Integrated report 2022

Tper
Cambia il movimento

Summary

Integrated Report on Operations

LETTER TO STAKEHOLDERS NFS

GRI STANDARDS	2-22

We are experiencing a period of great geopolitical, cultural and industrial transformations.

The year 2022 was another difficult year, with a war in Europe which, in addition to the dramatic humanitarian consequences, generated equally significant implications on supply chains, with particular reference to energy, but also on supply of goods and services.

The persistence of the emergency linked to the pandemic in the first part of the year, economic uncertainty and above all tensions in the commodity and energy markets contributed to the worsening of price inequalities and volatility, which in turn have led to rising inflation throughout Europe and an increase in interest rates.

On the environmental front, 2022 was one of the hottest years ever recorded, confirming the urgency of addressing the technological transition in many sectors, including mobility, in a structural manner, with defined objectives and measurable results.

In this context, the world of mobility is going through a phase of profound changes that are linked to the needs of sustainable mobility and the development of highly innovative and still evolving technologies inherent in transport and food systems and fundamental digital developments in the field of organisation of both activities and services.

These major changes are at the heart of the choices made by the entities and by the same TPER, as already highlighted in the business and investment plans approved and managed in recent years. In fact, 2022 ended with the confirmation of the strategic path already defined by the corporate business plan with a strong focus on a sustainable approach in all its components: economic, social and environmental.

Even in consideration of the difficulties described above, in 2022 TPER recorded positive economic results thanks to the company's stability, the sound and prudent management consolidated over the years, the skills developed in the company to manage and implement short and long-term programmes, as well as, clearly, the relief provided by the regulations adopted in recent years and the availability of financing and co-financing provided by public policies.

This makes it possible not only to keep the company stable, but also not to reduce the important investment plan, both in tangible and intangible assets, which were, despite everything, in line with forecasts. Likewise, maximum attention was paid to the issue of employment and personnel management, a crucial aspect in companies which, like TPER, are labour intensive and oriented towards the quality of service to the individual. In fact, the recruitment plan was retained and welfare policies and training activities were confirmed.

The consolidated financial statements of TPER closed with a profit of Euro 1.6 million, down compared to previous years precisely because of the increase in the cost of energy and, more generally, inflation. However, the positive result was also determined by the recovery in the number of passengers, which partly affected revenue dynamics.

In fact, the total number of passengers increased by 19% compared to the previous year and, although it is still far from the 2019 figures, it seems desirable that the that the upward trend in the use of public transport may become increasingly consolidated in the years to come, although there is obviously a lack of certainty on this prospect, also linked to a different organisation of work activities after the pandemic.

For the second time, TPER's 2022 Financial Statements are integrated as they contain both the corporate and consolidated financial statements and the sustainability report. This choice is not a mere formality, but the natural consequence of corporate strategies that integrate commitments on services, on investments in tangible assets, intangible assets and people with that of careful and sustainable economic and financial management in the real activity. Therefore, the financial statements include reporting indicators that are consistent with the choices made in previous years when specific attention was paid to ESG (Environmental, Social, Governance) issues and SDGs (Sustainable Development Goals) in the same business plan, pursuing a consistent growth path as a sustainable mobility Group.

In the Integrated Report on Operations, the integrated financial statements include the NFS and sustainability issues in accordance with the procedures set out in Italian Legislative Decree no. 254/2016 as well as in compliance with the international GRI standards. Therefore, this is a document that represents the Group as a whole and is intended to address not only shareholders, analysts and investors, but all stakeholders.

In recent years, the strong and growing attention to ESG issues has been accelerated by the legislative and regulatory drive coming from Europe, which has also influenced the dynamics of the financial market, tasked, through the ECB, with becoming the ecological transition engine.

In this regard, the company has taken an active role alongside the competent institutions for innovative projects and investments to be financed also through the funds available for sustainable mobility and with the resources provided for by the National Recovery and Resilience Plan.

The importance given to ESG factors within the text indicates, on the one hand, a strong focus on these issues from the point of view of reporting, and on the other hand, it demonstrates that all activities related to the environment, the social dimension and management are the subject of strategic and operational planning by the company, in the logic of creating long-term value, also in terms of risk management, not only financial but also related to the human, ecological and management business.

In 2022, TPER defined 10 SDGs out of the 17 identified by the United Nations, adding, compared to last year, the Gender Equality objective, for which the company plans to proceed with the specific certification. The SDGs, together with the material goals, were also considered in the planning phase, also establishing specific assessment objectives (MBO) based on sustainability issues.

The challenges that the company faces are therefore manifold. With reference to investments, TPER is continuing with its ambitious plan of interventions worth over Euro 230 million over the three-year period. The investments concern the technological innovation of transport systems (from liquid methane to biomethane, electricity and hydrogen), the renewal of vehicles with a view to improving both the quality of transport services and environmental parameters in the area, and technological and digital innovation, which, in agreement with the institutions, has already been proactively launched by the company with respect to the national planning panorama in the sector, with achievements that are gaining favour with users and will be further implemented with a view to "mobility as a service" (MaaS).

With reference to social aspects, the company is also committed through its policies to valuing people, promoting diversity and inclusion, guaranteeing health and safety and communicating proactively with the territory.

The approval of the financial statements takes place in a year 2023 that remains fraught with uncertainties and critical issues that will have to be addressed. From a general point of view, the sector remains very fragile, requiring targeted interventions made necessary by the persistence of high inflationary conditions and the difficult recovery of demand in a context where policy objectives would instead envisage an increase in the modal share of public transport over private transport and the discontinuation - at the time of approval of the financial statements - of national resources relating to the at least partial compensation and offsetting of energy and fuel costs. A new issue has also arisen in the world of transport: it concerns the difficulty in recruiting personnel, in particular drivers, an issue that characterises the entire sector and is already leading to the need for interventions and specific policies. TPER is also affected by all this, although it can count - as already highlighted in the 2022 financial statements - on the effectiveness of its strategic choices, made in previous years, to develop multiple group activities with a view to integrated mobility, always maintaining its core business in the local public transport. The management of public road transport services alone would not have allowed the positive results achieved; therefore, it is absolutely important for local public transport issues be addressed, especially at a time when extraordinary assistance interventions will no longer be available.

Furthermore, in a scenario where the mobility supply chain - in particular public and sharing - represents a fundamental pivot for the quality of development and services in the territories, the importance of meeting the commitments undertaken without hesitation to achieve the objectives of service quality and positive environmental impacts defined by the various territorial policies must be highlighted.

It is a question of successfully tackling important challenges. The productive collaboration with shareholders and institutions in achieving shared objectives will be fundamental for this, just as the contribution of the women and men working in the TPER Group has been essential and will be even more so in the future and, also on behalf of the Board of Directors, I would like to thank them for this.

TPER will continue to pursue the objective of proper and efficient management of activities in the interest of the communities it serves, with a commitment inspired by skills, inclusiveness and transparency, internally as well as towards all external stakeholders.

Chairperson and Chief Executive Officer of TPER

Giuseppina Gualtieri

TPER SUMMARY DATA

Operational indicators

		2021	2022
The vehicles			
TPER Buses	Number	1,199	1186
TPER partner buses in TPB - TPF	Number	277	275
TPER Trains	Number	16	16
Traffic, network and infrastructures			
Km covered - road	Millions of km (TPER Group)	45.9	45.0
Passengers - Customers (Millions of trips)		106.3	126.0
Registered for the "Corrente" car-sharing service	Number	46,752	66,745

Economic–financial indicators

The KPIs (*Key Performance Indicators*) for the period and the main changes that characterised the Group's performance are shown below.

Economic KPIs (in millions of Euro)	2021	2022
Revenues and other operating income	288	290
Costs and other operating expenses	250	257
Gross operating margin - EBITDA	39	33.2
% on "Revenues and other income"	*13%*	*11.4%*
Operating margin - EBIT	14	2.7
% on "Revenues and other income"	*5%*	*0.9%*
Net result	7	1.6
% on "Revenues and other income"	*2%*	*0.6%*

Equity KPIs (in millions of Euro)	2021	2022
Tangible assets	178	183
Intangible assets	19	16
Assets for rights of use	8	9
Shareholders' equity	172	174
Net financial position	53	12

Financial KPIs (in millions of Euro)	2021	2022
ROI	*6%*	*1.4%*
Net invested capital	225	144.7
ROE	*4%*	*0.9%*

Social indicators

		2021	2022
Staff			
Employees	Number	2,320	2345
Number of hours of training	Number	66,145	60,683

Environmental indicators

(Refers to the whole Group, including partners of the Bologna and Ferrara areas)

		2021	2022
Journey in km with methane gas vehicles	Overall impact % of total	28%	38%
Journeys in km with electric vehicles	Overall impact % of total	4%	5%
Lower CO2 produced compared to the previous year (overall, excluding railway services in 2019)	%	5.14%	-0.79%
Reduction in particulate emissions compared to the previous year	%	-15.1%	-20.81%
Reduction in nitrogen oxide emissions compared to the previous year		-3.4%	-10.80%
Reduction in hydrocarbon emissions compared to the previous year	%	-2.1%	-1.31%
Reduction in carbon monoxide emissions compared to the previous year		+3.25%*	-12.89%
CO2 saved thanks to the use of LPT compared to the use of a private car	Tonnes	-108 thousand T of which 255 for the Corrente service	-127 thousand T of which 256 for the Corrente service

PRESENTATION OF THE INTEGRATED FINANCIAL STATEMENTS AND METHODOLOGICAL NOTE NFS

GRI STANDARDS	1-3 2-1 2-2 2-3 2-4 2-22 3-1

The drafting of an Integrated Report on Operations requires a consistent and comprehensive approach to corporate reporting and makes it possible to improve the overall quality of the information published and disseminated, to the benefit of all stakeholders. The objective is to present to all stakeholders, in a single document, not only the economic, environmental and social performance of a company, but also its governance and business conduct policies, strategy and objectives.

Therefore, the decision to present, starting from the previous year, an annual financial report that integrates sustainability/ESG (Environmental - Social - Governance) issues is guided not only by the evolution of the regulatory framework, but by the awareness of the importance assumed by the ESG aspects as a driver of the business model, able to guide the business model and the strategic choices of each company.

In November 2022, the European Parliament approved Directive EU 2022/2464, which amends the previous Directive 2014/95 (implemented in Italy by Italian Legislative Decree 254/2016). The new Directive will enter into force with reporting for the year 2024, according to a schedule of progressive regulatory obligations extension. Among other things, Directive 2022/2464 requires the sustainability reporting/disclosure to be mandatorily placed in a dedicated section of the Report on Operations to the Financial Statements.

According to the provisions of Directive 2022/2464, the Report on Operations must include the information necessary to understand the company's impact on sustainability issues, as well as the information necessary to understand how sustainability issues affect the company's performance, its results and its situation.

This Integrated Report on Operations includes the Consolidated Non-Financial Statement (hereinafter also “Non-Financial Statement” or “NFS”) of TPER - Trasporti Passeggeri Emilia-Romagna – S.p.A. and its subsidiaries (hereinafter “TPER”, "TPER Group"), published annually, drafted in compliance with Articles 3 and 4 of Italian Legislative Decree 254/2016 (hereinafter also “Decree”), implementing Directive 2014/95/EU. As the issuer of a bond, a financial instrument listed in 2017 on a regulated market in the European Union (Irish Stock Exchange), TPER is obligated to prepare the Non-Financial Statement.

The NFD contains information on environmental, social and personnel-related issues, respect for human rights and the fight against corruption, useful for guaranteeing an understanding of the activities carried out by the TPER Group, their progress, results and impacts.

As required by Italian Legislative Decree 254/2016, evidence is also provided of the main risks, generated or suffered, connected to the aforementioned issues and that derive from the company's activities, its products, services or commercial relationships, including, where relevant, supply chains and subcontracting, with an indication of the relative management methods.

The information relating to environmental, social, economic and governance issues reported in the NFS ensures a better understanding of the activities carried out by the TPER Group, its performance, its results and the impact produced by them. This allows those with access to such data to be able to make informed assessments and decisions about the impacts of TPER and its contribution to sustainable development.

The NFS was drafted in accordance with the methodologies and principles set out in the GRI Sustainability Reporting Standards, defined by the Global Reporting Initiative (GRI

Standards). The summary index of the information related to the various areas covered (GRI Content Index), published in appendix to this document and an integral part of the same, allows the traceability of the indicators and other quantitative and qualitative information presented.

The GRI Standards allow companies to report information on the most significant impacts of their activities and business relationships on the economy, the environment and people. These impacts are in many cases financial (or may have financial impacts over time) and have great relevance for sustainable development and for companies' stakeholders. Sustainability reporting also provides a better understanding of a company's financial performance and value. The information made available through sustainability reporting provides input for identifying financial risks and opportunities relating to the impact of the company, its value and ability to last over time.

The quantitative data and the information that constitute the sustainability disclosure (NFS) of the TPER Group are included, unless otherwise indicated, in the Sustainability disclosure section of the Integrated Report on Operations and are identified by the reference to the GRI Standards discussed in the various paragraphs, through the GRI wording (number and description).

It should be noted that, for the 2022 reporting year, the GRI standards published in 2021 were applied. These updated the preparation process, the general disclosure and the process for identifying and assessing material topics: GRI 1 Foundation; GRI 2 General disclosures; GRI 3 Material topics. The GRI 1 Foundation 2021 defines in particular the general sustainability reporting principles: accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability.

The GRI Standards and the related reported performance indicators are those representative of the relevant sustainability issues (material topics) analysed, consistent with TPER's activities and related impacts. The process of analysis, identification, assessment and prioritisation of material topics (described in the chapter “Impacts and material topics”/paragraph “The process of identification, assessment and prioritisation of issues”) was carried out in accordance with Italian Legislative Decree 254/2016 and the GRI Standards. This process is updated and progressively developed over time, as part of the TPER sustainability accountability process.

The contents of the Non-Financial Statement relating to topics linked to climate change take into account the European Commission Communication, published in June 2019, "Guidelines on non-financial reporting: Supplement on reporting climate-related information (2019/C 209/01)", which supplement the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board. The TCFD recommendations include four thematic areas: governance, strategy, risk management, metrics and objectives.

The NFS includes the information required by Article 8 of EU Regulation 2020/852, relating to the taxonomy of the European Union in the field of sustainable activities. The EU Taxonomy establishes the conditions that an economic activity must satisfy to be considered sustainable. This disclosure is provided in the European Taxonomy Reporting chapter.

The reporting scope of qualitative and quantitative data and information is represented by the performance of the parent company TPER - Transport Passeggeri Emilia-Romagna - S.p.A. and subsidiaries, consolidated on a line-by-line basis, as per the Group’s consolidated financial statements as at 31 December 2022 and for the entire reference year (for the period from 1 January 2022 to 31 December 2022).

In order to allow a comparison of the data over time and the evaluation of the progress of TPER's activities, the comparative data relating to the two previous years are shown.

Any use of estimates for some of the quantitative information is directly referred to in the various paragraphs of this document, commenting on the data presented.

To ensure consistency and comparability of information, where deemed necessary to correct any errors or to take into account the change in the indicators measurement methodology or in the nature of the activity, the quantitative data shown and relating to previous periods may be restated with respect to what was published in the NFS of the previous year. The relative indications, recalculation criteria and effects are highlighted in the corresponding chapters and paragraphs.

The contents of the NFS were also defined on the basis of the following sources: a) Regional Planning for sustainable mobility and air quality (PRIT, PAIR); b) Planning of the Metropolitan City regarding urban strategies (PSM, PTM) c) Planning of the Metropolitan City of Bologna and the Province of Ferrara regarding sustainable urban mobility (PUMS); d) "Social and environmental responsibility for public transport companies - Guidelines and indicators for drafting the Sustainability Report", published in 2019 by ASSTRA - Transport Association, the association of local public transport companies in Italy; e) Regulatory references that regulate the activities of local public transport companies.

The information and data relating to the extended value of TPER (direct, indirect, induced) and the analyses and definitions of the shared value reported in the chapter *Economic and financial sustainability*, paragraphs *The extended value of TPER* and *The creation of shared value*, are not attributable to specific indicators of the GRI Sustainability Reporting Standards. These are proprietary indicators defined through economic-statistical models, which do not fall within the scope of the limited audit activities.

Managers from the various Group functions were involved in the process of preparing the Non-Financial Disclosure. The validation of the issues reported and the identification of the contents are the result of a process of sharing with the Chairperson and all company departments.

This document has been approved by the TPER - Trasporto Passeggeri Emilia-Romagna S.p.A. Board of Directors on 29 May 2023. Pursuant to Italian Legislative Decree no. 254/2016, the NFS has been subject to a limited scope audit by the appointed auditor PricewaterhouseCoopers S.p.A. in accordance with the principles and instructions given in ISAE3000 (International Standard on Assurance Engagement 3000 - Revised) of the International Auditing and Assurance Standard Board (IAASB). PricewaterhouseCoopers S.p.A. is also the company assigned to audit the Consolidated Financial Statements of the TPER Group.

The separate financial statements and consolidated financial statements, as indicated in the related Explanatory Notes, to which reference should be made, have been prepared in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board and approved by the European Commission.

This document is published on the TPER corporate website at the address www.TPER.it, in the "Transparent Company" area. To request further information, please contact the following address: sostenibilita@TPER.it.

TPER has notified the GRI (Global Reporting Initiative) of the use of the GRI Standards and the related Statement of use.

TPER

GRI STANDARDS	2-1 2-6 2-23

TPER - Trasporto Passeggeri Emilia-Romagna S.p.A. is a public capital company based in Bologna that provides local automotive and railway transport services and other related activities, both directly and through subsidiaries and investee companies, representing itself as a mobility company in broad terms, with the aim of developing public transport and boosting effective mobility in the areas in which it operates. Since September 2017, TPER has been a Public Interest Entity, having issued bonds listed on regulated markets, more specifically, placed on the Irish Stock Exchange.

TPER is not subject to control by a majority shareholder. The Emilia-Romagna Region is the relative majority shareholder of TPER (46.13%). The other shareholders are the Municipality of Bologna (30.11%), the Metropolitan City of Bologna, (18.79%), the Azienda Consorziale Transport ACT of Reggio Emilia (3.06%), the Province of Ferrara (1.01%), the Municipality of Ferrara (0.65%), Ravenna Holding S.p.A. (0.04%) and the Province of Parma (0.04%).

Furthermore, TPER owns 111,480 treasury shares (0.16%), with a nominal value of Euro 1 each. Pursuant to Article 2428 of the Italian Civil Code, it should be noted that there were no purchases or disposals of TPER shares in 2021 and that no companies control TPER.

Shareholders	Stake %
Region of Emilia-Romagna	46.13%
Municipality of Bologna	30.11%
Metropolitan City of Bologna	18.79%
ACT Reggio Emilia	3.06%
Province of Ferrara	1.01%
Municipality of Ferrara	0.65%
Province of Parma	0.04%
Ravenna Holding	0.04%
Treasury shares	0.16%
Total	100.00%

The TPER Group is one of the leading passenger transport operators in Italy and is the Parent Company of the largest company in the Emilia-Romagna region in terms of numbers and volumes of service in the public passenger transport sector.

The Group operates on the basis of an industrial approach according to market rules as defined by the regional Italian law for the sector and as required by the company's founders. It is structured with an organisation that stems from specific needs for the performance and development of services and the choice to operate through industrial agreements with private and public partners, geared towards the development of Mobility.

The Group's business areas cover different segments of the transport sector: automotive, trolley bus, rail goods transport. TPER manages road-based LPT (local public transport) in the provincial areas of Bologna and Ferrara and passenger transport in the regional railway domain, in partnership with Trenitalia through the associate Trenitalia Tper (TT), based on specific service contracts, stipulated as a result of the awarding of the relevant public tender procedures. TPER remains the owner of the rolling stock functional to the performance of the service.

The services provided, and in particular local public transport, satisfy general-interest needs that require a combination of sustainable management from an economic and financial point of view with the utmost attention to quality, social impact and environmental sustainability objectives. In order to pursue the objectives of sustainability and quality, the TPER Group has set its strategic position in an industrial and competitive perspective, carefully structured from the point of view of assets, resources and organisation, while at the same time focusing on management efficiency and quality of services for passengers, with the aim of expanding in terms of services and coverage.

In October 2018, TPER initiated the CORRENTE service, that is, a free-flowing, car-sharing service with electric cars, accessible through a downloadable application from the Apple and Android stores. It is the only car sharing service in Italy with a fleet of exclusively electric cars, enabling users to start their journey in one city and complete it in another. The service is currently provided in the cities of Bologna, Ferrara, Casalecchio di Reno and Rimini, but the possibility of expanding the service to other cities as well is currently being evaluated.

The development of intermodality is pursued both by developing specific transport services and by focusing on innovative services for users.

TPER also fulfils the role of implementing entity for important mobility development initiatives in the Bologna metropolitan area, such as the completion of the trolley bus conversion of the main bus lines and of the Metropolitan Railway Service, in addition to the road-based assisted driving public transport system, which involves the use of Crealis trolley vehicles.

TPER's vision is to improve quality of life and the environment, for the benefit of passengers and, more generally, of the area in which it operates.

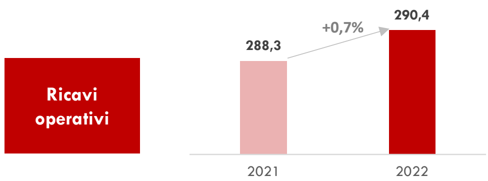
The mission is to encourage and expand the use of public transport services and other activities in this field, positioning itself as a sustainable, competitive, innovative and transparent mobility group, and to expand in terms of services and coverage area, responding effectively and efficiently to the needs of users in cost-effective way.

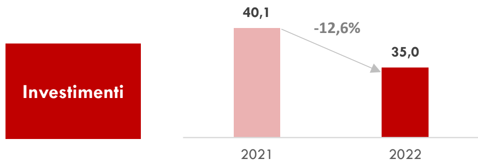
To pursue its mission to realise its sustainability and quality objectives, TPER has strategically positioned itself in an industrial perspective, proceeding to build a structured business from the point of view of assets, of resources and organisation, aiming at management effectiveness and efficiency and at quality services for passengers.

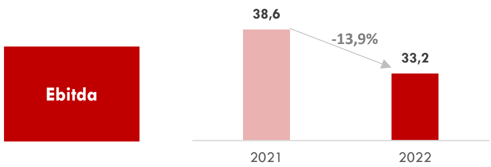
ECONOMIC AND FINANCIAL PERFORMANCE

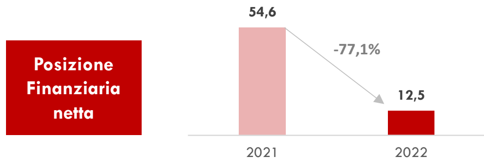
Financial highlights

Main consolidated economic and financial indicators *(Euro million)*









- Operating revenues of Euro 290.4 million, up by Euro 2.1 million compared to 2021 thanks to the improvement in revenues from the sale of travel tickets.
- Gross operating margin (EBITDA) of Euro 33.2 million, down by Euro 5.3 million compared to 2021, mainly due to the increase in the cost of materials as a result of the increase in fuel prices.
- Gross investments of Euro 35.0 million compared to 2021 gross investments of Euro 40.1 million.
- Net financial position of Euro 12.5 million, down compared to 2021 by Euro 42.2 million mainly due to the effect of the bond loan repayment in September 2022 for Euro 31.6 million and the growth in cash and cash equivalents of Euro 11.1 million.

Economic and financial performance of the Group

In order to allow a better assessment of the economic and financial management performance, this Report includes some alternative performance indicators (hereinafter also "APIs") considered significant for the assessment of the results of the operating performance of the Group and the Parent Company. It is believed that the APIs ensure better comparability of the same results over time, although they are not a substitute or alternative to the results shown in the tables determined by applying the IFRS international accounting standards (hereinafter also "official data") and shown in the "Consolidated Financial Statements as at 31 December 2022" and "Financial Statements as at 31 December 2022" sections of these Integrated Financial Statements.

It should also be noted that this chapter includes reclassified accounting statements other than those required by the IFRS international accounting standards included in the Consolidated Financial Statements and in the Financial Statements as at 31 December 2022 (official statements). In addition to the economic-financial and equity figures governed by the IFRS international accounting standards, these reclassified statements show some indicators and items deriving from them, even if not envisaged by the same standards and, therefore, identifiable as APIs.

For the purposes of preparing the 2022 data, the international accounting standards (IFRS) endorsed by the European Commission and in force as at 31 December 2022 were applied, which have not undergone significant changes compared to those used for the preparation of the consolidated financial statements as at 31 December 2021.

With regard to the potential impacts related to the evolution of the macroeconomic scenario as a result of the Russian-Ukrainian conflict, please refer to the description in the note "*Impacts related to the evolution of the macroeconomic scenario*" in the section "Consolidated Financial Statements as at 31 December 2022".

The consolidation perimeter as at 31 December 2022 did not change with respect to 31 December 2021.

Lastly, it should be noted that in the years under comparison, no non-recurring, atypical or unusual transactions were carried out with third parties or with related parties.

Consolidated economic management

RECLASSIFIED CONSOLIDATED INCOME STATEMENT				
			Change	
In thousands of Euro	2022	2021	Absolute	%
LPT line services	186,160	179,030	7,130	4.0%
Railway line services	28,223	26,821	1,402	5.2%
Parking and car sharing	2,062	12,362	(10,300)	-83.3%
Other revenues	73,989	70,120	3,869	5.5%
Operating Revenues	**290,434**	**288,333**	**2,101**	**0.7%**
Personnel costs	(102,636)	(102,665)	29	0.0%
Costs for services	(92,431)	(93,151)	720	-0.8%
Costs for materials	(53,205)	(40,192)	(13,013)	32.4%
Use of third-party assets	(2,952)	(7,776)	4,824	-62.0%
Other operating costs	(5,941)	(5,966)	25	-0.4%
Operating costs	**(257,165)**	**(249,750)**	**(7,415)**	**3.0%**
Gross operating margin (EBITDA)	**33,269**	**38,583**	**(5,314)**	**-13.8%**
Amortisation/depreciation	(21,137)	(21,553)	416	-1.9%
Value write-downs/(reversals)	(2,840)	(6)	(2,834)	47233%
Change in funds for provisions	(6,586)	(3,185)	(3,401)	106.8%
Operating margin (EBIT)	**2,706**	**13,839**	**(11,133)**	**-80.4%**
Financial charges net of financial income	(828)	(769)	(59)	7.7%
Share of profit/(loss) on equity investments accounted for using the equity method	(357)	(595)	238	-40.0%
Profit before taxes from operating activities	**1,521**	**12,475**	**(10,954)**	**-87.8%**
Tax charges	84	5,534	5,618	-101.5%
PROFIT/(LOSS) FOR THE YEAR	**1,605**	**6,941**	**(5,336)**	**-76.9%**
of which:				
Profit/(loss) for the year attributable to the Group	1,524	6,721	(5,197)	-77.3%
Profit/(loss) attributable to minority interests	81	220	(139)	-63.2%

“**Operating revenues**” in 2022 amounted to Euro 290.4 million, up by Euro 2.1 million compared to 2021 (Euro 288.3 million).

Revenues relating to “**LPT line services**” amounted to Euro 186.2 million, up by Euro 7.1 million compared to 2021 (Euro 179.0 million) mainly due to:

- the growth in revenues from travel tickets of approximately Euro 9.4 million, attributable to the increase in passenger traffic;
- the reduction in the minimum additional fees paid by the agencies for Euro 2.8 million;
- the reduction in grants intended to cover the costs associated with the renewal of the National Collective Labour Agreement of employees in the local public transport sector for Euro 1.2 million;
- the growth in revenue volumes from sanctions for Euro 1.6 million.

Revenues from “**Railway line services**” amounted to Euro 28.2 million, up by Euro 1.4 million compared to 2021 (Euro 26.8 million) mainly due to the income recognised in 2022 by the Parent Company in relation to the closure of the previous railway service contract concluded in 2019, partially offset by the reduction in revenues for the railway freight service managed by the subsidiary Dinazzano Po.

Revenues related to the management of “**Car parks and car-sharing**” amounted to Euro 2.1 million and decreased by Euro 10.3 million compared to 2021 (Euro 12.4 million) essentially as a result of the fact that as at 1 November 2021, the services relating to parking and the issue of passes and permits in the territory of the municipality of Bologna have been entrusted to another operator, which has taken over from TPER. Therefore, 2022 only includes the amount of revenues relating to car share management, which increased by Euro 0.5 million compared to those recorded in 2021.

“**Other revenues**” amounted to Euro 74.0 million, an increase of Euro 3.9 million compared to 2021 (Euro 70.1 million) mainly due to:

- the recognition of grants collected in reference to investments in railway vehicles made in previous years and recognised in the income statement for the part relating to the depreciation already charged in previous years (for a total of Euro 2.1 million);
- the recognition, for an amount of Euro 3.5 million, of the concessions related to the recognition of an extraordinary tax credit to partially offset the higher charges incurred for the purchase of natural gas and electricity;
- higher revenues for Euro 2.5 million, related to the management services of the infrastructure called “*People Mover*” consisting of the monorail that connects Bologna airport with the central station;
- lower compensation for lost revenues, for approximately Euro 5.2 million, as a result of the COVID-19 epidemiological emergency;
- the increase in revenues for railway maintenance activities for Euro 1.6 million.

It should be noted that the item also includes an estimate of the value of the contributions to cover the increase in fuel costs recorded in the second and third quarters of 2022 used to power local and regional public transport vehicles pursuant to art. 9 of Decree Law no. 115/2022 and art. 6 of Decree Law no. 144/2022 (for Euro 1.8 million), partially offset by the reduction in excise duty refunds (for Euro 0.8 million).

“**Operating costs**” amounted to Euro 257.2 million, up by Euro 7.5 million compared to 2021 (Euro 249.8 million). The change recorded is mainly attributable to:

- the increase in “**Costs for materials**” of Euro 13.0 million, almost entirely attributable to the higher cost for fuels and natural gas for transport (Euro +11.8 million), a direct consequence of the increase in prices recorded in 2022 due to the geopolitical uncertainties related to the Russian-Ukrainian conflict;

- the reduction in the "**Cost for use of third-party assets**" of Euro 4.8 million, essentially relating to the termination of the payment of the management fee for parking services and the issue of passes and permits in the Municipality of Bologna entrusted to another operator which took over from TPER on 1 November 2021.

"**Amortisation and depreciation**", equal to Euro 21.1 million, are substantially in line with those recorded in 2021.

"**Impairment losses/(reversals)**" recorded a negative change of Euro 2.8 million and mainly refer to the write-down (amounting to Euro 2.3 million) of two railway vehicles (PESA ATR 220-036 and ATR 220-037) as a result of a specific impairment test made necessary following the presence of certain impairment indicators, including the circumstance of having to dispose of them ahead of schedule, replacing them with two electric traction trains, in compliance with the agreements entered into with the company Trenitalia Tper Scarl.

The "**Change in funds for provisions**" recorded a net allocation of Euro 6.6 million (Euro 3.2 million in 2021), in relation to; (i) the increase in allocations made to cover risks related to disputes with personnel, partially offset by the increase in interest rates used to adjust the present value of the provision; (ii) the higher allocations to the provision for inventory write-downs made to take into account its partial obsolescence and the slow turnover of part of the material in stock; (iii) other allocations for risks in relation to disputes and risks of various kinds.

The "**Operating margin (EBIT)**" is therefore positive for Euro 2.7 million, recording a decrease of Euro 11.1 million (Euro 13.8 million in 2021).

"**Financial charges net of financial income**" amounted to Euro 0.8 million and are substantially in line with those recorded in 2021.

The item "**Share of profit/(loss) from equity investments accounted for using the equity method**" shows a net loss of Euro 0.4 million, down by Euro 0.2 million compared to 2021 (Euro -0.6 million) thanks above all to the improvement in the overall economic performance recorded by the associates SETA S.p.a. and Marconi Express S.p.a.

The "**Profit before tax from continuing operations**", down by Euro 11.0 million, was a positive Euro 1.5 million (Euro 12.5 million in 2021).

The item "**Tax (charges)/income**" shows a net income of Euro 0.1 million and recorded a change of Euro 5.6 million. The decrease in tax charges was mainly affected by the full release of deferred tax assets, made in 2021, in relation to the different reference scenario that did not make it possible to anticipate that future taxable income would be able to offset temporary differences and/or tax losses in a reasonable time period.

The "**Profit for the year**", equal to Euro 1.6 million, decreased by Euro 5.4 million compared to 2021 (Euro 6.9 million).

The "**Profit for the year attributable to the Group**", equal to Euro 1.5 million, decreased by Euro 5.3 million compared to 2021 (Euro 6.7 million).

The "**Profit for the year attributable to minority interests**", equal to Euro 0.1 million, decreased by Euro 0.1 million compared to 2021 (Euro 0.2 million).

Consolidated Statement of Financial Position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION In thousands of Euro		31/12/2022	31/12/2021	Change
Tangible assets		183,133	179,604	3,529
Intangible assets		16,277	16,678	(401)
Assets for rights of use		8,861	8,206	655
Equity investments		17,274	16,503	771
Assets/(liabilities) for net deferred taxes		2,823	2,711	112
Other non-current non-financial assets/(liabilities)		(23,469)	(23,004)	(465)
Net non-current non-financial assets	**A**	**204,899**	**200,698**	**4,201**
Inventories		24,659	23,395	1,264
Trade assets		64,016	82,868	(18,852)
Trade liabilities		(68,262)	(64,606)	(3,656)
Net income tax assets/(liabilities)		2,543	6,290	(3,747)
Other net assets/(liabilities)		(29,974)	(12,877)	(17,097)
Net working capital	**B**	**(7,018)**	**35,070**	**(42,088)**
Gross invested capital	**C=(A+B)**	**197,881**	**235,768**	**(37,887)**
Funds for provisions	**D**	(53,280)	(51,207)	(2,073)
NET INVESTED CAPITAL	**E=(C+D)**	**144,601**	**184,561**	**(39,960)**
Shareholders' equity attributable to the Group		171,155	168,769	2,386
Shareholders' equity attributable to minority interests		3,154	3,140	14
Shareholders' equity	**F**	**174,309**	**171,909**	**2,400**
Bonds		31,429	63,441	(32,012)
Medium/long-term loans		25	67	(42)
Other non-current financial liabilities		1,459	880	579
Non-current liabilities for leased assets		4,572	5,464	(892)
Non-current financial assets		(35,290)	(34,388)	(902)
Net non-current financial debt	**G**	**2,195**	**35,464**	**(33,269)**
Current portion of bond loans		32,053	31,667	386
Current portion of medium/long-term loans		21	20	1
Current portion of liabilities for leased assets		3,318	2,418	900
Financial assets for contributions		(4,622)	(5,892)	1,270
Other current financial assets		(2,286)	(1,714)	(572)
Cash and cash equivalents		(60,387)	(49,311)	(11,076)
Current net financial debt	**H**	**(31,903)**	**(22,812)**	**(9,091)**
COVERAGE OF NET INVESTED CAPITAL	**I=(F+G+H)**	**144,601**	**184,561**	**(39,960)**

As at 31 December 2022, "**Net non-current non-financial assets**" amounted to Euro 204.9 million, up by Euro 4.2 million compared to 31 December 2021 (Euro 200.7 million).

The most significant item is represented by "**Tangible assets**", amounting to Euro 183.1 million (Euro 179.6 million at 31 December 2021). The increase in the item compared to 31 December 2021, equal to Euro 3.5 million, is mainly due to the balance between:

- investments, amounting to Euro 31.3 million, essentially relating to rolling stock (Euro 29.2 million) and for the remainder to infrastructural works;
- amortisation and depreciation for the year, equal to Euro 16.6 million;
- write-downs for impairment, recognised in relation to two railway vehicles, as previously commented, for Euro 2.3 million;
- grants on investments, for Euro 8.3 million.

The item "**Other non-current assets/(liabilities)**" shows a negative net balance of Euro 23.5 million as at 31 December 2022 and mainly includes the balance of the payable to the Agenzia della Mobility SRM - Società Reti e Mobilità S.r.l., equal to Euro 22.3 million, accrued by virtue of the business unit lease agreement signed on 4 March 2011 between the same agency and the company Trasporti Pubblico Bolognese S.c.r.l. at the same time as signing the service agreement for the management of the local public road transport in the Bologna area and subsequently transferred to TPER.

As at 31 December 2022, "**Net working capital**" showed a total negative value of Euro 7.0 million (compared to the positive balance of Euro 35.1 million as at 31 December 2021). The change, equal to Euro 42.1 million compared to the balance as at 31 December 2021, is mainly attributable to:

- the negative change in "**Trade assets**" for Euro 18.9 million essentially generated by the reduction in trade receivables, due to the higher collections recorded at the end of the 2022 financial year;
- the increase in "**Trade liabilities**" of Euro 3.7 million compared to 31 December 2021, mainly as a result of the higher costs recorded in 2022;
- the increase in net liabilities related to the item "**Other net assets/(liabilities)**" for Euro 17.1 million, essentially attributable to the allocation of payables for investments to be made against advances collected on certain investment grants lines.

As a result of the above, "**Gross invested capital**" amounted to Euro 197.9 million at 31 December 2022, down by Euro 37.9 million compared to 31 December 2021 (Euro 235.8 million).

The "**Funds for provisions**" recorded a net increase compared to 31 December 2021 of Euro 2.1 million due essentially to the balance between:

- the reduction in employee benefits provisions (Euro -3.8 million compared to 31 December 2021) mainly as a result of the change in the technical and economic estimation bases according to actuarial criteria of the liability for employee severance indemnity;
- the increase in other provisions (Euro +6.4 million) in relation to allocations made to cover risks and charges, partially offset by the increase in interest rates used to adjust the present value of the same provisions.

The "**Net invested capital**" therefore amounted to Euro 144.6 million, a decrease of Euro 40.0 million compared to 31 December 2021 (Euro 184.6 million).

"**Shareholders' equity**" amounted to Euro 174.3 million (Euro 171.9 million at 31 December 2021).

"**Shareholders' equity attributable to the Group**", equal to Euro 171.2 million, showed an overall increase of Euro 2.4 million compared to the balance as at 31 December 2021 (Euro 168.8 million), essentially due to the effect of the result of the statement of comprehensive income for the year net of the dividends distribution, for Euro 2.5 million, resolved upon approval of the financial statements for the year ended 31 December 2021.

“**Shareholders' equity attributable to minority interests**”, equal to Euro 3.2 million, is substantially in line with the final value as at 31 December 2021.

“**Net non-current financial debt**” as at 31 December 2022 amounted to Euro 2.2 million, down by Euro 33.3 million compared to 31 December 2021 (Euro 35.5 million). It should be noted that the reduction was affected by the change in bond loans (for Euro 32.0 million) as a result of the repayment of the first instalment of the bond loan taken out by the Parent Company in 2019 and maturing in 2024.

“**Current net financial debt**” as at 31 December 2022 shows a surplus of assets over liabilities of Euro 31.9 million, an improvement of Euro 9.1 million compared to 31 December 2021. The latter was positively affected by the increase in cash and cash equivalents recorded, equal to Euro 11.1 million, as a consequence mainly attributable to the improvement in the cash flow generated by the Group's operating activities.

The table below shows the Group’s net financial position, determined by comparing total financial liabilities to cash and cash equivalents only.

NET CONSOLIDATED FINANCIAL POSITION In thousands of Euro	31/12/2022	31/12/2021	Change
Bonds	63,482	95,108	(31,626)
Medium/long-term loans	46	87	(41)
Other financial liabilities	1,459	880	579
Liabilities for leased assets	7,890	7,882	8
Cash and cash equivalents	(60,387)	(49,311)	(11,076)
NET FINANCIAL POSITION	**12,490**	**54,646**	**(42,156)**

As at 31 December 2022, the average duration of the Group’s financial debt was approximately two years. With reference to the type of interest rate, 87% of the financial debt is expressed at a fixed rate. At the same date, the Group had a liquidity reserve of Euro 60.4 million, consisting entirely of cash and cash equivalents.

The following table shows the reconciliation of the shareholders' equity and the net result of TPER S.p.a. with the corresponding values of the consolidated financial statements.

RECONCILIATION OF THE SHAREHOLDERS 'EQUITY AND NET PROFIT OF TPER WITH THE CORRESPONDING VALUES OF THE CONSOLIDATED FINANCIAL STATEMENTS		
In thousands of Euro	Shareholders' equity (including result for the year)	Result for the year
Shareholders' equity and result of the Parent Company	159,396	1,687
Effect of subsidiary consolidation	5,881	(628)
Harmonisation of subsidiaries' financial statements with Group IFRS standards	2,548	1,165
Elimination of intercompany dividends	(82)	(82)
Consolidation adjustments	3,343	(263)
Effect of the measurement of equity investments using the equity method	67	(356)
Shareholders' equity and result pertaining to the Group	**171,153**	**1,524**
Share pertaining to third parties	3,154	81
Consolidated shareholders' equity and result for the year	**174,308**	**1,605**

Economic and financial performance of TPER S.p.A.

Economic management

RECLASSIFIED INCOME STATEMENT				
In thousands of Euro	2022	2021	Change	% Change
LPT line services	159,386	149,721	9,665	6.5%
Railway line services	8,139	6,144	1,995	32.5%
Parking and car sharing	328	11,207	(10,879)	-97.1%
Other revenues	51,525	46,780	4,745	10.1%
Operating Revenues	**219,378**	**213,852**	**5,526**	**2.6%**
Personnel costs	(89,741)	(89,159)	(582)	0.7%
Costs for services	(55,939)	(56,416)	477	-0.8%
Costs for materials	(40,971)	(29,512)	(11,459)	38.8%
Use of third-party assets	(1,095)	(5,942)	4,847	-81.6%
Other operating costs	(4,185)	(4,106)	(79)	1.9%
Operating costs	**(191,931)**	**(185,135)**	**(6,796)**	**3.7%**
Gross operating margin (EBITDA)	**27,447**	**28,717**	**(1,270)**	**-4.4%**
Amortisation/depreciation	(16,921)	(16,630)	(291)	1.7%
Value write-downs/(reversals)	(2,894)	846	(3,740)	-442.1%
Change in funds for provisions	(5,876)	(2,451)	(3,425)	139.7%
Operating margin (EBIT)	**1,756**	**10,482**	**(8,726)**	**-83.2%**
Financial charges net of financial income	(529)	(597)	68	-11.4%
Profit before taxes from operating activities	**1,227**	**9,885**	**(8,658)**	**-87.6%**
Tax charges	460	(4,766)	5,226	-109.7%
PROFIT/(LOSS) FOR THE YEAR	**1,687**	**5,119**	**(3,432)**	**-67.0%**

"**Operating revenues**" in 2022 amounted to Euro 219.4 million, up by Euro 5.5 million compared to 2021 (Euro 213.9 million).

Revenues relating to "**LPT line services**" amounted to Euro 159.4 million, up Euro 9.7 million compared to 2021 (Euro 149.7 million) mainly due to:

- growth in revenues from travel tickets of approximately Euro 8.6 million, attributable to the increase in passenger traffic;
- reduction of the minimum additional fees paid by the agencies for Euro 0.8 million;

- growth in revenue volumes from sanctions for Euro 1.6 million.

Revenues from "**Railway line services**" amounted to Euro 8.1 million, up by Euro 2.0 million compared to 2021 (Euro 6.1 million) mainly due to the income recognised in 2022 in relation to the closure of the previous railway service contract concluded in 2019.

Revenues related to the management of "**Car parks and car-sharing**" amounted to Euro 0.3 million and decreased by Euro 10.9 million compared to 2021 (Euro 11.2 million) essentially as a result of the fact that as at 1 November 2021, the services relating to parking and the issue of passes and permits in the territory of the municipality of Bologna have been entrusted to another operator, which has taken over from TPER. Therefore, 2022 only includes the amount of revenues relating to car share management activities, which are essentially in line with those recorded in 2021.

"**Other revenues**" amounted to Euro 51.5 million, an increase of Euro 4.7 million compared to 2021 (Euro 46.8 million) mainly due to:

- higher reimbursements related to the reversal of costs incurred for services provided to subsidiaries and associates for Euro 0.7 million;
- the recognition of grants collected in reference to investments in railway vehicles made in previous years and recognised in the income statement for the part relating to the depreciation already charged in previous years (for a total of Euro 2.1 million);
- higher revenues for Euro 2.5 million, related to the management services of the infrastructure called "*People Mover*" consisting of the monorail that connects Bologna airport with the central station.

It should be noted that the item also includes the value of compensation for lost revenues resulting from the COVID-19 (for approximately Euro 14.0 million), as well as the estimate of the value of the contributions to cover the increase in fuel costs recorded in the second and third quarters of 2022 used to power local and regional public transport vehicles pursuant to art. 9 of Decree Law no. 115/2022 and art. 6 of Decree Law no. 144/2022 (for Euro 1.8 million).

"**Operating costs**" amounted to Euro 191.9 million, up by Euro 6.8 million compared to 2021 (Euro 185.1 million). The change recorded is mainly attributable to:

- the increase in "**Costs for materials**" of Euro 11.5 million, almost entirely attributable to the higher cost for fuels and natural gas for transport (Euro +11.4 million) and the higher cost for electricity (Euro +1.0 million), a direct consequence of the increase in prices recorded in 2022 due to the geopolitical uncertainties related to the Russian-Ukrainian conflict;
- the reduction in the "**Cost for use of third-party assets**" of Euro 4.8 million, essentially relating to the termination of the payment of the management fee for parking services and the issue of passes and permits in the Municipality of Bologna entrusted to another operator which took over from TPER on 1 November 2021.

"**Amortisation and depreciation**", equal to Euro 16.9 million, are substantially in line with those recorded in 2021.

"**Impairment losses/(reversals)**" recorded a negative change of Euro 3.7 million and mainly refer to the write-down, for Euro 2.3 million, of two railway vehicles (PESA ATR 220-036 and ATR 220-037) as a result of a specific impairment test made necessary following the presence of certain impairment indicators, including the circumstance of having to dispose of them ahead of schedule, replacing them with two electric traction trains, in compliance with the agreements entered into with the company Trenitalia Tper Scarl.

The "**Change in funds for provisions**" recorded a net allocation of Euro 6.0 million (Euro 2.5 million in 2021), in relation to; (i) the increase in allocations made to cover risks related to disputes with personnel partially offset by the increase in interest rates used to adjust the present value of the provision; (ii) the higher allocations to provision for inventory write-downs made to take into account its partial obsolescence and the slow turnover of the material in stock; (iii) other allocations for risks in relation to disputes of various kinds.

The "**Operating margin (EBIT)**" is therefore positive for Euro 1.8 million, recording a decrease of Euro 8.7 million (Euro 10.5 million in 2021).

"**Financial charges net of financial income**" amounted to Euro 0.5 million and are substantially in line with those recorded in 2021.

The "**Profit before tax from continuing operations**", down by Euro 8.7 million, was a positive Euro 1.2 million (Euro 9.9 million in 2021).

The item "**Tax (charges)/income**" shows a net income of Euro 0.5 million and recorded a change of Euro 5.2 million. The decrease in tax charges was mainly affected by the full release of deferred tax assets, made in 2021 in relation to the different reference scenario that does not make it possible to anticipate that future taxable income will be able to offset the temporary differences and/or tax losses that had generated in a reasonable time period Instead, the net tax income recorded in 2022 is a consequence of the participation of TPER and its subsidiaries Dinazzano Po S.p.A. and MAFER S.p.A. in the optional national tax consolidation scheme that allows companies of the same group to calculate the IRES in a unitary manner.

The "**Profit for the year**", equal to Euro 1.7 million, decreased by Euro 3.4 million compared to 2021 (Euro 5.1 million).

Economic and financial structure

RECLASSIFIED STATEMENT OF FINANCIAL POSITION				
In thousands of Euro		**31/12/2022**	**31/12/2021**	**Change**
Tangible assets		166,706	162,230	4,476
Intangible assets		394	401	(7)
Assets for rights of use		2,297	3,213	(916)
Equity investments		57,429	57,429	0
Assets/(liabilities) for net deferred taxes		(207)	0	(207)
Other non-financial assets/(liabilities)		(23,469)	(22,934)	(535)
Net non-current non-financial assets	**A**	**203,150**	**200,339**	**2,811**
Inventories		13,450	12,313	1,137
Trade assets		52,540	73,149	(20,609)
Trade liabilities		(59,595)	(55,907)	(3,688)
Net income tax assets/(liabilities)		1,990	3,450	(1,460)
Other net assets/(liabilities)		(28,156)	(9,852)	(18,304)
Net working capital	**B**	**(19,771)**	**23,153**	**(42,924)**
Gross invested capital	**C=(A+B)**	**183,379**	**223,492**	**(40,113)**
Funds for provisions	**D**	(49,247)	(46,842)	(2,405)
NET INVESTED CAPITAL	**E=(C+D)**	**134,132**	**176,650**	**(42,518)**
Shareholders' equity	**F**	**159,396**	**158,267**	**1,129**
Bonds		31,429	63,441	(32,012)
Other non-current financial liabilities		1,253	347	906
Non-current liabilities for leased assets		837	1,911	(1,074)

Non-current financial assets		(35,296)	(34,778)	(518)
Net non-current financial debt	**G**	**(1,777)**	**30,921**	**(32,698)**
Current portion of bond loans		32,053	31,667	386
Current portion of liabilities for leased assets		1,593	1,851	(258)
Financial assets for contributions		(5,893)	(5,892)	(1)
Other current financial assets		(2,286)	(1,714)	(572)
Cash and cash equivalents		(48,954)	(38,450)	(10,504)
Current net financial debt	**H**	**(23,487)**	**(12,538)**	**(10,949)**
COVERAGE OF NET INVESTED CAPITAL	**I=(F+G+H)**	**134,132**	**176,650**	**(42,518)**

As at 31 December 2022, "**Net non-current non-financial assets**" amounted to Euro 203.2 million, up by Euro 2.8 million compared to 31 December 2021 (Euro 200.3 million).

The item is mainly represented by "**Tangible assets**", amounting to Euro 166.7 million (Euro 162.2 million as at 31 December 2021). The increase in the item compared to 31 December 2021, equal to Euro 4.5 million, is mainly due to the balance between:

- investments, amounting to Euro 30.3 million, essentially relating to rolling stock (Euro 29.1 million) and for the remainder to infrastructural works;
- amortisation and depreciation for the year, equal to Euro 15.0 million;
- write-downs for impairment, recognised in relation to two railway vehicles, as previously commented, for Euro 2.3 million;
- grants on investments, for Euro 8.3 million.

The item "**Other non-current assets/(liabilities)**" shows a negative net balance of Euro 23.5 million as at 31 December 2022 and includes the balance of the payable to the Agenzia della Mobility SRM - Società Reti e Mobilità S.r.l., equal to Euro 22.3 million, accrued by virtue of the business unit lease agreement signed on 4 March 2011 between the same agency and the company Trasporti Pubblico Bolognese S.c.r.l. at the same time as signing the service agreement for the management of the local public road transport in the Bologna area and subsequently transferred to TPER.

As at 31 December 2022, "**Net working capital**" showed a total negative value of Euro 19.8 million (compared to the positive balance of Euro 23.2 million as at 31 December 2021). The change, equal to Euro 42.9 million compared to the balance as at 31 December 2021, is mainly attributable to:

- the negative change in "**Trade assets**" for Euro 20.6 million essentially generated by the reduction in trade receivables, from subsidiaries (Euro -8.6 million compared to 31 December 2021) and those from associates (Euro -13.3 million compared to 31 December 2021), due to the higher collections recorded at the end of the 2022 financial year;
- the increase in "**Trade liabilities**" of Euro 3.7 million compared to 31 December 2021, mainly as a result of the higher costs recorded in 2022;
- the increase in net liabilities related to the item "**Other net assets/(liabilities)**" for Euro 18.3 million, essentially attributable to the allocation of payables for investments to be made against advances collected on certain investment grants lines.

As a result of the above, "**Gross invested capital**" amounted to Euro 183.4 million as at 31 December 2022, down by Euro 40.1 million compared to 31 December 2021 (Euro 223.5 million).

The "**Funds for provisions**" recorded a net increase compared to 31 December 2021 of Euro 2.4 million due essentially to the balance between:

- the reduction in employee benefits provisions (Euro -3.5 million compared to 31 December 2021) mainly due to the change in the technical and economic estimation bases according to actuarial criteria of the liability for employee severance indemnity;
- the increase in other provisions (Euro +5.9 million) in relation to allocations made to cover risks and charges, partially offset by the increase in interest rates used to adjust the present value of the provisions.

The "**Net invested capital**" therefore amounted to Euro 134.1 million, a decrease of Euro 42.5 million compared to 31 December 2021 (Euro 176.7 million).

"**Shareholders' equity**" amounted to Euro 159.4 million and increased by Euro 1.1 million compared to the balance as at 31 December 2021 (Euro 158.3 million) due to the effect of the result of the statement of comprehensive income for the year net of the dividends distribution, for Euro 2.5 million, resolved upon approval of the financial statements for the year ended 31 December 2021.

"**Net non-current financial debt**" as at 31 December 2022 shows an excess of assets over liabilities of Euro 1.8 million, down by Euro 32.7 million compared to 31 December 2021, mainly as a result of the repayment of the first instalment of the bond loan taken out by TPER in 2019 and maturing in 2024.

"**Current net financial debt**" as at 31 December 2022 also shows a surplus of assets over liabilities of Euro 23.5 million, an improvement of Euro 10.9 million compared to 31 December 2021. The latter was positively affected by the increase in cash and cash equivalents recorded, equal to Euro 10.5 million generated by the net improvement in the cash flow generated by the company's operating activities.

The table below shows the net financial position of TPER determined as the differential between debt for bonds, liabilities for leased assets and cash and cash equivalents.

In thousands of Euro	31/12/2022	31/12/2021	Change
Bonds	63,482	95,108	(31,626)
Liabilities for leased assets	2,430	3,762	(1,332)
Cash and cash equivalents	(48,954)	(38,450)	(10,504)
NET FINANCIAL POSITION	**16,958**	**60,420**	**(43,462)**

As at 31 December 2022, the average duration of the TPER's financial debt was approximately two years. With reference to the type of interest rate, considering that the only variable rate liabilities are made up of liabilities for leased assets, 96% of financial debt is expressed at a fixed rate.

As at 31 December 2022, the Company had a liquidity reserve of Euro 48.9 million represented by cash and cash equivalents.

Operational management and main events of 2022

The year 2022 was fundamental in the evolution of the TPER Group: many goals were achieved, many others are in the process of implementation for travellers, the development of the areas served and for all our stakeholders.

Today we are an industrial group that integrates different skills from road transport to trolley bus transport, from rail freight to passenger transport, from sustainable technologies to innovative mobility services; ready to face the challenges entailed in the daily management of a complex and essential network for the mobility of people and goods within the Emilia-Romagna Region.

We operate with experience, professionalism and a high sense of responsibility, supported by a solid shareholding structure.

The mobility world is going through a phase of profound and rapid change: from the technological revolution driven by the energy transition, to the development of driver support technologies, up to assisted, autonomous and connected driving. In this context, in consideration of the growing demand for mobility and the age of the vehicle fleet and the infrastructural network, it is essential to modernise and strengthen our infrastructural system, becoming a reference point for the development of an increasingly sustainable, safe and intelligent future mobility, with new innovative services for customers.

Every day we work to ensure the highest standards are achieved, both in terms of the safety of users and workers, and in terms of the quality of the services offered.

Management of the post-pandemic phase

During 2022, we continued our activity aimed at relaunching LPT, also through checks on transport demand and on the evolution has and is experiencing, taking into account the new scenarios deriving from the pandemic crisis, as well as the pervasiveness of technological innovation. We have carried out our action in line with the important developments in technologies and digitalisation in support not only of industrial processes, but also of users in relation to their use of public transport.

Although pre-pandemic data were not reached, 2022 recorded a gradual recovery in demand, thanks to the slowdown in the restrictive measures imposed to deal with the COVID-19 epidemiological emergency. Passengers transported increased by 19% compared to 2021, which in turn had already shown a recovery, albeit contained.

The positive data for 2022 show a high level of satisfaction with the TPER public service, reinforced by the policies of the Emilia-Romagna Region which, also with the collaboration of local Administrations, supported incentives for public transport use through, for example, initiatives for free use of passes (“Salta Su” for students under 19), promoted in synergy with the Travel Pass Campaign supported by TPER.

The emergency situation linked to the spread of COVID-19, which continued in the first few months of 2022, was followed by an exponential increase in fuel and electricity costs, which was further exacerbated as a result of the worsening of the Russian-Ukrainian conflict.

In this context, we have constantly monitored the company's situation, verifying the potential impacts on our planning and in any case committing ourselves to maintaining our commitments in terms of investments, attention to the quality of services and to our users. However, the significant increase in raw material prices has had a significant impact on our costs and final results.

For 2022, it should also be noted that, through the Emilia-Romagna Region, the Ministry of Economic Development recognised a subsidy reserved for citizens residing in the Municipalities involved in hydrocarbon extraction activities. This concession consisted of a partial reimbursement of the amount of the annual travel pass (initiative also in force for 2020/2021 annual passes). We have handled the related procedure, giving users the possibility, where conditions are met, to submit a request for the reimbursement of Hydrocarbons for passes purchased from 1 August 2020 to 31 July 2021, from February 2022 (with the deadline for submitting applications of 30 April 2022).

Promotion of intermodality and digitalisation

During 2022, we continued to focus on the quality of the transport service provided, also with a view to promoting MaaS (Mobility as a Service) platforms, able of providing information to users in an extensive manner and offering integrated mobility services.

We continued to promote the intermodality of transport services through the implementation of tariff incentive policies, Mobility Management Agreements (both through car-sharing and public transport), subsidies in the complementary use of forms of public mobility, etc.

The further digital development action undertaken in the ticketing system, alongside the Emilia-Romagna Region, represented an important factor in the recovery of the transport system and demand, gradually changing the users' habits, in particular of occasional users. In fact, digitalisation represents an important factor in the overall program for the redefinition of a new mobility model that provides for greater intermodality, but also usability.

While continuing to guarantee the usability of all payment methods previously in place, we have worked to further spread the tools facilitating access to transport, such as the purchase of travel tickets through the app and through the EMV contactless payment system with a credit or debit card directly on board the vehicles. The significant increase in the number of tickets purchased through these methods, and in particular through bank cards, confirms the effectiveness of systems based on speed, security and convenience.

The EMV system (developed in collaboration with TEP, START and SETA and co-financed by the Emilia-Romagna Region) is now present on almost all urban lines and is expected to be extended to full coverage of the extra-urban network during 2024.

The year 2022 also saw an increase in the use of the ROGER digital platform (multifunctional application for e-ticketing, infomobility and global travel assistance) which makes it possible not only to purchase tickets and passes, turning a smartphone into a technological substitute for the travel ticket itself, but also to plan an intermodal journey, with regional buses and trains, and make the related electronic payments and validations on board the vehicles.

CORRENTE® electric car-sharing

When implementing the company plans, and in line with the regional objectives for the development of *sharing mobility,* especially electric, and local planning (especially PUMS), in 2022 we continued to promote the free-flow car-sharing service, with a fully electric fleet, further extending its territorial scope: after Bologna, Ferrara, Casalecchio di Reno (BO) and Rimini, from May 2022 the service was in fact expanded to the town of Imola.

The “CORRENTE” service allows to start a route in one town and close it in a different town. Since its inception, Corrente free-flow car-sharing has also proved particularly useful for university students, for businesses and their employees who need to travel between different towns for work or other needs.

The promotion of car-sharing also took place through the signing of Mobility Management Agreements, with the aim of encouraging collective transport for home-work mobility and reducing the rate of environmental pollution, meeting the systematic mobility needs of employees. In order to further integrate the use of non-polluting transport methods, these agreements envisage special concession forms for the use of free floating car-sharing for the employees of the participating companies.

We continue to be committed to monitoring and updating our business planning in order to identify the best strategies for the development of car-sharing and forms of sharing mobility.

Investments in compliance with environmental sustainability objectives

GRI STANDARDS	203-1

In 2022, our commitment continued in terms of renewing the vehicle fleet and related infrastructure as well as new technologies for a mobility more responsive to user needs. The investments in 2022 were made in accordance with our Investment Plan and in line with the objectives of the Emilia-Romagna Region and the PUMS of the cities of Bologna and Ferrara, according to the long-term investment strategy already undertaken - aimed at maximum environmental sustainability and compliance with national planning and environmental sustainability objectives, linked to the 2030 Agenda, for the reduction of the average age of the vehicle fleet, LPT decarbonisation, etc.

Part of the investments were made by drawing on the resources of different sources of financing (REACT-EU, NRRP complementary fund and new NRRP, in addition to the funding already provided, including the PSNMS RER, Municipalities 100k inhabitants PSNMS and High pollution Municipalities PSNMS, etc.), appropriately supplemented through self-financing.

In 2022, we put into operation 84 new low environmental impact vehicles, in line with the strategic guidelines outlined through the investment plan, which envisage: (i) greater use of electric vehicles, according to a gradual and progressive development approach in order to test technological innovations, while monitoring market dynamics linked to the development of electric charging technologies; (ii) the use of hybrid vehicles and natural gas, CNG and liquid methane-LNG vehicles, especially for suburban and extra-urban service, as they are more suitable for longer distances; (iii) the inclusion of hydrogen-powered vehicles for urban service.

Therefore, we continue our journey aimed at creating an “integrated” system of transport means based on different supply methods, all equally valid and efficient according to the different service areas.

Start of works relating to lot 1 according to the final design of the PIMBO

In 2022, we continued to play an active role, to the extent of our competence, in order to promote the continuation of the interventions relating to the final design of the PIMBO, also as part of the various project's Supervisory Boards that were regularly held during the year and in whose offices discussions with the reference bodies continued.

In particular, for 2022, the Project Review of the Definitive Project was prepared, in line with the indications received from the competent bodies at local level, whose documentation was presented at the Services Conference of the Municipality of Bologna. The interventions were also implemented and the activities under our responsibility were carried out, as agreed by the Supervisory Board.

The definition of the administrative investigation aimed at issuing the Interministerial Decree preparatory to the disbursement of resources and the consequent operational start of the investments envisaged by the project and the tender procedures for the supply of trolley buses is currently pending. In this regard, we hope for a rapid definition of this process in order to launch the activities and investments under our responsibility.

Tariff integration policies

Also in 2022, we actively collaborated in the implementation of the initiatives taken by Institutions to support demand, in compliance with the LPT development objectives envisaged by national and local regulations. In particular, the interventions concerning the “Mi muovo anche in città" tariff integration were fully implemented, as well as the free actions implemented by the Emilia-Romagna Region (such as, for example, the dedicated "Salta Su" formula dedicated to young people under 19), in addition to Mobility management initiatives (aimed at guaranteeing connections to production/industrial areas and facilitating employees of Companies and Institutions reaching their workplaces).

With reference to the free initiatives of the Emilia-Romagna Region, we also highlight our commitment in the context of the relative operational implementation, through the development of information systems suitable for management also on behalf of the other regional LPT companies.

It should be noted that, also by virtue of the aforementioned measures - which were promoted synergistically through an important season ticket campaign - in 2022 the total number of TPER public transport annual ticket holders increased by 25.7% compared to 2021 and more than 20% compared to 2019 (pre-Covid).

In addition to the initiatives mentioned above, in 2022 the "Transport bonus" (income-related subsidy, envisaged by the Government from September 2022) was added, and which was promptly executed, implementing administrative procedures consistent with those dictated by the Ministry. The initiatives to support demand with a view to social equity are also relevant for the LPT development objectives. The "TRANSPORT BONUS" operation was managed through the e-commerce section of our website, which can be accessed to buy or renew an annual pass, as well as by strengthening the ticket offices (branches open to the public) in Bologna and Ferrara, with important work, especially in consideration of the significant adherence to this form of subsidy

Continuation of the business combination project

During the last half of 2022, the study project for the aggregation between regional LPT companies was formally restarted, in line with the guidelines of the Emilia-Romagna Region, the Municipality and the Metropolitan City of Bologna, and the Shareholders of the respective companies involved. The new activities started in the wake of the work already undertaken in 2021 to update the dedicated project, also taking into account the industrial synergies already achieved, together with the other companies of the Emilia-Romagna Region.

In this context, starting from the end of 2022, in addition to the technical study part, discussions continued between the Emilia-Romagna Region, the local authorities involved and the representatives of the individual LPT companies (currently Seta S.p.A. and Start Romagna S.p.A.) aimed at defining the process for the implementation of the industrial project, as well as for the definition of the transaction's possible organisational and implementation scenarios. The update of the study is currently in the analysis and close examination phase, taking into account important issues such as the extensions of service contracts in the various reference areas and the sector's regulatory and economic context.

Events after 31 December 2022

TPH2, the new company for integrated hydrogen charging systems

In January 2023, the new company TPH2 was established, which represents a first turning point in a process that began last autumn, when the Group began working on the hydrogen project as part of the energy mix intended for local public transport in the two areas of Bologna and Ferrara.

The new Group company was established between TPER S.p.A. (which holds 51% of its share capital) and HGENERATION S.r.l., a company of the Italian division of the Wolftank group, an international leader in the development and implementation of hydrogen mobility solutions.

This confirms the custom of operating in partnership with entities that have developed specific skills in the sector, an operational-industrial partner having already been identified, through a public selection process, in a company of the Wolftank Group, for the establishment of the company.

A further step in the Group's ecological path, which continues to invest in the use of clean energy for the energy transition. TPH2 will be responsible for creating integrated hydrogen recharging systems for buses, in accordance with the NRRP deadlines.

In this way, what is already set forth in the agreement signed between the Municipality of Bologna, the Parent Company TPER and the SRM mobility agency is implemented to renew the vehicle fleet of the local public transport service with zero-emission vehicles with 127 vehicles, one of the actions of renewal of the current fleet and of the essential infrastructures that are part of the urban decarbonisation path that aims at climate neutrality by 2030 in Bologna, included among the 100 European cities with zero impact as part of the Horizon Europe mission of the European Commission. A similar protocol is being defined with the Municipality of Ferrara for 10 additional vehicles, also financed by the NRRP.

IRAP tax dispute 2011

On 30 January 2023, the appeal filed by the Parent Company TPER against ruling no. 255/2016 issued by the Bologna Provincial Tax Commission was rejected by the judgement of the second instance Court of Justice of Emilia-Romagna.

The facts originate from the assessment notice sent by the Revenue Agency to contest an overall higher IRAP tax, for the year 2011, ascertained at Euro 1.3 million, plus penalties and interest. The main issue concerned the conviction of ATC in liquidation not to operate under the concession and tariff regime. Consequently, the same company considered that it could legitimately benefit from the flat-rate labour cost deduction from IRAP pursuant to art. 11 of Italian Legislative Decree no. 446/1997. The Revenue Agency held the opposite view and, by virtue of art. 173 of Presidential Decree no. 917/1986 and of the joint liability in the event of merger, also included TPER S.p.A. in its claim.

With ruling no. 2/8/2020, delivered on 15 November 2019, the Regional Tax Commission rejected the taxpayer TPER's appeal. In particular, the appeal decision considered that the substantive objections concerning the validity of the IRAP recovery were to be rejected because they had already been decided, in favour of the Administration, in which ATC S.p.A. in liquidation was a party, concerning the same assessment notice under discussion.

The company TPER S.p.A. challenged ruling no. 2/08/2020, requesting its cassation; on the other hand, no further appeal was brought against the company ATC in liquidation, against which the decision became final.

The Court of Cassation, Section V, with ruling no. 6610 delivered at the hearing of 23 February 2022, quashed the ruling of the Emilia-Romagna Regional Tax Commission, on the basis of the finding of an apparent justification that did not include the reasons for the decision. As a result of this ruling, TPER filed a petition for the resumption of proceedings, which, however, was decided against the appellant, confirming the contested ruling.

It should be noted that the risk of losing does not entail significant outlays for the Company, in light of the fact that the amount of the tax has already been paid. In any case, with regard to the decision of the Regional Tax Commission of Emilia-Romagna, TPER is evaluating the opportunity to challenge the decision before the Court of Cassation.

New credit lines to support the investment plan

In order to strengthen liquidity, in view of the investments the Group is committed to, in May 2023 the Parent Company TPER finalised a financing transaction divided into three separate loans, namely:

- a revolving loan, contracted with a pool of lenders, for a maximum principal amount of Euro 65 million to be used to support the investment plan relating to the renewal and improvement of the rolling stock and related infrastructure pending the provision by part of the competent mobility agency and / or other competent subject (Emilia-Romagna Region, Municipality of Bologna, Municipality of Ferrara, Ministry of Infrastructures) of an amount corresponding to certain public contributions intended in the last instance to TPER. The loan is regulated at a floating rate and has a duration of four years;
- a term loan, backed by a "Sace Green" guarantee, for a total principal amount of up to Euro 15 million to be used to support investments in the regulated bus fleet at a variable rate and with a duration of eight years;
- a term loan, backed by a "Sace Green" guarantee, for a total amount of principal of approximately Euro 12 million to be used to support investments in the train fleet regulated at variable rates and with a duration of 10 years.

The first two lines are sustainability-linked and envisage a margin adjustment linked to the achievement of specific ESG objectives.

To guarantee the payment obligations deriving from the loans taken out, a set of guarantees ("*Security Package*") is envisaged for which TPER, in accordance with the commitments set forth in the terms and conditions of the bond issued, requested specific consent from the bondholders. The Bondholders' Meeting, which met on 18 May 2023, unanimously resolved to consent to the establishment of the Security Package also in partial derogation of art. 5.6 of the terms and conditions of the bond loan, against the extension of the guarantees related to the receivables from termination indemnities of the Bologna and Ferrara areas also with respect to the Bondholders.

Bad weather emergency

Starting from 5 May 2023, a strong wave of bad weather affected, in particular, the provinces of Bologna, Forlì-Cesena and Ravenna. According to the data provided by the Emilia-Romagna Region, 23 rivers and watercourses in the region have overflowed and 13 have exceeded the alarm level. As a result of the floods, the road and railway infrastructure suffered considerable damage, with consequent impacts on the services provided and on people's mobility.

In coordination with the crisis units set up by authorities and institutions, the Group constantly monitors the situation, guaranteeing local public transport services, where possible and compatible with safety conditions. At the same time, a survey is being carried out on any damage suffered by vehicles and road infrastructures in order to adequately remodel the service, ensuring people's mobility.

Business outlook

In 2023, the Group continued to implement its transformation plan towards an integrated and technologically advanced mobility management model that focuses on sustainability, safety and innovation. In addition to fully implementing the actions undertaken, there are many objectives that we are realising to serve travellers and all stakeholders in the territories served.

We envisage a further boost to investments and maintenance for the modernisation and enhancement of mobility services, with the aim of regenerating and strengthening both the vehicle fleet and the managed infrastructure system, increasing the useful life of mobility assets as well as strengthening their resilience also against adverse weather events.

In light of the 2023 reference framework, which envisages a still uncertain macroeconomic context in consideration of the continuation of the ongoing geopolitical crisis, it is estimated that passengers volumes may record a limited increase compared to 2022, and not yet in line with 2019 pre-pandemic levels.

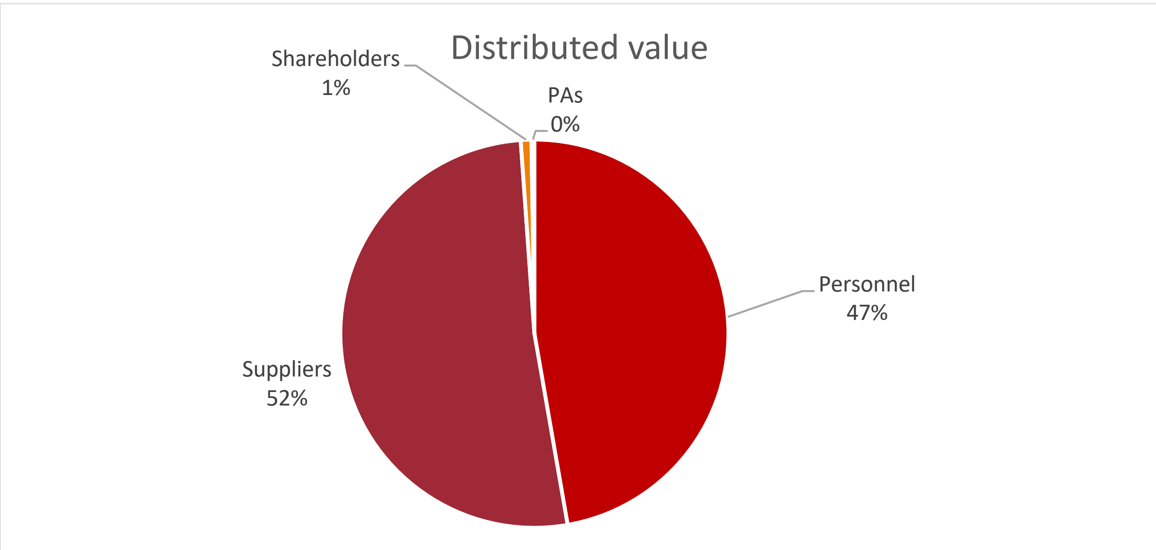
The Group's objectives will be pursued while continuing to commit to a sound and balanced financial structure.

Distributed economic value

GRI STANDARDS	201-1 201-4

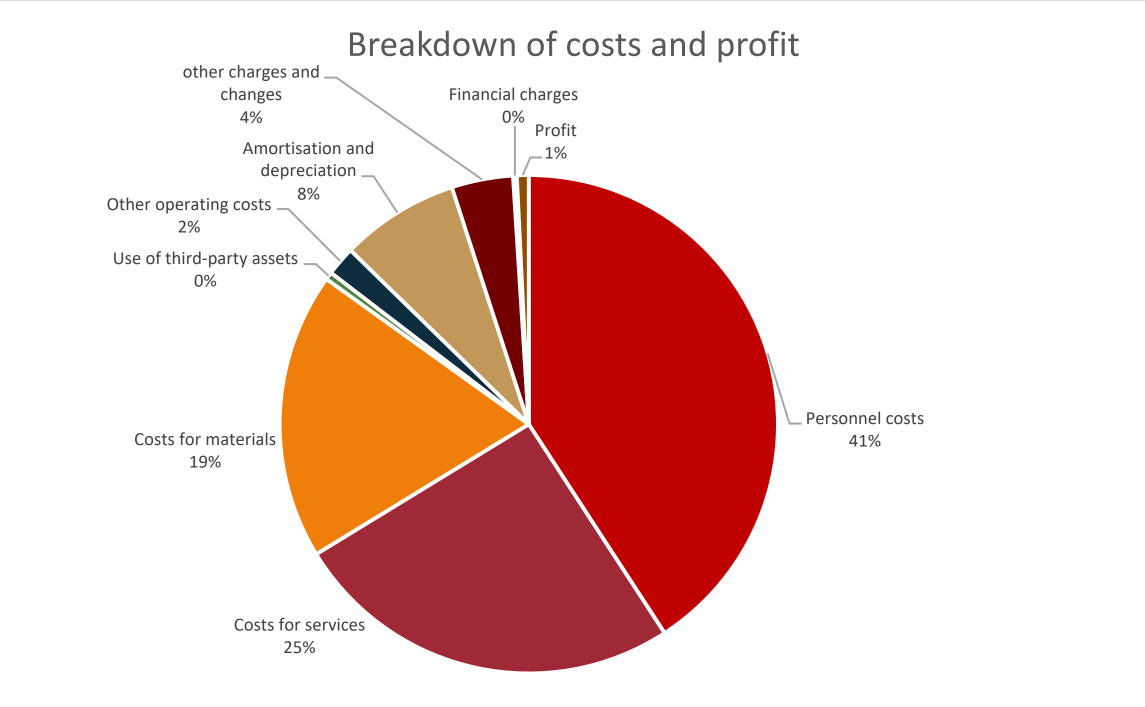
With reference to the distributed value (GRI 201-1), which considers shareholders, personnel, suppliers and public administration, it should be noted that 47% of the value is aimed at employees, 52% at suppliers and 1% at shareholders.

Amounts in Euro/000	2021	2022
Personnel costs	89,159	**89,741**
Costs for services	56,416	**55,939**
Costs for materials	29,512	**40,971**
Use of third-party assets	5,942	**(1,095)**
Other operating costs	4,106	**4,185**
Amortisation/depreciation	16,630	**16,921**
other charges and changes	1,605	**8,770**
Financial charges	597	**529**
Profit	5,119	**1,687**



Extending the analysis to consider all TPER's employees, considering specifically all costs of the consolidated income statement and the corporate profit, it can be demonstrated that 41%

is distributed by TPER to human resources (personnel). This circumstance relates to the nature of the managed activity, which can be defined as "labour intensive". Most of the employees reside in the area where TPER operates. The distribution of value to employees therefore also indirectly contributes to the creation of value for the local community, as this wealth is then redistributed in the form of further consumption and purchases in the reference area. Suppliers account for 46% of the distributed value (which includes raw materials, services, lease and rental costs and other costs), while 8% of the value goes towards the reconstruction of invested capital (depreciation and amortisation expenses). Smaller proportions go towards other charges and changes and to lenders for loan payments.



Note: unlike the distributed value by recipient, the analysis of the distributed value based on the cost deriving from the income statement also takes into account depreciation and amortisation, write-downs, financial charges and the change in provisions.

Government grants

During 2022, TPER received grants for capital expenditures totalling Euro 3.5 million from the Emilia-Romagna Region and Euro 2.1 million from the Ministry of Infrastructure and Transport (MIT).

Again for investments, it received Euro 17.5 million from the Municipality of Bologna, Euro 2.9 million from AMI and Euro 2.5 million from SRM, the mobility agencies of Bologna and Ferrara respectively.

Partly current, TPER received from the mobility agencies SRM and AMI about Euro 13.7 million as compensation for the lost revenues due to Covid-19 and about Euro 12.2 million as a contribution to the higher costs of the NCLA (national collective labour agreement). TPER also received Euro 1.5 million from the Ministry of Labour as a grant for illness charges (Italian Law no. 266/2005).

For more details on the public grants received, please refer to the paragraph Subsidies, grants, paid assignments and economic benefits pursuant to Italian Law no. 124/2017.

	Contributions
Customs Agency	1,817,199
Revenue Agency	1,554,069
Mobility agencies	13,700,389
AMI Ferrara	5,260,073
Municipality of Bologna	17,538,520
City Council of Ferrara	1,469,670
Municipality of San Lazzaro	275,222
Ministry of Labour	1,485,279
Ministry of Infrastructure and Transport	2,149,162
Region of Emilia-Romagna	3,513,395
SRM Bologna	12,218,065
TOTAL RECEIVED	60,981,044

Analysis of the economic impact on the area –extended value analysis

GRI STANDARDS	2-6 203-2 204-1

In general, the development of a mobility company for public or collective transport in the area has significant impacts of both a direct and indirect nature. This impact concerns created and distributed wealth, the effect on the environment, on traffic congestion, on the reduction of road accidents, as well as on the development of knowledge and skills, the possibility of contributing to innovation and the creation of networks and relationships.

The increase in company size and its strengthening as an industrial group ensures a stable or growing demand for supplies and services on favourable terms. Whereas demand is guaranteed, favouring the retention of suppliers and service providers, on the other hand the definition of purchasing methods oriented to more economically advantageous offers means suppliers also become more efficient and are thus required to grow and focus on innovation and specialisations, thus creating a virtuous driving force in terms of maintaining employment and increasing specialisation and training.

The possibility of ensuring workers and families have an alternative and economical travel solution frees up resources which can be used on other things or put aside for savings, in both cases contributing to the welfare of consumers. In the event that the savings achieved by using public transport are used for other expenses, these expenses can have a direct and indirect impact on the area.

A first important effect can be seen on companies which should be viewed not only as suppliers but, including through their workers, as "customers" of transport services able to ensure consistent and comfortable transfers.

On this topic, with a view to regional planning with the competent bodies and dialogue with companies, it is possible to work on providing a widespread and prompt service that does not hinder, but rather advances, the development of businesses located in the area served.

At the same time, it is possible to envisage promotion/agreement initiatives for the workers of these companies, collaborating to ensure sustainable traffic flows, suitable connections and therefore an effective network between the workplace and housing, in other words convenient and punctual solutions for workers.

The use of local public transport systems in fact represents an ecological alternative to the use of private cars powered by fossil fuels, contributing to an improvement in the ecological footprint, the reduction of CO_2 and other greenhouse gases released into the atmosphere, the reduction in road traffic congestion and the number of serious accidents.

A widespread transport network can facilitate and provide incentives for companies to locate themselves strategically with regard to traffic flows, generating a positive impact on real estate values, particularly near the hubs of this network.

In light of all these aspects, investment, innovation, technology development and the quest for quality in the public transport sector are key elements for economic strategies both at national level and at the level of regional, provincial and local administrations. In fact, investments and development in this sector have a real multiplier effect that benefits a wide range of stakeholders.

TPER directs its business model towards the principles of innovation and sustainability, taking care to create "superior" value for its stakeholders, contributing to the sustainable development of the company and the territory in the broadest sense.

The indicators taken into consideration for assessing the impact of TPER are:

- The added value, i.e. the difference between the value of production and the costs incurred for the purchase of production input from outside the company (Economic Value Added, EVA), i.e. the value that the production factors used by the company, capital and labour, have "added" to the inputs purchased from outside and which thus remunerate the internal production factors.
- Taxation, or the share of wealth generated that will then be redistributed as public goods to the community.
- The number of workers employed directly and indirectly as a result of the Group's business activities.

It is therefore a matter of determining the direct economic impact due to the activity of the company, the indirect impact generated by lead suppliers, and finally the induced value. The estimate of the extended value in favour of the various social and economic players derives from the combination of these elements.

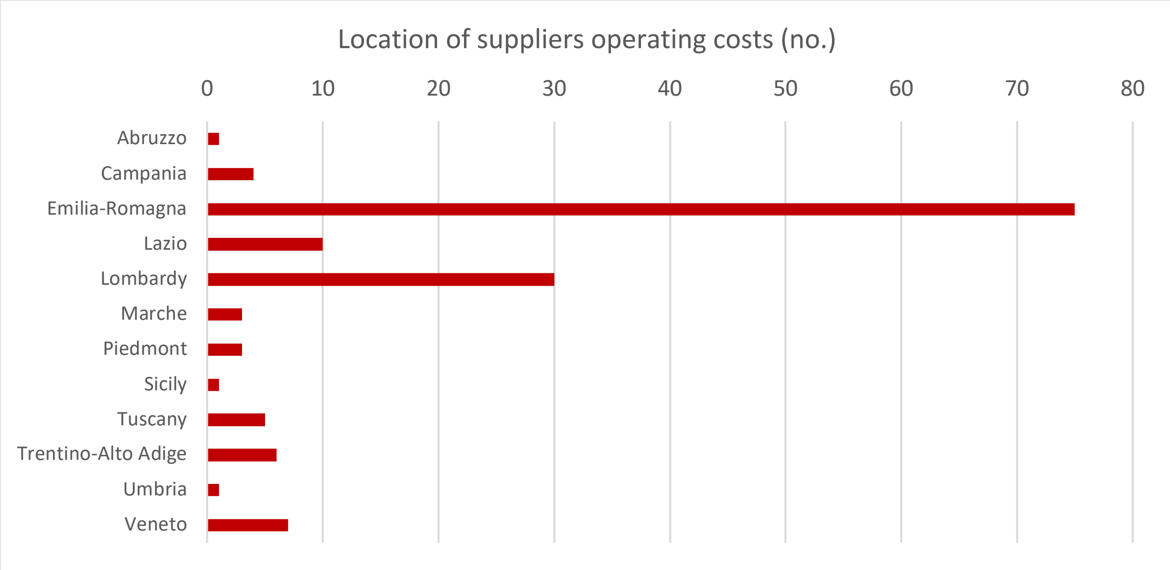
In particular, the direct impact of the business generated by TPER and its subsidiaries is defined as the impact that has a direct effect on households, businesses and the Public Administration, while indirect impact is that generated by the parties belonging to the TPER value chain, specifically TPER’s lead suppliers.

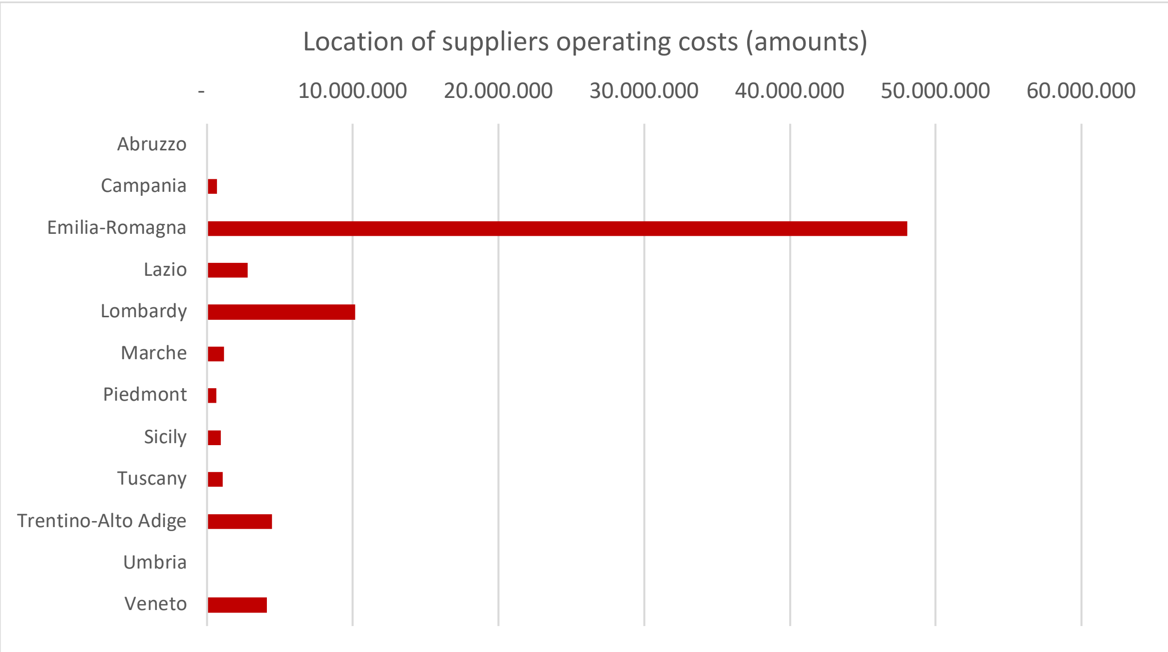
With reference to direct impact, the analysis is aimed at determining the economic impact due to the company's activity and was carried out taking into account the consolidated financial statements, considering both operations, i.e. income statement data, and expenses for investments.

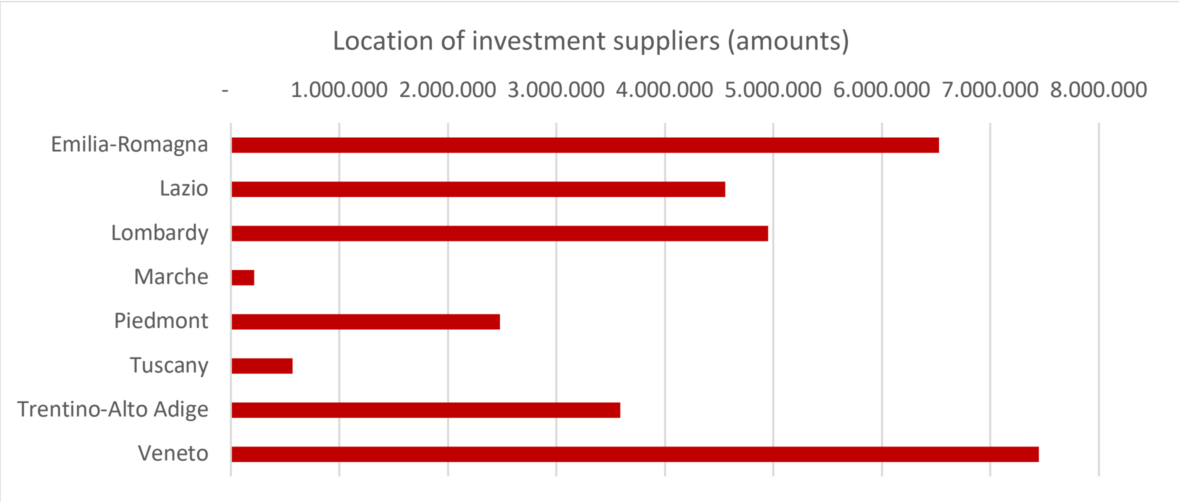
Indirect impact is generated by the subjects belonging to the TPER value chain, and more specifically TPER’s lead suppliers. For the assessment of indirect impacts, the information contained in the financial statements of suppliers collated in the AIDA - Bureau Van Dijk database was analysed. For the remaining suppliers, projections were made starting with the data measured for suppliers on which the highest percentage of cost is concentrated. The suppliers were divided according to product category and services carried out, in order to better represent the type of purchases made by TPER. The survey was carried out on a representative sample of companies, i.e. a number of suppliers representing 72% of TPER’s operating expenses (the companies analysed represented overall costs of over Euro 74 million, including costs for services, raw materials and use of third-party assets) and 97% of investment costs. Overall, the financial statements of companies with expenses greater than Euro 35 thousand have been analysed, i.e. 173 companies in terms of expenses (54% of the total analysed costs).

The analysis carried out shows the distribution of the main TPER suppliers in the area by number of suppliers and by amounts spent, taking into consideration both operating costs and investments. The data considered is that of the registered office as retrieved from the AIDA - Bureau Van Dijk data.

The analysis shown in the following graphs was carried out on a representative sample of companies, the same sample used for the analysis of extended value.







Many operating suppliers are located in the region (intended as local suppliers) both in terms of number (over 51% of the sample analysed) and by expenditure amount (roughly 65% of the sample).

As regards investments, the distribution of companies changes: they are located in the region and are defined as local supplier for around 35% of the sample in terms of the number of companies, and 22% by amounts.

In light of the direct and indirect impact, the induced value was estimated, i.e. the increase in production connected to the increase in income of which those who contributed to the direct and indirect impact are beneficiaries. The final goal of the analysis was to provide a direct, indirect and induced assessment of the Added Value, Employment and Taxation items.

A portion of this income is likely spent on the purchase of other goods and services, and therefore translates into consumption/new production. To calculate the induced value, an estimate of 5% of the total direct and indirect value was used.

Measuring the extended value is extremely important because the company is one of the potential drivers of growth in the region, its activities having a knock-on effect on other sectors of the economy and distributing wealth to its stakeholders. In this context, the analysis of the extended value generated by the activities of a business, calculated in terms of direct, indirect and induced impacts, effectively responds to the current need to expand the scope of reporting, going beyond purely economic-financial performance.

The economic effects due to the Covid-19 pandemic and the impacts of industrial destabilisation deriving from the war in Ukraine are reflected not only in the company's economic and financial dynamics, but also in indirect and induced impacts.

Direct impact (TPER Group)

The direct impact over the years is shown below.

	Value added VA (000/Euro)	Tax charges (000/Euro)	Number of employees (no.)
2022	117,188	-460	2,345
2021	141,247	5,534	2,320
2020	146,576	1,598	2,486

Indirect impact (first line suppliers - amount over Euro 35 thousand)

2022:

	VA impact (000/Euro)	Tax charges (000/Euro)	No. employees (no.)
Ordinary operations	27,033.48	1,279.39	614.11
Investment management	5,541.76	241.60	77.21
Total	32,575.24	1,521.00	691.31

2021:

	VA impact (000/Euro)	Tax charges (000/Euro)	No. employees (no.)
Ordinary operations	38,291	851	543
Investment management	6,966	139	92
Total	45,258	990	635

2020:

	VA impact (000/Euro)	Tax charges (000/Euro)	No. employees (no.)
Ordinary operations	45,803	1,606	757
Investment management	5,798	293	72
Total	51,601	1,899	829

Induced impact

The following table shows the induced impact, estimated at 5% compared to the sum of other impacts.

2022

Incidence VA (Euro)	Tax charges (Euro)	No. employees (no.)
7,488	53	152

2021

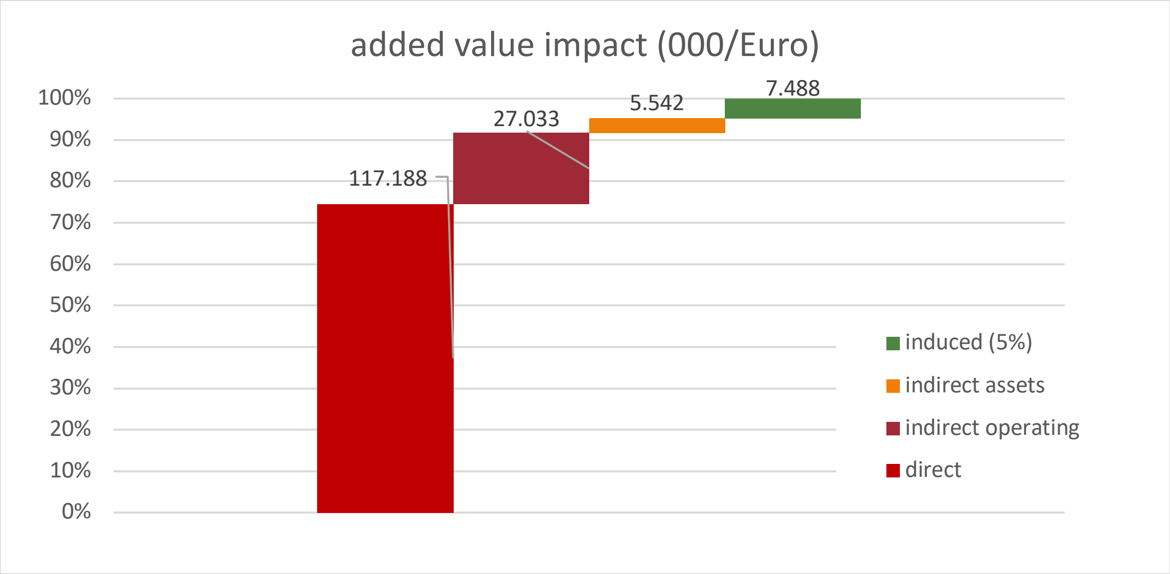
Incidence VA (Euro)	Tax charges (Euro)	No. employees (no.)
9,325	326	148

2020

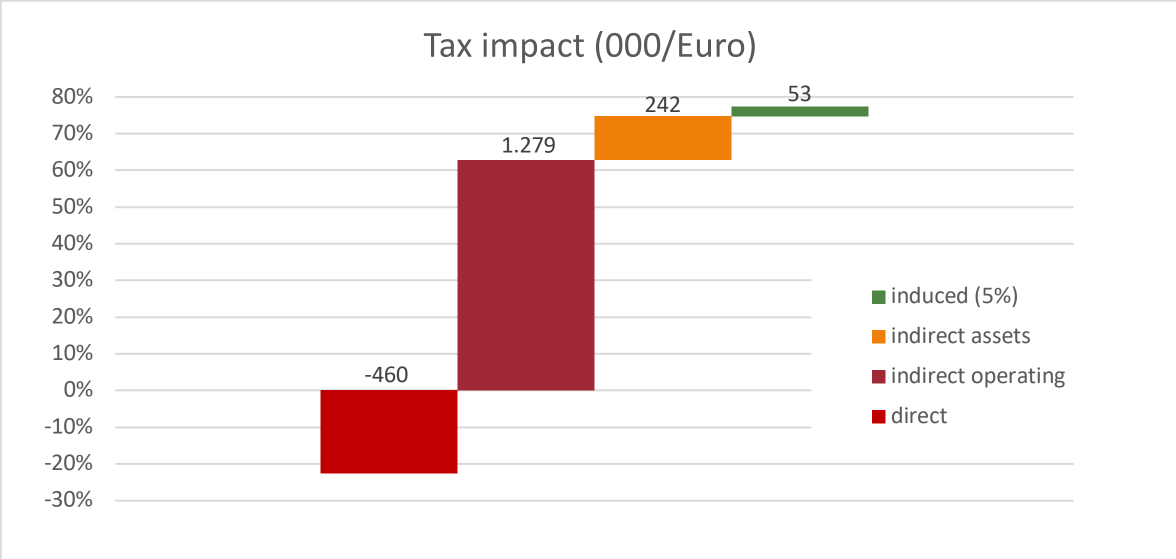
Incidence VA (Euro)	Tax charges (Euro)	No. employees (no.)
2,079	72	34

Extended value of TPER

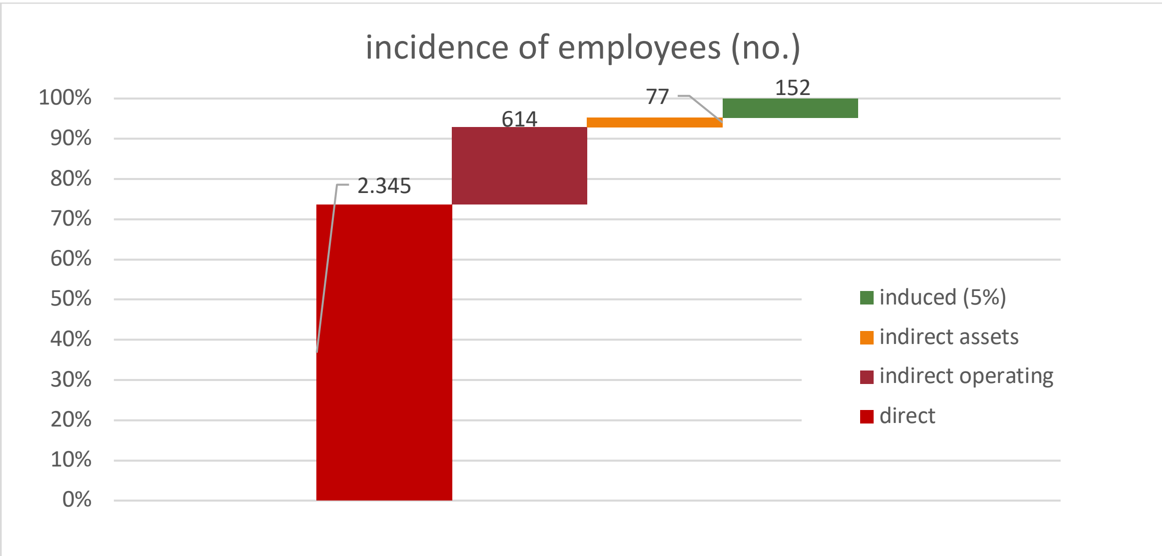
	value added (000/Euro)		taxation	employees
direct	117,188.00		- 460.00	2,345.00
indirect operating	27,033.48		1,279.39	614.11
indirect assets	5,541.76		241.60	77.21
Induced (5%)	7,488.16		53.05	151.82
total extended value	**157,251.40**		**1,114.05**	**3,188.13**



Added value refers to resources intended for the remuneration of internal production factors. Therefore, these are resources intended for the remuneration of personnel, for costs for use of capital (depreciation and amortisation, financial charges), for economic redistribution and the purchase of public services (taxes), for shareholder remuneration or the creation of reserves (profits). The value created for ordinary management by TPER and subsidiaries, by lead suppliers and by investment management is indicated below.



Taxation indicates the portion of wealth generated which is intended for public goods and services.



The chart shows TPER's effect on employment, indicating the number of people who work for TPER and its subsidiaries, the estimate of personnel involved in TPER's lead suppliers, the number of people in investment management, and finally the induced effect.

The TPER Group - NFS

GRI STANDARDS	2-6

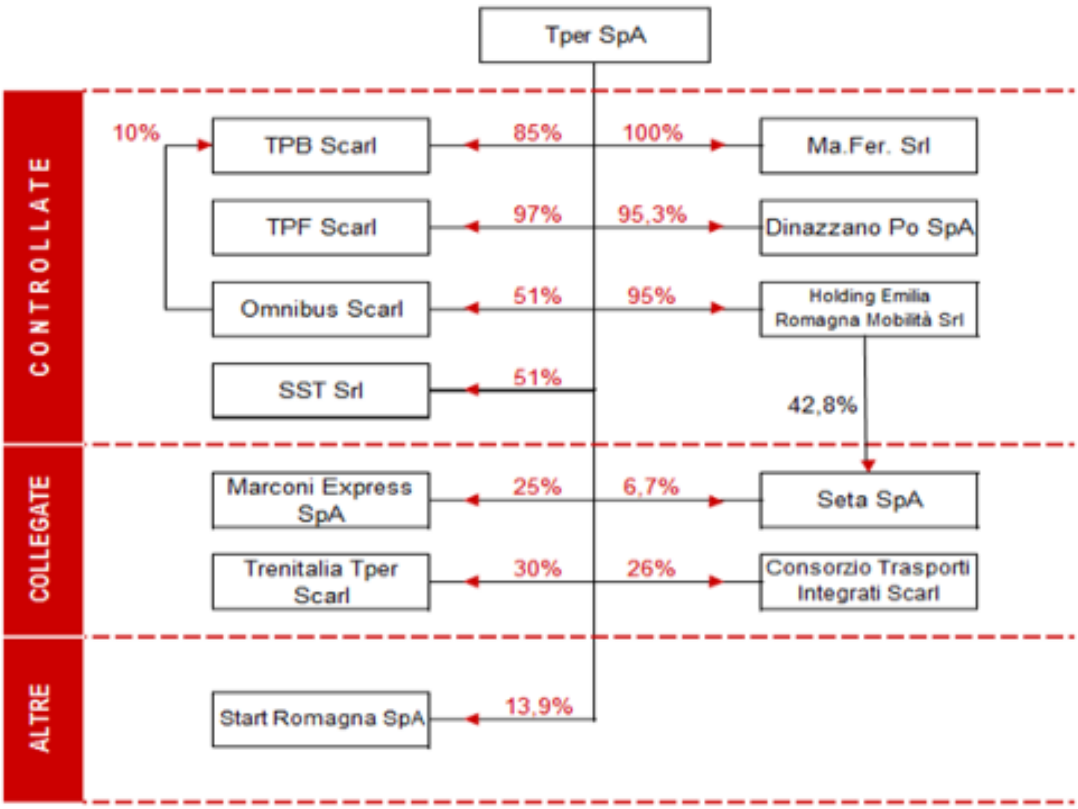
TPER holds equity investments in 12 companies, primarily operating in the passenger and freight transport sector, of which seven are subsidiaries, four are associates and one is an investee.

TPER S.p.A. is an operating holding company and, through the Group companies, carries out more specialised activities relating to the services managed (typically maintenance) or extends the scope of its transport services in the region. The current structure of the TPER Group is consistent with its role as public transport aggregator, the concept at the root of TPER's creation.

In particular, TPER is the main shareholder of SETA, a company that provides road-based local public transport services in the provinces of Modena, Reggio Emilia and Piacenza, and is also a partner of START Romagna, which operates in the Romagna area.

Effective as at 1 January 2020, the management of the railway service began with the new company TrenitaliaTper (replacing Consorzio Trasporti Integrati S.c.r.l.), which combined the business units of the two companies from 1 January 2020. Trenitalia Tper will manage the entire railway service of the Emilia-Romagna Region for the next 15 years (renewable up to 22).

The TPER Group's composition as at 31 December 2022 is as follows:



(CTI in liquidation)

The different operating areas of investee companies can be distinguished as follows:

- In the automotive transport sector, the acquisition or retention of shareholdings stems from the need to achieve industrial and financial synergies, which are preliminary steps in an operational strengthening to take part in tenders for the awarding of public transport services. In the Ferrara and Bologna areas, TPER consequently decided to operate in partnership with private entities, giving rise to the Omnibus and TPB consortium companies for the Bologna area and SST and TPF for Ferrara.
- In the regional rail transport sector, the new company Trenitalia TPER is active in the management of the regional rail transport.
- Also in the railway sector, TPER controls the entire capital of MA.FER S.r.l., active in the area of rolling stock maintenance, and has a 95.35% holding in Dinazzano Po S.p.A., a company dedicated to rail freight transport and the supply of rail freight services, in addition to the management of railway stations and intermodal terminals.
- TPER is the main shareholder, both directly and indirectly through Herm, of SETA, a company that provides local public road transport services in the provinces of Modena, Reggio Emilia and Piacenza; however, this company is not consolidated as controlling conditions do not exist. TPER is also a shareholder of Start Romagna, which provides its services in the Romagna area. The possession of these corporate shareholdings is linked to industrial logic as well as operational and financial synergies.

Some information on subsidiaries is provided below. For the company results, please refer to the Explanatory Notes to the consolidated financial statements.

MA.FER S.r.l.

The company's purpose is to provide services connected and/or inherent to ordinary, extraordinary and scheduled maintenance activities on railway rolling stock and vehicles.

With reference to the year ended as at 31 December 2022, the company recorded operating revenues of Euro 25,726 thousand and a profit of Euro 701 thousand.

TPF S.c.r.l.

Following a public tender, the company has been assigned the service contract for urban and interurban public transport in the Ferrara area. In the interest of its consortium members (TPER S.p.A., which holds a 97% share, and FEM S.c.r.l., which holds a 3% share), TPF operates in the field of local public transport services and related ancillary activities.

At the end of the 2022 financial year, the company recorded operating revenues of Euro 23,008 thousand and a profit for the year of Euro 318.

Dinazzano Po S.p.A.

The company operates in the sector of intermodal terminals management, handling intermodal units and in general the logistics of goods leaving and arriving at railway stations. In addition to TPER S.p.A. (which holds a 95.55% share), the company's investors include the Ravenna Port Authority, the Intermodal Port of Ravenna SAPIR S.p.A. and Mercitalia Rail S.r.l., each with 1.55% of the share capital

As at 31 December 2022, the company recorded operating revenues of Euro 22,889 thousand and a loss for the year of Euro 1,559 thousand.

TPB S.c.r.l.

The corporate purpose of TPB, established in 2011 following the tender for the public transport service in the Bologna area, consists of local public transport and all ancillary activities in the Bologna area, where the Company holds the service contract for urban and interurban bus transport, sharing the activities between the consortium members. In addition to TPER S.p.A., Omnibus S.c.r.l. and Autoguidovie S.p.A. have equity investments in the company, with a 10% and 5% equity investment respectively.

In 2022, the company recorded operating revenues of Euro 111,042 thousand, and a profit of Euro 280.

HERM Holding Emilia-Romagna Mobilità S.r.l.

Herm is a holding company that holds 21,416,074 shares (equal to 42.841%) of Seta S.p.A.. A subsidiary of TPER S.p.A., which holds 94.95% of the share capital, is also owned by Nuova Mobilità S.c.r.l., with 5.05% of the share capital.

At the end of the 2022 financial year, the company recorded operating revenues of Euro 12 thousand and a profit for the year of Euro 647.

Omnibus S.c.r.l.

Omnibus manages transport and mobility services in general, in the interest of its consortium members. The other shareholders are Cosepuri S.c.p.a. with 17% of the share capital, Saca S.c.r.l. with 17% of the share capital, and Coerbus S.c.r.l. with 15% of the share capital. In 2022, the company recorded operating revenues of Euro 30,318 thousand, and a profit of Euro 55.

SST S.r.l.

SST manages school transport services, transport in general and mobility services in the Ferrara area.

The company is owned by TPER, which holds 51% of the share capital, and by FE.M. S.c.r.l., with 49% of the share capital.

As at 31 December 2022, the company recorded operating revenues of Euro 4,461 thousand and a profit for the year of Euro 228 thousand.

FS offices

The company carries out its activities at the following sites: Bologna (BO), Ferrara (FE), Castel di Casio - Località Prati (BO), Imola (BO), Casalecchio di Reno (BO), Codigoro (FE), Comacchio (FE), Sermide (MN), Modena (MO), and Reggio Emilia (RE).

NFS reference context and scenarios

GRI STANDARDS	2-6

After two years of restraint, 2022 was the year of a more sustained recovery for Italy, with the country finally absorbing a large part of the Gross Domestic Product (GDP) lost in 2020, settling at 3.7%. Overall, GDP increased in 2022 and the labour market performed much more dynamically than in the past. However, with the start of the war in Ukraine, the resulting energy crisis and the generalised increase in the cost of living, there were new difficulties to be overcome and the prospects for the near future are more uncertain.

With reference to inflation, prices had already started to rise at the end of 2021 due to all the distortions created by the pandemic, such as the shortage of many materials and production chains bottlenecks, caused in particular by the greater difficulty in sourcing raw materials necessary for production. Therefore, the war in Ukraine added to an already very complex situation, contributing to the increase in gas and energy costs in general.

In 2022, inflation reached 8.1%, compared to an average of 1.6% in the 2013-2019 period. Price levels negatively affect growth prospects.

This led to a firm reaction from central banks, which pursued price stability through rate increases and restrictive monetary policies. In other respects, the ECB's reaction may contribute to the slowdown in economic growth in the Eurozone by influencing consumer demand for goods and services and business investments, as well as pose an additional challenge to state finances, particularly in countries with high public debt, since the increase in the reference interest rate makes borrowing more expensive.

From an industrial point of view, the strong increases in energy prices have had significant repercussions on industrial production. Companies have in fact rationed gas, closing production lines that are too energy-intensive, extending summer closure periods, applying for temporary redundancy fund for employees. According to ISTAT data, industrial production at the end of 2022 was down especially in sectors where energy use is more intensive.

On the other hand, 2022 was a good year for the labour market, which was particularly dynamic especially in the first part of the year, then stabilising in the second part. According to Bank of Italy data, 350 thousand additional jobs were created for employees in the private sector (excluding agriculture) from January to October, mainly stable and permanent: more than 90% of the new jobs, in fact, concerned permanent positions, up sharply compared to the first 10 months of 2021 when they accounted for just over 30% of new jobs.

The unemployment rate, i.e. the number of people looking for a job out of the total active population, is down by one percentage point compared to December 2021. The youth unemployment rate fell to 22.1%, as did the number of inactive people between the ages of 15 and 64, with the general inactivity rate at 34.3%.

The Italian economy showed strong dynamism in the first three quarters of 2022, mainly driven by domestic demand (household consumption and investments). In the last quarter of 2022, indicators show a stabilisation, suggesting a slowdown in the subsequent months as a result of the high rate of inflation and its effect on real disposable incomes and on business costs.

In fact, the international scenario continues to be characterised by gradually decelerating inflation and high uncertainty linked to the conflict between Russia and Ukraine and tensions in the financial sector.

The new challenges linked to the geopolitical uncertainty that arose as a result of the conflict between Russia and Ukraine have had a negative impact on the growth of the global economy. GDP growth for Italy is expected at 0.7% in 2023.

The NSF legislative and regulatory framework

GRI STANDARDS	2-6

The various activities managed by TPER refer to a complex system of European-based laws relating to services of general economic interest, as transposed into national and regional legislation.

The legislation takes account of both aspects related to national and international policies on competition and management methods as well as service sustainability and accessibility criteria with regard to users. Considering the significant impact of the transport sector on the environment, the policies also concern the reduction of environmental impact in terms of the production of CO_2 and other greenhouse gases, incentivising the use of collective or shared transport over private transport and the switch to cleaner energy sources.

TPER respects all the reference standards and adopts plans in line with the international and local sustainable development objectives.

Relevant legislation

The main reference regulations for the local public transport sector are set forth in Italian Legislative Decree no. 422 of 18 November 1997 as amended (the "Burlando Decree") and European Regulation 1370/2007, as well as the regional implementing regulations.

With reference to resources allocated to transport, Italian Law no. 228/2012 (article 1, paragraph 301) set up the National Fund for State financial contributions to the cost of local public transport (LPT Fund), including rail transport, in regions with ordinary statute. Since 2018 the LPT Fund has been regulated by the provisions of Italian Decree Law no. 50 of 2017, which modified both the Fund's funding criteria, ahead of the reorganisation of the regional tax system, and its allocation criteria. More specifically, in addition to the provisioning of the Fund, this law also provided for its subdivision among the regions, taking account of (a) a 10% share, to be increased up to 20% over the years, based on the total income from traffic and the recorded increase, and (b) a 10% share, to be increased up to 20%, on the basis of compliance with standard costs (as per article 1 paragraph 84 of Italian Law no. 147/2013). For the remaining portion, an annual reduction of 15% of the value of the contracts which by 31 December of the previous year are not awarded by tender (or where the relative call for applications has not been published) is expected.

Again with the aim of revamping bus fleets, various other regulations have been introduced to gradually limit the possibility of purchasing and using the oldest and most environmentally harmful vehicles. In particular, the circulation of Euro 0 vehicles has been banned since 1 January 2019 (art. 1, paragraph 232, Italian Law no. 190 of 2014).

The law also discouraged the circulation of old polluting Euro 0 or Euro 1 category buses, run on petrol or diesel, which was subsequently extended to Euro 2 and Euro 3 category buses, allocates resources to rail transport safety and introduces systems for counting passengers and electronic ticketing.

The 2018 Budget Law (Italian Law no. 205/2017) subsequently made two modifications to the size of the Fund. Indeed, provision was made for a reduction of the Fund by Euro 58 million for the years 2019 and 2020, as well as for the year 2021 and beyond. At the same time, resources were also allocated (Euro 500,000 for 2018, Euro 2 million for 2019 and Euro 1 million for 2020) to ensure that passenger trains are equipped with adequate measures to ensure first aid to passengers in the event of an emergency.

That same 2018 Budget Law (art. 1, paragraph 71) also envisaged the possibility of using up to Euro 100 million of the Fund's resources to finance experimental and innovative sustainable mobility projects, consistent with the Urban Plan for Sustainable Mobility (PUMS) where required by governing regulations, to introduce vehicles powered by alternative energy sources and the related supporting infrastructure. A third of the Fund's resources are allocated to administrative councils of metropolitan cities and administrative councils of the provinces with high levels of PM10 particulate and nitrogen dioxide emissions, who are required to adopt structural actions to reduce their atmospheric pollution levels. Italian Decree Law no. 183 of 2020 provided for the Fund allocation criteria prior to the reform to continue to apply also for the year 2021. Law no. 234 of 2021 (Budget Law for the year 2022 and for the 2022-2024 three-year period) established the size of the Fund for the year 2022 and by decree of the Minister of Sustainable Infrastructure and Mobility no. 64 of 2022, an advance of 80% of the National Fund was granted to the ordinary statute Regions. Interministerial decree no. 421 of 2022 established the allocation of the balance for the year 2022 of the resources of the National Fund for local public transport, including rail, in ordinary statute regions.

Regional legislation

Specifically, Regional Law no. 30/1998 comprehensively regulates the system of regional and local public transport in compliance with the competences attributed under the Constitution. Among other things, the principles that inspire the regional rules include the containment of energy consumption, a reduction in the causes of environmental pollution and the protection of air quality from atmospheric pollution to protect the health of citizens.

The regional principles also seek to guarantee citizens and businesses optimum access to the services provided in the area, promote the central role of local public transport (LPT) as an engine for civil and economic development and social cohesion, incentivise the streamlined organisation of traffic and circulation and promote the culture of sustainable mobility.

The same Regional Law no. 30/1998 implemented the powers established by Italian Legislative Decree no. 422 of 1997 and the subsequent transfer of the railway lines formerly run by government-appointed commissions from the State to the Region, assigning the Emilia-Romagna Region with the railway services for which it is responsible.

With specific guidelines, the Emilia-Romagna Legislative Assembly establishes lines of action for the planning and administration of regional public transport which regulate the car-trolley bus sector and urban mobility. More recently, the administration issued its 2016-2018 guidelines of 3 August 2015 on the planning and administration of regional and local public transport, pursuant to art. 8 of Regional Law no. 30 of 1998. These guidelines establish the main sources of financing for the sector, providing for:

1) Regional resources deriving mainly from the National Fund for State financial contributions to the cost of local public transport, including rail transport
2) Regional and other resources (European, state, provincial, council and even private) for investments and infrastructural interventions, aimed at the purchase of buses and trolley buses, bicycle and pedestrian mobility and, more generally, sustainable mobility promoting air quality.

The division of services and contributions between the provincial councils was approved by the Regional Council with the "Resolution of minimum local public transport services for 2016-2018" of 16 May 2016, subsequently updated with the addendum to the 2019-2020 guidelines.

National legislation

With reference to the regulation of the sector, the Italian Transport Regulatory Authority (ART) has broadened its scope and, pursuant to art. 37 of Italian Decree Law no. 201/2011, must ensure, according to methodologies that encourage competition, the production efficiency of the management and the containment of costs for users, businesses and consumers. To this end, ART defines the conditions of fair and non-discriminatory access to infrastructures and passenger mobility, verifies the consistency of service areas with respect to sector regulations, establishes minimum conditions of service quality and minimum content of specific rights, prepares the schedules of calls for tenders for the assignment of services and conventions. In 2022, there were no significant changes in regulations in force.

NFS Local planning

GRI STANDARDS	2-6

Consistent and in compliance with international and local provisions and plans on energy, climate, sustainability and the quality of life of residents, even at local level plans and programmes are created laying out actions over the coming years, taking into account the reference context and scenarios. The main local planning documents are described below.

The regional energy plan (REP)

The Regional Energy Plan establishes the strategy and objectives of the Emilia-Romagna Region for climate and energy until 2030 regarding the strengthening of the green economy, energy saving and efficiency, the development of renewable energy, interventions on transportation, research, innovation and training.

In particular, the Plan adopts the European objectives at 2020, 2030 and 2050 on climate and energy as drivers of regional economic development. Therefore, the reduction in climate-altering emissions by 20% in 2020 and 40% in 2030 compared to 1990 levels, the increase to 20% in 2020 and 27% in 2030 of the share of consumption covered by renewable sources, and the increase in energy efficiency to 20% in 2020 and 27% in 2030, become strategic for the region.

The priority action for the Emilia-Romagna Region is dedicated to decarbonisation measures, where regional intervention may be more effective, therefore in particular in the mobility, decentralised industry (SMEs), residential, tertiary and agriculture sectors. In particular, the main areas of intervention will be energy savings and efficient energy use in the various sectors, production of electricity and heat from renewable sources and energy streamlining in the transportation sector.

The REP is carried out through Three-year implementation plans (TIP).

Labour and climate pact

In December 2020, even with the difficulties connected to the second wave of Covid-19, in Emilia-Romagna the Labour and climate pact, founded on environmental, social and economic sustainability, was signed. The objective is to create quality work, govern the ecological transition, combat inequalities and reduce distances between people, communities and local areas, also taking into account the difficulties deriving from the crisis provoked by the pandemic. The Pact aims to reach carbon neutrality by 2050 and 100% renewable energy by 2035.

The Labour and climate pact was signed by the Emilia-Romagna Region and by another 55 signatories: local authorities, trade unions, businesses (industry, crafts, trade, cooperation), the four regional universities (Bologna, Modena e Reggio Emilia, Ferrara, Parma), the Regional education office, environmental associations (Legambiente, Rete Comuni Rifiuti Zero), Third sector and volunteer organisations, professional associations, the Chamber of Commerce and the banks (ABI - Italian Banking Association).

The Regional Mobility Pact

In May 2022, the Pact for regional and local public transport and sustainable mobility 2022-2024 was signed. The Pact was signed, as well as by TPER, by the regional councillor for Infrastructures and Transport and by the representatives of the Provinces and Metropolitan City of Bologna, Municipalities - with more than 50 thousand inhabitants -, associations of Local Authorities, Local Mobility Agencies, other LPT companies, business associations, regional trade union confederations, trade unions, regional railway service users 'committee and provincial users' advisory committees.

The new agreement provides for investments of over Euro 320 million, including the purchase of 700 new buses. The agreement also provides for the allocation of resources dedicated to digitisation and tariff integration (approximately Euro 35 million, to be also allocated to the Grande initiatives, free under 14 subscription, and Salta su, free subscription for under 19 with family ISEE equal or lower to Euro 30 thousand).

An important chapter of the Pact concerns the protection of work with the enhancement of professionalism and the safeguarding of the employment levels of the personnel employed in the local public transport services.

The most challenging objectives of the Pact also include the creation, over the next few years, of a regional transport holding, a structured system capable of keeping up with global challenges.

As part of the commitments made by the European Union in 2015 with the Paris Agreement on climate change, to reduce CO_2 emissions by at least 40% by 2030, and in implementation of the "European strategy for low-emission mobility", the European Commission presented a package of measures in 2018 related to the "Europe on the move" initiative.

The overall objective is to create the right conditions and the right incentives to develop an industry that is competitive at the global level, innovative and capable of increasing employment, especially in the transport sector, considered one of the main culprits for the deterioration in air quality in urban areas.

Prit - The integrated regional transport plan

The Emilia-Romagna Regional Council has set the following objectives: a) implement the use of public transport for environmental reasons and to make it efficient and sustainable, taking into account the fact that natural resources are limited; b) guarantee the economic and financial soundness of the system in order to continue to create value at local level; c) prioritise innovation and services that benefit users, incentivising integrated pricing systems and electronic ticketing, as well as improving travel comfort and the overall quality of the service, including through fleet renewal.

These are challenging and complex but necessary objectives, as they reflect socio-cultural dynamics and environmental needs. These objectives are simultaneously based on a model capable of maintaining and developing a sustainable industrial management system in the medium-long term that can grow and generate value, which is shared with the local community in question.

Metropolitan agenda for sustainable development

The Metropolitan Agenda for Sustainable Development is a voluntary document that the Metropolitan City has drafted on the basis of the commitment made on sustainable development. The Agenda is connected with the documents attributed by law to the Metropolitan Cities, such as the Metropolitan Strategic Plan, in addition to sector planning instruments and entity programming documents such as the Single Programming Document (SPD).

The document contains a detailed guide for the various steps of a circular planning, implementation and monitoring process which is considered a useful basis for the implementation of the Metropolitan Agenda for Sustainable Development.

PSM - The Metropolitan Strategic Plan

The Metropolitan Strategic Plan (PSM) aims to provide precise and consistent indications for the operation of the functions of the Metropolitan City of Bologna, the municipal unions and the city councils that fall within in the metropolitan area, defining:

- General and transversal objectives that must guide the administrative action of the metropolitan area as a whole;
- Actions and priorities for intervention in the individual matters overseen by the metropolitan city.

The PSM must, therefore, be considered hierarchically superior and logically more important than the directives, plans, programmes, instructions, circulars and every act of the Metropolitan City and the local administrations on organisational and functional matters, objectives and administrative proceedings.

The strategic mobility objective in the metropolitan area of Bologna is 20% reduction in private traffic flows by 2020 and progressive reduction of climate-changing emissions by up to 40% no later than 2030. The objectives of the PSM, consistent with the guidelines given in previously described plans, are based on a new way of planning mobility: the PSM is the first integrated mobility plan that focuses not only on travel but also on improving the quality of life in cities and the local area. For this reason it is a transversal plan which addresses critical consistency and coordination issues with the policies and intervention tools designed for other sectors (such as urban planning, environment, economic activities, tourism, social services, health, safety, energy and education) that are available to the various authorities. With this in mind, we must carefully focus on maintaining a virtuous balance between the effectiveness and efficiency of the mobility system and the layout and urban and territorial developments. In particular, the PSM establishes that:

- Urban planning activities are only possible if an adequate supply of sustainable transport is guaranteed, and in particular public transport directly serving the site
- Urban planning actions (residence, trade, functional centres) must be preceded by the necessary infrastructures that guarantee sustainable mobility and the identification of the necessary economic coverage for the realisation of the services
- Initiatives to counter urban sprawl is a priority, and consistency between the mobility system, the layout and the development of the territory is instead pursued. In particular, recoveries that do not exceed the loads given by the existing types are allowed in the rural area.
- The constant improvement of the quality of the existing road and urban space must be a goal.

Metropolitan territorial plan (MTP)

In the course of 2020, the Metropolitan City of Bologna worked to define the first Metropolitan Territorial Plan in Italy, for all intents and purposes inaugurating an unprecedented urban planning season focusing on regeneration and equalisation.

The challenges identified by the new metropolitan planning instrument: protection of the soil (combating fragmented settlement patterns and safeguarding ecosystems), safety (for people and for the territory, considering the effects of the climate crisis), inclusion and liveability (combating social, economic and demographic fragility), sustainable attractiveness (strengthening and qualifying metropolitan networks and nodes from the sustainable perspective to attract investments), the Apennines, via Emilia and the Plains just one territory (territorial cohesion and equalisation fund).

The MTP was approved by the council in May 2021.

PUMS - The Urban Plan for Sustainable Mobility

Metropolitan City of Bologna

The PUMS is a strategic plan that manages mobility in a sustainable way over the medium-long term, but with checks and monitoring at predefined intervals, and develops a systemic vision of mobility, correlated and coordinated with overarching and municipal sectoral and urban plans. The guiding principles of PUMS are therefore integration, participation, evaluation and monitoring. The PUMS for the Metropolitan City of Bologna has the entire metropolitan area as its reference territory and addresses the transversal and radial relations between city councils, carefully analysing movements to and from the capital, considering its high level of attraction, as well as Imola.

The objectives:

- Guarantee a high level of accessibility
- Comply with the objectives of the Paris Climate Agreement 2015 - COP 21
- Observe the objectives for healthy air - PAIR 2015 - Emilia-Romagna Regional Council
- Reduce road accidents to a minimum.

The objectives to be achieved by 2030 are driven by the Paris Climate Agreement (COP21). Though not explicitly defined in the Agreement, with the adoption of the PUMS the Administrations commit to reducing "climate-changing" emissions, including in the mobility sector, by at least 40% by 2030 and to creating the conditions that will make it possible to reduce emissions to the minimum levels by 2050.

Province of Ferrara

The PUMS of the Province of Ferrara is inspired by the principles of integration, participation and value over time, has a medium/long-term horizon (10 years), develops a systemic vision of mobility and is correlated and coordinated with overarching and municipal sectoral and urban plans. This plan represents a transition from transport planning to sustainable mobility, going beyond the ex-post approach, which saw traffic as the critical element requiring action, instead assessing people's mobility requirements and the relative offer of sustainable transport methods.

The objectives:

- To guarantee all citizens transport options that enable them to access key destinations and services
- To improve safety conditions
- To reduce atmospheric and noise pollution, greenhouse gas emissions and energy consumption
- To improve the efficiency and affordability of people and goods transport
- To contribute to improving the attractiveness of the province and the quality of the urban environment and the city in general, for the benefit of citizens, the economy and society as a whole.

Municipality of Bologna SECAP

After the 2018 Paris conference, the community of the united nations sounded a new alarm due to the worsening of climate change and the need to reduce climate-altering emissions by at least 40% by 2030 and achieve carbon neutrality by 2050. Therefore, in April 2019, the Municipality of Bologna became a signatory to the Covenant of Mayors for energy and climate, launching work to monitor and draft the new Action plan (SECAP). The Plan will also contain the monitoring of the inventory of emissions and the assessment of vulnerabilities and climate risks.

NFS Strategy and objectives

GRI STANDARDS	2-23 2-24

Transport system and sustainable mobility

The global mobility system is undergoing a significant transformation. Technologies enable innovative related activities and the promotion of smarter, cleaner and more inclusive mobility (World Economic Forum Strategic Intelligence (weforum.org).

The transport system is essential for people. The sector is essential to ensure sustainable development and to meet the needs to improve people's lives, environmental conditions and to meet the expectations of future generations. Transport allows access to what is needed.

The sector is facing a period of challenges and changes: the energy costs dynamics are accelerating the transition to sustainable mobility systems, where electricity will play a decisive role (the EU has set itself the goal of registering exclusively zero-emission buses by 2030); the definitive post-Covid-19 recovery will allow public transport to operate at full capacity, but in a different work and society organisation conditions compared to before the pandemic (smart working, expansion of sharing mobility proposals, etc.); dialogue with Smart City and other transport systems, in a world where digital technology drives transformation.

Sustainable mobility entails above all a decision to use public transport as the means of transport that is of high quality, more efficient and safe, effectively able to guarantee better mobility and generate benefits for users, the community and the environment. The value and social function of public transport, which enables the public to exercise their right to mobility (both in economic and physical terms), is fully reflected in the strategic objective entailing the necessary extension of its use, enabling people to take advantage of the actual opportunity, in terms of safety, time, convenience, effectiveness and comfort. The use of public transport makes it feasible to strengthen road safety and reduce the numbers of accidents and fatalities.

Sustainable mobility is a safe, economic, fair and accessible, efficient system, capable of contributing to mitigating the impacts of climate change in terms of emissions reduction and adaptation, minimising any other type of environmental impact.

Italy/NRRP - National Recovery and Resilience Plan

The NRRP is the economic relaunch project forming part of the EU Next Generation European Plan. Guided by transversal priorities (New generations, gender equality and reduction in the citizenship gap) is divided into 6 Missions (main topic areas) consistent with the 6 pillars of the Next Generation EU, including the mission defined as the Green Revolution and ecological transition that directly affects the renewal of fleets (Mission 2, *renewable energy component, hydrogen, network and sustainable mobility* - Measure 4 *Developing a more sustainable local transport*) and under various profiles, including the development of rapid mass transport, the development of biomethane, the experimentation of hydrogen for road transport from renewable sources. Renewal of green bus and train fleets, installation of electric charging infrastructures, electric buses-industrial chain.

European Union - Green Deal

The transport sector contributes around 5% to the EU's GDP and employs over 10 million people in Europe. At the same time, transport has a significant cost in terms of greenhouse gas emissions and pollutants, noise, road accidents and traffic congestion. The transport sector contributes 25% of the greenhouse gas emissions of the countries of the European Union.

The European goal is to reduce greenhouse gas emissions from the transport sector by 90% by 2050. Urban mobility is responsible for 23% of European transport emissions. A total of 70% of European citizens live in cities, a percentage that will rise to 84% by 2050. By 2050, the number of fatal accidents related to transport activities must be close to zero in all EU countries. Today, 38% of fatal accidents occur in cities and 70% concern the most vulnerable road users (such as children and cyclists). [Transport and the Green Deal | European Commission (europa.eu)].

EU Mobility strategy (abstract)
1 Sustainable mobility **Reduce its dependence on fossil fuels:** By 2030, there will be at least 30 million zero-emission cars in operation/By 2030, there will be at least 100 climate-neutral cities in Europe. Planned collective journeys of less than 500 km are expected to be carbon neutral by 2030 within the EU. **Make alternative choices available:** All large and medium-sized cities implement their sustainable urban mobility plans by 2030. **2 Smart mobility** By 2030, integrated electronic ticketing will facilitate seamless multimodal passenger transport. Freight transport will be dematerialised. **3 Resilient mobility** **Creating a strong and resilient market:** Investments in transport infrastructures in all EU member states/By 2050, a fully operational multimodal trans-European transport network for sustainable and intelligent transport with high-speed connectivity. **Creating a fair and just mobility system for all:** Making mobility accessible and affordable in all regions and for all passengers/Improve the conditions of transport workers. **Ensuring the highest standards of safety and protection in European transport:** By 2050, the death toll for all modes of transport in the EU will be close to zero.

Integrating sustainability in TPER's business plans

The TPER Business Plan, which plays an important role within the mobility system, provides for concrete actions to respond to the need to contribute to sustainable development,

The strategic guidelines are designed to have a significant impact on the prospects for business development and contribute to the pursuit of economic, environmental and social sustainability objectives.

The Plan's targets are focussed on **investments in transport methods with higher sustainability** as well as implementing and completing **infrastructure projects**. The pursuit of sustainable development requires capacity for innovation and technological development, to improve the efficiency and quality of the services offered. The realisation of investments and a business plan that meets the environmental and social needs linked to mobility must be supported and accompanied by the development of the knowledge and skills of the people/organisational structure.

Business Plan - Strategic objectives	
Technological development	Drivers of technological innovation, in support of businesses and development of new opportunities
Quality	High quality standards in all activities for the benefit of all stakeholders
Sustainability	Carrying out our role in the communities in which we operate, with respect for the law and the environment
Economic balance	Business continuity and development, always seeking to maintain the economic and financial equilibrium
Increasing competitiveness	Developing strengths and improving weaknesses, including through partnerships and the management of innovative forms of mobility

Efficiency	Constant improvement of internal processes - high levels of efficiency

Business Plan - Sustainability objectives	
Environment	Optimisation of energy consumption, reduction in the use of fossil fuels and a consequent reduction in emissions of CO2 and other substances that are harmful to human health and the environment
Efficiency and quality	Maintaining high levels of affordability, profitability and productivity with the aim of respecting the company's goals by making the best possible use of available resources, also guaranteeing economic sustainability in the process
Accessibility	Improved comfort for travellers and the guarantee of a sustainable service for all, including those who can't afford alternative modes of transport
Safety	Reduction in the likelihood of accidents, safety on board and for company personnel

TPER's commitment to the SDGs

OBIETTIVI PER LO SVILUPPO SOSTENIBILE

The objective of the TPER's Business Plan is consistent with the European Union's objectives in terms of sustainable policies and it refers to the United Nations Agenda 2030 and the SDGs - Sustainable Development Goals that are an integral part of it.

Through its industrial strategy and business model, TPER has undertaken the commitment to contribute to the achievement of nine of the 17 SDGs, considered to be priorities.

SDG3 - SDG11 include specific targets that are directly connected with transport: the reduction of deaths and injuries due to road accidents (SDG 3.6) and access for all to sustainable, safe and comfortable transport systems (SDG 11.2).

TPER's specific commitments with respect to the SDGs and related areas of impact and actions of the Business Plan are reported in analytical terms and for better documentation of the underlying correlation in the paragraph **Impacts and material topics.**

SDG		Impact areas/TPER Business Plan targets
3 SALUTE E BENESSERE	Ensure healthy lives and promote wellbeing for all at all ages	Environment Safety
5 PARITÀ DI GENERE	Equal opportunities for women and men in economic development, elimination of all forms of violence and equal rights at all levels of participation	Gender equality plan Certification
7 ENERGIA PULITA E ACCESSIBILE	Ensure access to affordable, reliable, sustainable and modern energy	Environment Efficiency - Quality
8 LAVORO DIGNITOSO E CRESCITA ECONOMICA	Promote inclusive and sustainable economic growth, employment and decent work for all	Efficiency and quality Safety
9 IMPRESE, INNOVAZIONE E INFRASTRUTTURE	Build resilient infrastructure, promote sustainable industrialisation and foster innovation	Environment Efficiency and quality Accessibility

10 RIDURRE LE DISUGUAGLIANZE	Reduce inequality within and among countries	Efficiency and quality Accessibility
11 CITTÀ E COMUNITÀ SOSTENIBILI	Make cities inclusive, safe, resilient and sustainable	Environment Efficiency and quality Accessibility
12 CONSUMO E PRODUZIONE RESPONSABILI	Ensure sustainable consumption and production patterns	Accessibility
13 LOTTA CONTRO IL CAMBIAMENTO CLIMATICO	Take urgent actions to combat climate change and its impacts	Environment
17 PARTNERSHIP PER GLI OBIETTIVI	Revitalize the global partnership for sustainable development	-

NFS European Union Taxonomy Reporting

The European Commission taxonomy is a classification system of economic activities, placed at the base of the action plan for the financing of sustainable growth. In order to achieve climate and energy objectives and steer investments towards sustainable projects and activities, the European Union has adopted a definition of "sustainable".

Regulation EU 2020/852 - Environmental objectives Art. 9	
1	Climate change mitigation
2	Adaptation to climate change
3	Sustainable use and protection of water and marine resources
4	The transition to a circular economy
5	Pollution prevention and control
6	Protection and restoration of biodiversity and ecosystems

Regulation EU 2020/852 on the EU taxonomy establishes that an economic activity is considered environmentally friendly (Art. 3) if it meets the following requirements:

Regulation EU 2020/852 - Art. 3 Requirements	
Taxonomy eligible	a) activities that substantially contribute to the achievement of one or more of the environmental objectives referred to in Art. 9 (Environmental objectives). Sectors and activities that fall within those included in the taxonomy (regardless of whether or not these activities meet one or all of the technical screening criteria indicated in the taxonomy).
Taxonomy aligned	d) activity compliant with the technical screening criteria established by the European Commission. Activities that meet the technical requirements established by the taxonomy for the sectors and activities identified as eligible.
DNSH Do Not Significant Harm	b) the activity does not cause significant harm to any of the environmental objectives referred to in Article 9 (DNSH *Do Not Significant Harm*).
Minimum Safeguards/Minimum Safeguard Criteria	c) the activity is carried out in compliance with the Minimum safeguards provided for in Art. 18.

Delegated Regulation EU 2021/2139, which supplements the EU regulation 2020/852, established the technical screening criteria that make it possible to determine under which conditions an economic activity can be considered to contribute substantially to climate change mitigation or climate change adaptation and if it does not cause significant harm to any other environmental objective. At the date of publication of this NFS, this provision had not been followed by provisions relating to the other environmental objectives, expected to be published in 2023.

Disclosure Art. 8 Regulation EU 2020/852

Art. 8 of Regulation EU 2020/852 on taxonomy requires companies to communicate a) the share of their revenue (Turnover) deriving from products or services associated with economic activities considered environmentally friendly; and b) the share of investments/capital expenditure (Capex) and the share of operating expenses (Opex) relating to assets or processes associated with economic activities considered environmentally sustainable.

The disclosure is also prepared on the basis of the Delegated Regulation (act) of the European Commission of 6 July 2021, which provides indications on the content and information that companies must communicate with regard to environmentally sustainable economic activities.

Starting from the 2022 NFS, in addition to the information on the TPER's activities eligible to the EU taxonomy, the required information on the share of activities aligned with the taxonomy is published.

Aligned activities are represented by that share of TPER's eligible activities that meet both the criteria set by the regulation on the taxonomy of "substantial contribution" with respect to environmental objective 1. Mitigation of climate change and "do not cause significant damage" (DNSH) with respect to other environmental objectives.

The 2022 NFS disclosure also includes the assessment of compliance with minimum safeguards.

The data on the taxonomy are presented, in summary form, in the following table. The tables required by the Delegated Regulation of 6 July 2021 are shown after the GRI Content Index.

Summary of results - Substantial contribution/Climate change mitigation

Economic activities					EU taxonomy indicators (%)		
					compared to the total		
Business Unit	Sector	Code	Description		Revenue	Investments	Operating costs
Local public transport	6	6.3	Urban and suburban transport, road passenger transport	**Eligible - Aligned**	53%	100%	32%
				Eligible, but not aligned	30%	0%	18%
				Eligible	83%	100	50%
				Non-eligible	0%	0%	0%
Transport of goods	6	6.2	Rail freight transport	**Eligible - Aligned**	3%	0%	9%
				Eligible, but not aligned	5%	0%	15%
				Eligible	8%	0%	24%
				Non-eligible	0%	0%	0%
Railway maintenance	6	6.14	Infrastructure for rail transport	**Eligible - Aligned**	4%	0%	11%
				Eligible, but not aligned	4%	0%	14%
				Eligible	8%	0%	25%
				Non-eligible	0%	0%	0%
Other mobility services	6	6.3		**Eligible - Aligned**	1%	0%	0%

			Urban and suburban transport, road passenger transport	**Eligible, but not aligned**	0%	0%	0%
				Eligible	1%	0%	0%
				Non-eligible	0%	0%	0%
Total TPER Group				**Eligible - Aligned**	61%	100%	52%
				Eligible, but not aligned	39%	0%	47%
				Eligible	100%	100%	100%
				Non-eligible	0%	0%	0%

Award criteria/drivers

Activities/Business Unit	Criteria
Public transport	the division between the energy consumption of Euro 6 vehicles and electric vehicles and total consumption.
Transport of goods	ratio of km travelled with electric vehicles to total km.
Railway maintenance	electricity consumption out of total consumption.
Other mobility services/Sharing services	100% of vehicles are electric

In summary, the technical screening criteria envisaged by Regulation 2021/2139 relating to the substantial contribution to the mitigation of climate change include:

Activities	Substantial contribution to climate change mitigation (Technical screening criteria)
Urban and suburban transport, road passenger transport	**The activity meets one of the following criteria:**
	a) the activity provides urban or suburban passenger transport services and its direct (exhaust) CO 2 emissions are zero.
	b) until 31 December 2025, the activity will provide interurban road passenger transport services using vehicles in categories M2 and M3 (228) with a bodywork type classified as "CA" (single-decker vehicle), "CB" (double-decker vehicle), "CC" (single-decker articulated vehicle) or "CD" (double-decker articulated vehicle) (229), compliant with the latest EURO VI standard, i.e. both with the requirements of Regulation (EC) No. 595/2009, and, from the entry into force of the amendments to that regulation, with the amending acts, even before they become applicable, as well as with the most recent phase of the EURO VI standard defined in Annex I, Appendix 9, table 1, of Regulation (EU) no. 582/2011, where the provisions governing this phase have entered into force but have not yet become applicable for this type of vehicle (230). If this standard is not available, direct CO 2 emissions from vehicles are zero.
Rail freight transport	**1. The activity meets one or both of the following criteria:**
	a) trains and railway wagons have direct (exhaust) CO 2 emissions equal to zero;
	b) trains and railway wagons have direct (exhaust) CO 2 emissions equal to zero when they operate on tracks equipped with the necessary infrastructure, and use a conventional engine when such infrastructure is not available (bi-modal).
	2. The trains and railway wagons are not used to transport fossil fuels.
Infrastructure for rail transport	**1. The activity meets one of the following criteria:**
	a) the infrastructure (as defined in point 2 of Annex II to Directive (EU) 2016/797 of the European Parliament and of the Council (274)) is:
	i) a track-side electrified infrastructure and associated subsystems: infrastructure, energy, on-board control-command and signalling and track-side control-command and signalling, as defined in Annex II, point 2, of Directive (EU) 2016/797;

	ii) a new or existing track-side infrastructure and associated subsystems where electrification is envisaged as regards the line tracks and, to the extent necessary for the circulation of electric trains, shunting tracks, or where the infrastructure will be suitable to be used by trains with zero exhaust CO2 emissions within 10 years from the start of the activity: infrastructure, energy, on-board control-command and signalling and track-side control-command and signalling, as defined in the Annex II, point 2, of Directive (EU) 2016/797;
	iii) until 2030, an existing track-side infrastructure and associated subsystems that are not part of the TEN-T network (275) and its indicative extensions to third countries, nor a network of main railway lines defined at national, supranational or international level: infrastructure, energy, on-board control-command and signalling and track-side control-command and signalling, as defined in Annex II, point 2, of Directive (EU) 2016/797;
	b) the infrastructure and facilities are used for the transhipment of goods between the following modes: infrastructure and superstructures of terminals for the loading, unloading and transshipment of goods;
	c) the infrastructure and facilities are used to transfer passengers from other modes to rail.

The data and information take into account the complexity and current uncertainties regarding the application of the current provisions of the relevant legislation. The taxonomy reporting and the legislative interpretation may evolve and change over time, also in relation to the expected completion of the reference framework and, in particular, to the publication of the delegated regulations relating to the four remaining environmental objectives other than climate ones, application cases and reporting practices. These developments could also have an impact on the taxonomy indicators presented above.

Accounting principles

For the purposes of reporting pursuant to Article 8 of the Taxonomy Regulation 2020/852, revenues (Turnover), investments (Capex) and operating costs (Opex) are defined as follows. Please refer to the Consolidated Financial Statements for more specific information on accounting principles:

- *Revenue - Net revenue from products or services.*
- *Capex - Increases in intangible and tangible assets, including capitalised research and development costs, in the balance sheet items property, plant and machinery, intangible assets, before any changes for fair value adjustment and gross of depreciation and any write-downs.*
- *Opex - Non-capitalised research and development costs, building renovation costs, costs for short-term leases, maintenance and repair costs and other indirect costs for the daily maintenance of owned assets, plants and equipment.*

The process for determining the activities eligible for the taxonomy was carried out by adopting the following step-by-step approach:

01. Analysis of TPER economic activities in the various Business Units and their inclusion in the EU taxonomy (Delegated Regulation EU 2021/2139 on climate change objectives).

02. Allocation of the required indicators (Revenue - Investments - Operating costs) based on the methodology required by EU regulations.

Individually eligible Capex/Opex

According to the reference legislation, it is permitted to include as eligible Capex and Opex other expenses relating to the procurement of goods and services related to economic activities other than those eligible for the taxonomy, if these purchases contribute to the reduction of emissions and if the supplier's economic activity is eligible for the taxonomy.

Investments (Capex) - during 2022, no significant investments were made that are not already included in the activity sectors referred to in the previous paragraphs that may fall within the definition above.

Operating costs (Opex) – At present, TPER does not have the necessary information to be able to identify any purchases as eligible for the taxonomy. The collection of this information requires a prior assessment of suppliers' activities, which was not possible to carry out for 2022.

DNSH - Do No Significant Harm

To be defined as sustainable, an economic activity must not only substantially contribute to one of the objectives defined in the Regulation, but must not cause damage to the other objectives *(Do No Significant Harm)*. Compliance with the DNSH criteria relating to eligible activities was carried out for environmental objectives other than objective 1. Climate change mitigation, with respect to which a substantial contribution was instead identified by TPER.

The Appendices of Delegated Regulation EU 2021/2139 define the criteria to be followed in order to verify compliance with the DNSH principle.

The main phases of the internal due diligence envisaged: a) the involvement of the heads of the TPER Business Units and the analysis of eligible activities, policies and operating practices with respect to the criteria envisaged for compliance with the DNSH principle; b) documentary analysis used for the purposes of reporting on the material topics referred to in this NFS.

Economic activities				**EU Taxonomy Alignment [Climate mitigation]**		
Business Unit	Sector	Code	Description	**Reg. 2020/852 objectives**		**Risk description**
Local public transport	6	6.3	0	2	Adaptation to climate change	The activity meets the criteria set out in Appendix A
				3	Sustainable use and protection of water and marine resources	Not relevant
				4	Transition to a circular economy	Waste management measures are in place. Use of biomethane from local organic waste. Measures for the reuse and recycling of batteries are being evaluated
				5	Pollution prevention and reduction	Vehicles 64% compliant with the requirements (Euro 6, ZEV, EEV or emission-free standards)
				6	Protection and restoration of biodiversity and ecosystems	not relevant
Transport of goods	6	6.2	0	2	Adaptation to climate change	The activity meets the criteria set out in Appendix A
				3	Sustainable use and protection of water and marine resources	Not relevant
				4	Transition to a circular economy	Waste management measures are in place
				5	Pollution prevention and reduction	Propulsion engines comply with the emission limits set out in Annex II of Regulation (EU) 2016/1628
				6	Protection and restoration of biodiversity and ecosystems	Not relevant
Railway maintenance	6	6.14	0	2	Adaptation to climate change	The activity meets the criteria set out in Appendix A
				3	Sustainable use and protection of water and marine resources	The activity meets the criteria set out in Appendix B
				4	Transition to a circular economy	The activity assesses the availability of techniques that support the use of reused components and a waste management that promotes recycling over disposal.

				5 Pollution prevention and reduction	The activity asset meets the criteria set out in Appendix C
				6 Protection and restoration of biodiversity and ecosystems	The activity meets the criteria set out in Appendix D
Other mobility services	6	6.3	0	2 Adaptation to climate change	The activity meets the criteria set out in Appendix A
				3 Sustainable use and protection of water and marine resources	Not relevant
				4 Transition to a circular economy	Waste management measures are in place
				5 Pollution prevention and reduction	For current vehicles, 100% use of electricity - zero emissions
				6 Protection and restoration of biodiversity and ecosystems	Not relevant

Minimum Safeguards/Minimum Safeguards Criteria (CTR)

Art. 18 of EU Taxonomy Regulation (2020/852) defines minimum safeguards as those *procedures implemented by a company carrying out an economic activity in order to ensure that it is in line with the OECD guidelines intended for multinational companies and with the United Nations Guiding Principles on Business and Human Rights, including the principles and rights established by the eight fundamental conventions identified in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the International Charter of Human Rights.*

The criteria set out in Article 3 of Regulation EU 2020/852 require that, in order to be considered environmentally sustainable, in addition to what is defined in the previous paragraphs (eligibility - alignment with technical criteria - DNSH), an economic activity is *carried out* (Article 3 letter c) *in compliance with the minimum safeguards provided by Article 18.*

TPER is committed to conducting business according to ethical and integrity criteria and to respecting human rights in all activities. The assessments of the minimum safeguard criteria concerned in particular the areas highlighted below and envisaged by the regulations.

Human rights - TPER is committed to respecting the internationally recognised human rights referred to in the International Charter of Human Rights and the ILO Declaration on fundamental principles and rights at work. These rights include fundamental work rights, such as the rights to freedom of association and collective bargaining, the right not to be subjected to forced labour, child labour or discrimination in employment and occupation, as well as rules on working hours and occupational health and safety. This commitment, which is evident in the Code of Ethics and in the management procedures and systems, was further confirmed in 2022 with the review of the Code of Ethics, then approved in 2023

Corruption – TPER's commitment to preventing and identifying any episodes of corruption has led to the adoption of an anti-corruption policy articulated on different levels and which envisages both the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01 (of which the Code of Ethics is an integral part) and the specific ISO 37001 management system. For further details, please refer to the Chapter The control model, measures to combat corruption.

Taxes/Taxation – TPER adopts a transparency and prudence approach towards tax issues and adopts policies that aim to reduce tax risks. The Tax Transparency section of this document provides detailed information on the matter, as part of the underlying sustainability issue reporting.

Free competition – TPER operates in compliance with the conditions of freedom of enterprise, and with the rules and regulations on free competition. Compliance with laws and regulations is also an essential condition for guaranteeing business continuity.

Services for the territory NFS

GRI STANDARDS	2-6

TPER operates in the field of local public road transport services in the Bologna and Ferrara areas, both at urban and exurban level, and it provides the public railway transport service on the regional network in partnership with Trenitalia through the associated company TrenitaliaTper. It also manages the car-sharing service, which has been free-flowing and 100% electric since October 2018 (Corrente).

TPER is the implementer of the main mobility projects in the Bologna area and is the manager of the new MEX station-airport connection, under concession to the subsidiary Marconi Express.

Road transport service

The total number of passengers transported by TPER in 2021 was 126 million, up by 18.5% compared to the previous year, which was, however, still characterised by the repercussions of Covid limitations. The passenger levels recorded in 2019, the year before Covid, have not yet been fully recovered, but the trend is growing.

The road transport network covered by TPER in the provinces of Bologna and Ferrara equates to 4,427 kilometres, including an urban network of 561 km. In 2021, the TPER Group and its partners covered more than 45.9 million km in the Bologna and Ferrara catchment areas.

Urban and extra-urban area of Bologna

In order to guarantee the public road transport service in the Bologna area (through the subsidiary TPB), the TPER Group vehicles offered more than 45 million kilometres of urban, exurban and suburban routes, of which 1.2 million for Prontobus call service.

Public road transport service in the Bologna area - km offered	2020	2021	2022
Bologna urban service	16,879,787	17,584,026	17,541,772
Urban service in other local councils	664,111	691,157	688,846
Suburban and exurban service in Bologna	16,715,367	18,200,084	17,627,756
Reserved and specialised lines and rentals	34,701	45,898	88,373
Total km covered	**34,293,966**	**36,521,165**	**35,946,747**

In 2022, TPER transported roughly 113.6 million passengers in the Bologna catchment area, managing a total of 87 urban, 18 suburban and 139 extra-urban lines, 12 of which Prontobus call lines.

Urban and extra-urban area of Ferrara

In order to provide the local public road transport service in the Ferrara area, the subsidiary TPF covered 9 million kilometres in 2021, 1.2 million of which via the Taxibus call service.

Public road transport service in the Ferrara area - km offered	2020	2021	2022
Urban service in Ferrara	2,316,150	2,574,743	2,526,279
Ferrara exurban service	6,047,310	6,826,302	6,560,489
Reserved and specialised lines and rentals	1,070	747	1,241
Total km covered	**8,364,530**	**9,401,792**	**9,088,009**

In 2022, around 12.4 million passengers were transported in the Ferrara area. There are 21 urban lines, 15 Taxibuses, and 44 exurban lines in the Ferrara area.

Rail freight service

as at 1 January 2020, the new company Trenitalia Tper is managing regional railway transport in Emilia-Romagna, handling railway passenger transport for the Emilia-Romagna region on both regional and national lines.

Trenitalia Tper is a 30% investee of TPER, which retains ownership of the rolling stock made available for the service.

As this is an group associate, as at 2020 the service data were not consolidated with the TPER data.

Car sharing - "Corrente" service

Corrente, a free-flowing car-sharing service with completely electric cars, was launched by TPER on 27 October 2018. All of the cars are 5-seater automatic Renault Zoes with a 400 km range.

Through the "Corrente" website or app, it is possible to see a map of the closest cars, turn off the car alarm and start driving. The cars can enter the restricted traffic zones in the Municipality of Bologna, with the exception of pedestrian zones, and park for free in parking bays and along the reserved lanes in the municipal area.

The service has almost 67 thousand registered users, who have covered roughly 3.7 million kilometres using this sustainable mobility system in 2022.

The Corrente car-sharing service was also launched in the territory of the municipality of Rimini in 2021 and in the municipality of Imola in 2022. Therefore, as at 31 December 2022, the service is active in Bologna, Ferrara, Casalecchio di Reno and Rimini and Imola, with the possibility of opening and closing the route even between different cities.

To handle the need for customer safety and limit the use of the cars by many people, weekly or monthly long-term rentals ("Corrente Plus") were introduced and car cleaning and sanitisation activities were intensified.

	2019	2020	2021	2022
Cars - Fleet as at 31 December	277	277	385	385
Registered users	16,020	29,585	46,752	66,745
Completed trips	169,622	146,342	191,825	192,939
Hours used	88,350	77,135	97,583	376,122
Kilometres travelled	1,732,186	1,582,911	2,502,288	3,750,036

People Mover - management of the MEX service

Marconi Express is the first monorail in Italy to connect the high-speed railway network with the seventh largest Italian airport in terms of passenger traffic. In fact, it connects the airport with the high-speed railway and with the centre of Bologna thanks to the terminal at the railway station, the nerve centre of the national railway lines, where more than 50 million passengers pass through each year. The service was inaugurated on 18 November 2020.

TPER, a 25% shareholder of Marconi Express, manages the service. In 2022, Marconi Express had 1,447,991 passengers, with an average of around 3,967 people transported per day. The service covered 402 thousand km.

Mobility Management

TPER annually stipulates various Mobility Management agreements with companies and entities based in the service area.

Through these agreements, TPER issues discounted annual passes for employees who request them on the TPER portal "Solweb". The discount applied by TPER is 5% or 15% depending on the contribution paid to employees by their company (which in some cases well exceeds 15%, making the pass especially convenient and thereby encouraging its purchase).

In addition, further subsidies have been implemented since 2022, including:

- the disbursement of the contribution envisaged by the Municipality of Bologna as part of the PON Metro - React EU Project "Extraordinary plan in favour of company Mobility Managers and innovative actions" for the relaunch of local Public Transport; thanks to this, the companies signatories to the agreements with TPER for the purchase of subsidised passes reserved for employees have increased.
- the extension with the same methods to the Ferrara Area of the Framework Agreements for the subsidy of the 15% contribution, already in force for the Bologna Area, with the integration of a further contribution from AMI Ferrara in favour of companies

Instead, other agreements provide for the purchase of a large number of passes, in relation to the total number of employees, at a flat rate, which companies and entities then distribute to their employees during the year based on actual requests. The conventions signed for the provision of Special Passes with Intercent-ER, Municipality of Bologna and ASP Città di Bologna are part of these agreements.

Specific agreements also concern:

- students enrolled at the University of Bologna who, thanks to contributions from the university, have access to passes at particularly advantageous rates;
- Philip Morris Manufacturing & Technology Bologna S.p.A., which provides a pass free of charge to employees valid on the entire service provided by TPER, including the two lines that reach the company plant in the municipality of Crespellano
- Bologna G. Marconi Airport, with the provision of special passes reserved for airport personnel with various additions integration between the MEX, LPT, Corrente and Trenitalia rail services

Finally, agreements are signed with companies for the purchase of ordinary passes reserved for employees. Tickets are booked in the same way as mobility tickets, through TPER's online system.

In detail, the list of companies that as at March 2023 have signed an Agreement for the provision of discounted Mobility passes or Special passes reserved for employees is shown below:

- Acer Bologna
- Bologna Airport
- Alfasigma
- ASP - Città di Bologna
- AUSL - Bologna Local Healthcare Unit
- Fondazione Hospice Seragnoli Onlus
- Municipality of Bologna
- Area Blu (Employees of the Municipality of Imola)
- Bomob
- Municipality of San Lazzaro
- Gd
- Hera
- Ima
- Intercenter
- Istituti Ortopedici Rizzoli of Bologna
- Philip Morris
- S. Orsola-Malpighi General Hospital
- Crif
- Open Group
- Emil Banca
- Woolrich
- Coloplast
- Galletti Spa
- Zanichelli
- Monrif
- Manfredi Tanari Institute
- Unipol

- Marposs
- Ferrara Hospital
- AUSL Ferrara
- University of Ferrara
- University of Bologna

Ticket distribution

TPER offers its customers different ways to purchase individual tickets and travel passes for the transport service, as reported hereunder:

- Company ticket offices: TPER points are available to customers in Bologna, Ferrara and Imola. At TPER points, customers can receive answers to any request related to public transport and different forms of mobility: information, travel and parking tickets, passes and much more.
- Ticket sales: a network of over 1,500 authorised merchants can sell TPER travel tickets.
- Self-service automatic ticket machines - automatic distributors: TPER provides its users with a network of automatic ticket distributors for widespread ticket distribution.
- ATM's - Home banking; With the introduction of smart cards for pass holders, TPER provides further pass renewal options. It is possible to top up subscriptions at any ATM of the Unicredit and Carisbo/Intesa Sanpaolo Group network, or by using the respective home banking options of the banks' websites.
- Website: Smart cards can be requested from the TPER website (new issues) and can be recharged directly from home
- On-board sales - on-board issuing: as a general rule, travel tickets must be purchased before boarding. Tickets purchased on board are issued with a surcharge.
- Travel payment without surcharge by using a contactless bank card: the system has been active since autumn 2021 on urban services in Bologna, Ferrara and Imola.
- Applications: With the MUVER and ROGER apps, it is possible to buy travel tickets directly with your smartphone.

NFS TPER fleet

GRI STANDARDS	2-6

Fleet - road vehicles

The fundamental lever of TPER's environmental sustainability consists of its activities to reduce - in line with available resources - the environmental impacts of its fleet, according to three guidelines:

- Urban transport: use of electric vehicles (hydrogen-powered vehicles also in the future)
- Suburban transport: use of hybrid/methane-powered vehicles (hybrid/CNG/LNG)
- Exurban transport: use of liquid methane (Biofuel/LNG) powered vehicles

In total, the TPER Group had 1,186 vehicles as at 31 December 2022 (1,199 as at 31 December 2021 and 1,187 as at 31 December 2020).

	Diesel	Electric	Methane	Diesel hybrid	Methane hybrid	Overall total
Interurban	322		62			384
Suburban	131		129	29		289
Urban	105	82	237	49	40	513

Overall total	558	82	428	78	40	1186

In the areas managed by subsidiaries TPB and TPF, the vehicles of SST (14 vehicles) and its partners are also used (a total of 275 vehicles).

	Diesel	Methane	Diesel hybrid	Overall total
AGI	29			29
Coerbus	48	1		49
Corbus	8			8
Cosepuri	58	3		61
La Valle	25			25
SACA	66	14		80
Sarasini	9			9
SST	10	2	2	14
Overall total	253	20	2	275

Below is a detailed analysis of TPER vehicles only.

	Diesel	Electric	Methane	Diesel hybrid	Methane hybrid	Overall total
Euro 2	15					15
Euro 3	206		15	26		247
Euro 4	32		21			53
Euro 5	129		24	2		155
Euro 6	176		175	50	40	441
ZEV		82				82
EEV			193			193
Overall total	558	82	428	78	40	1186

The main source of fuel is still diesel. TPER uses a diesel fuel with very low sulphur content (10 parts per million) which limits emissions of sulphur dioxide and sulphates.

Particularly for urban services, TPER uses zero-emission electric trolley buses and buses run on methane, a fuel that does not release benzene, sulphur dioxide or particulate matter (PM10) and whose carbon dioxide and nitrogen oxide emissions are, respectively, 25% and 90% lower than those of traditional fuels.

In addition to 428 natural gas vehicles, of which 193 are Enhanced Environmentally Friendly buses and 175 Euro 6 buses, there are 82 electric vehicles with ZEV - Zero Emission Vehicle characteristics, 118 hybrid buses, 558 diesel buses, of which 176 Euro 6 buses.

Almost all buses are equipped with devices to reduce emissions (with the exception of the new Euro 5, Euro 6, Zero Emission Vehicles and EEV, which have a reduced impact or no impact).

Therefore, considering the EEV vehicles (Enhanced Environmentally Friendly Vehicles), ZEV vehicles, which are considered to be emission-free vehicles, and Euro 6 vehicles (considered to be environmentally sustainable for the European taxonomy until 2025), 60% of the vehicles in the TPER fleet have low emissions.

	Interurban	Suburban	Urban	Overall total
Euro 2	8	5	2	15

Euro 3	119	78	50	247
Euro 5	68	20	67	155
Euro 6	183	151	107	441
Euro 4	6	8	39	53
ZEV			82	82
EEV		27	166	193
Overall total	384	289	513	1186

TPER investments for urban routes are aimed at increasing the number of electric vehicles. The Bologna trolley bus network was already present in the 1960s and 1970s and, although unused for several years, was always maintained and has recently been refurbished. The current electric fleet consists of 68 trolley buses, 49 of which are Crealis Neo.

Regarding the type of vehicles used, there are 59 short buses, 54 buses of medium length, 723 long buses and 350 super-long/articulated buses.

	short	medium	long	super-long/articulated	Overall total
Interurban	10	19	255	100	384
Suburban			233	56	289
Urban	49	35	235	194	513
Overall total	59	54	723	350	1186

With regard to "architectural barriers", 1,016 buses are equipped with a platform to facilitate the use of the vehicle for people with reduced mobility (967 in 2021 and 902 in 2020). A total of 1,074 buses have a lowered platform (1,028 in 2021 and 979 in 2020). Overall, there are 1,079 buses with at least one device designed to reduce architectural barriers, i.e. 91% of buses. The number of buses not equipped with optimal support systems for people with reduced mobility has been reduced to 107 (159 in 2021).

		without platform	Equipped with elevator platform	Overall total
Interurban	Standard platform	98	5	103
	Lowered platform	51	230	281
Suburban	Lowered platform	3	286	289
Urban	Standard platform	9		9
	Lowered platform	9	495	504
Interurban Total		**149**	**235**	**384**
Suburban Total		**3**	**286**	**289**
Urban Total		**18**	**495**	**513**
Overall total		**170**	**1016**	**1186**

In parallel with the increase in equipped buses, the personalised assistance system for those with special requirements also continues to be developed.

Users in wheelchairs can now check (also using an app or the variable smart pole messages) whether line buses are equipped, knowing that the coverage of equipped vehicles in the urban area makes it mostly unnecessary to make a reservation, allowing for the independent and free use of this public service.

In any event, it is also possible to agree on the presence of a platform on routes of interest for six-month periods, or, lastly, agree on a single specific itinerary on a specific day, by providing prior notice of at least three days. All of this can be done by using the info available in the shelters and on the company website or with the assistance of the Call Centre.

A series of measures have been adopted to facilitate travel for passengers with reduced mobility. The measures concern the vehicles themselves, which have been made more user-friendly, and the information provided. The measures include:

- Buses with platform or lowered platform
- Information at stops via electronic poles, providing information on the arrival of the buses as well as information about the presence of the platform
- Provision of applications that give information about the arrival of buses and also about the presence of a platform on the arriving buses (for details of the applications http://www.TPER.it/apps).

Vehicles - Rail transport

Although the railway business unit was transferred to Trenitalia Tper, TPER maintained ownership of the assets functional to carrying out the service.

The rail service is also managed using new technologies that favour sustainability. Seven new ETR 350 (from the new series) have been in service since 2017, in addition to the 19 ETR 350 (including seven from the new series) already in service. Each ETR has around 270 seats but can carry a total of around 600 passengers. The service improvements made to the 14 new ETR trains include an additional toilet on board. The ETR trains were purchased in advance of the expiries set forth in the contract linked to the regional railway service tender precisely to guarantee in advance new trains with positive impacts on service quality as well as in terms of emissions.

TPER has 14 electric and 2 diesel trains. The average life of trains owned by TPER is 8 years.

Average age of vehicles

In 2022, the average age of the vehicle fleet was 11.9 years. The trend of improvement and reduction of the average age continues with respect to previous years. The investments under way, and those planned, will contribute to further improving this indicator, while maintenance of the vehicles keeps them in a state of good quality and functionality.

	2020	2021	2022
Average age of buses	12.4	11.7	11.9
Average age of trains	6	7	8

NFS Investments and innovation

GRI STANDARDS	2-6 203-1

The TPER investment plan concerns the purchase of new vehicles for the road and railway sectors and the realisation, as an implementing entity, of projects aimed at developing more efficient and sustainable mobility, technological development and information technology.

The investments described refer to the 2023-2026 plan, despite the fact that TPER has defined a long-term programme lasting over ten years, also in line with technological developments and the evolution of the sources of financing envisaged for the new works.

The investments respond to the local, national and international objectives regarding sustainable development.

Investments 2022-2024	Amount (Millions of Euro)	Goals of the Metropolitan Strategic Plan and PUMS (Bologna and Ferrara areas)	Goals of the Urban Agenda for sustainable development	United Nations Sustainable Development Goals (SDGs)	EU taxonomy objectives
NEW INFRASTRUCTURE AND INSTALLATIONS	141	Protection of the territory (air quality and climate change), city enhancement, and accessible and sustainable mobility	Adaptation to climate change and reduction of disaster risk	Construct a resilient infrastructure, promote innovation and fair, responsible and sustainable industrialisation	Adaptation to climate change The transition to a circular economy Pollution prevention and reduction
ACQUISITION OF NEW VEHICLES FOR THE LOCAL ROAD PUBLIC TRANSPORT SERVICE	277		Urban and extra-urban mobility and intermodality	Making cities and human settlements inclusive, safe, resilient and sustainable	
ACQUISITION OF NEW VEHICLES FOR THE LOCAL RAIL PUBLIC TRANSPORT SERVICE	14		Rail mobility and intermodality		

Added to these investments are those in Information Technology, bus video surveillance, EMV ticketing and modernisation of AVM systems.

Projects

Emilio - The TPGV project (Guided Public Transport)

The Guided Public Transport project (in Italian: TPGV or Trasporto Pubblico a Guida Vincolata) is a system of mass transport via guided trolley buses between the centres of Bologna and San Lazzaro. Crealis Neo vehicles will circulate on the new lines and, thanks to cameras that recognise the optical guide traced on the road, will stop flush with the platform at a distance of between 1 and 6 cm. The TPGV system entered service on 1 July 2020, with the activation of line 15, the first San Lazzaro-Piazza XX Settembre line.

The local public road transport system can make use of new vehicles (49 overall) and provides new levels of flexibility and accessibility for passengers, especially those with reduced mobility who find it quicker and easier to access the vehicles.

The new system will have a positive impact on the efficiency of the service, which will be more streamlined by reducing passenger boarding times and therefore the amount of time spent at stops. The company is able to benefit from a faster commercial speed and consequent cost reductions.

The project has also allowed for the implementation of a major urban redevelopment plan: thanks to the receipt of government financial resources, roads have been completely refurbished, reducing the vibrations and noise produced by passing traffic. Overall, the total value of the investment is around Euro 182 million.

The PIMBO project

PIMBO is the acronym of Progetto Integrato della Mobilità Bolognese, the integrated Bologna mobility project for the completion of the Metropolitan Railway Service and the creation of trolley bus services on the main urban public transport lines. TPER is the manager and executor of the project.

By implementing the planned interventions, it will be possible to guarantee a strong and widespread connection system for public transport powered by electricity, with important consequences in terms of reduction of road congestion, air pollution and noise pollution, in line with the planning tools of all local authorities involved in the project (PUMS).

The project envisages:

- The restructuring and strengthening of the urban public transport network through the development of the existing trolley bus system, and the integration with the railway system and with the new tramway projects in Bologna.
- The completion of the Metropolitan Railway Service (SFM), with the construction of the last four stops inside the Municipality of Bologna (Prati di Caprara, Zanardi, Borgo Panigale Scala, San Vitale-Rimesse), with the adaptation of the San Ruffillo and Fiera stops and the multi-modal connection with the urban fabric, through the implementation of a series of works to improve accessibility.
- The "branding" of SFM stations and the modernisation and completion of the network.
- The purchase of trolley bus and railway rolling stock to be used on the project trolley bus and railway lines.

The PIMBO Definitive Project, as indicated above, was approved with CIPE Resolution n. 92 of 22 December 2017, published in the Official Gazette on 15 June 2018. Following the loan granted by MIT to the Municipality of Bologna to build the red line of the tram and the loans granted for the planning of additional lines (expected to be 4), in the second half of 2019 it was necessary to carry out a review of the project, still in progress, to verify the interferences between the new tram lines and those which will become trolley buses, albeit with the approved economic framework of the PIMBO project remaining unchanged. Therefore, the procedures related to the preparation of documents necessary to publish the calls for tenders have been suspended pending the determination of the project's new structure, as part of a specific technical working group with the Municipality of Bologna. With Cipe resolution no. 65 of 26/11/2020 published in the Official Gazette on 08/01/2021 the role of beneficiary of the ministerial funds held by the Municipality of Bologna and the relative economic coverage of the interventions of the PIMBO project have been confirmed.

TPER is the implementing body for the initiatives relating to the completion of the trolley bus lines and accessibility.

The People Mover project

The People Mover is the mode of transport chosen for the Marconi Express, which is the direct connection between the Central Railway Station and Bologna Guglielmo Marconi Airport. The People Mover is a guided, fully electric and automatic (driverless) mass transit system with platform screen doors to protect passengers. It is essentially a monorail shuttle that connects the city centre (Central Station) and the airport in about seven and a half minutes, making a single intermediate stop in an urban area undergoing redevelopment and destined to host a new housing and university area.

The service started on 18 November 2020. TPER is a minority shareholder of the company Marconi Express S.p.A. and manager of the service on behalf of the same company, concessionaire of the Municipality of Bologna. TPER therefore takes care, starting from the date indicated above, of the ordinary and scheduled management and maintenance of the new system, while the Works contractor, who carried out the work, is carrying out extraordinary and corrective maintenance under warranty. We are waiting for the final technical-administrative testing of the work itself.

The Marconi Express made its debut during the height of the pandemic, with a small number of travellers.

TPER carries out the following main activities:

- Service management
- Ordinary and scheduled maintenance
- training and certification of personnel who must be qualified by the Agency for the safety of railways and road and motorway infrastructures (ANSFISA)
- organisation and management of the travel ticket sales and marketing network.

During the course of 2022, traffic has reached the expected volumes.

Innovation

RESEARCH & DEVELOPMENT ACTIVITIES

Innovation and digitalisation are key elements of TPER's strategy, to ensure, in a scenario of rapid transformation, high standards of safety, operational efficiency, quality and accessibility of services.

Mobile ticketing

TPER, together with the companies Seta, Start and Tep, managers of local public transport in Emilia-Romagna, have launched a project for the purchase of bus tickets via smartphones which is fully compatible with the MiMuovo technology systems already used on all buses run by the Emilia-Romagna public transport companies.

The aim is to guarantee quick and easy use, user security in terms of the management of their data and less risk of counterfeiting, as well as facilitating the on-board mandatory ticket validation process. Once downloaded onto smartphones, the tickets enable access to all buses and can be checked via the handheld devices used by conductors, just like any other travel ticket used today on the MiMuovo regional system.

These new systems, which enable users to download bus tickets onto their mobile phones with just a few clicks, expand the range of purchasing options in Bologna which already includes over 1,000 authorised local sale points and the sale of time-limited tickets aboard urban buses via automatic ticket machines.

ROGER

Again in collaboration with the public transport companies of Emilia-Romagna, the ROGER application has been available since 2018, which makes it possible to buy tickets and passes and to transform mobile phones into a technology substitute for the ticket itself (or the MiMuovo pass). In fact, with ROGER customers can validate their tickets on board using their phones. ROGER works with all Android smartphones, both NFC and not, and also with Apple phones, and can be viewed as a kind of virtual mobility assistant.

You can use the app's navigation system to plan your journey, integrating the various forms of public transport: by bus as far as the train station, then the train and then the bus again afterwards. In fact, ROGER proposes all possible combinations and once you have chosen your travel solution also proceeds to purchase all the necessary tickets. ROGER can also be used by those travelling by car, enabling you to pay for parking.

Plans are in place to integrate ROGER with the Corrente car-sharing service in Bologna, enabling users not only to book and unlock vehicles but also to figure out which bus they can take to get to the nearest free car and where it is best to get off the bus to take the car to their destination, if this is not well served by traditional public transport. They can also use the app to park their own car (and pay for parking) so they can then use Corrente to go into the city centre, taking advantage of the reserved lanes and passing through restricted traffic areas.

A service has also been developed for public transport users that provides an indication of how full the bus is arriving at the stop, by consulting the Roger mobility app simply and intuitively, already available for free on every smartphone.

This function is even more valuable in the period of health emergency and allows the user to know in advance the situation on the bus and decide whether to get on or wait for the next bus.

The app automatically and absolutely anonymously detects how many smartphones with Wi-Fi antenna are present on board each bus: a statistical algorithm therefore processes an estimate of the total number of passengers in real time and displays a graphical "traffic light" image to the user: the image of a small stylised bus which is either green, amber or red depending on how full the arriving bus is.

EMV ticketing system

This project aims to further develop the public transport electronic ticketing system to permit the use of EMV contactless credit cards. The system allows customers with a contactless credit card to access the transport service directly using the card without previously having to buy any travel ticket. The project is financed using regional funds from the 'Regional Operational Programme of the European Regional Development Fund (ERDF ROP) 2014-2020' and carried out in collaboration with the companies TEP, START and SETA.

The EMV electronic ticketing system allows the use of contactless credit cards with EMV banking standard (acronym for Europay, MasterCard and VISA). The system allows customers with a contactless credit card to access the transport service directly using the card without previously having to buy any travel ticket.

Services for travellers

The following are the main services for travellers:

- Recharge of electronic passes: without a doubt, the annual pass is the most convenient travel ticket, mainly used by those who use public transport on a regular basis and become loyal to the service. This category of users can now purchase or renew their passes without making a special trip or queuing at ticket offices. The purchase can also be made with a credit card on TPER's website, where it is also possible to "top up" the pass once it has expired. Passes can also be renewed at the ATMs of Unicredit and Intesa San Paolo.
- People Mover Ticketing: the system was created using new EMV and QR code technologies: the former to allow ticketing with credit cards, the latter facilitates the purchase of single or group tickets on the web. The ticket validators also allow contactless ticketing compatible with the regional MiMuovo card. The 3 stations are equipped with latest-generation turnstiles and validators and with automatic ticket machines for the immediate purchase of tickets. The ticketing system has passed acceptance tests performed by staff from the Visa and Mastercard circuits.
- Information at bus-stops and onboard buses: Real-time information delivered via panels at the stops have been a fixture for many years for part of the territory served. In 2019, 40 more installations were added to the 185 urban stops (150 in Bologna and 35 in Ferrara) that are already equipped with these panels. At present, the display messages at "smart" bus shelters also indicate whether the next bus provides a wheelchair-access platform for non-ambulant people, an important piece of information already present on the app and Hellobus messaging service. Urban buses are equipped with a system that announces the next stop and, in recent months, of variable utility messages (limitations on travel, detours, other announcements) with programmable frequencies. In support of blind and visually impaired people, urban and suburban buses are equipped with an external loudspeaker that communicates the line number and the direction once at the stop.
- Info in real time: Hellobus and Chiamatreno: in addition to the apps, the real-time information services on the location of TPER buses and trains on the regional FER network, which for years have taken the form of SMS messages to phones, are now also available on the TPER website, on the page dedicated to real-time services in the "Routes and Timetables" section. Chiamatreno also has its own website (www.chiamatreno.it). The average number of requests for information through the Hellobus service is 1,300 text messages per day and 200,000 requests via web services.
- Travel ticket validation and paying fines: on all TPER transport services, both on road and rail, ticket validation is carried out with a tablet-based application. Fines can be issued electronically and collected directly by the conductor through a POS terminal. Barcode-enabled fines can be paid on board and at the company's ticket offices, but also on TPER's website via credit card, with the home banking of the main banks, through the "Cbill" channel, and at all post offices.
- Smart posts: as part of the plan to upgrade the information panels at the bus stops, new information poles were installed in the exurban areas in order to improve information for users and accessibility to public transport through information in real time. In particular, eleven new installations were completed (4 Imola, 2 Pieve Di Cento, 3 Argelato, 2 Granarolo). A total of 184 information panels have been installed and are now operational in the two areas of Bologna and Ferrara.
- TPER offers its annual pass-holders an SMS-based information system that allows them to receive news on critical events affecting services (strikes, closures for scheduled work on important roads), as well as promotional or service-related messages. Today, already 55,000 annual pass-holders have asked to be updated and receive news via SMS. On average, over 600,000 SMS messages are sent every year. Similar information is sent via an info-mail system to users who register on the TPER website: to date, there are approximately 33,000 registered users.

- The website: TPER ensures the constant updating of its website, extending its content gradually with the new services managed by the company. The site is completely responsive and boasts over 15,000 sessions a day.
- The online services portal: on the TPER online services portal at https://solweb.TPER.it, which boasts around 50,000 registered users (private individuals, companies and TPER retailers), people can easily carry out online operations at any time. For example, they can top up their passes or buy new ones - including in reference to Mobility Management agreements with and public or private entities or companies), pay a fine, choose the method for allocating the amounts made available by the "Mobility Bonus", book the Prontobus call service, request information and send communications to the company.

AVM project

In order to improve, in terms of efficiency and effectiveness, the Public Transport service provided by optimising the available resources, TPER has equipped itself with advanced technological systems such as operating support systems and, in particular, for the management, supply and control of public transport service.

The entire TPER fleet is equipped with AVM systems for a centralised service control system. 1,100 urban and extra-urban buses are equipped with on-board computers with GPS location and with a real-time connection to the operations centre, to guarantee procedures to ensure the service runs properly, provide dynamic information at bus stops, assist and support the travelling personnel.

The remote control centre is connected to the traffic light centre to allow bus preference policies at intersections equipped with smart regulators.

Applications to support operating staff

In recent years, TPER has developed applications to support its operating staff. Today, by using the tablet provided, operational staff responsible for monitoring bus traffic on the road can access real-time information - the same available at the operations centre - regarding the status of lines and the location of vehicles across the territory so they are able to take prompt corrective measures in the event of delays, traffic jams and other problems that may affect the regularity of the bus service. Likewise, railway operating staff - train drivers and conductors - are equipped with similar tools to facilitate train operations, through up-to-date electronic documents and information on their devices.

The main projects are as follows:

- Implementation of smart working technologies: in 2019, a smart working project was launched, in order to create the technical and procedural conditions for working remotely. The infrastructure solution has been identified that allows employees to use the same tools from home as they would in the workplace. This method of working was expected to be tested and then gradually implemented. However, the project was accelerated to allow 230 workers to use smart working in March 2020, as a result of the COVID-19 health emergency.
- App for travelling staff for shift changes/holidays/overtime/service status: in order to improve the service management, an app has been created to be used by 1,500 drivers, to facilitate the management of shifts and service communications. The app is available in the Google and Apple stores and allows access with the same profile used for other corporate services. The travelling staff can interact directly with the company through information on the service status, request for shifts and shift swaps, request for holidays and leave, view requests and waivers, strike communication.
- Extension of email service to all personnel: individual company e-mail accounts were activated for all personnel, extending the service to those without one (drivers). Therefore, a simple and immediate channel is available for the exchange of messages

and information within the TPER community of over 2,500 people. All personnel can send or receive emails regarding the workplace, significantly expanding the methods of interaction between colleagues and with the various company functions. The service is accessible from any browser at the address https://hellomail.TPER.it/ by entering your company credentials.

Tariff concessions

Free season tickets for children residing in Emilia-Romagna

"Grande" is the active season ticket for the 2020/2021 school year, reserved to children under 14 residing in Emilia-Romagna, and granted free of charge by the Emilia-Romagna Region.

Furthermore, from September 2021, with the "Salta Su" season ticket, The Region has made provisions for free access to home-school routes for students enrolled in state secondary schools, private institutes and vocational training institutes residing in Emilia-Romagna, with presentation of the household's ISEE certificate of less than or equal to Euro 30,000.

Mobility Bonus

The "Mobility bonus" is an incentive for using public transport and other alternative forms of sustainable mobility to your car, introduced by the Municipality of Bologna from 1 January 2020 and for the next 5 years, which aims to limit the circulation of polluting vehicles. The incentive is available to all residents of the historic city centre, who will gradually have their access permits for restricted traffic areas revoked, provided that they do not ask for a new permit: residents who are entitled to receive this bonus can indicate their desire to benefit from this incentive to the permit office or through TPER's online service portal, and then allocate the amount to the various forms of sustainable mobility, described below:

- Public transport (TPER, Trenitalia Tper, Trenitalia): purchase of tickets or passes, at the ticket office, online or through the Roger app
- car-sharing (Enjoy, Corrente): purchase of vouchers or credit for the use of car-sharing services
- Bike sharing (Mobike): purchase of credit to be used for bike-sharing services
- Taxi (Cotabo, Cat): purchase of credit to be used for taxi services
- Car and driver hire (Saca, Cosepuri): purchase of credit to be used for this taxi service.

TPER, as the company commissioned for the technical and operational management of all aspects of this initiative, has created all the technological infrastructure, which consists of online services on the TPER portal (both for direct requests from residents and for access to reporting to other service companies), sales services at the TPER offices open to the public, as well as direct interfaces with the Municipality.

NSF Letter to Stakeholders

GRI STANDARDS	2-29

The ability to understand and assess the needs and expectations of stakeholders, for an entity managing a local public transport services that promotes sustainable mobility, takes on particular importance. Dialogue is important for improving the impact, quality, efficiency and accessibility of services and for fostering a development process. Through these interactions with various stakeholders, listening to their expectations and collaborating with local entities, the conditions can be created to meet their needs, while respecting the propriety of relationships. This dialogue helps to guide the strategies and define objectives, developing new projects and building a dialogue with the local communities in which the entity operates. TPER has identified its stakeholders and relative activities, defining the level of involvement taking into account the functions and the tools for interaction and dialogue.

Stakeholders	Facilities involved	Expectations	Engagement		
			Activities	Instruments	Answer
Shareholders	Management, general affairs, commercial area, communications and PR	Sharing of quality standards, service planning and discussion of results	Several meetings during the year	Shareholders' meetings, other meetings, presentations, exchanges of communications	Presentation of projects, plans, reports and financial statements
Mobility agencies and other regulatory bodies, state administrations, other bodies	Management	Respect for rules and regulations, respect for contracts and service charters	Periodic meetings	Meetings and exchange of communications	Reports and quality surveys
Universities and research institutes	Management	R&D	Periodic collaborations	Periodic meetings	Promotional events, research projects
Users, customers and trade associations	Sales department	Greater awareness of expectations	At least 12 meetings with each UAC (User's Advisory Committee) per year	Customer satisfaction surveys, mystery clients, CCU meetings	Presentation of survey results
Workers (employees and non-employees) and union representatives	Human Resources	Sharing of values and objectives	Multiple meetings and activities	Assemblies, training sessions, dedicated meetings, intranet and refreshment areas	Code of Ethics
Local communities and general public	Communication and public relations	Creating shared value	Various analysis and dialogue activities	Communication campaigns	Exhibitions, competitions, events
Industry operators	Management	Sharing common goals and benchmarking	Meetings with trade associations	Assemblies, working groups, conference calls, one-to-one meetings	Production of joint documents
Providers of goods, services and works	Procurement	Guarantee of broad demand	Several meetings and contacts in a year	Selection procedures, exchange of documentation, meetings	Contracts, supplier DB
Banks and lenders	Management	Economic, financial and capital solidity and sustainability	Not regular, but in relation to specific projects	Meetings and exchange of communications	Analysis reports, trade agreements

NSF Governance and responsible conduct of the business

Corporate bodies and governance model

GRI STANDARDS	2-9 2-10 2-11 2-19 2-20 2-21 405-1

TPER has adopted a corporate governance structure based on the traditional model, which envisages the following corporate bodies:

Corporate bodies	Functions - Role
Shareholders' Meeting	Matters provided for by law and the Articles of Association
Board of Directors	The Board of Directors is the body vested with the broadest powers for ordinary and extraordinary administration. It is responsible for defining the business management strategies, evaluating the adequacy of the organisational structure and the general management trend. The management is chosen by the Board of Directors
Board of Statutory Auditors	The Board of Statutory Auditors monitors compliance with the law and the Articles of Association, and respect for the principles of proper administration.

The composition of the Board of Directors in office, appointed on 29 July 2022 and in office for three financial years, is shown below:

- Giuseppina Gualtieri - Chairperson and Chief Executive Officer
- Maria Elisabetta Tanari - Director
- Alessandro Albano - Director
- Salvatore Fallica - Director
- Eva Coisson - Director

Gender Diversity Board of Directors	Women		Men		Total	
	No.	%	**No.**	%	**No.**	%
Board of Directors	3	60%	2	40%	5	100%

Composition of the Board of Directors by age	Under 30		Between 30 and 50		Over 50	
	No.	%	**No.**	%	**No.**	%
Board of Directors	-	-	2	40%	3	60%

Please refer to the information on the TPER website Board of Directors | TPER - Emilia-Romagna Passenger Transport for information relating to the directors' profile and experience and indications of any other offices held.

The Board of Statutory Auditors was appointed at the Shareholders' Meeting on 12 July 2021 for 3 financial years. The composition is as follows:

- Enrico Corsini - Chairperson
- Fabio Ceroni - Standing Auditor
- Patrizia Preti - Standing Auditor

The alternate auditors are:

- Romana Romoli
- Gian Luigi Morten.

The current governance structure does not envisage committees responsible for decision-making processes and control in relation to the management of TPER impacts for specific sustainability issues.

The Board of Directors of TPER is in any case heavily involved in sustainability issues, as the new company statute introducing ESG issues was approved in 2022.

The remuneration of the members of the Board of Directors is subject to resolution by the Shareholders' Meeting. The amounts are determined in compliance with the reference regulations for publicly owned companies.

The ratio between the total annual remuneration of the Company's Head and the remuneration for the median employee remuneration is 6.23

Control model and measures to combat corruption

GRI STANDARDS	2-23 2-25 2-26 3-3 205-1 205 2 205-3

The organisation, management and control model

Italian Legislative Decree no. 231/01, containing "*Provisions on the administrative liability of legal entities, companies and associations without legal personality*", adapted national legislation on the liability of legal entities to international conventions. TPER has adopted an organisation, management and control model (MOGC) pursuant to Italian Legislative Decree no. 231/2001 which contains all the preventive and disciplinary measures and procedures to reduce the risk of crimes being committed within the company organisation.

As well as exempting the company from responsibility for these types of crimes, the adoption of an organisation, management and control model pursuant to the Decree is an act of social responsibility by TPER which generates benefits for multiple parties: stakeholders, managers, employees, creditors and all other parties whose interests are linked to the life of the company. The Model was prepared by taking into account the Guidelines drawn up by Confindustria (updated in 2021). The Model is applicable to company personnel and third parties who enter into relations with the company, and contains codes of conduct aimed at preventing specific crimes from being committed, identified by Italian Legislative Decree no. 231/2001, to the benefit of the company.

TPER decided to proceed with the formalisation of its Model of organisation, management and control (hereinafter also the "Model") following an analysis of the entire organisational structure of the company and its internal control system in order to verify its adequacy as regards the prevention of offences. TPER has adopted a Model which complies with the requirements of the Decree and is consistent with the reference regulatory context and the principles already rooted in its governance culture, subject to subsequent regulatory updates and adjustments to the changes in the company's organisational structure.

The descriptive document of the model, together with the Code of Ethics, is published on the Company website at https://www.TPER.it/azienda/come-lavoriamo.

TPER has appointed a Supervisory Body. This Body is responsible for monitoring the functioning, effectiveness, adequacy and observance of the TPER Organisation, Management and Control Model.

During the drafting, periodical updating and approval of the MOGC 231, TPER introduced and implemented adequate organisational and management measures to prevent corruption pursuant to Italian Law no. 190/2012 and the National Anti-Corruption Plan (PNA), also with reference to the provisions of Italian Law no. 68 of 22 May 2015 and Italian Law no. 69 of

27 May 2015 (provisions relating to environmental crimes, false accounting, crimes against public administration and mafia-type associations) and the criminal offence of self-laundering (art. 648-ter 1 of the Criminal Code). It should be noted that, in order to prevent corruption, private law bodies under public control and non-controlling public companies that have already adopted organisation and risk management models on the basis of Italian Legislative Decree no. 231/2001 can use the same models by extending the scope of application not only to the offences against public administration envisaged by Italian Legislative Decree no. 231 of 2001 but also to all those considered in Italian Law no. 190 of 2012, and in any event all cases of maladministration or corruption in general, even if not constituting a specific offence.

All corporate transactions for which there is the risk of corruption have been reviewed according to the provisions and documented by the MOGC, to which reference is made, and according to the activities carried out by the Supervisory Body. It is therefore possible to state, in accordance with GRI 205-1, that all operations have been assessed for risks related to corruption.

The Code of Ethics

As an integral part of the Model pursuant to Italian Legislative Decree no. 231 and the overall governance structure, TPER has adopted a Code of Ethics with a view to identifying and defining the series of values, fundamental principles and behavioural standards that represent an indispensable prerequisite for the correct performance of its business activities. The Code of Ethics constitutes a guide to the company policies and legal requirements that govern TPER's conduct. The Code of Ethics conforms to the principles indicated both in Confindustria's Guidelines and ASSTRA's Code of Conduct.

The Code defines TPER's reference principles and codes of conduct, represents a means of preventing irresponsible or illegal behaviour on the part of those who work in the name and on behalf of the Company, and constitutes a series of preventative and disciplinary measures and procedures for reducing the risk of crimes being committed within the business organisation.

The provisions of the Code apply, without exception, to the members of the Board of Directors and the Board of Statutory Auditors, senior managers, middle managers and employees at TPER, as well as to all those who, directly or indirectly, permanently or temporarily, form working relationships or work in the interests of TPER. Each recipient is required to comply with the provisions in the Code. Within the scope of their activities, all TPER stakeholders (employees, shareholders, customers, suppliers, communities, commercial and financial partners, institutions, trade associations, trade union representatives, etc.) act in compliance with the Code and with current laws and regulations. Every recipient is asked to familiarise themselves with the rules contained in the Code and the reference standards that regulate their working activities.

Application of ANAC guidelines in the area of the Prevention of Corruption and Transparency (MOGC 231 extension and Supervisory Body duties)

TPER is a publicly owned company, not subject to public control (pursuant to and in accordance with Italian Legislative Decree no. 175/2016) and, having issued bonds listed on regulated markets, is a public interest entity. In this capacity, it is also excluded from the scope of application of the above-mentioned Consolidated Law. Since 2017 TPER has been aligned with the indications contained in the new ANAC/2017 guidelines (ruling no. 1134 of 8 November 2017) and supplemented its MOGC 231 with the introduction of corruption prevention measures, also pursuant to Italian Law no. 190/2012, expanding the duties of the Supervisory Body. Indeed, as a publicly owned company not subject to public control, TPER is not required to draft the PTPCT (Three-Year Corruption Prevention and Transparency Plan) or appoint a Manager for corruption prevention and transparency, but it is only required to adopt measures supplementing those already adopted pursuant to Italian Legislative Decree no. 231/2001. In 2018, TPER adopted the "Model 231 Supplementary Measures - Anti-Corruption Protocol", updated in 2020 with the introduction of measures intended to promote legality.

Legality rating

The legality rating is an ethical recognition developed by the Italian Competition Authority (AGCM), in agreement with the Ministries of the Interior and Justice, which rewards companies that operate in line with the principles of legality, transparency and social responsibility.

The rating - measured in "stars" - has particular advantages in relation to the granting of public funding and favourable terms for accessing bank credit.

In 2022, TPER achieved the rating of ★★★.

Integrated management system and policies

GRI STANDARDS	2-23 3-3

TPER is equipped with management systems according to international standards and has obtained the Certificate of Excellence from Certiquality, an accredited body for the certification of business management systems for quality, environment, safety and product certification. This important recognition is given to those companies that have demonstrated a responsible voluntary commitment in their corporate governance, having obtained the three international standard certifications for:

- Quality (ISO 9001:2015)
- Environment (ISO 14001:2015)
- Occupational Health and Safety (ISO 45001:2018).

TPER has implemented an integrated quality and environmental protection management system compliant and certified according to the UNI EN ISO 9001:2015 and UNI EN ISO 14001:2015 standards. The integrated management system is applied to all the services provided by the company and, in particular, the road-based local public transport service in the Bologna and Ferrara catchment areas.

TPER has also extended its international certificates to management of the People Mover and the extended assessment on behalf of the Municipality of Bologna, as well as automotive.

Industrial vehicle maintenance and fleet management services (bus and trolley bus fleets in particular), activities carried out both on proprietary and third-party buses, are also certified. The TPER workshops have, in fact, been recognised as authorised workshops by the main bus manufacturers.

TPER has also obtained product/service certification in compliance with the UNI EN 13816:2002 standard for five local public transport lines, identified among the most representatives urban lines in Bologna (Lines 13, 15, 27 and 35) and line 94.

Quality - ISO 9001:2015

TPER S.p.A. is currently certified in line with the ISO 9001:2015 standard (9001 - Quality Management Systems), a certificate issued by Certiquality on 09/02/2017 (whose validity was renewed until 2023). The standard provides a more precise and detailed focus on the control of processes, products and services provided by external suppliers in order to respond to the complexities of the environment in which businesses operate. The main aspects are outlined below:

- The revision follows a "high level" structure, developed for use as a common basis for all other standards, improving compatibility and integration with other certification systems. The development of an integrated management system is made easier.
- Risk analysis: rather than using standard requirements for everyone, risks will be analysed for each individual company in order to plan a management system that satisfies the needs of each company. The approach identifies the risks in business processes and appropriate measures to be taken to deal with them, in addition to identifying opportunities, i.e. possible solutions and countermeasures to combat them.
- Greater involvement of senior management.
- The "bureaucratic" simplification of the system's documentation. Greater flexibility is envisaged for companies, which are free to choose the depth and detail they intend to use for their written documentation, a choice that can be made based on various factors such as the complexity of the processes, staff expertise etc.
- More immediate applicability for the tertiary sector and services.
- Process management focused on the development, implementation and improvement of the QMS/Quality Management System: each process must be defined and contain clear specifications for the measurement of performance parameters and the definition of roles and responsibilities.

Environment - ISO 14001:2015

TPER adhered to the new edition of the ISO 14001:2015 standard published on 15 September 2015, acquiring the relative certification with a certificate issued by Certiquality on 09/02/2017 (whose validity was renewed until 2023). The Environmental Management Systems standard falls under the ISO standards on Management Systems, the primary objective of which is to create a common "High Level Structure" among the standards. The standard involves planning, execution and control phases and improvement actions. The application of ISO 14001 defines the most important requirements to identify, control and monitor the environmental aspects of any organisation with an environmental policy. The immediate advantages of adopting an ISO 14001 Environmental Management System are:

- Greater trust from customers, investors, the public and the community, thanks to the guaranteed reliability of the commitment demonstrated
- Better control of costs and savings on raw materials and energy consumption
- Transparent management and facilitation in obtaining environmental permits and authorisations
- Reduction in insurance premiums linked to the possibility of environmental accidents
- Reduction in the financial guarantees required under current legislation.

Occupational health and safety – ISO 45001:2018

TPER is currently certified in accordance with the UNI ISO 45001:2018 standard (certificate issued on 19 August 2019). Compliance with the international standard ensures compliance with the requirements for Occupational Health and Safety Management Systems. The ISO 45001 certification is based on the management of workplace health and safety and requires continuous improvement from organisations, thus providing all stakeholders with guarantees regarding compliance with the specified safety policies.

The most relevant aspects can be summarised as follows:

- The management system represents an effective tool for optimising risk management for the health and safety of workers. INAIL (Italian National Institute for Insurance Against

Accidents at Work) has provided data that shows a significant drop of 27% in the frequency index and a 35% decline in the accident severity index in certified companies

- The ISO 45001:2018 certification is recognised as a possible system that provides an exemption from the serious levels of liability introduced by Italian Legislative Decree no. 231/01 (as required by Italian Legislative Decree no. 81/08 in article 30, paragraph 5)
- INAIL grants reduced insurance premiums to companies that have made improvements or have taken accident prevention measures to safeguard workers' health and safety conditions. The measures that permit access to these reductions are those foreseen by the OT 24 Model (fluctuation of the prevention premium rate). Of these measures, ISO 45001:2018 standard certification allows the company to achieve the maximum score for the discount on the premium
- It requires greater attention from all the organisational units in the company on matters of safety, with positive repercussions on the organisation at various levels.

Corruption Prevention Management System - ISO 37001:2016

In May 2019, TPER obtained ISO 37001 certification from the Certiquality institute, as an additional measure to ensure corruption prevention.

The ISO 37001 standard is an anti-bribery instrument and is designed to increase the culture of transparency and define effective measures for combating corruption scenarios. The ISO 37001 Anti-Bribery Management system also integrates with the other standards in the company in the area of quality, the environment and workplace safety.

Internal regulations

In compliance with regulatory measures and to ensure fairness and transparency in relations with third parties, TPER, through its Board of Directors, has also adopted the following regulations:

- Staff recruitment regulation
- Regulation for the execution of projects and the acquisition of goods and services at a lower price than the EU thresholds
- Regulation for access to documents

Compliance

GRI STANDARDS	2-27

Environmental regulatory compliance

There were no events that gave rise to sanctions and/or disputes for non-compliance with environmental laws, regulations or regulations. At the date of drafting this document, there are no environmental disputes or proceedings of an administrative nature pending against TPER.

Compliance with social and economic laws and regulations

During the reporting period (2020-2022) and at the date of publication of this document, there were no disputes or cases of violations of relevant laws and/or regulations relating to social and economic provisions. No significant sanctions of this nature were received in the 2020-2022 period and there are no significant administrative proceedings and/or disputes to report.

Memberships of associations

GRI STANDARDS	2-28

TPER is a member of the **ASSTRA** Transport Association (National Association of Enterprises, their consortia and/or their groupings, owned by local authorities, regional councils and private companies that operate local public transport services or complementary and/or collateral services instrumental to their development), stemming from the merger between the two industry associations, Federtrasporti (the federation of municipal companies) and Fenit (the federation of licensed railways).

TPER is also associated with **Aipark**, the Italian Association of Operators in the Parking and Car Park Sector, which aims to foster the professional networking and the growth of an industry culture, and which represents the most important operators in the sector at national level.

TPER also participates in **UITP**, the international public transport association.

Following the decision taken by Confservizi Emilia-Romagna not to represent public transport services, at local level, TPER is a member of **Confindustria Emilia Area Centro**, the business association stemming from the integration of Unindustria Bologna, Unindustria Ferrara and Confindustria Modena, which represents and protects businesses from Emilia.

Finally, TPER is a member of **Club Italia**, a non-profit association that, among other things, aims to promote the use of payment systems based on smart cards (contactless microchips) in Italy.

Participation in organisations, international agreements, and initiatives linked to legality and sustainability

United Nations Global Compact

Since 2017, TPER has participated, as founding member, in the United Nations Global Compact, an international initiative that encourages companies all over the world to adopt sustainable corporate social responsibility policies and to publish the results of their activities in the areas of human rights, labour, environmental sustainability and the prevention of corruption.

The TPER NFS is attached to the COP (Communication on Progress) which is published annually on the Global Compact website, in the section dedicated to the company.

Impronta Etica

Impronta Etica is a non-profit association founded to promote and develop sustainability and corporate social responsibility (CSR), and to encourage sustainability-oriented processes, providing support for its associate companies in this field. The association is a partner of the CSR Europe network.

NFS Material impacts and topics

Material impacts and topics according to GRI Standards

GRI STANDARDS	3-1

According to GRI Standards, impacts refer to the effects that a company has or could have at economic, environmental and social level, including those on human rights, as a consequence of its activities or business and commercial relationships. Impacts can be actual or potential, negative or positive, short or long-term, intentional or unintentional, reversible or irreversible, and represent the organisation's positive or negative contribution to sustainable development. According to their different nature (economic, environmental and social), impacts are interrelated and indicate the company's contribution, negative or positive, to sustainable development.

The impacts of a company's activities and business relationships on the economy, the environment and people can have positive and negative consequences also on the company's operations or reputation and, therefore, in many cases, these are also financial consequences or could become so in the medium and long term. Any significant risks and opportunities related to impacts can influence the company's value, its relationships with its stakeholders and its competitive position on the reference market.

The most significant impacts, as identified by adopting the approach described in the following paragraphs, represent the Material Topics.

European Union - EU Directive 2022/2464 and double materiality

The EU Directive 2022/2464 (CSRD Corporate Sustainability Reporting Directive), approved by the European Parliament in November 2022 and applicable from 5 January 2023, establishes new rules and extends the scope of non-financial reporting. The Directive must be applied starting from the 2024 financial year reporting for the first companies involved (companies, such as TPER, which are already required to prepare non-financial reporting/NFS, according to current legislation, pursuant to Italian Legislative Decree 254/2016), It has supplemented the definition of material topics, introducing the concept of double materiality. According to this approach, the material issues are: a) governance, environment and social areas and issues on which the company, through its activity, has a material impact (Impact Materiality); b) aspects that can have significant impacts on the development, performance and, consequently, on the financial value of a company (Financial Materiality).

The provisions of EU Directive 2022/2464 will be applicable from the 2024 tax year and, consequently, this document is prepared by adopting the definition of material topics as per the GRI Standards. The two materiality directions are obviously strictly interconnected.

The process of identifying, assessing and prioritising topics

GRI STANDARDS	3-1

Understanding the organisation's context

The TPER scenario and reference framework, its business model, its activities and commercial relations, as well as its sustainability context and stakeholder analysis, are reported in the various paragraphs of the Strategy and Objectives chapter of this document.

Identification of actual and potential impacts

The actual and potential impacts on the economy, on the environment and on people, including those on human rights, in the context of TPER's activities and business relationships, entailed internal due diligence and the analysis of external sources, internal sources, together with the specific involvement of certain stakeholder categories, as part of the ongoing discussion and listening process.

External sources
SASB – Sustainability Accounting Standards) - Materiality Finder
ESRS – European Sustainability Reporting Standards (Draft)
IFRS-S – International Financial Reporting Standards – Sustainability (Draft)
EU Urban Mobility Framework
European Sustainable Urban Mobility Plans & Cycling (SUMPs/PUMS)
EU Green Deal (Transport)
Benchmarking of TPER's main peers and strategic partners: a) Material topics; b) Policies; c) Risk management
Sector studies & research - Mobility Sector trends and megatrends
Internal sources
Business plan
Integrated TPER 2021 financial statements
Legal review - Organisational and Management Model Mod231
Grievance mechanisms/consultation and reporting systems and tools
Regulatory framework and documents deriving from ISO 9001, 14001 and 45001 certifications
Service cards by geographical area
Customer satisfaction survey carried out by the mobility agency (AMR)
Revision of the company risk analysis for the processing of personal data and revision of the Register of processing activities
Summary of the provisions of European regulation 1371/2007 applied to TPER
Annual report of the Head of Corruption Prevention
PSCL: Drafting of home-work travel plans

Assessment of the significance of impacts and prioritisation

The phase of assessing the significance of the impacts identified aims to establish their priority. The definition of priorities allows the company to determine the material topics to be reported, but, above all, to define more effectively and according to a significance logic the commitments and actions necessary to *manage* impacts. The significance of an impact depends on the specific company conditions, the sector in which it operates and its business model.

The significance of an actual **negative impact** depends on the *severity* of the impact, while that of a potential negative impact depends on the severity and probability of the impact. Severity is defined by the GRI Standards on the basis of three dimensions: a) scale: how severe the impact is; b) Scope: how widespread the impact is; c) irremediable characteristics.

The significance of an actual **positive impact** depends on the scale and scope of the impact, while the extent of a potential positive impact depends on both the scale and scope and the likelihood of the impact itself. In the case of positive impacts, the scale of an impact refers to the actual and/or potential benefits of the impact itself, while the scope refers to its actual or possible extent.

The process conclusion concerned the assignment of priority (prioritisation) to the impacts identified and assessed, in relation to their importance and on the basis of a threshold defined for this purpose.

The impacts that have been identified as most significant are reported in this document.

Impacts	Impact type

	Topic	Material topic YES/NO	Actual/potential impact	Positive/negative impact
E	**Environmental**			
1	Energy: energy sources and efficiency	YES	Actual impact	Positive impact
3	Waste/circular economy	YES	Actual impact	Positive impact
4	Air, water, soil pollution: GHG emissions and other emissions	YES	Actual impact	Positive impact
5	Air, water, soil pollution: sound and vibrations	YES	Actual impact	Positive impact
S	**Social**			
7	Privacy and data security	YES	Actual impact	Positive impact
8	Service quality and compliance	YES	Actual impact	Positive impact
9	Customer safety	YES	*Potential impact*	*Negative impact*
10	Supply chain assessment and management	YES	Actual impact	Positive impact
11	Employment and human resource management	YES	Actual impact	Positive impact
12	Training and skills development	YES	Actual impact	Positive impact
13	Human resources: diversity, equal opportunities and inclusion	YES	Actual impact	Positive impact
14	Health and safety in the workplace	YES	*Potential impact*	*Negative impact*
G	**Governance and economic aspects**			
15	Ethics and integrity in business conduct	YES	*Potential impact*	*Negative impact*
16	Economic and financial performance and distribution of value	YES	Actual impact	Positive impact
17	Indirect economic impacts [Territorial infrastructure investments]	YES	Actual impact	Positive impact
18	Local communities and relations with the territory	YES	Actual impact	Positive impact

TPER material topics

GRI STANDARDS	3-2

The results of the activities carried out are summarised in the following table, which highlights the material topics, the underlying impact areas (descriptions and reasons for the significance of the selected topics), the material topic characteristics, the specific indicators (GRI Standards) used for the reporting, reported in detail in the GRI Content Index, an integral part of this document.

The same table also shows the connection with the areas referred to in Italian Legislative Decree 254/2016, which governs the preparation of the Non-Financial Statement. Material topics are grouped according to the ESG (Environmental, Social, Governance) classification, in line with the provisions of EU Directive 2022/2464 (CSRD).

	Material topic	Impacts		GRI Topic Standards	Reference areas It. Leg. Dec. no. 254/2016
		Summary	**Characteristics**		
E	**Environmental**				
	Energy: energy sources and efficiency	Reduction of energy consumption	Effective and positive impact	302 Energy	Environment
	Natural resources - Waste/circular economy	Reduction of waste production, correct despatch to recovery	Effective and positive impact	303 Water and effluents 306 Waste	Environment
	Air, water, soil pollution: GHG emissions and other emissions	Reduction of emissions	Effective and positive impact	305 Emissions	Environment
	Air, water, soil pollution: sound and vibrations	Reduction of vibrations and noise	Effective and positive impact	2 - General Disclosures	Environment

S	Social				
	Privacy and data security	Protection of privacy	Effective and positive impact	418 - Customer Privacy	Respect for human rights institutions
	Service quality and compliance	Quality of services	Effective and positive impact	417 Marketing and labelling	institutions
	Customer safety	Customer safety	Potential and negative impact	416 - Health and safety of customers	institutions Respect for human rights
	Supply chain assessment and management	Supply chain assessment and management	Effective and positive impact	308 Environmental assessment of suppliers 414 Social assessment of suppliers	Environment Social Combating active and passive corruption Respect for human rights
	Employment and human resource management	Employment and human resource management	Effective and positive impact	401 Employment	Personnel
	Training and skills development	Training and skills development	Effective and positive impact	404 Training and Education	Personnel
	Human resources: diversity, equal opportunities and inclusion	Human resources: diversity, equal opportunities and inclusion	Effective and positive impact	405 Diversity and equal opportunities 406 Non-discrimination	Personnel Respect for human rights
	Health and safety in the workplace	Health and safety in the workplace	Potential and negative impact	403 Health and safety in the workplace	Personnel Respect for human rights
G	Governance				
	Ethics and integrity in business conduct	Any negative episodes, despite the measures adopted	Potential and negative impact	205 Anti-corruption 206 Anti-competitive behaviour 207 Taxes	Respect for human rights Combating active and passive corruption
	Economic and financial performance and distribution of value	Capital solidity, productivity, profitability, impact on the territory	Effective and positive impact	201 Creation and distribution of value	Personnel
	Indirect economic impacts [Territorial infrastructure investments]	Impact on the region	Effective and positive impact	203 Indirect Economic Impacts 204 Procurement Practices	Environment institutions
	Local communities and relations with the territory	Impact on the territory - social, cultural and sports initiatives related to health and well-being	Effective and positive impact	413 Local communities	Environment institutions

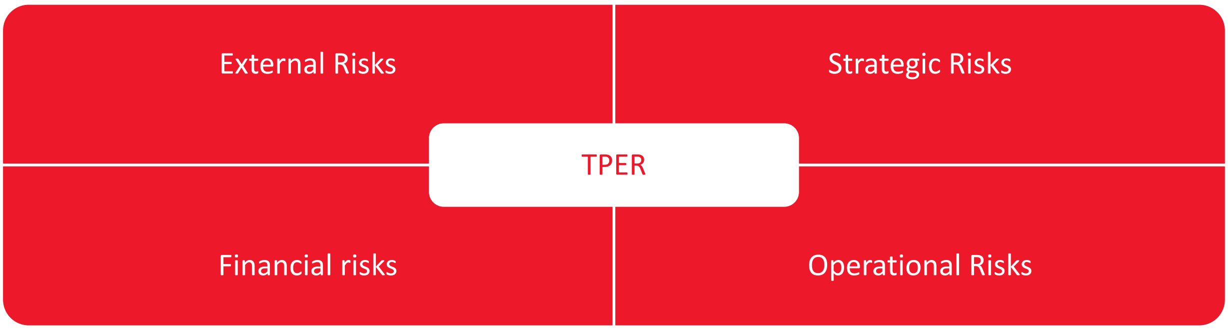
Changes compared to the previous reporting period

The update of the materiality analysis carried out in 2022 and for the purposes of this document did not lead to the identification of new material topics. Some of the topics have been partially redefined. Taking into account the reference sector and the importance of TPER's role for sustainable development and, in this context, for the strengthening of a sustainable mobility system, environmental issues related to climate/emissions, as well as those concerning the service for citizens and service safety, play a very important role.

Risk management NFS

GRI STANDARDS	2-23 3-3

The current TPER model provides for the classification of risks according to the following:



The main risks identified and the related management methods are highlighted in the following table. The management methods are referred to directly in the table, also by referring to other parts of this document or to documentation available on the TPER website. Risks are correlated to the material issues reported in the NFS.

With regard to the risks/opportunities associated with climate change, also see what is reported in the following chapter *Environmental sustainability*. The criticality of the issues and the need to implement strategies and actions that can mitigate climate change and allow for its adaptation strengthens the role of the public transport sector and represents, first and foremost, a great opportunity.

Risk area/category	Related material topics	Reference areas (It. Leg. Dec. no. 254/2016)	Management methods - Specific policies
External Risks			
Regulatory/general regulatory framework TPER mainly carries out public utility activities at a regulated tariff. The evolution of the legislative and regulatory context affects the methods of assigning services, tariffs, required quality levels and management results Risk/opportunity factor is the evolution of LPT in relation to the future development of mobility in cities and to new technologies and applications.	Ethics and integrity in business conduct Indirect economic impacts [Territorial infrastructure investments]	Combating active and passive corruption Social	TPER systematically and continuously monitors the developments of laws and rulings, and engages in constant and constructive dialogue, also via the trade association, with the Authorities and the Institutions.
Environmental laws and regulations Characteristics of means of transport with respect to emissions of CO2/pollutants, health and safety. Local Public Transport companies are required to renew their fleets and have sustainable fleets/reduced environmental impact. The regulatory framework could register a rapid and not always predictable evolution, involving stricter requirements. These circumstances could change the reference scenario, significantly influencing the investment plan due to the necessary adjustment.	Ethics and integrity in business conduct Indirect economic impacts [Territorial infrastructure investments] Local communities and relations with the territory Air, water, soil pollution: GHG emissions and other emissions Energy: energy sources and	Environment Social	To align the company's strategies with the goals established by the PUMS and the PSM, TPER has launched projects aimed at improving the quality of its services and reducing their environmental impact. Renewal of the vehicle fleet/Plan actions: *Urban area* - *Exurban area* - Assessment of liquid methane and methane-fuelled hybrid vehicles-

The renewal of fleets has shown an international convergence towards rolling stock fuelled by renewable sources.	efficiency		*Medium-long term* - Projects aimed at creating a hydrogen transport system Upgrading of existing infrastructures (Depot Workshops) and processes to overhaul the network and the service model. This risk is primarily overseen by the environmental management system certified according to the UNI EN ISO 14001:2015 standard.
Environmental/Natural events Risks arising from adverse and/or accidental natural/atmospheric events that damage systems and facilities (including deriving from climate change)	Air, water, soil pollution: GHG emissions and other emissions	Environment Social	TPER employs a control model and procedures for the protection of corporate assets and has adopted specific control processes and procedures for accident prevention.
Raw materials Commodity price risk - The TPER Group is exposed to the price risk of energy commodities	Waste/circular economy Supply chain assessment and management	Environment Social	Procurement policy and management/monitoring of supply risk and commodity price trends.
Competition/Deregulation of the sector The risk in question is of a prospective nature and regards in particular the regulated/licensed LPT activities.	Ethics and integrity in business conduct Service quality and compliance Indirect economic impacts [Territorial infrastructure investments]	Social Combating active and passive corruption	The strategic direction of TPER envisages four main actions defined by the Guidelines of the Business Plan: Participation in tenders for the awarding of local public transport services in areas of interest (also outside the region), developing partnerships. Development of group synergies - TPER as an aggregator of mobility, by strengthening synergies with subsidiaries and associates; Further business development/diversification - Monitoring of the railway passenger market in Emilia-Romagna through the partnership with Trenitalia Maintenance of the businesses connected to parking and car-sharing and development in the rail freight sector.
General economic framework Difficulty in meeting company objectives due to causes that can be traced to the external context Adoption of unfavourable pricing policies by the regional council with a consequent fall in revenues. Substantial cuts to State-Region transfers Events with possible negative repercussions on the business/operations of the Group (implementation of the investment plan/business operation, provision of services or the achievement of the objectives set with the Region - Mobility Agencies) in the event of prolonged unavailability of funds.	Economic and financial performance and distribution of value Indirect economic impacts [Territorial infrastructure investments] Service quality and compliance	Social	Macro-economic and political framework monitoring and relations with reference bodies. Monitoring of economic and financial performance and adaptation of the business plan to the reference scenario.

Strategic Risks			
Reputational risk Reputational risks arise from the negative perception of TPER's image in the eyes of customers, suppliers and supervisory bodies due to the spreading of damaging news. TPER has a good reputation for the quality of the service it provides and for its efforts in making widespread improvements. TPER is exposed to this type of risk due to the nature of the services it provides.	Ethics and integrity in business conduct Service quality and compliance	Combating active and passive corruption Social	TPER actively strives to improve the quality of the service and ensure the physical safety of employees and passengers and their perception of this issue. The company has facilities and procedures for receiving and handling complaints and providing customer service.
Definition and implementation of strategies and responsiveness and changes	Ethics and integrity in business conduct Indirect economic impacts [Territorial infrastructure investments]	Social	Monitoring and adjustment of the business plan to market scenarios and regulatory and operational framework.
Financial risks			
Interest rates	Economic and financial performance and distribution of value	institutions	
Rate			See external risks and related regulatory and regulatory framework monitoring
Credit - Credit risk represents the Group's exposure to potential losses deriving from the failure of commercial counterparties to fulfil their obligations, as well as by financial counterparties in relation to the portfolio of financial assets, deposits at banks and capital contributions, also in the form of loans granted to investees.			Management, assessment and monitoring of credit risks based on prudent management criteria. Mechanisms are defined through specific credit governance rules that, on the one hand, govern the relative responsibilities and, on the other hand, ensure compliance of the credit risk framework with the reference regulatory framework to which it is subject.
Liquidity Liquidity risk is the risk that financial resources are insufficient to cover financial and trade obligations in accordance with the agreed terms and deadlines.			Economic and financial planning represents a primary strategic tool for monitoring the resources to be sourced and used to support business activities. The appropriate management of relations with investors guarantees the timely availability of the liquidity required by the business. TPER monitors the balance of the financial structure (investments and working capital with equity capital and long-term and short-term loans), identifying the most suitable counterparties for the specific requirements. TPER also monitors and internally manages the balance of assets and current liabilities (management of loans, payables and inventory) Risk management is carried out, in the first instance, through constant monitoring of expected and current cash flows and the correlation of the maturity profiles of financial assets and liabilities. Liquidity risk is dealt with by means of continuous

			monitoring and control tools on requirements and future liquidity, in order to ensure timeliness of payments.
Operational risks			
Suppliers Quality of services/performance and sustainability	Supply chain assessment and management	institutions Respect for human rights	Procurement policy and supply chain monitoring, also through procedures provided for by the ISO 9001 quality management system.
Transport health and safety Rail and Trolley bus safety - This area includes operational risk cases within the Group and not arising solely from external causes, such as: Physical safety of vehicles and facilities - the first guarantee of safety is the proper maintenance of the assets, i.e. adequate and regular maintenance. Traffic safety for drivers Minimising of damage from external events and accidental injury to passengers and other citizens.	Air, water, soil pollution: sound and vibrations Customer safety Health and safety in the workplace	institutions Respect for human rights	TPER focuses a great deal of attention on the impact of its activities and monitors the risk factors related to each process, with a view to prevention and emergency assistance in relation to any activities that can have a significant internal and external impact. The area of transport safety is highly regulated in significant detail, both at national and EU level. These risks are therefore mitigated primarily by the set of requirements established by regulatory bodies that provide guarantees and support for the safe performance of activities, and secondly by the adoption of appropriate operating procedures and instructions. TPER has implemented the processes and controls needed to comply with existing legislation and to adapt to its future modifications.
Personnel/Human resources Thanks to the skills acquired, personnel guarantee operations and, therefore, represent a company "asset" which has a significant impact on the ability to operate in the medium/long-term.	Employment and human resource management Training and skills development Human resources: diversity, equal opportunities and inclusion	Personnel Respect for human rights	Human resources management policies - Training and recruiting of the necessary people.
Health and safety in the workplace Injuries or wounds suffered by personnel that work in depots, buildings and offices, employed in the transport service. Third-party aggression towards ticket inspectors	Health and safety in the workplace	Personnel Respect for human rights	This risk is primarily overseen by the Health and Safety Management System certified according to UNI ISO 45001:2018. Investments and training with a view to prevention are of fundamental importance for operational management directed at continuous improvement, preventing incidents and maintaining adequate standards. To this end, TPER is committed to guaranteeing full respect of the prevention obligations, in compliance with the current workplace health and safety regulations.
IT systems, processes and procedures	Privacy and data security	institutions Respect for human rights	TPER has developed an organisational model designed to monitor the proper application of the reference privacy regulations. Established the function of the Data Protection Officer. Furthermore, the implementation of legal provisions and instructions of the Privacy

			Authority is ensured through the constant updating of regulations and policies.
Internal accidents *Malfunctioning and unexpected interruption of the service and/or claims*/Any malfunctioning and unexpected service interruption caused by accidental events and extraordinary events could cause injuries to people and/or damages to property, and have a major economic impact.	Ethics and integrity in business conduct Service quality and compliance	institutions	The internal control system and the plans are aimed at ensuring the continuity and safety of the service and safeguarding the company's assets.
Legal-compliance TPER operates within a sector subject to strict regulations at national, European and international level. Local public transport is also subject to a number of regulations at local and regional level. The risks refer to the possible consequences arising from a failure to comply with the rules and regulations to which TPER is subject.	Ethics and integrity in business conduct	Combating active and passive corruption Social	Compliance with regulations is an integral part of decision-making processes. More specifically, TPER has adopted an organisation, management and control model pursuant to Italian Legislative Decree no. 231/2001 which defines and establishes duties, roles and responsibilities with the aim of identifying and managing potential conflicts or sensitive areas (NFS ref: TPER/Control model and measures to combat corruption). TPER also obtained certification according to the UNI ISO 37001:2016 standard for the corruption prevention management systems. The standard was defined with the objective of supporting organisations and businesses in preventing and combating corruption, for the development and strengthening of a culture of transparency and integrity. Periodic compliance checks are carried out, including with regard to authorisation procedures.

For more details on financial risks, in addition to the information provided in this section, please refer to the details included, for IFRS 7 purposes, in the Explanatory Notes to the Consolidated Financial Statements.

The precautionary approach

Introduced in 1992 at the United Nations Conference on Development and the Environment (United Nations Principle 15 of "The Rio Declaration on Environment and Development") in the context of environmental protection and biodiversity and implemented and used at various levels of government and put into practice in areas related to consumer protection and health, the principle affirms that "in order to protect the environment, the precautionary approach must be applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation."

The application of the precautionary approach implies, as part of the risk management strategy, a preliminary assessment of the potential negative environmental and social effects that could arise from decision-making and/or strategic choices regarding products and processes. If the existence of a risk of serious or irreversible damage is identified, appropriate and effective measures must be considered, also in relation to benefits and costs, aimed at preventing and/or mitigating the negative impact. TPER’s risk identification, assessment and management system takes this approach into account.

Ethics and integrity

GRI STANDARDS	3-3 205-1 205-2 205-3 206-1 207-1 207-2 207-3 207-4

Corruption prevention

Please refer to the previous paragraphs "The control model, measures to combat corruption" and "The integrated management system and policies" for information on Transactions assessed for risks linked to corruption.

In the course of 2021, as in the previous years subject to reporting, no episodes of corruption involving TPER directors or employees were verified. Likewise, no relevant cases were reported to the Supervisory Body as regards MOGC 231.

In 2022:

- There were no confirmed episodes of corruption
- There were no incidents of non-compliance with laws and regulations on environmental/social and economic matters and non-compliance incidents regarding impacts on the health and safety of products and services.

With regard to anti-corruption policies and procedures, TPER believes that a fundamental contribution is made by training. A total of 1,077 hours of training were provided on the subject in 2022, across all company levels.

Total legality training hours (anti-bribery, transparency)	women	men	total
Senior Managers		23.0	23
Middle managers	39.0	360.0	399
White-collar workers	190.0	174.0	364
Blue-collar workers	46.5	227.5	274
Apprentices	5.0	12.0	17
Total	281	797	1,077

Training and information takes place with the collaboration of the Supervisory Body in collaboration with the Compliance Function (Palazzi) for the part on ISO 37001/anti-corruption certification.

In 2022 and 2023, training was carried out on anti-corruption and transparency issues pursuant to Italian Legislative Decree 231/2001, Law 190/2012 and ISO 37001 Standard to employees (those operating in the areas potentially most exposed to risk), middle managers, Executives, the BoD and the Board of Statutory Auditors.

The number of employees trained on legality issues and the percentages of total employees are shown below

No. employees given legality issues training	Women	Men		Percentage of total employees
Senior Managers	-	7	**7**	64%
Middle managers	10	31	**41**	84%
White-collar workers	60	55	**115**	43%
Blue-collar workers	15	75	**90**	5%
Apprentices	2	6	**8**	4%
Total	**87**	**174**	**261**	11%

The members of the Board of Directors are also involved in the definition, updating and approval of policies on legality and anti-corruption and are periodically updated on these issues.

Anti-competitive and anti-trust behaviours and monopolistic practices

At the date of this document, there are no pending legal actions in relation to anti-competitive behaviour and violations of anti-trust regulations, nor were any cases of these types closed during 2022.

Tax transparency

Approach to taxation

The approach to taxation complies with strict observance with the rules. Due to the nature and geographical area of its business, TPER does not adopt a specific tax strategy. Under no circumstances does TPER pursue or achieve its interests in breach of tax laws. Tper's objective is to meet its tax obligations (both formal and substantive) in a complete, accurate and prompt manner, to minimise the tax risks linked to the application of legislative and regulatory provisions on taxes in force, even in situations in which there may be doubts surrounding the interpretation.

Tax governance, risk control and management

TPER is not significantly exposed to tax risks. Reasonable, well-founded and justified tax choices and interpretations are adopted. TPER is subject to supervision by the Board of Statutory Auditors and control by an independent auditing firm.

Relations with the tax authorities (stakeholders)

TPER guarantees compliance with the applicable legal provisions, the principles of transparency, honesty and fairness in relations with the tax authorities (Revenue Agency, Customs Agency, Guardia di Finanza - Italian Tax Police). The management of relations with the latter is reserved exclusively for the corporate functions responsible for this, according to an approach based on open and constructive relations.

Tax information and data

TPER operates exclusively on the Italian territory as a tax jurisdiction. For quantitative information on taxes and related details, please refer to the Consolidated Financial Statements.

Cybersecurity and privacy protection

GRI STANDARDS	3-3 418-1

With regard to the protection of personal data, TPER has developed an organisational model designed to monitor the proper application of the reference regulations. The role of the Data Protection Officer was established, effective from the entry into force of Regulation EU 2016/679. Furthermore, the implementation of legal provisions and the instructions of the Italian Data Protection Authority is ensured through the constant updating of internal policies.

In 2022, policies and procedures continued to be updated, including those that define data breach obligations and those that regulate the management of requests from data subjects related to the exercise of their rights regarding personal data protection, in addition to the ongoing ad hoc training activities on personal data processing, with particular regard to newly hired personnel and to specific areas such as call centres and parking inspectors.

Thus, the necessary actions have been implemented to ensure the implementation, in internal processes, of the provisions regarding the right of access of data subjects (with the purpose, for example, of understanding the personal data processed by TPER or exercising other rights) and of the Italian Data Protection Authority (Requests and Inspection).

The Record of Personal Data Processing Activities was also revised and updated to further enhance its compliance with the GDPR provisions, to address the requirements of information systems, as well as to identify any areas for improvement and manage the related action plans.

In 2022, there were no events that led to the loss of data (data breach) and consequent substantiated complaints regarding the violation of customer privacy and the loss of customer data.

It should be noted that in 2021 the Guarantor requested specific information on the use of a form for purchasing local public transport service passes, which sparked an investigation which TPER followed up in 2022 with specific clarifications and arguments. To date, feedback on the ongoing procedure is pending.

CTR Supply chain

GRI STANDARDS	3-3 308-1 414-1 2-6

Suppliers are a fundamental part of the production process and TPER engages with them in a transparent manner, enhancing where possible the technical and innovative contribution.

The general principles of relationships with suppliers are regulated, in the first place, by the Code of Ethics and a Corruption Prevention Policy, which TPER shares with suppliers through initiatives envisaged in the programme for the communication and dissemination of said code and policy. Breaches of the general principles of the Code may entail the immediate termination of the supplier relationship as per the supply contract, which also includes statements regarding the knowledge of the principles contained in the Code, and the assumption of the obligation to comply with these principles.

As a Public Company operating in special sectors, TPER applies the national reference standards (Code of public contracts relating to works, services and supplies) for business-related purchases and oversees purchasing strategies and the relationship with the supply chain. TPER has also drawn up regulations to govern the procurement of works, supplies and services for amounts under the EU relevance threshold and a documented system of powers and procedures and in proportion to the value of purchases to be made.

Selection procedures provide for publicity of notices and information on the tender outcome. Publicity requirements depend on the amount and nature of the tender and, pursuant to national and EU regulations, procedures are utterly streamlined to meet economy, effectiveness, and efficiency criteria.

The selection of suppliers takes place through clear and certain procedures based on objective criteria such as the quality of the products and services offered and the competitiveness of the proposal, paying attention to equitable remuneration of the services requested. For the awarding of the contract, TPER uses two criteria:

- The maximum discount is applied in cases where the company provides the technical specifications of the good or service to be purchased in detail, and in this case the offer with the lowest financial impact is considered;

- The contract is awarded to the most financially advantageous offer, in cases where the company's attention is focused on the technical contribution that the supplier can offer. In this case, the skill requirements that companies must have in order to participate are defined first; then the technical aspects of the offer are taken into consideration, while the financial content is the last aspect to be evaluated.

The second approach is preferred in all cases where it is considered that the supplier can offer a specialist provision giving added value to the company.

Below the thresholds indicated, the regulation envisages the application of simplified commitment procedures in relation to the modest value of the contract which anticipates for the call for at least three or five companies.

A unique characteristic of TPER's activity in this area is determined by the procedures for the purchase of fuels, which represent the most important item in costs for supplies. At the beginning of each year, a supplier pre-qualification phase takes place, allowing new operators to start a collaboration with TPER. The qualified suppliers are those that the company contacts to make their offer requests, which are almost daily in this area, to adapt to the continuous changes in the price of fuel. The suppliers' proposals arrive the day after the request and the supply is activated the following day with the chosen supplier on the basis of financial convenience.

In the process of choosing the means to be purchased for several years, TPER adopts a "life-cycle costing" logic, which allows it to consciously plan investments and the use of resources over the long term, with particular attention to vehicle spare parts.

The commitment of the Tenders and Supplier Qualification Function is currently aimed at structuring a register of suppliers to systematise the information and support the qualification phase of the suppliers.

TPER is a member of Intercent-ER, the regional agency for the development of electronic markets that plays the role of purchasing centre.

In the case of some specific investments financed with public resources, TPER has assumed the role of "purchasing centre" with regard to other local public transport companies. Specifically, TPER coordinated the purchase of new rolling stock for the transport companies of the other areas of Emilia-Romagna as well.

With specific reference to social and environmental responsibility, suppliers are expressly required to adhere to the TPER Code of Ethics.

Within the supply chain of TPER, there are no cases of suppliers with significant problems in terms of freedom of trade union association, child labour, conditions of forced labour or respect for human rights.

Furthermore, TPER has adopted a system for the prevention of corruption in compliance with the UNI ISO 37001:2016 standard, certified by an accredited third party, which defines the criteria for applying the due diligence of the main business partners and suppliers.

Since 2018, a system has been implemented for carrying out electronic tenders through the use of the Economic Operators Register. More specifically, the Tenders Portal was published for the creation of the register of operators for works, services and supplies and the management procedures for electronic tenders were activated. This platform also provides the service for the publication of contracts in accordance with Italian Law no. 190/2012 on the TPER internet portal and generates the files in XML format for the annual statement to ANAC. These procedures apply to all TPER Group suppliers.

With reference to the type of suppliers, TPER ordinarily purchases goods and services, while on the investment side, the supply concerns rolling stock or structural/infrastructural works.

Depending on the specific supply or service purchased, the contractual relationship is short or long-term, based on a project or not, continuous or occasional, always in compliance with the company's internal rules and regulations.

The specific procurement characteristics also vary depending on the characteristics of the goods or services purchased.

With reference to the value of payments and geographical regions of origin, please refer to the chapter on the extended value analysis.

With reference to the issue of the environmental assessment of suppliers, TPER is launching a system that will make it possible, in the future, to identify the percentage share and number of suppliers assessed according to environmental criteria, defining the actual and potential impacts and possible improvement actions. At present, the company does not have procedures and tools capable of expressing this information.

Also with reference to the social assessment of suppliers, TPER is launching a measurement process, with the aim of identifying the percentage share and number of suppliers assessed according to social criteria, establishing the actual and potential impacts and possible improvement actions. At present, the company asks all suppliers to adhere to the Code of Ethics, which indicates the main human rights and social aspects to comply with.

Similar criteria are applied in the context of tenders for the awarding of services or works or for the purchase of materials.

CTR Customers

Quality and compliance of services

GRI STANDARDS	3-3 417-1 417-2 417-3

A quality service for local public transport is made up of different aspects, to which TPER pays constant attention and in which it invests to operate in compliance with the quality standards presented in the Service Charter and compatible with the objective of economic sustainability. It is necessary not only to ensure compliance with the quality envisaged in the service standards, as agreed with the mobility agencies based on the service agreements entered into and in force, but also to address the quality perceived by users, measuring appreciation and satisfaction through customer satisfaction or mystery customer surveys.

To ensure maximum visibility to the quality of the services provided, TPER annually updates the service charter, which shows users their rights and minimum guaranteed services. Surveys, on the other hand, monitor the quality actually perceived with reference to aspects such as the comfort of the vehicles, regularity, punctuality, accessibility of the service, transparency and completeness of the information provided.

Service Charter

The Service Charter is the means by which any subject providing a public service identifies the standards of its performance, declaring its objectives and recognising specific rights for the citizen-user. The Charter thus supports the quality of services and encourages greater participation by recipients. The TPER Service Charter was prepared in accordance with art. 16 of the Constitution, taking into account the national rules and the principles established by the European Green Charter.

The principles with which the provision of public services must comply and on which the Charter must provide information are those of:

- Equal rights of users

- Impartiality of the providers
- Continuity of the service provided
- User participation
- Efficiency and effectiveness of the service.

The commitments set forth in the Service Charter are determined in part by the contents identified by the service contract between the concession body and the manager, which defines the guidelines and characteristics of the public service. The aim of TPER is to structure the Service Charter more and more as a tool for relations with users and the community, so as to start a dialogue and on-going communication.

Communication, information, listening

In recent years, TPER has committed to improving its channels for listening to users and providing them with information, in particular by structuring digital channels that allow users to be reached in a widespread and timely manner.

As mentioned in the previous paragraphs, the MUVER and ROGER apps make it possible to obtain information on services as well as manage the purchase and validation of travel tickets for all mobility companies in the region. In particular, ROGER is the MaaS application that combines many of the various services made available by local transport companies, including route calculation and parking payment.

TPER makes open data available on its website, which can be used freely for application development. All information can also be consulted on smartphones using various apps available on the company website, which can be used on Apple and Android devices.

The Hellobus service is available at all stops and allows users who request it to receive information via SMS about the arrival time of the bus and the level of accessibility of the vehicle arriving at the stop.

Customer satisfaction

Considering the Covid-19 emergency, no quality surveys were performed in 2021. In the latest customer survey, the average service score was 7.39 for the urban service and 7.24 for the suburban service in Bologna; 7.02 for the urban service in Imola, 7 for the urban and exurban services in Ferrara.

Complaint mechanisms

In case of complaints, TPER undertakes to provide an answer within 30 days and involves the relevant business contacts on the basis of the specific topic, to provide the most correct information but also to define the necessary action to be taken.

Complaints	2020	2021	2022
Total complaints	4,996	7,664	8,106
Of which			
Total automotive complaints	3,359	4,468	5453
Total Grande and Salta Su reports		1,830	1047
Total Covid complaints	1,595	293	13
Total People Mover complaints		711	1593
In particular related to			
Service			

Frequency or schedule not respected	343	508	879
Runs missed	220	352	425
Personnel			
Unfriendly personnel	266	242	286
Inappropriate driving	189	758	398
Failure to stop at bus stop	154	357	304
Fare dodging clamp down	6	1	9
Obligatory validation	8	1	6
Positive reports	3	6	5
Average response times to complaints	13	10	13

Total user complaints amounted to 8,106 in 2022, including 5,453 in the automotive sector. The increase in reports over the years also derives from the acquisition of the new MEX monorail transport service between the airport and the railway station.

The reports mainly concern the service (frequency of runs and compliance with timetables). In some cases the behaviour of staff was also the subject of complaints, in terms of courtesy, appropriate driving and stopping at stops.

The average response time is 13 days. A total of 92% of the reports received during the year were dealt with, mainly by email (95% of the reports processed), the remainder by telephone and in a few cases by ordinary mail.

Information

In 2022 (as in previous reporting periods), there were no incidents of non-compliance with regulations and/or self-regulatory codes in relation to information and labelling of products and services or regarding marketing communications.

Customer health and safety

GRI STANDARDS	3-3 416-1 416-2

The safety of public transport users is guaranteed both by a series of procedures that allow a reduction in emergency/rescue time, and by significant investments in technological equipment, carried out as early as the mid-90s. In particular, the remote control system (AVM - Automatic Vehicle Monitoring), extended to the entire fleet, allows the monitoring of the vehicles in service and communication between the Operations Centre and drivers via the on-board radio system. With regard to managing the fleets of vehicles that service the public transport service, the features of this system allow service optimisation in case of disruptive events, providing an overview of the overall actual operating conditions, a better definition of strategies for any regulatory interventions, and the possibility of the Operations Centre to communicate the consequent operating instructions to individual buses or groups of vehicles. Similarly, the system allows the best prevention and management of mechanical damage to vehicles in service. The system also allows the collection of valuable data for planning services.

The TPER project to equip all urban buses with a video camera with microphone, built in to the remote control system and placed in the driver's seat area which, activated by the driver in an emergency, allow Operators in the Operations Centre to view and hear what is happening aboard a bus in real time, continues. The Operators in the Centre can then quickly assess the situation, sending support staff or requesting help from the police.

Furthermore, to support safety on board vehicles, a system of external and internal video recording devices has been installed on the entire fleet, for example, in case of accidents with other vehicles, which can be activated either automatically (collisions, sudden braking etc.) or manually. The device allows the recording, which lasts about ten seconds before and after the event that caused the activation, of images taken just in front of the bus area and much of the front interior of the bus, useful both for reconstructing the dynamics of road accidents and their effects on passengers.

Lastly, TPER has signed a Memorandum of Understanding with the Prefecture and the Municipality of Bologna concerning the safety of service personnel and users of public transport, with which the company has committed to providing future buses with the necessary components for the installation of video surveillance systems (wiring, provisions for new technology) that allow high-definition images to be taken of the entire area of the vehicle intended for passengers. TPER's investment plans also include the supply of on-board components to progressively equip the entire fleet with video surveillance systems. The collection and processing of images is carried out in compliance with applicable privacy laws.

On the basis of that Memorandum of Understanding, the Prefecture and the Municipality of Bologna have made a specific commitment to the coordination between the Police (State Police and Carabinieri) and Local Police for the optimal use of resources aimed at both the provision of extraordinary control services to ensure the safety of staff and users of public transport, and to counter the commission of those offences which are most frequently mentioned as typical of public transport services (pick-pocketing, assaults, harassment), and lastly to prevent incidents of verbal and physical assault on inspectors and drivers.

An identical Memorandum of Understanding was signed for the Ferrara area with the Prefecture and the Municipality of Ferrara.

The impacts on the customers' health and safety are very important for TPER, with particular reference to the passenger transport service, with a view to continuous improvement.

For the year 2022, there is no evidence of cases of non-compliance with regulations and/or self-regulation codes regarding impacts on health and safety. During the reference period (2022), no proceedings were brought against the company regarding health and safety impacts deriving from transport services rendered to customers.

Environmental sustainability

Mobility phenomena impact all aspects of human activities, from our homes to work and leisure. The transportation of goods and passengers represents a crucial industrial sector for the economy and presents significant impacts also in terms of sustainability, considering the high absorption of energy, still in part deriving from fossil fuels.

To pursue environmental sustainability targets, especially with a view to reducing emissions, the sector should be redesigned from the industrial perspective (type of energy used, efficiency), but also cultural, especially when observing the modal mix used. In this sense, the efforts made by policy makers in public policies, but also by people, must move towards reducing the use of private vehicles, promoting public transport or shared vehicles.

In the specific passenger transport sector, TPER intends to provide its contribution to the important and now urgent path towards environmental sustainability precisely from this perspective: on one hand, by privileging cleaner technologies and pursuing innovation, and on the other by providing a quality alternative to private vehicles.

Service quality and efficiency

GRI STANDARDS	3-3

Improving the quality and efficiency of the service is a strategic element in incentivising people to choose public transport over private forms of transport fuelled by fossil sources. TPER undertakes to ensure cleanliness, punctuality and suitable frequency for specific routes.

The introduction of innovative ways of purchasing tickets and the promotion and information campaigns on the service have the additional goal of raising awareness and encouraging the use of less polluting transport solutions. Through quality surveys and more accurate measurements of transport use, it is possible to design and deliver a service effectively oriented towards consumers and their needs, with the aim not only of providing quality services to regular customers, but also of acquiring new customers who do not regularly use collective or shared services as a first choice. Through the widespread use of public or shared transport, TPER believes that it can contribute to reducing traffic and road congestion and to improving city viability and living conditions.

Environmental impact - means of transport

GRI STANDARDS	3-3

TPER pursues the objective of reducing the environmental impact of vehicles mainly through the renewal of its vehicle fleet, the purchase of new vehicles and the use of less polluting energy sources, such as electricity or methane (in particular, LNG, which can be replaced by biomethane from a circular economy point of view). Furthermore, the replacement of the most obsolete vehicles with new vehicles allows for lower fuel/energy consumption and lower climate-altering emissions that are harmful to human health.

The impact analysis of the noise produced by TPER can help verify overall compliance with the noise limits established by law, in particular following the investments in the vehicle fleet of recent years.

Environmental sustainability and circular economy

GRI STANDARDS	3-3

In 2019 the TPER Group and the Hera Group launched a circular economy project. Specifically, the project involves the production and use by TPER of the biomethane produced in the Hera Group plant in S. Agata Bolognese. The biomethane produced in this plant is a 100% renewable fuel, generated thanks to the processing of organic waste produced by the Bologna Marconi Airport. At full capacity, the plant is able to produce 7.5 million cubic metres of methane/year (as well as 20,000 tonnes of quality compost mainly destined for agriculture) and introduce it into the electricity grid, generating savings of 6,000 tonnes of oil equivalent.

Since 2022, the project has also involved Bologna Marconi Airport, which contributes to the production of biomethane by transferring all the organic waste produced by commercial activities within the airport itself.

This circular process, which begins with the effort of correctly sorting waste and ends with providing a renewable fuel to the region, has a transparent and certified supply chain.

Climate change - Energy - Emissions

GRI STANDARDS	302-1 302-2 302-3 302-4 305-1 305-2 305-3 305-4 305-5

The ecological transition is a strategic priority of the European Union which, with the Green Deal, the Next Generation EU and the recent proposal relating to the "Fit for 55" reform package, aims to become the first major geopolitical area in the world with zero climate impact at 2050.

Back in 2007, the Green Paper "Towards a new culture for urban mobility" identified five challenges to address in order to resolve the critical issues in urban transport systems: the fluidity of traffic, improving air quality, incentivising the spread of Smart Mobility, improving accessibility and reducing road accidents.

The subsequent Action Plan on Urban Mobility (2009) included 20 specific measures for the creation of an efficient transport system and the improvement of social cohesion.

These goals and actions were consolidated by the European Commission White Paper of 2011 "Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system", which defined the European transport strategy for 2050, making particular reference to the use of sustainable fuels and harmful emissions to the environment (in terms of global warming and pollution) and human health.

To combat dangerous climate change, the EU leaders subsequently adopted the Energy and Climate Policy Framework 2030 in October 2014, which envisaged a binding CO2 reduction target of at least 40% by 2030 over the 1990 figures.

This objective is also part of the EU's commitment to the Paris Climate Change Agreement. The Paris Agreement in particular identifies the targets and deadlines to meet in terms of reducing harmful emissions in order to achieve the climate change goals.

The climate crisis is indeed a great challenge at all levels. The monitoring and improvement of climate change requires close coordination of international, national and local policies, a change in the lifestyles of large sections of the population, an industrial approach based on sustainability.

In this process, mobility systems play a crucial role, considering the significant impact of the sector on the use of energy from fossil sources and on emissions and taking into account that in the modal mix most of the impact on the environment and climate derives from the private transport.

In line with international policies, Italy has undertaken to keep the temperature increase below two degrees compared to pre-industrial levels (which implies a reduction in emissions of 55% in 2030, compared to 1990, and the achievement of net zero emissions in 2050). However, considering the trend scenario, the current application of the policies leads to an increase in the global average temperature just below 3 degrees. To move from the trend scenario to the target scenario, mitigation measures and policies are necessary, while adaptation measures will have to deal with climate damage that cannot be avoided.

In this situation, it is extremely important to define transport optimisation goals, mainly by reducing private vehicle mobility and by encouraging alternative options involving shared or collective mobility. For this reason, it is paramount to boost efficiency and safety levels, to guarantee the use of more sustainable transport modes, to strengthen public railway and road transport, to renew rolling stock and road fleets, and to develop technological innovation, logistics and a new culture of movement.

Therefore, in light of the notable impact of transport on the environment and on people's quality of life, it is necessary to pursue a sustainable mobility goal which, on the one hand, allows citizens to move freely and comfortably and, on the other, reduces the negative impact of private traffic, mainly as regards harmful gases emitted by the fleet into the atmosphere.

The strengthening of public transport represents an important path to take, in particular in medium and large cities, where high population density would make it impossible for all citizens to use their own vehicles.

With the increase in vehicle efficiency, the evolution of technology and the improvement of road infrastructure (reduction of congestion), it is actually possible to achieve a significant drop in the emissions of air pollutants produced by road transport. The use of vehicles powered by less polluting technologies and traction systems (electric, hybrid and methane vehicles) offers a major reduction in atmospheric emissions, noise generated and vibrations.

The mitigation measures relating to the transport systems of people and goods presuppose a general objective of reducing (in absolute value) the vehicle fleet in circulation. Basically, the lines of intervention concern:

- The modification of the modal distribution in favour of sustainable modes of transport
- The adoption of technological solutions capable of increasing the energy efficiency of vehicles and therefore reducing overall emissions
- The adoption of safe and reliable digital solutions to support transport systems and sustainable mobility.

As regards the reduction of road congestion and accidents, improving air quality through the use of cleaner energy sources and the overall reduction of CO2 produced, TPER has launched a series of initiatives and implemented plans to develop the service, both with the objective of providing a viable alternative to private transport (reduction of private transport emissions), and through efficiency improvements in its fleet consumption levels (reduction in own emissions).

Unfortunately, the path to sustainability has encountered obstacles in recent years. First COVID and the war in Ukraine later changed impacts in terms of service offered and available resources. Sustainability remains a corporate priority, but corporate decisions have been adapted and reviewed taking into account contingencies and scenarios, as well as economic and financial impacts.

The European Union and TCFD recommendations

In June 2019, the European Commission published "Guidelines on non-financial reporting: Supplement on reporting climate-related information (2019/C 209/01)".

This communication, which constitutes a supplement to the guidelines issued by the Commission in 2017 for non-financial reporting required by EU Directive 95/2014, contains the (non-binding) guidelines for information to be provided by companies on climate change, supplementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board.

The following table summarises the current CSP reporting system related to climate-related information with respect to the indicated references.

Areas	TPER reporting
Scenarios, risks and opportunities (business model)	The effects of climate change may have a significant impact on the urban public transport sector, in terms of the type and structure of demand, as well as on the organisation of the service. To date, TPER has not developed specific medium/long-term scenarios that quantify the resilience and economic-financial effects of an increase in temperatures of less than or equal to 2 °C and a scenario greater than 2 °C (20). [TCFD recommendation, strategy c)].
Governance - policies	TPER's environmental policy (this chapter/Environmental sustainability) TPER fleet

	Energy policy - see specific information at the bottom of this table (sections Energy - Emissions)
Targets	TPER has made and plans to make significant investments in energy efficiency and the renewal of its fleet (TPER fleet) and for the resulting reduction in emissions. Currently, no specific targets have been defined for further interventions to reduce energy consumption and emissions.
Performance - indicators and metrics	The current TPER reporting system provides the following information: Energy consumption: direct and external (partner vehicles) GRI 302-1 GRI 302-2 Direct and indirect emissions (GHG Scope 1 and Scope 2) + other types of emissions relevant for the reference sector GRI 305-1 GRI 305-2 GRI 305-7 GHG Scope 3 emissions (partner vehicles) GRI 305-3 (partner vehicles) Energy and emissions intensity indexes GRI 302-3 GRI 305-4

Sites

In conjunction with the renewal of the agreement with the Municipality of Bologna for the concession of the company headquarters, the redevelopment project is underway with a view to saving energy and reducing the environmental impact.

The investment plan provides for the minimisation of heat loss and the production of renewable energy.

Energy consumption - Internal energy consumption

Internal energy consumption relates to the consumption of the Parent Company TPER and the subsidiaries included within the scope of consolidation. The data are summarised in GJoule.

Trend in overall energy consumption (GJoule)	2020	2021	2022
Electricity consumption	62,252	65,881	59,501
Fuel consumption - diesel	415,044	417,613	398,672
Methane consumption	337,033	392,951	409,685
Total	**814,329**	**876,446**	**867,858**

It should be noted that following a more precise recognition of the figure relating to the previous year, for the purposes of a more accurate representation, it was necessary to make an adjustment in terms of value accuracy which led to a functional recalculation also for purposes of comparison.

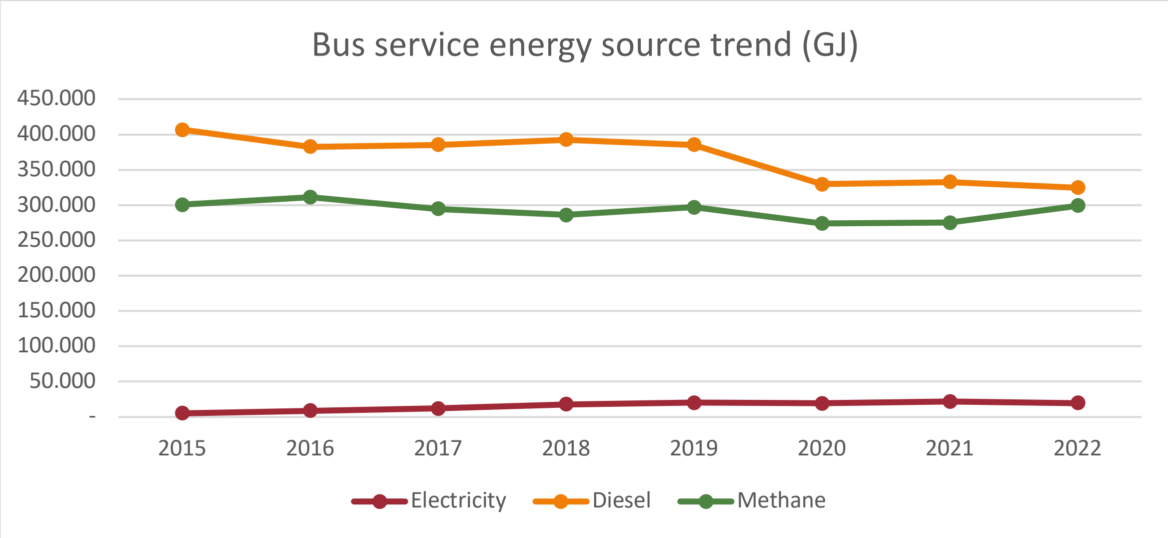
The total energy consumption by sector and the relative overall trends are shown below.

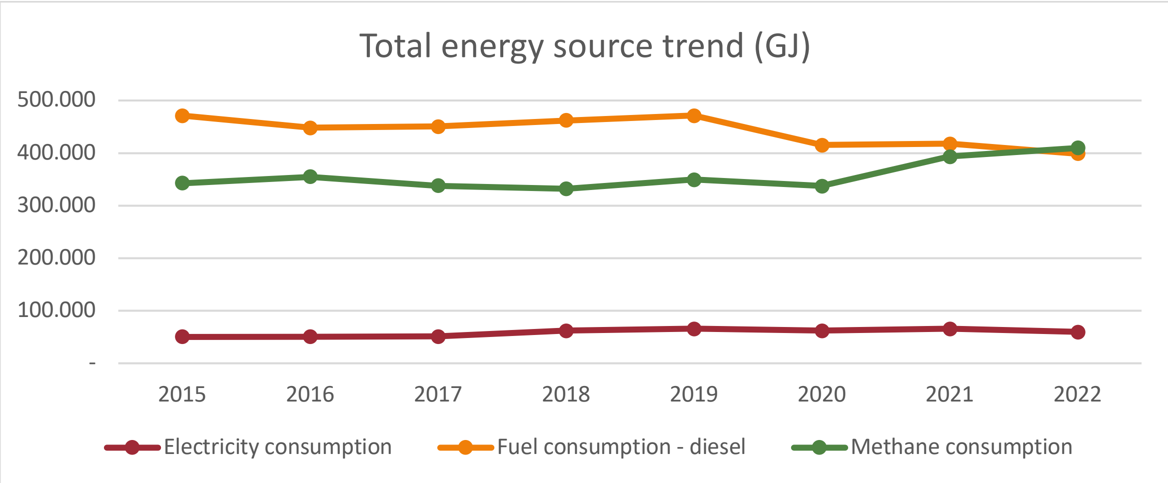
Overall energy consumption by service (GJoule)	2020	2021	2022
Transport	650,706	715,801	724,300
Other mobility services	14,282	14,478	14,419
Offices - Terminals and other	149,341	146,166	129,139
Partners	103,841	92,304	89,276
Total excluding partners	**814,329**	**876,446**	**867,858**
Total with partners	**918,170**	**968,750**	**957,134**

Trend in overall energy consumption	2020	2021	2022
Excluding partners	-8.1%	7.6%	-1.0%
With partner	-8%	6%	-1%

The following table shows the trend in energy consumption by type of energy source. The impact of the electricity availability and of the changes on the trolley bus system to reduce electricity consumption is highlighted. The impact of the use of methane is also highlighted, also in relation to the increase in the LNG fleet in 2022.

Trend in overall consumption of transport services (GJoule)	2020	2021	2022
Electricity consumption	19,252	21,991	19,748
Fuel consumption - diesel	329,308	255,647	334,061
Methane consumption	274,042	275,002	213,538
Total	**622,601**	**552,640**	**567,347**





Energy consumed - GJoule	**2020**	**2021**	**2022**
Electricity consumption			
Transport (buses)	19,252	21,991	19,748
Thermal kWh - offices and terminals	3,781	4,261	3,893
Offices and other	33,700	33,892	30,449
SST	-	-	-
MA.FER	4,232	4,343	4,015
Dinazzano Po	1,288	1,394	1,396
Total	**62,252**	65,881	59,501
Of which from renewable sources	**57,836**	62,267	52,918
Trend in overall electricity consumption	-3.55%	5.83%	-9.68%
Fuel consumption - diesel			
Transport (buses)	329,308	332,674	324,520
Other mobility services	1,884	1,443	1,563
SST	11,634	17,891	13,810
MA.FER	-	-	-
Dinazzano Po	72,218	65,605	58,778
Total	415,044	417,613	398,672
Of which from renewable sources	-	-	-
Methane consumption			
Transport (buses)	274,042	275,002	299,286

Other mobility services (including VAZ)	750	820	764
LNG/Biomethane	16,150	67,735	66,573
Offices and other	39,643	42,408	36,019
SST	321	509	362
MA.FER	4,546	4,604	4,889
Dinazzano Po	1,582	1,873	1,792
Total	**337,033**	**392,951**	**409,685**
Of which from renewable sources	-	-	-
Total consumption	**814,329**	**876,446**	**867,858**
Of which from renewable sources	**57,836**	62,267	52,918

It should be noted that following a more precise recognition of the figure for the diesel consumption relating to the previous year, for the purposes of a more accurate representation, it was necessary to make an adjustment in terms of value accuracy which led to a functional recalculation also for purposes of comparison.

With reference to the purchase of electricity, since 2017 a sustainability requirement has been included in tender specifications and documents, according to which all lots involve the supply of only green energy from renewable sources as defined by letter b) of ARG/ELT Resolution no. 104/11 as subsequently amended (wind, solar thermal, photovoltaic, hydraulic, geothermal and biomass energy), without the production of new CO2 deriving from fossil fuels. In 2022, it was not possible to fully guarantee the purchase from renewable sources due to the scarcity situation that arose on the market. Therefore, a residual portion of electricity purchased (around 11%) has no guarantee of origin.

Energy consumption - External energy consumption

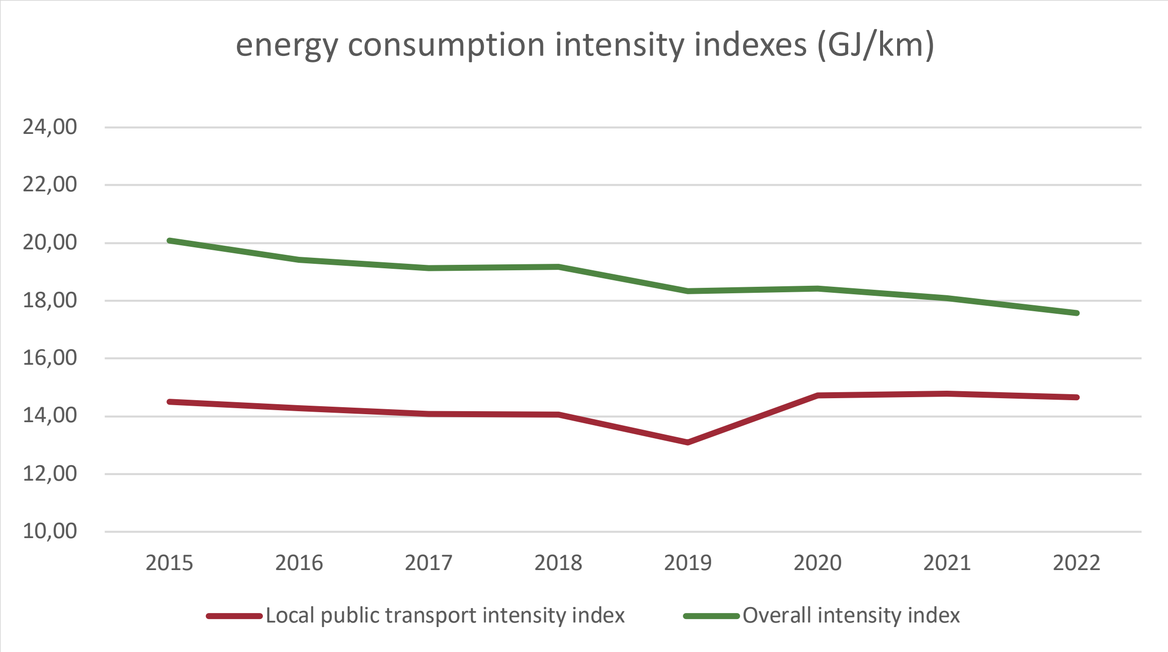
The data presented refer to the portion of external (indirect) consumption related to partners in public transport services. Specifically, external consumption includes partners that operate the service in the Bologna and Ferrara areas, through subsidiary consortium companies TPB and TPF. Consumption refers to fuel (diesel) and methane for transport.

Energy consumption - Partners (GJoule)	2020	2021	2022
Fuel consumption - diesel			
Transport (buses)	97,668	86,950	84,700
Of which from renewable sources	-		
Methane consumption			
Transport (buses)	**6,172**	5,354	4,576
Of which from renewable sources	-		
Total consumption	**103,841**	**92,304**	**89,276**

Energy consumption intensity index

The following are the intensity indices related to the reduction of energy consumption. At equivalent levels of energy usage, TPER has directed its choices towards more sustainable energy sources.

Local public transport intensity index	Unit	2020	2021	2022
Energy consumption	GJ	650,706	715,801	724,300
Total km travelled	km	44,205,636	48,425,245	49,384,978
Intensity index	**GJ/km*1000**	**14.72**	**14.78**	**14.67**
Overall intensity index	**Unit**	**2020**	**2021**	**2022**
Energy consumption	GJ	814,329	876,446	867,858
Total km travelled	km	44,205,636	48,425,245	49,384,978
Intensity index	**GJ/km*1000**	**18.42**	**18.10**	**17.57**



Emissions

Energy consumption has an impact on emissions. Changes over time in the energy mix used (reduction of fossil fuels to the advantage of electricity or biomethane) and the efficiency of vehicles (new vehicles consume less energy for the same mileage) have an impact on emissions trends.

In recent years, energy consumption has also been impacted by the displacement dynamics due to Covid. For example, for health reasons, it was necessary to provide additional runs so as not to saturate capacity, therefore there was a greater energy consumption due to an increase in runs partially offset by lighter vehicles.

The emissions figure is reported in tonnes of carbon dioxide equivalent (t CO_2e) and refers to direct emissions (*GHG - Greenhouse Gas Scope 1*), together with the indirect ones associated with the consumption of electricity purchased from the network (GHG Scope2).

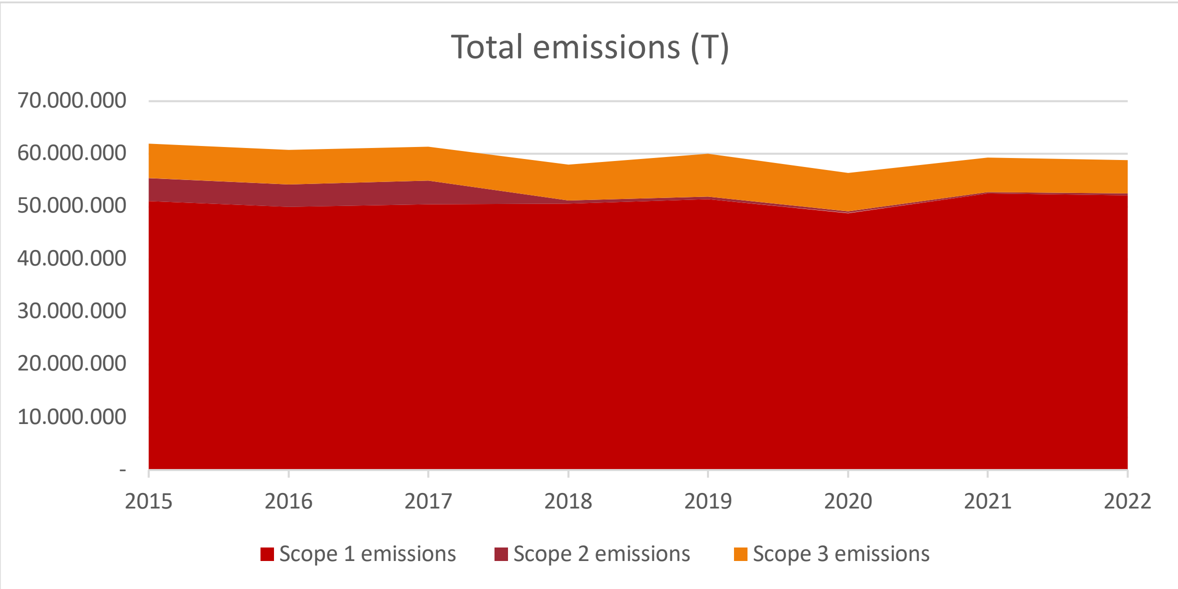
The calculation of indirect emissions from electricity consumption (GHG - Scope 2) was carried out according to the "Market Based" approach, which involves determining the GHG - Scope 2 emissions deriving from the purchase of electricity considering the specific emission factors communicated by suppliers. For purchases of electricity from renewable sources, an emission factor of CO_2 zero is attributed. Therefore, for the years up to 2021, having the characteristics of guarantee of origin, electricity purchased was considered to be 100% deriving from renewable sources. For 2022, for a portion of energy without a guarantee of origin, the national energy mix was taken into account to establish the portion deriving from renewable sources.

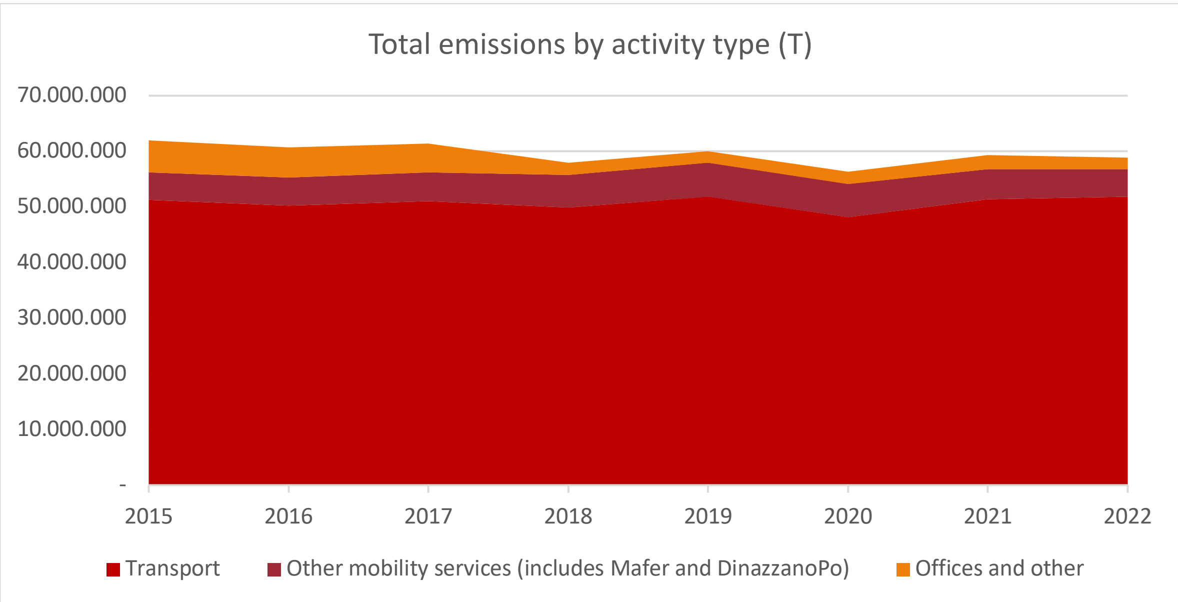
As with the consumption analysis, the reporting scope for emissions comprises the subsidiaries and partners.

The tables show, for the most significant types, the data relating to direct emissions (Scope 1 GHG - Greenhouse Gas) and indirect emissions associated with the consumption of electricity purchased from the grid (Scope 2 - GHG). In addition, data is presented on emissions from fuel consumption by partners, particularly in carrying out the portion of transport service provided by TPER (Scope 3 GHG).

The parameters for the emissions calculation starting from fuel consumption are based on public studies (sources: www.isprambiente.gov.it, www.sviluppoeconomico.gov.it).

CO2 emissions by Scope (tCO2e)	2020	2021	2022
Scope 1 emissions	48,790,828	52,491,646	52,102,690
Scope 2 emissions	314,711	257,569	385,891
Scope 3 emissions	7,280,694	6,534,979	6,328,990
Total	56,386,233	59,284,194	58,817,571
Trend in overall emissions	-6.11%	5.14%	-0.79%
Total emissions/By activity type (tCO2e)	**2020**	**2021**	**2022**
Transport	48,144,602	51,368,149	51,798,299
Other mobility services (includes MA.FER and Dinazzano Po)	5,964,719	5,478,990	4,949,387
Offices and other	2,276,912	2,437,054	2,069,885
Total	56,386,233	59,284,194	58,817,571
Trend in overall emissions	-6.11%	5.14%	-0.79%





As mentioned previously, TPER aims to improve its performance in terms of emissions by acting both on the energy mix used and on the efficiency of the vehicles.

The impact on emissions can also be measured by taking into account the use of public transport as an alternative to private cars. In fact, by using collective and shared transport as an alternative to private vehicles powered by fossil fuels, TPER users have saved at least 127 thousand tonnes of CO2 in the Bologna and Ferrara catchment areas, of which 257 tonnes for the Corrente service.

These figures were calculated considering an estimate of trips made with a car powered by fossil fuels instead of local public transport.

The parameters for the calculation are based on public studies (sources: www.CO2nnect.org, www.isprambiente.gov.it, www.sviluppoeconomico.gov.it).

Emission intensity index

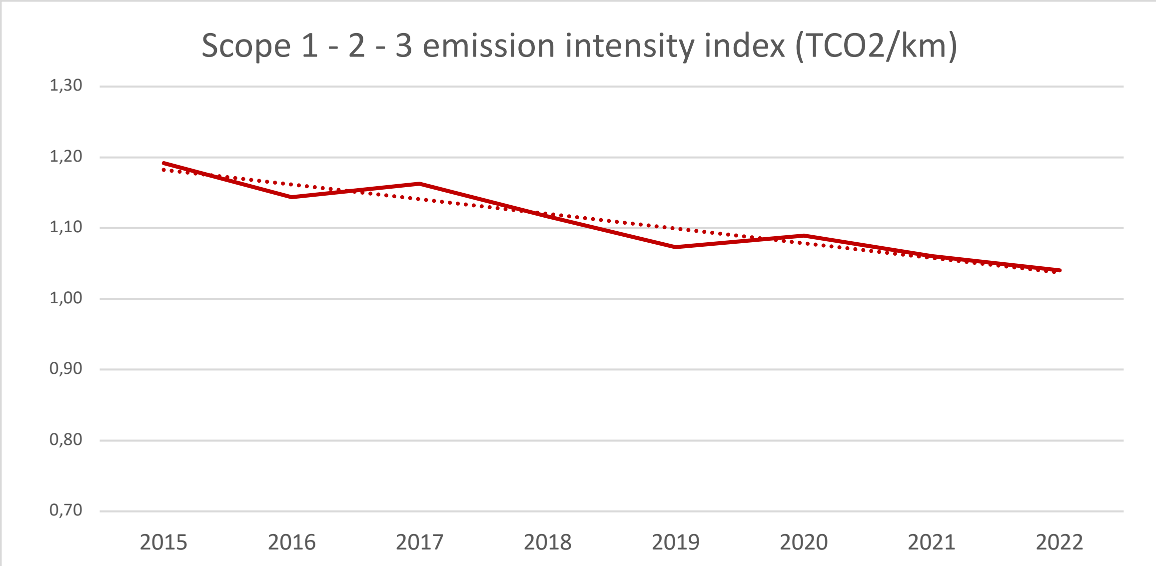
The emission intensity index is presented below. As with the data related to the energy intensity index, these data use km travelled as the reference parameter.

Emission intensity	Unit	2020	2021	2022
Local public transport intensity index				
Local public transport tons of CO2 emissions	kg CO2e	48,144,603	51,368,149	51,798,299
Total km travelled	km	44,205,636	48,425,245	49,786,694
Intensity index	CO2/km	1.09	1.06	1.04
Index trend		*1.5%*	*-2.6%*	*-1.9%*
In the three-year period		*-2.4%*	*-1.1%*	*-4.5%*
Overall intensity index				
Total tons of CO2 emissions	kg CO2e	56,386,233	59,284,194	58,817,571
Total km travelled	km	44,206,636	48,425,245	49,786,694
Intensity index	CO2/km	1.28	1.22	1.18
Index trend		*-2.4%*	*-4.0%*	*-3.5%*
In the three-year period		*-2.7%*	*-1.4%*	*-7.4%*

The specific scope 1 and 2 intensity index is also reported, since it is considered a relevant KPI for the purposes of assessing company performance.

Scope 1 and 2 intensity index	2020	2021	2022
Scope 1 and 2 emissions	49,105,539	52,749,215	52,488,581
km	44,206,636	48,425,245	49786693
Sustainability KPIs - scope 1 and 2/km	**1.11**	**1.09**	**1.05**
Trend	**15%**	**-2%**	**-3%**

The emission intensity index trend is presented below.



Other emissions harmful to the environment and human health - local pollutants

GRI STANDARDS	305-7

The impacts of road transport on the territory with reference to other relevant emissions that are harmful to the environment and human health are analysed below.

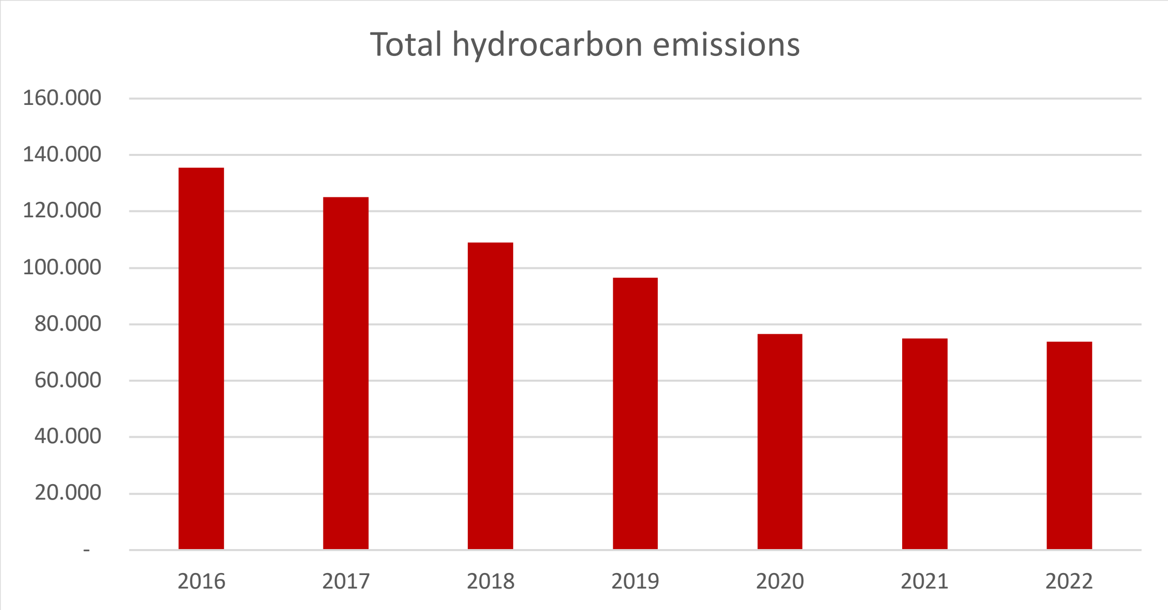
The positive effect of TPER's decisions in defining the mix of power sources (electric, methane, diesel) and of the decision to gradually replace more polluting vehicles with new lower impact vehicles can be seen in the data. All emissions analysed show a gradual decline from year to year.

TPER measures the emissions of hydrocarbons, carbon monoxides, particulates and nitrogen oxide.

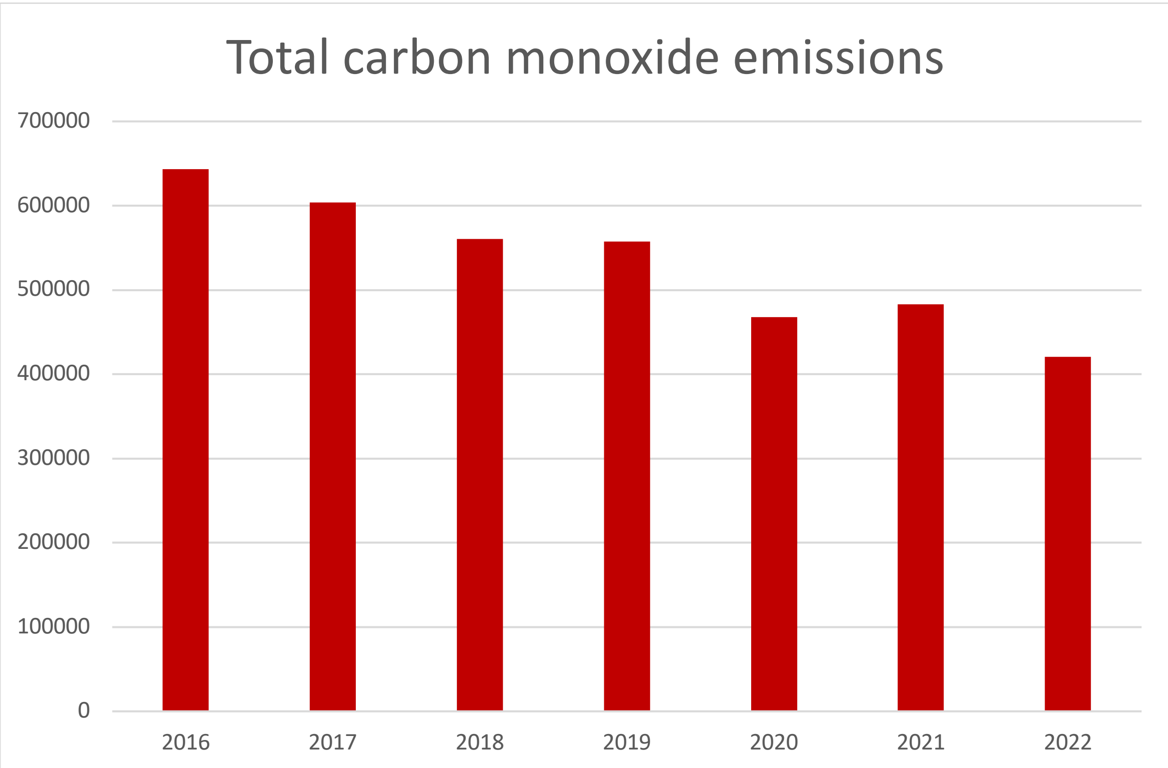
With reference to the emissions of local pollutants, which affect people's health and the environment (urban and natural), the trends in emissions of hydrocarbons, carbon monoxide, particulates and nitrogen oxides are reported.

All the data shown below are in kg.

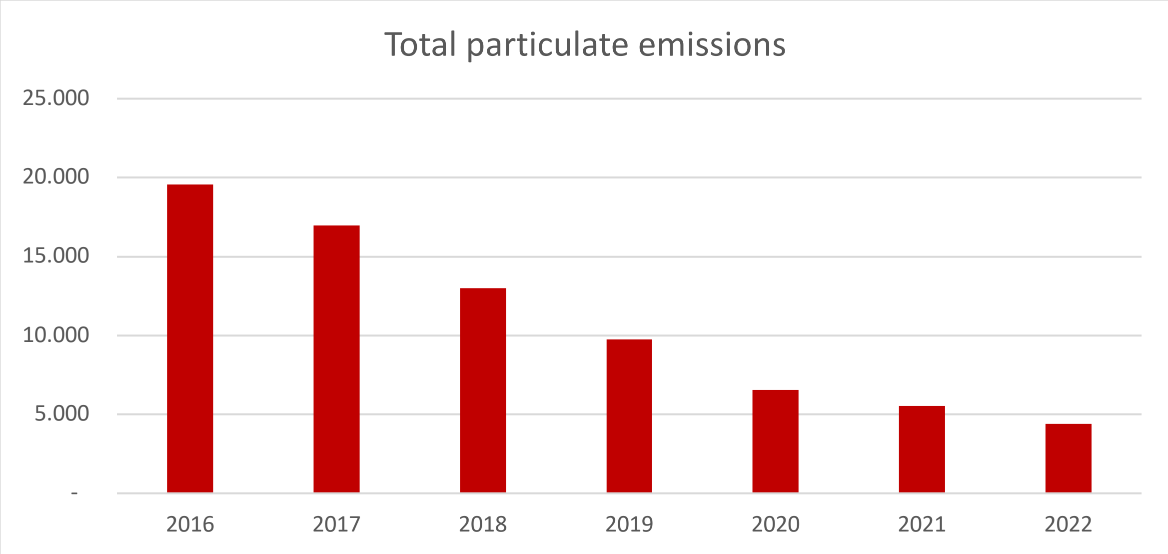
Total hydrocarbon emissions (kg)	2020	2021	2022
	76,542	74,932	**73,949**
Not including methane	30,944	31,820	**35,720**
TREND	*-20.71%*	*-2.10%*	***-1.31%***
In the three-year period	*-30%*	*-22%*	***-3%***



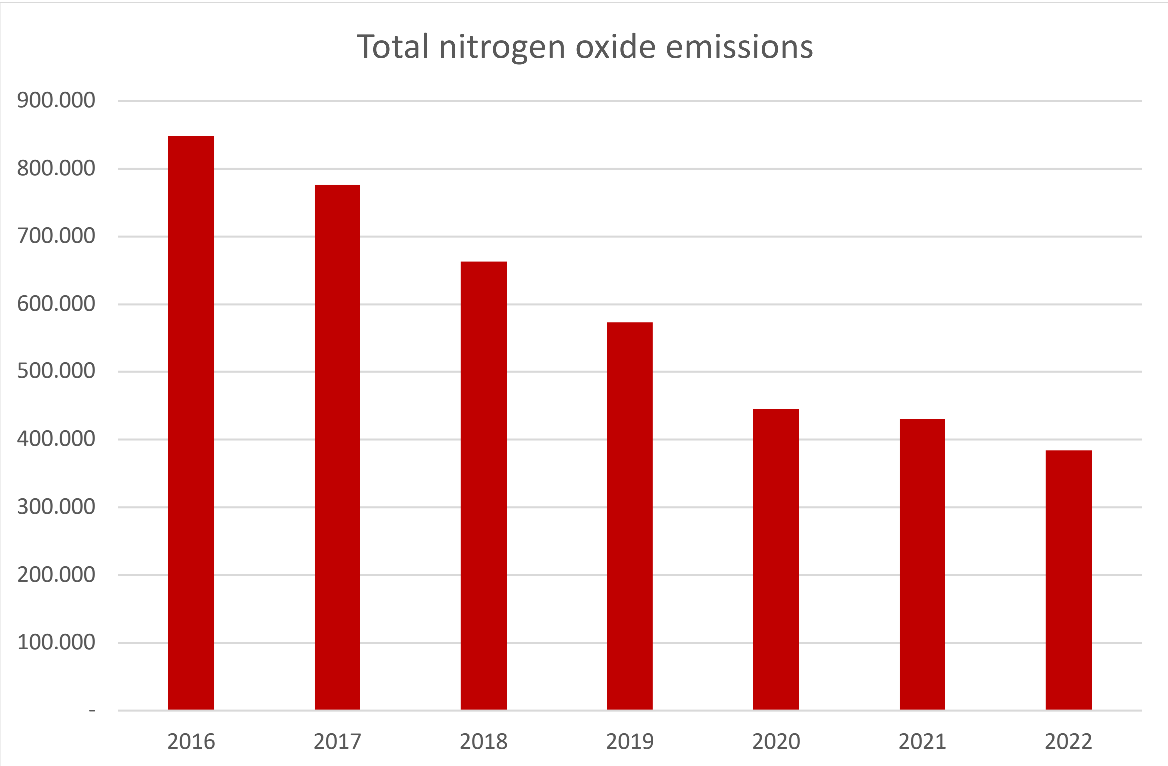
Total carbon monoxide emissions (kg)	2020	2021	2022
	467,713.84	482,909.39	420,658.39
TREND	-16.13%	3.25%	-12.89%
In the three-year period	-16.52%	-13.40%	-10.06%



Total particulate emissions (kg)	2020	2021	2022
	6,535.23	5,548.73	4,394
TREND	-32.85%	-15.10%	-20.81%
In the three-year period	-49.78%	-42.99%	-32.77%



Total nitrogen oxide emissions (kg)	2020	2021	2022
	445,830	430,691	384,187
TREND	-22.17%	-3.40%	-10.80%
In the three-year period	-32.75%	-24.81%	-13.83%



Noise pollution (sound and vibrations)

GRI STANDARDS	3-3

Noise pollution is an element with a strong impact on people's lives and on the environment, such that the EU has decided to address the issue of noise as a priority in the immediate future. Studies on the exposed population show that, in urban areas, the prevalent noise source is vehicular traffic, confirming that noise, in particular that produced by road traffic, constitutes a key sustainability consideration.

With reference to TPER, there were no episodes in 2022 of non-compliance with the reference regulations and regulations.

Waste management

GRI STANDARDS	306-1 306-2 306-3 306-4 306-5

Waste is managed according to internal procedures that comply with the provisions of the law in force. TPER is characterised as a services company and, therefore, as a company with a low processing scheme; therefore, it is hardly involved in the production of significant waste. The types and quantities of waste are linked in particular to the vehicle and plant maintenance activities.

As a producer of both hazardous and non-hazardous special waste, TPER seeks, with a view to continually improving its management, to minimise the environmental impact on the territory. As regards the above, it should be noted that:

- Newly acquired vehicles are generally purchased with the LCC formula, which in the tender phase generally rewards the manufacturer who states that maintenance will be performed within the scope of the LCC contract (14 or 18 years) of the main components with the subsequent reduction of waste production over the life span of the asset if the main components comply with the expected intervals.
- The newly acquired vehicles envisaged in the business plans belong to emission classes with a reduced environmental impact. Their purchase allows the simultaneous disposal of the most obsolete vehicles and those with the greatest environmental impact, both from the point of view of environmental emissions and overall maintenance waste.

Although not a production company, TPER pays attention to the quantity and quality of the waste produced. Evaluating how materials move in, through and out of the organisation can help us understand where these materials become waste within the value chain and how they can and should be treated, with the aim of assessing the significance and hazardousness of any incoming materials and their relative impact downstream in the generation of waste.

Within the activities of TPER, the automotive spare parts and technical fluids (engine oils, brakes, gearboxes, differential, anti-freeze, urea) necessary for the operation of the buses are identified as inputs. The area that has the greatest impact on waste is the one that concerns the maintenance of buses and their cleaning. The hazardous waste produced as a result of these processes includes used oils, end-of-life vehicles, batteries, various filters, liquid waste including aqueous washing and degreasing solutions, brake pads. Non-hazardous metals, on the other hand, are ferrous and non-ferrous metals, wood, paper, plastic, sludge, air filters.

In recent years, TPER has made provision for the updating and professional training of workshop staff and maintenance personnel to allow, together with the maintenance operations of the buses, the correct separation of processing waste, which is deposited in special containers by EWC code, in order to allow the correct temporary storage, prior to the transfer to third parties with adequate timescales ascertained by the managers, who then fill in the loading and unloading register and contact the authorised entities in charge of disposal. Similar periodic checks are carried out on underground tanks not connected to continuous purification plants to check the filling level deriving from the degreasing processes of mechanical parts and underbodies. In the case of production of unusual waste, after an analysis aimed at understanding the process that generated the waste, the maintenance managers arrange for adequate sampling to be sent to specialised laboratories for the purpose of a new classification and attribution of the hazard characteristics.

Downstream of the value chain, there is no significant waste with regard to environmental impact. The progressive use of digital forms of payment also contributes to the reduction of waste, such as paper travel tickets.

In 2022, TPER produced a total of around 2,365 tonnes of waste, of which around 461 were classified as non-hazardous.

Overall in 2022, 97% of the waste produced by TPER was sent for recycling (paper and cardboard, oils, batteries, ferrous and non-ferrous materials, demolition of vehicles, etc.), while the remainder was disposed of according to the regulations in force.

Waste production trends over the years depend on the number of vehicles demolished, which affects the total quantity of waste produced.

The data are expressed in tons.

Waste by category (T)	2020			2021			2022		
	Recovery	Disposed	Total	Recovery	Disposed	Total	Recovery	Disposed	Total
Hazardous waste									
Total	569	222	791	**891**	**302**	**1,193**	**1,876**	**28**	**1,904**
Non-hazardous waste									
Total	**485**	**269**	**754**	**395**	**87**	**482**	**430**	**31**	**461**
Total	1,054	491	1,545	1,286	389	1,675	2,306	59	2,365

Waste/Recovery (T) - Total per year	2020			2021			2022		
Hazardous waste	**On site**	**External site**	**Total**	**On site**	**External site**	**Total**	**On site**	**External site**	**Total**
Other recovery operations		569	569	-	891	891	-	1,876	1,876
Total	-	569	569	-	891	891	-	1,876	1,876
Non-hazardous waste	On site	External site	Total	On site	External site	Total	On site	External site	Total
Other recovery operations		485	485	-	395	395	-	430	430
Total	-	485	485	-	395	395	-	430	430
Total waste not destined for disposal	**-**	**1,054**	**1,054**	**-**	**1,286**	**1,286**	**-**	**2,306**	**2,306**

Waste - Disposal (T)	2020			2021			2022		
Hazardous waste	**On site**	**External site**	**Total**	**On site**	**External site**	**Total**	**On site**	**External site**	**Total**
Other disposal operations		222	222	-	302	302	-	28	28
Total	-	222	222	-	302	302	-	28	28
Non-hazardous waste	**On site**	**External site**	**Total**	**On site**	**External site**	**Total**	**On site**	**External site**	**Total**
Other disposal operations		269	269	-	87	87	-	31	31
Total	-	269	269	-	87	87	-	31	31
Total waste destined for disposal	**-**	**491**	**491**	**-**	**389**	**389**	**-**	**59**	**59**

TPER does not transport hazardous waste nor does it dispose of relevant quantities of waste in water basins or in drainage basins in valuable areas of high biodiversity (protected areas).

NEW Water resources - withdrawals and discharges

GRI STANDARDS	303-1 303-2 303-3

With reference to the water withdrawal policies - shared resource, the following is specified:

- **Sources of withdrawal** - As part of an environmental policy of responsible consumption of resources, withdrawal from water sources have been planned by TPER based on an impact-reduction approach. TPER's water withdrawal refers mainly to the vehicle washing systems and depend on both the number of buses in service and the number of washes per bus. This type of consumption is also influenced by weather conditions and the resulting vehicle washing frequency.
- **Water stress** - Water stress refers to the ability or inability to meet water demand, both human and by ecosystems as a whole. Water stress can refer to the availability, quality or accessibility of water. As a tool for assessing water-stressed areas, reference was made to the Aqueduct Water Risk Atlas wri.org/aqueduct of the World Resources Institute. The reference area where TPER's operating offices are located is classified as a "high water-stressed" area (High 3-4). For this reason, the use of water for industrial processes must consider this situation. Nevertheless, it is not believed that the TPER systems have a significant impact on the availability of water for the reference area.

Larger depots are equipped with plants that treat the water before discharge as well as systems that allow the reuse of significant volumes of water after treatment, specifically for washing vehicles. TPER has also endeavoured to improve the sustainability of its water discharges. Today, as a result of various measures that have been mostly implemented at depots, all water discharges are monitored and authorised for discharge in public sewers in accordance with current regulations.

TPER consumed around 50 megalitres of water in 2022. The water used comes from the local water distribution network (aqueduct). These are accurate values, derived from the consumption invoiced to TPER by the water service utility company.

Water withdrawal	2020	2021	2022
Third-party water resources/aqueducts			
Fresh water (≤1,000 mg/l total dissolved solids)	47,586	52,065	49,895
Other types of water (>1,000 mg/l total dissolved solids)			
Total (cubic metres)	47,586	52,065	49,895
Total in megalitres	48	52	50

It is specified that the definition of fresh water/other types of water, adopted by the GRI Standards, is based on the ISO 14046:2014 standard and the USGS (United States Geological Survey) document, "Water Science Glossary of Terms" (water.usgs.gov/edu/dictionary.html - accessed on 1 June 2018) and on the World Health Organisation (WHO) document, "Guidelines for Drinking-water Quality" of 2017.

Discharges of waste water flow into the public sewage system of the region, in accordance with the laws and regulations in force.

NEW Internal organisation – Human resources

GRI STANDARDS	3-3 404-3

We are experiencing years characterised by profound transformations in the social and economic field, in a context marked by important changes in the technological and digital sphere, and in a scenario characterised by great challenges, including the evolution towards a decarbonised economy but also cultural, human rights and inclusion developments.

These are elements that also have a significant impact in the world of work, which must be prepared to enhance knowledge, differences, innovation, but also security and stability, including economic.

TPER has always been committed to guaranteeing its people stable employment, accompanied by relevant training projects.

When facing new challenges, however, it becomes essential to promote and enhance knowledge, relationships and respect for human rights, enhancing diversity and individual talents, promoting well-being in the company and defining an inclusive corporate culture.

Personnel selection, management and development processes are governed by specific policies and procedures, with dedicated sections on the company intranet. For recruitment, TPER follows internal regulations based on the principles of equal treatment, non-discrimination and transparency. To this end, for the Bus Drivers category and for recruiting ideal candidates for the Maintenance Department we have used a special classification defined following a public selection process.

Remuneration policies are aimed at guaranteeing equality and acknowledging the professional and individual skills of each employee and their suitability for their role. The remuneration system and the structure of bonuses and incentives comply with the relevant legal and regulatory provisions, and are consistent with the principles of effectiveness, efficiency and economy. All employees work under contracts covered by level I and II collective bargaining agreements.

Specific attention is focused on corporate welfare measures to respond positively to workers' needs, intended also in relation to people's overall life conditions (family, children, health, but also leisure), trying to achieve true diversification and personalisation both at regulatory and organisational level.

The corporate welfare "WellforTPER" platform continued to be used also in 2022, for all employees of Group, offering a broad and varied range of services aimed at improving the quality of life of workers and their family members.

The company also supports the Dozza Club, the recreational workers' club which has been promoting numerous collaboration forms in the sporting and cultural field, with a specific attention also to very delicate issues, such as harassment and violence against women.

TPER's goals and interests also include the policy of the redeployment and effective use of personnel who are no longer suitable for driving positions.

The main actions to boost quality of life in the company include the following measures:

- Support for parents, particular flexibility when choosing shifts in order to favour work-life balance and the extensive number of voluntary part-time roles;
- Following the decline in production activities, the Company made use of a range of tools and systems to minimise the impact on people, by adopting a mix of solutions, in particular:

- Provision of an additional sum equal to 20% of the INPS (Italian national social security institute) payments for days of parental leave.

In addition to having maintained Smart Working basically for all staff activities, a mixed form of work was introduced for operating personnel, in which the in person part of the service was alternated with working remotely (through smart working), during which includes specific safety training courses were held.

TPER's headquarters houses a company restaurant - together with a bar - with an internal kitchen and self-service, both managed by a specialised company selected by public tender procedure.

At the other sites - Bologna "Ferrarese", Bologna "Due Madonne" and Bologna "Battindarno" - the canteens are located in three depots and are all self-service with a bar. Finally, at the Imola depot there is a meal delivery service managed by a central kitchen also coordinated by the company restaurant operator. The company's refreshment areas guarantee employees the opportunity to enjoy daily hot and cold catering and a wide variety of foods, so as to offer as varied and balance a diet as possible from a nutritional point of view.

The company has also developed partnerships with other catering companies in Bologna city centre in order to meet the various working requirements connected, above all, to the hours of travelling staff and their movements all across the city.

TPER periodically carries out assessments on personnel in order to assess performance and attitudes, also for the purpose of repositioning and career advancement. For executives and middle managers (3% of total employees), the assessment takes place annually.

Specifically, the assessments are broken down by gender as follows.

Employees by role/gender	2020			2021			2022			
	Women	Men	Total	Women	Men	Total	Women	Men	Other/NA	Total
Senior managers	1	12	13	1	12	13	1	10		11
Middle managers	13	38	51	14	47	61	11	38		49

Industrial relations

GRI STANDARDS	2-30 3-3

TPER applies the national bus, rail and tram drivers contract to all employees, with the exception of executives, for whom the specific national executives contract applies.

With reference to the Industrial Relations policy, the company aims to maintain and develop a constructive dialogue amongst parties, respecting roles and reciprocal requirements.

In 2022, various key agreements were reached with the regional and corporate trade unions listed below

During the year 2022, 35 meetings were held with trade unions, in particular on issues related to the organisation of work, economic and remuneration issues, welfare and the services offered.

The trade union agreements signed in 2022 are summarised below.

Date	Trade unions	Object
9-Feb-22	CGIL, CISL, UIL, FAISA, UGL	Prices applied at the company bars and Bar Circolo San Felice
9-Feb-22	CGIL, CISL, UIL, FAISA, UGL	Monitoring of IT services and internet services
9-Feb-22	CGIL, CISL, UIL, FAISA, UGL	Company's contribution to the Dozza Club

31-mag-22	CGIL, CISL, UIL, FAISA, UGL	D bonus target values
3-ago-22	CGIL, CISL, UIL, FAISA, UGL	Holiday allowance
14-set-22	CGIL, CISL, UIL, FAISA, UGL	Corporate Claims Management Project
11-ott-22	CGIL, CISL, UIL, FAISA, UGL	Smart Working
19-Oct-22	CGIL, CISL, UIL, FAISA, UGL	Economic and regulatory treatment of People Mover employees
19-Oct-22	CGIL, CISL, UIL, FAISA, UGL	Parking and Mobility Department
14-Dec-22	CGIL, CISL, UIL, FAISA, UGL	Extension of the expiry of the second-level company agreement - Welfare
14-Dec-22	CGIL, CISL, UIL, FAISA, UGL	Night Service
14-Dec-22	CGIL, CISL, UIL, FAISA, UGL	Economic/regulatory treatment of apprentices
14-Dec-22	CGIL, CISL, UIL, FAISA, UGL	Remuneration for accrued leave

Meeting minutes were also signed in relation to the meetings held following the activation of cooling and conciliation procedures:

Date	Trade unions	Object
30-set-22	CGIL, CISL, UIL, FAISA, UGL	"Different topics" procedures
21-dic-22	CGIL, CISL, UIL, FAISA, UGL	“Different topics” procedures Ferrara Area

Compliance with corporate regulations and codes of conduct

GRI STANDARDS	3-3

TPER's management of disciplinary matters has the aim to support individual behaviour oriented towards excellence in work and proper internal and external relationships.

In the Road sector, we have established and now consolidated over the years an advisory body (the Disciplinary Council) that issues opinions on measures that management should adopt. As well as a company manager, an official of the Regional Labour Office must also sit on this council. This participation is a particularly relevant element, because it increases the body's authoritativeness with regard to all internal and external actors (workers, trade unions, labour magistrates, ownership, public opinion). Trade union representatives may participate as observers.

Discussions among Council members on suitable sanctions, even the most serious ones, therefore have transparency characteristics and are recorded in the minutes.

The most important cases (for which there are sanctions ranging from suspension to dismissal) are all examined, while less serious ones (which entail sanctions such as reprimands and fines) are only examined if the worker asks to be heard.

In 2022, 707 disciplinary disputes were raised. The disciplinary council examined 124 cases.

To favour an open discussion, the company provides trade unions with an annual report that shows the type of shortcomings, number of claims issued, the ratio between these and the sanctions actually imposed, in addition to the commendations to staff who have distinguished themselves for their professionalism.

Employment and turnover

GRI STANDARDS	2-7 401-1

Personnel management and employment protection are of fundamental importance to TPER, goals that the company pursues with increased focus even after the reorganisation processes of the last few years, which sought to increase corporate efficiency and guarantee quality in services and the activities carried out.

The following table shows the employees at the end of the relative periods, i.e., the headcount. The group has a total of 2345 employees.

Almost all personnel (96%) have permanent contracts, while 91% of contracts are full time. Part-time contracts show a slight prevalence of women (55,6%). In fact, 27% of women chose part-time contracts, compared to 5% of men.

It should be noted that, with respect to the provisions of the GRI 2-7 disclosure, as at 31 December 2022, TPER has not currently formalised an internal communication procedure for employees who do not identify as male or female.

Employees by contract type/gender	2020			2021			2022			
	Women	Men	Total	Women	Men	Total	Women	Men	Other/NA	Total
Permanent contract	523	1,904	**2,427**	434	1,829	**2,263**	443	1,787	-	**2,230**
Fixed-term contract	16	44	**60**	17	40	**57**	20	95	-	**115**
Total	**539**	**1,948**	**2,487**	**451**	**1,869**	**2,320**	**463**	**1,882**	**-**	**2,345**

Employees by employment type/gender	2020			2021			2022			
	Women	Men	Total	Women	Men	Total	Women	Men	Other/NA	Total
Full-time	372	1,813	**2,185**	327	1,763	**2,090**	339	1,783	-	**2,122**
Part-time	167	135	**302**	124	106	**230**	124	99	-	**223**
Total	**539**	**1,948**	**2,487**	**451**	**1,869**	**2,320**	**463**	**1,882**	**-**	**2,345**

In 2022, there were a total of 206 appointments (29 women and 177 men) and 168 employment contracts were terminated (22 women and 146 men).

New hires and turnover	2020			2021			2022			
	Women	Men	Total	Women	Men	Total	Women	Men	Other/NA	Total
New hires										
Up to 29 years of age	16	61	77	14	78	92	11	74		85
From 30 to 50 years of age	13	38	51	10	31	41	10	74		84
Over 50 years of age	4	14	18	-	18	18	8	29		37
Total	33	113	146	24	127	151	29	177	0	206
Terminations										
Up to 29 years of age	6	18	24	21	18	39	6	40		46
From 30 to 50 years of age	6	28	34	54	61	115	5	35		40
Over 50 years of age	2	85	87	35	110	145	11	71		82
Total	14	131	145	110	189	299	22	146	0	168

Reason for termination										
Resignation	7	107	**114**	14	117	**131**	19	133	**0**	**152**
Retirement	-	-	**-**	-	2	**2**	-	-		**-**
Dismissal	-	5	**5**	-	3	**3**	-	-		
Other (e.g. end of fixed-term contract)	7	19	**26**	96	67	**163**	-	8		**8**
Total	**14**	**131**	**145**	**110**	**189**	**299**	**22**	**146**	**0**	**168**

The following tables show the turnover rates for the last years:

Turnover - total values	**2020**			**2021**			**2022**			
	Women	Men	Total	Women	Men	Total	Women	Men	Other/NA	Total
New hires	33	113	**146**	24	127	**151**	29	177		**206**
Terminations	14	131	**145**	110	189	**299**	22	146		**168**
Net change	**19**	**(18)**	**1**	**(86)**	**(62)**	**(148)**	**7**	**31**		**38**
Employees at year end	531	1,955	**2,486**	451	1,869	**2,320**	463	1,882	**0**	**2,345**

Turnover Rates	**2020**			**2021**			**2022**			
	Women	Men	Total	Women	Men	Total	Women	Men	Other/NA	Total
Turnover rate by gender [Departures/Employees previous years]	2.6%	5.8%	**5.2%**	20.4%	9.7%	**12.0%**	4.9%	7.8%		**7.2%**
Hire rate by gender [Entries/Employees previous years]	6.1%	5.0%	**5.2%**	4.5%	6.5%	**6.1%**	6.4%	9.5%		**8.9%**
Total turnover by gender (net change/Employees previous year)	3.5%	-0.8%	**0.0%**	16.0%	-3.2%	**-6.0%**	1.6%	1.7%		**1.6%**
Total turnover by gender (entries+departures/Employees previous years) - figure in 2019 NFS	**8.7%**	**10.8%**	**10.4%**	**24.9%**	**16.2%**	**18.1%**	**11.3%**	**17.3%**		**16.1%**

Turnover Rates	**2020**			**2021**			**2022**			
	Women	Men	Total	Women	Men	Total	Women	Men	Other/NA	Total
Turnover rate by age group - terminations										
No. employees by age group										
Up to 29 years of age	47	213	260	35	221	256	31	204		235
From 30 to 50 years of age	321	950	1,271	248	876	1,124	237	881		1,118
Over 50 years of age	171	785	956	168	772	940	195	797		992
	539	1,948	2,487	451	1,869	2,320	463	1,882	0	2,345
Turnover rate by age group										
Up to 29 years of age	12.2%	8.3%	9.0%	44.7%	8.5%	15.0%	17.1%	18.1%		18.0%
From 30 to 50 years of age	1.7%	2.3%	2.2%	16.8%	6.4%	9.0%	2.0%	4.0%		3.6%
Over 50 years of age	1.5%	10.3%	9.1%	20.5%	14.0%	15.2%	6.5%	9.2%		8.7%
Total	2.6%	5.8%	5.2%	20.4%	9.7%	12.0%	4.9%	7.8%		7.2%

For the reintegration of company functions, in recent years, staff under the age of 29 have been hired as a priority, with specific training and induction courses provided (equal to approximately 60% of overall training).

Diversity and equal opportunities

GRI STANDARDS	401-3 405-1 405-2 406-1

As reported in the previous paragraph, there were 463 female staff as at 31 December 2022, accounting for 20% of the total workforce, distributed in all business areas. Below is the breakdown by gender and age bracket.

Total number of employees by age group/gender	2020			2021			2022			
	Women	Men	Total	Women	Men	Total	Women	Men	Other/NA	Total
Up to 29 years of age	47	213	**260**	35	221	**256**	31	204	-	**235**
From 30 to 50 years of age	321	950	**1,271**	248	876	**1,124**	237	881	-	**1,118**
Over 50 years of age	171	785	**956**	168	772	**940**	195	797	-	**992**
Total	**539**	**1,948**	**2,487**	**451**	**1,869**	**2,320**	**463**	**1,882**	**-**	**2,345**

	2020			2021			2022			
	Women	**Men**	**Total**	**Women**	**Men**	**Total**	**Women**	**Men**	**Other/NA**	**Total**
Up to 29 years of age	1.9%	8.6%	**10.5%**	1.5%	9.5%	**11.0%**	17.1%	18.1%		**18.0%**
From 30 to 50 years of age	12.9%	38.2%	**51.1%**	10.7%	37.8%	**48.4%**	2.0%	4.0%		**3.6%**
Over 50 years of age	6.9%	31.6%	**38.4%**	7.2%	33.3%	**40.5%**	6.5%	9.2%		**8.7%**
Total	**21.7%**	**78.3%**	**100.0%**	**19.4%**	**80.6%**	**100.0%**	4.9%	7.8%		7.2%

Female bus drivers represent around 17% of the category total.

Employees by role/gender	2020			2021			2022			
	Women	Men	Total	Women	Men	Total	Women	Men	Other/NA	Total
Senior managers	1	12	13	1	12	13	1	10		11
Middle managers	13	38	51	14	47	61	11	38		49
White-collar workers	132	167	299	106	233	339	112	154		266
Blue-collar workers	343	1,495	1,838	294	1,345	1,639	317	1,518		1,835
Apprentices	50	234	284	36	232	268	22	162		184
Associates	-	2	2	-	-	-	-	-		-
Total	539	1,948	2,487	451	1,869	2,320	463	1,882	0	2,345

The workforce consists of 79% blue collar workers (primarily drivers) and 12% white collar workers. Executives account for 0.5% and middle managers 2%. The employment figure is substantially stable, slightly up compared to the previous year.

The following table shows the percentage of each employment category, by gender, in relation to the total number of employees.

	2020			2021			2022			
	Women	**Men**	**Total**	**Women**	**Men**	**Total**	**Women**	**Men**	**Other/NA**	**Total**
Senior managers	0.04%	0.48%	**0.52%**	0.04%	0.52%	**0.56%**	0%	0%	0	**0.47%**
Middle managers	0.52%	1.53%	**2.05%**	0.60%	2.03%	**2.63%**	0%	2%		**2.09%**
White-collar workers	5.31%	6.72%	**12.02%**	4.57%	10.04%	**14.61%**	5%	7%		**11.34%**

Blue-collar workers	13.79%	60.11%	**73.90%**	12.67%	57.97%	**70.65%**	14%	65%		**78.25%**
Apprentices	2.01%	9.41%	**11.42%**	1.55%	10.00%	**11.55%**	1%	7%		**7.85%**
Associates	0.00%	0.08%	**0.08%**	0.00%	0.00%	**0.00%**	0%	0%		**0.00%**
Total	**21.67%**	**78.33%**	**100.00%**	**19.44%**	**80.56%**	**100.00%**	**19.74%**	**80.26%**	**0**	**100%**

TPER has adopted internal hiring regulations based on the principles of inclusion, equal treatment, non-discrimination and transparency. The new hires are based exclusively on skills and professional characteristics; in no way is a distinction made between sex, race, gender identity, religious orientation, etc. TPER hires a quota of differently-abled workers in order to guarantee non-exclusion from the job market. It also adopts a policy of relocation of personnel who are no longer suitable for driving.

In 2022 (as in previous reporting years) there were no episodes of discrimination.

The welfare measures of all workers take into account family, children, health, leisure time, trying to achieve a diversification of treatments, both on a regulatory and organisational level, for example through the choice of part-time or the optimal management of work shifts.

Parental leave (maternity/paternity leave) is guaranteed to all employees. Due to the health emergency resulting from the Covid-19 virus, extraordinary initiatives have also been implemented, such as support for parenting, greater flexibility in choosing shifts, more widespread offer of optional part-time work.

Following the signing of a specific memorandum of understanding with the Municipality of Bologna and other local entities, TPER also adheres to the "Capo D" Pact, a network of companies that promotes initiatives aimed at tackling the gender gap in the training choices of young generations and in the workplace.

In 2022, TPER participated in the United Nations Target Gender Equality, defining a specific plan for Gender Equality, adopting specific actions and policies, assessing strengths, weaknesses and improvement through an assessment, launching practices for gender equality certification.

The policies adopted include the approval of the Women's Empowerment Principles (WEP) - Equality Means Business, the Principles produced and spread by the United Nations for Gender Equality and Women's Empowerment (UN Women) and the United Nations' Global Compact. These Principles illustrate seven steps that companies and other sectors can take to promote and empower women.

The commitment signed by the participating CEOs envisages the following objectives:

- Combine the largest talent pool possible according to our efforts;
- Promote the competitiveness of our companies;
- Fulfil our corporate responsibility and sustainability commitments;
- Define, within our companies, models of behaviour that reflect the type
- of companies that we would like for our employees, our fellow citizens and our families;
- Encourage economic and social conditions that offer opportunities to women and men, girls and boys;
- Promote sustainable development in the countries where we operate.

With reference to the topic of age, the breakdown by age group and company position is provided below.

	2020				**2021**				**2022**			
	Up to 29 years	From 30 to 50	Over 50 years	**total**	Up to 29 years of	From 30 to 50	Over 50 years	**total**	Up to 29 years	From 30 to 50	Over 50 years	**total**

	of age	years of age	of age		age	years of age	of age		of age	years of age	of age	
Senior Managers	0.0%	0.1%	0.4%	1%	0.0%	0.1%	0.4%	0.6%	0.0%	0.1%	0.3%	0.5%
Middle managers	0.0%	0.6%	1.5%	2%	0.1%	0.9%	1.7%	2.6%	0.0%	0.4%	1.7%	2.1%
White-collar workers	0.2%	5.7%	6.1%	12%	1.8%	6.6%	6.2%	14.6%	0.3%	4.7%	6.4%	11.3%
Blue-collar workers	2.1%	41.5%	30.4%	74%	1.8%	36.7%	32.2%	70.6%	4.7%	40.3%	34.0%	78.3%
Apprentices	8.1%	3.3%	0.1%	11%	7.3%	4.1%	0.1%	11.6%	5.0%	2.6%	0.3%	7.9%
Associates	0.1%	0.0%	0.0%	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	10.5%	51.1%	38.4%	100%	11.0%	48.4%	40.5%	100%	10.0%	47.7%	42.3%	100%

The remuneration system and the structure of bonuses and incentives are homogeneous for all employees and are based on level I and II collective bargaining agreements. There are no wage differences between men and women with equal roles and seniority, nor are there different criteria for defining or awarding company bonuses.

Therefore, with reference to the basic salary, note that the application of the national collective labour agreement does not envisage differences between men and women; therefore, there are no such differences.

Basic salary (women/men)	2020	2021	2022
Senior Managers	100%	100%	100%
Middle managers	100%	100%	100%
White-collar workers	100%	100%	100%
Blue-collar workers	100%	100%	100%
Apprentices	100%	100%	100%

The ratio between women's and men's salaries is shown in the following table: The data refer to the average of the overall compensation for the various categories and were calculated only for the parent company. The difference reflects the larger number of female staff working part time.

Average salary (men/women)	2020	2021	2022
Senior Managers	92%	**82%**	**91%**
Middle managers	119%	**108%**	**101%**
White-collar workers	93%	**90%**	**92%**
Blue-collar workers	87%	**85%**	**89%**
Apprentices	100%	**97%**	**92%**

Calculating for FTE

Average salary (men/women)	2021 Heads	2021 FTE	2022 Heads	2022 FTE
Senior Managers	82%	82%	91%	91%
Middle managers	108%	108%	101%	101%
White-collar workers	90%	96%	92%	96%
Blue-collar workers	85%	91%	89%	95%
Apprentices	97%	97%	92%	92%

There was an improvement in the ratio between average salaries, in particular with reference to blue-collar and white-collar workers.

With reference to the total annual remuneration ratio between the director's remuneration and the median remuneration, the indicator is 6.23.

Parental leave (maternity/paternity leave) is recognised in accordance with current legislation for all employees of TPER Group (100% of workers). During 2022, 323 people took advantage of this right.

Parental leave	2020			2021			2022			
	Women	Men	Total	Women	Men	Total	Women	Men	Other/NA	Total
Number of	108	240	348	69	191	260	51	217		

employees who took parental leave, by gender										268
Days	4,841	4,618	9,459	3,276	3,079	6,355	2,269	3,358		5,627
Number of employees who returned to work during the reporting period after having taken advantage of parental leave, by gender	108	240	348	69	191	260	51	217		268
Number of employees who returned to work after having taken advantage of parental leave and who are still employed by the organisation 12 months after returning, by gender	106	235	341	69	191	260	50	213		263
Percentage of employees who returned to work after taking parental leave, by gender (%)	100%	100%	100%	100%	100%	100%	100%	100%		100%
Retention percentage of employees who took parental leave, by gender (%)	100%	100%	100%	100%	100%	100%	98%	98%		98%

Health and safety in the workplace

Management policies and system

GRI STANDARDS	403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-8

TPER adopts the ISO 45001:2018 management system for occupational health and safety. Compliance with the international standard ensures, at the same time, compliance with the requirements of the relevant regulations in force, in particular Italian Legislative Decree no. 81/2008.

The management system adopted defines the procedures and protocols for identifying hazards and assessing risks. These assessments are carried out by the functions in charge of prevention and protection, with the possible involvement of internal/external technicians of TPER.

The procedures adopted also provide for the periodic preparation and adoption of an improvement plan, which identifies the areas of intervention and the actions to reduce the identified risks.

The approach to managing risks relating to health and safety in the workplace identifies lines of action which, starting from the objective of risk reduction, identify actions aimed at limiting the number of subjects exposed to potential risks, the use of materials and potentially hazardous substances, as well as the collective and individual protective measures to be adopted.

TPER has appointed the Head of the Prevention and Protection Service (RSPP) and the competent doctor, figures responsible for protecting the safety of workers, and has drawn up the identified risk assessment document (DVR), with the aim of adopting the adequate prevention and protection measures.

TPER has appointed a competent doctor for occupational health services. Workers are periodically subjected to medical check-ups to ascertain their state of health in relation to the work environment and the occupational risk factors associated with the performance of the work activity. Health surveillance is carried out by the competent doctor.

Travelling staff are also subjected to a health review visit, in accordance with the provisions of Italian Ministerial Decree no. 88 of 23/2/99 (age/request by the employee or company). For drivers, checks are also provided in specific areas, such as drug addiction and the use of alcoholic substances, as per the protocol of the Emilia-Romagna Region.

In accordance with the relevant legislation, health and safety managers (RSL - workers' safety representatives) have been appointed, for whom specific training is provided. The RSLs are consulted when updating the Risk Assessment Document (DVR) required by Italian Legislative Decree no. 81/2008 and involved in periodic safety meetings.

The periodic meetings on health and safety in the workplace represent an opportunity for an assessment of the performance of the procedures and controls provided for by the management system. The meetings involve the relevant TPER structures and functions, the Workers' Safety Representatives and the Competent Doctor.

TPER employees have access to the necessary information through dedicated company channels and through representatives. These communication channels can also be used for the related reports.

Employee training is in general an essential activity for TPER, and specifically for aspects related to health and safety in the workplace. The training activities are carried out in compliance with the reference standards.

Employees follow general and specific training programmes depending on the job, in line with the provisions of the risk assessment documents (DVR).

TPER employees have access to preventive screening services and medical benefit concessions.

TPER undertakes to avoid and mitigate the negative impacts on health and safety at work directly related to its activities and services through its commercial relationships. In specific terms, this commitment also translates into special procedures envisaged by the management system regarding services entrusted to third parties, also for the purpose of reducing risks and adequate management of risks of interference.

TPER employees are provided with personal protective equipment as needed, in relation to the duties and roles covered.

Accidents

GRI STANDARDS	403-9

Occupational accidents mainly consist of falls or accidental collisions when travelling personnel get into or out of the driver's seat, and injuries suffered by inspectors when checking tickets (due to aggression or violence by passengers without valid travel tickets).

In the table, serious accidents refer to the definition of the GRI, or accidents with serious consequences.

Accidents while travelling refer to all the events involving workers on the way to work and on the way home.

Accidents in the workplace - TPER Group	2020	2021	2022
Number of accidents in the workplace			
Fatal accidents	0	0	0
Serious accidents	2	0	15
Other accidents	93	134	67
Total accidents recorded	**95**	**134**	**82**
Of which while travelling	**13**	**15**	**22**

Accidents in the workplace - TPER	2020	2021	2022
Number of accidents in the workplace			
Fatal accidents	0	0	0
Serious accidents	2	0	15
Other accidents	81	123	62
Total accidents recorded	**83**	**123**	**77**
Of which while travelling	**13**	**11**	**22**

Absence due to accidents - TPER Group	2020	2021	2022
Days of absence due to accidents[1]	3,013	3,111	2,467
Total days of absence	164,600	137,441	9,319
Total hours worked	3,428,571	3,439,232	3,209,725
Total possible working hours	4,516,523	4,308,065	376,174

Absence due to accidents - TPER	2020	2021	2022
Days of absence due to accidents[1]	2,652	2,735	2,370
Total days of absence	154,063	129,051	125,917
Total hours worked	3,006,377	3,094,929	2,886,572
Total possible working hours	3,977,643	3,908,253	3,690,561

The accident frequency index, calculated as the number of injuries per 1 million hours worked, is 26 for Group and 27 for TPER.

For the Group, the severity index of those accidents was down compared to the previous year and stands at 0.77 days lost for every 1,000 days worked (for TPER the indicator is 0.82). The average duration of injury was 30 days for Group and 31 for TPER.

Accident indicators - TPER	2020	2021	2022
Accident indicators			
Accident Frequency Index (Number of accidents/hours worked x 1,000,000)	28	40	27
Accident Severity Index (days of absence for accidents/possible working hours x 1,000)	0.88	0.88	0.82
Accidents - average duration			
Average duration of accidents in calendar days (total days lost, holidays included)	32	22	31
Accidents while travelling (%)	15.7%	8.9%	28.6%
Days of absence by type %			
Accidents	2%	2%	2%
Illnesses	20%	23%	29%

Leave (maternity - parental)	6%	5%	4%
Other[1]	72%	70%	65%
Total	100%	100%	100%

[1] *Other: other types of leave, Italian Law no. 104, blood donation, trade union authorisation, strike, other.*

Accident indicators - TPER Group	2020	2021	2022
Accident indicators			
Accident Frequency Index (Number of accidents/hours worked x 1,000,000)	28	39	26
Accident Severity Index (days of absence for accidents/possible working hours x 1,000)	0.88	0.90	0.77
Accidents - average duration			
Average duration of accidents in calendar days (total days lost, holidays included)	32	23	30
Accidents while travelling (%)	*16%*	*24%*	*27%*
Days of absence by type %			
Accidents	2%	2%	2%
Illnesses	21%	24%	27%
Leave (maternity - parental)	6%	5%	4%
Other1	72%	70%	65%
Total	100%	*100%*	*100%*

[1] *Other: other types of leave, Italian Law no. 104, blood donation, trade union authorisation, strike, other.*

Health and safety - external parties

GRI STANDARDS	403-9

The current procedure for managing data relating to accidents at work does not provide for the systematic collection of data relating to "other workers", i.e. relating to workers who are not employees but whose work and/or workplace is controlled by the company. Such cases may relate in particular to outsourced services, such as in particular public transport partners. It should also be noted that, in 2022, as in the previous financial years reported, no reports were made by these suppliers regarding accidents that occurred in the context of the activities carried out and governed by relations with TPER. The improvement objectives make provision for the adoption of a supplier management procedure that includes intervention in the areas subject to specific accident reporting.

Work-related accidents	Unit	2020	2021
Work-related accidents (including accidents while travelling)	No.		
No. Fatal Accidents		-	-
No. Serious accidents		-	-
No. Other accidents		3	4
Of which Accidents while travelling - with transport organised by the company		-	-
Of which Accidents while travelling - with transport NOT organised by the company		*1*	*2*
Total accidents (with accidents in transit)		3	4
Of which while travelling		*1*	*2*
Accidents while travelling	%	*33%*	*50%*
Traffic accidents	No.	1	1

Accident indicators	2020	2021
Accident frequency index (No. Accidents/hours worked * 1,000,000 hours worked)	652	672

Accident Severity Index (days of absence for accidents/hours worked)	8.04	10.24
No. days lost on average due to accident per 1,000 days worked		
Accidents - average duration		
Average duration of accidents in calendar days (total days lost, holidays included)	12	15

Occupational illnesses

GRI STANDARDS	403-10

In 2022, there were two cases of occupational diseases reported, concerning the parent company TPER. Of these, one was not recognised by INAIL, the other concerns a terminated employee.

For the external partners for which the analysis was conducted, there were no cases of occupational diseases.

Training and education

GRI STANDARDS	3-3 404-1

In 2022 over 60 thousand hours of training were provided overall, of which over 8 thousand on safety matters. Training activities involved 1,765 employees, with an average of 26 hours of training per employee (calculated on the total number of employees, pursuant to the applied GRIs).

Training also concerned the issues of safety in the workplace pursuant to Italian Legislative Decree no. 81/2008 and legality. A training course was also launched on sustainability issues.

Training initiatives were designed and defined to develop human capital and improve their professional skills, a priority goal of HR management policies.

Average training hours	2020			2021			2022			
	Women	Men	Total	Women	Men	Total	Women	Men	Other/NA	Total
Senior Managers	2	8	**8**		22.3	**20.6**	11.30	21.07		**20.18**
Middle managers	3	15	**12**	11.9	24.3	**21.4**	33.68	41.43		**39.69**
White-collar workers	7	8	**7**	8.8	52.8	**39.0**	9.96	11.86		**11.06**
Blue-collar workers	3	10	**8**	7.5	13.8	**12.7**	4.47	17.85		**15.54**
Apprentices	90	97	**96**	111.8	114.4	**114.0**	177.61	142.90		**147.05**
Total	12	20	18	16.3	31.5	28.5	14.73	28.62	0	25.88

Training time	2020			2021			2022			
	Women	Men	Total	Women	Men	Total	Women	Men	Other/NA	Total
Total training hours										
Senior Managers	2	99	**101**	-	268	**268**	11	211	0	**222**
Middle managers	35	555	**590**	167	1,142	**1,308**	371	1,574	0	**1,945**

White-collar workers	854	1,351	**2,205**	932	12,291	**13,223**	1,116	1,827	0	**2,943**
Blue-collar workers	857	14,589	**15,446**	2,213	18,570	**20,784**	1,417	27,098	0	**28,515**
Apprentices	4,475	22,711	**27,186**	4,025	26,536	**30,562**	3,907	23,151	0	**27,058**
Associates							-	-		-
Total	**6,223**	**39,306**	**45,529**	**7,337**	**58,808**	**66,145**	**6,822**	**53,861**	**0**	**60,683**
Number of employees who received training										
Senior Managers	1	11	**12**	-	9	**9**	1	10	0	**11**
Middle managers	10	31	**41**	5	33	**38**	10	34	0	**44**
White-collar workers	66	95	**161**	71	100	**171**	93	113	0	**206**
Blue-collar workers	115	657	**772**	165	853	**1,018**	204	1,049	0	**1,253**
Apprentices	53	237	**290**	41	235	**276**	31	220	0	**251**
Associates							-	-		-
Total	245	1,031	1,276	282	1,230	1,512	339	1,426	0	1,765
No. employees given safety training										
Senior Managers	-	-	**-**	-	3	**3**	-	1		**1**
Middle managers	-	25	**25**	1	24	**25**	6	23		**29**
White-collar workers	42	134	**176**	34	69	**103**	25	47		**72**
Blue-collar workers	33	342	**375**	68	419	**487**	50	320		**370**
Apprentices	32	148	**180**	17	133	**150**	16	80		**96**
Associates	-	-	**-**	-	-	**-**	-	-		**-**
Total	**107**	**649**	**756**	**120**	**648**	**768**	**97**	**471**	**0**	**568**
No. employees given legal training										
Senior Managers	1	11	**12**	-	1	**1**	-	7		**7**
Middle managers	9	37	**46**	1	5	**6**	10	31		**41**
White-collar workers	2	7	**9**	14	12	**26**	60	55		**115**
Blue-collar workers	5	19	**24**	3	11	**14**	15	75		**90**
Apprentices	27	29	**56**	3	11	**14**	2	6		**8**
Associates	-	-	**-**	-	-	**-**	-	-		**-**
Total	**44**	**103**	**147**	**21**	**40**	**61**	**87**	**174**	**0**	**261**
No. of training sessions			**204**			**398**				**659**
Of which on safety			**57**			**78**				**105**
Of which on legality			**9**			**8**				**12**

Total training hours	2020	2021	2022
Total	45,529	66,145	60,683
Of which:			
Safety	6,096	11,718	6,627
Legality (anti-bribery, transparency)	275	158	1,077

More than 70% of the employees involved in training activities are bus drivers, roles that are provided with a significant number of technical training courses, in addition to courses for the acquisition of behavioural skills for front-line roles.

TPER's training places a strong focus on compliance with the law and corporate compliance, in particular with transparency and anti-bribery regulations.

In 2022, 92 hours of training were also provided in the sustainability sector.

TPER's commitment to the territory

GRI STANDARDS	3-3 413-1

Territory and local communities

Local communities are composed of the population that lives in the areas in which it operates and its associated forms. As a local public company that operates in competition for the market, TPER carries out a business that has a strong impact on the region, is highly visible and can have a strong impact both on the quality of life and on the development or modification of behaviours.

For this reason, TPER's first commitment is to a transparent and responsible approach, highlighted through its various communication channels, including the website. In addition, TPER has relationships with organisations of different types that represent citizens to better understand their needs and constantly improve its ability to provide effective answers.

TPER is attentive to the development of the region and the community in which it operates and promotes accessibility to the service and the most widespread coverage possible, with the aim of improving choice of travel options.

Some accessibility choices are of a financial nature and are defined as policies by local regulators, in dialogue with the company. Others concern the culture of mobility and the diffusion of the service and are carried out by TPER directly or in partnership with other subjects, some as single initiatives, others on an ongoing basis.

As regards economic accessibility, it is clear above all that the cost of the public service is lower than using private means of transport, since it does not involve an initial investment (such as buying a car or a scooter) or maintenance costs (insurance, maintenance, tax, custody) and guarantees a service at a moderate price (total cost coverage is guaranteed by government grants to ensure users are not burdened with excessive costs). Right from the start, the choice of public transport is, therefore, a choice that is surely cheaper than others.

In any case, local regulators define ticket pricing systems that take into account the different needs of users. In accordance with the reference institutions, in fact, the rate system provides reductions for certain categories of users, or even free use. The lower income resulting from such subsidies is, however, offset by public resources to cover social costs. To take account of the most typical social needs, discounted fares are provided for those under the age of 27 or over 70.

Some Local Administrations and the Emilia-Romagna Region have envisaged tariff concessions and free bands in particular for school users to encourage young people to use public transport.

Moreover, for people who use the transport system constantly, different solutions are provided that further reduce the cost of the single journey (daily ticket, city pass, eco pass, monthly and annual passes).

The choice of the ticket prices to be applied is not a lever that can be managed independently by the company: they are determined, in fact, by the Service Contract which aims to protect the interests of the user in relation to the provision of a public utility service.

Furthermore, in Bologna and Ferrara there is full fare integration for the services managed by TPER on the road and rail network, as well as with SETA tickets in the Seta areas of Modena and Reggio Emilia. In fact, the integrated regional fare system "Mi Muovo" allows the use of a single travel ticket. The project involves the use of magnetic and microchip travel tickets throughout the regional territory and the subdivision of the territory into zones for the purpose of fare control, which is determined on the basis of the number of zones crossed during the trip.

In terms of physical access, it is considered important to guarantee freedom of movement within the territory. In order to protect this right, it was therefore essential to make the service accessible and usable by all users, both through the use of more and more vehicles accessible to people with reduced mobility, and through opportunities on demand.

Starting in September 2018, on the initiative of the Emilia-Romagna Region, those who subscribe to a monthly or annual pass for a railway line can use the urban transport of the departure/arrival city.

In recent years, TPER has consolidated the methods for rewarding its subscribers' loyalty in two ways. The first is to offer advantages in terms of leisure and consumption: the TPER subscription incorporates value in itself by allowing discounts, rebates and deals in the main theatres of Bologna, its museums, its film archive and major classical and contemporary music events. The second is to reward subscribers who regularly validate their travel document through a competition reserved for those who register in the TPER Web Club. The Web Club aims to promote loyalty with its most frequent users, reserving special offers from partner companies for them, as well as more "personalised" online information on mobility.

Support for the associative and cultural life of the cities

TPER's interest in the community and the organisation of cultural activities is demonstrated through partnerships with local cultural institutions. In particular, holders of annual season tickets have advantages and reductions on admission for all permanent and temporary exhibitions of the Bologna Musei institution, the Duse and Europa Auditorium theatres and projections of the Fondazione Cineteca Bologna. TPER supports the activities of the Teatro Comunale di Bologna and cultural and sport initiatives in the city of Ferrara with a financial contribution.

TPER also actively participates in all initiatives related to public transport and sustainable mobility, as well as events for which it is particularly effective to develop awareness actions on good rules, the correct use of the service and environmental sustainability.

An agreement has been in place for several years with the Italian Paralympic Committee Emilia-Romagna in order to encourage ever greater social integration of people with disabilities.

Public shareholders - Local institutions in the areas of operation - Mobility agencies

For a public transport and mobility company, the local institutions of the regions in which it operates have multiple roles. In fact, they may be shareholders of the company, with certain expectations regarding its results including from an economic point of view. At the same time they also play a role in planning and defining service guidelines and, lastly, representing the needs and interests of the regions, thanks to the mandate received from the voters (who are themselves Users of the LPT services).

The management of relations with Local Authorities is therefore very complex, precisely because they hold different functions: in addition to being shareholders, or holders of share capital, public shareholders play a stakeholder role, that is, of wider interests with impact on the community.

The mobility agencies, enacted by local authorities, on the other hand, have a service regulation role and represent the interlocutors with which the public transport company consults to define the characteristics of the service and monitor the activities carried out in compliance with the signed service contract, once the contract has been awarded by tender.

TPER interacts with the shareholders regarding corporate trends and business development strategies, while it consults government bodies on the construction of mobility development plans in the area. Finally, it maintains continuous relationships with the Agencies to meet the transport needs of the region and for the necessary monitoring of the activities.

The leaders and management of TPER frequently interact with these stakeholders on individual planning and monitoring actions, providing answers to questions and queries, and presenting responses to all the questions on the subjects for which they are responsible, on a weekly basis. Many joint initiatives with the institutions are also reflected in the press conferences organised together.

A message that travels: TPER's choices for communication on transport vehicles

Despite having entrusted the management of advertising activities on its vehicles to an external concessionaire for several years, TPER carries out a check on the relevance and nature of the promotional activities present on its vehicles via its Communications Office. In particular, TPER has adhered to a memorandum of understanding with the Department of Security of the Municipality of Bologna, assuming the commitment - also with the advertising concessionaire - to avoid the promotion of gambling or images that are damaging to the image of women or are harmful to minors on buses.

Among the various spaces dedicated to advertising on the company means of transport, TPER reserves the space behind the driver for promoting activities and events linked to institutional, cultural and non-profit initiatives, bearing witness to its commitment to deserving initiatives of the community.

In recent years, TPER has decided to provide some stops with a double name, to remind people of the Museum, Theatre or centre of cultural or institutional interest in the vicinity. The stops that have a double name include Opificio Golinelli, Mast, Teatri di Vita, Mambo, Genus Bononie, AVIS, Piazza dei Colori, Accademia Filarmonica di Bologna, Fondazione Cirulli di San Lazzaro di Savena, MEIS, Museo nazionale dell'Ebraismo italiano e della Shoah in Ferrara.

Other initiatives

All the activities listed below entail the involvement of the local community in various ways.

Promotion of institutional activities

In view of the dialogue with public stakeholders, TPER has supported local and regional authorities and other institutions in implementing major projects in the social area.

Specifically, it participated in two important commemorative events in the area, namely the "Ustica - verità memoria, storia" Commemoration and the 2 August 1980 Commemoration, also participating in related events.

Other institutions initiatives are described in the following paragraphs by reference areas (culture, sport, entertainment, etc.)

Circolo Dozza activity promotion

TPER supports the Circolo Autoferrotranvieri, collaborating in activities that involve employees and members. The initiatives concern the world of sports, including Paralympic sports, culture and school. Of note in the 2022 initiatives was the Dieci Colli [Ten Hills] cycling event, that involves the entire city of Bologna and its province.

Cultural Initiatives

Some of the main initiatives in the cultural sector are listed below, with details of the organisations TPER collaborated with:

- Associazione Coro dell'Antoniano - promotion of initiatives
- Associazione Mozart14 - promotion of initiatives
- CAPO D – Antartide Università Verde -
- Cineteca: participation and sponsorship of the Pier Paolo Pasolini Exhibition; the promotion Cinema Ritrovato [Cinema rediscovered] - Event in a public square as part of the Bologna summer; support for filming on board buses for a film made by the Liceo Arcangeli

- Circolo Dozza - Gruppo Teatro - promotion of the association's activities by providing the company theatre
- Municipality of Bologna Participation in the Impronte Digitali Special [Digital Prints Special] event, dedicated to young people, with an event at the TPER headquarters with Stefano Accorsi and Fabio Bonifacci on the topics of writing and acting; participation in and promotion of the European Sustainable Mobility Week; sponsorship of the Bologna summer event; participation in the Festival della Cultura Tecnica [Technical Culture Festival]; promotion of the 18th edition of the Biografilm Festival; promotion of the "Burattini a Bologna" [Puppets in Bologna] children's event.
- Confindustria - promotion and sponsorship of the 58th Estense Prize dedicated to literature and culture
- MEIS Museum - promotion of the Festa del libro ebraico [Hebrew Books Festival] and the exhibition Sotto lo stesso cielo [Under the same sky]
- Rivista Pandora - participation in the Ecosistemi della digitalizzazione [Digitalisation ecosystems] event
- Municipal Theatre - support for the activities of the 2022 theatre season and promotion of initiatives
- University of Bologna - promotion of the Alma Mater Summer School and of the school of journalism.

Initiatives in the sports sector

In the sports field, TPER supported the following initiatives with the respective associations or reference bodies:

- Associazione polisportiva Bradipi - promotion of the initiative Insieme a ruota libera [Free wheeling together] to promote sport for people with disabilities
- CIP Ferrara - Paralympic sport promotion
- Circolo Dozza - promotion of the Dieci Colli [Ten Hills] competition
- Municipality of Bologna - Run Tune Up promotion - Bologna Half Marathon; Bologna Sport Day event promotion; Strabologna promotion also through the free use of vehicles for all participants

Environment, health, gender equality and human rights

In the field of human rights, health, gender equality and the environment, support was given to the following initiatives:

- Ambrosetti - Innotech Community - Hydrogen in local public transport
- CEFA - support for CEFA 50 years event
- FONDAZIONE BELLISARIO - Donna Economia e Potere [Woman Economics and Power] - international seminar
- Armonie - Voci di donne (Women' voices)
- UDI - Women's Union - 24-hour anti-violence centre telephone line
- Casa delle donne - Più toste [Stronger women] - Casa delle donne saying no to violence and R(i)esistenze - festival la violenza illustrata [illustrated violence festival]
- Mondo donna - Chiama chiAMA - free support service for women
- Komen - Race for the cure
- Dedalus - Relazioni - Sembianze - an exercise of the senses beyond direct observation
- Gli Amici di Luca - Essere o essere [To be or to be] - national day of awakenings

- Municipality of Bologna - Parks in motion
- Progetto Itaca - Non sei solo [You are not alone] - listening line
- Sant'Orsola Hospital - Verso la nascita [Towards birth]
- Municipality of Ferrara - Non ci casco [I won't fall for that] - psychological support service
- Union of municipalities in the Apennines - Stop Azzardo
- Telethon Io e lei [Me and her] - alongside all mothers who believe in research
- Municipality of Bologna - metti la mascherina e stacci dentro [put on a mask and stay inside]

Events and festivals

The company participated in particular in the following events

- ASSTRA - National conference
- Confindustria Farete
- Rimini FairInternational Bus Expo
- INNOTRANS International Transport Fair in Berlin

Support for non-profit associations

The institutions and associations TPER supported in various ways are listed below. The reference sector is reported for each entity

• AGEOP	health
• AIL	health
• ANT	health
• APS	territory
• Antoniano di Bologna	culture
• CEFA	human rights
• CUCINE POPOLARI	human rights
• MEDICI SENZA FRONTIERE	human rights
• Mozart14	culture
• SAVE THE CHILDREN	human rights
• TELETHON	health

Collaborations

TPER has collaborated in various capacities with the following bodies and associations (of which it is also a member):

- Metropoli di Paesaggio Ferrara
- Confindustria
- Fondazione Innovazione Urbana
- Global Compact
- Impronta Etica
- Capo D
- CIFI
- AIPARK
- CLUB ITALIA

GRI Content Index - Index of GRI Indicators NFS

Statement of use	The Consolidated Non-Financial Statement of the TPER Group relating to the financial year 2022 [1 January - 31 December 2022] was prepared according to the reporting In accordance with the GRI Standards option.
GRI 1 adopted	GRI 1 Foundation 2021
GRI Sector Standards	Not available/not applicable

GRI Standards - General disclosures

Disclosures		**Location**	**Omission**		
No.	Description		Omitted requirements	Reason	Explanation
GRI 2 - General Disclosures - 2021 version					
	The organisation and its reporting practices				
2-1	Organisational details	TPER			
		Presentation of the integrated financial statements and methodological note			
2-2	Entities included in the organisation's sustainability reporting	Presentation of the integrated financial statements and methodological note			
		Sustainability disclosure -: Consolidated non-financial statement (Italian Legislative Decree 254/2016)/The TPER Group			
2-3	Reporting period, frequency and point of contact	Presentation of the integrated financial statements and methodological note			
2-4	Restatements of information	Presentation of the integrated financial statements and methodological note			
2-5	External assurance	Independent Auditors' Reports			
	Activities and workers				
2-6	Activities, value chain and other business relationships	TPER			
		Economic-financial performance/Analysis of the economic impact on the territory - extended value analysis			
		Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/The TPER Group			
		Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Reference context and scenarios			
		Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Legislative and regulatory framework			
		Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Local planning			
		Sustainability disclosure - Consolidated non-financial statement (Italian			

		Legislative Decree 254/2016)/Area services			
		Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/TPER vehicles			
		Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Investments and innovation			
2-7	Employees	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Sustainability performance - Internal organisation - Human resources - Employment and turnover			
2-8	Self-employed workers	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Sustainability performance - Supply chain	2.8. a	Information not available/incomplete	disclosure referring to the partners of the public transport service/data not available
	Governance				
2-9	Governance structure and composition	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - Corporate bodies and governance model			
2-10	Appointment and selection of the highest governance body	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - Corporate bodies and governance model			
2-11	Chairman of the highest governance body	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - Corporate bodies and governance model			
2-12	Role of the highest governance body in controlling impact management	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - Sustainability governance and delegation processes			
2-13	Delegation of responsibility for the management of impacts	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - Sustainability governance and delegation processes			
2-14	Role of the highest governance body in sustainability reporting	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - Sustainability governance and delegation processes			
2-15	Conflicts of interest	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - Management of conflicts of interest and communication of critical issues			
2-16	Communication of critical issues	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - Management of conflicts of interest and communication of critical issues			

2-17	Collective knowledge of the highest governance body	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - Sustainability governance and delegation processes			
2-18	Performance assessment of the highest governance body	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - Sustainability governance and delegation processes			
2-19	Rules regarding remuneration	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - Corporate bodies and governance model			
2-20	Remuneration determination procedure	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - Corporate bodies and governance model			
2-21	Total annual remuneration report	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - Corporate bodies and governance model	2-21b	Information not available	Data not available
	Strategy, policies and practices				
2-22	Declaration on the sustainable development strategy	Letter to stakeholders			
2-23	Commitment in terms of policies	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Strategy and objectives			
		Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - The control model, measures to combat corruption			
		Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - Integrated management system and policies			
		Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Risk management			
2-24	Integration of commitments in terms of policies	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Strategy and objectives			
2-25	Processes aimed at remedying negative impacts	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - The control model, measures to combat corruption			
2-26	Mechanisms to request clarifications and raise concerns	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - The control model, measures to combat corruption			

2-27	Compliance with laws and regulations	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - Compliance			
2-28	Membership of associations	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Governance and responsible business conduct - Membership of associations			
	Stakeholder engagement				
2-29	Approach to stakeholder engagement	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Stakeholders			
2-30	Collective agreements	Sustainability disclosure - Consolidated non-financial statement (Italian Legislative Decree 254/2016)/Sustainability performance - Internal organisation - Human resources - Industrial relations			

GRI Standards - Material topics disclosure/Specific indicators

The table shows the reference to the GRI Topic Standards used for the reporting of material topics. For a better understanding of the content, the following should be noted:

- The standards shown in the table are those relating to the reporting of the material topics identified.
- Any disclosures/indicators (*requirements*) included in the standards referring to material topics, but not relevant or not applicable with respect to the characteristics of the business model and the impacts are reported in the list, but highlighted as omitted as they are not relevant.
- On the other hand, evidence is provided of any omissions and related reasons for the disclosures/indicators (*requirements*), included in the standards referring to material topics, but not reported, in total or in part, in relation to the unavailability of information and quantitative data.
- Unless otherwise specified, the GRI Standards published in 2016 were used. The GRI 303 Water and Discharges and GRI 403 Health and Safety at Work standards, published in 2018, were used for the disclosure on the issues of water withdrawals and health and safety at work, respectively. Regarding the information on waste, the GRI 306 Waste standard, published in 2020, was adopted. GRI 207 Taxes (2019) was applied to the reporting of tax issues.
- Industry standards not published/available (not applicable).

Disclosures		**Location**	**Omission**		
No.	Description		Omitted requirements	Reason	Explanation
GRI 3 - Material topics - 2021 version					
3.1	Process for determining material topics	Sustainability disclosure - Consolidated non-financial statement/Impacts and material topics - Impacts and material topics according to the GRI Standards			
		Sustainability disclosure - Consolidated non-financial statement/Impacts and			

		material topics - The process of identifying, assessing and prioritising issues			
3.2	List of material topics	Sustainability disclosure - Consolidated non-financial statement/Impacts and material topics - TPER's material topics			
Material topic	**Energy: energy sources and efficiency**				
3.3	Management of material topics	Sustainability disclosure - Consolidated non-financial statement/Governance and responsible business conduct - Integrated management system and policies			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Service quality and efficiency			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Environmental impact - Vehicles			
	Specific GRI standards				
302	**Energy**				
302-1	Energy consumption within the organisation	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Climate change - Energy - Emissions			
302-2	Energy consumption outside of the organisation	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Climate change - Energy - Emissions			
302-3	Energy intensity	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Climate change - Energy - Emissions			
302-4	Reduction of energy consumption	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Climate change - Energy - Emissions			
302-5	Reductions in energy requirements of products and services		302-5	Not relevant	Disclosure not relevant to sector/business model
Material topic	**Air, water, soil pollution: GHG emissions and other emissions**				

3.3	Management of material topics	Sustainability disclosure - Consolidated non-financial statement/Governance and responsible business conduct - Integrated management system and policies			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Service quality and efficiency			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Environmental impact - Vehicles			
	Specific GRI standards				
305	**Emissions**				
305-1	Direct (Scope 1) GHG emissions	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Climate change - Energy - Emissions			
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Climate change - Energy - Emissions			
305-3	Other indirect (Scope 3) GHG emissions	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Climate change - Energy - Emissions			
305-4	GHG emissions intensity	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Climate change - Energy - Emissions			
305-5	Reduction of GHG emissions	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Climate change - Energy - Emissions			
305-6	Emissions of ozone-depleting substances (ODS)	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Climate change - Energy - Emissions			
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Climate change - Energy - Emissions			
Material topic	**Air, water, soil pollution: GHG**				

	emissions and other emissions				
3.3	Management of material topics	Sustainability disclosure - Consolidated non-financial statement/Governance and responsible business conduct - Integrated management system and policies			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Service quality and efficiency			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Environmental impact - Vehicles			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Noise pollution (noise and vibrations)			
Material topic	**Natural resources - Waste/circular economy**				
3.3	Management of material topics	Sustainability disclosure - Consolidated non-financial statement/Governance and responsible business conduct - Integrated management system and policies			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Service quality and efficiency			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Environmental impact - Environmental sustainability and circular economy			
	Specific GRI standards				
303	**Water and effluents - 2018**				
303-1	Interactions with water as a shared resource	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Water resources - withdrawals and discharges			

303-2	Management of water discharge-related impacts	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Water resources - withdrawals and discharges			
303-3	Water withdrawal	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Water resources - withdrawals and discharges			
303-4	Waste water		303-4	Not relevant	Disclosure not relevant to sector/business model
303-5	Water consumption		303-5	Not relevant	Disclosure not relevant to sector/business model
306	**Waste - 2020**				
306-1	Production of waste and significant impacts related to waste	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Waste management			
306-2	Management of the significant impacts associated with waste	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Waste management			
306-3	Waste produced	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Waste management			
306-4	Waste not destined for disposal	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Waste management			
306-5	Waste destined for disposal	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Environmental sustainability - Waste management			
Material topic	**Privacy and data security**				
3.3	Management of material topics	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Ethics and integrity - Privacy Protection and Cyber security			
	Specific GRI standards				
418	**Customer privacy**				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Ethics and			

		integrity - Privacy Protection and Cyber security			
Material topic	**Service quality and compliance**				
3.3	Management of material topics	Sustainability disclosure - Consolidated non-financial statement/Governance and responsible business conduct - Integrated management system and policies			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Customers - Service quality and compliance			
	Specific GRI standards				
417	**Marketing and labelling**				
417-1	Requirements relating to product and service information and labelling	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Customers - Service quality and compliance			
417-2	Incidents of non-compliance concerning products and service information and labelling	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Customers - Service quality and compliance			
417-3	Incidents of non-compliance concerning marketing communications	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Customers - Service quality and compliance			
Material topic	**Customer safety**				
3.3	Management of material topics	Sustainability disclosure - Consolidated non-financial statement/Governance and responsible business conduct - Integrated management system and policies			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Customers - Health and safety of customers			
	Specific GRI standards				
416	**Health and safety of customers**				
416-1	Assessment of the health and safety impacts by product and service categories	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Customers - Health and safety of customers			
416-2	Incidents of non-compliance concerning the health and safety impacts of product and services	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Customers - Health and safety of customers			
Material topic	**Supply chain assessment and management**				

3.3	Management of material topics	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Supply chain			
	Specific GRI standards				
308	**Environmental assessment of suppliers**				
308-1	New suppliers that have been evaluated using environmental criteria	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Supply chain			
308-2	Negative environmental impacts in the supply chain and actions taken		308-2	Not relevant	Disclosure not considered of particular relevance to sector/business model
414	**Environmental assessment of suppliers**				
414-1	New suppliers that have been evaluated through the use of social criteria	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Supply chain			
414-2	Negative social impacts on the supply chain and actions taken		414-2	Not relevant	Disclosure not considered of particular relevance to sector/business model
Material topic	**Employment and human resource management**				
3.3	Management of material topics	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Internal organisation - Human resources			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Internal organisation - Human resources - Industrial relations			
		Sustainability disclosure - Consolidated non-financial statement / Sustainability performance - Internal organisation - Human resources - Compliance with company regulations and codes of conduct			
	Specific GRI standards				
401	**Employment**				
401-1	New hires and turnover	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Internal organisation - Human resources - Employment and turnover			
401-2	Benefits provided for full-time employees, but not for part-time workers or for temporary workers	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Internal organisation - Human			

		resources - Employment and turnover			
401-3	Parental leave	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Internal organisation - Human resources - Employment and turnover			
Material topic	**Training and skills development**				
3.3	Management of material topics	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Internal organisation - Human resources			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Training and education			
	Specific GRI standards				
404	**Training and education**				
404-1	Average hours of training per year per employee	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Training and education			
404-2	Programs for updating employee skills and transition assistance programs		404-2	Not relevant	Not adopted in specific and significant needs
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability disclosure - Consolidated non-financial statement/NEW Internal organisation - Human resources			
Material topic	**Human resources: diversity, equal opportunities and inclusion**				
3.3	Management of material topics	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Internal organisation - Human resources			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Internal organisation - Human resources - Industrial relations			
		Sustainability disclosure - Consolidated non-financial statement / Sustainability performance - Internal organisation - Human resources - Compliance with company regulations and codes of conduct			

		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Internal organisation - Human resources - Employment and turnover			
	Specific GRI standards				
405	**Diversity and equal opportunities**				
405-1	Diversity of governance bodies and employees	Sustainability disclosure - Consolidated non-financial statement/Governance and responsible business conduct - Corporate bodies and governance model			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Internal organisation - Human resources - Employment and turnover			
405-2	Ratio of basic salary and remuneration of women to men	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Internal organisation - Human resources - Employment and turnover			
406	**Non-discrimination**				
406-1	Discrimination episodes and corrective actions taken	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Internal organisation - Human resources - Employment and turnover			
Material topic	**Health and safety in the workplace**				
3.3	Management of material topics	Sustainability disclosure - Consolidated non-financial statement/Governance and responsible business conduct - Integrated management system and policies			
		Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Occupational health and safety - Management policies and system			
	Specific GRI standards				
403	**Occupational health and safety - 2018**				
403-1	Occupational health and safety management system	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Occupational health and safety - Management policies and system			
403-2	Hazard identification, risk assessment and incident investigation	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Occupational			

		health and safety - Management policies and system			
403-3	Occupational health services	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Occupational health and safety - Management policies and system			
403-4	Worker participation, consultation, and communication on occupational health and safety	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Occupational health and safety - Management policies and system			
403-5	Worker training on occupational health and safety	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Occupational health and safety - Management policies and system			
403-6	Promotion of worker health	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Occupational health and safety - Management policies and system			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Occupational health and safety - Management policies and system			
403-8	Workers covered by an occupational health and safety management system	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Occupational health and safety - Management policies and system			
403-9	Work-related accidents	Sustainability disclosure - Consolidated non-financial statement / Sustainability performance - Occupational health and safety - Accidents			
		Sustainability disclosure - Consolidated non-financial statement / Sustainability performance - Occupational health and safety - External health and safety			
403-10	Occupational illnesses	Sustainability disclosure - Consolidated non-financial statement / Sustainability performance - Occupational health and safety - Occupational diseases			
Material topic	**Ethics and integrity in business conduct**				
3.3	Management of material topics	Sustainability disclosure - Consolidated non-financial statement/Governance and responsible business conduct - Control model, measures to combat corruption			

		Sustainability disclosure - Consolidated non-financial statement/Governance and responsible business conduct - Integrated management system and policies			
	Specific GRI standards				
205	**Anti-corruption**				
205-1	Operations assessed for risks related to corruption	Sustainability disclosure - Consolidated non-financial statement/Governance and responsible business conduct - Control model, measures to combat corruption			
		Sustainability disclosure - Consolidated non-financial statement/Governance and responsible business conduct - Integrated management system and policies			
205-2	Communication and training on anti-corruption policies and procedures	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Ethics and integrity			
205-3	Confirmed incidents of corruption and actions taken	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Ethics and integrity			
206	**Anti-competitive behaviour**				
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Ethics and integrity			
207	**Tax - 2019**				
207-1	Approach to taxation	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Ethics and integrity			
207-2	Tax governance, risk control and management	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Ethics and integrity			
207-3	Stakeholder engagement and management of concerns related to tax	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Ethics and integrity			
207-4	Country-by-country reporting	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - Ethics and integrity			
Material topic	**Economic and financial performance and distribution of value**				
3.3	Management of material topics	Economic and financial performance/Distributed economic value			
		Economic-financial performance/Analysis of the economic impact on the			

		territory - extended value analysis			
	Specific GRI standards				
201	**Economic performance**				
201-1	Direct economic value generated and distributed	Economic and financial performance/Distributed economic value			
201-2	Financial implications and other risks and opportunities due to climate change		201-2	Information not available/incomplete	TPER has not yet developed quantitative scenarios
201-3	Defined benefit pension plans and other retirement plans	Consolidated financial statements as at 31 December 2022			
201-4	Financial assistance received from government	Economic and financial performance/Distributed economic value			
Material topic	**Indirect economic impacts [Territorial infrastructure investments]**				
3.3	Management of material topics	Economic and financial performance/Equity-financial structure			
		Sustainability disclosure - Consolidated non-financial statement/Investments and innovation			
	Specific GRI standards				
203	**Indirect economic impacts**				
203-1	Infrastructure investments and services supported	Economic and financial performance/Equity-financial structure			
		Sustainability disclosure - Consolidated non-financial statement/Investments and innovation			
203-2	Significant indirect economic impacts	Economic-financial performance/Analysis of the economic impact on the territory - extended value analysis			
204	**Procurement practices**				
204-1	Proportion of spending on local suppliers	Economic-financial performance/Analysis of the economic impact on the territory - extended value analysis			
Material topic	**Local communities and relations with the territory**				
3.3	Management of material topics	Sustainability disclosure - Consolidated non-financial statement/Sustainability performance - TPER's commitment in the territory			
	Specific GRI standards				
413	**Local communities**				
413-1	Operations with local community engagement, impact assessments, and	Sustainability disclosure - Consolidated non-financial statement/Sustainability			

	development programs	performance - TPER's commitment in the territory			
413-2	Activities with significant actual and potential negative impacts on local communities		413-2	Not relevant	Disclosure not considered of particular relevance to sector/business model

NFS EU taxonomy tables

Share of revenues from products or services associated with economic activities aligned with the 2022 taxonomy

Economic activities	NACE code	Revenues (Euro million)	% Share of revenues	Criteria for substantial contribution (%)						Do No Significant Harm (DNSH) criteria (YES/NO)				
				Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity/ecosystems	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollu
A Activities eligible for taxonomy														
A.1 Environmentally sustainable activities - Activities aligned with the taxonomy														
6.3 Local Public Transport		155	53%	100%						N/A	YES	YES	YES	YES
6.2 Transport of goods		9	3%	100%							YES	YES	YES	YES
6.14 Railway maintenance		11	4%	100%							YES	YES	YES	YES
6.3 Other mobility services		2	1%	100%							YES	YES	YES	YES
Revenues from environmentally sustainable activities (aligned with the taxonomy) (A.1)		**176**	**61%**	**100%**										
A.2 Activities eligible for the taxonomy but not environmentally sustainable (Activities not aligned with the taxonomy)														
6.3 Local Public Transport		87	30%											
6.2 Transport of goods		14	5%											
6.14 Railway maintenance		13	4%											
6.3 Other mobility services		-	0%											
Revenues from activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		114	39%											
Total revenue from eligible activities (A.1 + A.2)		290	100%											
B Activities not eligible for the taxonomy														
Revenues from activities not eligible for the taxonomy) (B)		0	0.0%											
Total (A) + (B)		290	100%											

Share of investments associated with economic activities aligned with the 2022 taxonomy

Economic activities	NACE code	Investments (Euro million)	Investments % share	Criteria for substantial contribution (%)						Criteria for not causing significant harm (DN (YES/NO)					
				Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity/ecosystems	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity

A	**Activities eligible for taxonomy**											
A.1	Environmentally sustainable activities Activities aligned with the taxonomy											
	6.3	Local Public Transport	432	100.0%	100%	-	N/A	YES	YES	YES	YES	YES
	6.2	Transport of goods	0	0.0%	100%			YES	YES	YES	YES	YES
	6.14	Railway maintenance	0	0.0%	100%			YES	YES	YES	YES	YES
	6.3	Other mobility services	0	0.0%								
	Investments in environmentally sustainable activities (aligned with the taxonomy) (A.1)		432	100.0%								
A.2	Activities eligible for the taxonomy but not environmentally sustainable (Activities not aligned with the taxonomy)											
	6.3	Local Public Transport										
	6.2	Transport of goods										
	6.14	Railway maintenance										
	6.3	Other mobility services										
	Investments in activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		0	0.0%								
	Total investments in eligible activities (A.1 + A.2)		432	100.0%								
B	**Activities not eligible for the taxonomy**											
	Investments in activities not eligible for the taxonomy) (B)											
	Total (A) + (B)		432	100.0%								

Share of operating expenses deriving from products or services associated with economic activities aligned with the 2022 taxonomy

	Economic activities	NACE code	Operating expenses (Euro million)	Operating expenses % share	Criteria for substantial contribution (%)						Criteria for not causing significant harm (DNSH) (YES/NO)						Minimum safeguarded guarantees (YES/NO)	Share of operating expenses aligned with the taxonomy (%)	Enabling activity category (A)	Transition activity category (T)
					Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity/ecosystems	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity/ecosystems				
A	**Activities eligible for taxonomy**																			
A.1	Eco-sustainable activities Activities aligned with the taxonomy																			
	6.3 Local Public Transport		6.848	32.2%	100%			-			N/A	YES	YES	YES	YES	YES	YES	32.2%	A	
	6.2 Transport of goods		1.938	9.1%	100%							YES	YES	YES	YES	YES	YES	9.1%	A	
	6.14 Railway maintenance		2.43	11.4%	100%							YES	YES	YES	YES	YES	YES	11.4%	A	
	6.3 Other mobility services		0	0.0%	100%							YES	YES	YES	YES	YES	YES	0.0%	A	
	Operating expenses of environmentally sustainable activities (aligned with the taxonomy) (A.1)		11.216	52.8%														52.8%	53%	0%
A.2	Activities eligible for the taxonomy but not environmentally sustainable (Activities not aligned with the taxonomy																			
	6.3 Local Public Transport		3.8927882	18.3%																
	6.2 Transport of goods		3.1804778	15.0%																
	6.14 Railway maintenance		2.9713878	14.0%																
	6.3 Other mobility services		0	0.0%																
	Operating expenses of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		10.044654	47.2%																
	Total operating expenses of eligible activities (A.1 + A.2)		21.260654	100.0%																
B	**Activities not eligible for the taxonomy**																			
	Operating expenses of activities not eligible for the taxonomy (B)																			

Total (A) + (B)	21.260654	100.0%

PROPOSED ALLOCATION OF OPERATING PROFIT

Dear Shareholders,

At the end of this presentation, we invite you to:

a) discuss and approve the Board of Directors' Report on Operations and the financial statements for the year ended 31 December 2022, which show a profit for the year of Euro

b) allocate the profit for the year:

- Euro 84,349 to the legal reserve
- Euro 1,602,622 to the extraordinary reserve.

At the date of approval of the financial statements, treasury shares amounted to 111,480.

For the Board of Directors

Chairperson and Chief Executive Officer

Giuseppina Gualtieri

Bologna, 29 May 2023

Consolidated financial statements as at 31 December 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of Euro	Notes	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Tangible assets	1	**183,133**	**179,604**
Rolling stock		*166,985*	*163,816*
Infrastructure		*10,654*	*10,012*
Real estate		*3,228*	*3,306*
Other tangible assets		*2,266*	*2,470*
Intangible assets	2	**16,277**	**16,678**
Concession rights		*15,875*	*16,263*
Other intangible assets		*402*	*415*
Assets for rights of use	3	**8,861**	**8,206**
Equity investments	4	**17,274**	**16,503**
Non-current financial assets	5	**35,290**	**34,388**
Other financial assets		*35,290*	*34,388*
Deferred tax assets	6	**2,823**	**2,711**
Total non-current assets		**263,658**	**258,090**
Current assets			
Trade assets	7	**88,675**	**106,263**
Inventories		*24,659*	*23,395*
Trade receivables		*64,016*	*82,868*
Cash and cash equivalents	8	**60,387**	**49,311**
Financial assets	5	**6,908**	**7,606**
Financial assets for contributions		4,622	5,892
Other financial assets		2,286	1,714
Assets for income taxes	9	**2,543**	**6,290**
Other current assets	10	**24,339**	**18,159**
Total current assets		**182,852**	**187,629**
TOTAL ASSETS		**446,510**	**445,719**

In thousands of Euro	Notes	31/12/2022	31/12/2021
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Group shareholders' equity		**171,155**	**168,769**
Capital issued		*68,493*	*68,493*
Treasury shares		*(189)*	*(189)*
Reserves and profits carried forward		*101,327*	*93,744*
Profit/(Loss) for the year		*1,524*	*6,721*
Shareholders' equity attributable to Minority interests		**3,154**	**3,140**
Issued capital and reserves		3,073	2,920
Profit/(Loss) for the year		81	220
Total shareholders' equity	11	**174,309**	**171,909**
Non-current liabilities			
Trade liabilities	12	**1,556**	**1,173**
Funds for provisions	13	**47,188**	**42,775**
Provisions for employee benefits		*13,520*	*17,094*
Other provisions		*33,668*	*25,681*
Non-current financial liabilities	14	**32,913**	**64,388**
Bonds		*31,429*	*63,441*
Medium/long-term loans		*25*	*67*
Other non-current financial liabilities		*1,459*	*880*
Liabilities for leased assets	3	**4,572**	**5,464**
Deferred tax liabilities	6		
Other non-current liabilities	15	**23,469**	**23,004**
Total non-current liabilities		**109,698**	**136,804**
Current liabilities			
Trade liabilities	12	**66,706**	**63,433**
Current portion of funds for provisions	13	**6,092**	**8,432**
Provisions for employee benefits		*1,072*	*1,299*
Other provisions		*5,020*	*7,133*
Current financial liabilities	14	**32,074**	**31,687**
Current portion of bond loans		*32,053*	*31,667*
Current portion of medium/long-term loans		*21*	*20*
Current portion of liabilities for leased assets	3	**3,318**	**2,418**
Current income tax liabilities			
Other current liabilities	15	**54,313**	**31,036**
Total current liabilities		**162,503**	**137,006**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**446,510**	**445,719**

CONSOLIDATED INCOME STATEMENT

In thousands of Euro	Notes	2022	2021
Revenue			
LPT line services	16	186,160	179,030
Railway line services	17	28,223	26,821
Parking and car sharing	18	2,062	12,362
Other revenues	19	73,989	70,120
Total revenues		**290,434**	**288,333**
Costs			
Personnel costs	20	102,636	102,665
Costs for services	21	92,431	93,151
Costs for materials	22	53,205	40,192
Use of third-party assets	23	2,952	7,776
Other operating costs	24	5,941	5,966
Amortisation/depreciation		21,137	21,553
Depreciation of tangible assets		16,615	15,805
Amortisation of intangible assets	2	*727*	1,373
Amortisation of rights of use	3	3,795	4,375
Value write-downs/(reversals)		2,840	6
Write-downs/(reversals) of the value of financial assets	5-7-10	491	6
Write-downs/(reversals) of the value of non-financial assets	1	2,349	0
Change in funds for provisions	25	6,586	3,185
Total costs		**287,728**	**274,494**
OPERATING RESULT		**2,706**	**13,839**
Financial income		1,668	1,500
Other financial income		*1,668*	*1,500*
Financial charges		2,496	2,269
Charges on bonds		*1,798*	*1,987*
Charges on loans		*398*	*17*
Other financial charges		*300*	*265*
FINANCIAL INCOME/(CHARGES)	26	**(828)**	**(769)**
Share of profit/(loss) on equity investments accounted for using the equity method	4	**(357)**	**(595)**
PROFIT FROM OPERATING ACTIVITIES BEFORE TAXES		**1,521**	**12,475**
Tax income/(charges)		84	5,534
Current income taxes	27	(232)	(1,159)
Deferred taxes	6	316	(4,375)
PROFIT/(LOSS) FOR THE YEAR		**1,605**	**6,941**
of which:			

Profit/(loss) for the year attributable to the Group	1,524	6,721
Profit/(loss) attributable to minority interests	81	220

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

In thousands of Euro		Notes	2022	2021
Profit/(Loss) for the year	**(a)**		**1,605**	**6,941**
Profit/(loss) from the measurement of equity investments recognised using the equity method		4	1,126	297
Other components of the comprehensive income statement for the year that can be reclassified to the income statement	**(b)**		**1,126**	**297**
Profit/(loss) from actuarial valuation of provisions for employee benefits			2,451	(403)
Tax effects		6	(204)	(286)
Other components of the comprehensive income statement for the year that cannot be reclassified to the income statement	**(c)**		**2,247**	**(689)**
Total other components of comprehensive income	**(d=b+c)**		**3,373**	**(392)**
COMPREHENSIVE ECONOMIC RESULT FOR THE YEAR		11	**4,978**	**6,549**
of which:				
Profit/(loss) for the year attributable to the Group			4,886	6,329
Profit/(loss) attributable to minority interests			92	220

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

In thousands of Euro	Notes	GROUP SHAREHOLDERS' EQUITY								Shareholders' equity attributable to Minority interests	TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP AND TO MINORITY INTERESTS
		Capital issued	Reserve for measurements of equity investments using the equity method	Treasury shares	Other reserves	Actuarial profit/loss	Profits/(losses) carried forward	Profit/loss for the year	Total		
Balance as at 31/12/2020		**68,493**	**(636)**	**(189)**	**60,736**	**(962)**	**31,383**	**3,615**	**162,440**	**2,948**	**165,387**
Comprehensive economic result for the year			297			(689)		6,721	**6,329**	220	**6,549**
Transactions with shareholders and other changes											
- Dividends									**0**	(28)	**(28)**
- Purchase of treasury shares									**0**		**0**
- Allocation of the previous-year result					3,180		435	(3,615)	**0**		**0**
- Other changes									**0**	0	**0**
Balance as at 31/12/2021		**68,493**	**(339)**	**(189)**	**63,916**	**(1,651)**	**31,818**	**6,721**	**168,769**	**3,140**	**171,909**
Comprehensive economic result for the year			1,126			2,236		1,524	**4,886**	92	**4,978**
Transactions with shareholders and other changes											
- Dividends								(2,500)	**(2,500)**	(78)	**(2,578)**
- Purchase of treasury shares									**0**	0	**0**
- Allocation of the previous-year result					2,619		1,602	(4,221)	**0**	0	**0**
- Other changes									**0**	0	**0**
Balance as at 31/12/2022	11	**68,493**	**787**	**(189)**	**66,535**	**585**	**33,420**	**1,524**	**171,155**	**3,154**	**174,309**

CONSOLIDATED CASH FLOW STATEMENT

In thousands of Euro	Notes	2022	2021
Profit/(loss) for the year		**1,605**	**6,941**
Adjusted by:	-	-	
Amortisation/depreciation	1-2-3	21,137	21,552
Operating change of funds	25	6,586	3,185
Share of profit/(loss) on equity investments accounted for using the equity method	4	357	595
Financial income and (charges)		828	768
Value write-downs/(revaluations) of current and non-current financial assets	5-7-10	491	6
Value write-downs/(revaluations) of non-current assets	1	2,349	-
Losses/(gains) from disposal of non-current assets	1	45	(68)
Change in working capital and other changes		17,300	(16,468)
Net cash flows from operating activities		**50,698**	**16,512**
Investments in tangible assets	1	(30,257)	(37,561)
Investments in intangible assets	2-3	(4,789)	(1,953)
Equity investments		0	(600)
Investments gross of contributions		**(35,046)**	**(40,114)**
Contributions to tangible assets	1	26,715	2,506
Contributions to intangible assets		-	-
Grants on investments		**26,715**	**2,506**
Disposals of tangible assets	1	804	1,426
Disposals of intangible assets	2	13	14
Disposals of equity investments		-	-
Disposals		**817**	**1,440**
Net cash flow for investment activities		**(7,514)**	**(36,168)**
Dividends paid	11	(78)	(28)
Change in liabilities for leased assets	3	8	(3,248)
Issue/(repayment) of bonds	14	(31,667)	0
Repayment of medium/long-term loans	14	(41)	(10)
Collected financial income	26	102	47
Paid financial charges	26	(2,373)	(2,018)
Change in other financial assets	5	1,362	(551)

Change in other financial liabilities	14	579	427
Net cash flow from financial assets		**(32,108)**	**(5,380)**
Net cash flow for the period		**11,076**	**(25,036)**
Cash and cash equivalents at the start of the year		**49,311**	**74,347**
Cash and cash equivalents at the end of the year		**60,387**	**49,311**

EXPLANATORY NOTES

General information

The core business of the TPER Group (hereinafter also the "Group") is the provision of local and regional public transport services by road and rail.

The Parent Company is TPER S.p.A. (hereinafter "TPER" or "Company" or "Parent Company"), a joint stock company with its registered office in Bologna, in Via di Saliceto 3. The company term is fixed to 31 December 2050.

As at the date of preparation of these financial statements, no shareholder holds control. The Emilia-Romagna Region is the relative majority shareholder of TPER (46.13%). The other shareholders are the Municipality of Bologna (30.11%), the Metropolitan City of Bologna, (18.79%), the Azienda Consorziale Transport ACT of Reggio Emilia (3.06%), the Province of Ferrara (1.01%), the Municipality of Ferrara (0.65%), Ravenna Holding S.p.A. (0.04%) and the Province of Parma (0.04%). Furthermore, TPER owns 111,480 treasury shares (0.16%).

The Board of Directors of the Company approved and authorised the publication of these consolidated financial statements as at 31 December 2022 at the meeting held on 29 May 2023.

Structure and content of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2022 were prepared in accordance with Articles 2 and 3 of Italian Legislative Decree no. 38/2005, based on the going concern assumption of the Parent Company and of the other consolidated companies.

The consolidated financial statements has been in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board and approved by the European Commission, which include the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as well as the previous International Accounting Standards (IAS) and previous interpretations of the Standard Interpretations Committee (SIC) still in force. For simplicity, the set of all the standards and interpretations is hereafter defined as the "IFRS".

The consolidated financial statements consist of the consolidated financial statements (statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity and cash flow statement) and of these explanatory notes and are prepared by applying the general criteria of historical cost, with the exception of the balance sheet items that according to IFRS are recognised at fair value, as indicated in the evaluation criteria of the individual items described in note no. 3 "Accounting standards and valuation criteria applied". The statement of financial position is presented on the basis of the scheme that provides for the distinction between current and non-current assets and liabilities. The income statement and the statement of comprehensive income are presented on the basis of the nature of the costs; in particular, the statement of comprehensive income, starting from the result for the year, shows the effects of gains and losses recognised directly in equity in application of IFRS. The Statement of changes in shareholders' equity represents the changes that took place during the year in the individual items that comprise it, while the cash flow statement was prepared using the indirect method.

IFRS are applied consistently with the indications provided in the "Conceptual Framework for Financial Reporting" and there have not been any circumstances that have led to the use of derogations pursuant to IAS 1, Paragraph 19.

All values are expressed in thousands of Euro, unless otherwise indicated. The Euro is the functional currency of the Parent Company and of all the subsidiaries, as well as that of the presentation of these consolidated financial statements.

For each item of the financial statements, the corresponding value of the previous year is shown for comparative purposes. For the purposes of a more accurate representation of the Group's equity and financial position, some values for the comparative year were reclassified. On the other hand, it should be noted that the same values were not restated with respect to those presented in the consolidated financial statements for the year ended 31 December 2021, as there were no significant events or changes in the accounting standards applied that led to the need to make adjustments to the balances of the items of the previous year.

With reference to the regulations introduced by directive no. 2013/50 / EU, the so-called transparency directive) which established that the set of documents that make up the annual financial report must be prepared in a single electronic communication format compliant with delegated regulation (EU) no. 2018/815 of 17 December 2018 (OJEU L143 of 29 May 2019) known as the European Single Electronic Format (ESEF) from financial years starting from 1 January 2021, the exemption referred to in Article 83 1 paragraph letter b) of Consob Regulation no. 11971/1999 (Issuers) is applicable to the TPER Group, as TPER has issued "*exclusively debt securities admitted to trading on a regulated market whose unit nominal value is at least Euro 100,000*".

Criteria, procedures and scope of consolidation

The scope of consolidation includes the Parent Company and the companies over which TPER directly or indirectly exercises control, both by virtue of having obtained the majority of the votes that can be exercised during the meeting (also taking into account potential voting rights deriving from immediately exercisable options), both as a result of other facts or circumstances that (even apart from the extent of shareholder relations) attribute power over the company, the exposure or the right to variable returns on the investment in the company and the ability to use that power on the company to influence investment returns.

The subsidiaries, consolidated on a line-by-line basis, are as follows:

COMPANY NAME	REGISTERED OFFICE	SHARE CAPITAL	GROUP INTEREST (%)
OMNIBUS S.c.r.l.	Via di Saliceto, 3 - Bologna	80,000	51.00
TPF S.c.r.l.	Via S. Trenti, 35 - Ferrara	10,000	97.00
TPB S.c.r.l.	Via di Saliceto, 3 - Bologna	10,000	85.00
MA.FER S.r.l.	Via di Saliceto, 3 - Bologna	3,100,000	100.00
DINAZZANO PO S.p.A.	Piazza Guglielmo Marconi 11 - Reggio Emilia	38,705,000	95.35
SST S.r.l.	Via S. Trenti, 35 - Ferrara	500,000	51.00
HERM S.r.l.	Via di Saliceto, 3 - Bologna	10,840,000	94.95

It should be noted that the scope of consolidation as at 31 December 2022 has not changed with respect to 31 December 2021.

Entities are included in the scope of consolidation from the date on which the TPER Group acquires control while they are excluded from the date on which the TPER Group loses control.

TPER Group reviews the existence of the control conditions on an investee when the facts and circumstances indicate that there has been a change in one or more elements considered for the verification of its existence. For the purposes of the assessment on the requirement of control, the management analyses all the facts and circumstances, including agreements with other investors, rights deriving from other contractual agreements with potential voting rights (call options, warrants, put options assigned to minority shareholders, etc.).

Lastly, it should be noted that, in assessing the existence of the control requirements, no de facto control situations were found.

For the purposes of consolidation, the financial statement figures of the subsidiaries are drawn up using the same accounting standards as the Parent Company for each accounting item; any consolidation adjustments are made to homogenise the items that are affected by the application of different accounting standards.

The data are consolidated on the basis of the following criteria and methods:

- adoption of the line-by-line consolidation method, with evidence of minority interests in the shareholders' equity, in the net result of the income statement and in the statement of comprehensive income, with recognition of assets, liabilities, revenues and costs of the subsidiaries, regardless of the Group's relative ownership percentage;
- elimination of items deriving from financial and economic transactions between the companies included in the scope of consolidation, including the reversal of any profits and losses not yet realised;
- elimination of intercompany dividends and related allocation of the values eliminated to the initial equity reserves;
- elimination of the carrying amount of the equity investments in the companies included in the scope of consolidation and the corresponding portion of shareholders' equity; allocation of the emerging positive or negative differences to the relative accrual items (assets, liabilities and shareholders' equity), defined with reference to the time of acquisition of the equity investment, then taking into account the subsequent changes.
- after the acquisition of control, any purchases of shares from minority shareholders, or transfers to them of shares that do not involve the loss of control of the company, are accounted for as transactions with shareholders and the related effects are reflected directly in shareholders' equity; as a result, any differences between the value of the change in the shareholders' equity pertaining to minority interests and the consideration paid or collected are recognised under changes in shareholders' equity pertaining to the Group.

Accounting policies and valuation criteria

The most important accounting principles and valuation criteria applied in the preparation of the consolidated financial statements for the year ending 31 December 2022 are described below. These standards and criteria are consistent with those used for the preparation of the consolidated financial statements of the previous year, with the exception of the amendments introduced with effect from 2022 to the IFRS in force, for details of which please refer to the following paragraphs.

Tangible assets

A tangible asset is recognised if, and only if: (a) it is probable that the future economic benefits associated with the item will flow to the entity; and (b) the cost can be measured reliably.

Tangible assets are recorded at purchase cost, including any directly attributable accessory charges, as well as financial charges incurred in the period of realisation of the assets.

Costs for the improvement, updating and transformation of a tangible asset are recognised as an increase in the initial cost when it is probable that the expected future economic benefits will increase. The replacement costs of identifiable components are recognised as tangible assets and depreciated over their useful life. The remaining carrying amount of the replaced component is recognised in the income statement. All other maintenance and repair costs are charged to the income statement when incurred.

The amount to be depreciated is the cost or other amount substituted for the cost minus its residual value. The residual value of an asset is the estimated amount that an entity would currently obtain from the divestment of the asset, net of estimated disposal costs, if the asset was already of the age and in the expected condition at the end of its useful life.

Starting from the moment in which the asset is available and ready for use, the amount to be depreciated is systematically depreciated on a straight-line basis over its useful life, defined as the period of time in which the entity is expected to use the asset.

The residual value and useful life of an asset are reviewed at least at each year-end date and, if the expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting standards, Changes in accounting estimates and errors.

Assets with a closely related use in the context of a concession are depreciated over the concession period or their useful life if lower.

In particular, for the purposes of defining the depreciation plan for buses and trolley buses used by TPER under the Bologna service contract and the Ferrara service contract and allocated for transfer, the depreciable amount is defined on the basis of the difference between the net carrying amount at the beginning of the year and the residual value, which in this specific case is represented by an estimate of the market value that will be recognised at the end of the service contracts by a possibly new contractor. This value is calculated according to the criteria identified by resolution no. 49 of 17 June 2015 of the Transport Regulation Authority and with reference to the UNI 11282/2008 standard and subsequent amendments or additions. The depreciable value is therefore amortised on the basis of the residual duration of the service contract, having taken into account, where appropriate, any extensions as well as the residual technical life of the asset.

Negotiations are currently underway with the relevant agencies for the extension of the LPT service expiring repeatedly for Bologna on 31 August 2024 and for Ferrara on 31 December 2023

For all other types of tangible assets, presented by homogeneous categories, the following table shows the annual depreciation rates used in 2022.

Useful life	Years
Land indefinite useful life	indefinite
Buildings	10-39
Rolling stock	10-28
Plant and machinery	5-10
Other assets	4-8

In the presence of specific indicators regarding the risk of non-recovery of the carrying amount of the tangible assets, these are subjected to verification to detect any losses (impairment test), as described later in the specific paragraph.

Tangible assets are no longer shown in the financial statements following their sale; any profit or loss (calculated as the difference between the sale value, net of selling costs, and the carrying amount) is recognised in the income statement for the year of sale.

Intangible assets

Intangible assets are identifiable assets without physical substance, controlled by the company and capable of producing future economic benefits, as well as goodwill, when acquired for consideration.

The ability to identify is defined with reference to the possibility of distinguishing the acquired intangible asset compared to the goodwill. This requirement is normally satisfied when the intangible asset: (i) is attributable to a legal or contractual right or (ii) is separable, i.e. it can be sold, transferred, rented or exchanged independently or as an integral part of other activities. The control by the company consists in the ability to take advantage of the future economic benefits deriving from the asset and in the possibility of limiting its access to others.

Costs relating to internal development activities are recorded in the balance sheet when: (i) the cost attributable to the intangible asset can be reliably determined, (ii) there is the intention with, the availability of financial resources and the technical capacity to make the asset available for use or sale, (iii) it is demonstrable that the asset is capable of producing future economic benefits.

Intangible assets are recorded at cost, which is determined according to the same methods indicated for tangible assets.

Intangible assets with a finite useful life are amortised from the moment in which the same assets are available for use, in relation to the residual useful life.

The annual amortisation rates used in 2022, presented by similar categories, are shown in the following table.

Useful life	Years
Concession rights	Equal to the duration of the concessions
Software	3-5

In the presence of specific indicators regarding the risk of non-full recovery of the carrying amount of the intangible assets, these are subject to a review to detect any impairments, as described in the paragraph “Impairment and reversal of impairment of assets”.

The gain or loss deriving from the sale of an intangible asset is determined as the difference between the disposal value, net of selling costs, and the net carrying amount of the asset and is recorded in the income statement of the year of sale.

Right of use

In the presence of a contract that falls into the definition of a lease, at the contract start date, a right of use is recognised, equal to the initial value of the corresponding lease liability, plus payments due before or at the contract start date (e.g. agency expenses). Subsequently, this right of use is measured net of accumulated amortisation/depreciation and impairment and is adjusted for any remeasurement of the correlated liability. Amortisation/depreciation starts on the date the lease takes effect, and extends in the shorter of the contractual duration and the useful life of the underlying asset.

The Group avails itself of the right granted by the principle of non-application of the new provisions to short-term leases (with a duration not exceeding twelve months) and contracts in which the individual underlying asset is of low value; for these contracts, the Group recognises the lease fees in the income statement as a contra-entry to trade payables.

Business combinations and goodwill

Acquisitions of companies and business units are accounted for through use of the acquisition method, as required by IFRS 3; for this purpose, the acquired assets and identifiable liabilities acquired are recognised at their respective fair value at the date of acquisition. The cost of acquisition is measured by the total of the fair value, at the exchange date, of the assets, the liabilities assumed and any capital instruments issued by the Company, exchanging control of the acquired entity. Ancillary costs directly attributable to the business combination transaction are recognised in the income statement when incurred.

Goodwill is recorded as the positive difference between the acquisition cost, increased by both fair value on the date of acquisition of any non-controlling interests already held in the acquisition, and of the value of minority interests held by third parties in the acquisition (the latter valued, for each transaction, at the fair value or in proportion to the current value of the identifiable net assets of the acquisition), and the fair value of these assets and liabilities.

As at the date of acquisition, the goodwill that emerged was allocated to each of the units generating substantially autonomous financial flows that are expected to benefit from the synergies deriving from the business combination.

In the case of a negative difference between the acquisition cost (increased by the above components) and the fair value of assets and liabilities, this is recorded as income in the income statement of the year of acquisition.

Any goodwill relating to non-controlling investments is included in the carrying amount of the investments relating to these companies.

If all the necessary information for determining the fair value of the assets and liabilities acquired is not available, these are provisionally recognised in the financial year in which the business combination transaction is realised and adjusted, with retroactive effect, no later than twelve months after the date of acquisition.

After initial recognition, goodwill is not amortised and is decreased by any accumulated impairment losses, determined using the methods described in the paragraph "Impairment and reversal of impairment of assets (impairment test)".

Service concession arrangements

The agreements for service under concession are recognised in accordance with the interpretation in IFRIC 12, on the basis of which, in the presence of certain characteristics of the concession deed, the infrastructures used for the provision of public services under concession are recorded under intangible assets and/or financial assets depending on whether the concessionaire is entitled to a fee, respectively, from the customer for the service provided and/or has the right to receive it from the granting public body.

Equity investments

Equity investments in associates and joint ventures are measured using the equity method, recognising the Group's share of profits or losses accrued during the year in the income statement, with the exception of the effects relating to other changes in shareholders' equity of the investee company, other than transactions with shareholders, which are reflected directly in the Group's statement of comprehensive income. Furthermore, with the aforementioned method, for the purposes of the valuation of the equity investment, the fair values of the assets and liabilities held by the investee at the time of acquisition by the Group, as well as any goodwill (with reference to the time of acquisition of the equity investment) are determined, and their measurement in subsequent years on the basis of the accounting standards and valuation criteria illustrated in these notes.

In the event of any losses exceeding the carrying amount of the equity investment, the excess is recognised in a specific liability provision to the extent that the investing company is committed to fulfilling legal or implied obligations with regard to the investee company or in any case to cover its losses.

Equity investments in other companies are initially recorded at cost, registered at the acquisition date, insofar as it is representative of the fair value, including directly attributable transaction costs. After the initial accounting, such equity investments are measured at fair value, with recognition of the effects in the income statement, except those that are not held for trading and for which, as allowed by IFRS 9, the option of designation at fair value with recognition of subsequent changes in the same in the other components of comprehensive income has been exercised at the time of acquisition and, therefore, in a specific shareholders' equity reserve. For the latter, at the time of realisation, the profits and losses accumulated in this reserve are reclassified in the income statement.

Any impairment losses, identified as described below in the section on "Value impairment and reversal of assets (*impairment test*)", are reversed if the reasons for the write-downs no longer apply.

Equity investments are derecognised when the contractual rights to the cash flows derived from the assets themselves expire or when the equity investment is sold, thereby effectively transferring all the risks and benefits pertaining thereto.

Treasury shares

The purchase cost of treasury shares is recognised as a reduction in equity. The effects of any subsequent transactions on these shares are also recorded directly in equity as transactions between shareholders.

Inventories

Inventories, mainly consisting of supplies and spare parts for the maintenance of rolling stock, are valued at the lower of the purchase or production cost, determined through the application of the average weighted cost, and the net estimated recoverable amount obtainable from its sale in the ordinary course of business.

Financial instruments

Financial instruments include cash and cash equivalents, derivative financial instruments and financial assets and liabilities (which for IFRS 9 include, among other things, trade receivables and payables). Financial instruments are recognised when the Group becomes part of the instrument's contractual clauses.

Cash and cash equivalents

They include cash, bank deposits or deposits with other credit institutions available for current transactions, current accounts and other equivalent values. Cash and cash equivalents are recognised at fair value, which normally coincides with the nominal value.

Financial assets

The classification of financial assets and related valuation is carried out considering both the management model of the financial asset and the contractual characteristics of the cash flows obtainable from the asset. The financial asset is valued using the amortised cost method if both of the following conditions are met:

- the management model of the financial asset consists in holding it with the purpose of collecting the related financial flows; and
- financial assets generate contractually, at predetermined dates, financial flows that are exclusively representative of the return on the financial asset itself (principal and interest).

The classification between current and non-current reflects the expectations of management regarding their realisation.

Financial assets measured at amortised cost are initially recognised at the fair value of the underlying asset; the measurement at amortised cost is carried out by applying the effective interest rate method.

The trade receivables, whose expiration falls within normal commercial terms or for which there are no significant financial components, are not discounted.

The financial asset is valued at fair value, with the recognition of the effects in the comprehensive income statement, if the objectives of the management model are to hold the financial asset for the purpose of obtaining the related contractual cash flows or selling it, and the financial generates, at predetermined dates, financial flows exclusively representative of the same financial asset.

Lastly, any residual financial assets held other than those described above are classified as assets held for trading and are measured at fair value with recognition of the effects in the income statement.

Write-down of financial assets

The recoverability of financial assets measured at amortised cost is estimated with the "expected credit losses" (ECL), based on the value of expected cash flows. Taking into account the estimate of the probability that the counterparty does not fulfil its obligation to pay, these flows are determined in relation to the expected recovery times, the presumed realisation value, any guarantees received, as well as costs that are expected to be incurred for debt recovery.

With reference to trade receivables and other receivables, valuation criteria are adopted to determine the probability of non-compliance by the counterparty, subject to periodic verification, including through historical analyses.

For receivables relating to counterparties that do not present a significant increase in risk, the ECLs are estimated on the basis of expected losses in the 12 months after the reporting date; in other cases, the expected losses until the end of the life of the financial instrument are estimated.

The original value is reinstated in subsequent years to the extent that the reasons that determined the adjustment cease to exist. In this case, the reversal of value is recorded in the income statement and cannot in any case exceed the value of the amortised cost that the financial asset would have had in the absence of previous adjustments.

Financial liabilities

Financial liabilities are initially recognised at fair value, net of any directly attributable transaction costs. Subsequently, financial liabilities are measured at amortised cost, using the effective interest rate method, with the exception of those for which the irrevocable option is exercised, at the time of recognition, for the measurement at fair value with recognition of the changes in the income statement (to eliminate or reduce the mismatch in the measurement or recognition with respect to an asset also measured at fair value).

Trade payables, whose expiration falls within normal commercial terms or for which there are no significant financial components, are not discounted. If there is a change in one or more elements of an existing financial liability (also through substitution with another instrument), a qualitative and quantitative analysis is carried out in order to verify whether this change is substantial with respect to the existing contractual terms. In the absence of substantial changes, the difference between the present value of the flows thus modified (determined using the effective interest rate of the instrument in place at the date of the modification) and the carrying amount of the instrument is recognised in the income statement, with consequent adjustment of the value the financial liability and restatement of the effective interest rate of the instrument; if substantial changes occur, the existing instrument is derecognised and the fair value of the new instrument is recognised at the same time, with the related difference recognised in the income statement.

Financial derivative instruments

All derivative financial instruments are shown in their financial statements at fair value, determined on the closing date of the financial year.

The derivatives are classified as hedging instruments, in accordance with IFRS 9, when the relationship between the derivative and the subject of the hedge is formally documented and the effectiveness of the hedge, initially and periodically verified, is high.

For instruments which cover the risk of changes in the cash flows of assets and liabilities (including with reference to prospective and highly probable assets and liabilities) subject to hedging (cash flow hedges), changes in the fair value are recognised in the statement of comprehensive income and any non-effective part of the hedging is recorded in the income statement. The cumulative changes in fair value set aside in the cash flow hedge reserve are reclassified from the statement of comprehensive income to the income statement for the year in which the hedging relationship is to cease.

For instruments that cover the risk of changes of the fair value of hedged assets and liabilities (fair value hedge), the changes in fair value are recorded in the income statement for the year. The related hedged assets and liabilities are also consistently adjusted to fair value, with an impact on the income statement.

The changes of fair value derivatives that do not meet the conditions for qualifying for IFRS 9 as hedging instruments are recognised in the income statement.

Cancellation of financial instruments

Financial instruments are no longer shown in the financial statements when, as a result of their sale or settlement, the Group is no longer involved in their management, nor does it hold the risks and benefits relating to these transferred or extinguished instruments and therefore loses the right to collection / payment of cash flows associated with the financial instrument.

Liabilities for leased assets

The lease liability, with the nature of a financial liability, is initially recognised at the present value of lease fees unpaid at the date of contractual effectiveness; for the purposes of calculation of the present value, the Group uses the incremental borrowing rate, defined for the duration of the loan and for each Group company.

The payments included in the initial measurement of the lease liability include:

- fixed payments, net of any lease incentives to be received
- variable payments due for the lease that depend on an index or rate initially measured using an index or rate at the date of effectiveness (e.g. ISTAT adjustments)
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise the option.

Variable payments that do not depend on an index or a rate are, by contrast, not included in the initial value of the lease liability. These payments are booked as a cost in the Income

Statement, in the period in which the event or condition that generates the obligation is verified.

Subsequently, the lease liability is reduced to reflect the lease fees paid and increased to reflect the interest on the value that remains.

The Group recalculates the lease liability (and makes a corresponding adjustment to the associated right of use) in the event of a change in:

- of the duration of the lease
- of future payments due for the lease, deriving from a variation in the index or rate used to determine the payments (e.g. ISTAT) or as a result of a re-negotiation of the economic conditions.

Only in the event of a significant change in the duration of the lease or the future payments due for the lease does the Group recalculate the residual value of the lease liability, making reference to the incremental borrowing rate in force on the date of the change; in all other cases, the lease liability is recalculated by using the initial discount rate.

Funds for provisions

"Funds for provisions" are recognised when, at the reference date, there is a current obligation (legal or implicit) with respect to third parties resulting from a past event, an outflow of resources is likely to satisfy the obligation and a reliable estimate of the amount of the obligation can be made.

The provisions are recorded at the value representing the best estimate of the amount that the entity would pay to extinguish the obligation or to transfer it to third parties as at the closing date of the financial year. If the effect of discounting is significant, the provisions are determined by discounting the expected future cash flows at a discount rate that reflects the current market valuation of the cost of money. When discounting is carried out, the increase in the provision due to the passage of time is recognised as a financial charge.

Employee benefits

The liabilities related to short-term benefits guaranteed to employees, paid during the employment relationship, are recognised on an accrual basis for the amount accrued as at the end of the financial year.

The liabilities related to medium-long term benefits guaranteed to employees are recorded in exercising the right of the law, net of any assets serving the plan and the advances paid, determined on the basis of actuarial assumptions, if significant, and are recorded on an accrual basis consistent with the work services necessary to obtain the benefits.

The liabilities relating to the benefits guaranteed to employees, paid in connection with or after the termination of the employment relationship through defined contribution plans, are recorded for the amount accrued as at the end of the financial year.

The liabilities related to the benefits guaranteed to employees, paid in connection with or after the termination of the employment relationship through defined benefit plans, are recorded in the year of maturity of the right, net of any assets servicing the plan and the advances paid, determined on the basis of actuarial assumptions and are recognised on an accrual basis consistent with the work services necessary to obtain the benefits. The liability assessment is carried out by independent actuaries. The profit or loss deriving from the actuarial calculation is fully recorded in the statement of comprehensive income, in the reference year.

Revenues from contracts with customers

Revenue is the gross inflow of economic benefits arising in the course of the ordinary activities of an entity and is recognised when the control of the goods or services is transferred to the customer, at a figure representing the amount of consideration to which the entity expects to be entitled. More specifically, revenue is recognised through the application of a model that meets the following criteria:

- identification of the contract, defined as an agreement in which the parties undertake to fulfil their respective obligations;
- identification of the individual performance obligations contained in the contract;
- determination of the transaction price, i.e. the consideration expected for the transfer to the customer of the goods or services;
- allocation of the transaction price to each performance obligation, on the basis of the selling prices of the individual obligation;
- recognition of revenue when (or as) the performance obligation is satisfied by transferring the promised good or service to the customer.

The transaction price is the amount of consideration on exchange of which the customer is considered to have right to the transfer of the promised goods and services. It may include fixed and/or variable amounts. Revenues based on variable amounts are recognised in the income statement if reliably estimated and only if it is highly likely that such consideration will not, in subsequent periods, need to be wholly or substantially reversed from the income statement. In the event of a high prevalence of uncertainty related to the nature of the consideration, said consideration is only be recognised when such uncertainty is resolved.

Revenues are recognised alternatively:

- at a point in time, when the entity fulfils the obligation to transfer the promised good or service to the customer;
- over time, as the obligation to transfer the promised goods or service to the customer is fulfilled.

The good is transferred when, or in the course of the period in which, the customer acquires control of it.

Depending on the type of transaction, revenues are recognised on an accrual basis based on the specific criteria set out below:

- travel tickets: with provision of the service
- supplementations of remuneration: set forth in the appropriate service agreements with public authorities, revenue is recognised for an amount equal to the actual amount accrued on the basis of current laws and agreements
- car-sharing: with provision of the service
- maintenance activities: with the provision of the service
- logistics and transport activities, connected to the railway freight service: with provision of the service
- Crealis infrastructure management activities: according to the financial activity model envisaged by IFRIC 12. In particular, according to the provisions of IFRIC 12, the financial asset model is applicable to the case in point as the operator has the unconditional right to receive contractually guaranteed cash flows from the future transport service operator for the construction services provided and the operational maintenance services that it has undertaken to provide as network manager.

Government grants

Government grants, in the presence of a formal resolution of attribution or other equivalent legal title, are recognised on an accrual basis in direct correlation with the costs incurred.

Government grants are recognised at fair value when: (i) their amount can be reliably determined; and (ii) there is reasonable certainty that they will be received and the conditions for obtaining them will be respected.

Grants for operating expenses are recorded in the income statement in the year they accrue, consistently with the costs to which they are commensurate and are recognised, depending on the cases, as a direct deduction of the expenses incurred, or in the context of other income.

The grants received for investments in rolling stock or other tangible assets are recorded as a reduction in the cost of the asset to which they refer and contribute, in reduction, to the calculation of the relative depreciation rates.

Financial income and charges

Interest is recognised on an accrual basis according to the effective interest method, i.e. using the interest rate that makes all inflows and outflows financially equivalent (including any premiums, discounts, commissions, etc.) that constitute a given transaction.

Financial charges related to the acquisition, construction or production of certain assets that require a significant period of time to be ready for use or for sale (qualifying assets) are capitalised together with the asset itself.

Dividends

They are recognised in the income statement when the right to receive the payment arises, which normally corresponds to the shareholders 'meeting resolution for the distribution of dividends.

The distribution of dividends to the shareholders of the Parent Company TPER is represented as a movement in shareholders 'equity and recorded as a liability in the period in which the distribution of the same is approved by the Shareholders' Meeting.

Income taxes

Income taxes are recorded on the basis of an estimate of the tax charges to be paid, in accordance with the applicable provisions in force.

The payables relating to income taxes are recorded under current tax liabilities in the Statement of Financial Position, net of advances paid. Any positive imbalance is recorded among current tax assets.

Deferred tax assets and liabilities are calculated on the basis of the temporary differences between the carrying amount of the assets and liabilities and their tax value.

Deferred tax assets are recognised:

- for all deductible temporary differences, if it is likely that a taxable income will be realised against which the deductible temporary difference can be utilised, unless the deferred tax asset derives:
  - from the initial recognition of goodwill
  - from goodwill whose amortisation is not deductible for tax purposes
  - from the initial recognition of an asset or a liability in a transaction other than a business combination that, at the date of the transaction, does not influence either the accounting result or the taxable income (tax loss)

- for the carry-forward of unused tax losses and unused tax credits, if a taxable income is likely to be generated against which the tax loss or the tax credit can be used.

Deferred tax liabilities, if present, are booked in any case.

Deferred tax assets and liabilities are determined on the basis of the tax rates envisaged for the taxation of income in the years in which the temporary differences will reverse, based on the tax rates and tax legislation in force or essentially in force as at the reference date. The effect of the change in tax rates on the aforementioned taxes is booked to the income statement in the year in which said change materialises. Deferred tax assets and liabilities are only set off when legally allowed.

Impairment and reversal of impairment of assets (impairment test)

On the balance sheet date, the carrying amount of tangible and intangible assets and equity investments is subject to verification to determine whether there are indications that these assets have suffered impairment. If these indications exist, we proceed to estimate the value of these assets, to verify the recoverability of the amounts recorded in the financial statements and determine the amount of any write-down to be recorded. For intangible assets with an indefinite useful life and those in progress, the impairment test is carried out at least annually, regardless of whether or not events occur that lead to the assumption of a reduction in value, or more frequently in the case that events or changes in circumstances occur which may bring about any reduction in value.

If it is not possible to estimate the recoverable value of an asset individually, the estimated recoverable value is included within the Cash Generating Unit (CGU) the asset belongs to. This verification consists in estimating the recoverable value of the asset (represented by the higher between the presumable market value, net of selling costs, and the value in use) and in comparison with the related net carrying amount. If the latter is higher, the asset is written down to the extent of the recoverable amount. In determining the value in use, the expected future cash flows before taxes are discounted using a discount rate, before taxes, which reflects the current market estimate in relation to the cost of capital based on time and the specific risks of the asset. In the case of estimation of future cash flows of operating CGUs in operation, cash flows and discount rates are used instead net of taxes, which produce results that are substantially equivalent to those deriving from a pre-tax assessment. The impairment losses are recorded in the income statement and are classified differently depending on the nature of the impaired asset.

At the closing date of the financial statements, if there is an indication an impairment loss recognised in previous years may have been reduced, in whole or in part, the recoverability of the amounts recorded in the financial statements is checked and the potential amount of the write-down to be reversed is determined; this reversal cannot in any case exceed the amount of the write-down previously carried out. The relative impairment losses are restored, within the limits of the write-downs carried out, if the reasons that generated them cease to exist, except for goodwill and for the consideration of participating financial instruments valued at cost, in cases where the fair value cannot be reliably determined and they cannot be restored.

Earnings per share

The basic earnings per share are calculated by dividing the result for the year by the weighted average of the Company’s shares outstanding during the year, excluding treasury shares.

The diluted earnings per share are calculated by dividing the result for the year by the weighted average of the Company’s shares outstanding during the year, excluding treasury shares, increased by the number of shares that could potentially be issued.

It should be noted that, as at 31 December 2022, there were no shares that could potentially be placed in circulation.

Estimates and evaluations

In application of IFRS, the preparation of annual accounts requires estimates and assumptions that are reflected in the determination of the carrying amounts of the assets and liabilities, as well as the information provided in the explanatory notes, also with reference to the contingent assets and liabilities present at the reporting date. These estimates are mainly used to determine amortisation, impairment testing of assets (including the estimate of the write-down of financial assets), funds for provisions, employee benefits, and the fair value of financial assets and liabilities, the state of completion of the activities relating to the provision of services that generate revenues, current, prepaid and deferred taxes.

In particular, the estimates made are complex by nature and characterised by a high degree of uncertainty as they can be influenced by multiple variables and assumptions that include technical and economic assumptions.

In making the budget estimates, the main sources of uncertainties that could have an impact on the evaluation processes are considered. Therefore, the subsequently recorded actual results could differ from these estimates; however, the estimates and valuations are reviewed and updated periodically and the effects deriving from any change are immediately reflected in the financial statements.

The estimates also took into account assumptions based on the parameters, market and regulatory information available as at the date the preparation of the financial statements. The current facts and circumstances that influence the assumptions regarding future developments and events, however, may change due to changes in market developments or applicable regulations that are beyond the control of the Group. These changes in assumptions are also reflected in the financial statements when they occur.

On the basis of the rules defined at national and local level, an estimate was made of the Government grants pertaining to support revenue losses, during the period of lockdown and application of the restrictions as a result of the Covid pandemic.

Revenues from contracts with customers

The recognition of revenues from contracts with customers includes variable components, in which penalties are especially significant (other than those envisaged for compensation for damages). The variable components are identified at the inception of the contract and estimated at the close of each accounting period during the entire period of contractual validity, to take account of both new circumstances that materialised, and changes in the circumstances already considered for the purposes of previous evaluations. The variable price components include liabilities for future reimbursements.

Funds for provisions

The Group incorporates in Funds for provisions the probable liabilities attributable to disputes and expenses related to personnel, suppliers, third parties and, in general, other expenses deriving from the obligations undertaken. These assessments include, among other things, the measurement of the liabilities that could result from various types of disputes and proceedings, the economic effects of seizures ordered and still not definitively assigned, as well as foreseeable adjustments or reimbursements to be made to customers in cases in which they are not definitively determined.

The calculation of the allocations involves the assumption of estimates based on current knowledge of factors which may change over time, being able to generate final outcomes that are also significantly different from those taken into account in the drafting of these financial statements.

Impairment and stage allocation of financial instruments

For the purposes of the calculation of impairment and the determination of the stage allocation, the main factors subject to estimates by the Group, relating to the internal model prepared for counterparties, are as follows:

- estimate of the ratings for counterparties
- estimate of the probability of default for counterparties.

Depreciation of tangible assets and amortisation of intangible assets

The cost of tangible and intangible assets is amortised/depreciated on a straight-line basis over the estimated useful life of each asset. The economic useful life is determined at the time of purchase of the assets and is based on historical experience for similar investments, market conditions and the anticipation of any future events that could have an impact, including changes in technology. The actual useful life may therefore differ from the estimated useful life.

In particular, with regard to the depreciation plan relating to buses and trolley buses used as part of the service contracts for the LPT of Bologna and Ferrara, the estimated residual value at the end of the agreements was based on specific appraisals drawn up by an independent expert who determined the takeover value that will presumably be recognised to TPER in application of the criteria identified by Resolution no. 49 of 17 June 2015 of the Transport Regulatory Authority and referring to the UNI 11282/2008 standard and subsequent amendments or additions.

Deferred tax assets

Accounting for deferred tax assets takes place on the basis of expectations of taxable income in future years. The valuation of expected taxable income, for the purpose of accounting for deferred taxes, depends on factors that may vary over time and have significant effects on the valuation of said financial statements item.

Employee severance indemnity

The evaluation of employee severance indemnity is also based on the conclusions reached by the Group's external actuaries. The calculation takes account of the Employee severance indemnity accrued for work already carried out and is based on the different demographic and economic-financial assumptions. These assumptions, also based on experience and reference best practice, are subject to periodic revisions.

Going concern

In compliance with the provisions of IAS 1 pursuant to paragraph 25, in the preparation phase of this annual report, the Group carried out an assessment of its ability to continue to operate as a going concern. In this regard, the aforementioned standard establishes that "An entity must prepare financial statements on a going concern basis unless management intends to liquidate the entity or discontinue its operations, or has no realistic alternatives to this. *If management is aware, in making its judgements, of significant uncertainties relating to events or conditions that may give rise to serious doubts about the entity's ability to continue as a going concern, the entity must highlight these uncertainties. If an entity does not prepare its financial statements on a going concern basis, it must disclose that fact, together with the criteria on the basis of which it prepares the financial statements and the reason why the entity is not considered to be operating*".

In their assessment, the directors took into account the circumstances related to Covid-19 which also significantly influenced the results for the 2022 financial year, as well as those connected to the evolution of the macroeconomic scenario following the Russian-Ukraine conflict.

In relation to the company's ability to fulfil its obligations in the future, the following elements were considered:

- the effects of government measures that have already taken place in support of local public transport, which include aid: (i) intended to offset the reduction of tariff revenues from to passengers recorded in the period of application of the limitations intended to contain the COVID-19 epidemiological emergency; and (ii) to deal with exceptional increases in the prices of fuels and energy products;
- other actions implemented by the national and supranational authorities to tackle the health crisis and the increase in prices of raw materials and to deal with the relevant economic and financial fall-out;
- the availability of liquidity reserves or other forms of access to credit which would allow the Group to get through a period characterised by increased costs, without ending up in a position whereby its business continuity is compromised.

In this context, as at 31 December 2022 the Group had a Net Financial Position of Euro 12.5 million, of which: (i) cash and cash equivalents of Euro 60.4 million; (ii) current financial payables for Euro 35.3 million; and (iii) non-current financial payables for Euro 37.5 million. The Group also has cash credit lines that can be used immediately for Euro 10 million, with the possibility of an increase upon request.

In light of the above considerations, based on the 2023 budget and the cash plan prepared with a time horizon of 12 months, up until June 2024, the Directors considered the going concern assumption to be appropriate and correct after having verified the Group's ability to fulfil its obligations in the foreseeable future.

Accounting standards, interpretations and improvements applied from 1 January 2022

The following documents, previously issued by the IASB and endorsed by the European Union, which amend the international accounting standards, came into force from 1 January 2022:

Amendment to IFRS 3 Business Combinations

Issued on 14 May 2020, it updates the reference in IFR3 to the Conceptual Framework in the revised version, without these implying changes to the provisions of the standard.

Amendment to IAS 16 Property, Plant and Equipment

Issued on 14 May 2020, it does not allow the amount received from the sale of goods produced before the asset was ready for use to be deducted from the cost of the fixed asset. These sales revenues, and the related costs will be recognised in the income statement.

Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Issued on 14 May 2020, it clarifies which cost items must be considered to assess whether a contract will be loss-generating. In this regard, the "cost necessary for the fulfilment" of the contract includes the costs directly related to the same, which consist of: (i) costs necessary for the fulfilment of this contract; and (ii) the allocation of other costs directly related to the fulfilment of the contract.

In light of the amendment, the costs included in the estimate of the provision allocated to cover future charges deriving from the contract governing the management of the People Mover service were recognised. The analysis highlighted the need to deduct part of the costs that were not directly related to the fulfillment of the contract from the aforementioned estimate. For further details, please refer to note 13 - "Funds for provisions".

Annual Improvements 2018-2020

Issued on 14 May 2020, it makes changes:

- To IFRS 1 First-time Adoption of International Financial Reporting Standards, where a subsidiary that applies paragraph D16 of IFRS 1 is allowed to recognise the cumulative translation differences using the amounts recognised by its parent company at the date of transition of the parent company itself;
- to IFRS 9 Financial Instruments, where clarifications are provided on which fees to include in the 10% test required by paragraph B3.3.6 when evaluating whether to eliminate a financial liability;
- In IAS 41 Agriculture, where in order to ensure consistency with the requirements of IFRS13, the paragraph whereby entities did not include tax cash flows in the fair value measurement of a biological asset using the present value technique is eliminated; and
- to the Illustrative Examples accompanying IFRS 16 Leases, by deleting the Illustrative Example 13, in order to avoid confusion regarding the treatment of leasing incentives, due to how the incentives are illustrated in the example in question.

Newly issued accounting standards and interpretations, revisions and amendments to existing standards not yet in force or not yet approved

As required by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the new accounting standards and interpretations are reported below, as are the changes to the existing standards and interpretations already applicable, not yet effective as at 31 December 2022, that could be applied in the future in the Group's consolidated financial statements.

Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information

Issued on 9 December 2021, it allows the use of the transition option relating to the comparative information of financial assets at the time of first-time adoption of IFRS 17. The option allows entities to reclassify in the comparative information and individually, all the financial instruments falling within the scope of application of the standard in order to avoid accounting mismatch with respect to the classification envisaged by the international accounting standard IFRS 9. The amendments are applicable starting from the financial years starting on 1 January 2023. Early application is permitted.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

Issued on 23 January 2020, it provides clarifications on the classification of liabilities as current or non-current. The amendments to IAS 1 are effective starting from financial years starting on 1 January 2023.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Issued on 7 May 2021, it aims to standardise the ways in which entities account for deferred taxes on operations such as leasing and dismantling costs. The main change concerns the introduction of an exception to the exemption for the initial recognition (IRE) of deferred taxation for assets and liabilities envisaged by IAS 12. Specifically, the exception provides for the non-applicability of the exemption of IAS 12 for the initial recognition of all those transactions that give rise to temporary differences that are equal or subject to offsetting. By limiting the exemption to initial recognition only, the impact will be of a progressive improvement and comparability of the information for the benefit of the users of the financial statements, with reference to the tax impact of leasing operations and dismantling costs.

The changes will be applied starting from the financial years beginning on or after 1 January 2023. Early application is permitted.

IFRS 17 Insurance Contracts

On 18 May 2017, the IASB issued IFRS 17 "Insurance Contracts", which defines the accounting of insurance contracts issued and reinsurance contracts held. The provisions of IFRS 17, which establish the criteria for the recognition, measurement, presentation and disclosure of insurance contracts, exceed those currently envisaged by IFRS 4 "Insurance Contracts" and aim to ensure that users of financial statements can measure the effect of these contracts on the financial position, results and cash flows of companies. The standard is expected to be applied for financial years starting on 1 January 2023.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

Issued on 22 September 2022, it aims to clarify the impact that a sale or leaseback transaction could have on a financial liability that involves variable payments not related to indices or rates. The main change in the subsequent measurement of the financial liability concerns the determination of lease payments and revised lease payments so that, following a leaseback transaction, the seller-lessee does not recognise any profit or loss relating to the right to use it holds. The purpose of the amendment is to avoid the recognition of profits and losses, relating to the right of use recorded, following events that involve a remeasurement of the payable (for example, change in the lease agreement or its duration). Any gains and losses deriving from the partial or total extinction of a lease agreement continue to be recognised for the part of the right of use that has ceased. The amendments are applicable from 1 January 2024 with the possibility of early application.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

Issued on 12 February 2021, it requires companies to provide relevant information on the accounting principles applied and suggests avoiding or limiting unnecessary information. The amendments to IAS 16 are effective starting from financial years starting on 1 January 2023.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

Issued on 12 February 2021, it clarifies, also through some examples, the distinction between changes in estimates and changes in accounting standards. The distinction is relevant in that the changes in estimates are applied prospectively to future transactions and events, while changes in accounting standards are generally applied retrospectively. The changes will be applied starting from the financial years beginning on or after 1 January 2023, early application is permitted.

For all the reviewed standards as well as to the existing standards, the Group is evaluating any impacts currently not reasonably estimated, deriving from their future application.

Significant events after the close of the year

TPH2, the new company for integrated hydrogen charging systems

In January 2023, the new company TPH2 was established, which represents a first turning point in a process that began last autumn, when the Group began working on the hydrogen project as part of the energy mix intended for local public transport in the two areas of Bologna and Ferrara.

The new Group company was established between TPER S.p.A. (which holds 51% of its share capital) and HGENERATION S.r.l., a company of the Italian division of the Wolftank group, an international leader in the development and implementation of hydrogen mobility solutions.

This confirms the custom of operating in partnership with entities that have developed specific skills in the sector, an operational-industrial partner having already been identified, through a public selection process, in a company of the Wolftank Group, for the establishment of the company.

A further step in the Group's ecological path, which continues to invest in the use of clean energy for the energy transition. TPH2 will be responsible for creating integrated hydrogen recharging systems for buses, in accordance with the NRRP deadlines by 2026.

In this way, what is already set forth in the agreement signed between the Municipality of Bologna, the Parent Company TPER and the SRM mobility agency is implemented to renew the vehicle fleet of the local public transport service with zero-emission vehicles with 127 vehicles, one of the actions of renewal of the current fleet and of the essential infrastructures that are part of the urban decarbonisation path that aims at climate neutrality by 2030 in Bologna, included among the 100 European cities with zero impact as part of the Horizon Europe mission of the European Commission. A similar protocol is being defined with the Municipality of Ferrara for 10 additional vehicles, also financed by the NRRP.

IRAP tax dispute 2011

On 30 January 2023, the appeal filed by the Parent Company TPER against ruling no. 255/2016 issued by the Bologna Provincial Tax Commission was rejected by the judgement of the second instance Court of Justice of Emilia-Romagna.

The facts originate from the assessment notice sent by the Revenue Agency to contest an overall higher IRAP tax, for the year 2011, ascertained at Euro 1.3 million, plus penalties and interest. The main issue concerned the conviction of ATC in liquidation not to operate under the concession and tariff regime. Consequently, the same company considered that it could legitimately benefit from the flat-rate labour cost deduction from IRAP pursuant to art. 11 of Italian Legislative Decree no. 446/1997. The Revenue Agency held the opposite view and, by virtue of art. 173 of Presidential Decree no. 917/1986 and of the joint liability in the event of merger, also included TPER S.p.A. in its claim.

With ruling no. 2/8/2020, delivered on 15 November 2019, the Regional Tax Commission rejected the taxpayer TPER's appeal. In particular, the appeal decision considered that the substantive objections concerning the validity of the IRAP recovery were to be rejected because they had already been decided, in favour of the Administration, in which ATC S.p.A. in liquidation was a party, concerning the same assessment notice under discussion.

The company TPER S.p.A. challenged ruling no. 2/08/2020, requesting its cassation; on the other hand, no further appeal was brought against the company ATC in liquidation, against which the decision became final.

The Court of Cassation, Section V, with ruling no. 6610 delivered at the hearing of 23 February 2022, quashed the ruling of the Emilia-Romagna Regional Tax Commission, on the basis of the finding of an apparent justification that did not include the reasons for the decision. As a result of this ruling, TPER filed a petition for the resumption of proceedings, which, however, was decided against the appellant, confirming the contested ruling.

It should be noted that the risk of losing does not entail significant outlays for the Parent Company, in light of the fact that the amount of the tax has already been paid. In any case, with regard to the decision of the Regional Tax Commission of Emilia-Romagna, the Parent

Company is evaluating the opportunity to challenge the decision before the Court of Cassation.

New credit lines to support the investment plan

In order to strengthen liquidity, in view of the investments the Group is committed to, in May 2023 the Parent Company TPER finalised a financing transaction divided into three separate loans, namely:

- a revolving loan, contracted with a pool of lenders, for a maximum principal amount of Euro 65 million to be used to support the investment plan relating to the renewal and improvement of the rolling stock and related infrastructure pending the provision by part of the competent mobility agency and/or other competent entity (Emilia-Romagna Region, Municipality of Bologna, Municipality of Ferrara, Ministry of Infrastructures) of an amount corresponding to certain public contributions intended in the last resort to TPER regulated at a variable rate and of a four-year duration;
- a term loan, backed by a "Sace Green" guarantee, for a total principal amount of up to Euro 15 million to be used to support investments in the regulated bus fleet at a variable rate and with a duration of eight years;
- a term loan, backed by a "Sace Green" guarantee, for a total amount of principal of approximately Euro 12 million to be used to support investments in the train fleet regulated at variable rates and with a duration of 10 years.

The first two lines are sustainability-linked and envisage a margin adjustment linked to the achievement of specific ESG objectives.

To guarantee the payment obligations deriving from the loans taken out, a set of guarantees ("*Security Package*") is envisaged for which TPER, in accordance with the commitments set forth in the terms and conditions of the bond issued, requested specific consent from the bondholders. The Bondholders' Meeting, which met on 18 May 2023, unanimously resolved to consent to the establishment of the Security Package also in partial derogation of art. 5.6 of the terms and conditions of the bond loan, against the extension of the guarantees related to the receivables from termination indemnities of the Bologna and Ferrara areas also with respect to the Bondholders.

Bad weather emergency

Starting from 15 May 2023, a strong wave of bad weather affected, in particular, the provinces of Bologna, Forlì-Cesena and Ravenna. According to the data provided by the Emilia-Romagna Region, 23 rivers and watercourses in the region have overflowed and 13 have exceeded the alarm level. As a result of the floods, the road and railway infrastructure suffered considerable damage, with consequent impacts on the services provided and on people's mobility.

In coordination with the institutions, the Group constantly monitors the situation, guaranteeing, where possible, and compatible with safety conditions, local public transport services. At the same time, a survey is being carried out on any damage suffered by vehicles and road infrastructures in order to adequately remodel the service, guaranteeing the mobility of people.

Impacts related to the evolution of the macroeconomic scenario

The conflict between Russia and Ukraine has generated serious repercussions not only at the humanitarian level, but also at the economic level, significantly impacting global financial markets. The resulting sanctions imposed by governments around the world on the Russian economy and the countermeasures adopted by the latter have contributed to the strong push up in the prices of raw materials (with particular reference to energy, metals and agricultural goods) and significant inconvenience in international trade activities.

The significant inflationary increase generated by the conflict has led to a change of course in the monetary policy of the main global central banks, now directed towards greater restrictiveness and austerity, as confirmed by the decisions of the ECB in relation to the increase in interest rates and purchases. of the public debt of EU member states. This change of course inevitably generates an increase in financial interest rates, with impacts on the real economy, on the level of investments made by individual companies, on their production levels and on the employment rate.

The changed macroeconomic context following the outbreak of the Russian-Ukrainian conflict led the European Securities and Market Authority (ESMA), in the Public Statement of 13 May 2022 - *Implications of Russian's invasion of Ukraine on half year financial report* - to recommend a fair level of transparency in financial disclosures, so that they can adequately reflect the current and, as far as possible, foreseeable impact of the conflict on the financial situation, performance and cash flows of companies. The overall assessment of the effects related to the Russian-Ukrainian conflict, however, did not lead to the identification of elements such as to determine the need to carry out impairment tests on the assets recorded in the financial statements, although the most significant impacts were identified in the increase in the cost of fuels used to supply the rolling stock.

First of all, it should be noted that TPER and its subsidiaries do not have direct exposure to the nations directly involved in the conflict. However, the Group is indirectly exposed to the effects that the continuation of the conflict could have on the geopolitical context and on the main economic and macroeconomic variables such as (i) the increase in the price of raw materials; (ii) the rise in interest rates.

With reference to the first aspect, the increase in the price of raw materials and commodities in general, especially with reference to the costs of fuels and energy, has already led to an increase in costs that the Group will have to incur in relation to the provision of transport services. The Group constantly monitors the trend of its costs and the company situation, constantly verifying the potential impacts on its planning, while respecting the commitments undertaken in terms of investments, attention to the quality of the service and to its users. It should also be noted that in 2022 and in the first months of 2023, the instruments used to support businesses were used, such as: (i) tax credits on energy and gas consumption; and (ii) the fund established at the Ministry of Sustainable Infrastructure and Mobility for the recognition of a contribution aimed at dealing with exceptional increases in the prices of fuels and energy products in relation to the provision of local public transport services.

On the other hand, in relation to the increase in interest rates, it should be noted that this will inevitably lead to an increase in the cost of debt related to future financing transactions that the Group is preparing to conclude in order to support its investment plan. In this context, it should be noted that the Group:

- as at 31 December 2022, it has a financial exposure almost entirely remunerated at a fixed rate
- has already started a strategy of concentration on the Parent Company of the activities of raising credit capital, which makes it possible to carry out transactions of more significant volume with consequent mitigation of the impacts deriving from the increase in interest rates
- constantly assesses the market opportunities, aimed at any hedging transactions through derivative financial instruments, which could constitute a valid control to mitigate the risk of fluctuations in its cash flows.

Impacts from climate change

Sustainability is at the heart of the Group's strategy in line with the objectives of the United Stations 2023 Agenda for sustainable development. The achievement of these objectives requires the implementation of significant actions aimed at a more efficient and sustainable use of the resources used, an increasing attention to safety and the promotion, without distinction of gender, of the Group's talents. This must be achieved by actively involving the Group's supply chain with the aim of studying and implementing solutions that use materials with progressively lower emission factors.

Sensitivity to the evolution of climate change and its effects on the businesses managed is now a consolidated issue at international level, which is also reflected in a greater demand for disclosure in the annual financial report. Although there is no international accounting standard that regulates how the impacts of climate change are to be considered in the preparation of financial statements, the IASB has issued some documents to support IFRS-Adopters in meeting this request for interested parties' disclosure. Similarly, ESMA, in its *European Common Enforcement Priorities*, highlighted that issuers must consider climate risks in the preparation of IFRS financial statements to the extent that they are material regardless of whether or not these risks are explicitly envisaged by the accounting standards of reference.

The Group describes its considerations regarding actions related to the mitigation of the effects of climate change as well as climate change adaptation in the non-financial statement. In this context, considering the business sectors in which it operates in continuing the definition of updated future plans currently being developed and prepared, certain risks deriving from the current mitigation and adaptation process have been identified.

For the sectors in which the Group operates, the main effects deriving from climate change have been identified as the need to continue investments in infrastructure and vehicles.

In particular, with reference to the infrastructure and vehicles used in the local public road transport service, the management has assessed that these investments change the expectation of future economic benefits related to the buses that will be replaced. Consequently, the useful life of vehicles whose replacement is likely before the end of the service contracts was reviewed and the relative residual value was zeroed (represented by an estimate of the market value that will be recognised at the end of the service contracts by a possible new contractor).

In relation to railway rolling stock, a timely recognition of the risks associated with the existence of impairment indicators was carried out. The analysis carried out showed the presence of these indicators for two diesel-powered trains, with regard to the fact that they had to be decommissioned earlier than expected, in light of the gradual process of electrification of the regional railway network. With specific reference to these assets, an impairment test was therefore carried out, the outcome of which led to the recognition of a write-down of an amount of Euro 2.3 million recognised in the income statement for the year ended 31 December 2022.

For all other investments, management concluded that they were not able to reduce or change the expectation of future economic benefits associated with the use of tangible and intangible assets. In pursuing the definition of updated development plans currently being prepared, no further specific considerations were identified to be factored into the application of the accounting standards for the preparation of the financial statements.

Finally, it should be noted that the legislation introduced in response to climate change could give rise to new obligations that did not exist before.

Information on the Consolidated Statement of Financial Position

The items in the statement of financial position as at 31 December 2022 are commented on below. The values in brackets in the headings of the notes refer to balances as at 31 December 2021.

1. Tangible Assets

Euro 183,133 (179,604) thousand

Tangible assets as at 31 December 2022 showed a net value of Euro 183,133 thousand compared to the net value as at 31 December 2021, amounting to Euro 179,604 thousand. The table below shows the initial and final amounts of the items of tangible assets, with evidence of the original cost and accumulated depreciation as at the end of the year.

	31/12/2022			31/12/2021		
In thousands of Euro	Cost	Accumulated amortisation	Net value	Cost	Accumulated amortisation	Net value
Real estate	4,585	1,545	3,040	4,617	1,499	3,118
Real estate under construction	188		188	188		188
REAL ESTATE	**4,773**	**1,545**	**3,228**	**4,805**	**1,499**	**3,306**
Rolling stock buses/trolley buses	307,556	217,807	89,749	316,571	229,400	87,172
Rolling stock of buses/trolley buses in progress	7,336		7,336	6,834		6,834
Railway rolling stock	99,325	29,963	69,362	93,261	24,181	69,080
Vehicle rolling stock	3,629	3,091	538	3,631	2,900	731
ROLLING STOCK	**417,846**	**250,861**	**166,985**	**420,297**	**256,481**	**163,816**
Infrastructure	28,351	20,027	8,324	27,878	19,688	8,189
Infrastructure in progress	2,330		2,330	1,822		1,822
INFRASTRUCTURE	**30,681**	**20,027**	**10,654**	**29,700**	**19,688**	**10,012**
OTHER TANGIBLE ASSETS	**13,822**	**11,556**	**2,266**	**13,320**	**10,850**	**2,470**
TOTAL	**467,122**	**283,989**	**183,133**	**468,122**	**288,518**	**179,604**

Compared to the previous year, tangible assets recorded a change of Euro 3,529 thousand mainly due to:

- investments made in 2022 amounting to Euro 31,308 thousand;
- amortisation for the year of Euro 16,615 thousand;
- write-downs for impairment of Euro 2,349 thousand;
- grants on investments amounting to Euro 8,331 thousand.

During 2022, there were no significant changes in the estimated useful life of the assets.

The table below provides details on the changes in 2022. In the table, the values of the disposals are shown net of the accumulated depreciation.

In thousands of Euro	31/12/2021 Net value	Investments	Amortisation/depreciation	Write-downs and write-backs	Disposals	Reclassifications and other changes	Grants on investments	31/12/2022 Net value
Real estate	3,118	12	(90)	-	-	-	-	3,040
Real estate under construction	188	-		-	-	-	-	188
REAL ESTATE	**3,306**	**12**	**(90)**	**-**	**-**	**-**	**-**	**3,228**
Buses/trolley buses	87,171	1,492	(11,443)	-	(192)	21,110	(8,389)	89,749
Bus/trolley bus in progress	6,834	21,613	-	-	-	(21,111)	-	7,336
Rail	69,080	6,064	(3,433)	(2,349)	-	-	-	69,362
Motor vehicles	731	46	(239)	-	-	-	-	538
ROLLING STOCK	**163,816**	**29,214**	**(15,116)**	**(2,349)**	**(192)**	**-**	**(8,388)**	**166,985**
Infrastructure	8,190	1,056	(716)	-	(641)	378	57	8,324
Infrastructure in progress	1,822	530	-	-	(14)	(8)	-	2,330
INFRASTRUCTURE	**10,012**	**1,587**	**(716)**	**-**	**(655)**	**370**	**57**	**10,654**
OTHER TANGIBLE ASSETS	**2,470**	**496**	**(694)**	**-**	**(2)**	**(4)**	**-**	**2,266**
TOTAL	**179,604**	**31,308**	**(16,615)**	**(2,349)**	**(849)**	**366**	**(8,332)**	**183,133**

The item “Real estate”, amounting to Euro 3.228 thousand, includes buildings and land owned for the purposes of operations.

Rolling stock amounted to Euro 166,985 thousand as at 31 December 2022 and includes:

- the value of buses and trolley buses, totalling Euro 97,085 thousand as at 31 December 2022, used to provide local public transport services in the Bologna and Ferrara areas and regulated by specific service contracts;
- the value of the railway rolling stock, partly used in the context of freight transport activities and partly leased to the jointly controlled company Trenitalia Tper S.c.r.l. (hereinafter “TT”) which guarantees the coordination and performance of the services to be rendered in execution of the service contract with the Company Ferrovie Emilia-Romagna S.r.l. for the provision of the public passenger transport service by rail under the responsibility of the Emilia-Romagna Region;
- the value of the vehicles used to support the local public transport services provided.

With reference to railway rolling stock, it should be noted that at the end of the 2022 financial year, some indicators of impairment were found for two diesel-powered trains rented to TT, including: (i) the circumstance that said trains will be replaced with electric trains by 2025 in accordance with the agreements reached with TT; (ii) the fact that the use of diesel-powered vehicles, also as a result of environmental sustainability objectives, is increasingly less attractive, with the consequent reduction in the market value of these assets, higher than those expected due to the passing of the time or normal use; (iii) the program launched by the Emilia-Romagna Region for the complete electrification of regional railway lines, which provides for the replacement of diesel-powered trains with electric vehicles.

The existence of impairment indicators made it appropriate to carry out an impairment test, in accordance with IAS 36. The test was conducted both by determining the fair value of the aforementioned railway vehicles, whose determination was entrusted to an independent expert, and by determining the value in use by applying the Unlevered Discounted Cash Flow method. The outcome of the test showed the need to make a write-down of Euro 2,349 thousand to align the carrying amount of the assets with their recoverable value, assumed to be equal to the value in use as the latter was higher than the value in use at fair value.

In particular, as regards the estimate of the value in use, reference was made to:

- in terms of cash flows to the lease payments collected from TT;
- in relation to these flows' forecast period, over the 2023-2025 time horizon, in accordance with the forecasts of vehicle replacement. Beyond this horizon, the vehicles' terminal value was estimated;
- at a discount rate of 8.8%, determined in the weighted average cost of capital (WACC) configuration.

In addition, a sensitivity analysis was carried out on the value in use by increasing the discount rate indicated by 1%, evaluating it as the only representative element of a medium-term stress test. The results of the analysis carried out confirmed the substantial accuracy of the write-down made.

The "infrastructure" item, amounting to Euro 10,654 thousand as at 31 December 2022, includes the value of the works carried out on third party assets, issuers, validators, electronic information panels and information systems for users.

Lastly, the item “Other tangible assets” includes the value of plant, equipment and furniture and office furnishings.

It should be noted that as at 31 December 2022, the tangible assets are not encumbered by mortgages, liens or other collateral securities that limit their availability.

2. Intangible assets

Euro 16,277 (16,678) thousand

In thousands of Euro	31/12/2022			31/12/2021		
	Cost	Accumulated amortisation	Net value	Cost	Accumulated amortisation	Net value
Concession rights	18,201	2,326	15,875	18,201	1,938	16,263
Other intangible assets	492	90	402	499	84	415
TOTAL	**18,693**	**2,416**	**16,277**	**18,700**	**2,022**	**16,678**

The item includes concession rights, of Euro 15,857 thousand as at 31 December 2022, relating to the concession contract for the compendium of the Dinazzano Po freight yard formalised on 4 August 2017 by means of a deed with Register no. 15625 with the Province of Reggio Emilia. The concession, with a total duration of 50 years, expires on 14 July 2064. It should be noted that the Dinazzano and Guastalla freight railway stations are managed by the TPER Group with effect from 1 February 2012, as part of the partial demerger of the transport branch carried out by FER S.r.l. to FER Trasporti S.r.l. which, on the same date, was merged into the company TPER S.p.A.

The item other intangible assets, equal to Euro 402 thousand as at 31 December 2022, is mainly composed of software.

The table below shows the amounts at the beginning and at the end of the year as well as the relative changes occurred in 2022.

In thousands of Euro	31/12/2021	CHANGES IN THE FINANCIAL YEAR				31/12/2022
	Net value	Investments	Amortisation/depreciation	Disposals	Other Reclassifications	Net value

Concession rights	16,263	-	(388)			15,875
Other intangible assets	415	323	(339)		3	402
TOTAL	**16,678**	**323**	**(727)**	**-**	**3**	**16,277**

During the 2022 financial year, concession rights recorded a change due to the effect of the amortisation for the year of Euro 388 thousand.

On the other hand, other intangible assets recorded an increase of Euro 323 thousand in relation to investments made mainly for the acquisition of software licenses and a decrease of Euro 339 thousand due to amortisation.

3. Assets for rights of use and liabilities for leased assets

Right-of-use assets

Euro 8,861 (8,206) thousand

In thousands of Euro	LPT Bologna and Ferrara	Company cars	Business unit rental fees	Car sharing	Transport of goods	TOTAL
Opening balance as at 1/01/2022	**1,339**	**74**	**2,094**	**398**	**4,301**	**8,206**
Increases/(decreases)	1,068	197	182	(55)	3,056	**4,450**
Amortisation/depreciation	(697)	(102)	(978)	(337)	(1,680)	**(3,795)**
Closing balance as at 31/12/2022	**1,710**	**169**	**1,298**	**6**	**5,677**	**8,861**

Right-of-use assets equal to Euro 8,861 thousand as at 31 December 2022 refer to:

- Euro 1,710 thousand for contracts relating to the management of Local Public Transport in the Municipality of Bologna and Ferrara;
- Euro 169 thousand for the rental of company cars;
- Euro 1,298 thousand, for the right of use relating to the business unit rental contract (LPT Bologna) entered into between TPER, via the TPB consortium and the granting body SRM, in-house company of the Municipality of Bologna on 4 March 2011 and the concession contract for use of the assets conducive to the LPT service of the Municipality of Ferrara;
- Euro 6 thousand for the leasing of cars used for the provision of the car-sharing service under the Corrente brand;
- for Euro 5,677 thousand to contracts relating to the rental of rolling stock used in freight transport activities.

The changes that occurred during the year 2022 include both the effects of the adjustments to the lease payments of each contract qualified as a lease pursuant to IFRS 16, made as a contra-entry to specific adjustments of the related financial liabilities, and the effects of the new contracts entered into during 2022.

It should be noted that for the lease contracts used as part of the existing service contracts, if the duration of the lease is longer than that of the related service contract, reference is made to this last duration in determining the rights of use, on the assumption that the rights in question are closely related to the activities to which they refer.

Liabilities for leased assets

(Non-current portion) Euro 4,572 (5,464) thousand

(Current portion) Euro 3,318 (2,418) thousand

In thousands of Euro	LPT Bologna and Ferrara	Company cars	Business unit rental fees	Car sharing	Transport of goods	TOTAL
Opening balance as at 01/01/2022	**1,908**	**39**	**2,148**	**441**	**3,346**	**7,882**
of which:						
Current liabilities	1,026	39	918	435	-	2,418
Non-current liabilities	882	-	1,230	6	3,346	5,464
Closing balance as at 31/12/2022	**1,648**	**116**	**1,391**	**12**	**4,723**	**7,890**
of which:						
Current liabilities	733	116	946	12	1,511	**3,318**
Non-current liabilities	915	-	445	-	3,212	**4,572**

Liabilities for leased assets, totalling Euro 7,890 thousand, are substantially in line with those of the previous year (Euro 7,882 thousand) and are related to the rights of use described above. During the year 2022, financial charges for a total of Euro 249 thousand accrued on the same liabilities (Euro 215 thousand in 2021).

4. Equity investments

Euro 17,274 (16,503) thousand

At 31 December 2022, the item shows a positive change of Euro 771 thousand compared to the end of the previous year.

The following table shows the opening and closing balances of the equity investments held by the Group, classified by category, and the related changes that occurred in 2022.

	31/12/2021		Valuation based on the equity method				31/12/2022
In thousands of Euro	Opening balance	Acquisitions and capital contributions	Income Statement	Other components of the comprehensive income statement	Transfers and capital repayments	Reclassifications and other changes	Closing balance
Equity investments accounted for at *fair value*	**3,341**	**-**	**-**	**-**	**-**	**1**	**3,342**
Equity investments accounted for using the equity method	**13,162**	**-**	**(357)**	**1,126**	**-**	**1**	**13,932**
- associates	9,428	-	(998)	1,126	-	1	9,557
- joint ventures	3,734	-	641	-	-	-	4,375
Equity investments	**16,503**	**0**	**(357)**	**1,126**	**0**	**2**	**17,274**

It should be noted that the valuation based on the equity method of investments in associates and joint ventures is carried out using the latest approved financial statements made available by the individual companies.

No indicators of possible impairment were identified for any of the equity investments and, consequently, no impairment tests were carried out.

In particular, it should be noted that: (i) the portion charged to the income statement is attributable to the pro-rata losses of the associated companies SETA S.p.A. (for Euro 1,323 thousand) and Marconi Express S.p.A. (for Euro 395 thousand), partially offset by the pro-rata profit of Trenitalia Tper S.p.A. (for Euro 641 thousand); (ii) the portion recognised in other comprehensive income (for Euro 1,126 thousand) relates to the positive change in the fair value of a financial instrument hedging the risk of fluctuations in cash flows held by Marconi Express S.p.A. to manage the risk of changes in interest rates on certain financial exposures.

The following table shows the details of the equity investments held by the Group as at 31 December 2022, with an indication of the percentages of ownership and the relative carrying amount. With reference to the investments held by the Group in associates and joint ventures, there are no investments in individually significant companies with respect to both total consolidated assets, and management activities and geographical areas and, therefore, the additional information required in such cases by IFRS 12 is not provided.

	31/12/2022				31/12/2021			
In thousands of Euro	**% ownership**	**Cost**	**Revaluations (write-downs)**	**Final value**	**% ownership**	**Cost**	**Revaluations (write-downs)**	**Final value**
Equity investments accounted for at *fair value*		**4,042**	**(700)**	**3,342**		**4,041**	**(700)**	**3,341**
Start Romagna S.p.A.	14%	4,036	(700)	3,336	14%	4,036	(700)	3,336
Consorzio Esperienza Energia S.c.r.l. in liquidation	<1%			0	<1%	-		-
Consorzio Acquisti Trasporti S.c.r.l.		6		6		5		5
Equity investments accounted for using the equity method		**17,296**	**(3,364)**	**13,932**		**17,296**	**(4,134)**	**13,162**
Marconi Express S.p.A.	25%	2,600	(1,317)	1,283	25%	2,600	(2,049)	551
Consorzio Trasporti Integrati S.c.r.l.	26%	3		3	26%	3	-	3
Trenitalia Tper S.c.r.l.	30%	3,300	1,075	4,375	30%	3,300	434	3,734
SETA S.p.A.	47%	11,393	(3,122)	8,271	47%	11,393	(2,519)	8,874
TOTAL		**21,338**	**(4,064)**	**17,274**		**21,337**	**(4,834)**	**16,503**

5. Financial assets

Non-current portion Euro 35,290 (34,388) thousand

Current portion Euro 6,908 (7,606) thousand

The table below shows the breakdown of other financial assets at the beginning and end of the financial year, highlighting the current and non-current portions.

	31/12/2022			31/12/2021		
In thousands of Euro	**Financial statement value**	**Current portion**	**Non-current portion**	**Financial statement value**	**Current portion**	**Non-current portion**
Financial assets for contributions	**4,622**	**4,622**	**-**	**5,892**	**5,892**	**-**
Region of Emilia-Romagna	1,138	1,138	-	2,633	2,633	
Municipality of Bologna	3,066	3,066	-	-	-	-
Municipality of San Lazzaro	34	34	-	262	262	-
Other	384	384	-	2,997	2,997	-
Other financial assets	**37,576**	**2,286**	**35,290**	**36,102**	**1,714**	**34,388**
Loan to investee Marconi Express S.p.A.	10,170	2,286	7,884	9,667	1,714	7,953

Receivables for Crealis investments	29,268	-	29,268	28,152	-	28,152
Provision for the write-down of financial assets	(1,861)		(1,861)	(1,717)		(1,717)
TOTAL	**42,198**	**6,908**	**35,290**	**41,995**	**7,606**	**34,388**

The receivable from the Emilia-Romagna Region, amounting to Euro 1,138 thousand, refers for Euro 937 thousand to contributions to be collected relating to investments in buses and for the remainder to contributions on investments made for the realisation of the Stimer regional electronic ticketing system.

Financial assets for contributions held with the Municipality of Bologna refer to amounts still to be collected related to investments made for the purchase of buses under agreements entered into as part of various active contribution lines including the National Strategic Plan Sustainable Mobility (PSNMS).

The receivable from the Municipality of San Lazzaro, amounting to Euro 34 thousand as at 31 December 2022, refers to the contributions for the construction of the TPGV Crealis transport system.

The loan to the investee company Marconi Express S.p.A., amounting to Euro 10,170 thousand as at 31 December 2022, was disbursed in line with the approved business plans and the shareholders' agreements, and refers to the TPER share of the loan for the construction of the monorail connecting the railway station and Bologna airport.

The receivable for Crealis investments represents a financial concession right held by the Parent Company and claimed from the operator that will take over the service contract that regulates local public transport in the Bologna area when the contracts expires. In particular, following the entry into operation of the TPGV-Crealis service from 1 July 2020 and following the definition of the new contractual framework between TPER, SRM, Metropolitan City of Bologna, the Municipality of Bologna, the Municipality of San Lazzaro of Savena, a financial asset was recognised given that, for the construction services rendered, the Parent Company has accrued the right to receive a fee starting from the termination of the current contract and quantified so as to remunerate both the costs incurred for the investment and future maintenance activities.

In compliance with the provisions of IFRS 9, a specific write-down provision was allocated to the aforementioned financial assets, which increased by Euro 144 thousand in 2022 to take into account the changed expectations in terms of expected credit loss.

6. Deferred tax assets and deferred tax liabilities

Deferred tax assets Euro 2,823 (2,711) thousand

The balance of deferred tax assets and deferred tax liabilities that can be offset in relation to the temporary differences between the consolidated carrying amounts and the corresponding tax values at the end of the year is shown below.

In thousands of Euro	31/12/2022	31/12/2021
Deferred tax assets IRES	2,931	2,643
Deferred tax assets IRAP	436	377
Deferred tax assets	**3,367**	**3,020**
Deferred tax liabilities IRES	(544)	(309)
Deferred tax liabilities IRAP		
Deferred tax liabilities	**(544)**	**(309)**
NET DEFERRED TAX ASSETS	**2,823**	**2,711**

The changes in deferred tax assets and liabilities based on the nature of the temporary differences that generated to them are summarised in the following table.

In thousands of Euro	31/12/2021 Opening balance	CHANGES IN THE FINANCIAL YEAR Provisions	 (Releases)/(Uses)	 Allocations to (Releases from) OCI	31/12/2022 Closing balance
Allocations to non-deducted provisions	2,697	481	(62)	(72)	3,044
Other temporary differences	323				323
DEFERRED TAX ASSETS	**3,020**	**481**	**(62)**	**(72)**	**3,367**
IFRS adjustments	(287)				(287)
Other temporary differences	(22)	(105)	2	(132)	(257)
DEFERRED TAX LIABILITIES	**(309)**	**(105)**	**2**	**(132)**	**(544)**
NET DEFERRED TAX ASSETS	**2,711**	**376**	**(60)**	**(204)**	**2,823**

The balance of net prepaid taxes, equal to Euro 2,823 thousand as at 31 December 2022, is mainly composed of prepaid taxes allocated against allocations to provisions not deducted.

It should be noted that in consideration of the current macroeconomic context and the sharp increase in fuel costs, no deferred tax assets were recognised in relation to part of the temporary differences and tax losses as future taxable income is not able to reabsorb them, in a reasonable time horizon.

7. Trade assets

Euro 88,675 (106,263) thousand

As at 31 December 2022, trade assets included:

- inventories of Euro 24,659 thousand (Euro 23,395 thousand at 31 December 2021) mainly consisting of inventories and spare parts for maintenance and replacement activities carried out on railway and vehicle vehicles and related infrastructures
- trade receivables, equal to Euro 64,016 thousand (Euro 82,868 thousand at 31 December 2021).

The breakdown of trade receivables is detailed in the table below.

In thousands of Euro	31/12/2022	31/12/2021
Raw materials and railway parts	20,842	19,734
Raw materials and automotive parts	18,834	17,055
Provision for inventory write-downs	(15,017)	(13,394)
Total	**24,659**	**23,395**

The provision for inventory write-downs is determined taking into account the value of certain engines and other complex used and overhauled subset as well as slow-moving parts and spare parts referring to vehicles whose discontinuation is expected in the short term.

The table below shows the changes in the provision in 2022.

In thousands of Euro	31/12/2021	Reclassifications	Uses	Provisions	31/12/2022
Provision for inventory write-downs	13,394			1,623	15,017
Total	**13,394**	**-**	**-**	**1,623**	**15,017**

The breakdown of trade receivables is detailed in the table below.

In thousands of Euro	31/12/2022	31/12/2021

Trade receivables from associates and joint ventures	12,326	25,611
Trade receivables from owner entities	896	939
Receivables from customers	50,794	56,318
Total	**64,016**	**82,868**

Trade receivables from associated companies are mainly attributable to relations with the company TT, and refer to the service and rental activities carried out by the Parent Company in relation to it.

Receivables from customers, amounting to Euro 50,794 thousand, are essentially attributable to receivables for transport services provided pursuant to the current service contracts (for Euro 24,727 thousand) and receivables from customers for services rendered as part of rail maintenance activities (for Euro 6,227 thousand) and freight transport (for Euro 8,980 thousand).

Receivables are shown net of a bad debt provision of Euro 5,671 thousand as at 31 December 2022, whose changes in the year are shown in the table below.

In thousands of Euro	31/12/2021	Reclassifications	Uses	Provisions	31/12/2022
Provision for doubtful debts on trade receivables	5,697	28	(415)	361	5,671
Total	**5,697**	**28**	**(415)**	**361**	**5,671**

For trade receivables, the valuation related to recoverability is based on the weighting of a customer rating determined in consideration of the following parameters:

- the analysis of historical profiles of collections and losses;
- analysis of the past due situation on the total credit analysed;
- the application of a default rate in relation to the segmentation of customers in the portfolio by type of membership.

Lastly, it should be noted that the carrying amount of trade receivables approximates the relative fair value.

8. Cash and cash equivalents

Euro 60,387 (49,311) thousand

The item includes bank and postal deposits as well as cash provisions for petty and urgent expenses and increased by Euro 11,076 thousand compared to the previous year.

For more details on the events that generated the increase in cash and cash equivalents during the 2022 financial year, please refer to the note "Information on the cash flow statement".

9. Assets for current income taxes

Euro 2,543 (6,290) thousand

The table below shows the amount of current tax assets and liabilities at the beginning and end of the year, in relation to the excess of prepayments on the payable for the year.

In thousands of Euro	31/12/2022	31/12/2021
Current tax assets - IRES	1,803	5,498
Current tax assets - IRAP	740	792
Assets for income taxes	**2,543**	**6,290**
Current tax liabilities - IRES	-	-

Current tax liabilities - IRAP	-	-
Liabilities for income taxes	**-**	**-**
Net assets for income taxes	**2,543**	**6,290**

As at 31 December 2022, the Group recorded exclusively income tax assets, down by Euro 3,747 thousand compared to 31 December 2021 and mainly comprised of taxes paid as an advance.

10. Other current assets

Euro 24,339 (18,159) thousand

The item consists of receivables and other current assets of a nature other than trade and financial assets, as detailed in the following table.

In thousands of Euro	31/12/2022	31/12/2021
Receivables for relief	13,639	13,334
Receivables due from Ferrovie Emilia-Romagna	220	220
Prepaid expenses	1,031	1,162
Other receivables	14,164	8,185
Total	**29,054**	**22,901**
Provision for doubtful debts	(4,715)	(4,742)
Total	**24,339**	**18,159**

Receivables for compensation, amounting to Euro 13,639 thousand, refer to the amount not yet collected, relating to the year 2021 and the first quarter of 2022, in relation to the compensatory measures introduced by Law no. 77 (art. 200 paragraph 1, “Relaunch Decree”) and subsequent regulatory provisions that supplemented the allocations to the fund set up by the Ministry of Infrastructure and Transport to offset the reduction in tariff revenues relating to passengers in the period of the COVID-19 epidemiological emergency (23 February 2020 - 31 March 2022).

The item "Other receivables" mainly include of:

- receivables relating to the recovery of excise duties on fuel for Euro 2,124 thousand;
- allocation of travel tickets to retail outlets for Euro 891 thousand;
- receivables from ATC in liquidation, for balances relating to the merger transaction that took place in 2012.

Lastly, it should be noted that the provision for write-downs is related to the estimate of non-collectability of part of the other receivables, whose value is substantially unchanged compared to the previous year.

11. Shareholders’ equity

Euro 174,309 (171,909) thousand

As at 31 December 2022, the fully subscribed and paid-up share capital of the parent company TPER consists of 68,492,702 ordinary shares with a par value of Euro 1 each, for a total of Euro 68,493 thousand, and did not change compared to 31 December 2021.

The shareholders' equity pertaining to the Group, amounting to Euro 171,155 thousand, increased by Euro 2,386 thousand compared to 31 December 2021 due to the combined effect of:

- the result of the comprehensive income statement for 2022, positive for Euro 4,886 thousand, consisting of the profit for the year (Euro 1,524 thousand) and the positive balance of the other components of the comprehensive income statement (for Euro 3,362 thousand), which mainly affects the actuarial gain deriving from the valuation of employee benefits related to post-employment benefits
- the distribution of profits, resolved at the time of approval of the financial statements for the year ended 31 December 2021, for Euro 2,500 thousand.

The table below shows the statement of the basic and diluted earnings per share for the two financial years compared.

Earnings per share	2022	2021
Weighted average number of shares issued	68,492,702	68,492,702
Weighted average number of treasury shares in portfolio	111,480	111,480
Weighted average number of shares outstanding for the purpose of calculating basic earnings	68,381,222	68,381,222
Profit for the year (thousands of Euro)	1,524	6,721
Basic earnings per share (Euro)	**0.02**	**0.10**
Distributed earnings per share (Euro)	**0.02**	**0.10**

It should be noted that, as at 31 December 2022, there were no shares that could potentially be outstanding and, therefore, the diluted earnings per share coincided with the earnings per share.

The shareholders' equity attributable to minority interests amounted to Euro 3,154 thousand and was substantially in line with that as at 31 December 2021 (Euro 3,140 thousand) due to the combined effect of the positive result of the comprehensive income statement attributable to minority interests of Euro 92 thousand, partially offset by the distribution of dividends for Euro 78 thousand.

The objectives of TPER in capital management are aimed at safeguarding business continuity and guaranteeing the interests of the stakeholders, as well as allowing efficient access to external sources of financing aimed at adequately supporting the development of the Group activities and compliance with the commitments undertaken.

12. Trade liabilities

Non-current portion - Euro 1,556 (1,173) thousand

Current portion - Euro 66,706 (63,433) thousand

	31/12/2022			31/12/2021		
In thousands of Euro	Financial statement value	Current portion	Non-current portion	Financial statement value	Current portion	Non-current portion
Trade payables	61,476	59,920	1,556	59,108	57,935	1,173
Trade payables to subsidiaries	-	-	-	-	-	-
Payables to associates companies	6,431	6,431	-	5,414	5,414	-
Trade payables due to shareholders	7	7	-	-	-	-
Other payables	348	348	-	84	84	-
Total trade liabilities	**68,262**	**66,706**	**1,556**	**64,606**	**63,433**	**1,173**

Trade liabilities, amounting to Euro 68,262 thousand, are mostly made up of trade payables (for Euro 61,476 thousand) and increased by a total of Euro 3,656 thousand compared to the end of the previous year, essentially due to the higher costs incurred.

It should be noted that the item does not include overdue payments of a significant amount that have not been settled.

13. Funds for provisions

Non-current portion - Euro 47,188 (42,775) thousand

Current portion - Euro 6,092 (8,432) thousand

As at 31 December 2022, funds for provisions amounted to Euro 53,280 thousand (Euro 51,207 thousand as at 31 December 2021). The following table shows the details of the funds for provisions with an indication of the relative current and non-current portions.

	31/12/2022			31/12/2021		
In thousands of Euro	**Financial statement value**	**Current portion**	**Non-current portion**	**Financial statement value**	**Current portion**	**Non-current portion**
Provisions for employee benefits	14,592	1,072	13,520	18,393	1,299	17,094
Other provisions	38,688	5,020	33,668	32,814	7,133	25,681
Total	**53,280**	**6,092**	**47,188**	**51,207**	**8,432**	**42,775**

The changes in funds for provisions broken down by nature are shown below.

	31/12/2021	CHANGES IN THE FINANCIAL YEAR						31/12/2022
In thousands of Euro	**Opening balance**	**Provisions**	**Financial charges**	**Decreases for uses**	**Decreases for releases**	**Allocations to OCI**	**Other reclassifications or adjustments**	**Final balance**
Provision for employee benefits	18,393	908	-	(1,844)	-	(2,441)	(424)	14,592
Insurance deductibles provision	2,790	1,929	-	(1,254)	-	-	-	3,465
Provision for labour disputes	14,713	5,402	1	(221)	(1,156)	-	(827)	17,912
Provision for tax disputes	5,620	12	-	-	-	-	-	5,632
Expropriation litigation risk provision	1,992	-	-	-	-	-	-	1,992
Other	7,699	1,849	191	(52)	-	-	-	9,687
Total	**51,207**	**10,100**	**192**	**(3,371)**	**(1,156)**	**(2,441)**	**(1,251)**	**53,280**

Provisions for employee benefits

Non-current portion - Euro 13,520 (17,094) thousand

Current portion - Euro 1,072 (1,299) thousand

As at 31 December 2022, the item consists of the employee severance indemnity to be paid on the transfer of the employment relationship as required by the regulations in force in Italy. The reduction of Euro 3,801 thousand mainly relates to payments and advances made during the year (Euro 1,844 thousand) and actuarial gains for the year (Euro 2,441 thousand). The other changes recorded refer to transfers made during the year to supplementary pension funds as well as to the payment of the substitute tax due, in accordance with the law, on the revaluation of the employee severance indemnity.

The reference actuarial model for the valuation of employee severance indemnity is based on both demographic and economic assumptions.

The main assumptions defined for the purposes of the actuarial estimate process of the employee severance indemnity provision as at 31 December 2022 are summarised below.

Financial assumptions	31/12/2022	31/12/2021
Annual discounting rate	3.63%	0.44%
Annual inflation rate	2.30%	1.75%
Annual rate of increase of employee severance indemnity	3.10%	2.81%
Frequency of advances	2.00%	2.00%
Annual turnover rate	1.50%	1.50%

Demographic assumptions	
Mortality	RG48 mortality tables published by the State General Accounting Office
Disability	INPS tables distinguished by age and sex
Retirement age	100% upon reaching the AGO requirements

Future estimated benefits	
Years	In thousands of euros
1	1,072
2	1,068
3	1,157
4	949
5	447

Other provisions

Non-current portion - Euro 33,668 (25,681) thousand

Current portion - Euro 5,020 (7,133) thousand

The item includes provisions relating to risks and charges deemed probable at the end of the year and increased by Euro 5,874 thousand essentially due to the combined effect of:

- provisions, amounting to Euro 9,192 thousand, essentially related to risks linked to disputes with personnel;
- decreases due to uses, for Euro 1,527 thousand, mainly referring to uses against payments of deductibles on motor vehicle claims;
- decreases due to releases, amounting to Euro 1,156 thousand, in relation to disputes with personnel.
- other adjustments down by Euro 827 thousand related to the rate differential used to determine the present value of the provisions.

The “Insurance deductibles provision” includes the estimate of the probable liability related to the insurance deductibles to be paid on motor vehicle claims occurring before the end of the year.

The "Provision for work disputes", amounting to Euro 17,912 thousand, has been created to cover the foreseeable liabilities, expressed at current values, relating to disputes with employees. The provision also includes an estimate of legal fees and other potential ancillary costs.

The "Provision for tax disputes", amounting to Euro 5,632 thousand, mainly attributable to the involvement of the parent company TPER - as legally jointly and severally liable entity - in relation to tax disputes prior to its constitution.

The "Expropriation Litigation Risk Provision", amounting to Euro 1,922 thousand, is set up to manage the risks linked to the disputes pending before the Court of Appeal, concerning the calculation of compensation for expropriation of land on which the Dinazzano railway freight yard insists.

The “Other” provisions, amounting to Euro 9,687 thousand, mainly include the value of the provision made against the contract, qualifying as onerous, which underlies the infrastructure management activities, held in concession by the company Marconi Express S.p.A. and which connects the airport to the central station of Bologna through an elevated electric monorail. As at 31 December 2022, the amount of this provision was Euro 7,360 thousand, and in 2022 it increased by Euro 480 thousand essentially in relation to a review of its estimate which also took into account the explanations provided following the amendment to IAS 37 issued on 14 May 2020, which clarified which cost items should be considered to assess whether a contract is at a loss.

For the residual portion, “Other” provisions refer essentially to: (i) Euro 336 thousand for risks associated with the payment of penalties linked to the termination of certain car rentals used in the provision of the car-sharing service; (ii) Euro 502 thousand for possible administrative sanctions payable for alleged data processing violations pursuant to current privacy regulations identified in the process of an audit.

14. Financial liabilities

Non-current portion - Euro 32,913 (64,388) thousand

Current portion - Euro 32,074 (31,687) thousand

As at 31 December 2022, financial liabilities amounted to a total of Euro 64,987 thousand and essentially consisted of the bond loan issued by TPER.

The schedule of financial liabilities is shown below, highlighting the composition of the financial statement balance, the corresponding nominal value of the liability and the related collectability (current and non-current portion):

	31/12/2022				31/12/2021			
In thousands of Euro	**Nominal value**	**Financial statement value**	**Current portion**	**Non-current portion**	**Nominal value**	**Financial statement value**	**Current portion**	**Non-current portion**
Bonds	63,333	63,482	32,053	31,429	95,000	95,108	31,667	63,441
Medium/long-term loans	46	46	21	25	87	87	20	67
Other financial liabilities	1,459	1,459	-	1,459	880	880	-	880
Total	**64,838**	**64,987**	**32,074**	**32,913**	**95,967**	**96,075**	**31,687**	**64,388**

On 15 September 2017, the parent company TPER completed the issue of an unsecured debenture bond loan for an amount of Euro 95 million, listed on the Dublin Stock Exchange (Irish Stock Exchange). The (non-convertible) bonds had an original maturity of seven years and amortising repayments starting from the fifth year, present a fixed annual coupon of 1.85%. They were entirely placed with institutional investors. During 2022, the first instalment of the bond loan was repaid, which consequently decreased compared to the previous year by Euro 31,626 thousand.

Note that the bond requires the observance of certain financial parameters (financial covenants). The criteria for determining the economic figures used in the calculation of the ratios are set forth in the relative agreement. Failure to meet these by the respective reference dates may result in a default event and entail the obligation to repay in advance the principal amounts, the interest and the additional amounts provided for in the agreements. For more details on financial liabilities, please refer to the note "Financial risk management".

Other financial liabilities mainly refer to security deposits at variable rates.

15. Other liabilities

Non-current portion - Euro 23,469 (23,004) thousand

Current portion - Euro 54,313 (31,036) thousand

As at 31 December 2022, other liabilities amounted to Euro 77,782 thousand and recorded an increase of Euro 23,742 thousand. The table below shows the breakdown by nature of the item with an indication of the current and non-current portion.

	31/12/2022			31/12/2021		
In thousands of Euro	**Financial statement value**	**Current portion**	**Non-current portion**	**Financial statement value**	**Current portion**	**Non-current portion**
Payables to SRM mobility agency	22,295	-	22,295	21,664	-	21,664
Payables for investments	17,964	17,964	-	-	-	
Payables to employees	10,881	10,881	-	13,802	13,802	-
Payables to shareholders	3,142	2,628	514	514	-	514
Payables due to pension institutions	2,174	2,174	-	2,163	2,163	-
Tax payables	550	550	-	555	555	-
Other payables	20,776	20,116	660	15,342	14,516	826
Total financial liabilities	**77,782**	**54,313**	**23,469**	**54,040**	**31,036**	**23,004**

"Payables due to the SRM mobility agency" (Società Reti e Mobilità S.r.l.) refer essentially to the balance due, at the reference date, in relation to the contract concerning the business unit consisting of networks, plants, capital endowments and contracts relating to the company complex intended for the exercise of the LPT service in the provincial area of Bologna.

The item "Payables for investments" includes the value of the commitments undertaken by the Group by virtue of advances obtained on certain grants on investments.

"Payables to employees" include the amounts due to employees at the end of the year for services rendered by them.

"Payables to shareholders" mainly relate to the payable of the parent company TPER to its shareholders for dividends resolved as part of the approval of the financial statements for the year ended 31 December 2021.

The item “Other payables”, amounting to Euro 20,776 thousand, essentially consists of: (i) deferred income on travel tickets (for Euro 15,559 thousand) valid beyond 31 December 2022 and therefore pertaining to future years; (ii) other accrued expenses and deferred income (for Euro 3,405 thousand) relating in part to contributions and in part to insurance costs and other costs pertaining to future years.

Information on the income statement items

The analysis of the main balances of the consolidated income statement is shown below. The values indicated in brackets in the headings of the notes refer to the 2021 financial year.

For details on the balances of the income statement items deriving from transactions with related parties, please refer to the section "Transactions with related parties".

16. Revenues for LPT line services

Euro 186,160 (179,030) thousand

The revenues from services from the LPT line amounted to Euro 186,160 thousand, marking an increase of Euro 7,130 thousand compared to 2021 (Euro 179,030 thousand).

In thousands of Euro	2022	2021	Change
Travel tickets	59,759	50,336	9,423
Remuneration supplements	110,364	113,154	(2,790)
NCLA contributions	10,819	11,997	(1,178)
Passenger fines	4,497	2,930	1,567
Other revenues	721	613	108
TOTAL LPT LINE SERVICES	**186,160**	**179,030**	**7,130**

The positive trend recorded by revenues for LPT services was affected by the increase in passenger traffic recorded in 2022 following the slowdown in travel restriction measures and limits on the load of public transport aimed at containing the risk of contagion during the COVID-19 epidemiological emergency.

17. Revenues from railway line services

Euro 28,223 (26,821) thousand

In thousands of Euro	2022	2021	Change
Revenues from railway line services	28,223	26,821	1,402
Total	**28,223**	**26,821**	**1,402**

Revenues for railway line services recorded a positive change of Euro 1,402 thousand compared to the previous year mainly due to the income recognised in 2022 by the parent company TPER in relation to the closure of the previous railway service contract concluded in 2019, and the increase in the revenues for the rail freight service managed by the subsidiary Dinazzano Po.

These revenues include the rental services of railway rolling stock provided by the parent company as part of the passenger transport services on rail operated in the Emilia-Romagna Region through the joint venture Trenitalia Tper Scarl.

18. Revenues from parking and car-sharing

Euro 2,062 (12,362) thousand

Revenues for the management of parking and car-sharing activities amounted to Euro 2,062 thousand, a decrease of Euro 10,300 thousand compared to 2021 (Euro 12,362 thousand).

In thousands of Euro	2022	2021	Change
Stopping and parking	16	9,633	(9,617)
Access to the historic centre	-	1,230	(1,230)
Car sharing	2,046	1,499	547

TOTAL	**2,062**	**12,362**	**(10,300)**

The negative change recorded is essentially a consequence of the fact that as from 1 November 2021, the services relating to parking and the issue of permits and permits in the territory of the municipality of Bologna were entrusted to another operator, which took over from TPER.

The year 2022 also recorded an improvement in the commercial performance of the Corrente® brand car-sharing services, which showed an increase of Euro 0.5 million compared to the final figure in the previous year.

19. Other revenues

Euro 73,989 (70,120) thousand

The details of other revenue are shown in the following table.

In thousands of Euro	2022	2021	Change
Vehicle maintenance and other services rendered to third parties	6,265	6,418	(153)
Railway maintenance	23,455	21,821	1,634
Other insurance reimbursements	5,478	4,128	1,350
Fines	496	403	93
Other	38,295	37,350	945
TOTAL	**73,989**	**70,120**	**3,869**

Other revenues amounted to Euro 73,898 thousand and showed an increase of Euro 3,869 thousand compared to 2021 (Euro 70,120 thousand) mainly due to:

- the recognition of grants collected in reference to investments in railway vehicles made in previous years and recognised in the income statement for the part relating to the depreciation already charged in previous years (for a total of Euro 2,096 thousand);
- the recognition, for an amount of Euro 3,488 million, of the concessions related to the recognition of an extraordinary tax credit for companies to partially offset the higher charges incurred for the purchase of natural gas and electricity
- higher revenues for Euro 2,540 million, related to the management services of the infrastructure called "*People Mover*" consisting of the monorail that connects the airport with the Bologna central station
- lower compensation for lost revenues resulting from the COVID-19 epidemiological emergency (for approximately Euro 5,175 thousand, compared to those recorded in the previous year). In the year 2022, Euro 13.6 million were recognised relating to compensation for lost COVID-19 revenues, following an examination of the provisions of national regulations that allocated and committed funds dedicated to public transport companies and taking into account the criteria for allocating compensation for previous years
- the increase in revenues for railway maintenance activities for Euro 1,634 thousand;

It should be noted that the item also includes an estimate of the value of the contributions to cover the increase in fuel costs recorded in the second and third quarters of 2022 used to power local and regional public transport vehicles pursuant to art. 9 of Decree Law no. 115/2022 and art. 6 of Decree Law no. 144/2022 (for Euro 1,827 thousand), partially offset by the reduction in excise duty refunds (for Euro 826 thousand).

20. Personnel costs

Thousands of Euro 102,636 (102,665)

The financial statement balance is detailed in the following table.

In thousands of Euro	2022	2021	Change
Salaries and wages	75,645	80,920	(5,275)
Social security contributions	21,213	16,117	5,096
Allocation to pension provisions	5,020	4,942	78
Other personnel costs	758	686	72
Total	**102,636**	**102,665**	**(29)**

Personnel costs are substantially in line with that recorded at the end of the previous year as a combined effect of:

- the reduction in the cost for wages and salaries of Euro 5,275 thousand, as a result of the exit from the Group's scope of parking and parking permits management services activities in the Municipality of Bologna, with the consequent exit of the personnel employed
- the increase in social security charges essentially attributable to the fact that the year 2021 benefited from a significant reduction in cost as a result of the sums paid to the parent company TPER as reimbursement of the costs incurred as a supplement to sickness benefits for the years from 2014 to 2018 (for approximately Euro 7.0 million).

The following tables show the headcount at the end of the year and the average headcount, broken down by job level.

Classification	31/12/2022	31/12/2021	Change
Senior Managers	11	12	(1)
Middle managers	49	47	2
White-collar workers	266	266	-
Blue-collar workers	1,835	1,714	121
Apprentices	284	281	(97)
Total	**2,345**	**2,320**	**25**

Classification	2022	2021	Change
Senior Managers	11	13	(2)
Middle managers	50	49	1
White-collar workers	265	294	(29)
Blue-collar workers	1,769	1,761	8
Apprentices	198	295	(97)
Total	**2,293**	**2,413**	**(120)**

21. Costs for services

Euro 92,431 (93,151) thousand

The financial statement balance is detailed in the following table.

In thousands of Euro	2022	2021	Change
Transport services	42,567	43,975	(1,408)

Rail tolls	1,225	910	315
Maintenance	13,206	14,333	(1,127)
Cleaning	8,029	8,380	(351)
Insurance	6,914	6,808	106
Electric power	3,449	1,467	1,982
Canteen service	1,584	1,526	58
Other utilities	2,434	2018	416
Consultancy	1,855	1,856	(1)
Other	11,168	11,878	(710)
Total	**92,431**	**93,151**	**(720)**

Costs for services are substantially in line with those recorded in the previous year. The most significant changes relate to:

a) the reduction of transport services in relation to the lower volume of replacement services operated for the railway service;
b) the reduction of maintenance costs, mainly related to the investments made that reduce vehicles maintenance needs through a gradual process of fleet renewal;
c) the increase in electricity costs almost entirely attributable to the significant increase in purchase prices related to the volatility recorded on the market as a result of the changed macroeconomic and geopolitical context of reference.

22. Raw materials and materials

Euro 53,205 (40,192) thousand

The item includes purchases of materials and is presented by nature net of changes in inventories.

In thousands of Euro	2022	2021	Change
Fuels	31,946	19,087	12,859
Lubricants	605	569	36
Tyres	677	952	(275)
Spare parts	19,226	17,108	2,118
Various materials	297	2,009	(1,712)
Other	454	467	(13)
TOTAL	**53,205**	**40,192**	**13,013**

The increase in "Costs for materials" of Euro 13,013 thousand is essentially due to the higher cost for fuel resulting from the price trend recorded in 2022, significantly influenced by the geopolitical uncertainties generated by the worsening of the Russian-Ukrainian conflict.

23. Costs for use of third-party assets

Euro 2,952 (7,776) thousand

In thousands of Euro	2022	2021	Change
Parking and permit management fee	-	5,024	(5,024)
Other rentals and leasing	2,952	2,752	200
TOTAL	**2,952**	**7,776**	**(4,824)**

The reduction in the "Cost for use of third-party assets" of Euro 4,824 thousand is attributable to the termination of the payment of the management fee for parking services and the issue of passes and permits in the Municipality of Bologna entrusted to another operator which took over from TPER on 1 November 2021.

24. Other operating costs

Euro 5,941 (5,966) thousand

Other operating costs, detailed in the following table, are substantially in line with the figures at the end of the previous year.

In thousands of Euro	2022	2021	Change
Taxes and fees	1,830	1,515	315
Audits and inspections	141	166	(25)
Insurance fees	359	366	(7)
Other	3,611	3,919	(308)
Total	**5,941**	**5,966**	**(25)**

The item "Other" mainly includes the accrued expenses relating to the use of the business unit consisting of the networks, plants, capital equipment and contracts relating to the business complex intended for the exercise of the LPT service in the provincial area of Bologna, governed by a specific contract signed with the mobility agency Società Reti e Mobilità S.r.l.

25. Change in funds for provisions

Euro 6,586 (3,185) thousand

The item consists of the operating changes (provisions and releases) of funds for provisions, excluding those for employee benefits (classified in personnel costs), allocated to fulfil the legal and contractual obligations that are presumed to require the use of economic resources in subsequent years.

The amount of the item, negative for Euro 6,586 thousand, is essentially attributable to higher allocations to the provision for inventory write-downs for Euro 633 thousand and for the remainder to allocations and releases of provisions for risks and charges commented on in note no. 13 - "Funds for provisions" to which reference is made.

26. Financial income/(charges)

Financial income - Euro 1,668 (1,500) thousand

Financial charges - Euro -2,496 (-2,269) thousand

The balance of financial income and charges is detailed in the tables below.

In thousands of Euro	2022	2021	Change
Interest income on receivables	1,485	1,452	33
Interest income on bank accounts	102	1	101
Other interest income	81	47	34
Total other financial income	**1,668**	**1,500**	**168**
Charges on bonds	(1,798)	(1,987)	189
Charges on loans	(398)	(17)	(381)
Other financial charges	(300)	(265)	(35)
Total financial income	**(2,496)**	**(2,269)**	**(227)**
Total financial income/(charges)	**(828)**	**(769)**	**(59)**

Compared to the previous year, the total of financial income and charges is substantially in line.

The item interest income on receivables mainly includes the value of financial income accrued during the year on the financial right related to the Crealis project.

Financial charges mainly relate to interest accrued on the bond loan determined in application of the amortised cost criterion using an effective interest rate of 2.11% against a nominal rate of 1.85%.

Other financial charges, on the other hand, mainly include interest expense accrued on liabilities for leased assets.

27. Tax charges

Euro -84 (5,534) thousand

The table below shows the details of the tax charges in the two financial years compared.

In thousands of Euro	2022	2021	Change
IRES	632	938	(306)
IRAP	153	266	(113)
Current income tax benefits from tax losses	(556)		(556)
Current income taxes	**229**	**1,204**	**(975)**
Income taxes for previous years	3	(45)	48
Differences on income taxes for previous years	**3**	**(45)**	**48**
Provisions	(481)	(595)	114
Releases	62	5,384	(5,322)
Prepaid taxes	**(419)**	**4,789**	**(5,208)**
Provisions	105	-	105
Releases	(2)	(414)	412
Deferred taxes	**103**	**(414)**	**517**
Total deferred tax assets and liabilities	**(316)**	**4,375**	**(4,691)**
Total tax income/(charges)	**(84)**	**5,534**	**(5,618)**

The balance of tax charges and income recorded a positive value of Euro 84 thousand in 2022 (negative for Euro 5,534 thousand in 2021) and shows a change of Euro 5,618 thousand.

The change was affected by the full release of deferred tax assets made by the parent company TPER in 2021 as a result of the impacts deriving from the COVID-19 epidemiological emergency and the growth in fuel costs, which significantly changed the short-term scenarios and consequently the conditions for which deferred tax assets had been previously recognised.

The following table shows the reconciliation between the theoretical tax burden and that actually incurred for IRES tax.

IRES and IRAP (thousands of Euro)		
Description	**Value**	**Tax**
Result before tax	1,521	

Theoretical tax charge (rate 24%)		365
Taxable temporary differences in subsequent years	-	-
Deductible temporary differences in subsequent years	14,258	3,422
Reversal of temporary differences from previous years	(4,132)	(992)
Differences that will not be reversed in subsequent years	(11,332)	(2,720)
Tax base	**315**	
IRAP		153
Current income taxes		**229**

Additional financial information

Information on the cash flow statement

The financial trend in 2022 shows an increase in cash and cash equivalents of Euro 11,076 thousand compared to the decrease of Euro 25,036 thousand in 2021.

The flow generated by operating activities in 2022 amounted to Euro 50,698 thousand, up by Euro 34,186 thousand compared to the value of 2021 (Euro 16,512 thousand). The following impact the flow generated in 2022:

- the operating cash flow generated before changes in working capital and other changes amounting to Euro 33,398 thousand (Euro 32,980 thousand in 2021) which was impacted by the higher operating change in provisions (Euro +3,401 thousand compared to 2021) and write-downs of non-current assets (Euro +2,349 thousand compared to 2021) offset by the reduction in profit for the year (Euro -5,336 thousand compared to 2021);
- the flow generated by the change in working capital and other changes, equal to Euro 17,300 thousand, which includes the dynamics related to non-financial receivables and payables already commented on above.

The cash flow absorbed by investment activities amounted to Euro 7,514 thousand, mainly due to:

- investments in tangible and intangible assets for a total of Euro 35,046 thousand, down by Euro 5,068 thousand compared to 2021;
- contributions collected for investments made and to be made for Euro 26,715 thousand, up by Euro 24,209 thousand compared to 2021;
- disinvestments in tangible and intangible assets for Euro 817 thousand.

The cash flow absorbed by financial assets in 2022 amounted to Euro 32,108 thousand mainly due to the repayment of the first instalment of the bond loan taken out by the Parent Company TPER, for Euro 31,667 thousand, and the total charges on loans paid equal to Euro 2,373 thousand (Euro 2,018 thousand in 2021).

Management of the financial risk

The TPER Group's objective is to maintain a balanced management of its financial exposure over time, designed to ensure a liability structure that is balanced with the composition of assets and able to ensure the necessary operational flexibility by using liquidity generated from current operating activities and bank loans.

The ability to generate liquidity from ordinary operations, combined with the debt capacity, enable the Group to adequately satisfy its operating needs, financing of operating working capital and investment requirements, as well as respect for its financial commitments.

The Group, in the ordinary performance of its operating and financial activities, is exposed to:

- liquidity risk, attributable to the availability of adequate financial resources to meet short-term commitments, as well as related to the risk of downgrading of creditworthiness with consequent limitation of the possibility of securing medium-long term resources to meet one's own investment operational needs, as well as to meet the financial liabilities assumed;
- the risk of violation of the financial covenants envisaged by the bond loan, which could trigger early repayment clauses;
- market risk, mainly attributable: (i) the changes in the interest rates related to financial liabilities assumed and financial assets provided; (ii) to fluctuations in commodity prices;
- credit risk, connected both to normal commercial relations, and to the possibility that a financial counterparty with which liquidity investments have been made may not be able to honour all or part of its commitment.

Liquidity risk

The liquidity risk represents the possibility that the available financial resources may be insufficient to cover the operational needs and the maturing financial debt. This risk is also attributable to the potential reduction in the credit rating, which allows the Group to access credit capital at favourable conditions and to secure medium/long-term resources to meet its investment needs.

Credit ratings may be decreased as a result of events that materially affect the Group's financial position or involve a significant change in its risk profile, as well as a change in the methodologies used to assess creditworthiness. Consequently, the Group's financing conditions could become more onerous and its access to financial markets more complex.

In addition to the dynamics of credit ratings, the main factors that contribute to the Group's liquidity risk are, on the one hand, the generation/absorption of financial resources by operating and investment activities, and on the other, the maturities of financial payables and use of liquidity.

To mitigate these risks, the Group monitors the financial ratios that contribute to the determination of the rating and maintains a regular dialogue with the credit institutions, monitoring any changes to the methodologies used that could generate an impact on the credit score attributed to the Group.

In addition, the strategy adopted by the Group for the management of liquidity risk focuses on optimising its ability to generate cash flows, and on diversifying sources of funding to cover its requirements for the management of the year and for investments as well as on the continuous monitoring of expected cash flows to respect the expiry of the commitments assumed.

The following table provides details on the remaining expiries of liabilities based on the non-discounted cash flows. For the bond issue and the bank loans the amounts include both the flows relating to the reimbursement of the capital portion, and the flows relating to interest. In the event in which the flows relating to interest are at a variable rate, their non-discounted value is estimated by applying, for subsequent expiries, the latest variable rate applied in 2022.

For financial liabilities for leased assets, the flows are determined on the basis of contractual fees and, in the event in which these are subject to indexing, their non-discounted value is estimated by applying, for subsequent expiries, the latest variable rate applied in 2022.

In thousands of Euro	Financial statement value	Contractual flows Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years	TOTAL
As at 31 December 2022						
Bonds	63,482	32,838	32,253	-	-	**65,091**
Loans	46	23	27	-	-	**50**
Liabilities for leased assets	7,890	3,599	2,277	2,279	15	**8,170**
Trade liabilities	68,262	66,706	1,556	-	-	**68,262**
As at 31 December 2021						
Bonds	95,108	33,424	32,838	32,253	-	**98,515**
Loans	67	22	22	26	-	**70**
Liabilities for leased assets	7,883	3,429	2,301	2,675	20	**8,425**
Trade liabilities	64,606	63,433	1,173	-	-	**64,606**

The TPER Group believes it has the ability to fulfil its payment obligations through the generation of cash flows from operating activities and, subordinately, through the use of stocks of cash and/or financial instruments in the portfolio that can be converted to cash.

Risk of default and non-compliance with covenants

The Group is exposed to the risk associated with non-compliance with a minimum threshold contractually defined in some financial covenants that could expose it to the risk of early redemption of the instruments in question.

The loan agreements, as with the bond, in line with international practice for similar transactions, generally give the lender/bond-holder the right to request the reimbursement of its receivable by arranging for the early termination of the relationship with the debtor in all cases where the latter is declared insolvent and/or subject to bankruptcy proceedings, or has initiated a liquidation procedure or another procedure with similar effects.

More specifically, the bond envisages the obligation of respecting, for the entire duration of the debt:

- the ratio between the consolidated net financial position and consolidated shareholders' equity must not exceed 1;
- the ratio between the consolidated net financial position and consolidated EBITDA must not exceed 3.5.

Non-compliance with the clauses described above constitutes a breach of the contractual obligations and the Company may be required to pay the residual debt.

The aforementioned covenants and the relative calculations are periodically monitored, also using prospective data, and in the case of exposure to early repayments, a dialogue is initiated with the lenders aimed at remedying them. It should be noted that as at 31 December 2022 there are no indications that the aforementioned covenants have not been complied with.

Interest rate risk

The interest rate risk is linked to the uncertainty caused by the trend in interest rates and can generally present a double manifestation:

- cash flow risk: this is connected to financial assets or liabilities with flows indexed to a market interest rate;

- fair value risk: it represents the risk of loss deriving from an unexpected change in the value of a financial asset or liability following an unfavourable change in the market rate curve.

The Group's approach to managing interest rate risk, which takes account of the structure of assets and the stability of the cash flows, aims to preserve funding costs and stabilise cash flows, in such a way as to safeguard margins and ensure the certainty of cash flows deriving from ordinary activities. The approach to managing the interest rate risk is, therefore, prudent and envisages the analysis and control of the position, carried out periodically based on specific requirements.

The following table shows the variable and fixed rate loans payable, with an indication of the related contractual cash flows due according to the residual duration of the loans compared with those relating to 2021.

In thousands of Euro	31/12/2022	Contractual cash flows	Current portion	Between 1 and 2 years	Between 2 and 5 years	After 5 years
Variable rate	46	50	23	27	-	-
Fixed rate	63,482	65,091	32,838	32,253	-	-
Total	**63,528**	**65,141**	**32,861**	**32,280**	**-**	**-**

In thousands of Euro	31/12/2021	Contractual cash flows	Current portion	Between 1 and 2 years	Between 2 and 5 years	After 5 years
Variable rate	67	70	22	22	26	-
Fixed rate	95,108	98,515	33,424	32,838	32,253	-
Total	**95,175**	**98,585**	**33,446**	**32,860**	**32,279**	**-**

Commodity price risk

The TPER Group is exposed to the price risk of energy commodities, i.e. electricity and oil products, since procurement is impacted by fluctuations in the prices of these commodities.

During 2022, as is well known, there was a sharp increase in the costs of fuel and electricity, further exacerbated as a result of the escalation of the Russian-Ukrainian conflict.

In this context, the Group constantly monitored the situation, verifying the potential impacts on planning and in any case committing itself to maintaining its commitments in terms of investments and attention to the quality of the services provided. However, the significant increase in raw material prices has had a significant impact on costs and final results.

At present, the Group is analysing the effects of the continuing volatility of commodity prices in order to implement any appropriate hedging strategies or to carry out manoeuvres that allow the maintenance of equilibrium conditions in the provision of its services, including any contracts that regulate them.

Credit risk

Credit risk represents the exposure to potential losses resulting from the failure of commercial and/or financial counterparties to meet their obligations.

This risk can derive both from strictly technical-commercial or administrative-legal factors (disputes on the nature/quantity of the service, on the interpretation of contractual clauses; on supporting invoices, etc.), and from typically financial factors, i.e. the "credit standing" of the counterparty, if in contracts and financial instruments entered into, the debtor is not able to honour all or part of its obligations towards the Group.

The Group's counterparties are primarily composed of:

- companies belonging to associates or joint ventures;
- public bodies such as the Municipality of Bologna, the Municipality of Ferrara, the Emilia-Romagna Region and their subsidiaries;
- financial counterparties in relation to deposits with banks.

As regards users of LPT services, the Group operates by providing public services and the revenues deriving from the tariffs applied are essentially collected with the provision of the service.

The credit risk on liquidity and on financial instruments in the portfolio is limited given that the Group only operates with counterparties with a high credit rating.

Credit positions are subject to individual write-downs, if individually significant, for which there is an objective condition of partial or total non-collectability. The amount of the write-down takes into account an estimate of the recoverable flows and the related collection date, future recovery charges and expenses, as well as the value of any guarantees. For receivables that are not subject to an analytical write-down, provisions are allocated on a collective basis taking into account historical experience and the statistical data available.

The table below shows the exposure to credit risk, gross of the write-downs made, of the Group as at 31 December 2022 and as at 31 December 2021.

In thousands of Euro	Receivables 31/12/2022	Not past due	Past due				
			0-30	31-60	61-90	91-180	over 180
Trade assets	69,687	61,404	531	1,986	386	370	5,010
Financial assets	44,060	44,060					
Other assets	29,147	24,471	0	0	0	0	4,676
Provision for doubtful debts	(12,248)	(3,251)	(32)	(323)	(178)	(147)	(8,317)
Total	**117,421**	**109,090**	**(159)**	**2,824**	**297**	**184**	**5,185**

In thousands of Euro	Receivables 31/12/2021	Not past due	Past due				
			0-30	31-60	61-90	91-180	over 180
Trade assets	82,368	51,813	1,752	3,595	2,416	6,102	16,690
Financial assets	34,388	34,388					
Other assets	19,412	19,412					
Provision for doubtful debts	(10,940)	(2,233)	(84)	(160)	(284)	(537)	(7,642)
Total	**125,228**	**103,380**	**1,668**	**3,435**	**2,132**	**5,564**	**9,049**

Additional disclosures on financial instruments

The details of financial assets and liabilities required by IFRS 7, subdivided into the categories defined by IFRS 9, are shown below.

In thousands of Euro	Notes	Fair value level	Cost Amortised		*Fair value recognised in the income statement*		Total	
			31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Non-current assets								
Equity investments in other companies	4	3	-	-	3,343	3,342	**3,343**	**3,342**
Financial assets	5		35,290	34,388	-	-	**35,290**	**34,388**

Current assets							
Trade receivables	7	64,016	82,868	-	-	**64,016**	**82,868**
Financial assets	5	6,908	7,606	-	-	**6,908**	**7,606**
Assets for current income taxes	9	2,543	6,290	-	-	**2,543**	**6,290**
Other assets	10	24,339	18,159	-	-	**24,339**	**18,159**
Non-current liabilities							
Bonds	14	31,429	63,441	-	-	**31,429**	**63,441**
Medium/long-term loans	14	25	67	-	-	**25**	**67**
Liabilities for leased assets	3	4,572	5,464	-	-	**4,572**	**5,464**
Trade liabilities	12	1,556	1,173	-	-	**1,556**	**1,173**
Other liabilities	15	23,469	23,004	-	-	**23,469**	**23,004**
Current liabilities							
Trade liabilities	12	66,706	63,433	-	-	**66,706**	**63,433**
Financial liabilities	14	32,074	31,687	-	-	**32,074**	**31,687**
Liabilities for leased assets	3	3,318	2,418	-	-	**3,318**	**2,418**
Other liabilities	15	54,313	31,036	-	-	**54,313**	**31,036**

Determination of the fair value

The fair value of the financial assets and liabilities is determined in line with IFRS 13, which requires these values to be classified based on a hierarchy of levels, which reflects the characteristics of the inputs used to in its determination:

- level 1: valuations performed on the basis of quoted prices in active markets for financial assets and liabilities identical to those subject to valuation
- level 2: valuations performed on the basis of inputs other than quoted prices pursuant to level 1, which for the financial asset or liability are directly (prices) or indirectly (price derivatives) observable
- level 3: valuations that take as a reference parameters not observable on the market.

Taking the aforementioned classification as a reference, procedures were implemented to measure the fair value of the assets and liabilities as at 31 December 2022 and 31 December 2021, with reference to the observable market parameters and, in particular:

- The fair value of the financial assets and liabilities with standard conditions and terms, quoted on an active market, measured with reference to prices published in said market by leading market contributors
- the fair value of other financial assets and liabilities is measured, where the conditions are met, by applying the discounted cash flow method, using the prices recorded for recent market transactions by leading market contributors for similar instruments as the reference balances.

The table below shows the financial assets and liabilities measured at fair value:

In thousands of Euro	31/12/2022	*Fair value as at the reporting date*		
		Level 1	**Level 2**	**Level 3**
Equity investments	3,343	-	-	3,343

In accordance with the provisions of IFRS 13, the fair value of the financial liabilities as at 31 December 2022 is reported below.

In thousands of Euro	31/12/2022 Financial statement value	31/12/2022 Fair Value

Bonds	63,482	61,311
Liabilities for leased assets	7,890	7,548
Medium/long-term loans	46	47

During the year, there were no transfers between the different levels of the fair value hierarchy.

For medium/long-term financial instruments where no market shares are available, the fair value was determined by discounting the expected cash flows, using the market interest rate curve as at the reference date and considering its own credit risk.

Guarantees

In thousands of Euro	31/12/2022	31/12/2021	Change
Guarantees given to third parties			
Guarantees	11,670	15,777	(4,107)
Risks			
Third-party assets at the company	4,518	4,170	348
SRM rented assets at the company	26,277	26,434	(157)
SRM assets at the company	19	19	0
Total	**42,485**	**46,400**	**(3,915)**

The sureties granted to third parties mainly refer to the guarantees provided by the parent company TPER, on behalf of TPB S.c.r.l. and TFP S.c.r.l., to the respective mobility agencies for obligations assumed in relation to service contracts for local public transport in the Bologna and Ferrara areas.

The item "Third party assets held by the company" refers to the first stock of railway spare parts supplied by MA.FER customers.

The item “SRM leased assets” corresponds to the net carrying amount of the assets included in the scope of the business unit held by virtue of the lease contract and owned by the SRM mobility agency used as part of the local public transport service in the Bologna area.

In addition to the guarantees summarised above, it should be noted that the TPER Parent Company had received, as at the closing date of the financial year, Euro 24 million of guarantees from third parties to cover the purchases of goods (mainly rolling stock) and services. The most significant items of guarantees from third parties consisted of sureties on the construction of the Bologna-San Lazzaro guided public transport system (TPGV) (Euro 10 million), for the purchase of new buses (Euro 8.1 million), new trains (Euro 2.5 million) and for maintenance services (Euro 0.5 million).

Transactions with related parties

The following tables show the relevant economic and financial balances of a commercial and financial nature, deriving from Group transactions with related parties.

In thousands of Euro		Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Associates					
SETA S.p.A.	2021	230	133	306	266
	2022	730	353	839	774
CONSORZIO TRASPORTI INTEGRATI	2021	127	- 2	191	161
	2022	142	2	150	109
TRENITALIA TPER S.c.r.l.	2021	19,419	-	22,136	4,378
	2022	22,199	0	6,971	4,764
MARCONI EXPRESS S.p.A.	2021	2,842	71	12,672	637
	2022	6,008	154	14,534	785

Total associates	2021	22,617	202	35,303	5,442
	2022	29,079	509	22,495	6,431
Owner entities					
Region of Emilia-Romagna	2021	335	-	3,040	-
	2022	371	-	2,339	1,155
Municipality of Bologna	2021	885	5,991	203	-
	2022	932	1,052	171	761
Metropolitan city of Bologna	2021	46	0	50	0
	2022	50	-	50	471
Azienda Consorziale Trasporti ACT Reggio Emilia	2021	-	-	-	220
	2022	-	-	-	296
Province of Ferrara	2021	-	-	-	-
	2022	-	-	-	25
City Council of Ferrara	2021	30	-	30	-
	2022	40	-	25	16
Province of Parma	2021	-	-	-	-
	2022	-	-	-	1
Ravenna Holding	2021	-	-	-	-
	2022	-	-	-	1
Total owner entities	2021	1,296	5,992	3,323	220
	2022	1,393	1,052	2,585	2,727
Minority shareholders					
FERRARA MOBILITÀ S.c.r.l. "FEM"	2021	92	3,018	88	431
	2022	129	2,666	64	298
AUTOGUIDOVIE S.p.A.	2021	3	2,739	3	464
	2022	3	2,695	3	515
MERCITALIA RAIL S.r.l.	2021	831	121	738	109
	2022	1,283	249	1,419	- 48
PORTO INTERMODALE RAVENNA S.p.A - SAPIR	2021	2,165	2	907	-
	2022	1,876	11	683	4
AUTORITà DI SISTEMA PORTUALE DEL MARE ADRIATICO CONTRO	2021	-	-	-	-
	2022	-	-	-	-
NUOVA MOBILITÀ S.c.r.l.	2021	1	-	1	-
	2022	1	-	1	-
CO.E.R.BUS Soc. coop	2021	-	3,578	2	965
	2022	-	4,312	4	1,165
S.A.C.A. Coop r.l.	2021	585	10,177	82	2,692
	2022	737	12,352	189	3,053
COSEPURI Soc. coop p.A.	2021	-	8,152	11	1,923
	2022	-	8,490	63	1,993
Total minority shareholders	2021	3,676	27,786	1,831	6,584
	2022	4,029	30,775	2,425	6,980

Transactions with related parties do not include atypical or unusual transactions and are settled on an equivalent basis to those prevailing in transactions with independent parties. There were no non-recurring events and/or transactions in 2022.

No guarantees have been provided for receivables and payables with related parties. In the financial year ended as at 31 December 2022, the TPER Group did not record any impairment loss of receivables contracted with related parties. This assessment is carried out annually, at each balance sheet date, taking into consideration the financial position of the related party and the market in which the related party operates.

Compensation to directors and statutory auditors and auditing companies

The information concerning the remuneration of the directors, statutory auditors and the independent auditors of the TPER Group is presented below.

In thousands of Euro	31/12/2022	31/12/2021	Change
Directors' fees	375	350	25
Statutory auditors' fees	139	143	(4)
Independent auditors' fees	103	101	2
Total	**617**	**594**	**23**

It should be noted that the fee for the audit of the consolidated accounts is included in the amount envisaged for the audit of the Parent Company TPER.

Operating sectors

Following the evolution recorded in the Group's activities, the following operating segments were identified in order to better assess the activity performance taking into account the business and the organisational structure of the business areas:

- Local public transport: includes all activities relating to passenger transport services in the catchment areas served by the company, also with innovative methods (car-sharing with electric cars) and as a service for other operators in the local public transport of persons (shuttle service for Bologna airport-city and Emilia-Romagna regional train service);
- Freight transport: refers to the group's activities in the transport of goods by rail, as well as to the management activities of the Dinazzano and Guastalla freight terminals;
- Railway maintenance: includes maintenance services on railway vehicles;

It should be noted that as from 1 November 2021, following the assignment to another operator taking over from TPER in the management of parking and permits issuing services in the Municipality of Bologna, the "Parking and Urban Mobility" operating sector is no longer within the Group's monitoring scope.

In line with the provisions of IFRS 8, a summary of the identified sectors' main economic and financial performance data and indicators is shown in the following tables.

Millions of euros	2022					
	LOCAL PUBLIC TRANSPORT	TRANSPORT OF GOODS	RAILWAY MAINTENANCE	URBAN PARKING AND MOBILITY	NON-ALLOCATED ITEMS	CONSOLIDATED TOTAL
REVENUE	244.4	22.5	23.5	-	-	290.4
EBITDA	24.0	6.2	3.1	-	-	33.3
Depreciation and amortisation, write-downs, write-backs and allocations	(26.2)	(3.2)	(1.1)	-	-	(30.6)
EBIT	(2.2)	3.0	1.9	-	-	2.7
Profit/(Loss) of equity investments measured using the equity method					(0.4)	(0.4)
Financial income/(charges)					(0.8)	(0.8)
Profit before taxes from operating activities						1.5
Tax income/(charges)					0.1	0.1
Profit/(loss) for the year						1.6
Operating cash flow	53.3	(1.1)	(1.5)	-	-	50.7
Operating investments	(31.3)	(3.6)	(0.2)	-	-	(35.0)

Millions of euros	2021					
	LOCAL PUBLIC TRANSPORT	TRANSPORT OF GOODS	RAILWAY MAINTENANCE	URBAN PARKING AND MOBILITY	NON-ALLOCATED ITEMS	CONSOLIDATED TOTAL
REVENUE	231.1	23.8	22.6	10.9	-	288.3
EBITDA	27.4	8.4	3.4	(0.5)	-	38.6
Depreciation and amortisation, write-downs, write-backs and allocations	(20.7)	(3.1)	(0.9)	-	-	(24.8)
EBIT	6.7	5.2	2.4	(0.5)	-	13.8

Profit/(Loss) of equity investments measured using the equity method					(0.6)	(0.6)
Financial income/(charges)					(0.8)	(0.8)
Profit before taxes from operating activities						12.5
Tax income/(charges)					(5.5)	(5.5)
Profit/(loss) for the year						6.9
Operating cash flow	12.8	3.2	1.1	(0.5)	-	16.6
Operating investments	(36.1)	(3.9)	(0.1)	-	-	(40.1)

Orders for investments

Orders for investments in place as at the date of year-end are reported below.

In thousands of Euro	31/12/2022	31/12/2021	Change
Asset orders in place			
Tangible assets	55,858	17,575	38,283
Intangible assets	88	202	(114)
Total	**55,946**	**17,777**	**38,169**

The increase in 2022 over 2021 relates largely to the higher orders in place for rolling stock.

Grants, contributions, paid offices and economic benefits Italian Law no. 124/2017

Pursuant to Article 1, paragraph 125, of Italian Law no. 124 of 4 August 2017, in accordance with the obligation of transparency, it should be noted that in 2021 the following grants and/or contributions were received from public administrations:

ISSUING ENTITY	DESCRIPTION	AMOUNT RECEIVED EURO
Region of Emilia-Romagna	Grant for the purchase of Intelligent Transport Systems - POR-FESR 2014/2020 funds - resolution 23348/2019	159,075.86
Region of Emilia-Romagna	Grant for the purchase of Intelligent Transport Systems - POR-FESR 2014/2020 funds - resolution 11897/2021	406,117.43
Region of Emilia-Romagna	Grant for the purchase of Intelligent Transport Systems - POR-FESR 2014/2020 funds - resolution 23006/2020	784,596.87
Ministry of Infrastructure and Transport	Grant for the realisation of the Guided Public Transport System Bologna City Centre - San Lazzaro (BO) (TPGV) - Italian Law no. 211/92	2,143,019.96
Municipality of San Lazzaro	Grant for the implementation of the Guided Public Transport System Bologna City Centre - San Lazzaro (BO) (TPGV)	275,222.14
Municipality of Bologna	Grant for the implementation of the Guided Public Transport System Bologna City Centre - San Lazzaro (BO) (TPGV)	504,965.58
SRM Bologna	Balance of 5% for 15 12mt. IVECO interurban buses - FSC 2014-2020 axis F funds	63,364.38
AMI Ferrara	Balance of 5% for 3 interurban 14mt. MAN buses - FSC 2014-2020 axis F funds	18,316.27
SRM Bologna	Advance payment of 20% on grant for the purchase of buses - MATTM funds in the Bologna area	2,408,183.00
AMI Ferrara	Advance payment of 20% for grant for the purchase of buses - MATTM funds in the Ferrara area	543,421.28
Region of Emilia-Romagna	Balance of 5% for 7 Stadler trains (first contract) - FSC 2014/2020 provisions	2,075,000.00
Region of Emilia-Romagna	Balance of 20% for grant on Stimer project - determination no. 17028/2013	70,528.94
Region of Emilia-Romagna	Balance of 20% on grant for the purchase of ground ticket issuers set by Stimer	18,075.99
Municipality of Bologna	Advance payment of 20% on grant for the purchase of buses - REACT EU resources (agreement prot. 6697/2022)	4,046,285.72
Municipality of Bologna	10% advance payment on grant for the purchase of NRRP buses	6,985,000.00
Municipality of Bologna	Advance payment of 10% on grant for the construction of LPT infrastructures for NRRP resources	2,031,508.70
Municipality of Bologna	Advance payment of 20% for the purchase of buses - Città Alto Inquinamento PSNMS	3,290,759.00
Municipality of Bologna	Advance payment of 20% on grant for construction of LPT infrastructures - Città	

	Alto Inquinamento PSNMS resources (agreement prot. 138770/2022)	680,001.05
City Council of Ferrara	Advance payment of 20% on grant for the purchase of buses - Città Alto Inquinamento PSNMS (agreement prot. 138770/2022)	1,030,304.00
City Council of Ferrara	Advance payment of 20% on grant for construction of LPT infrastructures - Città Alto Inquinamento PSNMS resources (agreement prot. 138770/2022)	439,366.00
AMI Ferrara	Advance payment of 20% on grant for the purchase of buses - resources 1 five-year period 2019-2023 PSNMS RER Ferrara area	2,212,250.14
SRM Bologna	Grant balance to improve LPT quality and safety for prevention and containment of Covid-19 contagion - Decree of Regional Government no. 1269/2020	45,105.00
AMI Ferrara	Grant to the higher costs for the NCLA pursuant to Italian Laws nos. 47/04, 58/05, 296/06	2,486,085.00
SRM Bologna	Grant to the higher costs for the NCLA pursuant to Italian Laws nos. 47/04, 58/05, 296/06	9,701,413.00
Revenue Agency	Tax credit in favour of companies for the purchase of electricity and natural gas (Law Decree 21/2022 and subsequent extensions)	769,964.96
Revenue Agency	Tax credit for investments in capital goods art. 1, paragraph 1054-1058, Law 178/2020	784,104.35
Ministry of Labour	Contribution to sick pay Italian Law no. 266/2005	1,485,279.00
Customs Agency	Excise duties on transport diesel	1,808,561.18
Mobility agencies	COVID-19 public relief for loss of revenues	13,700,388.84
Customs Agency	Excise duty contributions	8,638.00
Ministry of Infrastructure and Transport	MIT grant for training pursuant to Italian Ministerial Decree no. 570/2017	6,142.00
TOTAL RECEIVED		60,981,043.64

Financial Statements as at 31 December 2022

Statement of Financial Position

Amounts in Euro	Notes	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Tangible assets	1	**166,705,572**	**162,229,647**
Rolling stock		158,700,392	154,605,912
Infrastructure		3,646,210	3,035,983
Real estate		3,094,219	3,156,021
Other tangible assets		1,264,751	1,431,731
Intangible assets	2	**394,495**	**401,289**
Assets for rights of use	3	**2,297,418**	**3,212,940**
Equity investments	4	**57,428,706**	**57,428,706**
Non-current financial assets	5	**35,296,367**	**34,777,717**
Total non-current assets		**262,122,558**	**258,050,299**
Current assets			
Trade assets	6	**65,989,993**	**85,461,354**
Inventories		13,449,536	12,312,852
Trade receivables		52,540,457	73,148,502
Cash and cash equivalents	7	**48,954,480**	**38,449,524**
Financial assets	5	**8,178,851**	**7,606,868**
Financial assets for contributions		5,892,951	5,892,443
Current financial assets		2,285,900	1,714,425
Assets for income taxes	8	**1,990,404**	**3,450,175**
Other current assets	9	**21,424,102**	**18,544,902**
Total current assets		**146,537,830**	**153,512,823**
TOTAL ASSETS		**408,660,388**	**411,563,122**

Amounts in Euro	Notes	31/12/2022	31/12/2021
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Capital issued		68,492,702	68,492,702
Treasury shares		(188,536)	(188,536)
Reserves and profits carried forward		89,404,619	84,843,875
Profit/(loss) for the year		1,686,971	5,119,009
Total shareholders' equity	10	**159,395,756**	**158,267,050**
Non-current liabilities			
Trade liabilities	11	**1,555,835**	**1,173,030**
Funds for provisions	12	**42,136,913**	**38,229,174**
Provisions for employee benefits		11,601,377	14,858,983
Other provisions		30,535,536	23,370,190
Deferred tax liabilities	13	**207,029**	**0**
Non-current financial liabilities	14	**32,681,563**	**63,788,608**
Bonds		31,428,559	63,441,402
Other non-current financial liabilities		1,253,004	347,206
Liabilities for leased assets	3	**836,830**	**1,911,444**
Other non-current liabilities	15	**23,468,963**	**22,933,857**
Total non-current liabilities		**100,887,133**	**128,036,113**
Current liabilities			
Trade liabilities	11	**58,039,427**	**54,733,944**
Current portion of funds for provisions	12	**7,109,829**	**8,612,747**
Provisions for employee benefits		1,071,629	1,298,680
Other provisions		6,038,200	7,314,066
Current financial liabilities	14	**32,053,295**	**31,666,666**
Current portion of bond loans		32,053,295	31,666,666
Current portion of liabilities for leased assets	3	**1,592,838**	**1,850,575**
Other current liabilities	15	**49,582,110**	**28,396,027**
Total current liabilities		**148,377,499**	**125,259,959**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**408,660,388**	**411,563,122**

INCOME STATEMENT

Amounts in Euro	Notes	2022	2021
Revenue			
LPT line services	16	159,386,226	149,720,711
Railway line services	17	8,138,647	6,144,357
Parking and car sharing	18	327,623	11,207,474
Other revenues	19	51,524,930	46,780,338
Total revenues		**219,377,426**	**213,852,880**
Costs			
Personnel costs	20	89,740,832	89,159,493
Costs for services	21	55,938,829	56,415,540
Costs for materials	22	40,971,040	29,511,912
Use of third-party assets	23	1,094,638	5,941,735
Other operating costs	24	4,186,015	4,107,484
Amortisation/depreciation		16,920,670	16,629,712
Depreciation of tangible assets	1	14,986,210	14,405,969
Amortisation of intangible assets	2	333,591	593,011
Amortisation of rights of use	3	1,600,869	1,630,732
Value write-downs/(reversals)		2,893,900	(845,830)
Write-downs/(reversals) of the value of financial assets	5-6-9	544,900	(730,505)
Write-downs/(reversals) of the value of non-financial assets	1	2,349,000	(115,325)
Change in funds for provisions	25	5,875,674	2,450,744
Total costs		**217,621,598**	**203,370,790**
OPERATING RESULT		**1,755,828**	**10,482,090**
Financial income		1,749,535	1,546,153
Dividends		*81,600*	*30,752*
Other financial income		*1,667,935*	*1,515,401*
Financial charges		2,278,351	2,142,937
Charges on bonds		*1,797,952*	*1,987,160*
Charges on loans		*351,354*	*2,691*
Other financial charges		*129,045*	*153,086*
FINANCIAL INCOME/(CHARGES)	26	**(528,816)**	**(596,784)**
PROFIT FROM OPERATING ACTIVITIES BEFORE TAXES		**1,227,012**	**9,885,306**
Tax charges	27	(459,959)	4,766,297
Current income taxes		(555,533)	(45,000)
Deferred taxes		95,574	4,811,297
PROFIT/(LOSS) FOR THE YEAR		**1,686,971**	**5,119,009**

COMPREHENSIVE INCOME STATEMENT

Amounts in Euro		Notes	2022	2021
Profit/(Loss) for the year	**(a)**		**1,686,971**	**5,119,009**
Other components of the comprehensive income statement for the year that can be reclassified to the income statement	**(b)**		**-**	**-**
Profit/(loss) from actuarial valuation of provisions for employee benefits		12	2,053,190	(379,407)
Tax effects		13	(111,455)	(290,253)
Other components of the comprehensive income statement for the year that cannot be reclassified to the income statement	**(c)**		**1,941,735**	**(669,660)**
Total other components of comprehensive income	**(d=b+c)**		**1,941,735**	**(669,660)**
COMPREHENSIVE ECONOMIC RESULT FOR THE YEAR			**3,628,706**	**4,449,349**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

			Reserves								
			Valuation reserves	Other reserves							
	Notes	Share capital	Reserve for actuarial valuations for employee benefits	Treasury shares	Legal reserve	Share premium reserve	Capital contributions reserve	Accumulated merger surplus reserve	Other reserves	Profit/(loss) carried forward	Result for the year
Balance as at 1.01.2020		**68,492,702**	**(919,133)**	**(188,536)**	**5,009,837**	**272,058**	**32,716,499**	**1,515,984**	**20,608,612**	**23,128,737**	**3,180,941**
Comprehensive income statement result for the year			(669,660)								5,119,009
Transactions with shareholders and other changes											
Allocation of the result for the year					159,047					3,021,894	(3,180,941)
Balance as at 31/12/2021		**68,492,702**	**(1,588,793)**	**(188,536)**	**5,168,884**	**272,058**	**32,716,499**	**1,515,984**	**20,608,612**	**26,150,631**	**5,119,009**
Comprehensive income statement result for the year			1,941,735								1,686,971
Transactions with shareholders and other changes											
Allocation of the result for the year					255,950				2,363,059		(2,619,009)
Distribution of dividends											(2,500,000)
Balance as at 31/12/2022	10	**68,492,702**	**352,942**	**(188,536)**	**5,424,834**	**272,058**	**32,716,499**	**1,515,984**	**22,971,671**	**26,150,631**	**1,686,971**

Cash flow statement

Amounts in Euro	Notes	2022	2021
Profit/(loss) for the year		**1,686,971**	**5,119,009**
Adjusted by:			
Amortisation/depreciation	1-2-3	16,920,670	16,629,713
Change in funds for provisions	25	5,875,674	2,335,419
Write-downs/(revaluations) of financial assets	5-6-9	544,900	(730,505)
Write-downs/(revaluations) of non-financial assets	1	2,349,000	-
Losses/(gains) from disposal of non-current assets		45,491	105,147
Financial income/(charges)	26	528,816	596,784
Net change in deferred taxation	13	207,029	0
Change in working capital and other changes		19,876,806	(14,490,087)
Income taxes paid		-	-
Net cash flow provided by/(used in) operating activities		**48,035,357**	**9,565,480**
Investments in tangible assets	1	(29,703,805)	(37,069,513)
Investments in intangible assets	2-3	(1,694,186)	(347,261)
Equity investments		-	(600,000)
Investments gross of contributions		**(31,397,991)**	**(38,016,774)**
Contributions to tangible assets	1	26,714,949	2,506,321
Contributions to intangible assets		-	-
Contributions		**26,714,949**	**2,506,321**
Disposals of tangible assets	1	139,509	244,662
Disposals of intangible assets		-	14,118
Disposals of equity investments		-	-
Disposals		**139,509**	**258,780**
Net cash flow provided by/(used in) investing activities		**(4,543,533)**	**(35,251,673)**
Issue/(repayment) of bonds	14	(31,666,666)	-
Reimbursement of financial liabilities for leased assets	3	(647,003)	(3,720,338)
Change in financial assets	5	475,214	2,712,183
Change in financial liabilities	14	905,798	(65,513)
Financial income		102,088	49,796
Interest expense		(2,124,164)	(1,760,191)
Other financial charges		(113,735)	(153,086)
Dividends received	26	81,600	30,752

Net cash flow provided by/(used in) financial assets	**(32,986,868)**	**(2,906,397)**
NET CASH FLOW FOR THE PERIOD	**10,504,956**	**(28,592,591)**
Cash and cash equivalents at the start of the year	38,449,524	67,042,114
Cash and cash equivalents at the end of the year	48,954,480	38,449,524

EXPLANATORY NOTES

General information

TPER S.p.A. (hereinafter TPER or Company) is a joint stock company established in 2012 with registered office in Bologna, in Via di Saliceto, 3. The company term is fixed to 31 December 2050.

TPER is an integrated mobility company with core business in local automotive and railway public transport (hereinafter also "LPT"). For more details please refer to the Report on Operations.

At the date of preparation of these financial statements, no shareholder holds control: the Emilia-Romagna Region is the relative majority shareholder of TPER (46.13%). The other shareholders are the Municipality of Bologna (30.11%), the Metropolitan City of Bologna, (18.79%), the Azienda Consorziale Transport ACT of Reggio Emilia (3.06%), the Province of Ferrara (1.01%), the Municipality of Ferrara (0.65%), Ravenna Holding S.p.A. (0.04%) and the Province of Parma (0.04%). Furthermore, TPER owns 111,480 treasury shares (0.16%).

These financial statements as at 31 December 2022 were approved by the Board of Directors of TPER at the meeting of 29 May 2023, considering that the Board of Directors of TPER dated 29 March 2023, as the conditions set forth in Article 2364, paragraph 2 of the Italian Civil Code were satisfied, resolved to defer the ordinary deadline for approval of the Company's financial statements from 120 days to 180 days from the end of the financial year.

It should be noted that the Company, which holds significant controlling interests, also provides for the preparation of the Group's consolidated financial statements, published together with these financial statements.

Structure and content of the interim financial statements

TPER's financial statements for the year ended as at 31 December 2022, drafted on the basis of the going concern assumption, were prepared in accordance with articles 2 and 3 of Italian Legislative Decree no. 38/2005, in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board and approved by the European Commission, which include the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as well as the previous International Accounting Standards (IAS) and previous interpretations of the Standard Interpretations Committee (SIC) still in force. For simplicity, the set of all the standards and interpretations is hereafter defined as the "IFRS".

The financial statements of TPER consist of the financial statements (statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity and cash flow statement) and of these explanatory notes and are prepared by applying the general cost criteria, with the exception of the balance sheet items that according to IFRS are recognised at fair value, as indicated in the evaluation criteria of the individual items described in note "Accounting standards and valuation criteria applied". The statement of financial position is presented on the basis of the scheme that provides for the distinction between current and non-current assets and liabilities. The income statement and the statement of comprehensive income are presented on the basis of the nature of the costs; in particular, the statement of comprehensive income, starting from the result for the year, shows the effects of gains and losses recognised directly in equity in application of IFRS. The Statement of changes in shareholders' equity represents the changes that took place during the year in the individual items that comprise it while the cash flow statement was prepared using the indirect method.

IFRS are applied consistently with the indications provided in the "Conceptual Framework for Financial Reporting" and there have not been any circumstances that have led to the use of derogations pursuant to IAS 1, Paragraph 19.

The statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity and cash flow statement are expressed in Euro, while the explanatory notes are expressed in thousands of Euro unless otherwise indicated.

The Euro is the functional currency used to present TPER's financial statements.

For each item of the financial statements, the corresponding value of the previous year is shown for comparative purposes. For the purposes of a more accurate representation of the Company's equity and financial position, some values for the comparative year were reclassified. On the other hand, it should be noted that the same values were not restated with respect to those presented in the consolidated financial statements for the year ended 31 December 2021, as there were no significant events or changes in the accounting standards applied that led to the need to make adjustments to the balances of the items of the previous year.

Accounting policies and valuation criteria

The most important accounting standards and valuation criteria applied in the preparation of the financial statements for the year ending 31 December 2022 are described below. These standards and criteria are consistent with those used for the preparation of the financial statements for the financial year as at 31 December 2021, with the exception of the amendments introduced with effect from 2022 to the IFRS in force, for details of which please refer to the following paragraphs.

Tangible assets

A tangible asset is recognised if, and only if: (a) it is probable that the future economic benefits associated with the item will flow to the entity; and (b) the cost can be measured reliably.

Tangible assets are recorded at purchase cost, including any directly attributable accessory charges, as well as financial charges incurred in the period of realisation of the assets.

Costs for the improvement, updating and transformation of a tangible asset are recognised as an increase in the initial cost when it is probable that the expected future economic benefits will increase. The replacement costs of identifiable components are recognised as tangible assets and depreciated over their useful life. The remaining carrying amount of the replaced component is recognised in the income statement. All other maintenance and repair costs are charged to the income statement when incurred.

The amount to be depreciated is the cost or other amount substituted for the cost minus its residual value. The residual value of an asset is the estimated amount that an entity would currently obtain from the divestment of the asset, net of estimated disposal costs, if the asset was already of the age and in the expected condition at the end of its useful life.

Starting from the moment in which the asset is available and ready for use, the amount to be depreciated is systematically depreciated on a straight-line basis over its useful life, defined as the period of time in which the entity is expected to use the asset.

The residual value and useful life of an asset are reviewed at least at each year-end date and, if the expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting standards, Changes in accounting estimates and errors.

In particular, for the purposes of defining the depreciation plan for buses and trolley buses used by TPER under the Bologna service contract and the Ferrara service contract and allocated for transfer, the depreciable amount is defined on the basis of the difference between the net carrying amount at the beginning of the year and the residual value, which in this specific case is represented by an estimate of the market value that will be recognised at the end of the service contracts by a possibly new contractor. This value is calculated according to the criteria identified by resolution no. 49 of 17 June 2015 of the Transport Regulation Authority and with reference to the UNI 11282/2008 standard and subsequent amendments or additions. The depreciable value is therefore amortised on the basis of the residual duration of the service contract, taking into account, where appropriate, any extensions as well as the residual technical life of the asset.

For all other types of tangible assets, presented by homogeneous categories, the following table shows the annual depreciation rates used in 2022.

Useful life	Years
Land indefinite useful life	indefinite
Buildings	10-39
Rolling stock	10-28
Plant and machinery	5-10
Other assets	4-8

In the presence of specific indicators regarding the risk of non-recovery of the carrying amount of the tangible assets, these are subjected to verification to detect any losses (impairment test), as described later in the specific paragraph.

Tangible assets are no longer shown in the financial statements following their sale; any profit or loss (calculated as the difference between the sale value, net of selling costs, and the carrying amount) is recognised in the income statement for the year of sale.

Intangible assets

Intangible assets are identifiable assets without physical substance, controlled by the company and capable of producing future economic benefits, as well as goodwill, when acquired for consideration.

The ability to identify is defined with reference to the possibility of distinguishing the acquired intangible asset compared to the goodwill. This requirement is normally satisfied when the intangible asset: (i) is attributable to a legal or contractual right or (ii) is separable, i.e. it can be sold, transferred, rented or exchanged independently or as an integral part of other activities. The control by the company consists in the ability to take advantage of the future economic benefits deriving from the asset and in the possibility of limiting its access to others.

Costs relating to internal development activities are recorded in the balance sheet when: (i) the cost attributable to the intangible asset can be reliably determined, (ii) there is the intention with, the availability of financial resources and the technical capacity to make the asset available for use or sale, (iii) it is demonstrable that the asset is capable of producing future economic benefits.

Intangible assets are recorded at cost, which is determined according to the same methods indicated for tangible assets.

Intangible assets with a finite useful life are amortised from the moment in which the same assets are available for use, in relation to the residual useful life.

The annual amortisation rates used in 2022, presented by similar categories, are shown in the following table.

Useful life	Years
Software	3-5

In the presence of specific indicators regarding the risk of non-full recovery of the carrying amount of the intangible assets, these are subject to a review to detect any impairments, as described in the paragraph “Impairment and reversal of impairment of assets”.

The gain or loss deriving from the sale of an intangible asset is determined as the difference between the disposal value, net of selling costs, and the net carrying amount of the asset and is recorded in the income statement of the year of sale.

Right of use

In the presence of a contract that falls into the definition of a lease, at the contract start date, a right of use is recognised, equal to the initial value of the corresponding lease liability, plus payments due before or at the contract start date (e.g. agency expenses). Subsequently, this right of use is measured net of accumulated amortisation/depreciation and impairment and is adjusted for any remeasurement of the correlated liability. Amortisation/depreciation starts on the date the lease takes effect, and extends in the shorter of the contractual duration and the useful life of the underlying asset.

The Company avails itself of the right granted by the principle of non-application of the relative provisions to short-term leases (with a duration not exceeding twelve months) and contracts in which the individual underlying asset is of low value; for these contracts, the Group recognises the lease fees in the income statement as a contra-entry to trade payables.

Business combinations and goodwill

Acquisitions of companies and business units are accounted for through use of the acquisition method, as required by IFRS 3; for this purpose, the acquired assets and identifiable liabilities acquired are recognised at their respective fair value at the date of acquisition. The cost of acquisition is measured by the total of the fair value, at the exchange date, of the assets, the liabilities assumed and any capital instruments issued by the Company, exchanging control of the acquired entity. Ancillary costs directly attributable to the business combination transaction are recognised in the income statement when incurred.

Goodwill is recorded as the positive difference between the acquisition cost, increased by both fair value on the date of acquisition of any non-controlling interests already held in the acquisition, and of the value of minority interests held by third parties in the acquisition (the latter valued, for each transaction, at the fair value or in proportion to the current value of the identifiable net assets of the acquisition), and the fair value of these assets and liabilities.

As at the date of acquisition, the goodwill that emerged was allocated to each of the units generating substantially autonomous financial flows that are expected to benefit from the synergies deriving from the business combination.

In the case of a negative difference between the acquisition cost (increased by the above components) and the fair value of assets and liabilities, this is recorded as income in the income statement of the year of acquisition.

If all the necessary information for determining the fair value of the assets and liabilities acquired is not available, these are provisionally recognised in the financial year in which the business combination transaction is realised and adjusted, with retroactive effect, no later than twelve months after the date of acquisition.

After initial recognition, goodwill is not amortised and is decreased by any accumulated impairment losses, determined using the methods described in the paragraph “Impairment and reversal of impairment of assets (impairment test)”.

Service concession arrangements

The agreements for service under concession are recognised in accordance with the interpretation in IFRIC 12, on the basis of which, in the presence of certain characteristics of the concession deed, the infrastructures used for the provision of public services under concession are recorded under intangible assets and/or financial assets depending on whether the concessionaire is entitled to a fee, respectively, from the customer for the service provided and/or has the right to receive it from the granting public body.

Equity investments

Equity investments in subsidiaries, associates and joint ventures are valued at cost, including directly attributable additional charges. The cost is adjusted for any loss in value according to the criteria established by IAS 36, for which reference should be made to the section on “Impairment and reversal of impairment of assets (impairment test)”. The value is subsequently reinstated if the conditions that determined the adjustments cease to exist; the reversal of value cannot exceed the original cost of the equity investment. In the event of any losses exceeding the carrying amount of the equity investment, the excess is recognised in a specific liability provision to the extent that the Company is committed to fulfilling legal obligations implied with regard to the investee company or in any case to cover its losses.

Equity investments in other companies, which can be classified in the category of capital financial instruments pursuant to IFRS 9, are initially recorded at cost, registered at the settlement date, insofar as it is representative of the fair value, including directly attributable transaction costs.

After the initial accounting, such equity investments are measured at fair value, with recognition of the effects in the income statement, except those that are not held for trading and for which, as allowed by IFRS 9, the option of designation at fair value with recognition of subsequent changes in the other components of other comprehensive income has been exercised at the time of acquisition.

Equity investments are derecognised when the contractual rights to the cash flows derived from the assets themselves expire or when the equity investment is sold, thereby effectively transferring all the risks and benefits pertaining thereto.

Treasury shares

The purchase cost of treasury shares is recognised as a reduction in equity. The effects of any subsequent transactions on these shares are also recorded directly in equity as transactions between shareholders.

Inventories

Inventories, mainly consisting of supplies and spare parts for the maintenance of rolling stock, are valued at the lower of the purchase or production cost, determined through the application of the average weighted cost, and the net estimated recoverable amount obtainable from its sale in the ordinary course of business.

Financial instruments

Financial instruments include cash and cash equivalents, derivative financial instruments and financial assets and liabilities (which for IFRS 9 include, among other things, trade receivables and payables). Financial instruments are recognised when the Company becomes part of the instrument's contractual clauses.

Cash and cash equivalents

They include cash, bank deposits or deposits with other credit institutions available for current transactions, current accounts and other equivalent values. Cash and cash equivalents are recognised at fair value, which normally coincides with the nominal value.

Financial assets

The classification of financial assets and related valuation is carried out considering both the management model of the financial asset and the contractual characteristics of the cash flows obtainable from the asset. The financial asset is valued using the amortised cost method if both of the following conditions are met:

- the management model of the financial asset consists in holding it with the purpose of collecting the related financial flows; and
- financial assets generate contractually, at predetermined dates, financial flows that are exclusively representative of the return on the financial asset itself (principal and interest).

The classification between current and non-current reflects the expectations of management regarding their realisation.

Financial assets measured at amortised cost are initially recognised at the fair value of the underlying asset; the measurement at amortised cost is carried out by applying the effective interest rate method.

The trade receivables, whose expiration falls within normal commercial terms or for which there are no significant financial components, are not discounted.

The financial asset is valued at fair value, with the recognition of the effects in the comprehensive income statement, if the objectives of the management model are to hold the financial asset for the purpose of obtaining the related contractual cash flows or selling it, and the financial generates, at predetermined dates, financial flows exclusively representative of the same financial asset.

Lastly, any residual financial assets held other than those described above are classified as assets held for trading and are measured at fair value with recognition of the effects in the income statement.

Write-down of financial assets

The recoverability of financial assets measured at amortized cost is estimated with the "expected credit losses" (ECL), based on the value of expected cash flows. Taking into account the estimate of the probability that the counterparty does not fulfil its obligation to pay, these flows are determined in relation to the expected recovery times, the presumed realisation value, any guarantees received, as well as costs that are expected to be incurred for debt recovery.

With reference to trade receivables and other receivables, valuation criteria are adopted to determine the probability of non-compliance by the counterparty, subject to periodic verification, including through historical analyses.

For receivables relating to counterparties that do not present a significant increase in risk, the ECLs are estimated on the basis of expected losses in the 12 months after the reporting date; in other cases, the expected losses until the end of the life of the financial instrument are estimated.

The original value is reinstated in subsequent years to the extent that the reasons that determined the adjustment cease to exist. In this case, the reversal of value is recorded in the income statement and cannot in any case exceed the value of the amortised cost that the financial asset would have had in the absence of previous adjustments.

Financial liabilities

Financial liabilities are initially recognised at fair value, net of any directly attributable transaction costs. Subsequently, financial liabilities are measured at amortised cost, using the effective interest rate method, with the exception of those for which the irrevocable option is exercised, at the time of recognition, for the measurement at fair value with recognition of the changes in the income statement (to eliminate or reduce the mismatch in the measurement or recognition with respect to an asset also measured at fair value).

Trade payables, whose expiration falls within normal commercial terms or for which there are no significant financial components, are not discounted. If there is a change in one or more elements of an existing financial liability (also through substitution with another instrument), a qualitative and quantitative analysis is carried out in order to verify whether this change is substantial with respect to the existing contractual terms. In the absence of substantial changes, the difference between the present value of the flows thus modified (determined using the effective interest rate of the instrument in place at the date of the modification) and the carrying amount of the instrument is recognised in the income statement, with consequent adjustment of the value the financial liability and restatement of the effective interest rate of the instrument; if substantial changes occur, the existing instrument is derecognised and the fair value of the new instrument is recognised at the same time, with the related difference recognised in the income statement.

Financial derivative instruments

All derivative financial instruments are shown in their financial statements at fair value, determined on the closing date of the financial year.

The derivatives are classified as hedging instruments, in accordance with IFRS 9, when the relationship between the derivative and the subject of the hedge is formally documented and the effectiveness of the hedge, initially and periodically verified, is high.

For instruments which cover the risk of changes in the cash flows of assets and liabilities (including with reference to prospective and highly probable assets and liabilities) subject to hedging (cash flow hedges), changes in the fair value are recognised in the statement of comprehensive income and any non-effective part of the hedging is recorded in the income statement. The cumulative changes in fair value set aside in the cash flow hedge reserve are reclassified from the statement of comprehensive income to the income statement for the year in which the hedging relationship is to cease.

For instruments that cover the risk of changes of the fair value of hedged assets and liabilities (fair value hedge), the changes in fair value are recorded in the income statement for the year. The related hedged assets and liabilities are also consistently adjusted to fair value, with an impact on the income statement.

The changes of fair value derivatives that do not meet the conditions for qualifying for IFRS 9 as hedging instruments are recognised in the income statement.

Cancellation of financial instruments

Financial instruments are no longer shown in the financial statements when, as a result of their sale or settlement, the Company is no longer involved in their management, nor does it hold the risks and benefits relating to these transferred or extinguished instruments and therefore loses the right to collection / payment of cash flows associated with the financial instrument.

Liabilities for leased assets

The lease liability, with the nature of a financial liability, is initially recognised at the present value of lease fees unpaid at the date of contractual effectiveness; for the purposes of calculation of the present value, the Company uses the incremental borrowing rate, defined for the duration of the loan.

The payments included in the initial measurement of the lease liability include:

- fixed payments, net of any lease incentives to be received
- variable payments due for the lease that depend on an index or rate initially measured using an index or rate at the date of effectiveness (e.g. ISTAT adjustments)
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise the option.

Variable payments that do not depend on an index or a rate are, by contrast, not included in the initial value of the lease liability. These payments are booked as a cost in the Income Statement, in the period in which the event or condition that generates the obligation is verified.

Subsequently, the lease liability is reduced to reflect the lease fees paid and increased to reflect the interest on the value that remains.

The Company recalculates the lease liability (and makes a corresponding adjustment to the associated right of use) in the event of a change in:

- of the duration of the lease
- of future payments due for the lease, deriving from a variation in the index or rate used to determine the payments (e.g. ISTAT) or as a result of a re-negotiation of the economic conditions.

Only in the event of a significant change in the duration of the lease or the future payments due for the lease does the Company recalculate the residual value of the lease liability, making reference to the incremental borrowing rate in force on the date of the change; in all other cases, the lease liability is recalculated by using the initial discount rate.

Funds for provisions

"Funds for provisions" are recognised when, at the reference date, there is a current obligation (legal or implicit) with respect to third parties resulting from a past event, an outflow of resources is likely to satisfy the obligation and a reliable estimate of the amount of the obligation can be made.

The provisions are recorded at the value representing the best estimate of the amount that the Company would pay to extinguish the obligation or to transfer it to third parties as at the closing date of the financial year. If the effect of discounting is significant, the provisions are determined by discounting the expected future cash flows at a discount rate that reflects the current market valuation of the cost of money. When discounting is carried out, the increase in the provision due to the passage of time is recognised as a financial charge.

Employee benefits

The liabilities related to short-term benefits guaranteed to employees, paid during the employment relationship, are recognised on an accrual basis for the amount accrued as at the end of the financial year.

The liabilities related to medium-long term benefits guaranteed to employees are recorded in exercising the right of the law, net of any assets serving the plan and the advances paid, determined on the basis of actuarial assumptions, if significant, and are recorded on an accrual basis consistent with the work services necessary to obtain the benefits.

The liabilities relating to the benefits guaranteed to employees, paid in connection with or after the termination of the employment relationship through defined contribution plans, are recorded for the amount accrued as at the end of the financial year.

The liabilities related to the benefits guaranteed to employees, paid in connection with or after the termination of the employment relationship through defined benefit plans, are recorded in the year of maturity of the right, net of any assets servicing the plan and the advances paid, determined on the basis of actuarial assumptions and are recognised on an accrual basis consistent with the work services necessary to obtain the benefits. The liability assessment is carried out by independent actuaries. The profit or loss deriving from the actuarial calculation is fully recorded in the statement of comprehensive income, in the reference year.

Revenues from contracts with customers

Revenue is the gross inflow of economic benefits arising in the course of the ordinary activities of an entity and is recognised when the control of the goods or services is transferred to the customer, at a figure representing the amount of consideration to which the entity expects to be entitled. More specifically, revenue is recognised through the application of a model that meets the following criteria:

- identification of the contract, defined as an agreement in which the parties undertake to fulfil their respective obligations
- identification of the individual performance obligations contained in the contract
- determination of the transaction price, i.e. the consideration expected for the transfer to the customer of the goods or services
- allocation of the transaction price to each performance obligation, on the basis of the selling prices of the individual obligation
- recognition of revenue when (or as) the performance obligation is satisfied by transferring the promised good or service to the customer.

The transaction price is the amount of consideration on exchange of which the customer is considered to have right to the transfer of the promised goods and services. It may include fixed and/or variable amounts. Revenues based on variable amounts are recognised in the income statement if reliably estimated and only if it is highly likely that such consideration will not, in subsequent periods, need to be wholly or substantially reversed from the income statement. In the event of a high prevalence of uncertainty related to the nature of the consideration, said consideration is only be recognised when such uncertainty is resolved.

Revenues are recognised alternatively:

- at a point in time, when the entity fulfils the obligation to transfer the promised good or service to the customer

- over time, as the obligation to transfer the promised goods or service to the customer is fulfilled.

The good is transferred when, or in the course of the period in which, the customer acquires control of it.

Depending on the type of transaction, revenues are recognised on an accrual basis based on the specific criteria set out below:

- travel tickets: with provision of the service
- supplementations of remuneration: set forth in the appropriate service agreements with public authorities, revenue is recognised for an amount equal to the actual amount accrued on the basis of current laws and agreements
- car-sharing: with provision of the service
- maintenance activities: with the provision of the service;
- logistics and transport activities, connected to the railway freight service: with provision of the service
- Crealis infrastructure management activities: according to the financial activity model envisaged by IFRIC 12. In particular, according to the provisions of IFRIC 12, the financial asset model is applicable to the case in point as the operator has the unconditional right to receive contractually guaranteed cash flows from the future transport service operator for the construction services provided and the operational maintenance services that it has undertaken to provide as network manager.

Government grants

Government grants, in the presence of a formal resolution of attribution or other equivalent legal title, are recognised on an accrual basis in direct correlation with the costs incurred.

Government grants are recognised at fair value when: (i) their amount can be reliably determined; and (ii) there is reasonable certainty that they will be received and the conditions for obtaining them will be respected.

Grants for operating expenses are recorded in the income statement in the year they accrue, consistently with the costs to which they are commensurate and are recognised, depending on the cases, as a direct deduction of the expenses incurred, or in the context of other income.

The grants received for investments in rolling stock or other tangible assets are recorded as a reduction in the cost of the asset to which they refer and contribute, in reduction, to the calculation of the relative depreciation rates.

Financial income and charges

Interest is recognised on an accrual basis on the basis of the effective interest method, i.e. using the interest rate that makes all inflows and outflows financially equivalent (including any premiums, discounts, commissions, etc.) that constitute a given transaction.

Financial charges related to the acquisition, construction or production of certain assets that require a significant period of time to be ready for use or for sale (qualifying assets) are capitalised together with the asset itself.

Dividends

They are recognised in the income statement when the right to receive the payment arises, which normally corresponds to the shareholders 'meeting resolution for the distribution of dividends.

The distribution of dividends to the shareholders of TPER is represented as a movement in shareholders 'equity and recorded as a liability in the period in which the distribution of the same is approved by the Shareholders' Meeting.

Income taxes

Income taxes are recorded on the basis of an estimate of the tax charges to be paid, in accordance with the applicable provisions in force.

The payables relating to income taxes are recorded under current tax liabilities in the Statement of Financial Position, net of advances paid. Any positive imbalance is recorded among current tax assets.

Deferred tax assets and liabilities are calculated on the basis of the temporary differences between the carrying amount of the assets and liabilities and their tax value.

Deferred tax assets are recognised:

- for all deductible temporary differences, if it is likely that a taxable income will be realised against which the deductible temporary difference can be utilised, unless the deferred tax asset derives:
- from the initial recognition of goodwill
- from goodwill whose amortisation is not deductible for tax purposes
- from the initial recognition of an asset or a liability in a transaction other than a business combination that, at the date of the transaction, does not influence either the accounting result or the taxable income (tax loss)
- for the carry-forward of unused tax losses and unused tax credits, if a taxable income is likely to be generated against which the tax loss or the tax credit can be used.

Deferred tax liabilities, if present, are booked in any case.

Deferred tax assets and liabilities are determined on the basis of the tax rates envisaged for the taxation of income in the years in which the temporary differences will reverse, based on the tax rates and tax legislation in force or essentially in force as at the reference date. The effect of the change in tax rates on the aforementioned taxes is booked to the income statement in the year in which said change materialises. Deferred tax assets and liabilities are only set off when legally allowed.

Impairment and reversal of impairment of assets (impairment test)

On the balance sheet date, the book value of tangible and intangible assets and equity investments is subject to verification to determine whether there are indications that these assets have suffered impairment. If these indications exist, we proceed to estimate the value of these assets, to verify the recoverability of the amounts recorded in the financial statements and determine the amount of any write-down to be recorded. For intangible assets with an indefinite useful life and those in progress, the impairment test is carried out at least annually, regardless of whether or not events occur that lead to the assumption of a reduction in value, or more frequently in the case that events or changes in circumstances occur which may bring about any reduction in value.

If it is not possible to estimate the recoverable value of an asset individually, the estimated recoverable value is included within the Cash Generating Unit (CGU) the asset belongs to. This verification consists in estimating the recoverable value of the asset (represented by the higher between the presumable market value, net of selling costs, and the value in use) and in comparison with the related net book value. In case the latter is higher, the asset is written down to the extent of the recoverable amount.

In determining the value in use, the expected future cash flows before taxes are discounted using a discount rate, before taxes, which reflects the current market estimate in relation to the cost of capital based on time and the specific risks of the asset. In the case of estimation of future cash flows of operating CGUs in operation, cash flows and discount rates are used instead net of taxes, which produce results that are substantially equivalent to those deriving from a pre-tax assessment.

The impairment losses are recorded in the income statement and are classified differently depending on the nature of the impaired asset. At the closing date of the financial statements, if there is an indication an impairment loss recognised in previous years may have been reduced, in whole or in part, the recoverability of the amounts recorded in the financial statements is checked and the potential amount of the write-down to be reversed is determined; this reversal cannot in any case exceed the amount of the write-down previously carried out. The relative impairment losses are restored, within the limits of the write-downs carried out, if the reasons that generated them cease to exist, except for goodwill and for the consideration of participating financial instruments valued at cost, in cases where the fair value cannot be reliably determined and they cannot be restored.

Estimates and evaluations

In application of IFRS, the preparation of annual accounts requires estimates and assumptions that are reflected in the determination of the book values of the assets and liabilities, as well as the information provided in the explanatory notes, also with reference to the contingent assets and liabilities present at the reporting date. These estimates are mainly used to determine amortisation, impairment testing of assets (including the estimate of the write-down of financial assets), funds for provisions, employee benefits, and the fair value of financial assets and liabilities, the state of completion of the activities relating to the provision of services that generate revenues, current, prepaid and deferred taxes.

The estimates made are complex by nature and characterized by a high degree of uncertainty as they can be influenced by multiple variables and assumptions that include technical and economic assumptions.

In making the budget estimates, the main sources of uncertainties that could have an impact on the evaluation processes are considered. Therefore, the subsequently recorded actual results could differ from these estimates; however, the estimates and valuations are reviewed and updated periodically and the effects deriving from any change are immediately reflected in the financial statements.

The estimates also took into account assumptions based on the parameters, market and regulatory information available as at the date the preparation of the financial statements. The current facts and circumstances that influence assumptions regarding future developments and events, however, may change due to changes in market developments or applicable regulations that are beyond the control of the Company. These changes in assumptions are also reflected in the financial statements when they occur.

It should be noted that an estimate was made - on the basis of the rules defined at national and local level - also of the Government grants pertaining to support revenue losses, during the period of lockdown and application of the restrictions as a result of the Covid pandemic.

Revenues from contracts with customers

The recognition of revenues from contracts with customers includes variable components, in which penalties are especially significant (other than those envisaged for compensation for damages). The variable components are identified at the inception of the contract and estimated at the close of each accounting period during the entire period of contractual validity, to take account of both new circumstances that materialised, and changes in the circumstances already considered for the purposes of previous evaluations. The variable price components include liabilities for future reimbursements.

Funds for provisions

The Company incorporates in Funds for provisions the probable liabilities attributable to disputes and expenses related to personnel, suppliers, third parties and, in general, other expenses deriving from the obligations undertaken. These assessments include, among other things, the measurement of the liabilities that could result from various types of disputes and proceedings, the economic effects of seizures ordered and still not definitively assigned, as well as foreseeable adjustments or reimbursements to be made to customers in cases in which they are not definitively determined.

The calculation of the allocations involves the assumption of estimates based on current knowledge of factors which may change over time, being able to generate final outcomes that are also significantly different from those taken into account in the drafting of these financial statements.

Impairment and stage allocation of financial instruments

For the purposes of the calculation of impairment and the determination of the stage allocation, the main factors subject to estimates by the Company, relating to the internal model prepared for counterparties, are as follows:

- estimate of the ratings for counterparties
- estimate of the probability of default for counterparties.

Depreciation of tangible assets and amortisation of intangible assets

The cost of tangible and intangible assets is amortised/depreciated on a straight-line basis over the estimated useful life of each asset. The economic useful life is determined at the time of purchase of the assets and is based on historical experience for similar investments, market conditions and the anticipation of any future events that could have an impact, including changes in technology. The actual useful life may therefore differ from the estimated useful life.

In particular, with regard to the depreciation plan relating to buses and trolley buses used as part of the service contracts for the LPT of Bologna and Ferrara, the estimated residual value at the end of the agreements was based on specific appraisals drawn up by an independent expert who determined the takeover value that will presumably be recognised to TPER in application of the criteria identified by Resolution no. 49 of 17 June 2015 of the Transport Regulatory Authority and referring to the UNI 11282/2008 standard and subsequent amendments or additions.

Deferred tax assets

Accounting for deferred tax assets takes place on the basis of expectations of taxable income in future years. The valuation of expected taxable income, for the purpose of accounting for deferred tax assets, depends on factors that may vary over time and have significant effects on the valuation of said financial statements item.

Employee severance indemnity

The evaluation of Employee severance indemnity is also based on the conclusions reached by the Company's external actuaries. The calculation takes account of the Employee severance indemnity accrued for work already carried out and is based on the different demographic and economic-financial assumptions. These assumptions, also based on experience and reference best practice, are subject to periodic revisions.

Going concern

In compliance with the provisions of IAS 1 pursuant to paragraph 25, in the preparation phase of this annual report, the Company carried out an assessment of its ability to continue to operate as a going concern. In this regard, the aforementioned standard establishes that "An entity must prepare financial statements on a going concern basis unless management intends to liquidate the entity or discontinue its operations, or has no realistic alternatives to this. *If management is aware, in making its judgements, of significant uncertainties relating to events or conditions that may give rise to serious doubts about the entity's ability to continue as a going concern, the entity must highlight these uncertainties. If an entity does not prepare its financial statements on a going concern basis, it must disclose that fact, together with the criteria on the basis of which it prepares the financial statements and the reason why the entity is not considered to be operating*".

In their assessment, the directors took into account the circumstances related to Covid-19, which also significantly influenced the results for the 2022 financial year, as well as those connected to the evolution of the macroeconomic scenario following the Russian-Ukraine conflict.

In relation to the company's ability to fulfil its obligations in the future, the following elements were considered:

- the effects of government measures that have already taken place in support of local public transport, which include aid: (i) intended to offset the reduction of tariff revenues from to passengers recorded in the period of application of the limitations intended to contain the COVID-19 epidemiological emergency; and (ii) to deal with exceptional increases in the prices of fuels and energy products
- other actions implemented by the national and supranational authorities to tackle the health crisis and the increase in prices of raw materials and to deal with the relevant economic and financial fall-out
- the availability of liquidity reserves or other forms of access to credit which would allow the Company to get through a period characterised by increased costs, without ending up in a position whereby its business continuity is compromised.

In this context, as at 31 December 2022 the Group had a Net Financial Position of Euro 16.9 million, of which: (i) cash and cash equivalents of Euro 48.9 million; (ii) current financial payables for Euro 33.6 million; and (iii) non-current financial payables for Euro 32.6 million. The Company also has cash credit lines that can be used immediately for Euro 10 million, with the possibility of an increase upon request.

In light of the above considerations, based on the 2023 budget and the cash plan prepared with a time horizon of 12 months, up until June 2024, the Directors considered the going concern assumption to be appropriate and correct after having verified the Company's ability to fulfil its obligations in the foreseeable future.

Accounting standards, interpretations and improvements applied from 1 January 2022

The following documents, previously issued by the IASB and endorsed by the European Union, which amend the international accounting standards, came into force from 1 January 2022:

Amendment to IFRS 3 Business Combinations

Issued on 14 May 2020, it updates the reference in IFR3 to the Conceptual Framework in the revised version, without these implying changes to the provisions of the standard.

Amendment to IAS 16 Property, Plant and Equipment

Issued on 14 May 2020, it does not allow the amount received from the sale of goods produced before the asset was ready for use to be deducted from the cost of the fixed asset. These sales revenues, and the related costs will be recognised in the income statement.

Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Issued on 14 May 2020, it clarifies which cost items must be considered to assess whether a contract will be loss-generating. In this regard, the "cost necessary for the fulfilment" of the contract includes the costs directly related to the same, which consist of: (i) costs necessary for the fulfilment of this contract; and (ii) the allocation of other costs directly related to the fulfilment of the contract.

In light of the amendment, the costs included in the estimate of the provision allocated to cover future charges deriving from the contract governing the management of the People Mover service were recognised. The analysis highlighted the need to deduct part of the costs that were not directly related to the fulfillment of the contract from the aforementioned estimate. For further details, please refer to note 12 - "Funds for provisions"

Annual Improvements 2018-2020

Issued on 14 May 2020, it makes changes:

- To IFRS 1 First-time Adoption of International Financial Reporting Standards, where a subsidiary that applies paragraph D16 of IFRS 1 is allowed to recognise the cumulative translation differences using the amounts recognised by its parent company at the date of transition of the parent company itself
- to IFRS 9 Financial Instruments, where clarifications are provided on which fees to include in the 10% test required by paragraph B3.3.6 when evaluating whether to eliminate a financial liability
- in IAS 41 Agriculture, where in order to ensure consistency with the requirements of IFRS13, the paragraph whereby entities did not include tax cash flows in the fair value measurement of a biological asset using the present value technique is eliminated
- to the Illustrative Examples accompanying IFRS 16 Leases, by deleting the Illustrative Example 13, in order to avoid confusion regarding the treatment of leasing incentives, due to how the incentives are illustrated in the example in question.

Newly issued accounting standards and interpretations, revisions and amendments to existing standards not yet in force or not yet approved

As required by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the new accounting standards and interpretations are reported below, as are the changes to the existing standards and interpretations already applicable, not yet effective as at 31 December 2022, that could be applied in the future in the Company's financial statements.

Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information

Issued on 9 December 2021, it allows the use of the transition option relating to the comparative information of financial assets at the time of first-time adoption of IFRS 17. The option allows entities to reclassify in the comparative information and individually, all the financial instruments falling within the scope of application of the standard in order to avoid accounting mismatch with respect to the classification envisaged by the international accounting standard IFRS 9. The changes will be applied starting from the financial years beginning on or after 1 January 2023. Early application is permitted.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

Issued on 23 January 2020, it provides clarifications on the classification of liabilities as current or non-current. The amendments to IAS 1 are effective starting from financial years starting on 1 January 2023.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Issued on 7 May 2021, it aims to standardise the ways in which entities account for deferred taxes on operations such as leasing and dismantling costs. The main change concerns the introduction of an exception to the exemption for the initial recognition (IRE) of deferred taxation for assets and liabilities envisaged by IAS 12. Specifically, the exception provides for the non-applicability of the exemption of IAS 12 for the initial recognition of all those transactions that give rise to temporary differences that are equal or subject to offsetting. By limiting the exemption to initial recognition only, the impact will be of a progressive improvement and comparability of the information for the benefit of the users of the financial statements, with reference to the tax impact of leasing operations and dismantling costs.

The changes will be applied starting from the financial years beginning on or after 1 January 2023. Early application is permitted.

IFRS 17 Insurance Contracts

On 18 May 2017, the IASB issued IFRS 17 "Insurance Contracts", which defines the accounting of insurance contracts issued and reinsurance contracts held. The provisions of IFRS 17, which establish the criteria for the recognition, measurement, presentation and disclosure of insurance contracts, exceed those currently envisaged by IFRS 4 "Insurance Contracts" and aim to ensure that users of financial statements can measure the effect of these contracts on the financial position, results and cash flows of companies. The standard is expected to be applied for financial years starting on 1 January 2023.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

Issued on 22 September 2022, it aims to clarify the impact that a sale or leaseback transaction could have on a financial liability that involves variable payments not related to indices or rates. The main change in the subsequent measurement of the financial liability concerns the determination of lease payments and revised lease payments so that, following a leaseback transaction, the seller-lessee does not recognise any profit or loss relating to the right to use it holds. The purpose of the amendment is to avoid the recognition of profits and losses, relating to the right of use recorded, following events that involve a remeasurement of the payable (for example, change in the lease agreement or its duration). Any gains and losses deriving from the partial or total extinction of a lease agreement continue to be recognised for the part of the right of use that has ceased. The amendments are applicable from 1 January 2024 with the possibility of early application.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

Issued on 12 February 2021, it requires companies to provide relevant information on the accounting principles applied and suggests avoiding or limiting unnecessary information. The amendments to IAS 16 are effective starting from financial years starting on 1 January 2023.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

Issued on 12 February 2021, it clarifies, also through some examples, the distinction between changes in estimates and changes in accounting standards. The distinction is relevant in that the changes in estimates are applied prospectively to future transactions and events, while changes in accounting standards are generally applied retrospectively. The changes will be applied starting from the financial years beginning on or after 1 January 2023, early application is permitted.

For all the reviewed standards and the amendments to the existing standards, the Company is evaluating any impacts currently not reasonably estimated, deriving from their future application.

Significant events after the close of the year

TPH2, the new company for integrated hydrogen charging systems

In January 2023, the new company TPH2 was established, which represents a first turning point in a process that began last autumn, when the TPER began working on the hydrogen project as part of the energy mix intended for local public transport in the two areas of Bologna and Ferrara.

The new company has been established between TPER (which holds 51%) and HGENERATION S.r.l., a company of the Italian division of the Wolftank group, an international leader in the development and implementation of hydrogen mobility solutions.

This confirms the custom of operating in partnership with entities that have developed specific skills in the sector, an operational-industrial partner having already been identified, through a public selection process, in a company of the Wolftank Group, for the establishment of the company.

A further step in TPER's ecological path, which continues to invest in the use of clean energy for the energy transition. TPH2 will be responsible for creating integrated hydrogen recharging systems for buses, in accordance with the NRRP deadlines by 2026.

In this way, what is already set forth in the agreement signed between the Municipality of Bologna, TPER and the SRM mobility agency is implemented to renew the vehicle fleet of the local public transport service with zero-emission vehicles with 127 vehicles; this is one of the actions of renewal of the current fleet and of the essential infrastructures that are part of the urban decarbonisation path that aims at climate neutrality by 2030 in Bologna, included among the 100 European cities with zero impact as part of the Horizon Europe mission of the European Commission. A similar protocol is being defined with the Municipality of Ferrara for 10 additional vehicles, also financed by the NRRP.

IRAP tax dispute 2011

On 30 January 2023, the appeal filed by TPER against ruling no. 255/2016 issued by the Bologna Provincial Tax Commission was rejected by the judgement of the second instance Court of Justice of Emilia-Romagna.

The facts originate from the assessment notice sent by the Revenue Agency to contest an overall higher IRAP tax, for the year 2011, ascertained at Euro 1.3 million, plus penalties and interest. The main issue concerned the conviction of ATC S.p.A. in liquidation not to operate under the concession and tariff regime. Consequently, the same company considered that it could legitimately benefit from the flat-rate labour cost deduction from IRAP pursuant to art. 11 of Italian Legislative Decree no. 446/1997. The Revenue Agency held the opposite view and, by virtue of art. 173 of Presidential Decree no. 917/1986 and of the joint liability in the event of merger, also included TPER S.p.A. in its claim.

With ruling no. 2/8/2020, delivered on 15 November 2019, the Regional Tax Commission rejected the taxpayer TPER's appeal. In particular, the appeal decision considered that the substantive objections concerning the validity of the IRAP recovery were to be rejected because they had already been decided, in favour of the Administration, in which ATC S.p.A. in liquidation was a party, concerning the same assessment notice under discussion.

TPER challenged ruling no. 2/08/2020, requesting its cassation; on the other hand, no further appeal was brought against the company ATC S.p.A. in liquidation, against which the decision became final.

The Court of Cassation, Section V, with ruling no. 6610 delivered at the hearing of 23 February 2022, quashed the ruling of the Emilia-Romagna Regional Tax Commission, on the basis of the finding of an apparent justification that did not include the reasons for the decision. As a result of this ruling, TPER filed a petition for the resumption of proceedings, which, however, was decided against the appellant, confirming the contested ruling.

It should be noted that the risk of losing does not entail significant outlays for the Company, in light of the fact that the amount of the tax has already been paid. In any case, with regard to the decision of the Regional Tax Commission of Emilia-Romagna, TPER is evaluating the opportunity to challenge the decision before the Court of Cassation.

New credit lines to support the investment plan

In order to strengthen liquidity, in view of the investments TPER is committed to, in May 2023 the Company finalised a financing transaction divided into three separate loans, namely:

- a revolving loan, contracted with a pool of lenders, for a maximum principal amount of Euro 65 million to be used to support the investment plan relating to the renewal and improvement of the rolling stock and related infrastructure pending the provision by part of the competent mobility agency and/or other competent entity (Emilia-Romagna Region, Municipality of Bologna, Municipality of Ferrara, Ministry of Infrastructures) of an amount corresponding to certain public contributions intended in the last resort to TPER regulated at a variable rate and of a four-year duration
- a term loan, backed by a “Sace Green” guarantee, for a total principal amount of up to Euro 15 million to be used to support investments in the regulated bus fleet at a variable rate and with a duration of eight years;
- a term loan, backed by a “Sace Green” guarantee, for a total amount of principal of approximately Euro 12 million to be used to support investments in the train fleet regulated at variable rates and with a duration of 10 years.

The first two lines are sustainability-linked and envisage a margin adjustment linked to the achievement of specific ESG objectives.

To guarantee the payment obligations deriving from the loans taken out, a set of guarantees ("*Security Package*") is envisaged for which TPER, in accordance with the commitments set forth in the terms and conditions of the bond issued, requested specific consent from the bondholders. The Bondholders' Meeting, which met on 18 May 2023, unanimously resolved to consent to the establishment of the Security Package also in partial derogation of art. 5.6 of the terms and conditions of the bond loan, against the extension of the guarantees related to the receivables from termination indemnities of the Bologna and Ferrara areas also with respect to the Bondholders.

Bad weather emergency

Starting from 15 May 2023, a strong wave of bad weather affected, in particular, the provinces of Bologna, Forlì-Cesena and Ravenna. According to the data provided by the Emilia-Romagna Region, 23 rivers and watercourses in the region have overflowed and 13 have exceeded the alarm level. As a result of the floods, the road and railway infrastructure suffered considerable damage, with consequent impacts on the services provided and on people's mobility.

In coordination with the institutions, TPER constantly monitors the situation, guaranteeing, where possible, and compatible with safety conditions, local public transport services. At the same time, a survey is being carried out on any damage suffered by vehicles and road infrastructures in order to adequately remodel the service, guaranteeing the mobility of people.

Impacts related to the evolution of the macroeconomic scenario

The conflict between Russia and Ukraine has generated serious repercussions not only at the humanitarian level, but also at the economic level, significantly impacting global financial markets. The resulting sanctions imposed by governments around the world on the Russian economy and the countermeasures adopted by the latter have contributed to the strong push up in the prices of raw materials (with particular reference to energy, metals and agricultural goods) and inconvenience in international trade activities.

The significant inflationary increase generated by the conflict has led to a change of course in the monetary policy of the main global central banks, now directed towards greater restrictiveness and austerity, as confirmed by the decisions of the ECB in relation to the increase in interest rates and purchases. of the public debt of EU member states. This change of course inevitably generates an increase in financial interest rates, with impacts on the real economy, on the level of investments made by individual companies, on their production levels and on the employment rate.

The changed macroeconomic context following the outbreak of the Russian-Ukrainian conflict led the European Securities and Market Authority (ESMA), in the Public Statement of 13 May 2022 - *Implications of Russian's invasion of Ukraine on half year financial report* - to recommend a fair level of transparency in financial disclosures, so that they can adequately reflect the current and, as far as possible, foreseeable impact of the conflict on the financial situation, performance and cash flows of companies. The overall assessment of the effects related to the Russian-Ukrainian conflict, however, did not lead to the identification of elements such as to determine the need to carry out impairment tests on the assets recorded in the financial statements, although the most significant impacts were identified in the increase in the cost of fuels used to supply the rolling stock.

First of all, it should be noted that TPER does not have direct exposure to the nations directly involved in the conflict. However, it is indirectly exposed to the effects that the continuation of the conflict could have on the geopolitical context and on the main economic and macroeconomic variables such as (i) the increase in the price of raw materials; (ii) the rise in interest rates.

With reference to the first aspect, the increase in the price of raw materials and commodities in general, especially with reference to the costs of fuels and energy, has already led to an increase in costs that the Company will have to incur in relation to the provision of transport services. TPER constantly monitors the trend of its costs and the company situation, constantly verifying the potential impacts on its planning, while respecting the commitments undertaken in terms of investments, attention to the quality of the service and to its users. It should also be noted that in 2022 and in the first months of 2023, the instruments made available to support businesses were used, such as: (i) tax credits on energy and gas consumption; and (ii) the fund established at the Ministry of Sustainable Infrastructure and Mobility for the recognition of a contribution aimed at dealing with exceptional increases in the prices of fuels and energy products used in relation to the provision of local public transport services.

On the other hand, in relation to the increase in interest rates, it should be noted that this will inevitably lead to a rise in the cost of debt related to future financing transactions that TPER is preparing to conclude in order to support its investment plan. In this context, it should be noted that the Company:

- as at 31 December 2022, it has a financial exposure almost entirely remunerated at a fixed rate
- has already started a strategy of concentration on itself, in its role of Parent Company, of the activities of raising credit capital for the entire Group, which makes it possible to carry out transactions of more significant volume with consequent mitigation of the impacts deriving from the increase in interest rates
- constantly assesses the market opportunities, aimed at any hedging transactions through derivative financial instruments, which could constitute a valid control to mitigate the risk of fluctuations in its cash flows.

Impacts from climate change

Sustainability is at the heart of TPER's strategy in line with the objectives of the United Stations 2023 Agenda for sustainable development. The achievement of these objectives requires the implementation of significant actions aimed at a more efficient and sustainable use of the resources used, an increasing attention to safety and the promotion, without distinction of gender, of the Company's talents. This must be achieved by actively involving TPER's supply chain with the aim of studying and implementing solutions that use materials with progressively lower emission factors.

Sensitivity to the evolution of climate change and its effects on the businesses managed is now a consolidated issue at international level, which is also reflected in a greater demand for disclosure in the annual financial report. Although there is no international accounting standard that regulates how the impacts of climate change are to be considered in the preparation of financial statements, the IASB has issued some documents to support IFRS-Adopters in meeting this request for interested parties' disclosure. Similarly, ESMA, in its *European Common Enforcement Priorities*, highlighted that issuers must consider climate risks in the preparation of IFRS financial statements to the extent that they are material regardless of whether or not these risks are explicitly envisaged by the accounting standards of reference.

TPER describes its considerations regarding actions related to the mitigation of the effects of climate change as well as climate change adaptation in the non-financial statement. In this context, considering the business sectors in which it operates in continuing the definition of updated future plans currently being developed and prepared, certain risks deriving from the current mitigation and adaptation process have been identified.

For the sectors in which TPER operates, the main effects deriving from climate change have been identified as the need to continue investments in infrastructure and vehicles.

In particular, with reference to the infrastructure and vehicles used in the local public road transport service, the management has assessed that these investments change the expectation of future economic benefits related to the buses that will be replaced. Consequently, the useful life of vehicles whose replacement is likely before the end of the service contracts was reviewed and the relative residual value was zeroed (represented by an estimate of the market value that will be recognised at the end of the service contracts by a possible new contractor).

In relation to railway rolling stock, a timely recognition of the risks associated with the existence of impairment indicators was carried out. The analysis carried out showed the presence of these indicators for two diesel-powered trains, with regard to the fact that they had to be decommissioned earlier than expected, in light of the gradual process of electrification of the regional railway network. With specific reference to these assets, an impairment test was therefore carried out, the outcome of which led to the recognition of a write-down of an amount of Euro 2.3 million recognised in the income statement for the year ended 31 December 2022.

For all other investments, management concluded that they were not able to reduce or change the expectation of future economic benefits associated with the use of tangible and intangible assets. In pursuing the definition of updated development plans currently being prepared, no further specific considerations were identified to be factored into the application of the accounting standards for the preparation of the financial statements for the year.

Finally, it should be noted that the legislation introduced in response to climate change could give rise to new obligations that did not exist before.

Information on the Statement of Financial Position

The items in the statement of financial position as at 31 December 2022 are commented on below. The values in brackets in the headings of the notes refer to balances as at 31 December 2021.

1. Tangible Assets

Euro 166,706 (162,230) thousand

Tangible assets as at 31 December 2022 showed a net value of Euro 166,706 thousand compared to the net value as at 31 December 2021, amounting to Euro 162,230 thousand. The table below shows the initial and final amounts of the items of tangible assets, with evidence of the original cost and accumulated depreciation as at the end of the year.

	31/12/2022			31/12/2021		
In thousands of Euro	**Cost**	**Accumulated amortisation**	**Net value**	**Cost**	**Accumulated amortisation**	**Net value**
Real estate	4,406	(1,499)	2,907	2,969	(1)	2,968
Real estate under construction	188		188	188		188
REAL ESTATE	**4,594**	**(1,499)**	**3,095**	**3,157**	**(1)**	**3,156**
Rolling stock buses/trolley buses	305,780	(216,498)	89,282	314,740	(228,233)	86,507
Rolling stock of buses/trolley buses in progress	7,336		7,336	6,834		6,834
Railway rolling stock	82,150	(23,524)	58,626	80,205	(20,772)	59,433
Railway rolling stock in progress	2,993		2,993	1,223		1,223
Vehicle rolling stock	3,212	(2,749)	463	3,227	(2,617)	610
ROLLING STOCK	**401,471**	**(242,771)**	**158,700**	**406,229**	**(251,622)**	**154,606**
Infrastructure	20,093	(18,760)	1,333	19,592	(18,365)	1,227
Infrastructure in progress	2,313		2,313	1,809		1,809
INFRASTRUCTURE	**22,406**	**(18,760)**	**3,646**	**21,401**	**(18,365)**	**3,036**
OTHER TANGIBLE ASSETS	**10,753**	**(9,488)**	**1,265**	**10,521**	**(9,089)**	**1,432**
TOTAL TANGIBLE ASSETS	**439,224**	**(272,518)**	**166,706**	**441,308**	**(279,077)**	**162,230**

Compared to the previous year, tangible assets recorded a change of Euro 4,476 thousand mainly due to:

- investments made in 2022 amounting to Euro 30,354 thousand;
- amortisation for the year of Euro 14,986 thousand;
- write-downs for impairment of Euro 2,349 thousand;
- grants on investments amounting to Euro 8,331 thousand.

During 2022, there were no significant changes in the estimated useful life of the assets.

The table below provides details on the changes in 2022. In the table, the values of the disposals are shown net of the accumulated depreciation.

31/12/2021	CHANGES IN THE FINANCIAL YEAR	31/12/2022

IN THOUSANDS OF EURO	Net value	Investments	Depreciation	Write-downs and write-backs	Disposals	Other Reclassifications adjustments	Grants on investments	Net value
Real estate	**2,968**	13	(74)					**2,907**
Real estate under construction	**188**							**188**
REAL ESTATE	**3,156**	**13**	**(74)**	**0**	**0**	**0**	**0**	**3,095**
Rolling stock buses/trolley buses	**86,507**	1,426	(11,187)		(185)	21,109	(8,388)	**89,282**
Rolling stock of buses/trolley buses in progress	**6,834**	21,613				(21,111)		**7,336**
Railway rolling stock	**59,433**	3,650	(2,752)	(2,349)		644		**58,626**
Railway rolling stock in progress	**1,223**	2,414				(644)		**2,993**
Vehicle rolling stock	**610**	32	(179)					**463**
ROLLING STOCK	**154,606**	**29,135**	**(14,118)**	**(2,349)**	**(185)**	**(2)**	**(8,388)**	**158,700**
Infrastructure	**1,227**	444	(395)				57	**1,333**
Infrastructure in progress	**1,809**	530				(26)		**2,313**
INFRASTRUCTURE	**3,036**	**974**	**(395)**	**0**	**0**	**(26)**	**57**	**3,646**
OTHER TANGIBLE ASSETS	**1,432**	**232**	**(399)**					**1,265**
TOTAL	**162,230**	**30,354**	**(14,986)**	**(2,349)**	**(185)**	**(28)**	**(8,331)**	**166,706**

The item “Real estate”, amounting to Euro 3.095 thousand, includes buildings and land owned for the purposes of operations.

Rolling stock amounted to Euro 158,700 thousand as at 31 December 2022 and includes:

- the value of buses and trolley buses, totalling Euro 96,618 thousand at 31 December 2022, used to provide local public transport services in the Bologna and Ferrara areas and regulated by specific service contracts
- the value of the railway rolling stock, partly leased to the jointly controlled company Trenitalia Tper S.c.r.l. (hereinafter “TT”) which guarantees the coordination and performance of the services to be rendered in execution of the service contract with Società Ferrovie Emilia- Romagna S.r.l. for the provision of the public passenger transport service by rail under the responsibility of the Emilia-Romagna Region and in part leased to the subsidiary Dinazzano Po S.p.A. and used by the latter as part of freight transport activities
- the value of the vehicles used to support the local public transport services provided.

With reference to railway rolling stock, it should be noted that at the end of the 2022 financial year, some indicators of impairment were found for two diesel-powered trains rented to Trenitalia Tper, including: (i) the circumstance that said trains will be replaced with electric trains by 2025 in accordance with the agreements reached with Trenitaia Tper; (ii) the fact that the use of diesel-powered vehicles, also as a result of environmental sustainability objectives, is increasingly less attractive, with the consequent reduction in the market value of these assets, higher than those expected due to the passing of the time or normal use; (iii) the program launched by the Emilia-Romagna Region for the complete electrification of regional railway lines, which provides for the replacement of diesel-powered trains with electric vehicles.

The existence of impairment indicators made it appropriate to carry out an impairment test, in accordance with IAS 36. The test was conducted both by determining the fair value of the aforementioned railway vehicles, whose estimate was entrusted to an independent expert, and by determining the value in use by applying the Unlevered Discounted Cash Flow method. The outcome of the test showed the need to make a write-down of Euro 2,349 thousand to align the book value of the assets with their recoverable value, assumed to be equal to the value in use as the latter was higher than the value in use at fair value.

In particular, as regards the estimate of the value in use, reference was made to:

- in terms of cash flows to the lease payments collected by Trenitalia Tper
- in relation to these flows' forecast period, over the 2023-2025 time horizon, in accordance with the forecasts of vehicle replacement. Beyond this horizon, the vehicles' terminal value was estimated
- at a discount rate of 8.8%, determined in the weighted average cost of capital (WACC) configuration.

In addition, a sensitivity analysis was carried out on the value in use by increasing the discount rate indicated by 1%, evaluating it as the only representative element of a medium-term stress test. The results of the analysis carried out confirmed the substantial accuracy of the write-down made.

The "infrastructure" item, amounting to Euro 3,646 thousand as at 31 December 2022, includes the value of the works carried out in support of the activities for the provision of public transport as well as issuers, validators, electronic information panels and information systems for users.

Lastly, the item "Other tangible assets" includes the value of plant, equipment and furniture and office furnishings.

It should be noted that as at 31 December 2022, the tangible assets are not encumbered by mortgages, liens or other collateral securities that limit their availability.

2. Intangible assets

Euro (401) (394) thousand

In thousands of Euro	31/12/2022			31/12/2021		
	Cost	Accumulated amortisation	Net value	Cost	Accumulated amortisation	Net value
Intangible assets	8,043	(7,734)	309	7,206	(6,827)	379
Intangible assets in progress	86	-	86	22	-	22
TOTAL	**8,128**	**(7,734)**	**394**	**7,228**	**(6,827)**	**401**

The item refers entirely to investments in software relating to operational management systems.

The table below shows the amounts at the beginning and at the end of the year as well as the relative changes occurred in 2022.

In thousands of Euro	31/12/2021	CHANGES IN THE FINANCIAL YEAR						31/12/2022
	Net value	Investments	Depreciation	Write-downs and write-backs	Disposals	Other reclassifications adjustments	Grants on investments	Net value
Intangible assets	379	263	(334)					309
Intangible assets in progress	22	60				3		86
TOTAL	**401**	**323**	**(334)**	**-**	**-**	**3**	**-**	**394**

As at 31 December 2022, the value of intangible assets was substantially in line with that recorded at the end of the previous year. During 2022, investments totalling Euro 323 thousand were made, essentially for the purchase of software licenses.

3. Assets for rights of use and liabilities for leased assets

Right-of-use assets

Euro 2,297 (3,213) thousand

In thousands of Euro	LPT Bologna and Ferrara	Company cars	Business unit rental fees	Total
Opening balance as at 01/01/2022	**1,045**	**74**	**2,094**	**3,213**
Increases/(decreases)	443	60	182	**685**
Amortisation/depreciation	(572)	(51)	(978)	**(1,601)**
Closing balance as at 31/12/2022	**916**	**83**	**1,298**	**2,297**

Right-of-use assets equal to Euro 2,297 thousand as at 31 December 2022 refer to:

- Euro 916 thousand for contracts relating to the management of Local Public Transport in the Municipality of Bologna and Ferrara;
- Euro 83 thousand for the rental of company cars;
- Euro 1,298 thousand, for the right of use relating to the business unit rental contract (LPT Bologna) entered into between TPER, via the TPB consortium and the granting body SRM, in-house company of the Municipality of Bologna on 4 March 2011 and the concession contract for use of the assets conducive to the LPT service of the Municipality of Ferrara.

The changes that occurred during the year 2022 include both the effects of the adjustments to the lease payments of each contract qualified as a lease pursuant to IFRS 16, made as a contra-entry to specific adjustments of the related financial liabilities, and the effects of the new contracts entered into during 2022.
It should be noted that for the lease contracts used as part of the existing service contracts, if the duration of the lease is longer than that of the related service contract, reference is made to this last duration in determining the rights of use, on the assumption that the rights in question are closely related to the activities to which they refer.

Liabilities for leased assets

(Non-current portion) Euro 837 (1,911) thousand

(Current portion) Euro 1,593 (1,851) thousand

In thousands of Euro	LPT Bologna and Ferrara	Company cars	Business unit rental fees	Car sharing	Total
Opening balance as at 01.01.2022	**1,096**	**77**	**2,149**	**441**	**3,762**
of which					
Current liabilities	458	39	918	435	**1,851**
Non-current liabilities	637	38	1,230	6	**1,911**
Balance as at 31.12.2022	**940**	**86**	**1,391**	**12**	**2,430**
of which					
Current liabilities	579	56	946	12	**1,593**
Non-current liabilities	361	30	445	-	**837**

Liabilities for leased assets, totalling Euro 2,430 thousand, down by Euro 1,332 thousand compared to 31 December 2021 (Euro 3,762 thousand), are related to the rights of use described above. It should be noted that in 2022 the leased assets liabilities relating to the rentals of the electric cars fleet used for the provision of the car-sharing service were zeroed due to the termination of the rental contracts. These contracts were subject to specific extensions of less than 12 months and therefore the related costs were charged to the income statement in accordance with the provisions of IFRS 16.

During the year 2022, financial charges for a total of Euro 61 thousand accrued on the leased assets liabilities (Euro 109 thousand in 2021).

4. Equity investments

Euro 57,429 (57,429) thousand

The following table shows the opening and closing balances (with indication of the original cost and cumulative write-downs) of the equity investments held by the Company classified by category.

In thousands of Euro	31/12/2022				31/12/2021			
	% ownership	Cost	Revaluations (write-downs)	Final value	% ownership	Cost	Revaluations (write-downs)	Final value
Subsidiaries								
TPF S.c.r.l.	97%	10	-	10	97%	10	-	10
SST S.r.l.	51%	94	-	94	51%	94	-	94
TPB S.c.r.l.	85%	9	-	9	85%	9	-	9
OMNIBUS S.c.r.l.	51%	39	-	39	51%	39	-	39
DINAZZANO PO S.p.A.	95%	36,905	-	36,905	95%	36,905	-	36,905
MA.FER S.r.l.	100%	3,100	-	3,100	100%	3,100	-	3,100
HERM S.r.l.	95%	10,621	(2,400)	8,221	95%	10,621	(2,400)	8,221
Associates								
CTI S.c.r.l. in liquidation	26%	3	-	3	26%	3	-	3
Marconi Express S.p.A.	25%	2,600	(860)	1,740	25%	2,600	(860)	1,740
SETA S.p.A.	7%	673	-	673	7%	673	-	673
Jointly controlled equity investments								
Trenitalia Tper S.c.r.l.	30%	3,300	-	3,300	30%	3,300	-	3,300
Equity investments in other companies								
START ROMAGNA S.p.A.	14%	4,036	(700)	3,336	14%	4,036	(700)	3,336
Total		**61,389**	**(3,960)**	**57,429**		**61,389**	**(3,960)**	**57,429**

With reference to the recoverability of the carrying amount of the equity investments in place as at 31 December 2022, there are no events or changes in circumstances that could constitute indicators of impairment. With regard to the residual effects of the COVID-19 pandemic, taking into account what is indicated by the ESMA notice no. 32-63-1320 of 28 October 2022, for the financial year 2022, this factor was not considered to be an indicator of impairment of the equity investments held, since no significant impact on the operating flows and economic, equity and financial results of the investee companies was found as a result.

The following table shows the main information of the investee companies as taken from the latest available financial statements. In this regard, it should be noted that for the investee Start Romagna S.p.A. the latest available financial statements relate to the year ended 31 December 2021, while for all the other investee companies the data used was taken from financial statements for the year ended 31 December 2022.

In thousands of Euro	Registered office	% ownership	Shareholders' equity	Profit/(loss) for the year
Subsidiaries				
TPF S.c.r.l.	Ferrara	97.0%	13	0
SST S.r.l.	Ferrara	51.0%	1,792	228
TPB S.c.r.l.	Bologna	85.0%	19	0
OMNIBUS S.c.r.l.	Bologna	51.0%	107	0
DINAZZANO PO S.p.A.	Reggio Emilia	95.3%	39,143	(1,559)
MA.FER S.r.l.	Bologna	100.0%	10,291	701
HERM S.r.l.	Bologna	95.0%	8,442	1
Associates				
CONSORZIO TRASPORTI INTEGRATI S.c.r.l. in liquidation	Bologna	26.0%	14	0
Marconi Express S.p.A.	Bologna	25.0%	16,003	(1,579)
SETA S.p.A.	Modena	6.7%	17,988	39
Jointly controlled equity investments				
Trenitalia Tper S.c.r.l.	Bologna	30.0%	14,583	2,137
Equity investments in other companies				
START ROMAGNA S.p.A.	Rimini	13.9%	30,303	98

5. Financial assets

(Non-current portion) Euro 35,296 (34,778) thousand

(Current portion) Euro 8,179 (7,607) thousand

The table below shows the breakdown of other financial assets at the beginning and end of the financial year, highlighting the current and non-current portions.

In thousands of Euro	31/12/2022			31/12/2021		
	Financial statement value	Current portion	Non-current portion	Financial statement value	Current portion	Non-current portion
Financial assets for contributions	**5,893**	**5,893**	**-**	**5,892**	**5,892**	**-**
Region of Emilia-Romagna	1,138	1,138	-	2,633	2,633	-
Municipality of Bologna	3,066	3,066	-	-	-	-
Municipality of San Lazzaro	34	34	-	262	262	-
Other	1,655	1,655	-	2,997	2,997	-
Other financial assets	**37,582**	**2,286**	**35,296**	**36,492**	**1,714**	**34,778**
Loan to investee Marconi Express S.p.A.	10,170	2,286	7,884	9,667	1,714	7,953
Receivable from OMNIBUS for car-sharing fleet rental	6	-	6	390	-	390
Receivables for Crealis investments	29,268	-	29,268	28,152	-	28,152
Provision for the write-down of financial assets	**(1,861)**	**-**	**(1,861)**	**(1,717)**	**-**	**(1,717)**
TOTAL	**43,475**	**8,179**	**35,296**	**42,385**	**7,607**	**34,778**

The receivable from the Emilia-Romagna Region, amounting to Euro 1,138 thousand, refers for Euro 937 thousand to contributions to be collected relating to investments in buses and for the remainder to contributions on investments made for the extension of the no. 14 trolley bus line.

Financial assets for contributions held with the Municipality of Bologna refer to amounts still to be collected related to investments made for the purchase of buses under agreements entered into as part of various active contribution lines including the National Strategic Plan Sustainable Mobility (PSNMS).

The receivable from the Municipality of San Lazzaro, amounting to Euro 34 thousand as at 31 December 2022, refers to the contributions for the construction of the TPGV Crealis transport system.

The loan to the investee company Marconi Express S.p.A., amounting to Euro 10,170 thousand as at 31 December 2022, was disbursed in line with the approved business plans and the shareholders' agreements, and refers to the TPER share of the loan for the construction of the monorail connecting the railway station and Bologna airport.

The receivable for Crealis investments represents a financial concession right claimed from the possible operator that will take over the expiry of the service contract that regulates local public transport in the Bologna area. In particular, following the entry into operation of the TPGV-Crealis service from 1 July 2020 and following the definition of the new contractual framework between TPER, SRM, Metropolitan City of Bologna, the Municipality of Bologna, the Municipality of San Lazzaro of Savena, a financial asset was recognised given that, for the construction services rendered, the Company has accrued the right to receive a fee starting from the termination of the current contract and quantified so as to remunerate both the costs incurred for the investment and future maintenance activities.

In compliance with the provisions of IFRS 9, a specific write-down provision was allocated to the aforementioned financial assets, which increased by Euro 144 thousand in 2022 to take into account the changed expectations in terms of expected credit loss.

6. Trade assets

Euro 65,990 (85,461) thousand

As at 31 December 2022, trade assets included:

- inventories of Euro 13,450 thousand (Euro 12,313 thousand at 31 December 2021) mainly consisting of inventories and spare parts for maintenance and replacement activities carried out on vehicle vehicles and related infrastructures
- trade receivables, equal to Euro 52,540 thousand (Euro 73,149 thousand at 31 December 2021).

The breakdown of trade receivables is detailed in the table below.

In thousands of Euro	31/12/2022	31/12/2021
Inventories		
Raw materials and automotive parts	18,770	17,000
Provision for inventory write-downs	(5,321)	(4,687)
Total	**13,450**	**12,313**

The provision for inventory write-downs, which increased by Euro 634 thousand, was determined by taking into account the value of certain engines and other complex used and overhauled subsets as well as the slow-moving parts and spare parts referring to vehicles whose discontinuation is expected in the short term.

The table below shows the changes in the provision in 2022.

In thousands of Euro	31/12/2021	Reclassifications	Uses	Provisions	31/12/2022

Provision for inventory write-downs	4,687	-	-	634	5,321
Total	**4,687**	**-**	**-**	**634**	**5,321**

The breakdown of trade receivables is detailed in the table below.

In thousands of Euro	31/12/2022	31/12/2021
Trade receivables from:		
Subsidiaries	30,793	39,449
Associates and joint ventures	12,325	25,636
Owner entities	896	939
Receivables from customers	13,994	12,548
Total trade receivables	**58,008**	**78,571**
Provision for doubtful debts	(5,467)	(5,423)
Total	**52,540**	**73,149**

Trade receivables from subsidiaries, amounting to Euro 30,793 thousand, essentially refer to invoices issued or to be issued for fees for minimum services for automotive services to the TPB and TPF consortia, as well as for rentals, administrative services and personnel secondments provided to subsidiaries.

Trade receivables from associates, amounting to Euro 12,325 thousand, refer to commercial transactions involving specific activities with Trenitalia Tper, Marconi Express, as well as with Seta S.p.A.

The item "Receivables from customers", equal to Euro 13,994 thousand, is attributable to receivables for the sale of travel tickets as well as receivables from customers for services rendered as part of maintenance activities, for rent receivables and for the sale of advertising space.

Receivables are shown net of a bad debt provision of Euro 5,467 thousand as at 31 December 2022, whose changes in the year are shown in the table below.

In thousands of Euro	31/12/2021	Uses/Releases	Provisions	31/12/2022
On trade receivables	5,423	(3)	47	5,467
Total	**5,423**	**(3)**	**47**	**5,467**

For trade receivables, the valuation related to recoverability is based on the weighting of a customer rating determined in consideration of the following parameters:

- the analysis of historical profiles of collections and losses;
- analysis of the past due situation on the total credit analysed;
- the application of a default rate in relation to the segmentation of customers in the portfolio by type of membership.

Lastly, it should be noted that the carrying amount of trade receivables approximates the relative fair value.

7. Cash and cash equivalents

Euro 48,954 (38,450) thousand

The item includes bank and postal deposits as well as cash provisions for petty and urgent expenses and increased by Euro 10,504 thousand compared to the previous year.

For more details on the events that generated the increase in cash and cash equivalents during the 2022 financial year, please refer to the note "Information on the cash flow statement".

8. Current tax assets

Euro 1,990 (3,450) thousand

The table below shows the amount of current tax assets and liabilities at the beginning and end of the year.

In thousands of Euro	31/12/2022	31/12/2021
IRES	1,072	2,872
IRES tax consolidation	340	-
IRAP	578	578
Total	**1,990**	**3,450**

As at 31 December 2022, the Company recorded exclusively income tax assets, down by Euro 1,460 thousand compared to 31 December 2021, and mainly comprised of taxes paid as an advance in previous years.

It should be noted that starting from the 2022 financial year, as consolidating company, together with the subsidiaries Mafer S.r.l. and Dinazzano Po S.p.A., as consolidated companies, the Company exercised the optional regime that allows, inter alia, the determination of a single total taxable income for the purposes of Corporate Income Tax ("IRES"), corresponding to the algebraic sum of the total net income of all the parties included in the tax unit and, consequently, of a single amount of tax paid and due, pursuant to and for the effects of art. 117 et seq. of the TUIR, and of Ministerial Decree of 1 March 2018.

For the purposes of a better representation of the statement of financial position, it should be noted that the balance relating to the year ended 31 December 2021 was amended to take into account the different classification of certain financial statement items.

9. Other current assets

Euro 21,424 (18,545) thousand

The item consists of receivables and other current assets of a nature other than trade and financial assets, as detailed in the following table.

In thousands of Euro	31/12/2022	31/12/2021
Receivables for compensation on lost revenues	13,639	13,334
Receivables for fuel relief	1,827	-
Receivables due from Ferrovie Emilia-Romagna	220	220
Prepaid expenses	377	442
Tax credits for investments	1,946	1,174
Energy and gas tax credits	2,718	-
Other receivables	5,412	8,117
Total	**26,139**	**23,287**
Provision for doubtful debts	(4,715)	(4,742)
Total	**21,424**	**18,545**

Receivables for compensation, amounting to Euro 13,639 thousand, refer to the amount not yet collected, relating to the year 2021 and the first quarter of 2022, in relation to the compensatory measures introduced by Law no. 77 (art. 200 paragraph 1, "Relaunch Decree") and subsequent regulatory provisions that supplemented the allocations to the fund set up by the Ministry of Infrastructure and Transport to offset the reduction in tariff revenues relating to passengers in the period of the COVID-19 epidemiological emergency (23 February 2020 - 31 March 2022).

The item “Receivables for fuel compensation” includes the estimated value of the amounts to be collected relating to contributions to cover the increase in the costs of fuel used to supply vehicles used for local and regional public transport pursuant to art. 9 of Decree Law no. 115/2022 and art. 6 of Law Decree no. 144/2022 and recorded in the second and third quarters of 2022.

The energy and gas tax credits relate to the subsidies introduced in 2022 for companies other than energy-intensive and gas-intensive companies, which are granted a tax credit as a percentage of the expenses incurred for the purchase of electricity and gas for the third and fourth quarters of 2022.

The item “Other receivables” includes: (i) the receivable from ATC S.p.A. in liquidation, equal to Euro 3.6 million referring to the adjustments of the merger transaction that took place in 2012; (ii) receivables due from the resale of travel tickets amounting to Euro 891 thousand. With reference to the receivable due from ATC S.p.A. in liquidation, it should be noted that it was considered appropriate for this receivable to recognise an adequate provision for write-downs because, despite the recognition of the debt and the full willingness to settle it, the creditor is currently involved in tax litigation that could compromise - in the event of a defeat in the dispute - the financial capacity of the company.

Lastly, it should be noted that the provision for write-downs is related to the estimate of non-collectability of part of the other receivables. The changes in this provision are shown in the table below.

In thousands of Euro	31/12/2021	Uses/Releases	Provisions	31/12/2022
Provision for write-downs of other current assets	4,742	(27)	-	4,715
Total	**4,742**	**(27)**	**-**	**4,715**

10. Shareholders’ equity

Euro 159,396 (158,267) thousand

In thousands of Euro	31/12/2022	31/12/2021
Capital issued	68,493	68,493
Treasury shares	(189)	(189)
Reserves	65,923	63,304
Profit/(loss) carried forward	23,129	23,129
Actuarial profit/loss	353	(1,589)
Profit/loss for the year	1,687	5,119
Total	**159,396**	**158,267**

The fully subscribed and paid-up share capital of TPER as at 31 December 2022 consists of 68,492,702 ordinary shares with a par value of Euro 1 each, for a total of Euro 68,493 thousand, and did not change in financial year 2022.

As at 31 December 2022:

- the outstanding shares are equal to 68,492,702 (68,492,702 as at 31 December 2021)
- treasury shares amount to 111,480 (111,480 as at 31 December 2021).

The increase in the item as at 31 December 2022 compared to the previous year, equal to Euro 1,129 thousand, shown in detail in the statement of changes in shareholders' equity, is due to the combined effect of:

- the result of the comprehensive income statement for 2022, positive for Euro 3,628 thousand, consisting of the profit for the year (Euro 1,687 thousand) and the positive balance of the other components of the comprehensive income statement (for Euro 1,942 thousand), which affects the actuarial gain deriving from the valuation of employee benefits related to post-employment benefits
- the distribution of profits, resolved at the time of approval of the financial statements for the year ended 31 December 2021, for Euro 2,500 thousand.

The objectives of TPER in capital management are aimed at safeguarding business continuity and guaranteeing the interests of the stakeholders, as well as allowing efficient access to external sources of financing aimed at adequately supporting the development of operating activities and compliance with the commitments undertaken.

The summary table of the shareholders' equity items with the relative possibility of use and the evidence of the available quota is reported below.

In thousands of Euro	Balance as at 31/12/2022	Possibility of use (A, B, C, D)*	Portion available	Summary of uses made in the period 01/01/2014 - 31/12/2019 (pursuant to Article 2427, 7 bis, of the Italian Civil Code)	
				To cover losses	For other reasons
Capital issued	68,493				
Legal reserve	5,425	B	5,425		
Extraordinary reserve	25,994	A, B, C	25,994		
Reserve from profits/(losses) from actuarial valuation of provisions for employee benefits	353		353		
Other reserves	34,505	A, B, C	34,505		
Profits carried forward	23,129	A, B, C	23,129		
Reserves and profits carried forward	**157,899**				
Treasury shares	(189)				
TOTAL	**157,710**				
of which:					
Non-distributable portion			5,778		
Distributable portion			83,628		

(*) **Key:**

A: share capital increase

B: coverage of losses

C: distribution to shareholders

D: for other statutory/shareholders' meeting restrictions

11. Trade liabilities

Non-current portion - Euro 1,556 (1,173) thousand

Current portion - Euro 58,039 (54,733) thousand

In thousands of Euro	31/12/2022	Current portion	Non-current portion	31/12/2021	Current portion	Non-current portion
Trade payables	46,676	45,121	1,556	44,382	43,209	1,173

Trade payables to subsidiaries	6,074	6,074	-	5,942	5,942	-
Trade payables to associate companies	6,402	6,402	-	5,413	5,413	-
Trade payables due to shareholders	7	7	-	-	-	-
Other trade payables	435	435	-	169	169	-
Total	**59,595**	**58,039**	**1,556**	**55,906**	**54,733**	**1,173**

Trade liabilities, amounting to Euro 59,595 thousand, are mostly made up of trade payables (for Euro 46,676 thousand) and increased by a total of Euro 3,689 thousand compared to the end of the previous year, essentially due to the higher costs incurred.

It should be noted that the item does not include overdue payments of a significant amount that have not been settled.

12. Funds for provisions

Non-current portion - Euro 42,137 (38,229) thousand

Current portion - Euro 7,110 (8,613) thousand

As at 31 December 2022, funds for provisions amounted to Euro 49,247 thousand (Euro 46,842 thousand as at 31 December 2021). The following table shows the details of the funds for provisions with an indication of the relative current and non-current portions.

In thousands of Euro	31/12/2022			31/12/2021		
	Financial statement value	Current portion	Non-current portion	Financial statement value	Current portion	Non-current portion
Provisions for employee benefits	12,673	1,072	11,601	16,158	1,299	14,859
Other provisions	36,574	6,038	30,536	30,684	7,314	23,370
TOTAL	**49,247**	**7,110**	**42,137**	**46,842**	**8,613**	**38,229**

The changes in funds for provisions broken down by nature are shown below.

In thousands of Euro	31/12/2021	CHANGES IN THE FINANCIAL YEAR						31/12/2022
	Opening balance	Provisions	Financial charges	Decreases for uses	Decreases for releases	Allocations to OCI	Other reclassifications or adjustments	Closing balance
Provision for employee benefits	16,158	68		(1,510)		(2,053)	11	12,673
Insurance deductibles provision	2,790	1,929	-	(1,254)	-	-	-	3,465
Provision for labour disputes in progress	14,713	5,402	1	(221)	(1,156)		(828)	17,911
Provision for LPT disputes	500	698	-	-	-	-	-	1,198
Provision for tax disputes	5,620	-	-	-	-	-	-	5,620
Provision for onerous contract	6,880	289	191	-	-	-	-	7,360
Provision for privacy risks	0	502	-	-	-	-	-	502
Other provisions	181	337	-	-	-	-	-	518
Total	**46,842**	**9,225**	**192**	**(2,985)**	**(1,156)**	**(2,053)**	**(817)**	**49,247**

Provisions for employee benefits

Non-current portion - Euro 11,601 (14,859) thousand

Current portion - Euro 1,072 (1,299) thousand

As at 31 December 2022, the item consists of the employee severance indemnity to be paid on the transfer of the employment relationship as required by the regulations in force in Italy. The reduction of Euro 3,485 thousand mainly relates to payments and advances made during the year (Euro 1,510 thousand) and actuarial gains for the year (Euro 2,053 thousand). The other changes recorded refer to transfers made during the year to supplementary pension funds as well as to the payment of the substitute tax due, in accordance with the law, on the revaluation of the employee severance indemnity.

The reference actuarial model for the valuation of employee severance indemnity is based on both demographic and economic assumptions.

The main assumptions defined for the purposes of the actuarial estimate process of the employee severance indemnity provision as at 31 December 2022 are summarised below.

Financial assumptions	31/12/2022	31/12/2021
Annual discounting rate	3.63%	0.44%
Annual inflation rate	2.30%	1.75%
Annual rate of increase of employee severance indemnity	3.10%	2.81%
Frequency of advances	2.00%	2.00%
Annual turnover rate	1.50%	1.50%

Demographic assumptions	
Mortality	RG48 mortality tables published by the State General Accounting Office
Disability	INPS tables distinguished by age and sex
Retirement age	100% upon reaching the AGO requirements

Future estimated benefits	
Years	In thousands of euros
1	1,072
2	1,068
3	1,157
4	949
5	447

During the 2022 financial year, the following changes took place:

In thousands of Euro	
Opening balance as at 01/01/2022	**16,158**
Financial charges	68
Benefits paid	(1,510)
Transferred	11
Actuarial profits/(losses)	(2,053)
Closing balance as at 31/12/2022	**12,673**

Other provisions

Non-current portion - Euro 30,536 (23,370) thousand

Current portion - Euro 6,038 (7,314) thousand

The item includes provisions relating to risks and charges deemed probable at the end of the year and increased by Euro 5,890 thousand essentially due to the combined effect of:

- provisions, amounting to Euro 9,157 thousand, essentially related to risks related to disputes with personnel (for Euro 5,402 thousand) and the payment of insurance deductibles following claims (for Euro 1,929 thousand);
- decreases due to uses, for Euro 1,475 thousand, mainly referring to uses against payments of deductibles on motor vehicle claims;
- decreases due to releases, amounting to Euro 1,156 thousand, in relation to disputes with personnel.
- other adjustments down by Euro 828 thousand related to the rate differential used to determine the present value of the provisions.

The "Insurance deductibles provision" includes the estimate of the probable liability related to the insurance deductibles to be paid on motor vehicle claims occurring before the end of the year.

The "Provision for work disputes", amounting to Euro 17,911 thousand, has been created to cover the foreseeable liabilities, expressed at current values, relating to disputes with employees. The provision also includes an estimate of legal fees and other potential ancillary costs.

The "Provision for tax disputes", amounting to Euro 5,620 thousand, mainly attributable to the involvement of the Company - as legally jointly and severally liable entity - in relation to tax disputes prior to its constitution.

The "Provision for onerous contract risks" includes the value of the provision made against the contract, qualifying as onerous pursuant to IAS 37, which underlies the infrastructure management activities, held in concession by the company Marconi Express S.p.A. and which connects the airport to the central station of Bologna through an elevated electric monorail. It should be noted that the estimate of this provision also took into account the explanations provided following the amendment to IAS 37 issued on 14 May 2020, which clarified which cost items should be considered to assess whether a contract is at a loss.

The remaining part of the provisions for risks consists mainly of: (i) the provision for privacy risks, allocated to cover penalties potentially payable as part of an audit carried out with reference to the processing of certain data in accordance with current legislation; (ii) the provision for SRM litigation risks, allocated to cover potential refunds on the bonus components of service contracts.

13. Deferred tax liabilities

Euro -207 (0) thousands

The balance of deferred tax assets and deferred tax liabilities that can be offset in relation to the temporary differences between the carrying amounts and the corresponding tax values at the end of the year is shown below.

In thousands of Euro	31/12/2022	31/12/2021
Offsettable deferred tax assets	**-**	**-**
Deferred tax liabilities IRES	(207)	-
Deferred tax liabilities IRAP	-	-

Deferred tax liabilities	(207)	-
Assets (liabilities) for net deferred taxes	**(207)**	**-**

The changes in deferred tax assets and liabilities based on the nature of the temporary differences that generated to them are summarised in the following table.

In thousands of Euro	31/12/2021	CHANGES IN THE FINANCIAL YEAR				31/12/2022
	Opening balance	Provisions	(Releases)/(Uses)	Allocations to (releases from) OCI	Other reclassifications or adjustments	Closing balance
Differences from first-time adoption of IFRS	-	-	-	-	-	-
Other temporary differences	-	(96)		(111)	-	(207)
Deferred tax liabilities	**-**	**(96)**	**-**	**(111)**	**-**	**(207)**
Offsettable deferred tax assets	**-**	**-**	**-**	**-**	**-**	**-**
Assets (Liabilities) for net deferred taxes	**-**	**(96)**	**-**	**(111)**	**-**	**(207)**

The balance of net deferred taxes, equal to Euro 207 thousand as at 31 December 2022, is mainly composed of deferred taxes allocated against allocations to provisions not deducted.

It should be noted that in consideration of the current macroeconomic context and the sharp increase in fuel costs, no deferred tax assets were recognised in relation to part of the temporary differences and tax losses as future taxable income is not able to reabsorb them, in a reasonable time horizon.

14. Financial liabilities

Non-current portion Euro 32,682 (63,789) thousand

Current portion Euro 32,053 (31,667) thousand

As at 31 December 2022, financial liabilities amounted to a total of Euro 64,735 thousand and essentially consisted of the bond loan issued by TPER.

The schedule of financial liabilities is shown below, highlighting the composition of the financial statement balance, the corresponding nominal value of the liability and the related collectability (current and non-current portion):

In thousands of Euro	31/12/2022				31/12/2021			
	Nominal value	Financial statement value	Current portion	Non-current portion	Nominal value	Financial statement value	Current portion	Non-current portion
Bonds	63,333	63,482	32,053	31,429	95,000	95,108	31,667	63,441
Other financial liabilities	1,253	1,253	-	1,253	347	347	-	347
TOTAL	**64,586**	**64,735**	**32,053**	**32,682**	**95,347**	**95,455**	**31,667**	**63,789**

On 15 September 2017, the parent company TPER completed the issue of an unsecured debenture bond loan for an amount of Euro 95 million, listed on the Dublin Stock Exchange (Irish Stock Exchange). The (non-convertible) bonds had an original maturity of seven years and amortising repayments starting from the fifth year, present a fixed annual coupon of 1.85%. They were entirely placed with institutional investors. During 2022, the first instalment of the bond loan was repaid, which consequently decreased compared to the previous year by Euro 31,626 thousand.

Note that the bond requires the observance of certain financial parameters (financial covenants). The criteria for determining the economic figures used in the calculation of the ratios are set forth in the relative agreement. Failure to meet these by the respective reference dates may result in a default event and entail the obligation to repay in advance the principal amounts, the interest and the additional amounts provided for in the agreements. For more details on financial liabilities, please refer to the note "Financial risk management".

Other financial liabilities mainly refer to security deposits at variable rates.

15. Other liabilities

Non-current portion - Euro 23,469 (22,934) thousand

Current portion - Euro 49,582 (28,396) thousand

As at 31 December 2022, other liabilities amounted to Euro 73,051 thousand and recorded an increase of Euro 21,721 thousand. The table below shows the breakdown by nature of the item with an indication of the current and non-current portion.

In thousands of Euro	31/12/2022	Current portion	Non-current portion	31/12/2021	Current portion	Non-current portion
Payables to shareholders	3,064	2,549	514	514	-	514
Payables to subsidiaries	152	152	-	95	95	-
Payables to associates companies	29	29	-	29	29	-
Payables due to pension institutions	1,824	1,824	-	1,837	1,837	-
Tax payables	351	351	-	330	330	-
Payables to employees	9,414	9,414	-	12,329	12,329	-
Payables to SRM mobility agency	22,295	-	22,295	21,663	-	21,663
Other payables	35,922	35,263	659	14,532	13,776	756
Total	**73,051**	**49,582**	**23,469**	**51,330**	**28,396**	**22,934**

"Payables to shareholders" mainly relate to the payable of the parent company TPER to its shareholders for dividends resolved as part of the approval of the financial statements for the year ended 31 December 2021.

"Payables due to the SRM mobility agency" (Società Reti e Mobilità S.r.l.) refer essentially to the balance due, at the reference date, in relation to the contract concerning the business unit consisting of networks, plants, capital endowments and contracts relating to the company complex intended for the exercise of the LPT service in the provincial area of Bologna.

"Payables to employees" include the amounts due to employees at the end of the year for services rendered by them.

The item "Other payables", amounting to Euro 35,922 thousand, essentially consists of: (i) the value of the commitments undertaken by the Company by virtue of advances obtained on certain grants on investments (for Euro 15,953 thousand); (ii) deferred income on travel tickets (for Euro 15,559 thousand) valid beyond 31 December 2022 and therefore pertaining to future years.

Information on the income statement items

The analysis of the main balances of the income statement is shown below. The values indicated in brackets in the headings of the notes refer to the 2021 financial year.

For details on the balances of the income statement items deriving from transactions with related parties, please refer to the section "Transactions with related parties".

16. Revenues for LPT line services

Euro 159,386 (149,721) thousand

The revenues from services from the LPT line amounted to Euro 159,386 thousand, marking an increase of Euro 9,665 thousand compared to 2021 (Euro 149,721 thousand).

In thousands of Euro	2022	2021	Change
Travel tickets	59,758	50,328	9,430
Remuneration supplements	83,914	84,518	(604)
NCLA contributions	10,509	10,509	-
Sanctions	4,497	2,930	1,567
Other revenues	708	1,436	(728)
Total	**159,386**	**149,721**	**9,665**

The positive trend recorded by revenues for LPT services was affected by the increase in passenger traffic recorded in 2022 concurrently with the slowdown in travel restriction measures and limits on the load of public transport aimed at containing the risk of contagion during the COVID-19 epidemiological emergency.

17. Revenues from railway line services

Euro 8,139 (6,144) thousand

In thousands of Euro	2022	2021	Change
Revenues from railway services	8,139	6,144	1,995
Total	**8,139**	**6,144**	**1,995**

Revenues for railway line services recorded a positive change of Euro 1,995 thousand compared to the previous year mainly due to the income recognised in 2022 in relation to the closure of the previous railway service contract concluded in 2019.

These revenues include the rental services of railway rolling stock provided as part of the passenger transport services on rail operated in the Emilia-Romagna Region through the joint venture Trenitalia Tper Scarl.

18. Revenues from parking and car-sharing

Euro 328 (11,207) thousand

Revenues for parking and car-sharing amounted to Euro 328 thousand and decreased by Euro 10,879 million compared to 2021 (Euro 11,207 thousand).

In thousands of Euro	2022	2021	Change
Car parks	17	9,633	(9,616)
Access to the historic centre	-	1,229	(1,229)
Car sharing	311	345	(34)
Total	**328**	**11,207**	**(10,879)**

The negative change recorded is essentially a consequence of the fact that as from 1 November 2021, the services relating to parking and the issue of permits and permits in the territory of the municipality of Bologna were entrusted to another operator, which took over from TPER.

19. Other revenues

Euro 51,525 (46,780) thousand

The details of other revenue are shown in the following table.

In thousands of Euro	2022	2021	Change
Vehicle maintenance and other services rendered to third parties	7,773	7,909	(136)
Insurance and other reimbursements	5,563	4,823	740
Fines	354	272	82
Other income	37,835	33,776	4,059
Total	**51,525**	**46,780**	**4,745**

Other revenues amounted to Euro 51,525 thousand and showed an increase of Euro 4,745 thousand compared to 2021 (Euro 46,780 thousand) mainly due to:

- the recognition of grants collected in reference to investments in railway vehicles made in previous years and recognised in the income statement for the part relating to the depreciation already charged in previous years (for a total of Euro 2,075 thousand);
- the recognition, for an amount of Euro 3,488 million, of the concessions related to the recognition of an extraordinary tax credit for companies to partially offset the higher charges incurred for the purchase of natural gas and electricity
- higher revenues for Euro 2,540 million, related to the management services of the infrastructure called "People Mover" consisting of the monorail that connects the airport with the Bologna central station
- lower compensation for lost revenues resulting from the COVID-19 epidemiological emergency (for approximately Euro 4,841 thousand, compared to those recorded in the previous year). In the year 2022, Euro 13.6 million were recognised relating to compensation for lost COVID-19 revenues, following an examination of the provisions of national regulations that allocated and committed funds dedicated to public transport companies and taking into account the criteria for allocating compensation for previous years.

It should be noted that the item also includes an estimate of the value of the contributions to cover the increase in fuel costs recorded in the second and third quarters of 2022 used to power local and regional public transport vehicles pursuant to art. 9 of Decree Law no. 115/2022 and art. 6 of Decree Law no. 144/2022 (for Euro 1,827 thousand), partially offset by the reduction in excise duty refunds (for Euro 739 thousand).

20. Personnel costs

Euro 89,741 (89,159) thousand

The breakdown of personnel costs is shown in the following table.

In thousands of Euro	2022	2021	Change
Salaries and wages	65,840	70,416	(4,576)
Social security contributions	18,799	13,708	5,091
Pension provisions	4,345	4,349	(4)
Other personnel costs	757	686	71
Total	**89,741**	**89,159**	**582**

Personnel costs are substantially in line with that recorded at the end of the previous year as a combined effect of:

- the reduction in the cost for wages and salaries of Euro 4,576 thousand, as a result of the exit from the Company's scope of parking and parking permits management services activities in the Municipality of Bologna, with the consequent exit of the personnel employed
- the increase in social security charges essentially attributable to the fact that the year 2021 benefited from a significant reduction in cost as a result of the sums paid to TPER as reimbursement of the costs incurred as a supplement to sickness benefits for the years from 2014 to 2018 (for approximately Euro 7.0 million).

The following tables show the headcount at the end of the year and the average headcount, broken down by job level.

Classification	31/12/2022	31/12/2021	Change
Senior Managers	10	11	(1)
Middle managers	45	43	2
White-collar workers	226	225	1
Blue-collar workers	1,604	1,489	115
Apprentices	168	262	(94)
Total	**2,053**	**2,030**	**23**

Classification	2022	2021	Change
Senior Managers	10	12	(2)
Middle managers	222	256	(34)
White-collar workers	1,563	1,549	14
Blue-collar workers	46	45	1
Apprentices	183	279	(96)
Total	**2,025**	**2,141**	**(116)**

21. Costs for services

Euro 55,939 (56,416) thousand

The financial statement balance is detailed in the following table.

In thousands of Euro	2022	2021	Change
Transport services	9,208	10,061	(853)
Maintenance	13,050	13,509	(459)
Cleaning	7,663	8,024	(361)
Insurance	6,593	6,487	106
Electric power	3,007	1,284	1,723
Canteen service	1,584	1,526	58
Other utilities	1,790	1,603	187
Consultancy	1,410	1,334	76
Other costs for services	11,634	12,588	(954)
Total	**55,939**	**56,416**	**(477)**

Costs for services are substantially in line with those recorded in the previous year. The most significant changes relate to:

- the reduction of transport services in relation to the lower volume of replacement services operated for the railway service
- the reduction in maintenance costs, mainly related to investments made that reduce the vehicles maintenance needs through a gradual process of fleet renewal, as well as to the lower maintenance activities deriving from the exit from the Company's scope of operations of the services relating to the management of the parking service in the city of Bologna
- the increase in electricity costs almost entirely attributable to the significant increase in purchase prices related to the volatility recorded on the market as a result of the changed macroeconomic and geopolitical context of reference.

22. Raw materials and materials

Euro 40,971 (29,512) thousand

This item includes the costs for the purchases of materials:

In thousands of Euro	2022	2021	Change
Fuels	28,008	15,672	12,336
Lubricants	423	399	24
Tyres	677	952	(275)
Spare parts	10,251	10,657	(406)
Various materials	1,262	1,498	(236)
Other	350	334	16
Total	**40,971**	**29,512**	**11,459**

The increase in "Costs for materials" of Euro 11,459 thousand is essentially due to the higher cost for fuel resulting from the price trend recorded in 2022, significantly influenced by the geopolitical uncertainties generated by the worsening of the Russian-Ukrainian conflict.

23. Costs for use of third-party assets

Euro 1,095 (5,942) thousand

In thousands of Euro	2022	2021	Change
Parking and permit management fee	-	5,024	(5,024)
Other rentals and leasing	(1,095)	918	177
Total	**(1,095)**	**5,942**	**(4,847)**

The reduction in the “Cost for use of third-party assets” of Euro 4,847 thousand is attributable to the termination of the payment of the management fee for parking services and the issue of passes and permits in the Municipality of Bologna entrusted to another operator which took over from TPER on 1 November 2021.

24. Other operating costs

Euro 4,186 (4,107) thousand

Other operating costs, detailed in the following table, are substantially in line with the figures at the end of the previous year.

In thousands of Euro	2022	2021	Change
Taxes and fees	1,128	1,126	2
Audits and inspections	141	166	(25)
Membership fees	221	252	(31)
Other	2,696	2,563	133
Total	**4,186**	**4,107**	**79**

The item "Other" mainly includes the accrued expenses relating to the use of the business unit consisting of the networks, plants, capital equipment and contracts relating to the business complex intended for the exercise of the LPT service in the provincial area of Bologna, governed by a specific contract signed with the mobility agency Società Reti e Mobilità S.r.l.

25. Change in funds for provisions

Euro 5,876 (2,451) thousand

The item consists of the operating changes (provisions and releases) of funds for provisions, excluding those for employee benefits (classified in personnel costs), allocated to fulfil the legal and contractual obligations that are presumed to require the use of economic resources in subsequent years.

The amount of the item, negative for Euro 5,876 thousand, is essentially attributable to higher allocations to the provision for inventory write-down for Euro 634 thousand and for the remainder to allocations and releases of provisions for risks and charges commented on in note no. 12 - "Funds for provisions" to which reference is made.

26. Financial income/(charges)

Financial income - Euro 1,750 (1,546) thousand

Financial charges - Euro -2,278 (-2,143) thousand

The balance of financial income and charges is detailed in the tables below.

In thousands of Euro	2022	2021	Change
Dividends	82	31	51
Interest income on receivables	1,485	1,452	33
Interest income on bank accounts	99	1	98
Other interest income	84	62	22
Total financial income	**1,750**	**1,546**	**204**
Charges on bonds	(1,798)	(1,987)	189
Charges on loans	(377)	(3)	(374)
Other financial charges	(103)	(153)	50
Total financial income	**(2,278)**	**(2,143)**	**(135)**
Total financial income/(charges)	**(528)**	**(597)**	**69**

Compared to the previous year, the total of financial income and charges is substantially in line.

The item interest income on receivables mainly includes the value of financial income accrued during the year on the financial right related to the Crealis project.

Financial charges mainly relate to interest accrued on the bond loan determined in application of the amortised cost criterion using an effective interest rate of 2.11% against a nominal rate of 1.85%.

Other financial charges, on the other hand, mainly include interest expense accrued on liabilities for leased assets.

27. Tax charges

Euro -460 (4,766) thousand

The table below shows the details of the tax charges in the two financial years compared.

In thousands of Euro	2022	2021	Change
IRES	-	-	-
IRAP	-	-	-
Income from tax consolidation	(556)	-	(556)
Current income taxes	**(556)**	**-**	**(556)**
Income taxes for previous years	-	(45)	45
Differences on income taxes for previous years	-	-	-
Current taxes	**(556)**	**(45)**	**(511)**
Provisions	-	-	-
Releases	-	4,811	(4,811)
Prepaid taxes	**-**	**4,811**	**(4,811)**
Provisions	96	-	96
Releases	-	-	-
Deferred taxes	**96**	**-**	**96**
Total deferred tax assets and liabilities	**96**	**4,811**	**(4,715)**
Total tax income/(charges)	**(460)**	**4,766**	**(5,226)**

The balance of tax charges and income recorded a positive value of Euro 460 thousand in 2022 (negative for Euro 4,766 thousand in 2021) and shows an increase of Euro 5,226 thousand.

The change was affected by the full release of deferred tax assets made in 2021 as a result of the impacts deriving from the COVID-19 epidemiological emergency and the growth in fuel costs, which significantly changed the short-term scenarios and consequently the conditions for which deferred tax assets had been previously recognised.

The following table shows the reconciliation between the theoretical tax burden and what was effectively incurred.

IRES (In thousands of Euro)		
Description	**Value**	**Tax**
Result before tax	1,227	
Theoretical tax charge (rate 24%)		294
Taxable temporary differences in subsequent years		
Total	-	
Deductible temporary differences in subsequent years		
Non-deductible provision for labour disputes	5,403	
Allocation to the provision for the write-down of rolling stock	2,349	
Allocation to provision for deductibles	1,929	

Other deductible temporary differences in subsequent years	2,848	
Total	**12,529**	
Reversal of temporary differences from previous years		
Use of provisions	(3,573)	
Other reversal of temporary differences from previous years	(265)	
Total	**(3,838)**	
Differences that will not be reversed in subsequent years		
Profit from actuarial valuation of employee severance indemnity in OCI	2,053	
Other non-deductible costs	870	
Covid 10-bis contributions	(13,639)	
Fuel grants pursuant to Law Decree 115/2022	(1,827)	
Non-taxable Energy and Gas Credit	(3,488)	
Super amortisation/depreciation	(5,816)	
Iper amortisation/depreciation	(1,901)	
Other non-taxable revenues and income	(457)	
Total	**(24,205)**	
Tax base	**(14,287)**	
Tax deductions		
Current income taxes		-

IRAP (thousands of Euro)		
Description	**Value**	**Tax**
Difference between value and costs of production	1,756	
Non relevant income statement items	98,395	
Total	**100,151**	
Theoretical tax charge (rate 4,20%)		4,206
Differences that will not be reversed in subsequent years		
Increases	2,656	
Decreases	(19,864)	
Personnel deductions	(89,370)	
Total	**(106,578)**	
Deductible temporary differences in subsequent years		
Reversal of temporary differences from previous years		
Use of provisions for risks and deductible charges	(1,254)	
Amortisation of the cost of trademarks and goodwill	(125)	
Total	**(1,379)**	
Tax base	(7,806)	
Current income taxes		-

Additional financial information

Information on the cash flow statement

The financial trend in 2022 shows an increase in cash and cash equivalents of Euro 10,505 thousand compared to the decrease of Euro 28,593 thousand in 2021.

The flow generated by operating activities in 2022 amounted to Euro 48,035 thousand, up by Euro 38,470 thousand compared to the 2021 value (Euro 9,565 thousand).

The following impact the flow generated in 2022:

- the operating cash flow generated before changes in working capital and other changes amounting to Euro 28,159 thousand (Euro 24,056 thousand in 2021) which was impacted by the higher operating change in provisions (Euro +3,656 thousand compared to 2021) and write-downs of non-financial assets (Euro +2,234 thousand compared to 2021) partially offset by the reduction in profit for the year (Euro -3,432 thousand compared to 2021);
- the flow generated by the change in working capital and other changes, equal to Euro 19,877 thousand, which includes the dynamics related to non-financial receivables and payables already commented on above.

The cash flow absorbed by investment activities amounted to Euro 4,544 thousand, mainly due to:

- investments in tangible and intangible assets for a total of Euro 31,398 thousand, down by Euro 6,619 thousand compared to 2021;
- contributions collected for investments made and to be made for Euro 26,715 thousand, up by Euro 24,209 thousand compared to 2021;
- disposals of tangible assets for Euro 140 thousand

The cash flow absorbed by financial assets in 2022 amounted to Euro 32,987 thousand mainly due to the repayment of the first instalment of the bond loan for Euro 31,667 thousand, and interest charges of Euro 2,124 thousand (Euro 1,761 thousand in 2021).

Management of the financial risk

The Company's objective is to maintain over time a balanced management of its financial exposure, designed to ensure a liability structure that is balanced with the composition of assets and able to ensure the necessary operational flexibility by using liquidity generated from current operating activities and bank loans.

The ability to generate liquidity from ordinary operations, combined with the debt capacity, enables the Company to adequately satisfy its operating needs, financing of operating working capital and investment requirements, as well as respect for its financial commitments.

The Company, in the ordinary performance of its operating and financial activities, is exposed to:

- liquidity risk, attributable to the availability of adequate financial resources to meet short-term commitments, as well as related to the risk of downgrading of creditworthiness with consequent limitation of the possibility of securing medium-long term resources to meet one's own investment operational needs, as well as to meet the financial liabilities assumed;
- the risk of violation of the financial covenants envisaged by the bond loan, which could trigger early repayment clauses;
- to market risk, mainly attributable: (i) the changes in the interest rates related to financial liabilities assumed and financial assets provided; (ii) to fluctuations in commodity prices;

- credit risk, connected both to normal commercial relations, and to the possibility that a financial counterparty with which liquidity investments have been made may not be able to honour all or part of its commitment.

The Company is not exposed to foreign exchange risk and has not made use of derivative financial instruments to hedge the aforementioned risks.

Liquidity risk

The liquidity risk represents the possibility that the available financial resources may be insufficient to cover the operational needs and the maturing financial debt. This risk is also attributable to the potential reduction in the credit rating, which allows the Company to access credit capital at favourable conditions and to secure medium/long-term resources to meet its investment needs.

Credit ratings may be decreased as a result of events that materially affect the Company's financial position or involve a significant change in its risk profile, as well as a change in the methodologies used to assess creditworthiness. Consequently, the Company's financing conditions could become more onerous and its access to financial markets more complex.

In addition to the dynamics of credit ratings, the main factors that contribute to the liquidity risk are, on the one hand, the generation/absorption of financial resources by operating and investment activities, and on the other, the maturities of financial payables and use of liquidity.

To mitigate these risks, the Company monitors the financial ratios that contribute to the determination of the rating and maintains a regular dialogue with the credit institutions, monitoring any changes to the methodologies used that could generate an impact on the credit score attributed to the Company.

The strategy adopted by the Company for the management of liquidity risk focuses on optimising its ability to generate cash flows, and on diversifying sources of funding to cover its requirements both for operational needs and for investments as well as on the continuous monitoring of expected cash flows to comply with the expiry of the commitments assumed.

The following table provides details on the remaining expiries of liabilities based on the non-discounted cash flows. For the bond issue the amounts include both the flows relating to the reimbursement of the capital portion, and the flows relating to interest.

For financial liabilities for leased assets, the flows are determined on the basis of contractual fees and, in the event in which these are subject to indexing, their non-discounted value is estimated by applying, for subsequent expiries, the latest variable rate applied in 2022.

		Contractual flows				
IN THOUSANDS OF EURO	Financial statement value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Total
As at 31 December 2022						
Bonds	63,482	32,838	32,253	-	-	**65,091**
Liabilities for leased assets	2,430	1,629	846	-	-	**2,475**
Trade liabilities	59,595	58,039	1,556	-	-	**59,595**
As at 31 December 2021						
Bonds	95,108	33,424	32,838	32,253	-	**98,515**

Liabilities for leased assets	3,762	2,286	1,389	541	-	**4,216**
Trade liabilities	55,906	54,733	1,173	-	-	**55,906**

TPER believes it has the ability to fulfil its payment obligations through the generation of cash flows from operating activities and, subordinately, through the use of stocks of cash and/or financial instruments in the portfolio that can be converted to cash.

Risk of default and non-compliance with covenants

The Company is exposed to the risk associated with non-compliance with a minimum threshold contractually defined in some financial covenants that could expose it to the risk of early redemption of the instruments in question.

The loan agreements, as with the bond, in line with international practice for similar transactions, generally give the lender/bond-holder the right to request the reimbursement of its receivable by arranging for the early termination of the relationship with the debtor in all cases where the latter is declared insolvent and/or subject to bankruptcy proceedings, or has initiated a liquidation procedure or another procedure with similar effects.

More specifically, the bond envisages the obligation of respecting, for the entire duration of the debt:

- the ratio between the consolidated net financial position and consolidated shareholders' equity must not exceed 1;
- the ratio between the consolidated net financial position and consolidated EBITDA must not exceed 3.5.

Non-compliance with the clauses described above constitutes a breach of the contractual obligations and the Company may be required to pay the residual debt.

The aforementioned covenants and the relative calculations are periodically monitored, also using prospective data, and in the case of exposure to early repayments, a dialogue is initiated with the lenders aimed at remedying them. It should be noted that as at 31 December 2022 there are no indications that the aforementioned covenants have not been complied with.

Interest rate risk

The interest rate risk is linked to the uncertainty caused by the trend in interest rates and can generally present a double manifestation:

- cash flow risk: this is connected to financial assets or liabilities with flows indexed to a market interest rate;
- fair value risk: it represents the risk of loss deriving from an unexpected change in the value of a financial asset or liability following an unfavourable change in the market rate curve.

The Company's approach to managing interest rate risk, which takes account of the structure of assets and the stability of the cash flows, aims to preserve funding costs and stabilise cash flows, in such a way as to safeguard margins and ensure the certainty of cash flows deriving from ordinary activities. The approach to managing interest rate risk is, therefore, prudent and provides for the analysis and control of the position, carried out periodically based on specific requirements.

The only outstanding loan as at 31 December 2022 is the bond loan which is at a fixed rate, the following table shows the expected contractual cash flows.

In thousands of Euro	31/12/2022	Contractual cash flows	Current portion	Between 1 and 2 years	Between 2 and 5 years	After 5 years
Fixed rate	63,482	65,091	32,838	32,253	-	-
Total	**63,482**	**65,091**	**32,838**	**32,253**	**-**	**-**

In thousands of Euro	31/12/2021	Contractual cash flows	Current portion	Between 1 and 2 years	Between 2 and 5 years	After 5 years
Fixed rate	95,108	98,515	33,424	32,838	32,253	-
Total	**95,108**	**98,515**	**33,424**	**32,838**	**32,253**	**-**

Commodity price risk

TPER is exposed to the price risk of energy commodities, i.e. electricity and oil products, since procurement is impacted by fluctuations in the prices of these commodities.

During 2022, as is well known, there was a sharp increase in the costs of fuel and electricity, further exacerbated as a result of the escalation of the Russian-Ukrainian conflict.

In this context, TPER constantly monitored the situation, verifying the potential impacts on planning and in any case committing itself to maintaining its commitments in terms of investments and attention to the quality of the services provided. However, the significant increase in raw material prices has had a significant impact on costs and final results.

At present, the Company is analysing the effects of the continuing volatility of commodity prices in order to implement any appropriate hedging strategies or to carry out manoeuvres that allow the maintenance of equilibrium conditions in the provision of its services, including any contracts that regulate them.

Credit risk

Credit risk represents the exposure to potential losses resulting from the failure of commercial and/or financial counterparties to meet their obligations.

TPER's counterparties are primarily composed of:

- Group companies;
- the Municipality of Bologna, the Municipality of Ferrara, the Emilia-Romagna Region and their investees;
- financial counterparties in relation to deposits at banks and capital contributions, also in the form of loans granted to investees.

As regards users of LPT services, TPER operates by providing public services and the revenues deriving from the tariffs applied are essentially collected with the provision of the service.

The credit risk on liquidity and on financial instruments in the portfolio is limited given that TPER only operates with counterparties with a high credit rating.

Credit positions are subject to individual write-downs, if individually significant, for which there is an objective condition of partial or total non-collectability. The amount of the write-down takes into account an estimate of the recoverable flows and the related collection date, future recovery charges and expenses, as well as the value of any guarantees. For receivables that are not subject to an analytical write-down, provisions are allocated on a collective basis taking into account historical experience and the statistical data available.

The table below shows the exposure to credit risk, gross of the write-downs made, of the Company as at 31 December 2022 and as at 31 December 2021.

In thousands of Euro	Receivables 31/12/2022	Not past due	Past due 0-30	31-60	61-90	91-180	over 180
Trade assets	58,004	46,012	(131)	3,100	323	297	8,403
Financial assets	45,336	45,336	-	-	-	-	-
Other assets	26,125	21,505	-	-	-	-	4,620
Provision for doubtful debts	(12,043)	(3,762)	(28)	(276)	(26)	(113)	(7,838)
Total	**117,422**	**109,091**	**(159)**	**2,824**	**297**	**184**	**5,185**

In thousands of Euro	Receivables 31/12/2021	Not past due	Past due 0-30	31-60	61-90	91-180	over 180
Trade assets	78,608	51,340	553	3,084	1,760	5,493	16,539
Financial assets	44,102	44,102	-	-	-	-	-
Other assets	23,234	18,585	-	-	-	-	4,694
Provision for doubtful debts	(11,882)	(3,577)	(21)	(140)	(80)	(276)	(7,788)
Total	**134,062**	**110,450**	**532**	**2,943**	**1,700**	**5,217**	**13,219**

Additional disclosures on financial instruments

The details of financial assets and liabilities required by IFRS 7, subdivided into the categories defined by IFRS 9, are shown below.

In thousands of Euro	Notes	Fair value level	Amortised cost 31/12/2022	Amortised cost 31/12/2021	Fair Value 31/12/2022	Fair Value 31/12/2021	Total 31/12/2022	Total 31/12/2021
Non-current assets								
Equity investments	4	3	51,677	51,677	5,752	5,752	57,429	57,429
Financial assets	5		35,296	34,778			35,296	34,778
Current assets								
Trade receivables	7		52,540	73,149			52,540	73,149
Financial assets	5		8,179	7,607			8,179	7,607
Assets for current income taxes	9		1,990	3,450			1,990	3,450
Other assets	10		21,424	18,545			21,424	18,545
Non-current liabilities								
Bonds	14		31,429	63,441			31,429	63,441
Other financial liabilities	14		1,253	347			1,253	347
Trade liabilities	12		1,556	1,173			1,556	1,173
Long-term liabilities for leased assets	3		837	1,911			837	1,911
Other liabilities	15		23,469	22,934			23,469	22,934
Current liabilities								
Bonds	14		32,053	31,667			32,053	31,667
Trade liabilities	12		58,039	54,733			58,039	54,733
Financial liabilities	14		32,053	31,667			32,053	31,667
Liabilities for leased assets - short-term portion	3		1,593	1,851			1,593	1,851
Other liabilities	15		49,582	28,396			49,582	28,396

Determination of the fair value

The fair value of the financial assets and liabilities is determined in line with IFRS 13, which requires these values to be classified based on a hierarchy of levels, which reflects the characteristics of the inputs used to in its determination:

- level 1: valuations performed on the basis of quoted prices in active markets for financial assets and liabilities identical to those subject to valuation;
- level 2: valuations performed on the basis of inputs other than quoted prices pursuant to level 1, which for the financial asset or liability are directly (prices) or indirectly (price derivatives) observable;
- level 3: valuations that take as a reference parameters not observable on the market.

Taking the aforementioned classification as a reference, procedures were implemented to measure the fair value of the assets and liabilities as at 31 December 2022 and 31 December 2021, with reference to the observable market parameters and, in particular:

- The fair value of the financial assets and liabilities with standard conditions and terms, quoted on an active market, measured with reference to prices published in said market by leading market contributors;
- the fair value of other financial assets and liabilities is measured, where the conditions are met, by applying the discounted cash flow method, using the prices recorded for recent market transactions by leading market contributors for similar instruments as the reference balances.

The table below shows the financial assets and liabilities measured at fair value:

		Fair value as at the reporting date		
In thousands of Euro	**31/12/2022**	**Level 1**	**Level 2**	**Level 3**
Equity investments	5,752	-	-	5,752

In accordance with the provisions of IFRS 13, the fair value of the financial liabilities as at 31 December 2022.

In thousands of Euro	**31/12/2022 Financial statement value**	**31/12/2022 Fair Value**
Bonds	63,482	61,311
Liabilities for leased assets	2,430	2,328
Other financial liabilities	1,253	1,253

During the year, there were no transfers between the different levels of the fair value hierarchy.

For medium/long-term financial instruments where no market shares are available, the fair value was determined by discounting the expected cash flows, using the market interest rate curve as at the reference date and considering its own credit risk.

Guarantees

As at 31 December 2022, there were collateral guarantees issued by the Company and risks assumed in relation to third-party assets at the company, including the following by relevance:

Description	**31/12/2022**	**31/12/2021**	**Change**
Guarantees given to third parties			-

Sureties granted	(11,541)	(15,655)	4,114
Risks			
Third-party assets at the company	-	-	-
SRM rented assets at the company	(26,277)	(26,434)	157
SRM assets at the company	(19)	(19)	-
Total	**(37,837)**	**(42,108)**	**4,271**

The sureties granted to third parties mainly refer to the guarantees provided by TPER, on behalf of TPB S.c.r.l. and TFP S.c.r.l., to the respective mobility agencies for obligations assumed in relation to service contracts for local public transport in the Bologna and Ferrara areas.

The item "SRM leased assets" corresponds to the net carrying amount of the assets included in the scope of the business unit held by virtue of the lease contract and owned by the SRM mobility agency used as part of the local public transport service in the Bologna area.

In addition to the guarantees summarised above, it should be noted that TPER had received, as at the closing date of the financial year, Euro 24 million of guarantees from third parties to cover the purchases of goods (mainly rolling stock) and services. The most significant items of guarantees from third parties consisted of sureties on the construction of the Bologna-San Lazzaro guided public transport system (TPGV) (Euro 10 million), for the purchase of new buses (Euro 8.1 million), new trains (Euro 2.5 million) and for maintenance services (Euro 0.5 million).

Management and coordination activities pursuant to Article 2497 et seq.

TPER autonomously defines its strategic guidelines and is fully autonomous in terms of organisation, management and negotiation, as it is not subject to any management and coordination activity pursuant to Article 2497 et seq. of the Italian Civil Code.

Transactions with related parties

The main transactions made by the Company with its related parties, identified according to the criteria defined by IAS 24, are described below.

The following tables show the economic and financial balances of a commercial and financial nature, deriving from transactions with related parties, including those relating to directors, statutory auditors and other executives with strategic responsibilities in the Company.

In thousands of euros		Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Subsidiaries					
Omnibus S.c.r.l.	2021	3,596	10,096	3,757	4,988
	2022	3,508	9,970	3,216	5,343
TPF S.c.r.l.	2021	19,133	581	2,821	178
	2022	19,686	589	2,386	160
TPB S.c.r.l.	2021	80,251	59	22,661	(1)
	2022	75,327	70	18,854	55
MA.FER S.r.l.	2021	2,882	70	9,369	11
	2022	2,970	7	5,770	54
DINAZZANO PO S.p.A.	2021	1,693	6	998	5

	2022	1,890	6	590	63
HERM S.r.l.	2021	3	11	-	11
	2022	3	11	-	11
SST S.r.l.	2021	460	2,932	263	845
	2022	467	2,611	282	541
Total subsidiaries	**2021**	**108,020**	**13,756**	**39,869**	**6,037**
	2022	**103,851**	**13,264**	**31,097**	**6,227**
Associates					
SETA S.p.A.	2021	230	133	306	266
	2022	730	353	839	774
CONSORZIO TRASPORTI INTEGRATI	2021	127	(2)	191	161
	2022	142	2	150	109
TRENITALIA TPER S.c.r.l.	2021	19,419	-	22,136	4,378
	2022	22,199	-	6,971	4,764
MARCONI EXPRESS S.p.A.	2021	2,842	71	12,672	637
	2022	6,008	154	14,534	785
Total associates	**2021**	**22,617**	**202**	**35,303**	**5,442**
	2022	**29,079**	**509**	**22,495**	**6,431**
Owner entities					
Region of Emilia-Romagna	2021	335	-	3,040	-
	2022	371	-	2,339	1,155
Municipality of Bologna	2021	885	5,991	203	-
	2022	932	1,052	171	761
Metropolitan city of Bologna	2021	46	-	50	-
	2022	50	-	50	471
Azienda Consorziale Trasporti ACT Reggio Emilia	2021	-	-	-	220
	2022	-	-	-	296
Province of Ferrara	2021	-	-	-	-
	2022	-	-	-	25
City Council of Ferrara	2021	30	-	30	-
	2022	40	-	25	16
Province of Parma	2021	-	-	-	-
	2022	-	-	-	1
Ravenna Holding	2021	-	-	-	-
	2022	-	-	-	1
Total owner entities	**2021**	**1,296**	**5,991**	**3,323**	**220**
	2022	**1,393**	**1,052**	**2,585**	**2,727**
Total	**2021**	**131,933**	**19,949**	**78,495**	**11,699**
	2022	**134,323**	**14,825**	**56,176**	**15,385**

Transactions with related parties do not include atypical or unusual transactions and are settled on an equivalent basis to those prevailing in transactions with independent parties. There were no non-recurring events and/or transactions in 2022.

No guarantees have been provided for receivables and payables with related parties. In the financial year ended as at 31 December 2022, the Company did not record any impairment loss of receivables contracted with related parties. This assessment is carried out annually, at each balance sheet date, taking into consideration the financial position of the related party and the market in which the related party operates.

Compensation to directors and statutory auditors and auditing companies

The information concerning the remuneration of the directors, statutory auditors and the independent auditors of TPER S.p.A. is presented below.

In thousands of Euro	31/12/2022	31/12/2021	Change
Directors' fees	142	128	14
Statutory auditors' fees	92	92	-
Independent auditors' fees	45	45	-
Total	279	265	14

Grants, contributions, paid offices and economic benefits Italian Law no. 124/2017

Pursuant to Article 1, paragraph 125, of Italian Law no. 124 of 4 August 2017, in accordance with the obligation of transparency, it should be noted that in 2022 the following grants/contributions were received from public administrations, including through consortia:

ISSUING ENTITY	DESCRIPTION	AMOUNT RECEIVED EURO
Region of Emilia-Romagna	Grant for the purchase of Intelligent Transport Systems - POR-FESR 2014/2020 funds - resolution 23348/2019	159,076
Region of Emilia-Romagna	Grant for the purchase of Intelligent Transport Systems - POR-FESR 2014/2020 funds - resolution 11897/2021	406,117
Region of Emilia-Romagna	Grant for the purchase of Intelligent Transport Systems - POR-FESR 2014/2020 funds - resolution 23006/2020	784,597
Ministry of Infrastructure and Transport	Grant for the realisation of the Guided Public Transport System Bologna City Centre - San Lazzaro (BO) (TPGV) - Italian Law no. 211/92	2,143,020
Municipality of San Lazzaro	Grant for the implementation of the Guided Public Transport System Bologna City Centre - San Lazzaro (BO) (TPGV)	275,222
Municipality of Bologna	Grant for the implementation of the Guided Public Transport System Bologna City Centre - San Lazzaro (BO) (TPGV)	504,966
SRM Bologna	Balance of 5% for 15 12mt. IVECO interurban buses - FSC 2014-2020 axis F funds	63,364
AMI Ferrara	Balance of 5% for 3 interurban 14mt. MAN buses - FSC 2014-2020 axis F funds	18,316
SRM Bologna	Advance payment of 20% on grant for the purchase of buses - MATTM funds in the Bologna area	2,103,988
AMI Ferrara	Advance payment of 20% for grant for the purchase of buses - MATTM funds in the Ferrara area	439,421
Region of Emilia-Romagna	Balance of 5% for 7 Stadler trains (first contract) - FSC 2014/2020 provisions	2,075,000
Region of Emilia-Romagna	Balance of 20% for grant on Stimer project - determination no. 17028/2013	70,529
Region of Emilia-Romagna	Balance of 20% on grant for the purchase of ground ticket issuers set by Stimer	18,076

Municipality of Bologna	Advance payment of 20% on grant for the purchase of buses - REACT EU resources (agreement prot. 6697/2022)	4,046,286
Municipality of Bologna	10% advance payment on grant for the purchase of NRRP buses	6,985,000
Municipality of Bologna	Advance payment of 10% on grant for the construction of LPT infrastructures for NRRP resources	2,031,509
Municipality of Bologna	Advance payment of 20% for the purchase of buses - Città Alto Inquinamento PSNMS	1,653,106
Municipality of Bologna	Advance payment of 20% on grant for construction of LPT infrastructures - Città Alto Inquinamento PSNMS resources (agreement prot. 138770/2022)	680,001
City Council of Ferrara	Advance payment of 20% on grant for the purchase of buses - Città Alto Inquinamento PSNMS (agreement prot. 138770/2022)	1,030,304
City Council of Ferrara	Advance payment of 20% on grant for construction of LPT infrastructures - Città Alto Inquinamento PSNMS resources (agreement prot. 138770/2022)	439,366
AMI Ferrara	Advance payment of 20% on grant for the purchase of buses - resources 1 five-year period 2019-2023 PSNMS RER Ferrara area	742,580
SRM Bologna	Grant balance to improve LPT quality and safety for prevention and containment of Covid-19 contagion - Decree of Regional Government no. 1269/2020	45,105
AMI Ferrara	Grant to the higher costs for the NCLA pursuant to Italian Laws nos. 47/04, 58/05, 296/06	2,295,625
SRM Bologna	Grant to the higher costs for the NCLA pursuant to Italian Laws nos. 47/04, 58/05, 296/06	8,213,001
Revenue Agency	Tax credit in favour of companies for the purchase of electricity and natural gas (Law Decree 21/2022 and subsequent extensions)	769,965
Revenue Agency	Tax credit for investments in capital goods art. 1, paragraph 1054-1058, Law 178/2020	784,104
Ministry of Labour	Contribution to sick pay Italian Law no. 266/2005	1,485,279
Customs Agency	Excise duties on transport diesel	1,808,561
Mobility agencies	COVID-19 public relief for loss of revenues	13,700,389
Total received in 2022		**55,771,873**

Report on the 2022 Financial Statements

BOARD OF STATUTORY AUDITORS' REPORT

TPER S.p.A.
Registered office in Bologna - via di Saliceto n. 3
Share capital Euro 68,492,702.00 fully paid-up
Registered in the Register of Companies and Tax Code 03182161202
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Report of the Board of Statutory Auditors on the Financial Statements as at 31 December 2022 prepared pursuant to Art. 2429, paragraph 2, of the Italian Civil Code

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Dear Shareholders,

the Board of Statutory Auditors, pursuant to Art. 2429, paragraph 2 of the Italian Civil Code, is called upon to report to the Shareholders' Meeting of TPER S.p.A. ("*TPER*" or "*the Company*"), called to approve the financial statements, on the results of the financial year and on the activities carried out during the year in the fulfilment of its duties, as well as on the omissions and on any questionable facts identified. The Board of Statutory Auditors also has the right to make observations and proposals regarding the financial statements and their approval as well as matters within its competence.

During the financial year ended 31 December 2022, the Board of Statutory Auditors performed the supervisory functions provided for in Articles 2403 of the Italian Civil Code, and therefore monitored compliance with the law and the Articles of Association, compliance with the principles of proper administration and the adequacy of the organisational structure, the financial reporting process, the internal control and risk management system, the Company's administrative-accounting system – including the latter's reliability in correctly represent operating events – the adequacy of the instructions issued by the Company to its Subsidiaries and the manner in which the corporate governance rules are actually implemented, as well as monitoring - in its capacity as the internal control and audit committee pursuant to Art. 19 of Italian Legislative Decree no. 39 of 27 January 2010 - the statutory audit of the annual and consolidated accounts, and verifying the selection process and the independence of the auditing firm.

The activities and functions assigned to us as the Board of Statutory Auditors were carried out in accordance with the provisions of the law and the Rules of Conduct for the Board of Statutory Auditors of Listed Companies, insofar as compatible, issued by the National Council of Certified Public Accountants and Accounting Experts.

TPER has drawn up the Integrated Report that combines the statutory Annual Report and the Sustainability Report. In particular, the Integrated Financial Statements include the TPER S.p.A. Separate Financial Statements for the year ended as at 31 December 2022, the TPER Group's Consolidated Financial Statements for the year ended as at 31 December 2022 and the Report on Operations including the Consolidated Non-Financial Statement pursuant to Italian Legislative Decree no. 254/2016.
This report was approved collectively and in time for its filing at the registered office of the Company, 15 days prior to the date of the Shareholders' Meeting for the approval of the financial statements of 2022, together with the other mandatory attachments that accompany them and the Report on Operations, as outlined above. The Board of Directors made available the related documents approved on 29 May 2023 and relating to the separate financial statements as at 31 December 2022, in compliance with the terms set out in Art. 2429 of the Italian Civil Code.
This report does not concern the statutory audit of the accounts, given these functions are carried out by the Independent Auditors PricewaterhouseCoopers S.p.A. (from now also PWC), appointed for this purpose.
The functions of the Supervisory Board pursuant to Italian Legislative Decree no. 231/2001 are assigned to another collegiate body within the Company TPER.

General introduction

TPER is one of the main sustainable mobility groups in Italy and is the largest company in Emilia-Romagna in the public transport sector, carrying out its activities mainly in the Bologna and Ferrara areas through road transport and trolley bus transport.

It is a publicly held non-controlling company listed pursuant to Art. 26, paragraph 5 of the Italian Legislative Decree no. 175/2016 and, therefore, is excluded from the scope of application of this Decree, as well as, partially, from the scope of application of the transparency obligations provided for by Italian Legislative Decree no. 33/2013.
With regard to the nature and legal qualification of TPER, it is believed that the indicators of public control required by the combined provisions of the aforementioned Italian Legislative Decree no. 175/2016 and the relevant Italian Civil Code are not met.
In particular, the Shareholders do not hold controlling shares pursuant to Art. 2 lett. b) of Italian Legislative Decree no. 175/2016 and Art. 2359 of the Italian Civil Code and there are no bylaws or shareholders' agreements among the public shareholders that require the unanimous consent of the same shareholders for the company's strategic financial and management decisions (there is no formalised coordination among the participating public administrations).
The financial statements were prepared in compliance with the provisions of the applicable law and the IAS/IFRS international accounting standards issued by the IASB and adopted by the EU, as well as according to the relevant interpretations of the IFRIC, integrated with the approved amendments and currently applicable, in addition to the verified compliance with the provisions of Italian Legislative Decree 38/2005, due to the obligation imposed by current legislation and consequent to having assumed, from 2017, with the issue of the Bond, the qualification of Public Interest Entity (PIE) as defined by art. 16 of Italian Legislative Decree 39/2010.
The year 2022 was characterised by:
- the revision of the Articles of Association by the Shareholders' Meeting and, in particular, the amendment to art. 17.1, which envisaged a number of directors ranging from three to five, and art. 22.7, which provided for a decision-making shareholders quorum of 4/5 on specific matters;
- the appointment of the new Board of Directors consisting of five members in the persons of Giuseppina Gualtieri, Chairperson and Chief Executive Officer, Alessandro Albano, Salvatore Fallica, Maria Elisabetta Tanari and Eva Coisson, non-executive directors. The appointed Board of Directors will remain in office until the approval of the financial statements for the year ended 31 December 2024;
- albeit to a lesser extent than in 2020 and 2021, the persistence of the effects of the pandemic on transport demand despite an increase in passengers and season ticket holders with a consequent increase in revenues from LPT travel tickets compared to the previous year;
- the allocation of significant public support measures by way of compensation for lost revenue and contributions on higher costs, also in the form of tax credits;
- the significant increase in the prices of fuels and energy supplies due to the ongoing conflict and the inflationary push;
- the repayment of the first instalment of the bond loan finalised in 2017 and compliance with certain financial covenants defined in the loan agreement;
- the participation of the Company and of the subsidiaries Mafer and Dinaszano Po in the optional national tax consolidation regime.

Verification of the independence requirements by the Board of Statutory Auditors
On 19 July 2022, the Board of Statutory Auditors carried out its annual self-assessment, with positive results, with regard to all members meeting the independence requirements in compliance and consistent with the requirements set forth in Standard Q.1.1. (Rules of conduct of the Board of Statutory Auditors of listed companies issued in April 2018 by the CNDCEC).

Meetings of the Board of Statutory Auditors
In the period between the start of the 2022 financial year and 31 December 2022, the Board of Statutory Auditors participated in Shareholders' Meetings and the meetings of the Board of Directors; the Board also met periodically 10 times to carry out its own pertinent activities, acquiring the necessary information, including through the collection of documents, data and information during periodic meetings scheduled with the Company's *management*, whose attendance and relevance is certified by the related duly signed minutes.
In this context, the Board acknowledges that during the period of its mandate, there were no violations of the law or of the Articles of Association, nor any transactions that were manifestly imprudent, risky, and in potential conflict of interest or such as to compromise the integrity of the corporate assets.
The Board also held periodic meetings with the independent auditor PricewaterhouseCoopers S.p.A., with the Supervisory Body as well as with the Internal Auditor from which no significant data or information emerged that needs to be highlighted in this report.

In addition, it met with the subsidiaries' statutory auditors for a fruitful exchange of information.

Knowledge of the company, risk assessment and report on assigned tasks

Given the knowledge that the Board of Statutory Auditors declares to have with regard to the Company and with regard to:

i) the type of activity carried out;

ii) its organisational and accounting structure;

also taking into account the size and problems of the company, it is reiterated that the "planning" phase of the supervisory activity, in which it is necessary to assess the intrinsic risks and critical issues with respect to the two parameters mentioned above, was carried out by means of positive feedback with regard to what is already known on the basis of information acquired over time.

It was therefore possible to confirm that:

- the typical activity carried out by the Company (automotive and railway LPT services carried out both directly and through subsidiaries and investee companies) did not change during the year in question and is consistent with the corporate purpose;
- the organisational structure is suitable to allow the preparation of the financial statements on the basis of the IAS/IFRS international accounting standards and in the logic of business development, for an appropriate and effective functional reorganisation, therefore, not only from an accounting and administrative point of view;
- the human resources dedicated to TPER's business activities have decreased (when considering the average figure) from 2,141 in the 2021 financial year to 2,025 in the financial year 2022;
- it should also be noted that the Company operated in 2022, taking into account the above, in terms substantially comparable with the previous year and, consequently, our checks were carried out on these assumptions, having the elements to be able to verify the substantial comparability of values and results with those of the previous year.

This report therefore summarises the activity concerning the disclosure required by article 2429, paragraph 2, of the Italian Civil Code and more precisely:

- on the activity carried out in fulfilling the duties envisaged by the law;
- on the results of the financial year;
- on the observations and proposals regarding the financial statements, with particular reference to the possible use by the Board of Directors of the exemption pursuant to article 2423, paragraph 5, of the Italian Civil Code and pursuant to Art. 5 of Italian Legislative Decree no. 38/2005;
- on the possible receipt of complaints from shareholders pursuant to Art. 2408 of the Italian Civil Code.

Significant events during the year

With regard to the significant events that occurred in the year ended as at 31 December 2022, in addition to the above, please refer to the Report of the Board of Directors on Operations accompanying the Financial Statements which, to the best of the knowledge of the Board of Statutory Auditors, fully summarises the most significant events that concerned the TPER Company and the Group as a whole.

With the persistence for part of the financial year of the health emergency connected with the spread of the Covid-19 virus and with the significant increase in fuel costs following the price trend recorded in 2022, the Board of Statutory Auditors constantly monitored the evolution of the various government and regional interventions for the transport sector and the related initiatives undertaken by the Company.

The directors reported in detail the economic and operational impacts of the health emergency and the resources (compensation) allocated (amounting to approximately Euro 13.7 million) in favour of the Company to compensate for lost revenues and higher costs consequent to Covid- 19 as well as the higher costs of raw materials (approximately Euro 11.5 million) due to the Russian-Ukrainian conflict and the consequent inflation, offset only in part by public grants (equal to approximately Euro 1.8 million) and tax credits (equal to Euro 3.5 million) assigned to the company to cover the increase in the cost of fuel and energy expenses.

On the revenue side, we also note the recognition of an extraordinary income (approximately Euro 2 million) for the closure of the previous railway contract concluded in 2019.

The available 2022 financial statements of Group companies closed with a profit, with the exception of the subsidiary Dinazzano Po, which was significantly affected by the increase in fuel costs, and the associated company Marconi Express, despite a significant recovery in airport passenger traffic, which was reflected in a marked increase in the Company's revenues compared to the previous year.

Macro-organisational structure of TPER

In 2021 TPER started a process of reorganisation to support the evolution of the business following the Covid-19 health crisis and based on the changes taking place in the mobility sector, and to develop all the new projects that will enable the company to evolve in the light of the new objectives and role of the LPT and the new technological scenario (digital transformation, green transition) that require a very large amount of investments. In this perspective, in the key sectors of the company, also from a Group perspective, in 2022 the Company recruited young people to offset retirements to support main functions with a view to strengthening and developing skills as well as to manage the many related activities.

In October 2022, the new corporate function chart was definitively approved.

Intercompany transactions or transactions with related parties

To the best of our knowledge, the Company has not carried out atypical and/or unusual transactions with Group companies, related parties or third parties; the transactions carried out with companies of the TPER Group are essentially the provision of services and transactions of a commercial or financial nature, carried out in compliance with the procedures adopted by the Board of Directors, which assessed their adequacy and correspondence with an effective corporate interest.

Significant events subsequent to the close of the financial year and foreseeable management evolution

With regard to significant events, the directors illustrated in detail:

- the company’s indirect exposure to the protracted conflict (Russia-Ukraine) in terms of significant increases in the prices of raw materials and the rise in interest rates;
- the investment plans in new vehicles and infrastructures over the next three years;
- the completion of a complex financial transaction with a pool of banks that made it possible to obtain credit lines for a total of Euro 92 million;
- the establishment of the new company TPH2, 51% owned by TPER, which will be responsible for the realisation of integrated hydrogen recharging systems for buses.

Supervisory activities

During the financial year ended as at 31 December 2022, the Board of Statutory Auditors, to the possible extent, was able to ascertain that:

- the decisions made by the Shareholders and the Board of Directors were compliant with the law and the Articles of Association and were not clearly imprudent or such as to compromise the integrity of the company assets;
- sufficient information was acquired on the general operating performance and on its outlook, as well as on the most significant transactions, in terms of size or characteristics, carried out by the company and its subsidiaries; in accordance with the management organisational chart, the information required by Art. 2381, paragraph 5, of the Italian Civil Code, were provided and acquired by the Chief Executive Officer and by the Director, both during scheduled meetings and at the time of any individual meeting with the members of the Board of Statutory Auditors at the Company's registered office; and also through telephone and computer contacts/information flows with the members of the Board of Directors: it follows from all of the foregoing, and on the basis of our understanding, that the directors have, in substance and form, complied with the requirements imposed on them by the aforementioned rule;
- the transactions carried out were also compliant with the law and the articles of association and not in potential conflict with the resolutions adopted by the Shareholders’ Meeting or such as to compromise the integrity of the company assets, and were adequately assessed by the Board of Directors;
- no specific observations are made regarding the adequacy of the company’s organisational structure during the year, nor regarding the adequacy of the administrative, accounting and control systems, as well as the reliability of the latter in correctly representing the operating events, to the extent of our competence, also for the purposes and effects of the disclosure due pursuant to Italian Legislative Decree no. 254/2016, with regard to matters of a non-financial nature, as indicated below;
- knowledge of the adequacy and functioning of the administrative-accounting system, as well as the reliability of the latter in correctly representing the operating events, was acquired and monitored, by obtaining, in this regard, specific information from the heads of the functions, from the company PricewaterhouseCoopers S.p.A., tasked with the statutory audit of the accounts, and by examining the

Company's documents, and in this regard there are no particular observations to report;
- during the periodic checks pursuant to Art. 2403, first paragraph, of the Italian Civil Code, the Board has taken note of the development of the business carried out by the Company. There were also recurring discussions with the independent auditors, with the Internal Audit function and with the Supervisory Body, as well as with the professionals assisting the Company: the results provided positive results, with a fruitful exchange of information. The relations with the people working in the aforementioned structure were inspired by reciprocal collaboration in respect of the roles assigned to each one, having clarified those of the Board of Statutory Auditors;
- we have acknowledged that, within the terms of the law, the company has appointed a Data Protection Officer (DPO), as required by European Regulation no. 2016/679 on privacy;
- the consultants and external professionals appointed to provide accounting, tax, corporate and employment law assistance have not substantially changed, except for those relating to any extraordinary or non-recurring transactions, and therefore they have historical knowledge of the activities carried out and of any management issues, including extraordinary ones, that have impacted on the results of the financial statements;
- no interventions were necessary due to omissions of the management body pursuant to Art. 2406 of the Italian Civil Code;
- no complaints were received pursuant to Art. 2408 of the Italian Civil Code;
- no complaints were made pursuant to Art. 2409, paragraph 7, of the Italian Civil Code;
- during the year, the Board of Statutory Auditors, also in its capacity as Internal Control and Audit Committee, was requested to issue opinions pursuant to Art. 19, letter e), of Italian Legislative Decree no. 39 of 27 January 2010, details of which are provided below.

In this regard, in its capacity as the Internal Control and Audit Committee, the Board of Statutory Auditors carried out the activities envisaged by Art. 19 of Italian Legislative Decree no. 39/2010, due to its qualification as a Public Interest Entity (PIE), being required to:
i) inform the Management Body of the Company of the outcome of the statutory audit, sending the same the additional Report addressed to this Board in its capacity of Committee for Internal Control and Audit, pursuant to Art. 11 of European Regulation no. 537/2014 prepared by the independent auditors, accompanied by any observations;
ii) monitor the financial reporting process and submit recommendations or proposals aimed at ensuring its integrity;
iii) monitor the effectiveness of the Company's internal quality control and risk management systems and, if applicable, of the internal audit, with regard to financial reporting of the audited entity, without violating its independence;
iv) monitor the statutory audit of the financial statements and of the consolidated financial statements, also taking into account any results and conclusions of the quality controls carried out pursuant to Art. 26, paragraph 6, of the European Regulation, where available;
v) verify and monitor the independence of the statutory auditors or independent auditors pursuant to Articles 10, 10-bis, 10-ter, 10-quater and 17 of Italian Legislative Decree no. 39/2010 and Art. 6 of the European Regulation, in particular with regard to the adequacy of the provision of services other than auditing to the audited entity, in accordance with Art. 5 of said Regulation;
vi) respond to the procedure for the selection of statutory auditors or independent auditors and recommend the statutory auditors or audit firms to be appointed pursuant to Art. 16 of the European Regulation.

The following findings emerge from the supervisory activities carried out by the Board of Statutory Auditors for this purpose:
(i) Comments on the Additional Report pursuant to Art. 11 of the European Regulation
The Board of Statutory Auditors has read the report by the independent auditors PricewaterhouseCoopers S.p.A. on 13 June 2023, issued pursuant to Art. 11 of European Regulation (EU) 537/2014. The document adequately illustrates the results of the statutory audit as well as the mandatory information pursuant to the second paragraph of the aforementioned Art. 11 of Regulation (EU) 537/2014.

ii) Monitoring of the financial reporting process
As part of the audits carried out during the year, the Board of Statutory Auditors obtained feedback on the existence of adequate rules and processes to oversee the process of formulation and disclosure of financial

information, obtaining evidence of the financial disclosure process and of the administrative and accounting procedures, which are adequate with respect to the activities currently carried out by TPER;
We verified TPER's ability to fulfil its obligations taking into account the government measures in support of the LPT and the availability of liquidity reserves or other forms of access to credit.
The Board also checked compliance during the year with the financial covenants relating to the bond loan issued in 2017, listed on the Dublin Stock Exchange and for which repayment of the second instalment is expected in September 2023 (approximately Euro 31.7 million).

iii) Supervision of the effectiveness of the internal control, internal audit and risk management systems
The Board of Statutory Auditors periodically met with the Heads of the control functions and in particular with the Internal Audit function of TPER to exchange information on the activities carried out, obtaining updates on the execution of the audit plan and, in this context, on the audit interventions carried out and the related results, also on a programmatic and prospective basis.
Pursuant to art. 11 of Regulation (EU) 537/2014, we received from the Independent Auditors the Report to the Internal Control and Audit Committee ("additional report") which did not reveal any significant shortcomings relating to the Internal Control System (ICS), such as to be brought to the attention of the same Board.

iv) Supervision of the statutory audit of the annual financial statements
The Board of Statutory Auditors met with the representatives of the Independent Auditors (PricewaterhouseCoopers S.p.A.) with whom the planned exchange of information was established.
In the report pursuant to Art. 11 of the European Regulation (EU) 537/2014, and in the report pursuant to Art. 14 of Italian Legislative Decree no. 39/2010, issued by the independent auditors on 13 June 2023, the same certified that, on the basis of the checks carried out, as mentioned above, no significant shortcomings emerged in the internal control system in relation to the process of financial reporting, "key aspects" of the statutory audit were highlighted, with the relative description of the separate and consolidated financial statements.

v) Supervision of the independence of the independent auditors, in particular with regard to the provision of non-audit services.
The Board of Statutory Auditors supervised the independence of the Independent Auditors and obtained the annual confirmation of independence pursuant to Art. 6, paragraph 2) letter a) of European Regulation 537/2014. In particular, on 13 June 2023, the auditing firm PricewaterhouseCoopers S.p.A. confirmed, with specific certification, that it had complied with the ethical principles set out in Arts. 9 and 9-bis of Italian Legislative Decree no. 39/2010 and that no situations were found that compromised their independence pursuant to Arts. 10 and 17 of Italian Legislative Decree no. 39/2010 and Articles 4 and 5 of European Regulation 537/2014, also confirming the fulfilment of the requirements of Art. 6, paragraph 2, letter b) of Regulation (EU) 537/2014.
Pursuant to art. 19 of Italian Legislative Decree no. 39/2020 and European Regulation no. 537/2014, the Board expressed a favourable opinion during the year on the assignment of the mandate to PWC of additional non-audit services (compensation for absent tariff revenues following the epidemiological emergency in order to verify the methodology for calculating any over-compensation). This appointment has not yet been formalised by the company.
In addition, the information obtained shows that during the 2022 financial year no mandates were assigned to subjects part of the PWC "network".

Lastly, we attest that TPER, having the qualification of PIE pursuant to the law, is obliged, also by virtue of its size requirements, to provide the necessary communications of non-financial information (known as "Non-Financial Statement - NFS") in compliance with the provisions of Italian Legislative Decree no. 254/2016 at both separate and consolidated level.
In this regard, as specified above, the directors have prepared the Integrated Management Report that includes the NFS for the financial year 2022 in accordance with Articles 3 and 4 of Italian Legislative Decree no. 254/2016, implementing Directive 2014/95/EU, whose contents refer to environmental, social and personnel-related issues, respect for human rights and the fight against active and passive corruption, needed for guaranteeing an understanding of the activities carried out by the TPER Group, its performance, the results and the impact it has.
The Control Body has verified the fulfilment of the obligations imposed by the regulations regarding the preparation and publication of the non-financial statement and has acknowledge the presentation of the compliance certificate issued by the Independent Auditors PricewaterhouseCoopers S.p.A., on this day, pursuant to the provisions of Art. 3, paragraph 10, of Italian Legislative Decree no. 254/216.

In conclusion, we can therefore state that in the course of the supervisory activity carried out by this Board, no significant facts and/or elements emerged, such as to require notification in this report.

Consolidated financial statements

The consolidated financial statements for the year ended 31 December 2022 were prepared in accordance with Articles 2 and 3 of Italian Legislative Decree no. 38/2005, based on the going concern assumption of the Parent Company and of the other consolidated companies and consist of the consolidated statements (statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity and cash flow statement) and the explanatory notes.

The consolidated financial statements has been in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board and approved by the European Commission, which include the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as well as the previous International Accounting Standards (IAS) and previous interpretations of the Standard Interpretations Committee (SIC) still in force.

The Consolidated Financial Statements of the TPER Group were audited in accordance with the law by the Independent Auditors PricewaterhouseCoopers S.p.A., which issued a specific report on 13 June 2023, without observations or requests for specific disclosures.

The subsidiaries, consolidated on a line-by-line basis, are as follows:

COMPANY NAME	SHARE CAPITAL	INTEREST IN THE GROUP (%)
Omnibus S.c.r.l.	80,000	51
TPF S.c.r.l.	10,000	97
TPB S.c.r.l.	10,000	85
Ma.Fer S.r.l.	3,100,000	100
Dinazzano Po S.p.A.	38,705,000	95.35
SST S.r.l.	500,000	51
Herm S.r.l.	10,840,000	94.95

The Board highlights that the scope of consolidation as at 31 December 2022 has not changed with respect to 31 December 2021.

The statement of financial position shows a consolidated net profit of Euro 1,604,881, of which a profit pertaining to the Group of Euro 1,524,089 compared to a profit of Euro 6,941,309 (Euro 6,721,291 pertaining to the Group) in the previous year.

The Board of Statutory Auditors observed that the Consolidated Financial Statements correspond to the facts and information of which it is aware following the participation in the meetings of the corporate bodies of TPER, in the exercise of its supervisory duties and its powers of inspection and control.

Integrated Report on Operations

The Board of Statutory Auditors examined the contents of the Integrated Report on Operations prepared by the Board of Directors in relation to the separate financial statements, highlighting that the independent auditors PricewaterhouseCoopers S.p.A. had carried out the procedures aimed at expressing their opinion, with positive results, on the consistency of the above-mentioned report with the financial statements and its compliance with the law.

Furthermore, to the best of our knowledge, in preparing the financial statements in question, the Directors did not need to avail themselves of the possibility of derogation provided for by Art. 2423, paragraph 5, of the Italian Civil Code and Art. 5, first paragraph, of Italian Legislative Decree no. 38/2005.

Financial Statements

The Board of Statutory Auditors has acknowledged that the Board of Directors did not prepare the financial statements and explanatory notes using the so-called "XBRL taxonomy" as it was exempt from doing so because TPER had issued securities to institutional investors with a unit value of more than Euro 100,000, pursuant to art. 83, paragraph 1, letter b) of Consob Regulation no. 11971/1999 (Issuers).

The financial statements for the year ended 31 December 2022, prepared on a going concern basis, were prepared in accordance with Articles 2 and 3 of Italian Legislative Decree no. 38/2005, in compliance with the *International Financial Reporting Standards* (IFRS), which include the interpretations issued by the IFRIC.

Without prejudice to the fact that the tasks relating to the statutory audit and, therefore, the opinion on the financial statements are the exclusive responsibility of the independent auditors PricewaterhouseCoopers S.p.A., it should be noted that the draft financial statements for the year as at 31 December 2022 were approved by the Board of Directors and consist of the financial statements (statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement) and the explanatory notes which include the accounting standards adopted for the individual financial statement items.

Furthermore:

- the management body also prepared the report on operations pursuant to Art. 2428 of the Italian Civil Code;

- the statutory audit is entrusted to PricewaterhouseCoopers S.p.A., which prepared its own report pursuant to Art. 14 of Italian Legislative Decree no. 39 of 27 January 2010 and pursuant to Art. 10 of European Regulation no. 537/2014 to the separate financial statements which does not highlight findings of significant deviations, or negative opinion or the impossibility to express an opinion or requests for disclosure and, therefore, the opinion issued is positive;

- the independent auditors also prepared the Additional Report for the Internal Control and Audit Committee pursuant to Art. 11 of European Regulation no. 537/2014 for the exclusive use of this Board and for the purposes of Art. 19 of Italian Legislative Decree no. 39/2010;

- the valuation criteria adopted, with the exception of equity investments, are the same for both the separate and the consolidated financial statements and are reported in the explanatory notes.

The draft financial statements were also examined, and in relation to these the following additional information is provided:

- attention was paid to the layout of the draft financial statements, and the accompanying documents, to their general compliance with the law as regards their format and structure, and in this regard there are no observations that need to be highlighted in this report;
- the correspondence of the financial statements with the facts and information emerged following the performance of the typical duties of the Board of Statutory Auditors was verified, and in this regard no further observations are highlighted;
- pursuant to Art. 2426, paragraph 5, of the Italian Civil Code, the Board of Statutory Auditors attests that, for mere reporting purposes, “other intangible assets” do not refer to “start-up and expansion costs” nor to “development costs” with long-term useful lives yet to be amortised;
- the Company did not subscribe to any derivative financial instruments, not even for hedges.

The net result ascertained by the Board of Directors relating to the financial statements of TPER for the year ended 31 December 2022, as also evident from the reading of the financial statements, was positive for Euro 1,686,971 (against Euro 5,119,009 in the previous year).

Today, the Board has received the report prepared by the Independent Auditors on the separate financial statements as at 31 December 2022 and has acknowledged:

– the opinion on the financial statements reported therein, which show that they provide a true and fair view of the equity and financial position, the economic result and the cash flows for the year ended as at 31 December 2022, prepared in compliance with the IFRS adopted by the EU;
– the absence of requests for disclosure;

- the key aspects of the audit;
- the opinion of consistency and compliance with the law of the Report on Operations of the Board of Directors included in the financial statements;
- other opinions required by the current legislation and other information to be communicated on the basis of regulations (Italian Legislative Decree no. 39/2010 and EU Regulation 537/2014), as required.

Observations and proposals regarding the approval of the financial statements
On the basis of the above and to the extent to which the Board of Statutory Auditors is aware and was confirmed by the periodic checks carried out, it is unanimously believed that there are no impediments, also in light of the report prepared by the Independent Auditors and of the related opinion on the financial statements, the approval on your part of the separate financial statements for the year ended as at 31 December 2022 as prepared and presented by the Board of Directors, as well as the proposal formulated by your Board of Directors to allocate the profit for the year (Euro 1,686,971) to the legal reserve (Euro 84,349) and to the extraordinary reserve (Euro 1,602,622).

Bologna, 13 June 2023

The Board of Statutory Auditors

Enrico Corsini, Chairperson

Patrizia Preti - Statutory Auditor

Fabio Ceroni, Statutory Auditor

INDEPENDENT AUDITORS' REPORTS

Independent auditor's report

in accordance with article 14 of Legislative Decree 39 of 27 January 2010 and article 10 of Regulation (EU) 537/2014

To the shareholders of
Tper SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Tper SpA (the "Company") and its subsidiaries (hereinafter, "Tper Group" or the "Group"), which comprise the consolidated statement of financial position as of 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the year then ended and the explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2022 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were

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addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Government grants covid 19 *Notes to the Consolidated Financial Statements as of December 31, 2022 "Estimates and evaluations" and Note 19 "Other income."* The local public transport sector has been severely impacted by the Covid-19 pandemic, an emergency that has led to a significant contraction in passenger traffic, resulting in reduced revenues and consequent marginality in fiscal years 2020, 2021 and partly in 2022. The Italian state to manage this situation has allocated and committed funds in order to compensate the Italian companies involved in this public service. Company's Management has carried out an examination of what is reported within the national regulations and has accounted for the government grants under the assumption of reasonable certainty of receiving them, based on the provisions of International Accounting Standard IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance." The amount accounted for in the consolidated financial statements as of December 31, 2022, as shown in Note 19 "Other income," is 13.6 million Euros. We have identified an area of attention in this context in consideration of the exceptional nature of the impact of the health emergency on the Company and of the fact that Management evaluation process of the Company's share of the restitutions involves the need to identify the distribution criterion that will be used for the allocation of the funds set aside for the benefit of the sector among the companies belonging to it and to assess the emergence of any over- or under-compensation.	We have carried out an understanding of the approach adopted by Management in identifying the main risks and critical issues inherent in the recognition of government grants and the assumptions defined in the assessment process. We have obtained details of the estimates made by Management, verifying their reasonableness, with reference to the amount recognized in the line item "Other income" of the income statement as of December 31, 2022, and the criteria used to define the recoverability of the amounts recognized as "Other current assets", based on current regulations and on the practice followed by the industry in fiscal years 2020 and 2021. We went over the analysis carried out by Management, taking into account industry practices, in order to identify the presence of any overcompensation. We conducted audit procedures on subsequent events to identify whether there were any new elements arising from new regulations that might impact what was already recorded in the financial statements as of December 31, 2022. Finally, we have verified the accuracy and completeness of the information presented in the notes "Estimates and evaluations" and "Other income" included in the Notes to the Consolidated Financial Statements as of December 31, 2022.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Valuation of provisions for risks and charges *Notes to the Consolidated Financial Statements as of December 31, 2022: "Accounting policies and valuation criteria - Funds for provisions" "Estimates and evaluations," and Note 13 "Funds for Provisions"*	
The value of provisions for risks and charges recorded as liabilities in the consolidated financial statements as of December 31, 2022 amounted to approximately 38.7 million Euros and represented some 14 percent of the Company's liabilities. Due to the significance of the amounts in question and to the use of estimates used by Management in order to comply with the requirements of the international accounting standard "IAS 37 - Provisions, Contingent Liabilities and Contingent Assets" adopted by the European Union, we paid specific attention to the verification of the liabilities in question. The main analyses carried out by Management involved checking ongoing legal or constructive obligations, estimating the probability of having to fulfill them, and estimating the amount involved.	We have carried out an understanding and evaluation of the procedure adopted by the Company for the purpose of determining the provisions for risks and charges regarding the adequacy of the liabilities recognized in the statement of financial position as of December 31, 2022. In particular, we performed an understanding and validating of the relevant controls underlying the determination of these provisions and the assessment of the appropriateness of the liabilities recognized. In this regard, it should be noted that the Company for the most significant issues uses the support of independent external professionals who update Management on the status of disputes and potential impacts on the financial statements. We also obtained details of the amounts set aside, analyzing, on a sample basis, the reasonableness of the assumptions adopted by Management in quantifying the liability to be recognized in the annual financial statements. With reference to the external professionals who support the Company in the evaluation of provisions for risks and charges, we also proceeded to send letters requesting information from them and analyzed the responses received. In addition, in order to understand the characteristics of current disputes, we conducted interviews with Management, the internal legal department, Management control managers, internal technical managers, and external professionals.

Finally, our audits included an analysis of the notes to the annual consolidated financial statements to assess the accuracy and completeness of the disclosures related to the item "Funds for Provisions."

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the Directors use the going concern basis of accounting unless they either intend to liquidate Tper SpA 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 Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

- we identified and assessed the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) 537/2014

We were appointed by the shareholders of Tper SpA at the general meeting held on 29 May 2018 to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2018 through 31 December 2026.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree 39/10

The Directors of Tper SpA are responsible for preparing a report on operations of Tper Group as of 31 December 2022, including its consistency with the relevant consolidated financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) 720B in order to express an opinion on the consistency of the report on operations, with the consolidated financial statements of the Tper Group as of 31 December 2022 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations mentioned above is consistent with the consolidated financial statements of Tper Group as of 31 December 2022 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree 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.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree 254 of 30 December 2016

The Directors of Tper SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 254 of 30 December 2016.

We have verified that the Directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Bologna, 13 June 2023

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

Independent auditor's report

in accordance with article 14 of Legislative Decree 39 of 27 January 2010 and article 10 of Regulation (EU) 537/2014

To the shareholders of
Tper SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tper SpA (the "Company"), which comprise the statement of financial position as of 31 December 2022, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the cash flow statement for the year then ended and the explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2022 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Government grants Covid 19 *Notes to the Financial Statements as of December 31, 2022 "Estimates and evaluations" and Note 19 "Other income."* The local public transport sector has been severely impacted by the Covid-19 pandemic, an emergency that has led to a significant contraction in passenger traffic, resulting in reduced revenues and consequent marginality in fiscal years 2020, 2021 and partly in 2022. The Italian state to manage this situation has allocated and committed funds in order to compensate the Italian companies involved in this public service. Company's Management has carried out an examination of what is reported within the national regulations and has accounted for the government grants under the assumption of reasonable certainty of receiving them, based on the provisions of International Accounting Standard IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance." The amount accounted for in the financial statements as of December 31, 2022, as shown in Note 19 "Other income," is 13.6 million Euros. We have identified an area of attention in this context in consideration of the exceptional nature of the impact of the health emergency on the Company and of the fact that Management evaluation process of the Company's share of the restitutions involves the need to identify the distribution criterion that will be used for the allocation of the funds set aside for the benefit of the sector among the companies belonging to it and to assess the emergence of any over- or under-compensation.	We have carried out an understanding of the approach adopted by Management in identifying the main risks and critical issues inherent in the recognition of government grants and the assumptions defined in the assessment process. We have obtained details of the estimates made by Management, verifying their reasonableness, with reference to the amount recognized in the line item "Other income" of the income statement as of December 31, 2022, and the criteria used to define the recoverability of the amounts recognized as "Other current assets", based on current regulations and on the practice followed by the industry in fiscal years 2020 and 2021. We went over the analysis carried out by Management, taking into account industry practices, in order to identify the presence of any overcompensation. We conducted audit procedures on subsequent events to identify whether there were any new elements arising from new regulations that might impact what was already recorded in the financial statements as of December 31, 2022. Finally, we have verified the accuracy and completeness of the information presented in the notes "Estimates and evaluations" and "Other income" included in the Notes to the Financial Statements as of December 31, 2022.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Valuation of provisions for risks and charges *Notes to the Financial Statements as of December 31, 2022: "Accounting policies and valuation criteria - Funds for provisions" "Estimates and evaluations," and Note 12 "Funds for Provisions"*	
The value of provisions for risks and charges recorded as liabilities in the consolidated financial statements as of December 31, 2022 amounted to approximately 36.5 million Euros and represented some 15 percent of the Company's liabilities. Due to the significance of the amounts in question and to the use of estimates used by Management in order to comply with the requirements of the international accounting standard "IAS 37 - Provisions, Contingent Liabilities and Contingent Assets" adopted by the European Union, we paid specific attention to the verification of the liabilities in question. The main analyses carried out by Management involved checking ongoing legal or constructive obligations, estimating the probability of having to fulfill them, and estimating the amount involved.	We have carried out an understanding and evaluation of the procedure adopted by the Company for the purpose of determining the provisions for risks and charges regarding the adequacy of the liabilities recognized in the statement of financial position as of December 31, 2022. In particular, we performed an understanding and validating of the relevant controls underlying the determination of these provisions and the assessment of the appropriateness of the liabilities recognized. In this regard, it should be noted that the Company for the most significant issues uses the support of independent external professionals who update Management on the status of disputes and potential impacts on the financial statements. We also obtained details of the amounts set aside, analyzing, on a sample basis, the reasonableness of the assumptions adopted by Management in quantifying the liability to be recognized in the annual financial statements. With reference to the external professionals who support the Company in the evaluation of provisions for risks and charges, we also proceeded to send letters requesting information from them and analyzed the responses received. In addition, in order to understand the characteristics of current disputes, we conducted interviews with Management, the internal legal department, Management control managers, internal technical managers, and external professionals.

	Finally, our audits included an analysis of the notes to the annual financial statements to assess the accuracy and completeness of the disclosures related to the item "Funds for Provisions."

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree 38/05 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.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) 537/2014

We were appointed by the shareholders of Tper SpA at the general meeting held on 29 May 2018 to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2018 through 31 December 2026.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree 39/10

The Directors of Tper SpA are responsible for preparing a report on operations of the Company's as of 31 December 2021, 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) 720B in order to express an opinion on the consistency of the report on operations, with the financial statements of Tper SpA as of 31 December 2022 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the financial statements of Tper SpA as of 31 December 2022 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree 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.

Bologna, 13 June 2023

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

TPER SPA

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10, OF LEGISLATIVE DECREE NO. 254/2016 AND ARTICLE 5 OF CONSOB REGULATION NO. 20267 OF JANUARY 2018

YEAR ENDED 31 DECEMBERE 2022

Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree no. 254/2016 and article 5 of CONSOB regulation no. 20267 of January 2018

To the Board of Directors of Tper SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Tper SpA and its subsidiaries (the "Group") for the year ended on 31 December 2022 prepared in accordance with article 4 of the Decree, contained in the Integrated Report 2022, and approved by the Board of Directors on 29 May 2023 (the "NFS").

Our review does not extend to the information set out in the "European Union Taxonomy Reporting" paragraph of the NFS, required by article 8 of European Regulation 2020/852.

Responsibilities of the Directors and of the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 and updated to 2021 by the GRI – Global Reporting Initiative (hereafter the "GRI Standards"), identified by them as the reporting standard. The NFS is identifiable within the Integrated Report by the symbol **NFS**, placed in the title of the relevant paragraphs.
The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory auditors is responsible for overseeing compliance with the Decree, in the terms prescribed by law.

Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and by the GRI Standards. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with the information reported in the Group's consolidated financial statements;
4. understanding of the following matters:
    a. business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
    b. policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
    c. key risks generated or faced by the Group with reference to the matters specified in article 3 of the Decree.

    With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;
5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In detail, we held interviews with the management of TPER SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level,
    a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
    b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.
- for Tper SpA, which was selected on the basis of its activities and its contribution to the performance indicators at a consolidated level, we gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of TPER Group for the year ended on 31 December is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Our conclusions on the NFS of TPER Group do not extend to the information set out in the "European Union Taxonomy Reporting" paragraph of the NSF, required by article 8 of European Regulation 2020/852.

Bologna, 13 June 2023

PricewaterhouseCoopers SpA

Signed by

Roberto Sollevanti
(Partner)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2022 translation.