Società per Azioni

Sede in Milano – Piazzale Cadorna, 14

Capitale Sociale € 230.000.000,00 i.v.

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the year ended December 31, 2020 of

FNM S.p.A.

This document has been prepared by FNM S.p.A., on a voluntary basis, exclusively in connection with the possible issue of notes under the €1,000,000,000 Euro Medium Term Note Programme, which was announced to the market on September 16, 2021 (see the relevant press release, available in the “Investor Relations - Press Releases” section of the company’s website - www.fnmgroup.it).

1. INTRODUCTION

This document presents the unaudited pro forma statement of comprehensive income for the year ended December 31, 2020 of FNM S.p.A. (hereinafter the “**Company**” or “**FNM**” and, together with its subsidiaries, the “**Group**” or “**FNM Group**”) and the related explanatory notes (the “**Unaudited Pro Forma Consolidated Financial Information**”).

The Unaudited Pro Forma Consolidated Financial Information has been prepared to show retroactively the main effects of the following transactions on the consolidated statement of comprehensive income of the Company:

- the acquisition of 82.4% of the share capital of Milano Serravalle-Milano Tangenziali S.p.A. (“**MISE**”) by FNM Group, which was completed on February 26, 2021; and
- the unsecured facility used to finance the above-mentioned acquisition.

The operations described above are jointly referred to as the “**Transactions**”.

No pro forma consolidated statement of financial position has been prepared as the effects of the Transactions are already reflected in the consolidated statement of financial position as of June 30, 2021 included in the Company’s interim condensed consolidated financial statements as of that date.

The purpose of the preparation of the Unaudited Pro Forma Consolidated Financial Information is to simulate, using accounting principles that are consistent with those used in relation to the preparation of Group’s published historical consolidated financial statements and compliant with the applicable legislation, the main potential effects of the Transactions on the consolidated statement of comprehensive income of the Company, as if the Transactions had occurred on January 1, 2020 for the purpose of the unaudited pro forma consolidated statement of comprehensive income for the year ended December 31, 2020.

The Unaudited Pro Forma Consolidated Financial Information addresses a hypothetical situation and, therefore, does not represent the actual financial position or results of operations of the Group.

As mentioned above, the Unaudited Pro Forma Consolidated Financial Information represents a simulation, for illustrative purposes only, of the main potential impacts that may derive from the

Transactions. In particular, as pro forma information is prepared to illustrate retrospectively the effects of transactions that will occur subsequently, using generally accepted regulations and reasonable assumptions, there are limitations that are inherent to the nature of pro forma information; hence, had the Transactions taken place on the date assumed above, the actual effects would not necessarily have been the same as those presented in the Unaudited Pro Forma Consolidated Financial Information.

The Unaudited Pro Forma Consolidated Financial Information is based on our current estimates of, and good faith assumptions regarding, the adjustments arising from the Transactions. The Unaudited Pro Forma Consolidated Financial Information is for informational purposes only and does not purport to represent or to be indicative of the consolidated results of operations that the FNM Group and MISE (the "**Combined Group**") would have reported had the Transactions been completed as of the date presented, and is not, and should not be taken as, representative of the Combined Group's future consolidated financial position or results of operations, nor does it purport to project the Combined Group's financial position as of any future date or results of operations for any future period and should not be used for such purpose.

The Unaudited Pro Forma Consolidated Financial Information should be read together with:

- the consolidated financial statements of FNM Group as of and for the years ended December 31, 2020 (hereinafter the "**2020 FNM Audited Consolidated Financial Statements**"), prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("**IFRS**"), approved by the Board of Directors on March 18, 2021 and audited by PricewaterhouseCoopers S.p.A., which issued its unqualified audit report on April 8, 2021;
- the financial statements of MISE as of and for the years ended December 31, 2020, (hereinafter the "**2020 MISE Audited Financial Statements**"), prepared in accordance with the relevant requirements of the Italian Civil Code, as interpreted by the accounting standards issued by the Italian Accounting Board (hereinafter the "**Italian GAAP**"), approved by MISE's Board of Directors on March 11, 2021 and audited by Ria Grant Thornton S.p.A., which issued its audit report without qualification on March 30, 2021.

2. THE TRANSACTIONS

A brief description of the Transactions is reported below.

2.1. ACQUISITION OF MISE

On 29 July 2020, FNM acquired 13.6% of the share capital of MISE, the stake directly and indirectly held by ASTM S.p.A. in MISE, following the execution of the sale and purchase agreement signed on the same date (the "**First MISE Acquisition**").

On 26 February 2021, FNM completed the acquisition of 82.4% of the share capital of MISE, the entire equity stake held by Lombardy Region in MISE, in execution of the sale and purchase agreement signed on 3 November 2020 (the "**Second MISE Acquisition**" and, together with the First MISE Acquisition, the "**MISE Acquisition**").

The consideration provided for the MISE Acquisition amounted to Euro 604.8 million, of which Euro 526.5 million was paid in the first quarter of 2021.

2.2. THE FINANCIAL INDEBTEDNESS

The MISE Acquisition was financed through a maximum Euro 650 million bridge loan granted to FNM by a pool of banks, which must be repaid in a single instalment no later than January 2022 (the "**Bridge Loan**"). The Bridge Loan was drawn down on February 26, 2021 for Euro 620 million.

Interest are calculated as the sum of the Euribor, plus a margin. The transaction costs associated to the Bridge Loan amounted to Euro 8.4 million.

3. PRO FORMA CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

The following table shows the pro forma adjustments made in order to present the main effects of the Transactions on the consolidated statement of comprehensive income of FNM Group for the year ended December 31, 2020.

			Proforma adjustments				
(In Euro thousands)	Consolidated income statement of FNM Group	Income statement of MISE	Bridge Loan	Accounting for the MISE Acquisition	IFRS Adjustments	Transaction costs related to the MISE Acquisition	Proforma consolidated income statement
	(A)	(B)	(C)	(D)	(E)	(F)	
Revenues from sales and services	243,748	187,419	-	-	-	-	431,167
Grants	15,023	-	-	-	-	-	15,023
Grants for funded investments	38,023	-	-	-	-	-	38,023
Revenue from construction services	-	-	-	-	51,573	-	51,573
Other income	19,873	14,368	-	-	(1,573)	-	32,668
Total revenues	**316,667**	**201,787**	**-**	**-**	**50,000**	**-**	**568,454**
Raw materials, consumable and goods used	(18,881)	(1,685)	-	-	-	-	(20,566)
Service costs	(65,599)	(57,059)	-	-	2,279	1,908	(118,471)
Personnel costs	(113,463)	(40,583)	-	-	(169)	-	(154,215)
Amortization, depreciation and impairment	(41,752)	(63,417)	-	-	23,152	-	(82,017)
Other operating costs	(15,150)	(22,817)	-	-	574	-	(37,393)
Costs for construction services	(35,445)	-	-	-	(51,573)	-	(87,018)
Total costs	**(290,290)**	**(185,561)**	**-**	**-**	**(25,737)**	**1,908**	**(499,680)**
Operating income	**26,377**	**16,226**	**-**	**-**	**24,263**	**1,908**	**68,774**
Financial income	2,607	5,170	-	-	(350)	-	7,427
Borrowing costs	(2,670)	(8,906)	(18,616)	-	(262)	-	(30,454)
Impairment of financial assets	-	-	-	-	-	-	-
Net financial income	**(63)**	**(3,736)**	**(18,616)**	**-**	**(612)**	**-**	**(23,027)**
Net profit of companies measured with the equity method	2,044	-	-	-	(3,692)	-	(1,648)
Earnings before tax	**28,358**	**12,490**	**(18,616)**	**-**	**19,959**	**1,908**	**44,099**
Income tax	(3,673)	(7,705)	4,468	-	(3,100)	(532)	(10,542)
Net profit for the year from continuing operations	**24,685**	**4,785**	**(14,148)**	**-**	**16,859**	**1,376**	**33,557**
Net profit from discontinued operations	-	-	-	-	-	-	-
Profit for the year	**24,685**	**4,785**	**(14,148)**	**-**	**16,859**	**1,376**	**33,557**
Profit/(loss) attributable to non-controlling interests	500	-	-	191	674	-	1,365
Profit attributable to Parent Company owners	24,185	-	(14,148)	4,594	16,185	1,376	32,192

Notes to the Unaudited Pro Forma Consolidated Financial Information

Basis of preparation and accounting policies adopted

The Unaudited Pro Forma Consolidated Financial Information is prepared on the basis of the historical financial information derived from the financial statements and information detailed above, adjusted to reflect the effects of the Transactions.

The accounting policies adopted in preparing the Unaudited Pro Forma Consolidated Financial Information are the International Financial Reporting Standards, including all the "International Financial Reporting Standards", all the "International Accounting Standards" and all the interpretations of the "International Financial Reporting Interpretations Committee", previously known as the "Standing Interpretations Committee", endorsed by the European Union ("**IFRS**").

It should be noted that MISE has prepared its 2020 MISE Audited Financial Statements in accordance with Italian GAAP. It should be noted that IFRS differs from Italian GAAP in certain significant aspects. For the purpose of preparing the Unaudited Pro Forma Consolidated Financial Information, the MISE's historical financial information has been prepared in accordance with the measurement and recognition criteria laid down by the IFRS and reclassified into international format consistent with the presentation of the consolidated financial statements of the Company.

Unless otherwise indicated, all amounts set forth in the Unaudited Pro Forma Financial Information are expressed in thousands of Euros.

Description of Pro-forma adjustments made in preparing the Unaudited Pro Forma Consolidated Financial Information

Note A - Consolidated income statement of FNM Group

The column includes figures from FNM Group's consolidated statement of comprehensive income for the year ended December 31, 2020 extracted from the 2020 FNM Audited Consolidated Financial Statements.

Note B – Income statement of MISE

This column includes the income statement of MISE for the year ended December 31, 2020, derived from the 2020 MISE Audited Financial Statements prepared in accordance with Italian GAAP and reclassified to be consistent with the format used by FNM Group in its consolidated financial statements.

Note C – Bridge Loan

This column includes the effects of the Bridge Loan, determined by applying the effective interest rate, taking also into account the transaction costs associated with the loan, amounted to Euro 8.4 million. Assuming that the issuance took place on January 1, 2020, finance expenses amounted to Euro 18.6 million, gross of the related tax effect, amounted to Euro 4.5 million, determined applying the tax rate of 24.0% (IRES).

Note D – Accounting for the MISE Acquisition

Following the completion of the MISE Acquisition, FNM holds 96% of MISE. The column in question represents the allocation of the MISE result (as included in column "Note B") between minority shareholders and FNM.

Furthermore, the IFRS adjustments, included in the following Note E, show the allocation of the MISE result between minority shareholders and FNM for each of the adjustments presented.

Note E – IFRS Adjustments

As previously indicated, MISE's historical financial information has been prepared in accordance with Italian GAAP. The following table shows the main adjustments and reclassifications made to simulate the main effects of applying IFRS:

(In Euro thousands)	IFRS adjustments						Total (E)
	Reclassifications	Transaction costs on financial loans	Concession rights	MISE-APL Shareholder Loan	Application of equity method	Leasing (IFRS 16)	
	(E1)	(E2)	(E3)	(E4)	(E5)	(E6)	
Revenues from sales and services	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-
Grants for funded investments	-	-	-	-	-	-	-
Revenue from construction services	-	-	51,573	-	-	-	51,573
Other income	(1,573)	-	-	-	-	-	(1,573)
Total revenues	**(1,573)**	**-**	**51,573**	**-**	**-**	**-**	**50,000**
Raw materials, consumable and goods used	-	-	-	-	-	-	-
Service costs	(75)	-	-	-	-	2,354	2,279
Personnel costs	(169)	-	-	-	-	-	(169)
Amortization, depreciation and impairment	3,380	775	11,057	-	9,200	(1,260)	23,152
Other operating costs	574	-	-	-	-	-	574
Costs for construction services	-	-	(51,573)	-	-	-	(51,573)
Total costs	**3,710**	**775**	**(40,516)**	**-**	**9,200**	**1,094**	**(25,737)**
Operating income	**2,137**	**775**	**11,057**	**-**	**9,200**	**1,094**	**24,263**
Financial income	8	-	-	(358)	-	-	(350)
Borrowing costs	1,356	(775)	(605)	-	-	(238)	(262)
Net financial income	**1,364**	**(775)**	**(605)**	**(358)**	**-**	**(238)**	**(612)**
Net profit of companies measured with the equity method	(3,501)	-	-		(191)	-	(3,692)
Earnings before tax	**-**	**-**	**10,452**	**(358)**	**9,009**	**856**	**19,959**
Income tax	-	-	(2,940)	86	2	(248)	(3,100)
Net profit for the year from continuing operations	**-**	**-**	**7,512**	**(272)**	**9,011**	**608**	**16,859**
Net profit from discontinued operations							-
Profit for the year	**-**	**-**	**7,512**	**(272)**	**9,011**	**608**	**16,859**
Profit/(loss) attributable to non-controlling interests	-	-	300	(10)	360	24	674
Profit attributable to Parent Company owners	-	-	7,212	(262)	8,651	584	16,185

Note E1: The column includes some reclassifications related to differences in classifications between the Italian GAAP and the IFRS.

Note E2: In accordance with the Italian GAAP, transaction costs directly attributable to the loans are capitalized among intangible assets and amortized. Under IFRS, transaction costs are recognized as a reduction of the related liability and reflected in the income statement under the "Financial expenses".

Note E3:

a) Reflects the recalculation of amortization of concession rights in accordance with IFRIC 12 - *Service Concession Arrangements* (hereinafter "**IFRIC 12**"). Accordingly, amortization was recalculated on a straight-line basis from the accounting period in which the rights in question begin to generate economic benefits; this adjustment resulted in a reduction in amortization of Euro 12.4 million;

b) Reflects the increase in amortization of Euro 1.4 million related to the assets recognized in relation to the specific obligations to provide construction services for which the operator does not receive additional economic benefits (represented by specific tariff increases and/or significant increases in the number of expected users from realization of the infrastructure increases). In accordance with IFRIC 12, these rights are initially recognized at the fair value of the construction services to be provided in the future (equal to their present value, less the portion covered by grants, and excluding any financial expenses that may be incurred during provision of the services), with the recognition of an equal amount in "Provisions for construction services required by contract", accounted for in liabilities in the statement of financial position. The increase in provisions to reflect the time value of money has been recognized as a financial expense in the pro forma consolidated statement of comprehensive income for an amount of Euro 0.6 million.

c) Reflects the recognition of the costs relating to "construction activities" of concession rights for works carried out by third parties, while revenue from construction services represents the recognition of the consideration receivable by the company for the services provided and it is measured at fair value, calculated on the basis of the total construction costs incurred (Euro 51.6 million). In particular, the financial model applied in accordance with IFRIC 12, requires that construction costs, and the same amount increased for margin (if any), are recorded as expense and revenue in the income statement.

Note E4: Reflects the interest expense relating to the unwinding of the shareholder loans granted by MISE to Autostrada Pedemontana Lombarda S.p.A. ("**APL**") for a total nominal amount of Euro 150 million, the repayment of which is subordinated with respect to the APL's obligations towards the lenders ("**MISE-APL Shareholder Loan**"). In particular, this interest expense has been determined applying a discount rate of 6.7% to discount the amount to be paid in connection with the MISE-APL Shareholder Loan and recognized for an amount of Euro 0.4 million, gross of the related tax effect, amounted to Euro 0.1 million (based on IRES of 24.0%).

Note E5: It should be noted that, at the same time as the MISE Acquisition was completed, APL exited the MISE scope of consolidation as a result of the subscription and release on February 26, 2021 by Regione Lombardia of a share capital increase of APL for a total amount of Euro 350 million and the following dilution from 79.3% (prior to the completion of the MISE Acquisition) to 36.7% of the share capital held by MISE in APL. Under IFRS, the investment should be fair valued at the date control is lost and subsequently the retained interest should be accounted for in accordance with equity method. Accordingly, the proforma adjustment resulted in (i) the elimination of write-down recorded in MISE's income statement for the year ended December 31, 2020 in relation to the investment in APL amounted to Euro 9.2 million, and (ii) the application of equity method for valuation of the investment in APL amounted to Euro 0.2 million (after giving effect to the application of IFRS on the APL's results of the period).

Note E6: Represents the effects of the application of IFRS 16 to hiring and rental contracts owned by MISE.

Note F – Transaction costs related to the MISE Acquisition

The column includes the pro forma effects of elimination of non-recurring transaction costs recorded in the FNM's consolidated statement of comprehensive income for the year ended December 31, 2020 in relation to the MISE Acquisition, amounting to Euro 1.9 million, gross of the related tax effect, amounted to Euro 0.5 million.

***

The pro forma consolidated statement of comprehensive income does not include non-recurring transaction costs incurred in relation to the MISE Acquisition amounted to Euro 5.7 million, of which Euro 1.1 million, Euro 1.9 million and Euro 2.7 million incurred in 2019, 2020 and 2021 respectively.

Furthermore, the Unaudited Pro Forma Consolidated Financial Information does not reflect an estimate of the economic effects of the synergies that FNM Group expects to realize through the Transactions.

Other matters

The pro forma consolidated statement of comprehensive income does not reflect any fair value changes in relation to the financial debt recognized in the FNM Group's consolidated statement of financial position as at June 30, 2021 for an amount of Euro 19,4 million relating to the liquidation of the investment held by the minority shareholder in MISE. In particular, the minority shareholder requested the liquidation of its shares corresponding to 4% of share capital on November 19, 2018 pursuant to art. 24 paragraph 5 of Legislative Decree no. 175/2016.

The assessment was made on the basis of the latest information available to the Company for similar transactions, since there are no more updated valuations.

pwc

AUDITORS' REPORT ON THE COMPILATION OF PROFORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

To the Board of Directors of
FNM SpA

We have completed our assurance engagement to report on the compilation of proforma financial information of FNM SpA (hereinafter the "**Company**" or "**FNM**" and, together with its subsidiaries, the "**FNM Group**"). The proforma financial information consists of the proforma consolidated income statement for the year ended December 31, 2020 and the related explanatory notes (hereinafter the "**Proforma Financial Information**"). The applicable criteria on the basis of which the Company has compiled the proforma financial information are described in the explanatory notes. The Proforma Financial Information has been prepared solely for the inclusion in the prospectus relating to the establishment of the €1,000,000,000 Euro Medium Term Programme (the "**EMTN Programme**") by the Company on the regulated market of the Irish Stock Exchange (the "**Base Prospectus**").

The Proforma Financial Information has been compiled by the Company to illustrate the impact of the acquisition of Milano Serravalle-Milano Tangenziali S.p.A. ("**MISE**") by FNM Group, which was completed on February 26, 2021, and the assumptions of the indebtedness needed to finance the acquisition (collectively the "**Transaction**") on the consolidated income statement of the FNM Group for the year ended December 31, 2020, as if the Transaction had taken place on January 1, 2020.

As part of this process, the financial information about the FNM Group and MISE has been extracted from:

- the consolidated financial statements of FNM Group as of and for the year ended December 31, 2020, prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("**IFRS**"), approved by the Board of Directors on March 18, 2021 and audited by us, on which we issued our unqualified audit report on April 8, 2021;

- the financial statements of MISE as of and for the year ended December 31, 2020, prepared in accordance with the relevant requirements of the Italian Civil Code, as interpreted by the accounting standards issued by the Italian Accounting Board, approved by MISE's Board of Directors on March 11, 2021 and audited by Ria Grant Thornton S.p.A., which issued its unqualified audit report on March 30, 2021.

The Company Directors' Responsibility for the Proforma Financial Information

The Company is responsible for compiling the Proforma Financial Information, on the basis of the criteria described in the explanatory notes, and in accordance with Sections 1 and 2 of Annex XX of the Commission Delegated Regulation (EU) No. 2019/980 supplementing the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**").

Our independence and quality control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' Responsibilities

Our responsibility is to express an opinion, as required by Section 3 of Annex XX of the Prospectus Regulation, about whether the Proforma Financial Information has been compiled by the Company, in all material respects, on the basis stated in the explanatory notes.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Proforma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Company has compiled, in all material respects, the Proforma Financial Information on the basis stated in the explanatory notes.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the proforma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Proforma Financial Information.

The purpose of Proforma Financial Information included in the Base Prospectus is solely to illustrate the impact of the Transaction on unadjusted financial information of the entity as if it had occurred or had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction as of January 1, 2020 would have been as presented.

A reasonable assurance engagement to report on whether the Proforma Financial Information has been compiled, in all material respects, on the basis of the applicable criteria, involves performing procedures to assess whether the applicable criteria used by the Company in the compilation of the Proforma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Transaction, and to obtain sufficient appropriate evidence about whether:

- the related proforma adjustments give appropriate effect to those criteria; and
- the Proforma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the Proforma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Proforma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Proforma Financial Information has been compiled, in all material respects, on the basis stated in the explanatory notes and that basis is consistent with the accounting policies adopted for the preparation of the consolidated financial statements of the FNM Group as of December 31, 2020 and for the year then ended.

Other matter

This report has been issued solely for its inclusion in the Base Prospectus for the establishment of the EMTN Programme by the Company and cannot be used for any other purpose. We are responsible for this report and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Base Prospectus in compliance with Item 1.2 of Annex 7 of the Prospectus Regulation.

Milan, 17 September 2021

PricewaterhouseCoopers SpA

Matteo Colombo
(Partner)