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Oggetto : FERROVIENORD S.P.A. APPROVES THE
TEXT FOR RENEWAL OF THE SERVICE
CONTRACT WITH REGIONE
LOMBARDIA

Testo del comunicato

Vedi allegato.

PRESS RELEASE

**FERROVIENORD S.P.A. APPROVES THE TEXT FOR RENEWAL OF THE SERVICE
CONTRACT WITH REGIONE LOMBARDIA**

Milan, 2 December 2022 – FNM S.p.A. (“**FNM**”) announces that today the Board of Directors of its wholly owned subsidiary FERROVIENORD S.p.A. (“**FERROVIENORD**” or the “**Concessionaire**”) approved the contractual text for the renewal of the public service contract with Regione Lombardia, set to expire on 31 December 2022 (the “**Service Contract**”), for the period from 1 January 2023 to 31 December 2027 (the “**New Service Contract**”).

The Service Contract – together with the programme agreement (the “**Programme Agreement**”) – constitutes the contractual document implementing the principles and obligations contained in the concession agreement relating to the construction, operation and management of the regional railway infrastructure, renewed by Regione Lombardia (the “**Region**”) in favour of the Concessionaire by resolution dated 15 February 2016 until 31 October 2060 (the “**Concession**”). In particular, the Service Contract governs the specific terms and conditions, including economic terms, of the ordinary management and maintenance of the railway infrastructure, as well as the activities concerning the purchase and management of the rolling stock made available to the railway companies on behalf of the Region by FERROVIENORD, in accordance with the principles and obligations established in the Concession.

The terms of the New Service Contract, in continuity with its predecessor, envisage the application of an "actual performance" remuneration mechanism, by virtue of which the fees for the Concessionaire are quantified and updated on an annual basis taking into account (i) an inflationary adjustment and – for the catalogue items tied to specific drivers only – (ii) the following factors: (a) the actual production volume in terms of trains*kilometres planned for the reference year; (b) the development of the network in terms of kilometres of track; (c) the number and type of stations with active passenger services; and (d) items related to safety, asset management, engineering services for infrastructure investments and fleet development.

In contrast to the terms of the Service Contract, the New Service Contract no longer envisages automatic unit fee reduction mechanisms for FERROVIENORD. In addition, in compliance with the provisions established by the Transport Regulation Authority (ART) about track access charges, limited to the interconnected regional network (so-called Milan Branch), the contribution previously received by FERROVIENORD as an access fee is eliminated – in line with the December 2021 adjustment following the ART resolutions – and is instead paid directly by the railway

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companies. As for the second-level maintenance costs of the train fleet managed by FERROVIENORD, which are currently paid in advance year by year *pro rata* by the railway operator to FERROVIENORD in the form of a leasing fee and provisioned by the latter to a specific cyclical maintenance fund, as of 1 January 2024 they will be directly paid by Regione Lombardia based on the multi-year planning prepared by the railway operating company. However, the dynamics of the movement related to cyclical maintenance costs, the uses of the existing fund and their impact on the Net Financial Position of the following years will be defined during 2023.

The maximum total value of the New Service Contract, as approved today by FERROVIENORD, is estimated at €330.6 million, of which €64.1 million is the consideration portion of the New Service Contract for the year 2023, calculated as from 1 January 2023. For subsequent years, contributions to the Concessionaire will be quantified and updated annually based on the mechanism described above.

Moreover, on 14 November 2022, the Region approved the sixth update to the Programme Agreement related to investments and extraordinary maintenance on the network under concession to FERROVIENORD under which, among other things, an allocation of €35 million (€7.0 million for 5 years) was made for extraordinary maintenance activities for the period 2023-2027, previously covered by the expiring Service Contract.

Lastly, it should be noted that the fixed annual contribution of €1.8 million for the development of the car-sharing scheme of E-Vai S.r.l. has been eliminated.

It should be noted that the text of the New Service Contract has not yet been approved at the regional level, and it is expected that the relevant resolution of the Council may be passed by 15 December 2022. The formal approval of the text of the New Service Contract by the Region and the subsequent signing of the contractual text by the Region and the Concessionaire will be made known to the public in the manner and within the terms set forth by law and regulation.

In view of the relationship between the Region, the controlling shareholder of FNM, and FERROVIENORD, a wholly owned subsidiary of FNM, the New Service Contract falls within the scope of application of the Regulation containing provisions on transactions with related parties adopted by Consob with resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented, (the "**RPT Regulation**"), as well as the procedure for related party transactions adopted by FNM on 29 November 2010 as subsequently amended and supplemented (the "**RPT Procedure**").

Therefore, given that the value of the New Service Contract exceeds the materiality thresholds set forth in the aforementioned RPT Regulation and the RPT Procedure, FERROVIENORD's approval of the text of the New Service Contract was subject to a prior favourable reasoned opinion of the

Related Party Transactions Committee of FNM (the "**RPT Committee**") on the interest of FERROVIENORD (and of FNM) in undertaking the transaction of greater significance, as well as on the appropriateness and substantial correctness of the related conditions, given on 1 December 2022. The RPT Committee was actively involved in the negotiation and preliminary phase of the Transaction, through the exchange of complete and up-to-date information on the progress of the negotiations. Following its verifications, the RPT Committee gave a positive assessment of the appropriateness of the consideration envisaged for the Concessionaire, from both an economic valuation and a strategic value point of view for FERROVIENORD (and, consequently, for FNM), considering that the consideration set out in the New Service Contract allows FERROVIENORD to maintain value conditions for the entire term of the contract.

Furthermore, in accordance with the framework resolution passed on 13 May 2021 and Recommendation No. 1(e), of the Corporate Governance Code (January 2020 ed.), today FNM's Board of Directors also positively assessed the renewal of the New Service Contract set to expire on 31 December 2022.

Following the approval of the text of the New Service Contract by the Regional Council by resolution to be passed by 15 December 2022, FNM will publish, within the terms set out in the RPT Regulation and the RPT Procedure, the information document relating to significant transactions with related parties, prepared in accordance with article 5 and in compliance with the format set out in Annex 4 of the RPT Regulation, as well as in accordance with article 7 of the RPT Procedure, concerning the transaction.

This press release is available on the authorised mechanism EMARKET STORAGE at www.emarketstorage.com, as well as on the Company's website at www.fnmgroup.it.

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