, through the Danish-registered subsidiary Metro Service

A/S, of the operation and maintenance of the M1 and M2 metro lines in Copenhagen, expiring on 29 September 2027;

- the Subcontract Agreement with Hitachi Rail STS, expiring on 29 September 2027, for the mobilisation, operation and maintenance of the M3 (Cityringen) and M4 metro lines in Copenhagen. Metro Service A/S has completed the mobilisation of the M3 (Cityringen) and M4 metro lines, and in 2019 inaugurated the commercial and operating activity for the M3 metro line, while the commercial and operating activity for the M4 metro line was inaugurated in 2020;
- the Contract with Hovedstadens Letbaneselskabet (The Greater Copenhagen Light Rail), where Metro Service A/S performs the mobilisation of the Greater Copenhagen Light Rail operations, a service for the suburban area west of Copenhagen. The 15-year gross cost operation and maintenance contract envisages that commercial and operational activities for the line begin in 2025, once the construction work is completed;
- the Contract, signed on 4 October 2023 under the gross cost regime and with a duration of 10 years (plus one year of pre-operation), in partnership with Egis Projects S.A.S., for the operation and maintenance, through its subsidiary THEMA S.A., of the automatic metro of the city of Thessaloniki;
- the Service Contract for the management of the Como-Brunate funicular railway signed in 2005 between the Municipality of Como and the temporary joint venture (set up between S.P.T LINEA S.R.L. and A.T.M. S.P.A. on 23 September 2004). SPT LINEA S.R.L. is entrusted with the entire car service (12 lines), and ATM with the Como - Brunate funicular railway. In 2006, ATI was transformed into Co.Mo. Fun&Bus Scarl, which manages the service contract with the Municipality of Como, and in 2007 SPT Linea S.R.L. changed its name to ASF Autolinee S.r.l. The contract was extended to 31 December 2025;
- the Service Contract for the management of the Varese Vellone - Santa Maria del Monte funicular railway signed in 2023 between the Agenzia per il Trasporto Pubblico Locale del Bacino di Como, Lecco e Varese and the RTI (set up between A.T.M. S.p.A. and A.V.T. S.r.l. on 31 July 2023) extended to expire on 30 June 2025;
- the Service Contract for the management of the Argegno-Pigra (CO) cable car signed in 2024 between Agenzia per il Trasporto Pubblico Locale del Bacino di Como, Lecco e Varese and A.T.M. S.p.A. extended to expire on 30 June 2025. Contract extensions

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

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

With reference to the contracts for services related and complementary to the Local Public Transport service contract, the new contractual expiry dates following the latest extensions, signed on 29 December 2023, are shown below:

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

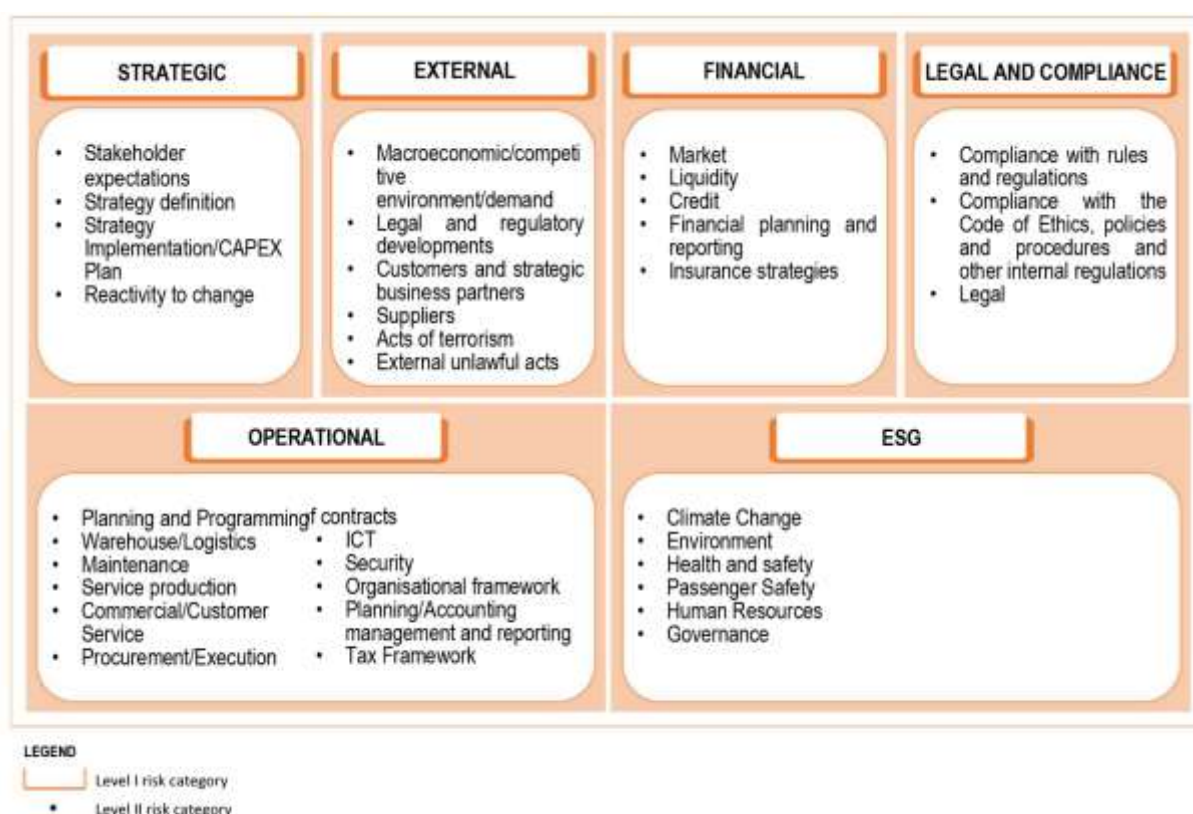
Lastly, on 12 January 2024, the Entity - Municipality of Milan and ATM S.p.A. signed the continuation deed for the contract "Management of payment channels and collection, on behalf of the Municipality of Milan, of revenues deriving from accesses to the L.T.Z. Cerchia dei Bastioni - "Area C" as well as back office, front office and call centre services dedicated to the management of the fulfilments required by the traffic regulations for L.T.Z. Cerchia dei Bastioni - "Area C" and "Area B": until 31 December 2026.

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

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

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

3.4 Risk factors and uncertainty



3.4.1 Taxonomy of risks

The identification of risk scenarios is carried out using a unique risk taxonomy for the ATM Group, within which are found the main risks to which the company is exposed in the ordinary management of its activities.

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

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

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

3.4.2 Risks linked to the external context

i) Risk of legislative and regulatory developments

The new Public Contracts Code (Legislative Decree no. 36/2023) applies to all proceedings commenced on or after 1 July 2023. The new legislation has been implemented by the Company, which has adapted its internal procedures to ensure its regular application. On 31 December 2024, the corrigendum to the Procurement Code No. 36/2023 was promulgated: the legislation, as amended by the corrigendum, was implemented by the Company, adapting its procedures and acts, as of 2025.

ii) Cybersecurity and Information technology

The digital transformation of the transport sector, the evolution of Information and Communication Technology (ICT) systems, as well as the sophistication and proliferation of cyberthreats, also arising from the hybrid working mode, have broadened the attack scope by malicious actors with potential reverberations in terms of assets, reputation and business operations. Moreover, the ever-changing geopolitical framework and the growing need for interconnections and interdependencies between information systems, have redefined the technological risk scenario, confirming the need to implement a strategic information security risk management process, adapted to corporate business priorities and consistent with the potential related to the digitisation process.

Most of the cyberattacks observed in the Local Public Transport sector, such as against passenger systems, ticketing systems, web and mobile applications, on-board displays, were characterised by the common goal of rendering these systems unavailable, with consequent impacts on operations. To combat these attacks, ATM has implemented specific mitigation measures, adding solutions to its existing cyberdefence systems to absorb Distributed Denial of Service ("DDoS") attacks on different levels.

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

An additional aspect of the criticality in the ICT scene is the issue of obsolescence linked to the Operational Technologies (OT) context, mainly due to the time span of the life cycle of assets, which is much longer than in traditional ICT systems, which are increasingly interconnected, effectively exposing infrastructures to known vulnerabilities and threats.

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

In line with the evolution of the ICT security framework, ATM has designed and developed - in coherence with the internal compliance system - processes that ensure an adequate level of physical, logical and organisational security, for which continuous monitoring, measurement and consequent reviews are foreseen. The company has therefore developed a **cybersecurity management strategy** according to a multi-level (operational, management and strategic) integrated approach for business continuity, information security and data protection. This new integrated management allows for guaranteeing, both at the governance level and at the level of operational management, all the necessary functional safeguards for an effective protection process of its IT and information assets.

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

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

3.4.3 Operational Risks

i) Risks related to the performance of the service

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

The infrastructure and facilities through which ATM provides the service are exposed to possible malfunctioning and/or failure, due to accidental and/or natural causes as well as acts

and damages of third parties against the company's assets. In order to make assets more resilient, attention is given to monitoring and maintenance implementation processes, with a view to guaranteeing system security and full availability, and Security protection is continuously active within the Security Function.

In order to mitigate and/or reduce the likelihood of malfunctions, including those related to obsolescence, the ATM Group is committed to specific **renewal, modernisation and enhancement plans**, also thanks to the resources made available by the National Recovery and Resilience Plan, in order to maintain and increase the efficiency of the performance of the assets required to provide the Local Public Transport service. The aforementioned activities are in turn subject to certain uncertainties regarding, for example, the time and cost of implementation, the efficiency, availability and operability of assets, as well as the authorisation processes of projects by the competent authorities, the recruitment and skills of personnel and the identification of suppliers.

For specific details on the modernisation actions undertaken during 2024, please refer to the chapter "Investments" in the Financial Report.

At the end of 2023, the regulatory framework issued by Ansvisa, "*Ansvisa Decrees*", (Decree 28 December 2023, Official Register Int.0081906, Decree 29 December 2023, Official Register Int.0082216, Executive Decree 07 December 2023, Official Register Int.0076655, as subsequently amended and supplemented), which by introducing new requirements, generates possible impacts on activities related to the provision of services on LRT systems (metro, tram, trolley bus, electric bus, cable car systems, lifts and escalators).

In order to manage the relevant risk areas, i.e. business continuity and safety, the Company is carrying out an Implementation Plan to achieve regulatory compliance that aims at a reorganisation of the processes supporting Operations & Maintenance activities, enhancing Design, Project Management and Training of operational staff, with a risk-based approach in order to make the decision-making process more and more conscious. In particular, the regulations require the implementation of a Transport Safety Management System (TMS) that provides evidence of ATM's ability to subject each project to a transport safety risk assessment and identify measures to control these risks.

3.4.4 Climate Change Risks

With a view to continuously improving its performance and with the ultimate objective of always guaranteeing an efficient Local Public Transport service, between 2024 and 2025, ATM launched a Climate Change Risk Assessment project in order to identify, in detail, the possible risks related to climate change (both physical and transitional) that could affect ATM's assets

and operations in the short, medium and long term. This process allows the Group to accurately identify possible climate risks and, consequently, take appropriate mitigation measures to prevent and/or remedy possible adverse effects. For more information on the climate risks identified in 2024 and how the Climate Change Risk Assessment was conducted, please refer to the Sustainability Document, within the Environmental Reporting, ESRS E1-1.

3.4.5 Risks relating to environmental aspects, health and safety of workers

Consistent with the QAS policy, the constant application of the **QHSE management systems ISO 9001, 14001 and 45001**, together with established training and education processes, allow for mitigating and minimising the major risk factors relating to environmental and occupational health and safety aspects. Maintaining effective and efficient QHSE management systems also allows for a rapid and effective assessment of potential risks arising from external contextual factors, specific company site, depot and location characteristics and changes in local, national and applicable voluntary international standards.

Audits by the control functions and those carried out by the certification companies help to maintain the effectiveness of mitigation measures and make it possible to identify any processes in need of improvement. Furthermore, efficient coordination between control functions allows these activities to be carried out with minimal impact on operational functions. This process, together with continuous training, and the allocation of adequate resources, has made it possible to achieve high levels of performance in the QHSE area, also positively assessed by external certification bodies, and to ensure the compliance of business processes.

For more information on the entire process of identifying, managing and mitigating risks concerning environmental aspects and workers' health and safety, please refer to the dedicated sections within the Sustainability Document.

In 2024, the approach described above was fully extended to the main subsidiaries, Rail Diagnostics spa and Net srl, with the maintenance of their ISO 9001, 14001 and 45001 QHSE system certifications.

3.4.6 Legal and compliance risks

In connection with the activity performed by the ATM Group, legal and compliance risks relate to the risk of incurring administrative, civil and criminal sanctions, and/or suffering losses or reputational damage as a result of non-compliance with directly applicable laws, regulations and European standards or supervisory authority measures, or self-regulatory standards; risk arising from unfavourable changes in the regulatory framework or case law.

This category includes the risks associated with the commission of the predicate offences set out in Legislative Decree No. 231/2001, which provides for the Company's liability for administrative offences in relation to certain expressly regulated cases. In this context, ATM and its Italian-registered subsidiaries have adopted their own Model 231, periodically and systematically updated with underlying risk assessment and gap analysis, in order to represent the system of control measures in place to prevent the commission of the regulated offences. Models 231 are harmonised with the Group Anti-Corruption Model ('ACT Model').

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

With regard to the protection and processing of personal data, ATM monitors regulatory developments (e.g. European Data Protection Reg. No. 679/2016, Personal Data Protection Code - Legislative Decree 101/2018 and Guidelines and Recommendations from national and European Supervisory Authorities - in particular from the European Data Protection Board), in order to adapt their processes, services and products. Compliance with these regulations has led ATM to implement a **personal data protection** system based on minimising processing, and thus the risk of breach, through data protection techniques by design, where possible with default settings. In addition, ATM has adopted **training plans** for the accountability of the data controller (principle of accountability) and routinely carries out impact assessments on the rights of individuals, for those processing operations that present high risks for the rights and freedoms of individuals.

In 2024, European Regulation No. 1689/2024 was approved, the so-called **AI ACT**, on Artificial Intelligence. ATM started the analysis for the provision of technical and organisational tools for the protection of individuals with regard to the use of 'AI' and its ethical and anthropocentric use, with a focus on regulatory developments and products and services on the market.

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

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

- the **Sales Regulation**, which governs the procedures relating to the sale of goods, materials and services and the awarding of contracts for the commercial use of areas and spaces;
- the **Operational Procedures and Instructions**, which describe and regulate business processes.

3.5 Main outstanding disputes

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

Labour disputes

The following table shows the cases considered to generate probable liabilities and for which a specific provision for risks has been recognised under the item "*Provision for disputes and environmental risks*" and commented on in Note 26 "*Provisions for risks and charges*" of the Notes to these Consolidated Financial Statements:

- The number of newly opened disputes during 2024 was 79 (of which 4 NET). The most frequent requests relate to: i) termination of employment; ii) requests for the application of Royal Decree No. 8 of 8 January 1931, instead of Annex A; iii) requests relating to allowances not recognised during holidays; iv) requests relating to compensation for psychophysical wear and tear for overtime hours worked in excess of the legal limit; v) deskilling/demotion; vi) requests for shift changes linked to particular personal/family situations.
- The lawsuits concerning pay differences allegedly due during the holiday period taken by workers concern an issue that affects the entire ATM workforce. On 3 April 2023, an agreement was signed with the main trade unions, which determines the economic criteria for remuneration of this allowance for the period prior to 1 July 2022 (with the renewal of the National Collective Labour Agreement in 2022, a lump sum was established, recognised from 1 July 2022 as holiday pay). Since June 2023, the Company has implemented the procedure for signing minutes in a protected location in order to correct holiday pay with the entire company workforce according to the criteria of the above-mentioned agreement. At present, more than 90% of the workforce has endorsed the agreement. To date, there are still pending one dispute brought before the Court of Milan and one before the Court of Appeal of Milan on this issue (for a total of 11 workers), as well as two disputes brought before the Court of Monza by two NET employees.
- A case, instituted before 2023, concerning a work-related accident for which there was a compensation claim of approximately EUR 900 thousand with a high risk of

losing the case. With reference to the same event, criminal proceedings are also still pending before the Public Prosecutor's Office of Milan, at the preliminary investigation stage, registered against the Employer, against whom a request of end of investigations has been issued.

- The lawsuit challenging the dismissal of the former head of ATM Points, for which ATM decided to file a formal complaint-suit, was settled in favour of ATM in both the first instance and the appeal. The former employee sued before the Court of Cassation, with the first hearing pending. The latest lawsuit brought by the other former ATM Point employees who were involved in the same or similar facts ended with a favourable ruling for ATM.
- At the end of 2023, an appeal was filed by an employee of a contractor who, while carrying out cleaning work on the tram in April 2020, suffered a serious accident. ATM is sued as jointly and severally liable with the contractor for damages suffered by the worker. Given the severity of the injuries (a permanent disability of 75% was established), the counterparty's claim exceeds one million euros.
- In March 2024, two appeals were lodged by 14 workers claiming damages for psycho-physical wear and tear due to overtime hours worked in excess of the legal limits.
- The Court of Appeal of Milan in March 2024 reformed the first instance rulings concerning the request for application of the rules of the Royal Decree instead of Annex A to the 2000 National Collective Labour Agreement by employees employed as traffic wardens, parking attendants, ATM Point. The Company is appealing to the Court of Cassation against the above-mentioned judgements. At the same time, 9 separate appeals were served by special security guards requesting the application of the rules of the Royal Decree instead of Annex A. To date, 5 of the 9 appeals have been concluded with a favourable ruling for ATM and are now at the Appeal stage; 2 appeals have been accepted by the Court and ATM has appealed. The last two appeals are still pending at first instance.
- In July 2024, an action was filed by 72 workers, graduates of the 193-parameter exercise, who, since December 2022, have been assigned to perform duties pertaining to the 151-parameter, and they are requesting a finding of demotion with consequent compensation for damages. In another aspect, the workers demand that the non-payment of the so-called shift/autoradio/motoradio allowance and the so-called money handling allowance be established.
- 7 NET workers of the 193-parameter sued the employer, claiming recognition of their superior qualification, non-payment of overtime and indemnity benefits, and alleged differences in salary.

Environmental Disputes

No significant penalties were found in connection with environmental laws and regulations during 2024.

Public Transport Service Disputes

For all matters not expressed herein, reference should be made to the Annual Report, as at the end of the 2023 financial year, a special provision for risks had been set up as commented in Notes 26 and 24 "*Provisions for risks and charges*" of the Notes to the Consolidated Financial Statements and Separate Financial Statements.

- The dispute with Caronte S.r.l. is pending before the Court of Cassation. On 18 January 2024, the Court of Cassation discussed the case in Council Chamber and in April 2024 the case was remitted to another section of the same Court *ratione materiae* and a new hearing is awaited. Taking into account the strategy adopted by the Company to oppose and considering the probable risk of losing the case, it should be noted that adequate provisions for risks and charges have been set aside in previous years. For anything not mentioned here concerning the history and development of the case in question, please refer to the annual and semi-annual reports of previous years.
- In a judgement dated 9 April 2024, the Court of Monza declared the compulsory liquidation of the company CTP. The receiver initially proposed the admission of ATM's credit to the liquidation liabilities in the amount of EUR 6,642,592.37 as unsecured credit and EUR 5,497.66 as preferential credit, considering the sum of EUR 9,768.262.57 requested by way of default interest, subject to the settlement of the pending litigation before the Court of Cassation (RG 24517/2023 and 24579/2023), at the end of which the receivables would be offset against ATM's debts that also arose prior to the liquidation, for EUR 7,957,130 plus legal interest as ascertained by the Court of Appeal's ruling also appealed to the Court of Cassation. At the hearing of 25 June 2024, having regard to the receiver's proposal and ATM's objections, the Delegated Judge invited the parties to find a settlement solution and, at the subsequent hearing of 23 July, the receiver "proposed to settle the position and all outstanding disputes in the following terms: acceptance of the claim for EUR 785,625 including also the sum of EUR 50,000.00 offered as contribution to legal costs". Negotiations between the parties followed, as a result of which the settlement was entered into on 4-5 November 2024, whereby the parties agreed that:
 - once the statement of liabilities has become final, the procedure will pay ATM the sum of EUR 785,000;
 - payment will be made in the first repartition;
 - the liquidation of CTP waives the enforcement of its claim against ATM of EUR 9,238,121.89;
 - formally, ATM was admitted as a creditor in the bankruptcy proceedings for a total of EUR 5,497.66 on a preferential basis and EUR 15,781,468.40 on an

unsecured basis, subject to set-off against CTP's counterclaims at the outcome of the pending litigations;

- any further claims of ATM against the receiver will be waived after the agreed sum is collected;
- following payment, the parties will abandon all pending litigation between them, thus avoiding the risk of negative outcomes.

No oppositions to the statement of liabilities were filed and it became final. It is likely that the payment of the first instalments of the sums will take place around May/June 2025, after the deadline for filing late applications expires on 5 May 2025.

- ATM notified Caronte, Consorzio Trasporti Pubblici in liquidation, the Municipality of Cinisello Balsamo and the Municipality of Sesto San Giovanni of a writ of summons for negative assessment aimed at clarifying who and to what extent should proceed with the payment of sums in favour of Caronte in order to avoid ATM being in the position of making multiple payments for the same reason to different parties. Following CTP's declaration of judicial liquidation, the judge discontinued the proceedings which were then resumed by ATM against the receiver. The next hearing was set for 12 March 2025 for closing arguments.

Among the most significant causes of probable liabilities that have been recognised in a special provision for risks as commented in Note 26 "Provisions for risks and charges" of the Notes to the Consolidated Financial Statements, the following should be noted:

- ATM has filed an appeal before the administrative justice system against the Agenzia per la Coesione Territoriale (Agency for Territorial Cohesion) and the Ministry of Economy and Finance for the annulment of the measure of 6 April 2021 issued by the Agenzia per la Coesione Territoriale (Agency for Territorial Cohesion) by which the latter asked the Municipality of Milan, in its capacity as intermediate body, to revoke and recover the grant paid to Azienda Trasporti Milanese S.p.A. for the project "PON Metro Milano 2014/2020. Operation MI2.2.4.b Areas for Bicycle Mobility" and the final report of the Audit carried out by the Ministry of Economy and Finance, State General Accounting Office.
- With its ruling of 14 June 2023, the Regional Administrative Court rejected both ATM's and the Municipality of Milan's appeal as it considered that the measure of the Agenzia per la Coesione Territoriale was legitimate, in relation to the alleged breach of Articles 20 and 57, letter a), of Legislative Decree no. 163/2006, insofar as the negotiated procedure without prior publication of a contract notice, carried out by ATM, contained transformed contractual conditions in relation to the essential element of the duration of the contract. ATM appealed the ruling within the legal deadlines and is awaiting the setting of the hearing by the Council of State. Given the outcome of the first instance proceedings, the risk of losing the case on appeal is likely. For anything not mentioned here concerning the history and development of the case in question, please refer to the annual and semi-annual reports of previous years.

With regard to disputes falling under the jurisdiction of civil courts (District Courts, Courts of Appeal, Justice of the Peace Offices), these take the form of both out-of-court and in-court disputes relating to ATM's role as Manager of the Local Public Transport service and related and complementary activities (by way of example, but not limited to claims for damages for transport; claims for damages due to the interruption of public services; credit recovery; lease relationships, vitiated contracts). In 2024, 811 civil law positions were dealt with (both in and out of court). The most significant updates of the most significant causes are outlined, referring for anything not expressed here to the annual report of previous years:

- On 3 December 2021, ATM was served a writ of summons with which Bluestone Verona S.r.l. and Bluestone Holding S.r.l. requested that ATM's pre-contractual and contractual liability be ascertained and that it be ordered to pay the sum of EUR 3,039,444.52 by way of compensation for damages suffered by the plaintiff companies for higher direct and indirect costs for clearance of war devices, the removal of unmarked tanks, the reworking of the construction plan and for the increased costs of raw materials and the price offered in the tender, in addition to the damage to their image quantified at EUR 1,000,000.00. In addition, the plaintiffs reserved the right to demand further sums to be paid by the purchasers for cancellations due to the accumulated delay, with the obligation to return double the deposit. On 21 April 2024, the Court of Milan pronounced its ruling with which, on the one hand, it upheld ATM's preliminary objections regarding the lack of active legitimacy of the plaintiffs and, on the other hand, it rejected the opposing claims on the merits, considering them unfounded. Bluestone Verona S.r.l. and Bluestone Holding S.r.l. appealed against the judgement before the Court of Appeal of Milan, which set the final hearing for the clarification of the conclusions for 5 February 2025. For anything not mentioned here, please refer to the annual and half-yearly reports of previous years.
- By certified e-mail communication dated 11 November 2021, the bankrupt Olicar Gestione S.r.l., through its counsel, requested payment of the sum of EUR 998,636.41 by reason of invoices Nos. 102949 dated 30 June 2019, 103557 dated 29 August 2019, 103990 dated 23 September 2019, 104301 dated 21 October 2019 and 104728 dated 31 December 2019. In addition to the foregoing, the bankrupt company claims the additional sum of EUR 507,695.24 for services rendered by the bankrupt company in the period from October 2019 to February 2020: this amount is being invoiced and has been quantified by taking as a reference the average of the amounts invoiced by Olicar Gestione in the year 2019.
- ATM suspended payments following the notification of third-party seizures against Olicar for approximately EUR 380,655.85: to date, ATM has paid the sum of EUR 49,738.63 following an order to assign sums, and no news has been received for the other enforcement procedures, which in any case became ineffective following Olicar's declaration of bankruptcy.
- Invoice no. 104728 of 2019 for EUR 509,218.90 including VAT was formally rejected by ATM in a letter dated January 2020, as the amount is not due and is not pertinent to the object of the contract and the manner of invoicing fees, as set forth in the

Integrated Energy and Heat Service contract: following this rejection, ATM requested, to no avail, the issuance of a credit note for the same amount. As for the rest, the claims of the insolvency procedure are rejected by the competent Technical Directorate on the grounds that, during the performance of the contract, Olicar was in breach of numerous contractual obligations but continued to charge ATM the relevant consideration. ATM therefore turned to third-party suppliers to obtain services not rendered by Olicar and bore the associated costs. After reconstructing the accounting position and taking into account the works carried out by third parties, although included in the fees invoiced by Olicar, a receivable in favour of ATM of EUR 1,096,969.08 accrued before the declaration of bankruptcy and of EUR 420,256.04 accrued thereafter, against a payable quantified to date by the bankruptcy into EUR 1,506,058.65.

- By certified e-mail of 22 December 2021, ATM therefore set off against the claim claimed by the bankruptcy its own claim as quantified above. On 14 September 2022, ATM received a new request for payment for the same amounts, to which ATM responded by reiterating the objections already formulated. ATM recently received a request from BFF (Banca FarmaFactoring) for information on Olicar's claim in the context of due diligence for the purpose of acquiring the claim. On 15 May 2023, ATM replied that the claim did not exist because ATM had offset the sums owed by Olicar as compensation for damages suffered by the company.
- With contract no. 3000109764 of 10 December 2021, ATM has entrusted the company Galassia S.r.l. with the full service maintenance and vandalism and/or accident repair services on 125 Solaris buses, for a duration of four years starting from January 2022 and with the right, at ATM's sole discretion, to extend the service for a further three years. Galassia complains that during the performance of the contract, circumstances occurred that led to a significant alteration of the contractual synergies, including the contractual amendment made by ATM to the Service Control Plan (PCS) and the progressive decrease in the mileage of buses to be serviced. Not having found satisfaction of the requests made in the out-of-court proceedings, with a writ of summons dated 14 June 2024, Galassia S.r.l. sued ATM to ascertain and declare its serious breach of contract and, consequently, to order ATM to pay damages quantified at EUR 1,235,016.80. ATM entered an appearance contesting the opposing claims. In the meantime, ATM terminated the contract due to Galassia's non-performance and applied penalties amounting to approximately EUR 393,000 by offsetting them against Galassia's still open invoices. In addition, it demanded the enforcement of the sureties for the recovery of the contract advance of EUR 212,500 and for the coverage of costs of EUR 300,000 for the contractor's breach of contract. In response, Galassia brought the urgency judgement to avoid the enforcement of the sureties. The judge rejected Galassia's claims. The case on the merits was called for 28 March 2025 for the examination of the admitted witnesses. Given the overall situation, in the absence of any settlement agreement, it is likely that the judge may grant part of the plaintiff's claims. The risk of disbursement can conservatively be quantified at EUR 500,000.
- With contract no. 3000118596 NET - as second-tier implementing party on behalf of the Municipality of Monza - entrusted Industria Italiana Autobus S.p.a. - today Menarini

S.p.a. - the supply of 10 electric buses. The purchase is financed under the project *Next Generation EU* - EU Regulation 2021/241- NRRP - Measure M2C2 investment. In order to obtain the first part of the funding, according to Ministerial Decree 530/2021, the registration of the first three buses should have taken place by 31 December 2024. However, the supplier announced that the delivery of the three buses would not take place before February 2025. Considering that this situation of delay is also common to other Italian LPT companies that have supply contracts with Menarini S.p.a. and that the situation is known to MIMS, the latter is preparing amendments to the decree in order to reshape the timeline for the allocation of funding. If the financing is not obtained, NET will bear the full cost of the buses, totalling EUR 1,404,000.

- In 2017, a girl was run over by a tram with serious physical consequences. As part of the criminal trial, the ATM driver was convicted of the offence of grievous bodily harm and ordered to pay a provisional compensation of approximately EUR 25,000. The judgement was appealed by Mr Favale and the Court of Appeal confirmed the ATM employee's liability, reducing the prison sentence. The injured girl's parents brought a civil action against Mr Favale and ATM without quantifying the claim for damages, which, however, will be significant given the girl's physical impairment. The case is at the pre-trial stage and is adjourned until 16 July 2025.
- In 2020, a lady was hit by a tram while crossing the tracks with fatal results. The criminal trial ended with the acquittal of the ATM driver because '*the fact does not constitute an offence*'. The deceased's father, mother and sister sued ATM and the tram driver to obtain damages for the loss of their relative in the amount of not less than EUR 855,046.00. The first hearing was set for 8 April 2025.
- On 5 September 2024, water leaking from manholes at street level during a heavy storm caused flooding of the -1 floor of the Romolo car park, damaging 123 cars. Pending the definition of the respective responsibilities for the incident between the Municipality of Milan, owner of the infrastructure, MM S.p.a., manager of the water network, and ATM, the company has paid each injured party the sum of EUR 3,000 for an outlay to date of EUR 354,000. Some owners of the damaged cars have asked ATM out-of-court for full compensation for the damages suffered and may take legal action. The Insurance Strategies Department estimated the total damage to cars at about 2,000,000.

Civil litigation

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

case may be. These cases are covered by the "*Devaluation of Receivables Provisions*" disclosed in Note 19 of the Notes to the Financial Statements.

Criminal litigation

As at 31 December 2024, ATM was a civil plaintiff in 25 criminal proceedings in order to obtain compensation for damages suffered as a result of offences committed by third parties, who were defendants in the aforementioned proceedings.

The company has also been held civilly liable in criminal proceedings in which an ATM employee is accused of the crime of road homicide.

The most significant criminal litigation cases are set out below:

- With regard to the complaint-suit filed by ATM concerning the facts related to the ATM Points for which the above-mentioned labour lawsuits are pending, two criminal proceedings have resulted. The first is against the former ATM Point manager sentenced in first instance for the crime of embezzlement to six years and ten months' imprisonment and declared perpetually banned from public office and from contracting with the public administration. The Court also ordered compulsory and disproportionate confiscation, and ordered the former manager to compensate the damage caused to ATM, to be settled in civil proceedings, and to pay the court costs incurred by the civil plaintiff. Finally, the former manager was ordered to pay a provisional compensation (immediately enforceable) to ATM in the amount of EUR 500,000. The counsel of the convicted woman have lodged an appeal.
- The second trial is against all other employees involved. ATM has also joined the civil action in this last case and the next preliminary hearing, scheduled for replies and reading of the decision, was set for 27 January 2025.
- Criminal proceedings are still in progress in connection with the emergency braking that has occurred on the M1 and M2 metro lines in recent years in order to establish the causes and possible responsibilities. Following the conclusion of the preliminary investigation against the top management of Alstom Ferroviaria S.p.A. and Engie Eps Italia S.r.l., the Public Prosecutor ordered additional investigations, which are still ongoing.
- Following the collapse of the crane on the metro tracks at the Bussero station on 30 August 2022, criminal proceedings were initiated for the offence of "Construction collapse or other malicious disaster", in which a former ATM official, among others, was implicated. The investigations ended with the issuance of the notice pursuant to Article 415-bis of the Italian Code of Criminal Procedure for some subjects and the request for dismissal for others. With regard to the position of the former ATM employee, a request for dismissal was issued by the public prosecutor. Negotiations are ongoing between the Company and the suspects for compensation for the damage caused to ATM as a result of the event.

- The preliminary investigation phase is currently underway in the so-called Subway investigation, in which ATM is a civil plaintiff. The next hearing before the Court in collegiate composition, 7th criminal branch, was scheduled for 18 February 2025.

To date, no criminal proceedings have been brought against ATM pursuant to Legislative Decree No. 231/2001 before the Court of Auditors or national or EU authorities.

Tax disputes

ATM S.p.A. started the litigation process against tax assessments for the tax years 2015, 2016, 2017 and 2018, both for IRES and IRAP purposes. The subject of the claim relates to the tax treatment (deductibility for income tax and IRAP purposes) of the grant paid to Fondazione ATM for the tax years indicated.

IRES assessments, following the submission of the IPEC and IPEA forms, amounted to about EUR 200 thousand for tax and penalties, while IRAP assessments amounted to about EUR 1,600 thousand, again for tax and penalties, for a total of about EUR 1,800 thousand (for tax and penalties), plus interest by law.

Currently, the litigation is as follows:

- IRES 2015 and 2016 and IRAP 2015 lawsuits: the Company obtained a favourable judgement in the first instance and an unfavourable judgement in the second instance, so they are now pending before the Court of Cassation.
- IRAP case 2016: pending in the Court of Cassation, the Company having obtained an unfavourable judgement at both instances.
- IRAP case 2017: appealed in second instance.
- IRAP case 2018: appealed in the first instance.
- IRES cases 2017, 2018 and 2019: Inland Revenue accepts the IPEA model for full use of past tax losses (full deduction of the higher income assessed);
- IRES case 2017: appeal will be brought in the second instance;
- IRES case 2018: first instance appeal will be filed.
- Year 2019: both the IRAP and IRES schemes for which ATM has already filed counterclaims have been notified.

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

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