Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the sole shareholder of
Italferr SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Italferr SpA (the Company), which comprise statement of financial position as of 31 December 2024, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2024, and of the result of its operations and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union.

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 this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

Direction and Coordination

The Company, as required by law, has included in the notes to the financial statements the key figures of the latest financial statements of the entity which directs and coordinates its activities. Our opinion on the financial statements of Italferr SpA does not extend to those figures.

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 IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed 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 the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained 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;

- We obtained 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;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' 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;
- We evaluated 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 communicated 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 identified during our audit.

Report on Compliance with other Laws and Regulations

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10

The directors of Italferr SpA are responsible for preparing a directors' report of Italferr SpA as of 31 December 2024, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the directors' report with the financial statements;
- express an opinion on the compliance with the law of the directors' report;
- issue a statement on material misstatements, if any, in the directors' report.

In our opinion, the directors' report is consistent with the financial statements of Italferr SpA as of 31 December 2024.

Moreover, in our opinion, the directors' report is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Rome, 19 March 2025

PricewaterhouseCoopers SpA

Signed by

Giuseppe Caffio
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

(Translation from the Italian original which remains the definitive version)

Italferr S.p.A.

2024 ANNUAL REPORT

Italferr S.p.A.

Single-member company managed and coordinated by Rete Ferroviaria Italiana S.p.A.

Share capital: €14,186,000, fully paid up

Registered office: Via Vito Giuseppe Galati 71, 00155 Rome

Tax code and company registration no.: 06770620588

REA (Economic and Administrative Register) no.: 541241

VAT number: 01612901007

Web address: www.italferr.it

MISSION

Italferr S.p.A. is the Ferrovie dello Stato Italiane group's engineering company with over 40 years of consolidated experience in large infrastructural projects for traditional and high-speed railways, underground and road transport and the design of ports and stations in Italy and abroad.

Its mission is to build infrastructure in accordance with high quality standards, deadlines and the budget, covering all technical and management activities for the planning, design, execution, inspection and commissioning of the works.

Italferr S.p.A. offers innovative, high-tech services ranging from design to assistance in procurement work, works management and supervision, inspection and commissioning of lines, stations and intermodal and interport hubs, project management, organisational consultancy, training and the transfer of specialised, avant-garde know-how.

COMPANY OFFICERS

Board of Directors:

Chairwoman	Paola Firmi
CEO	Andrea Nardinocchi
Director	Francesca Bartoli
Director	Maddalena Boffoli[1]
Director	Franco Fenoglio[2]

Board of Statutory Auditors:

Chairwoman	Antonella Bientinesi
Standing statutory auditor	Maurizio Bucci
Standing statutory auditor	Michele Zuin
Alternate statutory auditor	Angelica Mola
Alternate statutory auditor	Giuseppe Mongiello

OFFICER IN CHARGE OF FINANCIAL REPORTING

Alessandra Cardegari

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A.

[1] In office until 20 December 2024.

[2] In office until 1 July 2024.

CONTENTS

CHAIRWOMAN'S LETTER

Dear Shareholder,

the year 2024 was an intense year that confirmed the growth plan set in motion over the past four years by the Company to meet the expanding demand for transport infrastructure driven by the NRRP and geared towards obtaining innovative infrastructure to respond to global megatrends.

In this year, too, the results of operations were very positive and above Budget forecasts: production of engineering services, in fact, stood close to €420 million euros (+7% over expectations); the increase in revenues was achieved both through a greater use of production factors (operating costs, too, increased by 7% compared to the Budget), and thanks to an increased efficiency of the company's organisation, which, combined with the mix of contracts managed during the year, led to an increase in profitability compared to initial forecasts and, consequently, to an improvement in the actual EBITDA and net result compared to expectations (+€6.9 million, equal to +9% compared to the Budget, and +€7.2 million, equal to +16%, again compared to the Budget, respectively).

As in past years, production in 2024 was characterised by the contracts awarded by RFI, which is pursuing a challenging 2025 - 2029 Business Plan (the "Plan") aimed at increasing the extension and transport capacity of high-speed lines, encouraging intermodality and integration between the various means of transport, and ensuring the full electrification of the main lines by 2030 while implementing advanced traffic management systems such as ERTMS.

In this context, the operations that Italferr has carried out for the FS Group have been characterised by the supervision of as many as 375 contracts related to works with a total value of more than €36 billion. The Regions involved in the most significant projects were Sicily (Messina - Catania - Palermo railway line), Campania (new High-Capacity Naples-Bari line), Liguria (Third Giovi Pass and Genoa Hub), Lombardy and Veneto (Brescia East - Verona and Verona - Padua sections).

Although the year that has just ended saw Italferr mainly engaged in implementing RFI investments, the Company was also active on the no-captive market both in Italy and abroad.

In particular, in Italy, to the contracts already acquired from the market in previous years must be added the contract signed with the Extraordinary Commissioner for the design work of the Gran Sasso Water System in 2024.

With regard to the foreign market, Italferr continued its policy of de-risking, moving in a geopolitical environment characterised by the continuation of the Russian-Ukrainian conflict, and the worsening of tensions in the Middle East, orienting itself, in line with the Parent Company's guidelines, towards geographical areas and countries that ensure low levels of political and financial risk and offer, at the same time, ample opportunities for business development. In 2024 the results of this policy were, among others, the contracts that the Company was awarded in Saudi Arabia for Project Management Consulting services on the Saudi Landbridge project, and the work to design parts of the "Pape Tunnel and Underground Stations (PTUS)" in Canada.

In order to cope with growing workloads, the Company continued its work in 2024 to strengthen its workforce both in terms of quantity and skills, and to complete the reorganisation that had been started in the previous year.

In this area, the recruiting work, which enabled the Company to reach 3,298 units at the end of the year, was accompanied by a massive training programme: in fact, 140 thousand hours were delivered on both ongoing professional refresher training, which is necessary in an industry undergoing rapid transformation imposed by technological evolution, and on the enhancement of soft skills to improve personal effectiveness and, consequently, contribute to business success.

With regard to technological evolution, it should be noted that digital transformation is radically changing the way infrastructure is designed, built and maintained, and artificial intelligence, robotics and drone technology are emerging as key enablers of operational efficiency. In order to remain at the forefront of the sector in which it operates, Italferr is experiencing accelerated digitisation, not only by continuing to extend design in B.I.M., but also by dedicating itself to infrastructure monitoring and predictive maintenance (associating B.I.M. with Digital Twin), and the use of drones at construction sites.

In addition to enabling the company to stay abreast of the times, digitisation, which continues to be one of the pillars of the current 2025 - 2029 Business Plan as well, allows it to diversify its business and maintain its competitiveness against other international Players, as is also demonstrated by the fact that Italferr continues to retain its position in the international rankings of engineering companies.

Finally, the sector in which Italferr operates has been witnessing a fundamental shift towards sustainable infrastructure development and environmental awareness for some years now, driven by growing global commitments on climate. Italferr has distinguished itself since the beginning of this transition by adopting sustainability methodologies and protocols to assess the capacity of an infrastructure project to generate benefits for local areas and communities and, during the year, it was honoured with the Life Awards 2024, an acknowledgement that ratifies the Company's concrete commitment to pursuing the Sustainable Development Goals, in line with the most recent guidelines of the European Green Deal and the NRRP.

To conclude, I must recall that the Company celebrated its "first 40 years" precisely in 2024: 40 years in which Italferr has always been able to anticipate changes, thanks to the continuous development of new ideas and effective solutions to remain competitive in the market. And the results can be seen: an operating profit which is once again strongly positive and better than the Budget, and national and international recognitions that prove, once again, that the Company has the right requirements to continue its success story and achieve the challenging goals of the Plan.

Directors' report

KEY AND GLOSSARY

ALTERNATIVE PERFORMANCE INDICATORS (NON-GAAP MEASURES)

Below is a description of the criteria used to determine the alternative performance indicators used in this report, which differ from the criteria applied to the IFRS financial statements. Management finds these indicators useful in monitoring the company's performance and believes they reflect the financial performance of its business:

Other assets, net: these reflect the sum of grants, other current and non-current assets and other current and non-current liabilities.

Other provisions: these are the sum of post-employment benefits and other employee benefits, the provision for litigation with employees and third parties, the provision for contractual risks, reflecting expected future losses on contracts with negative outcomes, deferred tax liabilities and deferred tax assets.

Working capital: this is the sum of net operating working capital and other assets, net.

Net operating working capital: this is the sum of construction contracts, current and non-current trade receivables and current and non-current trade payables.

Net non-current assets: these reflect the sum of property, plant and equipment, intangible assets and equityinvestments.

Net invested capital (NIC): this is the sum of working capital, net non-current assets and other provisions.

Operating profit margin – ROS (return on sales): this sales profitability indicator is calculated as the ratio of operating profit to revenue.

Gross operating profit (loss) margin: this profitability indicator is calculated as the ratio of gross operating profit to operating revenue.

Debt/equity ratio: this indicator is used to measure the company's debt. It is calculated as the ratio between net financial debt and equity.

Gross operating profit: this is an indicator of the performance of operations and reflects the company's core business only. It is calculated as the difference between revenue and operating costs.

Equity (E): this is a financial statements indicator calculated as the sum of share capital, reserves, retained earnings (losses carried forward) and the profit (loss) for the year.

Net financial position (NFP): this is a financial indicator calculated as the sum of non-current bank loans and borrowings and the current portion thereof, current bank loans and borrowings, current and non-current loans and borrowings from other financial backers, cash and cash equivalents and current and non-current loan assets.

Operating profit: this is an indicator of the performance of operations and is calculated as the sum of gross operating profit and amortisation and depreciation, impairment losses (impairment gains) and provisions.

ROE (return on equity): this is a profitability indicator for equity and is calculated as the ratio of profit (loss) for the year and average equity, using the average of opening equity (including the profit (loss) for the previous year) and closing equity (net of the profit (loss) for the year).

ROI (return on investment): this is a profitability indicator for invested capital through core business operations. It is calculated as the ratio of operating profit to average NIC (the average of opening and closing NIC).

Net asset turnover: this is an efficiency indicator that expresses invested capital's ability to transform into sales revenue. It is calculated as the ratio of operating revenue to average NIC (the average of opening and closing NIC).

Terms of recurrent use

The following terms are frequently used in this report in relation to the company's operations:

HS/HC (High speed/High capacity): this is the system of lines and means specifically developed for high-speed and/or high-capacity transport.

BIM (Building Information Modelling): this digital information system integrates multidisciplinary structured data to create a digital picture of an asset over its entire life cycle, from planning and design to construction and placement in service.

Digital Twin: this is a virtual copy, or a model, of a real physical asset in operation. It reflects the current condition of the asset, and includes significant historical data about it. Digital twin can be used to assess the current condition of the asset and, more importantly, predict its future behaviour, refine its control, or optimize its operation.

DOCFPA (Document of Feasibility of Project Alternatives): this is the first stage of preparation of technical and economic feasibility projects required by the new code of public contracts.

European Rail Traffic Management System (ERTMS): this is the system that integrates the various railway networks in the EU from a functional and operational standpoint and provides for the European Train Control System.

TEFS (Technical-Economic Feasibility Study): this contains all the information needed to define the features of a project, i.e., all the surveys and diagnostics carried out to determine the engineering and safety characteristics and the sustainability report.

Project Management Consultancy (PMC): this is a one-stop-shop specialist assistance service used to manage suppliers and contractors throughout a project from its start to its completion.

NRRP (National Recovery and Resilience Plan): this is a government program of investment and reform financed by EU Funds under the Next Generation EU.

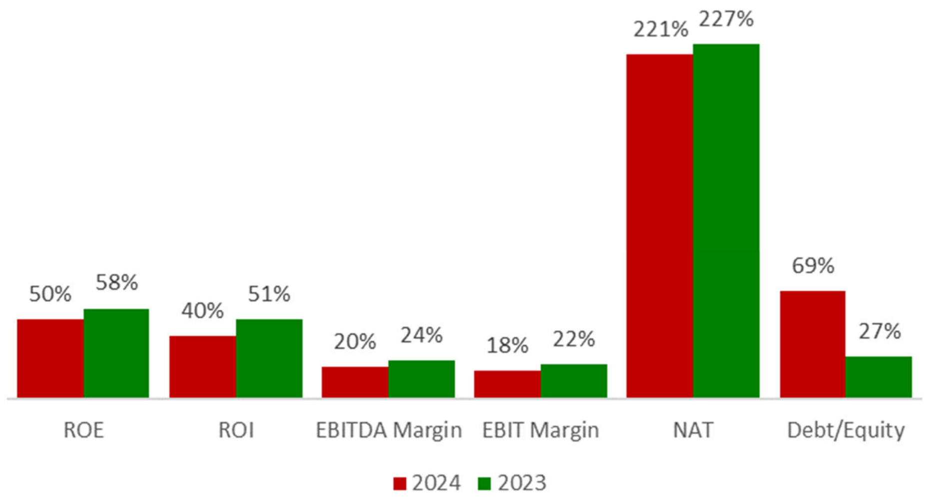
PPSM (Prevention and Protection Service Manager): this is a staff position established under Legislative Decree no. 81 of 2008 which is assisted by the PPSO for the purpose of ensuring safety in the company's premises,

VED (Verification of Executive Design): this is an activity required by the Code of Public Contracts to verify the compliance of the detailed design performed by the contractor with the project put out to tender and its compliance with legal requirements.

2024 RESULTS

As detailed below in this report, the Company continued to grow in 2024 too, both in terms of turnover and headcount, mainly to meet RFI's ambitious investment plan, driven by the NRRP. More in detail, production grew by 7% and headcount further increased by 271 compared to 2023. The trend in costs, which are influenced by inflation, reduced the record 2023 profit margins, and yet maintained the Company's results of operations at respectable levels.

The growth in size has led to an increase in net invested capital and, consequently, in financial exposure, which has remained, however, well below warning levels.



		2024	2023
ROE	P/E*	50%	58%
ROI	OP/ANIC*	40%	51%
EBITDA Margin	GOP/R	20%	24%
EBIT Margin	OP/R	18%	22%
NAT	R/ANIC*	221%	227%
Debt/Equity	Debt/Equity	69%	27%

KEY

ANIC*: Average net invested capital (average of the opening and closing balances)

OP: Operating profit

GOP: Gross operating profit

E*: Average equity (average of the opening and closing balances) net of the profit for the year

E: Equity

NFD: Net financial debt

R: Revenue

P: Profit for the year

FINANCIAL POSITION AND PERFORMANCE

For the purposes of describing its financial position and performance, the Company prepared specific reclassified financial statements other than those required by the IFRS-EU standards adopted by the FS Group (as detailed in the Notes). The reclassified financial statements comprise alternative performance indicators which differ from those directly derived from the financial statements and which management deems useful in monitoring the Company's performance and in presenting the financialresults of the business. Reference should be made to the section "Key and glossary" for a description of the methods used to calculate these indicators.

Reclassified income statement

(€'000)	2024	2023	Changes	
			Amount	%
Revenue from engineering services	419,358	378,245	41,113	11%
Other revenue	808	581	227	
Revenue and income	**420,166**	**378,826**	**41,340**	**11%**
Operating costs	**(335,548)**	**(286,515)**	**(49,033)**	**17%**
Personnel expense	(211,872)	(174,600)	(37,272)	21%
Other costs, net	(123,676)	(111,915)	(11,761)	11%
Gross operating profit	**84,618**	**92,311**	**(7,693)**	**-8%**
Amortisation, depreciation	(8,003)	(7,178)	(825)	11%
Impairment losses	(689)	(627)	(62)	10%
Operating profit	**75,926**	**84,506**	**(8,580)**	**-10%**
Net financial income (expense)	(1,784)	(1,486)	(298)	20%
Income taxes	(22,040)	(24,159)	2,119	-9%
Profit for the year	**52,102**	**58,861**	**(6,759)**	**-11%**

As envisaged in the Business Plan, in 2024 the Company continued to grow in terms of both production volumes and, consequently, resources. The growth of the former was influenced by the start of operations at numerous construction sites at the end of the previous year, such as, for example, the 1st Lot of the Battipaglia-Romagnano section, part of the new HS/HC Salerno-Reggio Calabria line, some functional lots of the new Messina, Catania, Palermo rail link, and the 2nd Lot of the Vicenza crossing on the HS/HC Verona - Padua section. In addition, works continued at the construction sites on the Third Giovi Pass, some sections of the HS/HC Naples - Bari line, and the Trento bypass.

In addition to the works management for the operations started at construction sites, Italferr continued its audits on the executive designs submitted by the contractors in order to rapidly activate further construction sites and this was since a large part of the work performed by the Company in the year concerned contracts financed by the NRRP and the Complementary Fund.

Total production for the year grew by 7% compared to expectations and this was also due to an increase in productivity per capita, which was also enabled by the support given by the digitisation of operational processes that Italferr is carrying out. The increase in productivity, on the one hand, combined with the contractualization of variants or the variation of contractual fees, the latter being based on the definition of the value of the works to which they refer, also led to an increase in the profitability of the contracts performed during the year.

Compared to 2023, **revenue from engineering services** also increased (+11%) due to volume growth, since average profitability, while remaining high, could not match the record values posted in the previous year.

	2024		2023		Changes	
(€'000)	Amount	% of total	Amount	% of total	Amount	% of total
RFI	372,688	89%	337,083	80%	35,605	11%
Other group companies	5,383	1%	13,438	3%	(8,055)	-60%
Other Italian customers	9,128	2%	3,234	1%	5,894	182%
Total Italy	**387,199**	**92%**	**353,755**	**94%**	**33,444**	**9%**
EU countries	4,691	1%	1,603	0%	3,088	193%
Non-EU countries	27,468	7%	22,887	6%	4,581	20%
Total abroad	**32,159**	**8%**	**24,490**	**6%**	**7,669**	**31%**
Revenue from engineering services	**419,358**	**100%**	**378,245**	**100%**	**41,113**	**11%**

With regard to **operating costs**, although to a lesser extent than in 2023, the Company continued its work on the challenging recruitment plan to adjust the workforce to the growing demand for services in the year under review: new hires totalled 543, including temporary workers having their contracts transformed into permanent employment. Net of retirements and turnover, headcount grew by 271, and overall average FTEs for the year stood at 3,171 (+50 average FTEs compared to the budget, and +372 on 2023).

Personnel expense was affected by the further increase in the workforce to which was also added the increase in the average unit cost of resources as a result of labour market supply trends in the engineering and construction sector: total personnel expense increased by 5% compared to the Budget and by 21% compared to 2023. Specifically, about two-thirds of the latter increase was driven by the growth in average headcount and the remaining third by the increase in average unit cost.

Other costs, net also increased compared to expectations and the previous year (+12% compared to the Budget and +11% compared to 2023): the change, in both comparative scenarios, was affected by the adjustment to the Provision for contractual risks according to the expected losses on contracts with negative profit margins acquired in 2024. Although the provisions for the year were very substantial, it must be taken into account that they were made, predominantly, against contracts acquired by RFI during the year and related to design or construction phases of larger assignments that maintain, however, a positive profitability in their entire life cycle.

The above-described trend in revenue and costs explains the Company's higher EBITDA and net result recorded compared to the Budget for the year (+9% and +16%, respectively) and their decline, albeit small, compared to the previous year (-8% and -11%).

Amortisation and depreciation mainly increased as a result of the purchase of IT equipment (laptops and notebooks) delivered to new hires or replaced due to obsolescence, and of the right-of-use assets linked to a substantial increase in car rentals due to the increased need to reach worksites and have them manned at all times, as well as to the renewal of some lease agreements for company offices.

Finally, **Net financial expense** decreased by 47% compared to the Budget and increased by 20% compared to the previous year. The change, compared to 2023, was mainly due to the performance of turnover and receipts from customers, which led the Company to resort to debt especially in the last months of the year, although it had managed to moderate its use during the first months.

Reclassified statement of financial position

The Company's statement of financial position at 31 December 2024 is as follows.

(€'000)	31.12.2024	31.12.2023	Changes
Net operating working capital	269,248	198,042	71,206
Other assets, net	(45,544)	(42,426)	(3,118)
Net working capital	**223,704**	**155,616**	**68,088**
Non-current assets	38,109	34,677	3,432
Equity investments	350	350	0
Net non-current assets	**38,459**	**35,027**	**3,432**
Post-employment benefits	(11,146)	(12,620)	1,474
Other provisions	(38,445)	(24,798)	(13,647)
Post-employment benefits and other provisions	**(49,591)**	**(37,418)**	**(12,173)**
Net assets/(liabilities) held for sale	**0**	**15,111**	**(15,111)**
NET INVESTED CAPITAL	**212,572**	**168,336**	**44,236**
Current net financial (position) debt	73,778	19,264	54,514
Non-current net financial debt	13,084	16,278	(3,194)
Net financial (position) debt	**86,862**	**35,542**	**51,320**
Equity	**125,710**	**132,794**	**(7,084)**
TOTAL COVERAGE	**212,572**	**168,336**	**44,236**

The Net Invested Capital showed growth compared to the previous year due to the increase in Net Operating Working Capital, partly offset by the increase in Other provisions and the change in Net assets held for sale. In analysing each item:

- Net operating working capital grew by 36% compared to 2023, mainly due to the increase in trade receivables (+46%) against a sales turnover that has remained in line with the previous year, although production has increased: this performance depends on the fact that, in 2024, more than half of Italferr's production referred to works management and audits on executive designs: the former is billed as a percentage of the value of contractors' Work Progress Reports (SAL) and, where there are delays, billing also delays while the latter are subject to a billing schedule, as per contract, which does not follow the linear trend of production. Moreover, traditionally, Italferr's turnover accelerates in the last months of the year and, therefore, only partly manages to generate positive cash flows in the same period;

- Other provisions increased by 55% compared to 2023, mainly due to the allocation to the Provision for contractual risks that became necessary due to the estimated future losses expected from contracts in the portfolio with negative margins;
- Net assets held for sale were reduced to zero compared to 2023 because they consisted entirely of the quota that Italferr held in Cremonesi Workshop S.r.l. (CREW), and which was transferred to the affiliated company FS Sistemi Urbani as a result of the demerger that became effective on 1 January 2024.

On the coverage side, there was an increase in Short-term financial liabilities as a result of the growth in Net operating working capital described in the previous paragraphs.

INVESTMENTS

In 2024, Italferr invested a total of €8,905 thousand. Most of these investments (€6,444 thousand) involved right-of-use assets for properties under lease (for a total of €4,737 thousand, including €1,513 thousand for the expansion of office premises at the Executive Center in Naples, €1,179 thousand for the renewal of the lease agreement of the Florence office for an additional period of 6 years, €2,045 thousand for the increase in the leased premises, and the term of the lease agreement of the Rome and Bari offices, and 3-year leases of an additional 221 cars for increased needs at construction sites (€1,707 thousand).

The remainder of the investments consisted of:

- purchases of laptops, notebooks, and other small IT equipment for employees in Italy and abroad (€2,093 thousand), as well as a drone for aero-photogrammetric surveys and measurements (€40 thousand);
- the purchase of low-impact furniture and furnishings for smart offices in Rome, Milan, Naples and Cagliari (€328 thousand).

RESEARCH AND DEVELOPMENT

In 2024, Italferr carried out the following testing activities for the development and enhancement of the process for digitisation, and the adoption of digital information management methods and tools to the distinct stages of the rail infrastructure life:

- **development of additional customisations and functions in the Proprietary Digital Twin Environment:** in previous years Italferr has placed special emphasis on the implementation of a proprietary Digital Twin environment based on a business solution with the goal of implementing a highly customisable platform for different and new uses. During 2024, this environment was further enriched with new features to support the centralisation and use of information from third-party tools and platforms;
- **development of the application of the Envision protocol**: Italferr has started the application of the Envision protocol on some technical-economic feasibility projects, including through the use of methods and tools for digital information management of construction. In particular, it has initiated a study for the integration of the data model with parameters identifying the design requirements necessary to obtain the Envision protocol credits, and a study for effective digital management of the document archiving flow. In addition, the use of digital tools has facilitated both the optimisation of design options aimed at identifying environmentally friendly solutions and implementing construction practices that meet the standards required for certification, and the accessibility of information and its sharing among all stakeholders;

- **adoption of process automation tools**: Italferr has conducted experimentation related to the use of software that has led to the development of solutions aimed at optimising processes, ensuring traceability and consistency of data and information;
- **production of advanced reporting through Business Intelligence tools**: Italferr has developed an integrated system that, in addition to monitoring projects, enables optimisation of project coordination and reporting for top management;
- **digital monitoring of the physical and economic progress of works**: the Company has pursued the study and development of digital processes aimed at monitoring the physical and economic progress of the work connected with the contracts acquired and supporting the technical and accounting operations of the works management;
- **improving the efficiency of processes for the management and verification of detailed executive design information models**: Italferr has been engaged in the study and development of processes that improve the management of deliveries of information models produced by contractors during the detailed executive design phase, and their verification and the traceability of any comments and counter-arguments.

Italferr promotes a structured and systematic process to implement synergies capable of accelerating the development and integration of innovative ideas and solutions in the company, including in relation to the new Group organizational structure. With this in mind, the Company carried out, during 2024, the following projects in the area of:

- **Open Innovation -** Open Italy 2024 programme, under which Italferr started work on the following Proofs of Concept (POCs):

  ✓ *C'Mon OptiPlant (Carbon Monitoring OptiPlant)*: development of a plugin for the design and use of a demo application for monitoring green works, taking into account current and future climate variables, with the aim of monitoring CO_2 emissions, maximising their containment and monitoring plant biodiversity;

  ✓ *GeoAnomaly Sentinel*: the experimentation aims to reduce the time of acquisition and processing of archaeological data from non-invasive surveys and to increase the ability to identify any archaeological finds or excavations interfering with the planned infrastructure;

  ✓ *RailTrustFlow*: the experimentation involves the development of a blockchain solution for managing rail infrastructure certifications;

  ✓ *RailAware:* the experimentation involves the development of a solution to simplify and speed up document browsing and access to company data through large language models to provide users with the ability to conduct complex natural language searches across multiple sources and entire databases;

  ✓ *Wiki-Surf*: experimentation aims to create an environment in which it is possible to navigate company processes and related procedures with a system of hyper-links between topics, issues, keywords and glossary, as well as leave comments in order to enable easier and more dynamic collection of requirements for upgrading business procedures.

- **International funded projects:**

  ✓ Horizon Europe Program, in which Italferr carried out the RECONMATIC and MOST-H2 projects, dealing, respectively, with circular management of demolition and construction waste, and absorbent materials for hydrogen storage;

  ✓ Life Program, in which Italferr carried out the LIFE SILENT project - "Sustainable Innovations for Longlife Environmental Noise Technologies", which deals with the development of sustainable and environmentally friendly solutions for noise mitigation in complex and densely populated urban areas;

- ✓ Europe's Rail Joint Undertaking partnership (ERJU) of which the FS Italiane group is a founding member: Italferr is involved in the following flagship projects: IAM4RAIL on the “Intelligent & Integrated asset management” with the research initiatives “Climate Resilience” to define a methodology for assessing the resilience of rail infrastructure to climate change, “Blockchain for certification”, for the development of a framework for managing rail infrastructure certifications via blockchain, and “Cluster E - Railway Digital Twin”, which aims to develop the Digital Twin in the railway sector;
- ✓ MADE4RAIL on “Maglev-derived systems for Rail”, to assess the maturity of magnetic levitation technologies and technical-economic sustainability in rail application scenarios;
- ✓ SYMBIOSIS on “SYstemic Mobilisation for Joint Biodiversity and Infrastructure” with the aim of setting out recommendations and methodologies for the development of cross-cutting biodiversity and climate policies as part of infrastructure projects, for the transport and energy sectors;
- ✓ HYPER4RAIL on “A Giant Leap for Loop: Towards a harmonized implementable Hyperloop concept with Hyper4Rail” for the feasibility and prototype development of Hyperloop solutions for the European network.

- **National funded projects:** Research Program on “National Sustainable Mobility Center”, supported by NRRP financial resources allocated to the Ministry of University and Research: Italferr participates in the programme under the coordination of FS Italiane, and is involved on two initiatives: CNMS - Spoke 4 - WP2 concerning the study of alternative methods of train powering, and CNMS - Spoke 9 - WP3 concerning issues related to urban mobility.
- **Other projects:**

  - ✓ UIC Project - Digital Twin: Italferr is leading the project involving several European-level experts in the rail sector to draft and disseminate a document that aims to provide a clear and in-depth overview of the potential of Digital Twins in the rail sector in order to support the digital transformation of the European rail sector;
  - ✓ IRIDE Service Segment project: it is part of the larger IRIDE project managed by ESA (European Space Agency) with the support of the Italian Space Agency (ASI), and aims to launch a constellation of satellites for observing Italy. Italferr's role in the project is as a “Pilot User” to test the services that will be developed;
  - ✓ Monitoring contamination in the soil by indirect drone surveys: experimentation involves the acquisition of area images in order to identify pollution probabilities from ground surveys.

Finally, Italferr also pursued collaboration during the year in scientific fields with Research Centers and Universities during the year, in the areas of railway engineering and digital methodologies.

PERFORMANCE OF SUBSIDIARIES

I.E.S. - Infrastructure Engineering Services d.o.o.

In foreign countries, Italferr also operates through its wholly-owned subsidiary in Serbia, Infrastructure Engineering Services (I.E.S.).

The company primarily works for Italferr for which it provides support in the field of structural and architectural design, and works supervision, as well as operational support for Italian and foreign contracts. Since 2019, it also began diversifying its backlog, also acquiring contracts from no-captive Customers on the Serbian market.

In particular, the activity that IES carried out for Italferr during 2024, both in Italy and abroad, involved providing support to:

- technical-economic feasibility (TEFSs) and final designs (FDs) for the suppression of level crossings and the installation of noise barriers;
- the revision of some projects concerning the Bologna - Lecce Adriatic Route;
- the design in B.I.M. methodology;
- the design of new road intersections;
- the design review and audit for the part concerning risk detection and definition of safety requirements for the "Hurontario Light Rail Transit" contract concerning an 18-km-long light rail system in Canada;
- the design for the "Rail Baltica" contract acquired by Italferr in Latvia;
- the coordination and audit of design for the "South Connector" contract in Saudi Arabia. In this case, the support given by I.E.S. was provided to Italferr directly on site, with a dedicated team.

Alongside the "Captive" activity, I.E.S. carried out the following contracts acquired in Serbia during the year:

- supervision of works of the Niš-Brestovac section under a contract signed in May 2022 by the Serbian Ministry of Finance and a business grouping with Italferr as representative and I.E.S. as principal, with activities assigned for about 40% of the planned total. The Niš-Brestovac section is part of the former X-tenth Corridor of the European network.
- Serbia - Tunnel Safety Design for Serbian Railways (100% IES contract).

Although the activities carried out by I.E.S. during the year were many and diverse, the acquisition of some foreign contracts (South Connector and Horuntario) occurred later than originally expected. In addition, Italferr's contracts for the suppression of level crossings and noise barriers were reduced compared to expectations: the consequence was a significant decrease in production for the year compared to the Budget approximately -36%) in the presence of a lower decline in operating costs compared to forecasts (-4%), with a consequent negative reflection on EBITDA and net profit, as can be seen in the table below.

(€'000)

	2024	2023	Changes	%
Revenue from engineering services	1,168	1,277	(109)	-9%
Operating costs	(1,301)	(1,251)	(50)	4%
Gross operating profit	(133)	26	(159)	>200%
Operating profit	(154)	8	(162)	>200%
Profit (Loss) for the year	**(159)**	**3**	(162)	>200%
Invested capital	648	703	(55)	-8%
Net financial debt	(152)	(256)	104	-41%
Average number of employees (FTEs)	21	22	(1)	-5%

Despite the negative results of operations, the year 2024 allowed I.E.S. to confront and enrich its experiences with two new types of services: design in B.I.M., partly already addressed in the past, and construction site works, alongside Italferr, for the development of the contractor's construction design.

These new experiences have enabled I.E.S. to continue the specialised training of its staff in civil, technological fields and, specifically, electrical traction, substations and telecommunications.

MACROECONOMIC CONTEXT[1]

In 2024, global economy showed good adaptation and resilience. Robust market conditions and declining inflation helped sustain moderate growth, albeit characterised by downward risks and high uncertainty, accentuated by the instability of the international environment due to the prolonged conflict in Ukraine and the widening of clashes in the Middle East. The major economies continued to show heterogeneous trends: while GDP performance in the United States was higher than expected, China witnessed a slowdown in growth; the Eurozone, on the other hand, slightly more than stagnated, although it showed signs of recovery from the third quarter of the year, particularly due to the unexpected economic growth in Germany. Indicators for international trade saw a significant rise in the second and third quarters of the year, driven by the sharp increase in US and Chinese trade. More recent data point to a slowdown for the fourth quarter and, looking ahead, the outcome of the US presidential election is an element of uncertainty for international trade in goods and services, due to the Trump administration's announced protectionist policies.
On the consumer price side[2], inflation trends tended to decline in 2024, in the Eurozone more than in the US, despite the expected rebound in November, mainly due to base effects related to energy prices. Energy commodity markets showed moderate volatility, with the price of gas in Europe showing an uninterrupted upward trend in the second half of the year, reaching almost 50/mwh[3] at the end of December, from a low of 24/mwh in March. The price of crude oil (Brent), after a moderate increase in the first months of the year, fell due to the weakness of Chinese demand and the increase in supply, and at the end of December it was trading at around $75/barrel, at a three-year low. Against the backdrop of substantially lower inflation, the major central banks continued their work on easing monetary conditions. The European Central Bank, after its first intervention in June, made three further cuts in policy rates while the Federal Reserve cut interest rates by 50 basis points in September, followed by a further cut of 25 points in November.

In considering this scenario, according to Prometeia estimates, growth in global GDP came to +3.1% in 2024 compared to 2023 while the trend in world trade appeared to be growing by +2.3%. Growth projections for 2025 suggest a slight decline in the global GDP growth rate (+2.8%), which will involve both industrialised (+1.5%) and emerging (+3.5%) countries.

In this context, the Italian economy went through the turbulent historical period initiated by the pandemic with better results than the average of the Eurozone countries, and Italian GDP quickly recovered and exceeded 2019 levels. In the course of 2024, however, growth gradually lost speed, showing a partly expected slowdown, considering that our country's excellent performance was largely attributable to the abundant fiscal stimulus and above all to the Superbonus (tax deduction for expenses related to renovation of residential buildings), which are temporary measures destined to produce a negative rebound once they are over. In spite of the significant contribution of the public component supported by the NRRP, and the substantial resilience of household spending, in fact, investments appeared to fall sharply in the second half of 2024 and the export performance was also lower than expected, suffering more than expected from the difficulties of Germany, with which we share a development model based on manufacturing and exports.

Finally, Italy ended 2024 with GDP growth of +0.5% on the previous year. The consumer price index for households, which was moderate during the year, showed growth of 1.0% on 2023.

[1] Source: Prometeia macroeconomic data, December 2024.
[2] In December 2024 the index of consumer prices (ICP) for the Eurozone was 2.4% on an annual basis, and the corresponding ICP for the US was 2.9% on an annual basis.
[3] Values refer to the reference natural gas price for European markets (Title Transfer Facility, TTF).

MARKET PERFORMANCE

Italy

In 2024, infrastructure investments in the transport sector in Italy confirmed the trend of recent years with significant contributions allocated to the development of a more modern, efficient and sustainable transport system. Investment plans in the country were allocated to projects that improve the efficiency and sustainability of the transport system, including thanks to European funds and in particular to the NRRP.

With regard to the domestic no-captive market, work was focused on initiatives that enable the diversification of the Company's business, particularly in relation to alternative and complementary systems to those that are strictly rail. MRT-Mass Rapid Transit (tramways, metros, monorails, trolley buses, urban and suburban railways), a sector considered to be of particular interest, has also received a significant boost mainly from NRRP funds, and ministerial or European funds (e.g., Development and Cohesion Fund). However, the year 2024 saw a slowdown in bidding for design activities, with a shift toward the implementation phase.

Europe

In 2024 Europe reconfirmed itself as an evolving market, with countries with predominantly low to medium-low risk profiles, high investment attractiveness and business opportunities, although investments were affected by ongoing geopolitical tensions.

Investments in Europe are strongly influenced by growing attention to sustainability and green transition that has led the European Union to set ambitious targets for 2030, resulting in increased investment in the renewable energy sector with a view to reducing greenhouse gas emissions. In line with this trend, the European transport infrastructure sector, too, saw an increase in investments in 2024 which were aimed at modernising transport networks and making them more sustainable. With the support of European and national funds, Europe is working to build a future where mobility is accessible, environmentally friendly and integrated with investments targeting rail, road infrastructure, ports and airports, and urban public transport.
During the year, particular attention was paid to the rail sector, which benefited from priority investments related to projects for electrification, expansion of high-speed lines and integration of regional transport.
Sources of funding included:

- European Union funds: the EU has allocated significant resources under the Connecting Europe Facility (CEF) program and Next Generation EU, supporting projects that promote green transition and digitisation;
- private investment: many projects have been co-financed by private investors, thanks to tax incentives and public-private partnerships (PPPs) that have made investment in the sector more attractive;
- national and regional funding: national Governments and local Authorities have contributed their own funds, often in synergy with European projects, to ensure adequate financial coverage for infrastructure projects.

In line with the Group's key guidelines, Italferr confirmed its interest in the markets in Northern European countries (Scandinavia, Baltic region, the United Kingdom, and Ireland) and selected countries in the Balkans with specific projects in countries such as Albania and North Macedonia. The United Kingdom has remained a market of interest for high-speed projects, and close monitoring of market developments is always ongoing. During the year, Italferr also strengthened its involvement in the Alpine crossings sector with the award of the Brenner Base Tunnel technology systems project.

North America

The current U.S. government has confirmed the Infrastructure Investment and Jobs Act, i.e., the monumental long-term program launched by the Biden’s Government for which an amount of $108 billion still remains to be allocated by 2026 for projects to improve public transport. In particular, interventions are planned in high-speed rail, an area in which Italferr's distinctive skills can find interest from its American counterparties: the opportunities that the country offers, therefore, confirm the United States as a target country for Italferr, in line with the Group's business development objectives.

Canada

Thanks to the considerable federal funds earmarked to extend and upgrade its passenger transport systems, especially in the mass transit sector, Canada has continued to offer attractive opportunities, with projects that are already underway or under procurement in all major urban centres across the country (Vancouver in British Columbia, Calgary and Edmonton in Alberta, Montreal and Quebec City in Quebec, and, above all, Toronto in Ontario where Italferr has been operating since November 2022).

In addition to these interventions, a new high-speed rail link between Québec City and Toronto (High Frequency Rail) is currently in the early stages of development.

Latin America

The Latin American recovery plan is still incomplete and inconsistent, more extensive in countries with stronger institutions, and more tax leverage, like Chile, Colombia and Brazil (the latter is now involved in a new rail and licensing scheme that is mobilising thousands of new rail kilometres).

Middle East

In 2024 this region confirmed itself as an area of strategic interest for infrastructure investment, with several countries committed to ambitious projects aimed at stimulating economic growth and improving infrastructure, despite the local geopolitical scene witnessing significant events (in Israel, Palestine, Lebanon and Iran) with inevitable repercussions on the international situation. Among the countries with major infrastructure investment plans, Saudi Arabia, the Arab Emirates and Qatar stand out.

Especially, Saudi Arabia has continued to invest heavily in infrastructure, pursuing the goal of economic diversification and strengthening its geopolitical position through new alliances and regional strategies. In fact, as part of Saudi Vision 2030, the strategic program promoted by the Kingdom of Saudi Arabia to reduce its dependence on oil and diversify the country's economy, the Saudi Government renewed its commitment to large-scale projects during 2024, with a particular interest in the transport and logistics sector (rail, road, and port infrastructure). Saudi Arabia aims, in fact, to position itself as a global logistics hub.

Central Asia and Far East

The consequences of the serious political tensions and social inequality in this region are provoking internal turmoil and cross-border conflicts scuppering the possibility of recovery expected as the pandemic restrictions are relaxed. However, growth in some of the Central Asian countries remains strong.

In Central Asia, the continuation of the ongoing conflict between Russia and Ukraine continues to have an effect on reshaping Central Asian alliances, raising the level of attention from the European Union, which fits into the dynamics historically involving Russia and China.

In this sensitive context, the European Bank for Reconstruction and Development (EBRD) has strengthened its support policies in line with other multilateral agencies operating in the region (e.g., Asian Development Bank, Asian Infrastructure Investment Bank, and World Bank).

In view of the infrastructure needs in the area, which is a centre of gravity for connections between Caspian and Black Sea, the Company’s focus on the Caucasian countries is confirmed while maintaining, however, ongoing alertness to the possible reverberations that the present conflict could generate on the stability of the region.

India

The infrastructure sector continues to be a key factor in the Indian economy. The Indian Government puts significant emphasis on this sector since it is a crucial to India’s overall growth, and seeks to ensure that adequate infrastructure is built on schedule throughout the country. The Indian government is trying to create intense momentum through policies to ensure top-notch infrastructure in India. Major infrastructure and industrial projects are, in fact, underway in the country, which are worth more than a trillion dollars.

India's central government, confirmed in the June 2024 elections, has maintained support for infrastructure investment of several GDP points with a special focus on the transport sector (railways, roads and mass transit, ports and airports). Indeed, the Indian market has confirmed and enhanced main customers’ plans, although some delays are noted, thanks to a solid financing system supported by severalsources of financing, including leading international and regional investment banks.

Although the country’s operational complexities have not diminished, investment plans for the Indian railways have moved forward, and with them the planned infrastructural developments. The growth rate of the Indian economy remains one of the highest in the world, as much in railway as in mass transit, freight transport and even roads.

Australia

Australia continues to roll out large investment programmes for the infrastructure and transport sector, but has initiated a general review on the allocation of funds in order to rationalize interventions.

The Government in office from 2022 has also revived prospects for the construction of a high-speed rail network to connect Australia's major cities, and the implementation strategy that has been outlined envisions a gradual implementation of the program. The High-Speed Rail Authority, established in late 2022, started its operations in June 2023, and as early as August of that year, it made its first inspections to implement and review business cases to support the first projects; subsequently, in 2024, tenders were launched for the development of the various components of the business case for the Sydney-Newcastle high-speed section in order to support the policy choices needed to implement the project.

In addition, each of the Australian states has put in place substantial investment plans for local transport to connect the suburbs of major cities with the urban centres where production and business are concentrated. Developments of interest in the country include, in addition, the effects of the preparations for the 2032 Brisbane Olympics, with dedicated investments.

However, the general increase in the cost of funding has forced the central and local Governments to carefully review plans that could impact the future implementation of expected projects.

Africa

North Africa has seen an intensification of infrastructure investment in the transport sector, with significant initiatives during 2024 on the part of global players such as China and France (China-Africa summit, and new French investment in Western Sahara).

In parallel, Italy has expanded its engagement on the African continent through the *Mattei Plan*, Italy's strategic project aimed at strengthening and renewing relations with African countries through diplomacy, development cooperation and investment, extending cooperation to new countries and strengthening their existing relations. Among the countries involved in the *Mattei Plan*, Egypt and Morocco, in particular, present themselves as markets of interest to Italferr.

Egypt, as part of the Vision 2030 strategy launched in 2016, has in fact reconfirmed its commitment to infrastructure expansion, with the aim of strengthening a system that has so far favoured the presence of foreign companies in the design and planning of rail and metro projects.

Morocco has launched an ambitious rail network expansion plan, which has attracted strong investor interest. The plan calls for extending the high-speed network to Marrakech by the 2030 World Cup and then to Agadir, with the goal of serving 87% of Morocco's population by 2040.

Performance by business segment

Intragroup

In Italy, Italferr mainly operates with the FS Italiane group companies. In 2024, it signed contracts with them for a total of €384 million, almost all of which with RFI (roughly 99.5% of total contracts).

The value of the contracts gained from RFI was mostly due to the work for the drafting of the TEFP of the interventions for the protection of the railway infrastructure subject to hydrogeological, hydraulic and coastal erosion risk (€38.3 million), the Pescara Porta Nuova - S. Giovanni Teatino (Lot 1) and San Giovanni Teatino - Chieti (Lot 2) track-doubling envisaged in the project to speed up the Rome-Pescara line (€12.6 million), and the assignment for the development of the Final Design of the track-doubling of the Vicofertile - Osteriazza (Fornovo di Taro) section envisaged in the project for the completion of the track-doubling of Pontremolese (€15.9 million).

In addition to the design work, Italferr acquired from RFI new contracts in 2024 for the audit of executive designs and works management of Lot 2 (Genga - Serra San Quirico) of the Castelplanio Operating control line rail track-doubling (km 228) with Albacina by-pass (€20.5 million), the interventions to speed up the Grassano-Bernalda section on the Potenza-Metaponto line (€13.6 million), the Bivio Fegino-ex Bivio S. Limbania via Parco Campasso link within the Third Giovi Pass (€12.6 million), and the interventions related to Lot 1 of the upgrading of the Lamezia Terme - Catanzaro Lido - Dorsale Jonica link (€11.4 million).

Although not comparable in amount to those of RFI, Italferr also acquired, during the year, contracts with new Group customers such as: Infrarail, for shadowing and support activities in the development of B.I.M. methods and tools, Busitalia for CSE service in the works for the construction of a depot for recharging electric buses in Padua and Rovigo, and FS Security for support in the design of the new Control Room at the Esquilino multi-purpose Hall.

The entry of these new customers confirms Italferr's ability to respond to diversified needs in the sector. The table below shows the value of contracts acquired in the year, broken down by customer and service type.

in millions of euros

Customer	Service type			Total	% of total
	Consultancy	Design	Works management		
RFI	45.25	178.92	157.76	381.93	99.5%
FS Sitemi Urbani	0.80			0.80	0.2%
Trenitalia	0.61		0.10	0.71	0.2%
Busitalia	0.21			0.21	0.1%
Ferservizi	0.02			0.02	0.0%
FS Security		0.34		0.34	0.1%
Infrarail	0.03			0.03	0.0%
Total	**46.92**	**179.26**	**157.86**	**384.04**	**100.0%**

The contract backlog amounted to €2,181 million at 31 December 2024.

At year end, work also commenced on negotiations for additional contracts worth a total of €91.6 million: the contractual documentation for these projects has already been sent to customers.

The bids that Italferr has submitted, which should lead to the execution of contracts in 2025, are detailed by customer and service type in the table below.

in millions of euros

Customer	Service type			Total
	Consultancy	Design	Works management	
RFI	15.0	57.5	17.6	90.1
FS Sitemi Urbani		0.3		0.3
Busitalia			1.2	1.2
Total	**15.0**	**57.8**	**18.8**	**91.6**

The market

On the non-captive **Italian market**, Italferr continued to diversify its business, focusing on urban and metropolitan public transport projects, large railway projects and its entry into new markets. During the year, the Company drew up designs for urban public transport projects that had been awarded, including the Skymetro in Genoa, and completed the four "axes of strength" project, again for the Municipality of Genoa.

In addition to developing the local public transport market, Italferr deepened its commitment on cross-border projects with additional implementation orders relating to TELT contracts for the HS Turin-Lyon line on both the French and Italian sides.

During 2024, the Company continued its work on providing Technical Support to the Extraordinary Commissioner Function of the A24 - A25 Motorway through the development of the activities envisaged in the existing agreement with the Commissioner. Within the scope of this Agreement, Italferr proceeded with the development of the tender documents for the structural upgrading of several viaducts on the motorway, and work is now in progress on verifying the projects (technical and economic feasibility of the project and detailed design) submitted by the contractors that had been awarded the lots for the execution of the structural safety works on the motorway viaducts.

As part of the Smart Road Framework Agreement, the Company also carried out the audit of the executive design of the dynamic monitoring of the viaducts of the A24 - A25 motorway while the Commissioner for securing the Gran Sasso Water System has appointed Italferr to develop the TEFP for securing the hydraulic system of the Gran Sasso Tunnel, and all the preparatory activities for the TEFP, including surveys and testing site.

In **Europe**, Italferr continued its business activities to enter the Scandinavian market.

In the **Baltic states**, the Company continued its work on the Project Management Consulting activities of the Energy sub-system and the Command and Control / ERTMS sub-system of the network for the entire "Rail Baltica", which is a High-Speed and 870-kilometer-long railway line aimed at connecting Estonia, Latvia and Lithuania.

During the year, Italferr also signed the application contract for the supervision of civil works for the High-Speed railway line in Latvia, and was awarded the contract for the design of the technological systems of the Brenner Base Tunnel in expanding its commitment to transnational projects.

In the **Balkans**, Italferr finalised business activities for the Work Supervision tender for the high-speed section between Belgrade and Niš.

In the **United States**, Italferr pursued some commercial initiatives and established contacts with leading U.S. engineering companies with the aim of starting operations in the country in the short term, particularly with regard to some tenders expected as part of the California High Speed Rail Project in 2025.

In **Canada**, following the work performed in the past two years, Italferr continued its operations for the Mobilinx consortium (an intervention relating to the Hurontario tramway line in Toronto), and for the CONNECT 6ix Consortium (design and consulting services as part of the RSSOM - Rolling Stock, Systems, Operations and Maintenance project - on the Metro Ontario Line).

Furthermore, Italferr was awarded the contract for design work as part of the PTUS (Pape Tunnel and Underground Stations) project for the metro Ontario line itself, supporting the Pape North Connect consortium engaged in the construction of three km of twin tunnels, two underground stations, the interface with Line 2 of the Toronto Transit Commission, and related works.

In **Latin America**, Italferr continued its work on the Colombian project for the first underground line in Bogotá, with local and international financing.

In addition, the Company successfully completed its work on the Transandino project in Peru, and continued to investigate opportunities for further interventions in Colombia, Peru and Brazil.

In the **Middle East**, Italferr is focused on the Saudi market, where it has acquired, in Joint Venture with leading international players, Project Management Consulting (PMC) services on the Saudi Landbridge project, the largest infrastructure program ever undertaken in Saudi Arabia, which will unite the country under a single infrastructure of 1,500 km of new lines, and 678 km of possible modernisation of existing lines.

In Saudi Arabia, Italferr also submitted bids for:

- design services related to two initiatives as part of the infrastructure development of the NEOM project, the most important "Giga Project" in Saudi Arabia to build a new, resilient and sustainable city;
- General Consultancy services for the development of the Operating Plan of the Gulf Cooperation Council (GCC) rail project, the new Trans-Arab Railway, for design services related to the feasibility study of the rail link between Qiddiya Coast and the existing Haramain (Mecca-Medina) High-Speed Line, and for engineering design services related to the

rail links of SPARK - King Salman Energy Park -, the future industrial energy city in the Abqaiq region, where the production of energy components and services for the entire country will be located.

In Africa, Italferr focused on the Egyptian and Moroccan markets, considering some initiatives launched in the market during 2024. In particular, as far as Egypt is concerned, the Company is awaiting the outcome of the bid for design services related to the layout and superstructure of the High-Speed Blue and Red lines railway line. In the country, moreover, Italferr has prequalified for the initiative related to System Integration and Works Supervision services for the signalling systems of the Cairo-Alexandria Trade Logistic Development Project.

In the **Indian market**, Italferr, through the offices in New Delhi and Mumbai, continued working on projects (mainly PMC), which it had acquired in previous years.

It also continued its work on its scouting activities for new business initiatives, although a gradual slowdown was noted in the import of know-how in favour of the use of skills and knowledge that have also been acquired at local level.

In **Australia**, Italferr continued to monitor the market in 2024 in search of new commercial opportunities, starting pre-positioning activities for expected initiatives in the market, and actively participating in the Industry Engagement launched by the Australian High Speed Rail Authority as part of the High-Speed Sydney-Newcastle rail project.

In conclusion, Italferr is continuing to preside over markets of interest, pursuing commercial initiatives in its business segment, and in accordance with Group strategies. In 2024, Italferr acquired new orders totalling €45 million, and the backlog of no-captive contracts in the portfolio stood at €84.3 million at the end of the year.

Performance of main competitors

The analysis of the Top 225 international design firms, conducted as every year by the prestigious ENR (Engineering-News Record) magazine, showed a 12.7% increase in foreign turnover of global engineering companies. As for the main business sectors, once again the transport sector led the export of engineering services (24.8%) followed by civil construction (18.7%), oil (16.3%), energy (11.9%), and again followed by industrial plant engineering (6.5%), water (6%), and hazardous waste treatment (4.6%). The relative weight of each of these markets remained virtually unchanged from the previous year, despite the growing turmoil on the world political scene.

Moreover, the ENR analysis itself showed the relative importance of each country in the export of engineering services by pointing out that most of the firms in the Top 225 list are from the United States and Canada (84), compared to 55 from Europe and 20 from China.

In looking more closely to Europe, Italian design exporting firms, although the most numerous (11), ranked only fifth by value of their international revenues, preceded by Dutch, French, British and Spanish firms. This testifies to the persistence in Italy of small-sized professional firms that are highly competitive and dynamic, but not sufficiently internationalised.

Moreover, the average size of Italian engineering companies not only is a handicap in competing with global giants, but is also a disadvantage in meeting public demand, based on the ambitious investment plans required by the National Recovery and Resilience Plan, and conceived as part of the Next Generation EU economic stimulus program.

In response to the strong growth in public demand in Italy, Italferr has, in recent years, reacted by increasing its size and production, both in terms of specialist resources employed and process efficiency, concentrating its efforts in the domestic sector, without neglecting, however, the international market.

In this year, too, this policy led the Company to remain at the top of the Guamari ranking of the Top 200 engineering companies operating in Italy (the chart below shows the highlights of the top 15) and to further improve, compared to the previous year, its position in the ranking of the Top 225 design firms, reaching 108th place based on total annual turnover (+2 positions compared to 2023) and 148th place by foreign turnover.

Ranking	2023 Ranking	Company	2023 revenue (€ millions)
1	1	ITALFERR	379
2	2	RINA	215
3	3	eni progetti	184
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THE ENVIRONMENT

Sustainability

In line with the guidelines set out in the EU Green Deal, and the FS Italiane group's strategies for achievement of the Sustainable Development Goals (SDGs), several years ago, Italferr began integrating sustainability more effectively into its infrastructure projects.

This led the Company to develop and fine-tune an integrated, systematic and multi-disciplinary approach to developing infrastructure projects, geared towards land rebalancing, using solutions that protect the environment, using resources in an efficient manner with a view to circular economy, protecting and enhancing cultural heritage, landscapes, the environment and biodiversity, a more resilient infrastructure, and creating new sustainable mobility and value scenarios for the development of local communities, and the inclusion of settled communities.

This approach permeates all design phases and is precisely reflected in the production of specific deliverables to support project documentation. In particular, the following were produced during the year: 14 Sustainability Analyses of DOCFPAs, 38 Sustainability Reports associated with Captive projects, 3 support activities for foreign tenders, and 4 compliance audits.

In order to achieve an innovative, shared and well-established sustainable project approach, Italferr is committed to the development of methodologies through ISO certifications, company guidelines, studies and research, and actively participates in working and coordination groups, which deal with all specific issues of sustainable infrastructure design, from the environmental, social and economic points of view.

First of all, since it is aware of the determinant role that engineering can play in taking tangible actions to help reduce greenhouse gas emissions, Italferr has, for several years, voluntarily decided to apply the UNI ISO 14064 standard to quantify and report on the greenhouse gas emissions produced by its design and construction activities for the new transport infrastructure.

In addition, the Company has long adopted the Envision Protocol, the first rating system and certified tool for assessing the sustainability of works, which outlines guidelines for integrating sustainability criteria into the design and implementation of infrastructure interventions, enhancing their social, economic and environmental benefits. With specific regard to 2024, for one of the first times in Italferr's experience, the Envision Protocol was applied to a foreign contract. In particular, the Sustainability team was involved in the design work of the NEOM South Connector, integrating the principles of the Envision Protocol in collaboration with all other technical disciplines, for the construction of this important railway infrastructure.

Italferr has also developed a Territorial Impact Assessment model to assess the benefits of infrastructure projects in terms of territorial cohesion, which is based on a set of performance indicators consistent with the efficiency, quality and territorial identity criteria (Espon, 2006), the pillars and credits of the Envision Protocol, the cohesion objectives relating to the Europe 2020 Strategy (Smart Growth, Sustainable Growth and Inclusive Growth), and the priority objectives of the 2021-2027 Cohesion Policy. The model, developed as part of a collaboration with the FS Research Centre, also takes into account the sensitivity of regions to indicators, based on certain socioeconomic and local characteristics. The study has already been applied to numerous infrastructure projects nationwide.

Under the plan for the integration between sustainability activities and the digitisation of business processes, Italferr has launched the BIM LCA 2.0 project. Based on the experience gained from the previous BIM for Rail-LCA project, this new project aims to transfer the company's knowledge of environmental impact assessments to the latest digital platforms used for design.

In the governance sphere and in line with the parent company's guidelines, Italferr's work focused on the implementation of the European Corporate Sustainability Reporting Directive (CSRD) through, for example, activities supporting Sustainability Reporting, materiality analysis and Taxonomy). In the same vein, Italferr also started the monitoring of the supply chain in terms of sustainability, through the dedicated platform, as part of the application of the Guidelines on sustainable procurement.

In the sustainability integration process, stakeholder engagement assumes value in order to identify the priority needs of local areas, and to make people understand the role of infrastructure as an active component of landscape transformation and redevelopment processes. With this in mind, Italferr has carried out Stakeholder Engagement activities that have enabled the refinement and improvement of performance in the synthetic restitution of local data and the development of social indicators for multi-criteria analyses, through experimentation in infrastructure and research projects.

Finally, it should be noted that Italferr is a member of numerous Research and Innovation partnerships funded by Horizon Europe, ERJU, LIFE, NRRP, and two OICE (National Confindustria Association which represents the Italian Engineering, Architectural and Consultancy Companies) working groups ("Sustainability Protocols" and "ESG"), as well as of the national and international PIARC (World Road Association) Group, together with ANAS (Italian public road and motorway manager).

Environmental Management System

The Company, for some years now, has decided to adopt, on a voluntary basis, an Integrated Management System in the areas of Quality, Environment, and Occupational Health and Safety to comprehensively address these three key areas, and implement a process of continuous improvement. In 2024, Italferr obtained the confirmation of its ability to ensure the effectiveness of the integrated system it had adopted by renewing the certifications relating to the ISO 9001 (Quality management system), ISO 14001 (Environmental management system), and ISO 45001 (Occupational Safety management system) standards, following the Audit conducted by SGS Italia.

Furthermore, as noted above, Italferr continues to distinguish itself in the field of environmental sustainability by maintaining, in 2024 too, the certification of conformity with the requirements of the UNI EN ISO 14064-1:2019 standard on "Methodology for the quantification and reporting of greenhouse gas emissions on a design basis, generated by infrastructure construction." Through the adoption of these voluntary initiatives, interesting insights have emerged for increasingly sustainable infrastructure design and construction in a shared perspective of continuous improvement.

CUSTOMERS

For several years, Italferr has been digitalising its processes so that performance meets the expectations of its customers: in this context and in line with previous years, the 2025 - 2029 Business Plan has confirmed the Company's decision to gradually adopt digital technologies to support the entire value chain as the most effective means to evolve production processes and improve efficiency towards customers inside and outside the FS Group.

With this in mind, during 2024, Italferr continued the company digitisation process through the use of tools such as B.I.M. and Digital Twin not only in the design phase, but also in the audit and implementation of works, and this in order to enable:

- an integrated multidisciplinary Design, with reduced time for design development and reviews;
- the validation of contractors' designs with methods and tools that ensure an increased level of detail to support greater accuracy in resolving design interferences and inconsistencies;

- monitoring the progress of construction activities, including through photogrammetric and topographic surveying of the built environment.

Moreover, Italferr's 5-year Business Plan has also envisaged a new integrated evolutionary model between Italferr and RFI for Project Management activities to optimise construction site operational capacity.

The model aims to increase the coverage of construction sites with dedicated Project Management staff, and ensure greater on-field supervision.

The model also includes the appointment of Project Planners dedicated to planning and monitoring work, digitally-skilled professionals, a specialist service dedicated to construction engineering, and the strengthening of Field Engineering to accelerate executive design.

In other words, Italferr intends to confirm itself as an essential partner in putting in place the Group's investments, and expand the range of innovative services in Italy and around the world by leveraging digital transition and the evolution of core processes.

HUMAN RESOURCES

In 2024, the Company continued to maintain a high level of effort aimed at increasing the number and quality of its workforce in the pursuit of the objectives in the new Business Plan, and in response to market challenges.
The Company's total workforce showed a net increase of 271 people.

HDC[1]	31.12.2024	31.12.2023	Change
Managers	92	85	7
Junior Managers	1,040	854	186
White collars	2,143	2,032	111
Employees	**3,275**	**2,971**	**304**
Seconded staff	(9)	(5)	(4)
Temporary staff	32	61	(29)
Total Workforce	**3,298**	**3,027**	**271**

After taking account of the trend in promotions and employee turnover, and excluding seconded employees, the Company's workforce was broken down as follows at 31 December 2024.

[1] HDC (Headcount): workforce measurement that counts all personnel administered at the end of the period, where each resource counts for one unit regardless of the hourly schedule under its employment contract (part-time or full-time).

Actual HDC[1]	31.12.2023	New hires	Departures	Transformation into permanent employment	Net change	31.12.2024
Employees	2,971	484	(242)	59	301	3,272
Seconded staff	(5)	6	(10)		(4)	(9)
Temporary staff	61	47	(14)	(59)	(26)	35
Total Workforce	**3,027**	**537**	**(266)**	**0**	**271**	**3,298**

In 2024 the average number of full-time equivalents (FTEs) was 3,171, as illustrated in the table below:

Average FTEs	2024	2023	Change
Managers	91	78	13
Junior Managers	935	771	164
White collars	2,105	1,917	188
Employees	**3,131**	**2,766**	**365**
Temporary staff	40	33	7
Total	**3,171**	**2,799**	**372**

Temporary staff remained a pool for hires on an open-ended basis, in addition to providing flexibility.

Labour Relations

With regard to Labour Relations, practically no employees abstained from work to participate in strikes in 2024.

During the year, some meetings were held with Trade Unions at the local level in Bologna, Naples, Palermo and Verona.

Recruitment, management and development

In order to meet the challenges proposed by the Business Plan, and the activation of new initiatives for international projects, a recruitment plan was confirmed in 2024, too, which was focused, at the national level, on construction site support staff and new roles with programmes aimed at professional diversification of some designers.

The high number of new hires for the year was supported by a demanding recruitment work aimed at providing a more timely and targeted response to the needs of the various business areas, which enabled the identification and hiring of more than 470 people in Italy and about 80 people on foreign offices.

With regard to **management**, the Company continued its work on the enhancement of personnel performance by assigning objectives to a total of 2,865 resources, of which about 7% belonged to middle and senior management, and the remainder belonging to office staff and junior managers.

As part of activities aimed at resource **development**, 632 people were evaluated in 2024. In addition, a significant programme of job-level transitions and salary measures was carried out in line with the previous year, with special focus on employees belonging to the Works Management and Design Departments, in order to enhance company competencies.

Finally, work was further strengthened on the program of extension of the three-year "stability pacts" with the aim of protecting corporate know-how of some critical roles (e.g., Static Test technicians), people hired in critical geographical areas, and those seconded abroad.

Organisational structure

The alignment of areas of responsibility to the new organisational structure formalised in June 2023 was completed during the year.

Training

In 2024, training activities were carried out, which involved more than 3,000 people for a total of approximately 140,000 hours (equal to approximately 6 days per capita), of which more than 50% was for technical and professional training and refresher courses, and digitisation, confirming the Company's vocation towards a strong investment in lifelong learning.

Compared to previous years, more sustainable training was implemented in terms of time and methods, including through the promotion of self-training, in line with the FS Group's new Talent Management process, favouring the use of platforms for flexible use.

At the same time, the training courses have ensured the acquisition of all the training credits necessary to maintain registration in professional registers, and to also acquire national and international certifications for core professionals (Engineers, Geologists, Architects, Project Managers, B.I.M. professionals, and ERTMS Experts).

Safety training required by Legislative decree no. 81/2008

In 2024, the C ompany carried out many regulatory compliance activities, which also included some organisational changes. With regard to the latter, a new PPSM (Prevention and Protection Service Manager) was appointed for the Palermo, Catania, and Reggio Calabria offices, as well as for the construction sites in the Sicily and Calabria networks. In addition, there was the appointment of the new PPSO (Prevention and Protection Service Officer) for abroad, and of those for some offices and some construction sites in Italy. In addition, three safety specialists were also hired for the Rome, Naples, and Southern Italy offices (based in Bari).

Occupational safety training involved 4,954 employees for a total of 10,077 hours in 2024. Most of the trainers came from RFI.

With regard to regulatory compliance, the following procedures were performed during the year:

- annual evacuation drills with the participation of all employees in each office at the time of fire simulation. Furthermore, some exercises were held for evacuation drills, including for other types of hazards (e.g., earthquake, gas leakage, explosion, etc.), at all offices and sites, in accordance with the multi-year program;
- periodic meetings (Article 35 of Legislative Decree no. 81/2008) for all Italferr offices, as well as the inspections required by Article25 of Legislative Decree no. 81/2008;
- medical check-ups as part of the health screening programme, which involved 1,948 people, and 463 tetanus vaccinations.

Finally, in 2024 internal audits were conducted on the Rome, Bologna, Cagliari and Florence offices, and ISO 45001:2018 Certification was renewed with the new third-party certifying body SGS. The audit did not reveal any "non-conformities".

MAIN EVENTS OF THE YEAR

INTERNATIONALISATION PROJECTS

- **24 January 2024**: Italferr received thanks from the President of ITA (International Tunnelling & Underground Space Association) for the Company's valuable support provided in the rescue operations of the 41 Indian miners trapped following the collapse of the Silkyara highway tunnel in the Indian state of Uttarakhand.
- **30 January 2024**: as part of a design team and together with contractors Webuild and FCC, Italferr signed a contract for the development and construction of the "Pape Tunnel and Underground Stations (PTUS)" section of the Ontario Line in Canada. The new line will be located in the heart of the Greater Toronto Region, where the population is expected to increase rapidly from the current 6 million to more than 8 million inhabitants by 2030. Italferr will be responsible for some parts of the design.
- **6 March 2024**: the Agra Metro was inaugurated in the presence of the Prime Minister of Uttar Pradesh. The event took place upon completion of preliminary construction works on the priority corridor of the metro line between Kanpur and Agra in India. A Joint Venture between Italferr and the Spanish engineering company TYPSA, which has long been involved in the project, performed "General Consultancy Engineering" services for the Metro rail lines between the two cities in the State of Uttar Pradesh. With the inauguration, the station was opened for commercial operation, ahead of the expected date of June 2024.
- **21 October 2024**: the Engineering News - Record (ENR), one of the world's most authoritative U.S. magazines in the construction, engineering and architecture industries, reconfirmed Italferr's top position among the best engineering companies globally for the sixth year in a row. Italferr was, in fact, ranked 148th in the Top 225 International Design Firms ranking, which considers foreign turnover as determinants, and 108th in the Top 150 Global Design Firms in terms of global turnover, thus including turnover to Italy. In particular, Italferr stood out at the top in the ranking by turnover of Italian companies in the transport sector, placing 1st in the Top 150, and 3rd in the Top 225.
- **5 November 2024**: the Anji Khad Bridge project received the Award of Merit in the Bridge/Tunnel category of the ENR Global Best Projects 2024. This prestigious award, given by an international jury that reviewed more than 120 applications, highlights the project's innovation and engineering quality, placing it among the best infrastructure projects worldwide. Since 2016, Italferr has been responsible for the design and works management of this structure, the first cable-stayed bridge ever designed and built in India.
- **12 November 2024:** Italferr obtained the Canadian Certificate of Authorization (CoA), which allows it to formally accredit itself as a local designer in the Province of Ontario. The certificate obtained allows the Company to sign projects developed up to the most advanced level. It should be noted that, in the Toronto area, Italferr has acquired several contracts in the last two years, with a total value of more than €15 million, and now employs a local team of 13 people.
- **28 November 2024**: at the tenth edition of ITA Tunnelling Awards 2024, Italferr presented the project of the tunnel upgrading works for the sextuplication of the Genoa railway node, which qualified in 3rd place in the Renovation Project of the Year ranking. The ITA Tunnelling Awards is an event dedicated to projects in the underground world, organized by the ITA-AITES (International Tunnelling & Underground Space Association-*Association Internationale des tunnels et de l'espace souterrain*), the UN's international association of national associations from 80 countries around the world.

OTHER EVENTS

- **23 May 2024**: Italferr signed a contract worth €6.7 million with the Extraordinary Commissioner for design activities for the Gran Sasso Water System and signed, as leader of a grouping, a contract with BBT for the Brenner Tunnel technologies project. The contract has a total value of €26.6 million, of which €11.4 million relate to some activities under Italferr's responsibility. With these two additional projects, Italferr reconfirms itself as a primary engineering entity, including in tunnel design, not only rail, and technologies inside tunnels, as well as one of the few entities with cross-border design expertise.
- **2 August 2024**: two professionals of Italferr's Risk Officer department obtained the Risk Management Professional (RMP) qualification issued by the Project Management Institute (PMI): it was a significant achievement, considering that, at present, there are only 96 professionals in Italy with this certification, which is valid at an international level.
- **1 October 2024**: Italferr's Chief Executive Officer received an award for the company's commitment to the environment and sustainable mobility in the 2024 edition of the CEO for Life Awards.

  Over the past decade, Italferr has, in fact, developed sustainability methodologies and protocols to assess the ability of an infrastructure project to generate benefits for local areas and communities, and to enshrine concrete commitment in the pursuit of the SDGs (Sustainable Development Goals), in line with the most recent guidelines of the European Green Deal and the NRRP.
- **25 October 2024**: Italferr turned 40 years old. The celebratory event, which reached the various Italian and foreign offices, thanks to remote connections, was an opportunity to retrace the stages of a common path that has lasted 40 years, and to emphasise how much Italferr's history is made up of commitment, growth of skills and many successes, not only for the company, but above all for the country.
- **30 October 2024**: the tender for the revision of a project born as far back as 1973 to extend Rome's metro line A from Battistini to Torrevecchia-Montespaccato was awarded to the grouping formed by Systra (representative) with Italferr and CREW.

RISK FACTORS

The achievement of an organization's goals can be affected by events of different kinds that result in an inherent condition of "risk/opportunity" or "uncertainty", which must be identified and managed to avoid, contain, or accept any potential adverse effects produced by the occurrence of the event and consider taking advantage of the positive ones.

Uncertainty management, through the risk management function, creates value as it promotes the pursuit of corporate objectives by improving decision-making and facilitating the allocation of capital and resources, the protection of assets and image, and the optimization of operations.

The effectiveness of risk management depends on its effective integration into corporate governance, and thus into strategies, planning and operational management, as well as the Company's policies, values and culture.

The Group's risk management work, which forms an integral part of the Internal Control and Risk Management System (ICRMS), is performed according to the rules and methodologies set out in the specific Framework, inspired by the Corporate Governance Code, and national and international best practices, including the UNI ISO 31000:2018 standard "Risk Management - Principles and Guidelines", and the "COSO Enterprise Risk Management Framework - Integrating with Strategy and Performance."

The corporate Risk Management function is covered by Italferr's Risk Officer organisational unit, which directly reports to the Chief Executive Officer, which ensures control over corporate risks by implementing the strategies, guidelines and policies defined by the Holding Company, and also ensuring monitoring, implementation control and reporting to corporate governance and control bodies and internal stakeholders.

The risk approach adopted envisages that risk analyses are conducted by the corporate Risk Management function, together with the process managers concerned, in a differentiated manner depending on the characteristics of the activity being assessed:

- enterprise risk management, concerning all aspects of company operations;
- strategic risk management, concerning strategic planning and operational programming;
- international & project risk management, concerning project initiatives and capital allocation, including abroad.

In continuity with the past, Italferr carried out a control self-risk assessment campaign in 2024, which was focused on operational and business risks, and a campaign dedicated to the identification of top risks & opportunities on the strategic objectives of the Business Plan, with methodological coordination by the Holding Company.

In addition to this, risk and opportunity analyses were carried out in 2024, which were provided for in the management systems that ensure compliance with the requirements of HSQE systems (ISO 9001, ISO 14001, ISO 45001, and SA 8000), BIM management system (UNI/referencepolicy no. 78), maintenance of the Type-B Inspection Body (ISO 17020), and a strategic risk analysis was also carried out.

Furthermore, several dozens of project risk analyses were also carried out, which covered mainly, but not only, the main projects that are part of the NRRP.

In carrying out risk management activities, the FS Group adopts a taxonomy that is structured into 4 macro-categories (Strategic, Operational, Regulatory, ESG). The main events to which Italferr is potentially exposed and an indication of the main management actions adopted are briefly and not exhaustively represented below. It is specified that, on the basis of the Governance model adopted by FS, risk analyses relating to health and safety (including those envisaged by Legislative Decree no. 81/2008), and infrastructure, transport and traffic safety, as well as technical/operational and environmental regulatory compliance, fall for all purposes within the full and exclusive sphere of decision-making, management and operational autonomy of each Group company, and the parties in charge pursuant to the regulations and provisions in force. Therefore, please refer to the dedicated sections for further discussion of these issues.

Strategic risks

	Risk	Management actions	Opportunities
Macroeconomic	• Global or macro-area geopolitical instability • Unfavourable macro-economic environment • Inflationary scenario and price increases • Commodity and raw material price volatility • Economic and financial crisis in business-relevant sectors	• Continuous monitoring of trends in key macroeconomic indicators and commdity and energy price trends • Energy efficiency of both the fleet and industrial facilities	
Financial[1]	• Inadequate disbursement of public grants or funds • Failure to comply or delayed compliance with an asset/liability financial obligation (credit/liquidity risk) • Fluctuation in interest rates	• Definition of minimum requirements of financial counterparties • Selection of countries in which to operate based on low political or credit risk indices • Monitoring cash flows, financing and liquidity needs • Hedging transactions through derivative instruments	

[1] The analysis of risks and consequent actions is supplemented, merely for the financial risk component, by the more extensive disclosures provided in Note 32 to these Financial Statements.

Operational risks

	Risk	Management actions	Opportunities
Technology & Digital	• Critical issues in the design, development, upgrading and implementation of technology and digital architecture and infrastructure • Inadequacy or obsolescence of technological and digital infrastructure and tools • New vulnerabilities related to the introduction of technology and digital tools	• Distribution of essential services on several digital platforms • Adoption of Grup common platform • Training and awareness initiatives • Upgrading of the Cyber Security Operation Center (C-SOC)	New digital (Artificial Intelligence) and technological (Quantum Computing) tools
Supply Chain	• Inadequacy of manufacturing organisations • Difficult availability of goods and services • Inadequate performance of supplier/contractor • Dependence on critical suppliers or contractors	• Periodic monitoring of the procurement plan and any related updating of the requirements plan • Definition of flexible contractual instruments • Insourcing of critical processes	
People and Organisation	• Changes in personnel expectations (e.g. worklife balance) • Shortage of professionals with specialised or emerging skills (key people) • Inadequate staff sizing • Inadequate remuneration policies	• Talent Performance Development system • Reskilling and Retention • Remuneration, training and job diversification policies • Development and optimization of tools and methodologies to support selection and training processes • Diversity&Inclusion Plan and interventions to support the Group's company people (internal caring, social policies, engagement) • Signing of agreements and understandings related to labour organisation • Enhanced recruitment plan	Greater Group's attractiveness on the labour market Development of new capabilities/skills resulting from the adoption of digital technologies (e.g. AI, automation, natural language processing, virtual reality simulations)
Security	• Cyber attacks • Destruction, damage or theft of company assets and property • Loss of confidentiality, integrity or availability of data	• Upgrading of the Cyber Security Operation Center (C-SOC)	
Design & Implementation	• Critical issues in the coordination of job orders, projects and programmes • Changes in progress	• Coordination and monitoring of the progress of investment projects	

Regulatory risks

Risk		Management actions	Opportunities
Compliance	• Non-compliance with regulations, rules and standards • Lack of/late detection of changes in regulations, rules and standards	• Definition, implementation and monitoring of compliance programmes	
Regulatory	• Changes in regulations, rules and standards	• Monitoring of legislative and regulatory developments • Training and information initiatives • Early use of public debate and other forms of stakeholder engagement	
Legal and Contractual	• Breaches of contract by or against the company • Non-compliance of contractual clauses with company rules and procedures • Litigation with suppliers, customers, personnel, bodies, associations, communities	• Monitoring litigation developments • Accounting provision for litigation losses (if any)	

ESG risks:

Risk		Management actions	Opportunities
Social issues and protection of human rights	• Discriminatory practices • Critical issues in stakeholder relations	• Group Code of Ethics • Internal and external training, information and communication campaigns • Diversity&Inclusion initiatives • Stakeholder engagement initiatives	
Ethics	• Bribery, fraud and/or collusive arrangements between employees and counterparties, both public and private	• Group Code of Ethics and Anti-Corruption Policy • Corporate management and control models • Adherence to the United Nations Global Compact • Internal and external training, information and communication campaigns • Signing of conventions, protocols and agreements with institutional Authorities/Bodies	

In being aware that an adequate Governance structure is crucial to strategic objectives, in 2021 the Company adopted a single anti-corruption framework, which is now structured into the Organisational Model 231, the Code of Ethics, the Anti-Corruption Policy, and the Anti-Bribery & Corruption management system (the "ABC system"), adopted on a voluntary basis, to reinforce its company anti-corruption measures, already embedded in the Model 231, thus extending its scope of action.

During the year, Italferr's Supervisory Body (OdV) held periodic meetings on matters under its competence, and did not report to the Board of Directors any significant critical issues arising from the audits it carries out.

OTHER INFORMATION

Branches

Italferr operates in Italy with local units in Bari, Bologna, Florence, Genoa, Milan, Naples, Palermo, Reggio Calabria, Rome, Turin and Verona.
The Company has 9 foreign branches in Bogotá (Colombia), Bron (France), Brisbane (Australia), Bucharest (Romania), Cairo (Egypt), Istanbul (Turkey), Lima (Peru) and New Delhi (India), Toronto (Canada), and 4 offices in Addis Ababa (Ethiopia), Riga (Latvia), Riyadh (Saudi Arabia), and Tashkent (Uzbekistan).

Litigation and disputes

Introduction

This section details the most significant criminal proceedings at the reporting date. Unless otherwise indicated, up to the date of preparation of this report, no information had arisen that would indicate that the Company is exposed to contingent liabilities or losses of any amount, nor is any information known with a potentially material impact on the Company's financial position and financial performance. Furthermore, where appropriate, the Company has joined the criminal proceedings as a civil party claiming damages.

Specifically:

In 2023, following criminal proceedings initiated by the public prosecutors against former or current company representatives, there were no definitive rulings against senior management (company officers or general managers) for any of the following:

- particularly serious fraudulent crimes entailing substantial damage to the Company or leading to the application of restrictive measures;
- fraudulent crimes covered by Legislative decree no 231/2001;
- additional negligent criminal acts covered by Law no. 190/2012.

Furthermore, reference should be made to the notes to the financial statements for details on material disputes and proceedings in place with employees, third-party suppliers of services and/or contractors, the tax authorities, the regions, etc., and for which, where necessary, accruals were made to specific provisions for risks and charges. Details on contingent assets and liabilities, as defined in the Group's policies, are also provided in the notes to the financial statements.

Criminal proceedings pursuant to Legislative Decree no. 231/2001

No events relevant under Legislative Decree no. 231/2001 emerged during 2024.

Other significant criminal proceedings

Regardless of how contingent liabilities and assets are defined based on materiality, in 2024 there were no criminal proceedings and/or updates to proceedings already reported in previous years that have resulted in definitive rulings against former and current senior management (company officers or general managers) for any of the following:

- fraudulent crimes covered by Legislative decree no. 231/2001;
- additional negligent crimes covered by Law no. 190/2012;

- particularly serious fraudulent crimes entailing substantial damage to the company or leading to the application of restrictive measures.

In 2024, there were no criminal proceedings and updates to proceedings already reported in previous years that have resulted in definitive rulings against former and current senior management (company officers or general managers) following serious railway incidents (that led to the death or serious injuries to employees or customers).

Directors' fees

€

Chairwoman	Annual fees
Fixed remuneration	45,000

CEO and General Manager		Annual fees
Fixed fee:	fee for the position of CEO pursuant to article 2389.3 of the Italian Civil Code	50,000
Fixed fee:	position as General Manager	231,833
Variable fee:	position as General Manager	100,000

Participation in the national tax consolidation scheme

As Italferr meets the requirements of the Consolidated income tax act (article 117 and subsequent articles of Presidential decree no. 917 of 22 December 1986), it has opted to participate in the national tax consolidation scheme (as consolidated company) with FS Italiane S.p.A. (as consolidator).

The Board of Directors extended the option, already exercised in the three years prior to 2004, until the 2024 tax period.

Disclosure required by article 2497-*ter* of the Italian Civil Code

During the year, the Company did not take any decisions explicitly covered by Article 2497-*ter* of the Italian Civil Code, even if it passed substantial resolutions in the spirit of full sharing of the guidelines of the Sole Shareholder Ferrovie dello Stato Italiane S.p.A..

Partial demerger of the Quota in Cremonesi Workshop S.r.l. (CREW)

On 1 January 2024, the deed of partial demerger of Italferr (Demerged company) became effective, which concerned the allocation of the quotas held by the Company in Cremonesi Workshop S.r.l., and of the liabilities attributable to the quota in favour of FS Sistemi Urbani S.r.l. (Beneficiary).

The deed of demerger, which was signed by the parties on 28 December 2023, implemented the resolutions of the Extraordinary Quotaholders' Meetings of the two companies involved on 17 November 2023, which had approved the partial demerger plan drawn up on the basis of the balance sheet results as at 30 June 2023.

In view of the fact that the quota capital of both the Demerged company and the Beneficiary was and is fully held by the sole quotaholder FS, whose assets did not record any change in value following the demerger, the Beneficiary did not proceed with any increase in its quota capital while the Demerged company reduced the reserves stated in its equity.

The demerger transaction was motivated by the following needs of the two companies involved:

- Italfferr's substantial achievement of the strategic and industrial objectives set in 2018 with the acquisition of the majority quota in CREW;
- FS Sistemi Urbani's need to equip itself with its own technical structure specialising in urban and architectural design to better ensure the management and regeneration of the FS Group's real estate assets not used in operations.

The table below shows the final demerger Statement of Financial Position resulting on the related effective date (1 January 2024).

€/000

Demerger Statement of Financial Position	01-Jan-24
Equity investments in subsidiaries	17,239
Provision for write-down of equity investments in subsidiaries	(2,128)
Net value of the Quota in CREW	**15,111**
Total Assets	**15,111**
Non-current loans	6,000
Current portion of non-current loans	1,500
Current loans	7,329
Total liabilities	**14,829**
Equity (Extraordinary Reserve)	**282**
Total Liabilities and Equity	**15,111**

TREASURY SHARES

During the year, the Company neither held nor sold treasury shares or shares of its parent, Ferrovie dello Stato Italiane S.p.A., directly or indirectly.

RELATED-PARTY TRANSACTIONS

Transactions between Italferr and the FS Italiane group companies and their transactions with other related parties are carried out correctly in terms of substance and to the parties' mutual financial benefit based on normal market conditions which are defined with the assistance of independent experts, when necessary. Intragroup transactions are carried out in the pursuit of the common goal of improving efficiency and therefore creating value for the entire FS Italiane Group. These processes and transactions are carried out in accordance with sector regulations, the Italian Civil Code and tax laws, in line with the group's and its own administrative/accounting procedures and considering the specific characteristics of the activities performed by many Group companies.

OUTLOOK

The current geopolitical scenario presents elements of profound uncertainty. In particular, Italy, where Italferr's activities are concentrated, must now face a stabilisation phase and define a credible strategy to reduce its public debt while ensuring support for sustainable growth in the long term, after years of fluctuating growth, driven by expansive fiscal policies and the exceptional support under the NRRP.

In the world, new protectionist policies announced by the U.S. government could trigger an inflationary boost, the extent of which cannot be defined at present, in addition to showing continuing tensions in Russia, and Ukraine and the Middle East.

Although the scenario does not present reassuring prospects, Italferr has updated, and approved, at the Board of Directors' meeting, its Business Plan for the five-year period 2025 – 2029, thus substantially confirming the trend in turnover forecast in the previous Plan both towards the Group and the market, albeit with some prudence on the side of operating costs. This forecast is based on the following assumptions:

- the rail segment continues to be a cornerstone of public transport infrastructure, with significant investments in high-speed rail networks and urban transit systems. In this context, the behaviour of RFI, Italferr's main customer, is no exception, which, in addition to confirming the investments financed by NRRP until 2026, is planning significant investments to expand and speed up the existing network;
- limited impact of any possible price increases due to inflationary phenomena or energy costs, since, as already tested in the post-pandemic period and in the aftermath of the outbreak of war between Russia and Ukraine, Italferr is not a "capital and energy-intensive" company;
- low impact of existing conflicts on the Company's international business given the de-risking policy implemented a few years ago under which Italferr has favoured geographic areas with low political and financial risk, and with high business opportunities;
- technology and innovation as enabling factors to keep the Company competitive in the market, and exploit new business opportunities (infrastructure monitoring, predictive maintenance and digitisation of construction site operations);
- sustainability as a distinctive element capable of producing projects that can reduce CO_2 emissions while ensuring increasingly higher safety standards, and thus respecting the cornerstones of the green economy.

The results of financial year 2024, with economic performance above expectations, combined with the trends in the global transport infrastructure market, allow Italferr to be confident about future prospects and able to achieve the Plan's goals while continuing to seize the opportunities for growth and innovation that the most ambitious challenges hold for it.

Rome, 3 March 2025

The Chief Executive Officer

Financial statements as at and for the year ended 31 December 2024

Financial statements

Income statement

in euros

	Note	2024	2023
Revenue and income		**420,166,042**	**378,825,197**
Revenue from sales and services	*(4)*	419,359,795	378,259,872
Other income	*(5)*	806,246	565,325
Operating costs		**(344,239,819)**	**(294,319,363)**
Personnel expense	*(6)*	(211,871,680)	(174,600,190)
Raw materials, consumables, supplies and goods	*(7)*	(517,667)	(737,638)
Services	*(8)*	(106,537,837)	(101,363,269)
Other operating costs	*(9)*	(16,620,837)	(9,813,193)
Amortisation/depreciation, provisions and impairment losses	*(10)*	(8,691,798)	(7,805,074)
Operating profit		**75,926,222**	**84,505,833**
Net financial income (expense)		**(1,784,114)**	**(1,486,386)**
Financial income	*(11)*	1,651,351	3,027,092
Financial expense	*(12)*	(3,435,465)	(4,513,478)
Pre-tax profit		**74,142,109**	**83,019,447**
Income taxes	*(13)*	(22,040,347)	(24,158,867)
Profit for the year		**52,101,761**	**58,860,580**

Statement of comprehensive income

in euros

	Note	2024	2023
Profit for the year		**52,101,761**	**58,860,580**
Items that will not be reclassified to profit or loss, net of the tax effect			
Net actuarial losses	*(24)*	(61,030)	(84,294)
Tax effect	*(24)*	14,647	20,231
Comprehensive income		**52,055,379**	**58,796,517**

Statement of financial position

in euros

	Note	31/12/2024	31/12/2023
Assets			
Non-current assets			
Property, plant and equipment	*(14;15)*	38,109,018	34,675,804
Intangible assets	*(16)*	0	786
Equity investments	*(18)*	349,992	349,992
Financial assets (including derivatives)	*(19)*	1,972	1,279
Deferred tax assets	*(17)*	16,564,549	11,348,744
Other assets	*(20)*	399,494	368,973
Total		**55,425,025**	**46,745,579**
Current assets			
Financial assets (including derivatives)	*(19)*	3,802,686	16,327,544
Cash and cash equivalents	*(22)*	12,453,103	5,377,938
Trade receivables and service contracts	*(21)*	485,907,126	389,105,471
Other assets	*(20)*	6,189,828	6,262,018
Assets held for sale and disposal groups	*(23)*	0	15,111,314
Total		**508,352,744**	**432,184,286**
Total assets		**563,777,768**	**478,929,865**
Equity			
Share capital	*(24)*	14,186,000	14,186,000
Reserves	*(24)*	56,152,598	56,477,843
Retained earnings	*(24)*	3,269,445	3,269,445
Profit for the year	*(24)*	52,101,761	58,860,580
Total		**125,709,804**	**132,793,868**
Liabilities			
Non-current liabilities			
Loans and borrowings	*(25)*	0	6,000,000
Employee benefits	*(26)*	11,145,629	12,619,561
Provisions for risks and charges	*(27)*	55,009,001	36,135,909
Financial liabilities (including derivatives)	*(28)*	13,086,132	10,279,626
Deferred tax liabilities	*(29)*	0	11,309
Total		**79,240,762**	**65,046,405**
Current liabilities			
Current portion of non-current loans and borrowings	*(25)*	85,000,000	36,500,000
Financial liabilities (including derivatives)	*(28)*	5,033,927	4,469,447
Tax liabilities	*(31)*	893,533	1,631,517
Trade payables	*(30)*	217,277,406	191,253,429
Other liabilities	*(29)*	50,622,336	47,235,198
Total		**358,827,202**	**281,089,592**
Total liabilities		**438,067,964**	**346,135,997**
Total equity and liabilities		**563,777,768**	**478,929,865**

Statement of changes in equity

in euros	Share capital	Reserves: Legal reserve	Reserves: Extraordinary reserve	Reserves: Other reserves	Reserves: Actuarial reserve for employee benefits	Reserves: Total reserves	Retained earnings	Profit for the year	Total equity
Balance at 1 January 2023	**14,186,000**	**2,837,200**	**57,393,593**	**676,643**	**(4,622,160)**	**56,285,276**	**3,269,445**	**56,446,923**	**130,187,644**
Profit for the year								58,860,580	58,860,580
Profit recognised directly in equity					64,064	64,064			64,064
Comprehensive income	**0**	**0**	**0**	**0**	**64,064**	**64,064**	**0**	**58,860,580**	**58,924,644**
Allocation of profit for the previous year			128,503			**128,503**		(128,503)	0
Dividend distribution								(56,318,420)	(56,318,420)
Balance at 31 December 2023	**14,186,000**	**2,837,200**	**57,522,096**	**676,643**	**(4,558,096)**	**56,477,843**	**3,269,445**	**58,860,580**	**132,793,868**
Balance at 1 January 2024	**14,186,000**	**2,837,200**	**57,522,096**	**676,643**	**(4,558,096)**	**56,477,843**	**3,269,445**	**58,860,580**	**132,793,868**
Profit for the year								52,101,761	52,101,761
Profit recognised directly in equity					(46,382)	**(46,382)**			(46,382)
Comprehensive income	**0**	**0**	**0**	**0**	**(46,382)**	**(46,382)**	**0**	**52,101,761**	**52,055,379**
Allocation of profit for the previous year			2,866			**2,866**		(2,866)	0
Other changes – Result from CREW demerger			(281,729)			**(281,729)**			(281,729)
Dividend distribution								(58,857,714)	(58,857,714)
Balance at 31 December 2024	**14,186,000**	**2,837,200**	**57,243,233**	**676,643**	**(4,604,478)**	**56,152,598**	**3,269,445**	**52,101,762**	**125,709,804**

Statement of cash flows

in euros

	Note	31/12/2024	31/12/2023
Profit for the year		**52,101,761**	**58,860,580**
Income taxes	*(13)*	22,040,347	24,158,867
Financial (income)/expense	*(11);(12)*	1,784,114	1,486,386
Amortisation and depreciation	*(10)*	8,003,218	7,178,428
Accruals	*(10)*	28,427,394	16,023,605
Impairment losses	*(10)*	(88)	(6,150)
Accruals for employee benefits	*(26)*	18,778	15,255
Gains (losses) on sales	*(14);(16)*	(25,852)	3,120
Change in trade receivables	*(21)*	(98,025,035)	(68,879,983)
Change in trade payables	*(30)*	26,023,978	52,319,903
Change in other liabilities	*(29)*	2,527,717	1,897,259
Change in other assets	*(20)*	59,049	4,004,152
Utilisation of the provisions for risks and charges	*(27)*	(9,554,302)	(9,830,652)
Payment of employee benefits	*(26)*	(2,061,847)	(1,370,365)
Income taxes paid, net of reimbursed tax assets	*(13)*	(26,828,794)	(27,589,705)
Net financial income received/(expense paid)	*(11);(12)*	(2,269,574)	(2,481,221)
Net cash flows generated by operating activities		**2,220,863**	**55,789,480**
Increases in property, plant and equipment	*(14)*	(2,460,701)	(1,216,172)
Investments, before grants		**(2,460,701)**	**(1,216,172)**
Decreases in property, plant and equipment	*(14);(15)*	26,278	954
Decreases in intangible assets	*(16)*	(1)	0
Decreases in equity investments	*(18)*	0	3,722,912
Decreases		**26,277**	**3,723,866**
Net cash flows used in investing activities		**(2,434,424)**	**2,507,695**
Lease payments (net of contributions) - Change in lease liabilities	*(28)*	(3,707,311)	(4,124,965)
Repayment of non-current loans	*(25)*	0	(1,500,000)
Disbursement and repayment of current loans	*(25)*	50,000,000	0
Change in other financial assets	*(19)*	(693)	(316)
Dividends	*(24)*	(58,857,714)	(56,318,420)
Changes in equity	*(24)*	0	0
Change in financial assets and liabilities	*(25)*	7,329,585	0
Net cash flows used in financing activities		**(5,236,133)**	**(61,943,700)**
Total cash flows		**(5,449,693)**	**(3,646,526)**
Opening cash and cash equivalents		**21,705,482**	**25,352,007**
Closing cash and cash equivalents		**16,255,789**	**21,705,482**
of which: intragroup current account:		*3,802,686*	*16,327,544*

Notes to the financial statements

1 Introduction

Italferr S.p.A. (the "Company" or "Italferr") was set up in accordance with Italian law and is based in Italy. Its registered office is in Via Vito Giuseppe Galati 71, Rome.

The Company is managed and coordinated by Rete Ferroviaria Italiana S.p.A. ("RFI") by contract.

The directors approved the publication of these financial statements on 3 March 2025 and they will be submitted to the shareholders for approval and subsequently filed within the terms of law. The shareholders have the power to make changes to these financial statements.

The consolidated financial statements are prepared by Ferrovie dello Stato Italiane S.p.A. ("FS Italiane", or the "Parent", or the "Holding Company"), which is Italferr's direct parent. The parent has its registered office in Piazza della Croce Rossa 1, Rome, and the consolidated financial statementscan be obtained at the above address in accordance with the terms and methods set out in the current regulations.

PricewaterhouseCoopers S.p.A. was assigned the engagement to carry out the statutory audit of the financial statements for the three-year period 2023 – 2025.

2 Basis of preparation

These financial statements at 31 December 2024 have been prepared in accordance with IFRS (which include the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect at the reporting date ("IFRS"). Specifically, the company consistently applies the IFRS to all periods presented in these financial statements.

Furthermore, these financial statements have been prepared on the basis of the best knowledge of IFRS and best practices. Any future interpretation guidelines and updates will be reflected in subsequent years, in accordance with the procedures provided for by the IFRS over time.

The financial statements have been prepared and presented in Euro, which is the Company's functional currency, i.e.,the currency of the primary economic environment in which it operates. All amounts included in the tables of the following notes, except as otherwise specified, are expressed in thousands of euros.

These financial statements comprise a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and the notes thereto; specifically:

- the statement of financial position has been prepared by classifying assets and liabilities as "current/non-current",with the specific separation of assets/liabilities held for sale or included in a disposal group;
- the income statement has been prepared by classifying operating costs by nature, indicating the profit (loss) fromcontinuing operations separately from any profit (loss) from discontinued operations;
- the statement of comprehensive income includes the profit (loss) for the year and other changes in equityattributable to transactions that are not carried out with owners in their capacity as owners;
- the statement of changes in equity shows the profit (loss) for the year separately from any other changes not through profit or loss;
- the statement of cash flows has been prepared by presenting cash flows from operating activities using the indirect method.

The annual report also includes the directors' report accompanying the financial statements.

These financial statements have been prepared on a going-concern basis, as the directors established that there are no financial or operational indicators or any other indications of critical issues about the company's ability to meet its obligations in the foreseeable future and, specifically, in the next twelve months.

Reference should be made to note 31 - Financial risk management for a description of the Company's financial risk management procedures.

The financial statements have been prepared on the historical cost basis, except for those items which are measured at fair value, as required.

Furthermore, "current" refers to the 12 months immediately after the reporting date, while "non-current" refers to periods more than 12 months after the reporting date.

These financial statements have been prepared using the same accounting policies applied when drawing up the financial statements at 31 December 2023, except for that set out below.

3 Accounting policies

The most significant information on accounting policies and standards applied to the preparation of these financial statements is reported below.

Property, plant and equipment

Property, plant and equipment are recognised at purchase or production cost, net of accumulated depreciation and impairment losses, if any. The purchase or production cost includes any charges that are directly incurred to make assets available for use, as well as dismantlement and removal charges, if any, that will be incurred as a result of contractual obligations that require the asset to be returned to its original conditions. Any financial expense that is directly attributable to the acquisition, construction or production of qualifying assets is capitalised and depreciated on the basis of the useful life of the asset to which it refers. Leasehold improvements or costs to upgrade and transform property, plant and equipment are recognised under assets.

Any charges incurred for ordinary maintenance and repairs are directly charged to profit or loss when incurred. Costs to expand, upgrade or improve the structural elements owned or used by third parties are capitalised when they meet the requirements for separate recognition as assets or as parts of an asset, applying the component approach, whereby a component must be accounted for separately if its useful life can be measured independently.

Depreciation is charged systematically and on a straight-line basis using rates that reflect the assets' useful life.

The useful lives of property, plant and equipment and their residual value are reviewed and updated, where necessary,at least at each reporting date. Land is depreciated only for the portion related to capitalised reclamation charges.

The depreciation rates and useful lives are as follows:

Category	Depreciation rate
Owner-occupied buildings	3%
Leasehold improvements	Residual lease term
Ordinary office equipment and furniture	12%
Furnishings	15%
Machinery, devices and sundry equipment	15%
Electromechanical and electronic office equipment	40%
Mobile phones	40%
Cars, motor vehicles and similar	25%

Leased assets

i. Identification

At the inception date of the lease (i.e., the earlier of the date of a lease agreement and the date of commitment by the parties to the principal terms and conditions of the lease) and, subsequently, the company reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed. In particular, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For a contract that is, or contains, a lease, the company accounts for each lease component within the contract as a lease separately from non-lease components of the contract, which are accounted for in accordance with other standards.

The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee. It is determined by assessing the length of the non-cancellable period of a lease, i.e., the period in which the contract is enforceable, including any rent-free periods provided to the lessee by the lessor. In addition to this term, the company considers:

- the period covered by the option to renew the lease if the company is reasonably certain to exercise the renewal option;
- periods after the termination option if the company is reasonably certain not to exercise the option.

Options to terminate the lease held only by the lessor are not considered.

The Company has opted not to recognise short-term leases (i.e., those with a term of 12 months or less) or leases for low-value assets (i.e., assets that, when new, are worth €10,000 and leases with a total contractual value of €10,000 or less) in accordance with IFRS 16. The Company recognises the lease payments associated with these types of leases as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

ii. Subsequent measurement

At the commencement date of a lease, the company recognises the right-of-use asset under the relevant non-current assets caption depending on the nature of the asset subject to the lease contract and the lease liability in current and non-current financial liabilities. The right-of-use asset is initially measured at cost, including the amount of the initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date, plus any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

The Company measures the lease liability at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate if it cannot. The lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate, any residual value guarantees, the exercise price of a purchase option (if the company is reasonably certain to exercise that option), the exercise price of an extension option (if the company is reasonably certain to exercise that option) and payments of penalties for terminating the lease (if the lease term reflects the lessee exercising an option to terminate the lease).

The right-of-use asset is subsequently depreciated on a straight-line basis over the entire term of the contract, unless the contract provides for the transfer of ownership at the end of the lease or the cost of the lease reflects the fact that the purchase option will be exercised. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, the company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are calculated using the same depreciation requirements as those for the relevant intangible assets or property, plant and equipment. Furthermore, the right-of-use asset is recognised net of any impairment losses on the cash-generating unit (CGU) to which it has been allocated and is adjusted to reflect the remeasurement of the lease liability.

The lease liability is subsequently measured at amortised cost using the effective interest method and is remeasured whenever there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, a change in the amount that the company expects to be payable under a residual value guarantee or when the company changes its assessment of an option to purchase the underlying asset or extend or terminate the lease. If the lease liability is remeasured, the company adjusts the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, any remaining amount is recognised in profit or loss.

In the statement of financial position, the Company includes right-of-use assets within the same captions as that within which the corresponding assets would be presented if they were owned, and the lease liabilities in other financial liabilities. In the income statement, interest expense on the lease liability is a component of financial expense and is presented separately from the depreciation charge for the right-of-use asset.

Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance, that can be controlled and can generate future economic benefits. They are recognised at purchase and/or production cost, including any directly-attributable expenses incurred to make the asset available for use, net of accumulated amortisation (except for intangible assets with an indefinite useful life) and impairment losses, if any. Interest expense, if any, that accrues during and for the development of intangible assets, is considered part of the purchase cost. Amortisation begins when the asset is available for use and is charged on a straight-line basis over its estimated useful life. Specifically, the company has the following main intangible assets:

(a) Concessions, licences and trademarks

These are amortised on a straight-line basis over their relative terms.

Costs of software licenses, including expenses incurred to make the software ready for use, are amortised on a straight-line basis over their relative terms. Costs related to software maintenance are expensed as incurred.

(b) *Industrial patent and intellectual property rights* are amortised on a straight-line basis over their useful life.

(c) *Research and development costs*

Research costs are expensed when incurred, while development costs are recognised among intangible assets if all of the following conditions are met:

- the project is clearly identified and the relevant costs can be reliably identified and measured;
- the technical feasibility of the project is proven;
- the intention to complete the project and sell the intangible assets generated thereby is proven;
- there is a potential market or, in the case of internal use, the usefulness of the intangible asset for producing the intangible assets generated by the project is proven;
- the technical and financial resources needed to complete the project are available.

Any development costs recognised among intangible assets are amortised starting from when the result generatedby the project can be used. They are amortised over five years.

If the research and development stages of an internal project to produce an intangible asset cannot be separated,the relevant cost is fully expensed as though it were exclusively incurred in the research stage.

The gain or loss arising from the derecognition of an intangible asset is equal to the difference between the net disposal proceeds and the carrying amount of the asset. It is recognised in profit or loss when the asset is derecognised.

Impairment losses on intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment with a finite useful life

At each reporting date, a test is carried out to check if there is any evidence that property, plant and equipment and intangible assets may be impaired. For this purpose, account is taken of both external and internal sources of information. With respect to internal sources of information, the following must be considered: the obsolescence of or physical wear and tear of the asset, significant changes, if any, in the use of the asset and the economic performance of the asset with respect to expectations. As regards external sources of information, the following must be considered: the trend in the market prices of the assets, any changes in technology, markets or laws, the trend in market interest rates or in the cost of capital used to measure investments.

If any such indication exists, the company estimates the recoverable amount of the asset, recognising the impairment loss in profit or loss. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use, i.e., the present value of the future cash flows expected to be derived from the asset. In calculating value in use, the expected future cash flows are discounted using a discount rate which reflects the time value of money, compared to the investment period and risks specific to the asset. The recoverable amount of an asset that does not generate largely independent cash flows is calculated in relation to the cash-generating unit (CGU) to which this asset belongs.

Impairment losses are recognised in profit or loss when the carrying amount of the asset, or of the related cash generating unit to which the asset is allocated, exceeds its recoverable amount. Impairment losses on cash generating unit are first allocated to reduce the carrying amount of the goodwill, if any, allocated to the cash-generating unit and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit and within the limits of the related recoverable amount. If the reasons behind the impairment loss cease to exist, the carrying amount of the asset is reversed through profit or loss without exceeding the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years and had the related amortisation or depreciation been charged.

Investments in subsidiaries, associates, joint arrangements and other investments

Investments in subsidiaries, associates and joint arrangements are measured at cost, including directly-attributable costs, adjusted for impairment.

The Company's investments in companies that are neither subsidiaries nor associates nor joint ventures and which are not listed in an active market and for which the use of an appropriate measurement model is not reliable, are in any case measured at cost, which is considered the best estimate of the fair value of the investment. The investments are subsequently measured at fair value through profit or loss.

Impairment losses on investments measured at cost are recognised in profit or loss. If the reasons for an impairment loss no longer apply, the carrying amount of the investment is reinstated up to its original cost. Impairment gains are recognised in profit or loss.

Financial instruments

i. Classification and measurement of financial assets

The Company's financial assets are classified and measured considering both the business model used to manage such assets and their contractual cash flow. The business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The company performs SPPI (Solely Payment of Principal and Interest) tests on each instrument to determine whether these contractual cash flows are solely payments of principal and interest (in which case the SPPI test is passed).

Financial assets are classified in one of the following categories at initial recognition:

(a) at amortised cost (AC);

(b) at fair value through other comprehensive income (FVOCI);

(c) at fair value through profit or loss (FVTPL);

(a) Financial assets measured at amortised cost

This category includes all financial assets that meet both of the following conditions:

- the financial asset is held solely to collect contractual cash flows (HTC - Held To Collect - business model); and
- the contractual cash flows are solely payments of principal and interest (SPPI test passed).

In this category, financial instruments are initially recognised at fair value, inclusive of transaction costs, and subsequently measured at amortised cost. Interest, calculated using the effect interest method, impairment losses (impairmentgains), exchange gains (losses) and gains (losses) on derecognition are recognised in profit or loss.

(b) *Financial assets at fair value through other comprehensive income (FVTOCI)*

This category includes all financial assets that meet both of the following conditions:

- the asset is held to collect not only contractual cash flows but also the cash flows generated from its sale (HTC&S model); and
- the contractual cash flows are solely payments of principal and interest (SPPI test passed).

In this category, the financial assets are initially measured at fair value, inclusive of transaction costs. Interest (calculated using the effect interest method), impairment losses (impairment gains), exchange gains (losses) andgains (losses) on derecognition are recognised in profit or loss. Other fair value gains or losses are recognised inOCI. Upon derecognition, all cumulative gains or losses previously recognised in OCI will be reclassified to profit or loss.

For information about equity instruments which fall under the scope of IFRS 9, reference should be made to the paragraph on Investments in subsidiaries, associates, joint arrangements and other investments.

(c) *Financial assets at fair value through profit or loss (FVTPL)*

This category includes all financial assets that are not classified as measured at amortised cost or at FVOCI.

They are initially and subsequently measured at fair value. Transaction costs and fair value gains and losses are recognised in profit or loss.

ii. Classification and measurement of financial liabilities

Loans and borrowings, trade payables and other financial liabilities are initially recognised at fair value, net of directly-attributable costs, and are subsequently measured at amortised cost, applying the effective interest method. When there is a change in the estimated expected cash flows, the carrying amount of the liabilities is recalculated to reflect this change on the basis of the present value of the new expected cash flows and of the effective internal rate as initially determined. Loans and borrowings, trade payables and other financial liabilities are classified under current liabilities, except for those with a contractual term of more than twelve months after the reporting date and those forwhich the company has an unconditional right to defer their settlement for at least twelve months after the reporting date. Loans and borrowings, trade payables and other financial liabilities are derecognised when repaid and when thecompany has transferred all risks and charges related to the instrument.

iii. Classification and measurement of derivatives

The Company has opted to continue applying hedge accounting to derivatives, as permitted by IAS 39 until the IASB completes the macro-hedging project to simplify the accounting treatment of hedges.

The Company uses derivatives as part of its hedging strategies to mitigate the risk of fair value gains or losses on recognised assets or liabilities or firm commitments (fair value hedges) or changes in cash flows expected from firm commitments or highly probable transactions (cash flow hedges). The effectiveness of hedges is documented and tested since the inception of the transaction which is periodically (at least at each annual or interim reporting date) measured by comparing the fair value gains or losses on the hedge to those on the hedged item (dollar offset ratio) or, with respect to more complex financial instruments, through statistical analyses based on risk changes.

Fair value hedges: fair value gains or losses on derivatives designated as fair value hedges and which qualify as such are recognised in profit or loss, similarly to fair value gains or losses on hedged assets or liabilities attributable to the hedged risk.

Cash flow hedges: fair value gains or losses on derivatives designated as cash flow hedges and which qualify as such are recognised, only to the extent of the "effective" portion, in other comprehensive income in the hedging reserve. They are subsequently reclassified to profit or loss when the underlying hedged item affects profit or loss. Fair value gains or losses related to the ineffective portion are immediately recognised in profit or loss. Should the underlying transaction no longer be considered highly probable, the related portion of the hedging reserve is immediately reclassified to profit or loss. Conversely, should the derivative be sold, expire or no longer qualify as an effective hedge of the risk for which the transaction was created, the related portion of the hedging reserve is maintained until the underlying item affects profit or loss. Recognition of the hedge as a cash flow hedge is discontinued prospectively.

iv. Subsequent measurement: impairment losses

The Company applies the expected credit loss (ECL) model to determine impairment losses, which entails a significant assessment level of the impact of the changes in economic factors on the ECL, which are probability- weighted.

Loss allowances are measured using the general deterioration method and the simplified approach. Specifically:

- under the general deterioration method, the financial instruments are to be classified in three stages which reflect the level of deterioration from the moment the financial instrument is acquired and provide for a differentECL calculation method;
- under the simplified approach, some simplifications may be applied to trade receivables, contract assets and lease assets so that the entities are not required to monitor credit risk changes, as required instead by the general approach. Under the simplified approach, lifetime expected credit losses are recognised, therefore, nostage allocation is necessary. Losses are calculated over the residual life of the asset or receivable, which doesnot generally exceed 12 months.

As mentioned earlier, when the general deterioration method applies, financial instruments are classified into three stages based on the deterioration of credit quality between initial recognition and the measurement date:

- Stage 1: includes all financial assets under review at the time of their initial recognition (Initial Recognition Date) regardless of qualitative parameters (e.g., rating) and except for situations with objective evidence of impairment. All financial instruments that have not had a significant increase in credit risk since the Initial Recognition Date or that have low credit risk as at the reporting date remain in Stage 1 on subsequent valuation. For these assets, expected credit losses in the next 12 months (12-month ECLs) are recognised, which represent expected losses given the possibility of default events occurring in the next 12 months. Interest on financial instruments included in stage 1 is calculated on the book value before any write-downs on the asset;
- Stage 2: includes financial instruments that have had a significant increase in credit risk since the Initial Recognition Date but have no objective evidence of impairment. For such assets, only expected credit losses arising from all possible default events over the entire expected life of the financial instrument (Lifetime ECLs) are recognised. Interest on financial instruments included in Stage 2 is calculated on the book value before any write-downs on the asset;
- Stage 3: includes financial assets that have objective evidence of impairment as at the Valuation Date. For such assets, only expected credit losses resulting from all possible default events throughout the expected life of the instrument are recognised.

In order to identify the methodological approach to be applied to the assets that are in scope of the impairment requirements and, specifically, the correct probability of default, the Company defined a conventional cluster segmentation based on counterparty:

- Public administration: all loans and trade receivables with the government, regions, provinces, municipalities, the EU or related bodies;
- Intragroup: all intragroup loans and trade receivables;
- Deposits: all deposits with banks;
- Amounts from third parties: loans and trade receivables other than those above, with non-financial companies, producers and consumers.

Furthermore, the Company opted to apply the low credit risk exemption allowed by IFRS 9 to assets other than trade receivables that are rated investment grade (between AAA and BBB-). Accordingly, there is no stage allocation: in fact, these assets are directly allocated to Stage 1 with a one-year provision.

Therefore, the application of the impairment model entails the following main steps:

- Separation between loans and trade receivables: this distinction isolates the scope of the assets subject to thestage allocation criteria, i.e., all loans. Conversely, these criteria do not apply to trade receivables following the application of the simplified approach whereby expected credit losses are always classified on a lifetime basis;
- Calculation of expected credit losses - loans: the expected credit loss is calculated for each cluster, once the relevant stage has been identified;
- Calculation of expected credit losses - trade receivables: for each cluster, trade receivables are broken down by due date (specifically, falling due, past due up to one year, past due up to two years, past due by more than two years). The expected credit losses are then calculated accordingly.

The impairment model developed in line with the requirements of IFRS 9 is based on the determination of expected credit loss (ECL) by using a forward-looking approach.

Fair value measurement

The fair value of instruments quoted on an active market is calculated based on the bid price at the reporting date, while that of instruments not quoted on an active market is determined using financial valuation techniques: specifically, the fair value of interest rate swaps is measured by discounting expected cash flows, while that of currency forwards considers closing rates and the expected differentials of the relevant currencies. Financial assets and financial liabilities measured at fair value are classified using the following three levels of the fair value hierarchy, based on the relevance of the inputs used to determine fair value. Specifically:

- Level 1: financial assets and financial liabilities whose fair value is calculated based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2: financial assets and financial liabilities whose fair value is calculated based on inputs other than quotedprices included within Level 1 that are observable directly or indirectly;
- Level 3: financial assets and financial liabilities whose fair value is calculated based on unobservable inputs.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and available bank deposits and any other forms of short-term investment, with an initial maturity of three months or less, net of impairment losses calculated in accordance with IFRS9.

At the reporting date, current account overdrafts are classified in the statement of financial position as loans and borrowings under current liabilities. Cash and cash equivalents are measured at fair value, which normally coincides with their nominal amount, through profit or loss.

Employee benefits

Short-term benefits

Short-term benefits comprise wages, salaries, related social security contributions, holidays paid and incentives paid out in the form of bonuses payable in the twelve months after the reporting date. These benefits are accounted for as personnel expense components in the period in which the employees provide their service.

Defined benefit and defined contribution plans

The Company has both defined benefit and defined contribution plans in place. The defined contribution plans are managed by third-party fund managers, in relation to which there are no legal or any other obligations to pay additional contributions if the fund does not have sufficient assets to meet the commitments with employees. With respect to the defined contribution plans, the company pays contributions, either voluntarily or as required by contract, into public and private insurance pension funds. Contributions are recognised as personnel expense on an accruals basis. Advance payments for contributions are recognised as an asset that will be repaid or offset against future payments, if due.

A defined benefit plan is a plan that cannot be classified as a defined contribution plan. Under defined benefit plans, the amount of the benefit to be paid to the employee can be quantified only after the termination of the employment relationship, and is linked to one or more factors, such as age, years of service and remuneration. Therefore, defined benefit obligations are determined by an independent actuary using the projected unit credit method. The present value of defined benefit plans is determined by discounting future cash flows at an interest rate equal to that of (high- quality corporate) bonds issued in the foreign currency in which the liability will be settled and that takes account of the term of the related pension plan. Actuarial gains and losses are fully recognised in equity in the relevant year, taking account of the related deferred tax effect.

Specifically, the Company manages a defined benefit plan that consists of post-employment benefits (Italian "TFR"). Italian companies are required to accrue a provision pursuant to article 2120 of the Italian Civil Code, which is treated as deferred remuneration and is based on employees' duration of service and the remuneration they receive during that time. Starting from 1 January 2007, Law no. 296 of 27 December 2006, the "2007 Finance Act" and subsequent decrees and regulations introduced significant amendments to TFR regulations, including the employees' right to choose to transfer the TFR being accrued either to supplementary pension funds or to the "Treasury Fund" managed by INPS(the Italian Social Security Institute). Consequently, the obligation to INPS and the contributions paid into supplementary pension funds are now treated, pursuant to IAS 19 - Employee benefits, as defined contribution plans,while the amounts recognised under post-employment benefits at 1 January 2007 are still treated as defined benefit plans.

The Company also has a defined benefit pension plan in place, the "Free Travel Card" that gives current and retired employees and their relatives, the right to use – free of charge or, in some cases, for an admission fee – Trenitalia's railway services.

Consequently, in accordance with the above-mentioned actuarial techniques, a provision is recognised which reflects the discounted charge for retired employees entitled to benefits, and the benefits accrued for employees in force to be disbursed at the end of the employment. The same accounting treatment is applied to the Free Travel Card benefits and the effects arising from actuarial gains and losses as for post-employment benefits.

Provisions for risks and charges

Provisions for risks and charges are recognised to cover specific liabilities that are certain or probable, but whose amount and/or due date is unknown at the reporting date. A provision is recognised when there is a present obligation (legal or constructive), as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation. The discount rate used to determine the present value of the liability reflects current market values and considers therisk specific to each liability.

Where the effect of the time value of money is material and the settlement dates of obligations can be estimated reliably, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific tothe liability. The increase in the provision due to the passage of time is recognised as interest expense.

Risks for which a liability is only possible are disclosed in the specific section on contingent liabilities without accruing any provisions.

Revenue from contracts with customers

i. Initial recognition and subsequent measurement

The Company recognizes revenue so that the transfer of goods and/or services to the customer is expressed in an amount that reflects the consideration to which the Company believes it is entitled as fees for the transfer of those goods and/or services.

Revenue is recognised using the five-step model, which entails: i) identifying the contract with the customer; ii) identifying the performance obligations in the contract; iii) determining the transaction price; iv) allocating the transaction price to the performance obligations in the contract; and v) recognising revenue.

Revenue is measured considering the contract terms and the commercial practices usually applied to transactions with customers. The transaction price is the amount of consideration (which may include fixed or variable amounts, or both) to which the company expects to be entitled in exchange for transferring promised goods or services to a customer. Control refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset (good/service). The total consideration of contracts for the provision of services is allocated among all services based on the selling prices of the related services as if they had been sold separately. For each contract, the reference element for the recognition of revenue is the single performance obligation. For each performance obligation, the company recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. For performance obligations satisfied over time, revenue is recognised over time, assessing the progress towards complete satisfaction of the performance obligation at each reporting date. The company measures progress in accordance with an input method (cost-to-cost method). Accordingly, revenue is recognised based on the inputs used to satisfy the obligation up to the reporting date, compared to the total inputs assumed to satisfy the entire obligation. When the inputs are distributed consistently over time, the company recognises the corresponding revenue on a straight-line basis. In some circumstances, when the company is unable to reasonably measure the outcome of a performance obligation, revenue is recognised only to the extent of the costs incurred.

The nature and timing of performance obligations and the significant terms for the satisfaction of performance obligations are summarised below for the company’s main contracts with customers:

Italferr carries out design, works management and supervision and project management consulting (PMC) activities. Each activity is governed by a separate contract whereby the performance obligation coincides with the contractually-agreed performance.

Italferr’s contracts are generally of a long-term nature.

Design contracts, which normally last two years, provide for the transfer of ownership to the customer upon final delivery of all the works comprising the project.

When carrying out this activity, revenue is recognised using the cost-to-cost method and progress payments are madein accordance with contract agreements.

In general, design contracts provide for an initial invoice issued when the contracts are signed.

At year end, Italferr compares the value of the activities carried out with that of the initial progress payment invoices issued and, where the latter exceed the former and it is not reasonable to expect that production will reach or exceed the value of the progress payments in the next 12 months, the company considers the difference as a significant financing component in the contract.

With respect to works management and supervision contracts, the performance obligation is satisfied at the end of the relevant work site activities. Therefore, the contractually-agreed invoicing is considered a progress payment in this case as well.

Since these contracts allow Italferr to issue invoices based on the work progress approved by customers, progress payments are never of a financial nature.

PMC contracts generally consist of consulting services for design and assistance in procurement, construction and interface management, and sometimes also include testing and commissioning. These are complex services mainly requested by foreign public bodies which lack specific know-how in tenders and/or management of investments in large infrastructure works.

Although they comprise a series of different activities, they cannot be considered a separate performance obligation because customers requesting PMC services do not consider them useful individually, but only as a whole. Indeed, in PMC contracts, the individual contract obligations are not separate and independent.

PMC contracts are of a long-term nature. They are normally invoiced following the same pattern as for design contracts.

ii. Existence of a significant financing component

When a significant financing component exists, revenue is adjusted, both when companies are financed by their customer (advance collection) and when they finance it (deferred collection). The existence of a significant financing component is identified when the contract is signed by comparing expected revenue against the payments to be received. It is not recognised if the period between when the entity transfers a promised good or service and when the customer pays for that good or service is one year or less.

iii. Costs of obtaining a contract and costs to fulfil a contract

The Company capitalises any costs of obtaining a contract which it would not have incurred if the contract had not been obtained (for example, sales commissions) when it expects to recover. If no contract is obtained, they are capitalised provided that they are explicitly chargeable to the customer. The Company capitalises any costs incurred to fulfil a contract only when they relate directly to a contract, allow to obtain new and greater resources for performance obligations in the future and are expected to be recovered.

Government grants

Government grants, when formally assigned and, in any case, when the right to their disbursement is deemed definitive as it is reasonably certain that the Company will comply with any conditions attached to the grant and that the grants will be received, are recognised on an accruals basis in direct correlation with the costs incurred.

Grants related to assets

They refer to amounts paid by the Government and other Public Authorities to the Company for the implementation of initiatives aimed at the construction, reconditioning and expansion of property, plant and equipment. They are recognised as a direct reduction in the cost of the assets to which they refer and decrease the depreciation rates.

Grants related to income

They refer to amounts paid by the Government or other Public Authorities to the Company to offset costs and charges incurred. They are recognised under “Revenue from sales and services” and “Other income”, as a positive component of income.

Dividends

They are recognised in profit or loss when the shareholder's right to receive payment arises, which usually coincides with the shareholder's resolution approving dividend distribution.

Dividends distributed to the company's shareholder are presented as a change in equity and recognised under liabilities when their distribution is approved by the shareholder.

Cost recognition

Costs are recognised when they relate to goods and services acquired or consumed in the year or by systematic allocation.

Income taxes

Current taxes are calculated based on estimated taxable profit and in accordance with ruling tax legislation. Deferred tax assets, related to carry forward tax losses, are recognised when it is probable that future taxable profit will be available against which these losses can be recovered. Deferred tax assets and liabilities are calculated using the tax rates that are expected to be applied in the years in which the differences will be realised or settled.

Current taxes, deferred tax assets and liabilities are recognised in profit or loss, except for those relating to items recognised under other comprehensive income and directly taken to equity. In the latter cases, deferred tax assets are recognised under the "Tax effect" caption under other comprehensive income or directly in equity, respectively. Deferred tax assets and liabilities are offset when they are levied by the same tax authorities, there is a legally enforceable right to set off the recognised amounts and a settlement on a net basis is expected.

Taxes other than income taxes, such as indirect taxes and duties, are included in profit or loss under Other operating costs.

Translation of foreign currency amounts

Any transactions in a currency other than the company's functional currency are recognised at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in a currency other than the Euroare subsequently adjusted at the closing rate. Non-monetary assets and liabilities denominated in a currency other than the Euro are recognised at historical cost using the exchange rate prevailing at the date of initial recognition. Exchange differences are taken to profit or loss.

Assets and liabilities held for sale and disposal groups

Non-current assets and liabilities (or disposal groups) whose book value will be recovered primarily through sale rather than through their continued use are classified as held for sale, and presented separately from other assets and liabilities in the statement of financial position. The corresponding balance sheet values for the previous year are not reclassified. A discontinued operation is a part of the entity that has been disposed of, or classified as held for sale, and:

- represents a major line of business or geographic area of operation;
- is part of a coordinated plan to divest a major line of business or geographic area of activity;
- is a subsidiary acquired solely for the purpose of resale.

The results of discontinued operations - whether discontinued or classified as held for sale and being sold - are shown separately in the income statement, net of tax effects. The corresponding amounts for the previous year, if any, are reclassified and shown separately in the separate income statement, net of tax effects, for comparative purposes. Non-current assets and liabilities (or disposal groups) classified as held for sale are initially recognised in accordance with the specific IFRS of reference applicable to each asset and liability and, subsequently, are recognised at the lower of carrying amount and relative fair value, net of costs to sell. Any subsequent impairment losses are recognised directly as an adjustment to non-current assets (or disposal groups) classified as held for sale against an entry in the income statement.

A reversal of an impairment loss is instead recognised for each subsequent increase in the fair value of an asset, net of costs to sell, but only up to the amount of the previously recognised cumulative impairment loss.

NEW STANDARDS

First-time adoption of standards, amendments and interpretations

The following new standards are effective for annual periods beginning on or after 1 January 2024.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback - On 22 September 2022, the IASB issued these amendments which clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements of IFRS 15 to be accounted for as a sale. The application of the aforementioned amendments, where applicable and due to their very nature, has not resulted in any significant impact on this Report.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-Current - On 23 January 2020, the IASB issued these amendments which clarify how to classify payables and other liabilities as current or non-current. They were initially meant to go into force as from 1 January 2022, but the IASB postponed the effective date to 1 January 2024 with the issue of a second document on 15 June 2020. Subsequently, on 31 October 2022 the IASB published an additional amendment on *Non-current Liabilities with Covenants (Amendments to IAS 1)* in order to clarify how conditions that an entity must meet within 12 months of the balance sheet date affect the classification of a liability. The application of the aforementioned amendments, where applicable and due to their nature, did not result in any significant impact on this Report.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements - On 25 May 2023, the IASB published an amendment to IAS 7, which aims to add disclosure requirements and instructions within existing disclosure requirements, requiring entities to provide qualitative and quantitative information on supplier finance arrangements. The application of the aforementioned amendments, where applicable and due to their nature, did not result in any significant impact on this Report.

Accounting standards, amendments and interpretations endorsed by the European Union but not yet applied

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability - On 15 August 2023, the IASB published the amendment to IAS 21 with the aim of specifying when a currency is exchangeable into another currency, how to determine the exchange rate when a currency is not exchangeable into another currency, and in the latter case the disclosures to be made. These amendments are effective from 1 January 2025, and an assessment of any impact their application might have on the financial statements is underway.

Standards, amendments and interpretations not yet endorsed by the European Union

For those newly-issued amendments, standards and interpretations that have not completed the process for endorsement by the European Union, but which deal with matters currently or potentially present in the FS Group, the assessment of the possible impacts that their application could determine on the financial statements is underway, taking into consideration the effective date of their effectiveness. In particular, these include:

- ***Amendments to the Classification and Measurement of Financial Instruments*** - In May 2024, the IASB published the document which made amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. In detail, the IASB amended the requirements for: (i) settlement of financial liabilities by using an electronic payment system; (ii) assessing the contractual cash flow characteristics of financial assets, including those with features related to environmental, social and governance (ESG) factors; (iii) disclosures related to investments in equity instruments designated at fair value through other comprehensive income; and (iv) additional disclosures for financial instruments with contingent features that are not directly related to the underlying risks and costs of borrowing. The amendments shall apply from 1 January 2026, and an assessment of any impact their application might have on the financial statements is underway.

- ***IFRS 18 Presentation and Disclosure in Financial Statements* -** In April 2024, the IASB published a new accounting standard, which will replace IAS 1 Presentation of Financial Statements, to improve the reporting of financial performance. IFRS 18 will improve the quality of financial reporting through requirements on: (i) subtotals shown in the income statement; (ii) disclosure of management-defined performance measures; and (iii) adding new standards for aggregating and disaggregating information. IFRS 18 shall become effective from 1 January 2027, and an assessment of any impact its application may have on the financial statements is underway.
- ***IFRS 19 Subsidiaries without Public Accountability: Disclosures*** - On 9 May 2024, the IASB issued a new accounting standard to simplify reporting systems and processes for companies, reducing the cost of preparing financial statements of eligible subsidiaries while maintaining the usefulness of those statements to their users. IFRS 19 shall become effective from 1 January 2027, and an assessment of any impacts that its implementation may have on financial statements is underway.

USE OF ESTIMATES AND JUDGEMENTS

In preparing the financial statements, the directors applied standards and methods, which in some circumstances rely on difficult and subjective valuations and estimates based on past experience, risk and opportunities, including those related to climate, and on assumptions that are from time to time considered to be reasonable and realistic depending on the circumstances. Therefore, the actual amounts of certain financial statements captions calculated according to the above estimates and assumptions may differ in the future, even materially, from those reported in the financial statements, because of the uncertainty that characterisesthe assumptions and conditions on which the estimates are based, including the crisis between Russia and Ukraine, and the crisis in the Middle East, and the macroeconomic situation, which may trigger scenarios with varied and diverse effects. Estimates and assumptions are reviewed periodically, and the effects of any changes are recognised in profit or loss when they affect the year only. If the revision affects both current and future years, the change is recognised in the year the revision is made and in the related future years.

Therefore, actual results may differ, even materially, from these estimates following possible changes in the factors considered in the determination of these estimates.

The following accounting standards require the most subjectivity from the directors in the preparation of estimates and would have a material impact on the financial figures if there were a change in the conditions underlying the assumptions used:

Fair value measurement

Controlling investments acquired at cost are tested for impairment annually to check that the acquisition cost matches the fair value, i.e., the subsidiaries' ability to generate future results in line with the expectations underlying the acquisition cost. Italferr calculates the fair value of controlling investments acquired at cost using the discounted cash flow method. These cash flows are estimated based on the latest approved plan of the subsidiaries.

Impairment losses on property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets with a finite life are tested for impairment. Impairment losses are recognised when there is evidence that it will be difficult to recover the related carrying amount through the use or sale of the asset. Impairment tests require the directors to make subjective valuations based on the information available within the company and in the market, as well as from past experience. Furthermore, when a potential impairment loss exists, the company calculates such loss using suitable valuation techniques. The correct identification of impairment indicators and the estimates for calculating them depend on factors that may vary over time, thus affecting valuations and estimates made by the directors.

Provisions for risks and charges

Provisions are accrued against legal and tax risks which represent the risk of a negative outcome. The recognised provisions relating to these risks reflect the best estimate made by the directors at the reporting date. This estimate entails the adoption of assumptions that depend on factors which may vary over time and which may have significant effects compared to the current estimates made by the directors for the preparation of the Company's financial statements.

Taxes

Deferred tax assets are recognised based on the income expected in future years. The valuation of any expected income for the purposes of the recognition of deferred taxes depends on factors that may vary over time and determine significant effects on the measurement of deferred tax assets.

OPERATING SEGMENTS

At the date of these financial statements, the company had no debt instruments or shares quoted on a regulated market and was included in the scope of consolidation of the FS Italiane group, which provides information on its operating segments in the notes to the consolidated financial statements, in accordance with IFRS 8.2 b.

4 Revenue from sales and services (€419,360 thousand)

Revenue from sales and services showed a balance of €419,360 thousand at 31 December 2024 and are broken down as follows:

€'000

	2024	2023	Changes
Revenue from contracts with customers	419,359	378,245	41,114
Other revenue from sales and services	1	15	(14)
Total revenue from sales and services	**419,360**	**378,260**	**41,100**

The breakdown of the caption showed significant growth in 2024 (+11%), compared to 2023, which was attributable to revenue from contracts with customers, and specifically higher production volumes, especially to RFI, following the implementation of investments financed, mainly, by NRRP funds.

Italferr's engineering services are generally of a long-term nature. Furthermore, ownership of the right to use the results of the services provided is transferred upon completion. Consequently, over the life of the acquired contracts, Italferr recognises the progress of the work performed and issues progress bills to customers. The difference between the progress made and the invoiced amount results in contract assets or liabilities.

The table below shows contract assets and liabilities.

€'000

	31.12.2024	31.12.2023	Changes
Contract assets	345,263	292,570	52,693
Contract liabilities	(179,342)	(150,830)	(28,512)

The tables below show the significant changes in the balances of contract assets and liabilities during the current and the previous years.

€'000

2024	Contract assets			Contract liabilities			Income statement		
	Intragroup	Third parties	Total	Intragroup	Third parties	Total	Intragroup	Third parties	Total
1 January	**284,968**	**7,602**	**292,570**	**(146,606)**	**(4,224)**	**(150,830)**			
Revenue recognised during the year which was included in the opening balance of contract liabilities				17,266	3,583	20,849	17,266	3,583	20,849
Increases in contract liabilities, net of the amounts released to revenue during the year				(165,761)	(19,352)	(185,112)			
Reclassification from "contract assets" recognised at the start of the year to receivables	(194,622)	(15,443)	(210,065)						
Increases in contract assets due to the provision of services	230,805	24,751	255,555	113,722	8,672	122,394	344,527	33,422	377,949
Increases in contract assets due to changes in the assessment of the percentage of completion	5,994	1,209	7,203	11,193	2,165	13,358	17,187	3,374	20,561
31 December	**327,146**	**18,118**	**345,263**	**(170,186)**	**(9,156)**	**(179,342)**	**378,980**	**40,379**	**419,359**
Change in assets/liabilities	**42,177**	**10,516**	**52,693**	**(23,580)**	**(4,932)**	**(28,512)**			

€'000

2023	Contract assets			Contract liabilities			Income statement		
	Intragroup	Third parties	Total	Intragroup	Third parties	Total	Intragroup	Third parties	Total
1 January	**262,165**	**6,137**	**268,301**	**(101,371)**	**(3,475)**	**(104,846)**			
Revenue recognised during the year which was included in the opening balance of contract liabilities				10,124	19,799	29,922	10,124	19,799	29,922
Increases in contract liabilities, net of the amounts released to revenue during the year				(180,026)	(11,164)	(191,190)			
Reclassification from "contract assets" recognised at the start of the year to receivables	(193,898)	(14,871)	(208,769)						
Increases in contract assets due to the provision of services	207,627	16,773	224,400	110,116	(9,917)	100,199	317,743	6,856	324,599
Increases in contract assets due to changes in the assessment of the percentage of completion	8,978	(340)	8,638	14,552	533	15,085	23,530	194	23,723
31 December	**284,872**	**7,699**	**292,570**	**(146,606)**	**(4,224)**	**(150,830)**	**351,396**	**26,848**	**378,245**
Change in assets/liabilities	**22,707**	**1,562**	**24,269**	**(45,235)**	**(749)**	**(45,984)**			

The table below gives a breakdown of revenue from sales and services by geographical segment and moment of recognition:

€'000

	2024	2023	Changes
Geographical segment			
Italy	387,201	353,755	33,446
Europe	4,691	1,603	3,088
Non-Eu	27,468	22,887	4,581
From contracts with customers	**419,360**	**378,245**	**41,115**
Moment of recognition			
Over time	419,359	378,245	41,114
From contracts with customers	**419,359**	**378,245**	**41,114**
Other revenue from sales and services	**1**	**15**	**(14)**
Total revenue from sales and services	**419,360**	**378,260**	**41,100**

5 Other income (€806 thousand)

Other income is detailed in the table below:

€'000

	2024	2023	Changes
Indemnities	158	6	152
Supplier vetting	32	93	(61)
Grants related to income	412	434	(22)
Repayments	4	19	(15)
Other	200	13	187
Other income	**806**	**565**	**241**

The total increase of €241 thousand in this caption was mainly due to:

- the increase in legal expenses for litigation with third parties indemnified to the Company as a result of judgments that defined their quantum;
- contingent assets included under "Other" and amounting to €187 thousand, related to the failure to recover an advance on an invoice to a foreign customer.

6 Personnel expense (€211,872 thousand)

This caption can be analysed as follows:

			€'000
	2024	**2023**	**Changes**
Wages and salaries	137,175	118,883	18,292
Social security charges	38,669	32,658	6,011
Other expense for employees	11,224	8,241	2,983
Post-employment benefits	9,036	7,897	1,139
Post-employment benefits/Free Travel Card service costs	19	15	4
Net accruals/releases for employees	6,613	56	6,557
Employees	**202,736**	**167,750**	**34,986**
Temporary workers, seconded employees and work experience	2,421	1,745	676
Other expense	6,715	5,105	1,610
Other costs	**9,136**	**6,850**	**2,286**
Total	**211,872**	**174,600**	**37,272**

In 2024, this caption showed an increase of about 21% on the previous year, mainly as a result of:

- an increase in wages and salaries, and related contributions totalling €24,303 thousand, due to a rise in workforce, and the development policies implemented during the year;
- an increase in Other expenses for employees, mainly due to an increase in overtime and travel (+€1,351 thousand), as well as to the increase in personnel early retirement incentive costs (+€1,193 thousand);
- an increase in Net accruals/releases for employees, which mainly include the estimated remuneration and related charges for the renewal of the National Collective Labour Agreement, which expired on 31 December 2023;
- an increase in Other expense, in particular following the increase in meal vouchers (+€1,705 thousand), due to the growth in the number of staff on the payroll.

The table below gives a breakdown of the company's average number of employees by category:

			average FTE
	2024	**2023**	**Changes**
Managers	91	78	13
Junior managers	935	771	164
White collars	2,105	1,917	188
Total employees	**3,131**	**2,766**	**365**
Temporary workers	40	33	7
Total flexible staff	**40**	**33**	**7**
Total	**3,171**	**2,799**	**372**

7 Raw materials, consumables, supplies and goods (€518 thousand)

This caption includes costs incurred to purchase raw materials and consumables, and those related to accident prevention equipment used in operations and is broken down as follows:

			€'000
	2024	**2023**	**Changes**
Materials and consumables	518	738	(220)
Total	**518**	**738**	**(220)**

8 Services (€106,538 thousand)

The balance can be analysed as follows:

			€'000
	2024	**2023**	**Changes**
Engineering services	52,195	55,547	(3,352)
Administrative and IT services	22,793	19,094	3,699
Facility	5,169	5,244	(75)
Travel and accomodation	8,940	7,312	1,628
Insurance	4,206	2,654	1,552
Professional services	2,484	2,280	204
Utilities	2,091	1,924	167
Services provided by the Parent	2,335	1,935	400
External communications and advertising expense	225	265	(40)
Lease payments, building expense and registration tax	2,544	2,020	524
Hires and other	1,899	1,592	307
Other	1,657	1,496	161
Total	**106,538**	**101,363**	**5,175**

This caption rose by about 5% on the previous year, mainly as a result of the following factors:

- a reduction in costs for outsourced engineering services (-€3,352 thousand) based on the composition of the contracts managed in the year (in 2023 the design component, for which greater use of third-party support is possible, had been higher than in 2024);
- an increase in costs for administrative and IT services (+€3,699 thousand), mostly due to growth in services received from affiliates FS Technology (IT services) and Ferservizi (personnel administration);
- an increase in travel and accommodation costs (+€1,628 thousand), due to growth in the number of resources and the related work of delivery of works and start of operations at construction sites;
- an increase in insurance premiums, (+€1,552 thousand), due to an increase in the cost related to the premium of Third-party/Employer's Liability Insurance policies;
- an increase in building expense and ancillary services (€524 thousand) related to the rental of additional premises at the Naples office in the Executive Center, and increased charges related to the foreign offices in Saudi Arabia and Latvia for renewed logistical needs.

9 Other operating costs (€16,621 thousand)

Other operating costs are detailed in the table below:

€'000

	2024	2023	Changes
Contribution for Free Travel Cards	2,832	2,226	606
Membership fees	176	231	(55)
Entertainment expenses	19	13	6
Net accruals	12,390	6,136	6,254
Local taxes and duties	465	462	3
Other	739	745	(6)
Total	**16,621**	**9,813**	**6,808**

The contribution for the Free Travel Card is the amount paid to Trenitalia for the free transport of Italferr employees: the amount showed an increase, compared to 2023, due to a rise in the company workforce.

Net accruals/releases showed a net increase (€6,254 thousand) on 2023, mainly due to the combined effect of:

- a net increase in the provision for losses on contracts (€12,871 thousand), which consists of the value of expected credit losses on contracts with negative margins;
- a net decrease in the Provision for litigation with third parties (-€500 thousand) following a change in estimates from the provisions set aside in previous years.

10 Amortisation/depreciation, provisions and impairment losses (€8,692 thousand)

It may be analysed as follows:

€'000

	2024	2023	Changes
Amortisation	**1**	**3**	**(2)**
Depreciation of property, plant and equipment	2,354	2,172	182
Depreciation of leased assets	5,648	4,891	757
Adjustments of right-of-use assets		112	(112)
Depreciation	**8,002**	**7,175**	**827**
Total amortisation/depreciation	**8,003**	**7,178**	**825**
Net impairment (gains) losses on financial assets	689	633	56
Impairment losses on cash and cash equivalents		(6)	6
Net impairment (gains) losses	**689**	**627**	**62**
Total amortisation/depreciation and impairment losses	**8,692**	**7,805**	**887**

Amortisation/depreciation amount to €8,692 thousand. For additional information, reference should be made to notes 14, 15 and 16.

Impairment (gains) losses showed a balance in line with 2023, and was the result of adjusting the balance of financial receivables falling within the scope of application of IFRS 9.

11 Financial income (€1,651 thousand)

This caption can be analysed as follows:

€'000

	2024	2023	Changes
Financial income from non-current loans and securities	1	587	(586)
Other financial income	430	700	(270)
Dividends		1,017	(1,017)
Exchange gains	1,220	723	497
Total	**1,651**	**3,027**	**(1,376)**

As can be seen from the table, the caption showed an overall decrease of €1,376 thousand: the change was mainly a consequence of the demerger of the investment in CREW, which became effective on 1 January 2024: with the demerger, in fact, the dividends and the financial liability for call option recorded at the time of the acquisition of CREW were no longer recognised, together with annual interest adjustments (-€586 thousand stated as Financial income from non-current loans).

On the contrary, "Exchange gains" showed an increase of €497 thousand compared to 2023, due to the fluctuation in exchange rates of some of the currencies in the countries where the Company operates.

12 Financial expense (€3,435 thousand)

Financial expense is detailed in the table below:

€'000

	2024	2023	Changes
Interest cost	508	611	(103)
Interest expense to parents	1,377	2,606	(1,229)
Other financial expense	675	508	167
Exchange losse	875	1,320	(445)
Adjustments of impairment loss on equity investment	0	(532)	532
Total	**3,435**	**4,513**	**(1,078)**

Interest expense to parents showed a decrease of €1,229 thousand on the previous year, as a result of both lower interest rates and lower utilization of the short-term credit line with FS, which occurred in 2024 compared to the previous year.

Exchange losses showed a decrease of -€445 thousand due to the generally more favourable currency trend for the Company compared to the previous year.

Adjustments of impairment loss on equity investment were equal to zero because in 2023 they had included the adjustment, based on the Impairment test, of the value of the equity investment in CREW transferred, through demerger, to the subsidiary FS Sistemi Urbani.

13 Income taxes, current and deferred tax assets and liabilities (€22,040 thousand)

Income taxes can be analysed as follows:

€'000

	2024	2023	Changes
IRAP	4,117	3,968	149
IRES	22,711	21,621	1,090
Current foreign taxes	573	515	58
Deferred taxes	(5,212)	(1,566)	(3,646)
Adjustments to prior year income taxes	(149)	(379)	230
Total	**22,040**	**24,159**	**(2,119)**

The above table shows that the caption showed a decrease of €2,119 thousand compared to 2023, which was due to the greater effect generated by deferred tax assets against provisions for contractual risks and costs for the renewal of the National Collective Labour Agreement.

A reconciliation of taxes calculated using the theoretical and effective tax rates is reported below.

Reconciliation of the actual tax rate

€'000

Reconciliation of the actual tax rate	2024		2023	
	Amount	%	Amount	%
Profit for the year	52,102		58,861	
Total income taxes	22,040		24,159	
Pre-tax profit	74,142		83,020	
IRES theoretical tax (national tax rate)	**17,794**	**24.0%**	**19,925**	**24.0%**
Lower taxes				
Other decreases	(2,843)	-3.8%	(3,073)	-3.7%
Higher taxes				
Accruals to provisions	6,845	9.2%	3,872	4.7%
Prior year expense	27	0.0%	20	0.0%
Other increases	888	1.2%	877	1.1%
Total current income taxes (IRES)	**22,711**	**30.6%**	**21,621**	**26.0%**
IRAP	**4,117**	**5.6%**	**3,968**	**4.8%**
Foreign taxes	**573**	**0.8%**	**515**	**0.6%**
Difference on estimated prior year taxes	**(149)**	**-0.2%**	**(379)**	**-0.5%**
Total deferred tax	**(5,212)**	**-7.0%**	**(1,566)**	**-1.9%**
Total	**22,040**	**29.7%**	**24,159**	**29.1%**

14 Property, plant and equipment (€38,109 thousand)

The opening and closing balances of property, plant and equipment and changes therein are shown in the table below. The assets' estimated useful lives did not change during the year.

	Land and buildings	Industrial and commercial equipment	Other assets	Total
				€'000
Historical cost	48,889	1,482	22,871	73,242
Depreciation and impairment losses	(16,165)	(1,176)	(18,339)	(35,680)
Balance at 1.1.2023	**32,724**	**306**	**4,532**	**37,562**
Investments	1,776	35	2,466	4,277
Depreciation	(4,703)	(148)	(2,213)	(7,064)
Exchange differences	(20)		9	(11)
Disposals and divestments			(4)	(4)
Other changes	(85)		1	(84)
Total changes	**(3,032)**	**(113)**	**259**	**(2,886)**
Historical cost	49,312	1,517	24,145	74,974
Depreciation and impairment losses	(19,619)	(1,324)	(19,355)	(40,298)
Balance at 31.12.2023	**29,693**	**193**	**4,790**	**34,676**
Investments	4,737	40	4,128	8,905
Depreciation	(5,041)	(93)	(2,869)	(8,003)
Exchange differences	(20)		15	(5)
Disposals and divestments	(621)		(86)	(707)
Other changes	3,243			3,243
Total changes	**2,298**	**(52)**	**1,188**	**3,433**
Historical cost	50,982	1,518	25,829	78,329
Depreciation and impairment losses	(18,992)	(1,377)	(19,851)	(40,220)
Balance at 31.12.2024	**31,990**	**141**	**5,978**	**38,109**

The above table includes, among other things, changes in right-of-use assets, which are broken down and commented on in note 15 below. After excluding right-of-use assets, the changes recorded in the item during the year were due to the following activities:

- the investments for a total of €2,461 thousand which concerned the purchase of:

✓ laptops, notebooks and other small IT equipment for Italian and foreign employees (€2,093 thousand);

✓ furniture and furnishings with low environmental impact for smart offices in Rome, Milan, Naples and Cagliari (328 thousand);

✓ small office equipment, as well as a drone for aero-photogrammetric surveys and measurements (€40 thousand);

- removals of furniture based on the gradual restyling of the offices according to a smart office approach (€823 thousand), as well as of office machines (€407 thousand) and small equipment (€39 thousand) due to wear and tear or obsolescence, and the sale of laptops and notebooks (€693 thousand) due to obsolescence. The assets written off during the year were almost totally depreciated and generated a total capital loss of €17 thousand while from the sales of computer equipment, totally depreciated, the Company realised capital gains of €9 thousand.

At 31 December 2024, there were no mortgages or liens on property, plant and equipment.

15 Right-of-use assets (Lessee)

Changes in right-of-use assets during the year are analysed below.

€'000

	Land and buildings	Other assets	Total
Historical cost	23,148	3,154	26,302
Depreciation and impairment losses	(8,657)	(1,207)	(9,864)
Balance at 1.1.2023	**14,491**	**1,947**	**16,438**
Investments	1,776	1,285	3,061
Depreciation	(4,033)	(858)	(4,891)
Exchange differences	(20)	9	(11)
Other changes	(85)	1	(84)
Total changes	**(2,362)**	**437**	**(1,925)**
Historical cost	23,570	3,766	27,336
Depreciation and impairment losses	(11,442)	(1,384)	(12,826)
Balance at 31.12.2023	**12,128**	**2,382**	**14,510**
Investments	4,737	1,707	6,444
Depreciation	(4,372)	(1,277)	(5,649)
Exchange differences	(20)	15	(5)
Contract termination	(621)	(69)	(690)
Other changes	3,243		3,243
Total changes	**2,967**	**376**	**3,343**
Historical cost	25,241	5,139	30,380
Depreciation and impairment losses	(10,146)	(2,381)	(12,527)
Balance at 31.12.2024	**15,095**	**2,758**	**17,853**

During the year Italferr entered into new lease agreements for a total of €4,737 thousand, concerning the expansion of the Naples office (€1,513 thousand), the 6-year renewal of the lease of the Florence office (€1,179 thousand), and the updating of the lease of the Rome office at Via Galati 87 with expansion of space (€2,045 thousand) and revision of the lease term (€3,027 thousand, stated under "Other changes"). During the year, the Company also increased the car fleet by 221 units to meet the increased needs at construction sites, entering into long-term hire agreements for €1,707 thousand.

During 2024, Italferr also optimised the space of the Genoa office in accordance with the changing needs, and this resulted in partial termination of the headquarters lease agreement (€621 thousand shown as contract termination). The same caption includes early termination of car hire agreements mainly at the branch in Uzbekistan. Lease liabilities, their changes in 2024 and the impact through profit or loss are shown in the tables below.

€'000

Changes in lease liabilities	**2024**
Lease liabilities - 1 January	14,749
New right-of-use assets	6,444
Financial expense	634
Payments	(3,707)
Lease liabilities - 31 December	**18,120**

€'000

Impact on profit or loss	**2024**
Depreciation of right-of-use assets	5,649
Interest expense on lease liabilities	616
Costs related to leases not covered by IFRS 16	4,443
Total impact on profit or loss	**10,708**

Extension options

At the commencement date of each lease, the Company assesses if it is reasonably certain that it will exercise the extension/termination options. Subsequently it updates its assessment upon the occurrence of significant events or changes.

The table shows potential future payments:

€'000

Lease liabilities	**Future lease payments**	**Historical rate of exercise of the extension option**
18,120	(3,707)	85%

16 Intangible assets (€0 thousand)

The table below shows the opening and closing balances of intangible assets and changes in the year.

€'000

	Industrial patents and intellectual property rights
Historical cost	13
Amortisation and impairment losses	(9)
Balance at 1.1.2023	**4**
Amortisation	(3)
Total changes	**(3)**
Historical cost	13
Amortisation and impairment losses	(12)
Balance at 31.12.2023	**1**
Historical cost	13
Amortisation and impairment losses	(12)
Balance at 1.1.2024	**1**
Amortisation	(1)
Total changes	**(1)**
Historical cost	13
Amortisation and impairment losses	(13)
Balance at 31.12.2024	**0**

Following the demerger of the ICT business unit in 2019, all software owned by Italferr was transferred to FSTechnology, except for that purchased by foreign offices. In 2024, no new investments were made in the foreign offices of Italferr, and the software purchased in previous years was amortised in full.

17 Deferred tax assets and deferred tax liabilities (€16,565 thousand)

The table below provides a summary of deferred tax assets and liabilities that can be offset.

€'000

	31.12.2024	31.12.2023
Deferred tax assets, net of provision for write-down	16,607	11,349
Deferred tax liabilities that can be offset	(42)	(11)
Deferred tax assets	**16,565**	**11,338**

The tables below show the amount and nature of deferred tax assets and liabilities at 31 December 2024, and the changes that occurred in 2024 in deferred taxes stated for the main temporary differences.

€'000

	31.12.2023	Incr.(decr.) through profit or loss	Incr. / (decr.) through OCI	31.12.2024
Deferred tax assets:	**11,349**	**5,243**	**15**	**16,607**
Provisions for risks and charges	9,993	5,255		15,247
Employee benefits	(94)		15	(79)
Other items	1,451	(11)		1,440
Deferred tax liabilities	**(11)**	**(31)**	**0**	**(42)**
Other items	(11)	(31)		(42)

The main change of 2024 relates to deferred tax assets that are affected by the reflection of accruals to provisions for contractual risks and costs for the renewal of the National Collective Labour Agreement while changes in deferred tax liabilities related to estimated exchange gains. The Company's directors believe that the aforementioned deferred tax assets may be recovered based on the reasonable expectation that they will be fully absorbed by the positive results that the Company expects, including according to the Business Plan mentioned in this report.

18 Equity investments (€350 thousand)

No change was recorded between the two years under comparison, as described in the tables below.

€'000

	Carrying amount 31.12.2024	Carrying amount 31.12.2023	Changes
Investments in:			
Subsidiaries	350	350	0
Joint arrangements	0	0	0
Other companies	0	0	0
Total	**350**	**350**	**0**

€'000

	Carrying amount 31.12.2023	Changes in the year			Carrying amount 31.12.2024	Accumulated loss allowance
		Impairment losses/(gains)	Reclassifications	Other changes		
Investments in subsidiaries						
I.E.S.	350				350	
Investment in other companies						
Consorcio Supervisor Plmb[1]	0				0	

€'000

	Carrying amount 31.12.2022	Changes in the year			Carrying amount 31.12.2023	Accumulated loss allowance
		Impairment losses/(gains)	Reclassifications	Other changes		
Investments in subsidiaries						
CREW - Cremonesi Workshop	18,302	532	(15,111)	(3,723)	0	(2,128)
I.E.S.	350				350	
Investments in joint arrangements						
JV Turchia (Italferr- SWS)	0				0	
Investment in other companies						
Consorcio Supervisor Plmb[1]	0				0	

The table below compares the carrying amounts of investments in subsidiaries, and joint arrangements with the corresponding interests in equity.

€000

	Registered office	Share/ quota capital	Profit (Loss) for the year	Equity at 31.12.2024	Investment %	Share of equity (a)	Carrying amount at 31.12.202	Difference (b-a)
Investments in subsidiaries								
I.E.S.	Belgrade - Serbia	338	(159)	800	100%	800	350	(450)
Investment in joint arrangements								
JV Italferr - SWS	Istanbul - Turkey	0	50	166	50%	83	0	(83)

€'000

	Registered office	Share/ quota capital	Profit for the year	Equity at 31.12.2023	Investment %	Share of equity (a)	Carrying amount at 31.12.2023 (b)	Difference (b-a)
Investments in subsidiaries								
CREW - Cremonesi Workshop Srl	Brescia - Italy	100	5,400	9,639	80%	7,711	0	(7,711)
I.E.S.	Belgrade - Serbia	338	2	956	100%	956	350	(606)
Investment in joint arrangements								
JV Italferr - SWS	Istanbul - Turkey	0	35	102	50%	51		(51)

The following is a summary of the financial statements highlights of the associates and jointarrangements:

[8] Colombian consortium (with Metropolitana Milanese, the Spanish Ayesa and Colombian MAB Ingenieria de Valor) has no consortium Fund. Italferr's 25% investment consists of a symbolic quota share worth €1.

€'000

31.12.2024	% of investment	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenue	Costs	Profit (Loss) for the year
Investments in subsidiaries										
I.E.S.	100%	1,061	25	1,086	286	0	286	1,168	(1,327)	(159)
Investment in joint arrangements										
JV Italferr-SWS & Italferr Adi Ortakligi	50%	133	33	166	0	0	0	82	(32)	50

€'000

31.12.2023	% of investment	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenue	Costs	Profit for the year
Investments in subsidiaries										
CREW - Cremonesi Workshop Srl	80%	16,625	245	16,870	6,949	281	7,230	16,044	(10,644)	5,400
I.E.S.	100%	1,228	37	1,265	9	299	308	1,277	(1,275)	2
Investment in joint arrangements										
JV Italferr-SWS & Italferr Adi Ortakligi	50%	29	75	104	2	0	2	1	35	35

19 Non-current and current financial assets – (including derivatives) (€3,805 thousand)

The following table shows the composition of financial assets at 31 December 2024 compared to 31 December 2023:

€'000

	31.12.2024			31.12.2023			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Securities	2		**2**	1		**1**	1		**1**
Intragroup current account		3,803	**3,803**		16,328	**16,328**		(12,525)	**(12,525)**
Total financial assets	**2**	**3,803**	**3,805**	**1**	**16,328**	**16,329**	**1**	**(12,525)**	**(12,524)**

The decrease in the year was entirely due to the balance of the intragroup current account held with the Parent for €12,525 thousand.

20 Other non-current and current assets (€6,589 thousand)

€'000

	31.12.2024			31.12.2023			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Other assets from group companies		770	**770**		646	**646**		124	**124**
VAT assets		1,168	**1,168**		2,183	**2,183**		(1,015)	**(1,015)**
Sundry assets	399	3,414	**3,813**	369	3,244	**3,613**	30	170	**201**
Advances to suppliers		618	**618**		190	**190**		428	**428**
Prepayments and accrued income		840	**840**		645	**645**		195	**195**
Total gross value of other assets	**399**	**6,810**	**7,209**	**369**	**6,908**	**7,277**	**30**	**(98)**	**(68)**
Loss allowance		(620)	**(620)**		(646)	**(646)**		26	**26**
Total other assets	**399**	**6,190**	**6,589**	**369**	**6,262**	**6,631**	**30**	**(72)**	**(42)**

VAT credits refer to the tax advance, which showed a residual balance of €4,190 thousand at 31 December, net of monthly payments (€3,022 thousand).

Other assets from group companies included the credit for tax consolidation, which was used in full against the payments of IRES tax advances of €20,667 thousand during the year.

Sundry assets - non-current include guarantee deposits for the lease of buildings and other assets, while the current portion (€3,414 thousand) comprises amounts due from personnel and social security institutions (€172 thousand), and other assets (€3,243 thousand), mainly consisting of VAT credits and other tax assets related to foreign offices to be recovered.

Advances to suppliers (€618 thousand) are for engineering service engagements assigned to third parties.

Prepayments and accrued income showed a slight increase (€195 thousand) compared to 2023, following an increase recorded in insurance premiums for professional third-party liability insurance.

The table below gives a breakdown of other non-current and current assets by geographical segment:

€'000

	31.12.2024	31.12.2023	Changes
Italy	2,729	3,394	(665)
Eurozone	164	43	121
Other European countries (non-Euro EU)	16	13	3
Other countries	3,680	3,181	499
Total net of the loss allowance	**6,589**	**6,631**	**(42)**

21 Non-current and current trade receivables (€485,907 thousand)

The Company's trade receivables, the breakdown of which is reported in the table below, are stated exclusively as current items.

€'000

	31.12.2024	31.12.2023	Changes
Ordinary customers	13,037	13,442	(405)
Government authorities and other public authorities	114	114	0
Group companies	134,264	89,201	45,063
Contract assets	345,669	292,846	52,823
Carrying amount	**493,084**	**395,603**	**97,481**
Loss allowance	(7,177)	(6,498)	(679)
Total net of the loss allowance	**485,907**	**389,105**	**96,802**

The increase in amounts due from group companies (+€45,063 thousand), compared to 2023, was almost entirely due (93% of total) to the higher turnover from invoices issued to RFI, which occurred in the last 2-month period of the year.

Contract assets increased by €52,823 thousand compared to 2023, both due to the growth in production volumes, especially with RFI, and because a portion of the contracts in progress failed to reach the contractual milestones at year end in order to proceed with the billing of the fees due.

Contract assets are broken down by the main types of assets and counterparty below.

€'000

	31.12.2024			31.12.2023		
	Work in progress	Advances and progress billings	Total contract assets	Work in progress	Advances and progress billings	Total contract assets
RFI	1,706,669	(1,389,906)	316,763	1,491,189	(1,222,268)	268,921
Other group companies - Italy	23,450	(12,861)	10,589	38,058	(21,830)	16,228
Third parties	14,450	(7,268)	7,182	9,227	(8,724)	503
Total Italy	**1,744,569**	**(1,410,035)**	**334,534**	**1,538,474**	**(1,252,822)**	**285,652**
Third parties	57,379	(46,244)	11,135	38,327	(31,132)	7,195
Total abroad	**57,379**	**(46,244)**	**11,135**	**38,327**	**(31,132)**	**7,195**
Total contract assets	**1,801,948**	**(1,456,279)**	**345,669**	**1,576,801**	**(1,283,954)**	**292,847**

The maximum exposure to credit risk, broken down by geographical segment, is as follows:

€'000

	31.12.2024	31.12.2023	Changes
Italy	476,929	379,250	97,679
Eurozone	1,077	118	959
Other European countries (non-Euro EU)	21	59	(38)
Other non-EU European countries	590	708	(118)
Other countries	7,290	8,970	(1,680)
Total net of the loss allowance	**485,907**	**389,105**	**96,802**

22 Cash and cash equivalents (€12,453 thousand)

The caption is broken down as follows:

€'000

	31.12.2024	31.12.2023	Changes
Bank and postal accounts	12,442	5,363	7,079
Cash and cash equivalents	15	19	(4)
Total	**12,457**	**5,382**	**7,075**
Loss allowance	(4)	(4)	0
Total net of the loss allowance	**12,453**	**5,378**	**7,075**

The increase in the balance of bank and postal accounts between the two years under comparison was mainly due to the receipts from the Italferr branch in Saudi Arabia against activities performed for the NEOM South Connector project: receipts, which occurred near the end of the year, were transferred to the Parent Company only at the beginning of 2025.

23 Assets held for sale and disposal groups

As at 31 December 2023, the caption included the fair value of Italferr's quota in CREW, which was subject to a demerger in favour of the affiliate FS Sistemi Urbani. Since the demerger became effective on 1 January 2024, the caption was equal to zero at the end of the same year, as shown in the table below.

€'000

	Carrying amount at 31.12.2024	Carrying amount at 31.12.2023	Changes
CREW S.r.l.	0	15,111	(15,111)

24 Equity (€125,710 thousand)

Changes in the main equity captions in 2024 and 2023 are analysed in the table at the beginning of these notes.

Share capital

The Company's entirely subscribed and paid-up share capital on 31 December 2024 consists of 14,186 ordinary shares with a nominal amount of €1,000 each, for a total of €14,186,000.

Legal reserve: this reserve did not change during the year, as in 2007 it reached the legal minimum of 20% of share capital and amounts to €2,837 thousand.

Extraordinary reserve: this reserve amounts to €57,243 thousand, showing an increase of €279 thousand compared to the previous year, due to the undistributed portion of the profit for 2023.

Other reserves: these consist of the following:

- *Reserve as per article 13 of Legislative decree no. 124/1993* (€33 thousand): this reserve includes the portion of profit for the year accrued up to 2000 and equal to 3% of post-employment benefits transferred to supplementary pension funds. Pursuant to article 13.6 of Legislative decree no. 124/1993, an amount not exceeding 3% of the annual accrual of post-employment benefits transferred to supplementary pension funds was deductible for income tax purposes, provided that the deductible amount was accrued in a specific equity reserve. Article 13.6 was repealed by article 3.1.c).1 of Legislative decree no. 47/2000;
- *Translation reserve* (€644 thousand): this reserve includes net unrealized exchange gains which, pursuant to article 2426.8-bis of the Italian Civil Code, must be taken to a non-distributable reserve until they are realised. At the end of 2024, the Company's valuation of foreign currency items resulted in the recognition of net profits of €114 thousand, and therefore, the portion exceeding this amount of the reserve set aside as at 31 December 2023 is distributable.

Actuarial reserve for employee benefits: this reserve has a negative balance of €4,604 thousand, and includes the actuarial losses on employee benefits taken directly to equity (€61 thousand), net of the tax effect (€15 thousand), recording a net difference of €46 thousand compared to 2023.

Retained earnings: this reserve amounts to €3,269 thousand. It was set up in 2010 upon the first-time adoption of the IFRS and includes the adjustments to the opening balances (1 January 2009) of post-employment benefits, the Free Travel Card and non-current assets, net of the related tax, as well as the change in the profit for 2009 due to the restatement of balances for the first-time adoption of the IFRSs.

Profit for the year

The profit for 2024 from continuing operations amounts to €52,102 thousand.

The origin, availability and distribution of equity captions, as well as their use in the past three years, are shown below:

€'000

Origin	Balance at 31.12.2024 (a+b)	Unavailabe portion (a)	Available portion (b)	Possibility of use	Summary of uses in the past three years		
					Capital increase	Coverage of losses	Dividends
Share capital	**14,186**						
Income-related reserves:							
Legal reserve	2,837	2,837		B			
Extraordinary reserve	57,243		57,243	A,B,C			
Reserve as per art. 13 Leg. decree no. 124/93	33		33	A,B,C			
Translation reserve	644	114	530	B			
IFRS reserve	(4,604)	(4,604)					
Retained earnings	3,269	3,269					
TOTAL	**73,608**	**1,502**	**57,920**		**0**	**0**	**0**

A capital increase
B coverage of losses
C dividends

25 Non-current and current loans and borrowings (€85,000 thousand)

The breakdown of this caption in its short- and medium/long-term components is reported in the tables below.

€'000

Non-current loans and borrowings, net of current portion	31.12.2024	31.12.2023	Changes
Loans and borrowings from group companies	0	6,000	(6,000)
Total	**0**	**6,000**	**(6,000)**

€'000

Current loans and borrowings and current portion of non-current loans and borrowings	31.12.2024	31.12.2023	Changes
Loans and borrowings from group companies (current portion)	85,000	36,500	48,500
Total	**85,000**	**36,500**	**48,500**

On 1 January 2024, the demerger of Italferr's quota held in Cremonesi Workshop S.r.l. (CREW) became effective in favour of FS Sistemi Urbani. In addition to the quota, any related receivables and payables were also transferred to the affiliate, as was the remaining amount of the 10-year loan obtained by the Holding Company at the time of the acquisition of the quota (short-term portion amounting to €1,500 thousand, and medium/long-term portion amounting to €6,000 thousand).

The current portion at 31 December 2024 included the utilisation of the revolving credit line which had been granted by the Parent to meet the Company's liquidity requirements (€85,000 thousand). The utilization of the credit line increased by €50,000 thousand compared to 2023 due to higher cash requirements resulting from growth in size and trends in turnover.

The characteristics of the outstanding loans are shown in the table below:

€'000

Creditor	Currency	Nominal interest rate	Year of expiry	31.12.2024		31.12.2023	
				Nominal amount	Carrying amount	Nominal amount	Carrying amount
Ferrovie dello Stato Italiane S.p.A	EUR	variable rate	2024	90,000	85,000	100,000	35,000
Total loans and borrowings				**90,000**	**85,000**	**100,000**	**35,000**

The reconciliation between the total changes in financial assets and liabilities broken down by monetary and non-monetary items is given below.

€'000

Cash flows generated by / (used in) financing activities	31.12.2023	Monetary items (statement of cash flows)	Non-monetary items		31.12.2024
			New leases	Other	
Cash and cash equivalents	(5,378)	(7,075)			(12,453)
Disbursement (repayment) of current and non-current loans and borrowings	42,500	42,500			85,000
Change in other financial assets	(16,328)			12,524	(3,804)
Change in other financial liabilities	14,749		3,371		18,120
Total	**35,543**	**35,425**	**3,371**	**12,524**	**86,863**

The table below provides an analysis of the net financial position, shown in the reclassified statement of financial position,as presented in the 2024 directors' report compared with 31 December 2023:

€000

Net financial position	31.12.2024	31.12.2023	Changes
Current net financial position			
Cash and cash equivalents	12,453	5,378	7,075
Intragroup current account	3,804	16,328	(12,524)
Other financial liabilities	(85,000)	(36,500)	(48,500)
Other	(5,034)	(4,469)	(565)
Total current net financial position	**(73,777)**	**(19,263)**	**(54,514)**
Non-current net financial debt			0
Other financial liabilities		(6,000)	6,000
Other	(13,086)	(10,280)	(2,806)
Non-current net financial debt	**(13,086)**	**(16,280)**	**3,194**
Net financial position	**(86,863)**	**(35,543)**	**(51,320)**

26 Employee benefits (€11,146 thousand)

€'000

	31.12.2024	31.12.2023	Changes
Present value of post-employment benefit obligations	10,753	12,218	(1,465)
Present value of Free Travel Card obligations	393	402	(9)
Total present value of obligations	**11,146**	**12,620**	**(1,474)**

Changes in the present value of liabilities for defined benefit obligations are shown in the table below.

€'000

	31.12.2024	31.12.2023	Changes
Opening balance	12,620	13,448	(828)
Service costs (*)	19	15	4
Interest cost (*)	368	463	(95)
Actuarial (gains) losses recognised in equity			0
- changes in demographic assumptions	(21)		(21)
- changes in financial assumptions	(18)	257	(275)
- past experience	100	(351)	451
Advances/utilisations and other changes	(1,922)	(1,212)	(710)
Closing balance	**11,146**	**12,620**	**(1,474)**

(*) through profit or loss

Starting from 1 January 2007, the post-employment benefits being accrued are transferred either to INPS (the Italian Social Security Institute) or to supplementary pension funds. Consequently, the post-employment benefit obligation set out above solely includes amounts vested up to 31 December 2006, which are remeasured each year in accordancewith the IAS 19 requirements for defined benefit plans, as both the Italian post-employment benefits and use of freetravel cards are considered as such. Italferr measured its liability to each employee by discounting the post-employment benefits that it will be required to pay upon termination of employment (uncertain).

In its measurement, the Company considered demographic-actuarial factors, such as its employees' mortality and invalidity rates, employee turnover and historical figures of advances paid.

In addition to the actuarial gains or losses on post-employment benefits and free travel card benefits recognised in equity, Italferr recognised the following in profit or loss:

- the service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current year;
- the interest cost, which is the interest accrued on post-employment benefits and free travel card benefits.

Actuarial assumptions

The main assumptions for the actuarial estimate process are described below.

	31.12.2024	31.12.2023
Discount rate (post-employment benefits)	2.93%	2.95%
Discount rate (Free Travel Card)	3.38%	3.17%
Annual increase rate of post-employment benefits	3.00%	3.00%
Inflation rate (post-employment benefits)	2.00%	2.00%
Inflation rate (Free Travel Card)	2.00%	2.00%
Expected turnover rate for employees (post-employment benefits)	3.00%	3.00%
Expected turnover rate for employees (Free Travel Card)	3.00%	3.00%
Expected rate of advances (post-employment benefits)	2.00%	2.00%
Mortality	RG48 mortality rate published by the General Accounting Office	
Disability	INPS tables broken down by gender and age	
Retirement age	100% upon meeting the compulsory general insurance requirements	

The table below shows the results of the sensitivity analysis performed to assess the effects that would have been recorded in terms of changes in the present value of liabilities for defined benefit obligations, following reasonably possible changes in actuarial assumptions.

The table below shows the average duration of the defined benefit obligations and the disbursements provided by the plan.

	Post-employment benefits	Free Travel Card
Inflation rate +0.25%	10,829,364	409,111
Inflation rate -0.25%	10,677,015	377,453
Discount rate +0.25%	10,636,175	381,170
Discount rate -0.25%	10,872,264	405,292
Turnover rate +1%	10,764,161	-
Turnover rate -1%	10,740,431	-
Plan duration	5.2	17
Estimated future payments - first year	3,141,532	23,624
Estimated future payments - second year	1,264,039	24,243
Estimated future payments - third year	422,396	24,982
Estimated future payments - fourth year	1,088,575	25,316
Estimated future payments - fifth year	1,122,206	25,755

27 Provisions for risks and charges (€55,009 thousand)

The following table shows the opening and closing balances and changes in the year of the provisions for risks and charges, showing the current portion:

€'000

Provisions for risks and charges	31.12.2023	Accruals	Reclassifications	Release of excess provisions	Utilisation and other changes	31.12.2024
Litigation with employees	265	74			(111)	228
Litigation with third parties	5,673	99		(580)	(19)	5,173
Provision for losses on contracts	30,198	21,715		(8,844)		43,069
Other sundry provisions	0	6,539				6,539
Total provisions for risks and charges	**36,136**	**28,427**	**0**	**(9,424)**	**(130)**	**55,009**
of which non-current portion	*36,136*	*28,427*		*(9,424)*	*(130)*	*55,009*

The provision for litigation with employees showed a slight reduction compared to the previous year (-€37 thousand) on the basis of updated estimates of loss in disputes pending with them.

The provision for litigation with third parties is intended to cover outstanding liabilities at the end of the year that could arise from disputes before and out of courts in relation to the Company's activities, which are also evaluated by taking into account the instructions of third-party lawyers. During 2024, this provision was reduced by €500 thousand mainly as a result of updating the estimates of probable losses in view of the developments in disputes with counterparties.

Pursuant to IAS 37, the provision for losses on contracts includes the estimated future losses expected from job orders acquired (or becoming over time) with a negative outcome. The item increased by a total of €12,871 thousand as a result of provisions set aside for estimated future losses, mainly on new contracts, net of releases for losses accrued during the year in line with progress made on contracts with a negative outcome.

Although the provisions for 2024 were very substantial, it must be taken into account that they were made, predominantly, against contracts acquired from RFI during the year and related to design or construction phases of larger assignments which maintained, however, a positive profitability in their entire life cycle.

Finally, Other sundry provisions included the estimated contractual vacation indemnity provided for the period between the expiry (which took place on 31 December 2023), and the renewal of the National Collective Labor Agreement for railway operations.

28 Non-current and current financial liabilities (including derivatives) (€18,120 thousand)

Financial liabilities solely comprise lease liabilities related to the lease of Italferr’s offices and cars as follows.

€'000

	31.12.2024			31.12.2023			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Financial liabilities									
Lease liabilities	13,086	5,034	**18,120**	10,280	4,469	**14,749**	2,806	565	**3,371**
Total	**13,086**	**5,034**	**18,120**	**10,280**	**4,469**	**14,749**	**2,806**	**565**	**3,371**

The table below shows the interest rates used to discount future payments.

Engineering	1Y	2Y	3Y	4Y	5Y	6Y	7Y	8Y	9Y	10Y
First quarter 2024	4.29%	4.31%	4.58%	4.61%	4.80%	4.88%	5.02%	5.08%	5.18%	5.34
Second quarter 2024	4.50%	4.43%	4.31%	4.28%	4.38%	4.47%	4.53%	4.59%	4.70%	4.83
Third quarter 2024	4.14%	3.96%	3.90%	3.95%	4.11%	4.23%	4.35%	4.41%	4.53%	4.68
Fourth quarter 2024	3.62%	3.56%	3.58%	3.71%	3.89%	4.14%	4.14%	4.22%	4.35%	4.51

29 Other non-current and current liabilities (€50,622 thousand)

€'000

	31.12.2024			31.12.2023			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Social security charges payable		24,197	**24,197**		24,466	**24,466**		(269)	**(269)**
Other liabilities with group companies		1,225	**1,225**		366	**366**		859	**859**
Other liabilities and accrued expenses and deferred income	0	25,200	**25,200**	0	22,403	**22,403**	0	2,797	**2,797**
Total	**0**	**50,622**	**50,622**	**0**	**47,235**	**47,235**	**0**	**3,387**	**3,387**

Social security charges payable (€24,197 thousand) include the accrued 14th month pay and holidays accrued but not yet taken, along with the amount due to Inarcassa of €13,343 thousand.

Other liabilities with Group companies include, among others, the liability for the tax consolidation scheme and specifically the IRES payments on account transferred to the parent (€20,667 thousand), net of current taxes.

Other current liabilities, amounting to €25,200 thousand, include, among others:

- amounts due to personnel for remuneration accrued but not yet paid (€13,023 thousand);
- holidays accrued but not yet taken at 31 December 2024 (€2,471 thousand);
- tax liabilities for withholdings applied to employees and freelancers (€5,396 thousand).

30 Current trade payables (€217,277 thousand)

The Company's trade payables are solely current and may be broken down as follows

€'000

	31.12.2024	31.12.2023	Changes
Suppliers	21,392	23,863	(2,471)
Group companies	16,543	16,560	(17)
Contract liabilities	179,342	150,830	28,512
Total	**217,277**	**191,253**	**26,024**

The higher change in this caption relates to Contract liabilities for contract work in progress (+€28,512 thousand compared to 2023), mainly attributable to invoices on account related to job orders started during the year. The breakdown by Counterparty of the latter caption is reported in the table below:

€'000

	31.12.2024	31.12.2023	Changes
RFI	167,222	139,722	27,500
Other group companies	2,964	6,884	(3,920)
Third parties	9,156	4,224	4,932
Contract liabilities	**179,342**	**150,830**	**28,512**

31 Tax liabilities (€894 thousand)

This caption includes the IRAP (regional production) tax liability (€3,967 thousand) equal to the amount of the tax due, net of advances paid, and the balance of payables to the Tax Office due by foreign branches (€744 thousand).

€'000

	2024	2023	Changes
IRAP	149	129	20
Foreign tax liabilities	744	1,503	(759)
Tax liabilities	**894**	**1,632**	**(738)**

32 Financial risk management

The Company's activities expose it to various types of risk as a result of its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk, and interest risk and currency risk in particular.

Financial assets and financial liabilities measured in accordance with IFRS 9 may be analysed as follows:

€'000		
	2024	**2023**
Trade receivables at amortised cost	485,907	389,105
Cash and cash equivalents at amortised cost	12,438	5,359
Other assets at amortised cost	5,399	5,637
Other financial assets at amortised cost	3,805	16,328
Other financial assets at FVTPL	351	351
Total financial assets	**507,900**	**416,780**
Loans at amortised cost	85,000	42,500
Trade payables at amortised cost	217,277	191,253
Other liabilities at amortised cost	50,622	47,240
Other financial liabilities at amortised cost	18,120	14,749
Total financial liabilities	**371,020**	**295,742**

This section provides information on the company's exposure to each of the risks listed above, the objectives, policies and processes for the management of these risks and the methods used to assess them, as well as capital management. These financial statements also include additional quantitative information. The Company's risk management focuses on the volatility of financial markets and is aimed at minimising, where possible, potential undesired effects on its financial position and results of operations.

The carrying amounts of financial assets and liabilities, other than tax assets and equity investments, in the statementof financial position match those determined in accordance with IFRS 7.

CREDIT RISK

Italferr's financial assets showed a considerable increase on the previous year (+€91,120 thousand), above all because of the growth in production volumes which occurred during the year, which led Contract Assets to increase against the Group in a considerable manner. Consequently, this trend does not represent a risk as it is due to the different performance of the company's production with respect to progress billings as provided for in the contracts with customers.

With regard to credit risk deriving from investing activities, the company applies a liquidity investment policy which is managed by the parent and defines:

- the minimum requirements of the financing counterparty in terms of creditworthiness and the related concentration thresholds; and
- the types of financial products that can be used.

With respect to the derivatives used for hedging purposes and which can potentially generate credit exposure to counterparties, the Company has a specific policy that defines concentration thresholds by counterparty and credit rating.

With respect to the assessment of customers' credit risk, the Company manages and analyses the risk of all new significant customers, regularly checks their commercial and financial exposure and monitors the collection of the amounts due from the public administration within the contractually-agreed timeframe.

The following tables show the Company's exposure to credit risk at 31 December 2024 and 2023, broken down by category and counterparty. For information about the gross balance and the loss allowance, reference should be made to the notes to the relevant captions.

€'000

31.12.2024	PA	Third party customers	Financial institutions	Group companies	Total
Current and non-current trade receivables	2,294	23,280		460,333	485,907
Other non-current and current assets	99	3,713		1,937	5,750
Current and non-current financial assets		2		3,803	3,805
Cash and cash equivalents			12,438		12,438
Total financial assets	**2,393**	**26,996**	**12,438**	**466,073**	**507,900**

€'000

31.12.2023	PA	Third party customers	Financial institutions	Group companies	Total
Current and non-current trade receivables	504	15,229		373,372	389,105
Other non-current and current assets	157	3,013		2,817	5,987
Current and non-current financial assets			1	16,328	16,329
Cash and cash equivalents			5,359		5,359
Total financial assets	**661**	**18,242**	**5,360**	**392,517**	**416,780**

The table below provides the maximum credit risk exposure by counterparty as at 31 December 2024, and 31 December 2023 by past due brackets:

€'000

31.12.2024	Not past due	Past due				Total
		0-180	181-360	360-720	>720	
Public administration, Italian government and regions (gross)	2,394	0	0	0	114	2,508
Loss allowance	(2)	0	0	0	(114)	(116)
Public administration, Italian government and regions (net)	**2,393**	**0**	**0**	**0**	**0**	**2,393**
Group companies	450,024	16,330	0	8	2	466,364
Loss allowance	(281)	(10)	0	0	0	(291)
Group companies (net)	**449,743**	**16,320**	**0**	**8**	**2**	**466,073**
Third party customers	28,522	636	18	111	5,099	34,386
Loss allowance	(2,175)	(37)	(12)	(92)	(5,074)	(7,390)
Third party customers (net)	**12,438**	**600**	**6**	**18**	**25**	**26,996**
Financial institutions	12,442	0	0	0	0	12,442
Loss allowance	(4)	0	0	0	0	(4)
Financial institutions (net)	**12,438**	**0**	**0**	**0**	**0**	**12,438**
Total exposure, net of the loss allowance	**477,012**	**16,919**	**6**	**27**	**27**	**507,900**

€'000

31.12.2023	Not past due	Past due 0-180	181-360	360-720	>720	Total
Public administration, Italian government and regions (gross)	661	0	0	0	114	775
Loss allowance	(0)	0	0	0	(114)	(115)
Public administration, Italian government and regions (net)	**661**	**0**	**0**	**0**	**0**	**661**
Group companies	389,276	3,182	76	0	231	392,765
Loss allowance	(246)	(2)	(0)	0	(0)	(248)
Group companies (net)	**389,030**	**3,180**	**76**	**0**	**231**	**392,517**
Third party customers	15,352	3,798	309	525	5,041	25,024
Loss allowance	(831)	(116)	(294)	(499)	(5,041)	(6,781)
Third party customers (net)	**14,521**	**3,682**	**15**	**25**	**(0)**	**18,243**
Financial institutions	5,363	0	0	0	0	5,363
Loss allowance	(4)	0	0	0	0	(4)
Financial institutions (net)	**5,359**	**0**	**0**	**0**	**0**	**5,359**
Total exposure, net of the loss allowance	**409,570**	**6,862**	**91**	**25**	**231**	**416,780**

The total exposure and the impairment losses of each category were reclassified by risk class at 31 December 2024 and 2023, as determined by the rating agency Standard & Poor's:

€'000

31.12.2024	TOTAL	AMORTISED COST		
		12-months expected credit losses	*Lifetime-not impaired*	*Lifetime-impaired*
from AAA to BBB-	466,577	114	466,463	0
from BB to BB+	49,124	2,354	43,917	2,853
Gross carrying amounts	515,701	2,468	510,380	2,853
Loss allowance	(7,801)	(2,468)	(2,480)	(2,853)
Carrying amount	**507,900**	**0**	**507,900**	**0**

€'000

31.12.2023	TOTAL	AMORTISED COST		
		12-months expected credit losses	*Lifetime-not impaired*	*Lifetime-impaired*
from AAA to BBB-	393,036	114	392,922	
from BB to BB+	30,892	3,046	24,992	2,853
Gross carrying amounts	423,928	3,160	417,914	2,853
Loss allowance	(7,148)	(3,160)	(1,134)	(2,853)
Carrying amount	**416,780**	**0**	**416,780**	**0**

Changes in impairment losses and gains on financial assets are detailed below. The Company does not have financial assets measured at FVTPL or FVOCI at year end.

€'000

2024	12-months expected credit losses	Lifetime- not impaired	Lifetime- impaired	TOTAL
Balance at 31 December 2023	**3,161**	**1,134**	**2,853**	**7,148**
Net impairment loss	(693)	1,350		657
Transfer to lifetime ECL - not impaired				0
Utilisation of the allowance		(4)		(4)
Balance at 31 December 2024	**2,468**	**2,480**	**2,853**	**7,801**

€'000

2023	12-months expected credit losses	Lifetime- not impaired	Lifetime- impaired	TOTAL
Balance at 31 December 2022	**3,875**	**782**	**2,853**	**7,510**
Net impairment loss	(714)	1,341		627
Transfer to lifetime ECL - not impaired				0
Utilisation of the allowance		(989)		(989)
Balance at 31 December 2023	**3,161**	**1,134**	**2,853**	**7,148**

LIQUIDITY RISK

The **liquidity risk** arises when an entity **does not have sufficient liquidity** to meet its financial obligations and risks being forced to resort to onerous borrowing or even jeopardising its continuity.

Italferr, being a service company, has a net invested capital which is mainly composed of working capital and, therefore, is structurally less exposed to this type of risk.

However, the Company monitors its cash flows on an ongoing basis, verifying that the values of the "business crisis" indicators prepared by the Italian Accounting Profession, calculated on monthly balances, always remain below the attention thresholds.

In addition, at the forecasting level, Italferr constantly takes a conservative approach in estimating projections of inflows and outflows.

Finally, the Company has no any financial debt with banks or other financial institutions, but finances its working capital through a short-term "revolving" credit line obtained from the Parent Company.

The tables below show the due dates of contractual financial liabilities at 31 December 2024 and 2023, including interest to be paid:

€'000

31.12.2024	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows
Shareholder loans	85,000					85,000
Lease liabilities	3,071	2,649	4,623	8,692	750	19,785
Non-derivative financial liabilities	**88,071**	**2,649**	**4,623**	**8,692**	**750**	**104,785**
Trade payables	**37,935**	**179,342**				**217,277**
TOTAL FINANCIAL LIABILITIES	**126,006**	**181,991**	**4,623**	**8,692**	**750**	**322,062**

€'000

31.12.2023	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows
Shareholder loans	35,000	1,766	3,361	3,138		43,265
Lease liabilities	2,702	2,315	3,780	6,774	499	16,070
Non-derivative financial liabilities	**37,702**	**4,081**	**7,141**	**9,912**	**498**	**59,335**
Trade payables	**40,423**	**150,830**				**191,253**
TOTAL FINANCIAL LIABILITIES	**78,125**	**154,911**	**7,141**	**9,912**	**498**	**250,588**

For completeness of disclosure purposes, the following tables show the repayments of non-derivative financial liabilities and trade payables within one year, 1-5 years and over five years:

€'000

31.12.2024	Carrying amount	Within one year	1-5 years	Over 5 years
Shareholder loans	85,000	85,000		
Lease liabilities	18,120	5,034	12,348	738
Non-derivative financial liabilities	**103,120**	**90,034**	**12,348**	**738**
Trade payables	**217,277**	**217,277**		

€'000

31.12.2023	Carrying amount	Within one year	1-5 years	Over 5 years
Shareholder loans	42,500	36,500	6,000	
Lease liabilities	14,749	4,469	9,786	493
Non-derivative financial liabilities	**57,249**	**40,969**	**15,786**	**493**
Trade payables	**191,253**	**191,253**		

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate following changesin market prices, due to changes in exchange rates, interest rates or prices of equity instruments.

In the performance of its operations, the Company is mostly exposed to the risks of fluctuations in exchange rates and, to a lesser extent, fluctuations in interest rates.

The objective of market risk management is to keep the Company's exposure to this risk within acceptable levels, while optimising returns on investments.

Market risk includes both interest rate risk and currency risk as detailed below.

INTEREST RATE RISK

Cash flows, financing needs and liquidity of Group companies are monitored and managed centrally by the Holding Company, with the aim of ensuring effective and efficient management of financial resources. The policy adopted takes the form of limiting the cash flow fluctuations associated with financingtransactions in place and, where possible, in exploiting the opportunities of optimising borrowing costs offered by the indexing of variable-rate debt.

In this context, Italferr has in place a short-term credit line of €90,000 thousand in total, granted by the Parent Company, at a variable interest rate, for its working capital financing needs. Its utilization at the end of 2024 and 2023 is shown in the table below.

€000

31.12.2024	Carrying amount	Contractual cash flows	Current portion	1-2 years	2-5 years	After 5 years
Variable rate	85,000	85,000	85,000	0	0	0
Balance at 31 December 2024	**85,000**	**85,000**	**85,000**	**0**	**0**	**0**

€000

31.12.2023	Carrying amount	Contractual cash flows	Current portion	1-2 years	2-5 years	After 5 years
Variable rate	35,000	35,000	35,000			
Fixed rate	7,500	7,500	1,500	3,000	3,000	
Balance at 31 December 2023	**42,500**	**42,500**	**36,500**	**3,000**	**3,000**	

CURRENCY RISK

The Company is mainly active in Italy and in Eurozone countries. Therefore, the risk arising from the different currencies in which it operates is very limited.

in foreign currency/thousands

31.12.2024		Foreign currency for €1	Balance in foreign currency			Equivalent amount in €
	Currency	Exchange rate at 31.12.2024	Trade receivables	Trade payables	Gross exposure in statement of fin pos	Net exposure in €
AED	United Arab Emirates	3.82		14	(14)	**(4)**
AUD	Australian dollar	1.68		147	(147)	**(87)**
CAD	Canadian dollar	1.49	2,253	22	2,230	**1,492**
COP	Colombian peso	4,577.55	1,171,252	8,574,043	(7,402,791)	**(1,617)**
DZD	Algerian dinar	140.89		491	(491)	**(3)**
EGP	Egyptian pound	52.82		548	(548)	**(10)**
ETB	Etiopian Birr	132.86		160	(160)	**(1)**
INR	Indian rupee	88.93	229,402	24,434	204,967	**2,305**
PEN	Peruvian nuevo sol	3.91		1	(1)	**(0)**
QAR	Qatari riyal	3.78		60	0	**0**
RON	Romanian new leu	4.97		0	(0)	**(0)**
SAR	Saudi Arabian riyal	3.90		171	(171)	**(44)**
TRY	Turkish lira	36.74		40	(40)	**(1)**
USD	US dollar	1.04	674	(1,224)	1,898	**1,827**
UZS	Uzbekistani som	13,396.20		152,725	(152,725)	**(11)**
	Total in €					**3,843**

in foreign currency/thousands

31.12.2023		Foreign currency for €1	Balance in foreign currency			Equivalent amount in €
	Currency	Exchange rate at 31.12.2023	Trade receivables	Trade payables	Gross exposure in statement of fin pos	Net exposure in €
AED	United Arab Emirates	4.06		5	(5)	**(1)**
AUD	Australian dollar	1.63		146	(146)	**(90)**
CAD	Canadian dollar	1.46	770	116	654	**447**
COP	Colombian peso	4,267.52	(2,656)	6,201,802	(6,204,458)	**(1,454)**
DZD	Algerian dinar	148.27		491	(491)	**(3)**
EGP	Egyptian pound	34.16		843	(843)	**(25)**
ETB	Etiopian Birr	62.24		15	(15)	**(0)**
INR	Indian rupee	91.90	255,069	50,165	204,904	**2,230**
PEN	Peruvian nuevo sol	4.08	1,377	4	1,372	**336**
QAR	Qatari riyal	4.02		43	42,645	**10,602**
RON	Romanian new leu	4.98		18	(18)	**(4)**
SAR	Saudi Arabian riyal	4.14		996	(996)	**(240)**
TRY	Turkish lira	32.65		50	(50)	**(2)**
USD	US dollar	1.11	651	5	646	**584**
UZS	Uzbekistani som	13,637.30		195,016	(195,016)	**(14)**
	Total in €					**12,366**

CAPITAL MANAGEMENT

The Company's objective is to safeguard its ability to continue as a going concern in order to ensure returns to the shareholder and benefits to the other stakeholders. It also aims to maintain an optimal capital structure in order to reduce the cost of debt.

33 Additional information

- **Contingent assets and contingent liabilities**

As already occurred in previous years, the Company has not recognised any contingent assets.

The total value of proceedings amounts to approximately €8.5 million, based on the claim, and net of revaluation and interest, including on the basis of the opinions given by Italferr's legal counsels who have reported a "possible" risk of losing the case.

The proceedings under consideration mainly relate to claims for damages and/or compensation filed by railway contractors or third parties as a result of the performance of railway works (e.g., buildings occupied, expropriated or damaged during execution).

The above economic value does not take into account the litigation managed directly and exclusively by RFI, by virtue of the existing contractual agreements with Italferr.

- **Audit fees**

Pursuant to article 37.16 of Legislative decree no. 39/2010 and article 2427.16-bis of the Italian Civil Code, the total fees due to the independent auditors are €110 thousand, excluding other fees due for non-audit services.

- **Directors' and statutory auditors' fees**

The following fees were paid to directors and statutory auditors for the performance of their duties.

€'000

	2024	2023	Changes
Directors[1]	142	142	(0)
Statutory auditors	47	41	6
Total	**189**	**183**	**6**

In addition to the above fees, the independent member of the Supervisory Body received fees of €45 thousand for 2024.

- **Management and coordination**

The current Governance Model of FS Group has identified the Group's division heads as entities that carry out, either through investments or on the basis of contracts, management and technical, organisational and operational coordination for the companies operating in theaforementioned divisions, including risk management models, systems and protocols.

Based on this Model and considering its business activities, Italferr is included in the Infrastructure division headed by RFI.

Since RFI is the head of its division, the highlights of the financial statements of RFI at 31 December 2023 are shown below.

[1] These include all fees for the positions of chairman and CEO, including any performance-based amounts, according to the arrangement. The amount also includes the fees for the other directors

€'000

Statement of financial position	31.12.2023	31.12.2022
Assets		
Total non-current assets	42,302,035	40,315,221
Total current assets	4,967,650	5,163,611
Total assets	**47,269,685**	**45,478,832**
Equity		
Share capital	31,528,425	31,528,425
Reserves	50,086	58,069
Retained earnings	2,345,578	2,245,760
Profit for the year	196,068	262,965
Total equity	**34,120,157**	**34,095,220**
Liabilities		
Total non-current liabilities	3,168,669	3,131,747
Total current liabilities	9,980,859	8,251,866
Total liabilities	**13,149,528**	**11,383,613**
Total equity and liabilities	**47,269,685**	**45,478,832**

€'000

Income statement	2023	2022
Revenue	2,867,550	3,233,448
Operating costs	(2,445,930)	(2,712,798)
Amortisation and depreciation	(139,761)	(136,970)
Net impairment gains	(31,668)	(101,903)
Accruals	0	30,000
Net financial income (expense)	(54,123)	(48,811)
Income taxes	0	0
Profit for the year	**196,068**	**262,965**

- **Transactions with key managers**

The general conditions that govern transactions with key managers and the parties related to them are not more favourable than those applied, or that could have been reasonably applied, to similar transactions with managers other than key managers associated with the same entities at market conditions.

Key managers' remuneration are as follows:

€'000

	2024	2023
Short-term benefits	671	877
Post-employment benefits	57	57
Total	**728**	**934**

- **Other related party transactions**

The main transactions between the Company and its related parties, which were all carried out on an arm's length basis, are described below.

Company name	Assets	Liabilities
Other related parties		
Enel Group		Trade and other: provision of services
ENI Group		Trade and other: provision of services
CDP Group	Trade and other: provision of services	Trade and other: employee benefits
IPZS Group		Trade and other: employee benefits
Poste Group		Trade and other: provision of services
RAI Group		Trade and other: employee benefits
Leonardo Group		Trade and other: provision of services and employee benefits
Eurofer		Trade and other: employee benefits
Expo 2015		Trade and other: provision of services
Enav Group		Trade and other: provision of services
Previndai		Trade and other: provision of services
Other provisions		Trade and other: employee benefits

Trade and other transactions:

Company name	Assets	Liabilities
Subsidiaries		
I.E.S. d.o.o.		Trade and other: provision of services
Parent		
Ferrovie dello Stato Italiane	Trade and other: engineering services; funding of training; group VAT Financial: intragroup current account	Trade and other: provision of services, group VAT; guarantees Financial: intragroup current account and Non-current loans and borrowings
Other companies		
ANAS	Trade and other: provision of services; engineering services	Trade and other: provision of services
BBT	Trade and other: provision of services; engineering services	Trade and other: provision of services
Busitalia Rail Service		Trade and other: provision of services
Busitalia Veneto	Trade and other: provision of services; engineering services	
CREW Cremonesi Workshop Srl	Trade	Trade and other: provision of services
FS Technology SpA		Trade and other
FSE Infrastruttura	Trade and other: engineering services	Trade and other: provision of services
Ferservizi	Trade and other: engineering services	Trade and other: provision of services
FS Sistemi Urbani	Trade and other: engineering services Financial: guarantee deposits	Trade and other: leases
FS Security	Trade and other: engineering services	
Grandi Stazioni Immobiliare		Trade and other: leases
Grandi Stazioni Rail	Trade and other: engineering services	Trade
Infrarail S.r.l.	Trade and other: engineering services	Trade and other: provision of services
Mercitalia Shunting e Terminal		Trade and other: provision of services
Mercitalia Rail	Trade and other: engineering services	
FS Park	Trade and other: engineering services	Trade and other: leases and provision of services
RFI	Trade and other: engineering services Financial: guarantee deposits	Trade and other: leases and provision of services
Stretto di Messina	Trade and other: engineering services	Trade and other: provision of services
TELT	Trade and other: engineering services	
Trenitalia	Trade and other: engineering services	Trade and other: leases and provision of services
Trenitalia TPER Scarl	Trade and other: engineering services	Trade
Trenord Srl	Trade and other: engineering services	Trade

The table below summarises the statement of financial position and income statement balances as at and for theyear ended 31 December 2024 generated by related party transactions.

€'000

Company name	31.12.2024				2024	
	Assets	Liabilities	Guarantees	Commitments	Costs	Revenue
Parent	**1,400**	**(3,542)**			**(1,375)**	**121**
Ferrovie dello Stato Italiane	1,400	(3,542)			(1,375)	121
Subsidiaries	**0**	**(325)**			**(785)**	**0**
I.E.S. doo	0	(325)			(785)	0
Joint arrangements	**15**	**0**			**0**	**1**
SWS & ITALFERR	15	0			0	1
Other group companies	**461,829**	**(184,150)**			**(34,695)**	**378,996**
Anas	592	(34)			(10)	300
BBT	98	(675)			397	1,701
Busitalia Veneto	4					4
Busitalia Rail Service		(28)			(105)	0
CREW Cremonesi Workshop Srl	(13)				(28)	4
Ferservizi	98	(2,501)			(5,771)	19
FSE Infrastruttura						138
FS Sistemi Urbani	1,979	(193)			(1)	1,083
Sistemi Urbani - Ramo FS	9	(96)				
FS Security	349	(70)				132
FS Technology SpA	6	(6,320)			(23,732)	
Grandi Stazioni Rail	66	(34)				
Grandi Stazioni Immobiliare		(53)			(264)	
Infrarail S.r.l	94	(13)			114	22
FS Park	513	(2)			(21)	387
Mercitalia Shunting e Terminal		(68)			(92)	0
Mercitalia Rail	108	(1)				27
RFI	449,253	(168,638)			(1,489)	372,689
Stretto di Messina	16				65	0
T.E.L.T. Sas (formerly L.T.F. Sas)	879	(814)				1,361
Trenitalia	7,765	(4,289)			(3,758)	805
Trenitalia TPER Scarl		(215)				360
Trenord Srl	11	(106)				(36)

€'000

Company name	31.12.2024				2024	
	Assets	Liabilities	Guarantees	Commitments	Costs	Revenue
Other related parties	**0**	**(715)**			**(2,634)**	**2**
Enel Group		(16)			(3)	
ENI Group		(6)			(20)	
CDP Group		(153)			(232)	2
IPZS Group					(8)	
Poste Group		(1)			(1)	
RAI Group					(1)	
Leonardo Group					(15)	
EXPO 2015		(1)				
ENAV Group					(1)	
Eurofer					(1,313)	
Previndai		(538)			(875)	
Other welfare funds		(1)			(167)	

Financial transactions:

€'000

	31.12.2024				2024	
	Assets	Liabilities	Guarantees	Commitments	Costs	Revenue
Parent						
Ferrovie dello Stato Italiane	3,803	(85,000)			(1,377)	385
TOTAL	**3,803**	**(85,000)**			**(1,377)**	**385**

- **Guarantees and commitments**

The Company has neither issued nor received collateral. However, it has issued the following sureties to Group companies and third parties as guarantees:

- bank sureties of €16,242 thousand, including, in particular:
  - ✓ €15,000 thousand to guarantee the negotiation and signing of contracts for derivative transactions carried out through FS Italiane and not yet released by the latter at the end of 2024;
  - ✓ €1,237 thousand to guarantee the Rome and Naples leases.
- bid bonds in the form of bank and insurance sureties of €22,610 thousand to contracting authorities and/or third-party customers in order to participate in calls for bids or for the payment of advances and performance bonds.

In turn, Italferr received performance bonds for awarded contracts in the form of sureties of €25,292 thousand.

- **Public funding**

In 2024 the Company received the following sums for the activities it has carried out on innovative railway and environmental technology development projects of community and/or national interest.

€'000

Provider	Project	Amount
Europe's Rail Joint Undertaking (ERJU)	IAM4Rail and Symbiosis	186
MISE (Ministry for Economic Development)	BIM for RAIL LCA	67
HADEA (European Health & Digital Executive Agency)	Horizon Europe	54
CINEA (European Climate, Infrastructure and Environment Executive Agency)	Life Silent	55
Total		**362**

In addition, Italferr took advantage of the following training funding during the year.

€000

Provider	Description	Amount
Fondimpresa	Training funding	49
Total		**49**

34 Events after the reporting date

- **5 January 2025**: Indian Prime Minister Narendra Modi inaugurated a 13-km section of the Delhi-Meerut Regional Rapid Transit System (RRTS) corridor from Sahibabad in Uttar Pradesh to New Ashok Nagar in Delhi.

  This is a key new milestone" for Italferr, which was appointed to provide consulting and engineering services for one of India's most ambitious transport projects, as early as 2019, in partnership with the Spanish company Ayesa.

35 Proposed allocation of the profit for the year

The Company's financial statements as at and for the year ended 31 December 2024 show a profit for the year of €52,101,761.

We propose:

- distributing a dividend of €52,090,992, or €3,672 to each of the 14,186 shares;
- allocating the residual profit for the year, equal to €10,769, to the extraordinary reserve.

Rome, 3 March 2025

The Chairwoman

The Chief Executive Officer