Independent auditor's report in accordance with article 14 of Legislative Decree 39/2010

To the Sole Shareholder of

FS Engineering SpA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of FS Engineering SpA (the "Company"), which comprise the statement of financial position as of 31 December 2025, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2025, and of the result of its operations and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

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

Responsibilities of the directors and the board of statutory auditors for the financial statements

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

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

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company’s financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on compliance with other laws and regulations

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree 39/2010

The directors of FS Engineering SpA are responsible for preparing a directors' report of FS Engineering SpA as of 31 December 2025, 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 directors' report with the financial statements;

- express an opinion on the compliance with the law of the directors' report;

- issue a statement on material misstatements, if any, in the directors' report.

In our opinion, the directors' report is consistent with the financial statements of FS Engineering SpA as of 31 December 2025.

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

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Rome, 30 March 2026

PricewaterhouseCoopers SpA

Signed by

Giuseppe Caffio

(Partner)

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

FS Engineering S.p.A.

ANNUAL REPORT
AT 31 DECEMBER 2025

FS Engineering S.p.A.[1]

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

Share Capital: €14,186,000 fully paid-up

Registered Office: Via Vito Giuseppe Galati 71, 00155 Rome

Tax code and company registration no.: 06770620588

REA (Economic and Administrative Register) no.: 541241

VAT number: 01612901007

Web address: www.gruppofsengineering.it

[1] On 29 January 2026, the Company's Shareholders' Meeting approved the change of the company name from Italferr to FS Engineering with effect from 1 March 2026.

MISSION

FS Engineering S.p.A. is the Ferrovie dello Stato Italiane Group’s engineering company which offers comprehensive services and practical solutions for every type of engineering challenge, thanks to technical expertise acquired over more than 40 years of experience in the infrastructure sector.

The engineering services the Company offers range from feasibility studies to final and detailed design, works supervision and Project Management Consulting, as well as Procurement and Advisory services.

In line with its mission to promote the excellence of Italian engineering worldwide, FS Engineering designs with a holistic vision that considers the entire lifecycle of the project, assessing the environmental impacts of potential future scenarios from the earliest design phases.

Safety is the cornerstone of FS Engineering: the advanced use of Building Information Modelling (BIM), its digital platforms - unique in Europe -, tools such as virtual reality, and smart systems on construction sites enable the company to achieve this goal today, and bring added value to local areas and communities.

COMPANY OFFICERS

Board of Directors:

Chairwoman	Paola Firmi[1]	Laura Martiniello[2]
CEO	Andrea Nardinocchi[1]	Dario Lo Bosco[3]
Director	Francesca Bartoli[1]	Paola Fini[3]
Director		Cosimo Miccoli[3]
Director		Giovanni Papaleo[2]

Board of Statutory Auditors:

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

Officer in charge of financial reporting

Alessandra Cardegari

Independent Auditors

PricewaterhouseCoopers S.p.A. for the three-year period 2023 - 2025

[1] In office until 5 March 2025

[2] In office from 9 April 2025

[3] In office from 6 March 2025

CONTENTS

CHAIRWOMAN’S LETTER

Dear Shareholder,

For FS Engineering, the year 2025 began with a focus on innovation and strengthening the Company’s key role within the national economy.

Throughout the year, strategic initiatives - already outlined in previous financial years and based on engineering excellence, advanced digitisation, and sustainability - were accelerated, and the results were immediate: in terms of results of operations, in fact, revenues from engineering services reached an all-time high, nearing €450 million. Although the result was only slightly above expectations (+2%), it was achieved with significant cost savings (operating costs fell by 6% compared to the 2025 Budget), leading to a 32% improvement in EBITDA and net profit compared to forecasts.

In order to support production volumes, the Company continued the recruitment efforts it had begun in previous financial years: the workforce in fact grew by 184 people during the year, bringing the total number of employees serving at the end of 2025 to 3,482 people.

The excellent performance of the year, however, was driven not only by growth in terms of the number of employees but also by increased in-house efficiency, achieved through the use of advanced digital systems such as BIM, which is also applied to works management, as well as the mix of projects under management, and a substantial investment in human capital development, involving 3,317 resources through the provision of a total of approximately 153,765 hours of training.

With regard to the latter, the activities carried out by FS Engineering in 2025 continued to be driven by demand for transport infrastructure from RFI and supported by the NRRP. Specifically, works were managed under 439 contracts (+17% compared to 2024) for projects valued at over €39 billion (+8% compared to the previous year), involving many Italian Regions, throughout the year.

Although primarily focused on the domestic market, FS Engineering has not neglected the international market, despite the global geopolitical situation remaining highly critical. Precisely in light of these challenges, FS Engineering has strengthened strategic partnerships with countries such as India, Saudi Arabia, and Australia, and has established new relationships with Tanzania - a country included in the Mattei Plan, Turkmenistan, and Iraq.

In 2025, FS Engineering also gained international recognition thanks to the opening of the Anji Khad Bridge in India, an iconic structure for which the Company handled the design and works supervision, setting a new benchmark in the design and construction of bridges.

The Company’s international operations have also led to an improvement in its ranking (from 148th to 142nd place) in the Top 225 International Design Firms, a ranking compiled annually by ENR, one of the most authoritative American magazines in the construction, engineering, and architecture sectors.

Alongside engineering excellence, digitisation, and internationalisation, the Company has continued to prioritise sustainability as a key element of its leadership in the mobility sector, firmly believing that scientific research, technology, and innovation must make a tangible contribution to the country’s sustainable growth, and to the development of advanced systems at both the European and international levels. And this vision has proven successful, enabling the Company to receive the 2025 Sustainability Award from OICE (the Italian Association of Engineering, Architecture and Consulting Organisations).

In being aware that sustainability cannot be separated from ethics, FS Engineering obtained SA8000 certification during the year, a voluntary international standard for social accountability that defines the requirements for ensuring ethical, safe, and dignified working conditions within the organisation.

The year 2025, with its achievements and results that once again exceeded Budget projections, demonstrates how FS Engineering has successfully capitalised on the major changes sweeping through the engineering sector, leveraging them as enabling factors to not only meet but exceed its set goals, and tackle new challenges with a clear sense of its own identity and value.

The Chairwoman

Directors’ report

KEY AND GLOSSARY

ALTERNATIVE PERFORMANCE INDICATORS (NON-GAAP MEASURES)

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

Gross operating profit: difference between revenue and operating costs.

Operating profit: the sum of gross operating profit, amortisation and depreciation, impairment losses (impairment gains) and provisions.

Net operating working capital: the sum of inventories, contract assets, current and non-current trade receivables, and current and non-current trade payables.

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

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

Net non-current assets: the sum of property, plant and equipment, intangible assets, and equity investments.

Other provisions: the sum of post-employment benefits and other employee benefits, the provision for litigation with employees and third parties, the provision for contractual risks, and deferred tax assets and liabilities.

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

Net financial position (debt) (NFP/NFD): the sum between current financial liabilities, non-current financial liabilities, and related derivatives, net of cash and cash equivalents, other current financial assets, and other non-current financial assets.

Equity (E): the sum of share capital, reserves, retained earnings (losses carried forward), and the profit (loss) for the year.

Gross operating profit (loss) margin: a percentage indicator calculated as the ratio of gross operating profit to revenue.

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

Debt/equity ratio: the ratio between net financial debt and equity.

ROE (return on equity): the ratio of profit (loss) for the year and average equity, using the average of opening equity (including the profit (loss) for the previous year) and closing equity (net of the profit (loss) for the year).

ROI (return on investment): the ratio of operating profit to average NIC (the average of opening and closing NIC).

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

Terms of recurrent use

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

PPSO (Prevention and Protection Service Officer): this is a technical staff position established by Legislative Decree no. 81/2008 (Consolidated Act on Safety), which supports the Prevention and Protection Service Manager (PPSM) in managing occupational safety. Appointed by the employer, they assist in identifying risks, develop preventive measures, and organise training.

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

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

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

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

ESG (Environmental, Social, and Governance): defines the key criteria for measuring the sustainability and ethical impact of business activities. These non-financial metrics help investors and stakeholders assess a company's accountability, risks, and long-term value.

HSQE (Health, Safety, Quality, and Environment): is an integrated management framework that ensures high operational standards, regulatory compliance, risk reduction, occupational safety, process quality, and environmental protection.

IoT (Internet of Things): describes the network of physical objects equipped with sensors, software, and other technologies designed to connect and exchange data with other devices and systems over the Internet.

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

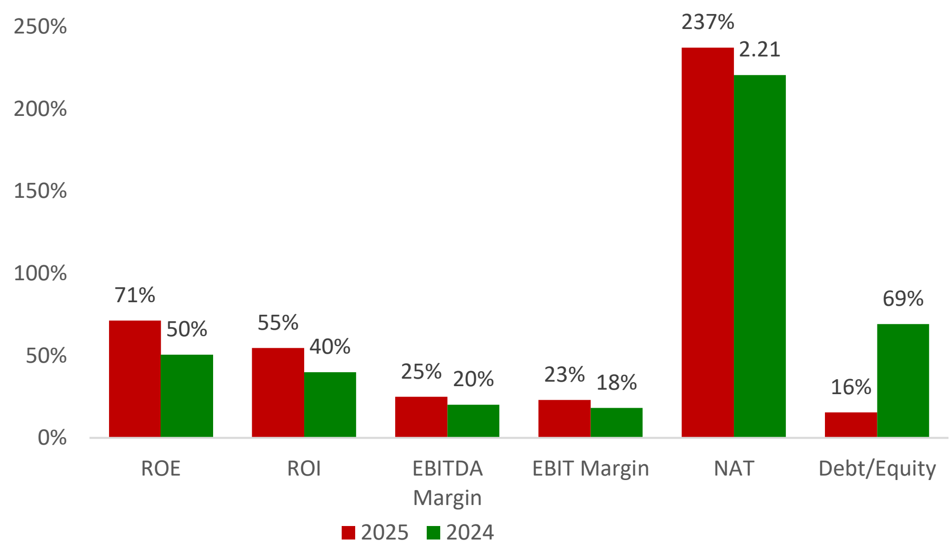
Project Management Consultancy (PMC): this is a one-stop-shop specialist assistance service used to manage suppliers and contractors throughout a project from its start to its completion.

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

ICRMS (Internal Control and Risk Management System): a set of rules, procedures, and organisational functions and departments designed to identify, measure, manage, and monitor the main business risks.

HIGHLIGHTS 2025

As detailed below in this report, the Company continued to grow in 2025 too, both in terms of turnover and headcount, mainly to meet RFI's ambitious investment plan, driven by the NRRP. More in detail, production grew by 7% and headcount further increased by 184 compared to 2024. The trend in costs, which saw a reduction in overheads and administrative expenses in favour of project costs, combined with the recognition of additional fees on existing contracts, led to an improvement in profit margins compared to 2024, enabling the Company to achieve outstanding results once again this year.



		2025	2024
ROE	P/E*	71.32%	50.49%
ROI	OP/ANIC*	54.60%	39.87%
EBITDA Margin	GOP/R	24.87%	20.14%
EBIT Margin	OP/R	23.00%	18.07%
NAT	R/ANIC*	2.37	220.61%
Debt/Equity	NFD/E	0.16	0.69

KEY

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

OP: Operating profit

GOP: Gross operating profit

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

E: Equity

NFD: Net financial debt

R: Revenue

P: Profit for the year

FINANCIAL POSITION AND PERFORMANCE

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

Reclassified income statement

The Income Statement for the year showed a considerable improvement over the results - albeit positive - in 2024, thanks to higher production volumes combined with improved profit margins on contracts under management.
The 2025 results also outperformed the Budget: revenues, in fact, grew by 2%, despite lower operating costs (-6% compared to the Budget), and the combined effect of these two factors led to EBITDA and net profit for the year improving by 31% and 41%, respectively, compared to the original forecasts.
The reasons for this excellent performance are detailed below.

(€'000)	2025	2024	Changes	
			Amount	%
Revenue from engineering services	450,113	419,359	30,754	7%
Other revenue	799	1,091	(292)	-27%
Revenue and income	**450,912**	**420,450**	**30,462**	**7%**
Operating costs	**(338,774)**	**(335,815)**	**(2,959)**	**1%**
Personnel expense	(224,320)	(212,155)	(12,165)	6%
Other costs, net	(114,454)	(123,660)	9,206	-7%
Gross operating profit	**112,138**	**84,635**	**27,503**	**32%**
Amortisation, depreciation	(7,961)	(8,003)	42	-1%
Impairment losses	(456)	(705)	249	-35%
Operating profit	**103,721**	**75,927**	**27,794**	**37%**
Net financial income (expense)	(2,484)	(1,784)	(700)	39%
Income taxes	(30,111)	(22,040)	(8,071)	37%
Profit for the year	**71,126**	**52,103**	**19,023**	**37%**

In 2025, production increased compared to the previous year, driven almost equally by both volume growth (+46% compared to 2024) and a higher average profitability of contracts under management (+54%).

This positive result was due primarily to operations performed in Italy, particularly Captive, with the latter benefiting from the acceleration of projects funded by the NRRP. In fact, the main contracts performed during the year involved the following Works Management departments, funded in whole or in part by the NRRP:

- Lot 1: Brescia East – Verona, and Construction Lots 1 and 2: Verona – Vicenza Junction of the Milan–Venice HS/HC rail line;
- Lot 3a of the Trento Bypass Road;
- Lots 3, 4, 5, and 6 of the Third Giovi Pass;
- Lots 2 and 3 Frasso – Vitulano, Lot 1 (functional) Apice – Hirpinia, and Lot 2 Apice – Orsara of the Naples – Bari HS/HC rail line;
- Lot 1a Battipaglia – Romagnano of the new Salerno – Reggio Calabria HS/HC rail line;
- Lots 1 and 2 Giampilieri – Fiumefreddo and Bicocca – Catenanuova of the Messina – Catania – Palermo route.

The average profitability of the contracts under management was influenced both by efficiency gains, resulting in cost reductions, and by the recognition of additional fees against increased work performed, or for extended project completion times not attributable to FS Engineering.

The change in fees, or the cost savings achieved, led to a restatement of profit margins totalling €37.8 million.

Non-Captive production too recorded an increase, both compared to the previous year (+2%) and compared to the 2025 Budget (+5%), primarily due to activities carried out in Italy (technical support to the Government Commissioner for the A24-A25 motorways) and abroad (mainly in India and Latvia).

To complete the disclosure on **revenue from engineering services**, the table below shows their breakdown by geographical area and type of counterparty.

	2025		2024		Changes	
(€'000)	Amount	% of total	Amount	% of total	Amount	% of total
RFI	398,455	89%	372,688	89%	25,767	0%
Other Group companies	9,380	2%	5,383	1%	3,997	1%
Other Italian customers	12,896	3%	9,128	2%	3,768	1%
Total Italy	**420,731**	**93%**	**387,199**	**92%**	**33,532**	**1%**
EU countries	7,818	2%	4,691	1%	3,127	1%
Non-EU countries	21,564	5%	27,468	7%	(5,904)	-2%
Total abroad	**29,382**	**7%**	**32,159**	**8%**	**(2,777)**	**-1%**
Revenue from engineering services	**450,113**	**100%**	**419,359**	**100%**	**30,755**	**0%**

With regard to **operating costs**, although to a lesser extent than in 2024, the Company continued its work on the challenging recruitment plan to adjust the workforce to the growing demand for services in the year under review: new hires totalled 439, in addition to 38 temporary workers having their contracts transformed into permanent employment. Net of retirements and turnover, headcount grew by 184, and overall average FTEs for the year stood at 3,406 (+7% compared to 2024).

Personnel expense recorded a 6% increase, compared to the previous year, due primarily to the further increase in the workforce while it showed a decline of 6% compared to the Budget, due mainly - since the average headcount for the year was substantially in line with expectations - to the renewal of the National Collective Labour Agreement (CCNL) in 2025 under terms more favourable to the company than those assumed in the forecasts.

Other costs, net showed a decrease both compared to the previous year (-7%) and compared to the Budget (-4%): this change, in both scenarios under comparison, was affected by a reduction in outsourced engineering services, which occurred partly as a result of the new policy of bringing certain operations in-house, and partly due to the postponement of design work aimed at freeing up resources on construction sites.

Below EBITDA, **amortisation and depreciation** stood at slightly below the previous year's figures while they were 9% less than forecasts, due to lower investments in IT equipment and also to the failure to start operations on new car hire agreements, attributable both to greater efficiency in the allocation of means of transport to construction sites, and to a postponement of certain overseas activities.

Finally, **Net financial expense** showed an increase compared to the previous year (+39%), mainly due to exchange rate fluctuations while they decreased by 9% compared with the Budget.

Reclassified statement of financial position

As at 31 December 2025, the Statement of Financial Position of FS Engineering was as follows.

(€'000)	31.12.2025	31.12.2024	Changes	
			Amount	%
Net operating working capital	282,388	269,248	13,140	5%
Other assets, net	(103,586)	(45,544)	(58,042)	127%
Net working capital	**178,802**	**223,704**	**(44,902)**	**-20%**
Non-current assets	36,816	38,109	(1,293)	-3%
Equity investments	350	350	0	0%
Net non-current assets	**37,166**	**38,459**	**(1,293)**	**-3%**
Post-employment benefits	(9,693)	(11,146)	1,453	-13%
Other provisions	(38,929)	(38,445)	(484)	1%
Post-employment benefits and Other provisions	**(48,622)**	**(49,591)**	**969**	**-2%**
NET INVESTED CAPITAL	**167,346**	**212,572**	**(45,226)**	**-21%**
Current net financial position	4,535	68,744	(64,209)	-93%
Non-current financial assets	(2)	(2)	0	0%
Lease liabilities	17,936	18,120	(184)	-1%
Total NFP	**22,469**	**86,862**	**(64,393)**	**-74%**
Equity	144,877	**125,710**	**19,167**	15%
TOTAL COVERAGE	**167,346**	**212,572**	**(45,226)**	**-21%**

The Net Invested Capital decreased by 21% compared to the previous year due to a reduction in Net Working Capital, which in turn was affected by changes in Other net assets. More specifically:

- Net operating working capital grew by 5% compared to 2024, primarily because, despite a 2% increase in production compared to the previous year, turnover decreased by 2%, mainly due to the composition of the order backlog managed during the year, which favoured Works Management agreements - for which billing is based on the contractor's approved Work Progress Reports (SAL) and, therefore, occurs after the work has been completed;
- Other assets, net, increased by 127% compared to 2024, both because delays in intercompany receipts affected the Company's ability to pay dividends to the shareholder, and because the terms and conditions of the new contract for technology services with FS Technology were not finalised until early 2026 and, pending their finalisation, the affiliated company was not paid for the services received during the year.

On the coverage side, the Net Financial Position improved by 74% overall compared to the end of the previous year, almost exclusively due to a reduction in short-term exposure, primarily affected by higher intercompany payables for dividends and IT services.

Even compared to the Budget, the reclassified 2025 statement of financial position showed a decrease in Invested Capital (-22%), and a corresponding improvement in the Net Financial Position (-75%), in line with the changes resulting from the comparison with the previous year.

INVESTMENTS

In 2025, FS Engineering invested a total of €6,677 thousand. Most of these investments (€5,293 thousand) involved right-of-use assets for properties under lease (for a total of €4,333 thousand, including €3,092 thousand for the renewal of the lease agreement for offices at the Executive Center in Naples, €1,001 thousand for the renewal of the lease agreement of the Bologna office for an additional period of 6 years, €102 thousand for the lease of additional space at the Verona office, €100 thousand to extend the lease term while waiting for the new office space to be ready, and €38 thousand to renew the lease for the construction site office in Ferrara), and hires of additional cars for increased needs at construction sites in Italy and Latvia (€960 thousand).

The remainder of the investments, totalling €1,384 thousand, consisted of:

- purchases of laptops, notebooks, and other small IT equipment for employees in Italy and abroad (€978 thousand), as well as the purchase of 6 drones and related equipment for aero-photogrammetric surveys and measurements (€35 thousand);
- the purchase of furniture and furnishings, primarily to set up the smart office in Naples and the Rome office at San Martino della Battaglia (€273 thousand);
- improvements to leased properties, also carried out at the Rome (San Martino della Battaglia) and Naples offices (€87 thousand);
- other small equipment (€11 thousand).

RESEARCH, DEVELOPMENT AND INNOVATION

In 2025, FS Engineering carried out the following testing activities for the development and enhancement of the process for digitisation, and the adoption of digital information management methods and tools to the distinct stages of the rail infrastructure life:

- **Development of additional customisations and new features for the Digital Twin:** in recent years, FS Engineering has focused particularly on creating a proprietary digital environment based on a commercial platform, with the goal of making it highly customisable for a wide range of applications. Throughout 2025, the process of updating and expanding continued, enabling the Company to achieve significant results such as the development of advanced tools for monitoring works of art, systems for tracking work progress on construction sites, and interactive dashboards for viewing and consulting data;
- **Optimisation of the information model verification process**: FS Engineering has been evaluating digital solutions for automating the verification of the design developed by the Contractor for validation purposes, with a particular focus on verifying the information content of the models by using code-checking tools. By analysing the current process and comparing available alternatives, it is possible to identify the most effective technological solution for generating and managing verification rules, resulting in significant time savings;
- **Digital management of "Near Misses":** FS Engineering has developed an application for collecting and managing reports of unexpected events that could have caused damage, injury, or illness, which delivers benefits in terms of operational efficiency and improved safety levels;
- **Construction Site Monitoring Platform**: the Company has enhanced the DIANA platform (FS Engineering Digital Twin Platform) for construction site monitoring through the structured integration of models and data from project

documentation. The goal is to enable precise digital monitoring of physical and financial progress via advanced dashboards that provide up-to-date key indicators and a unified view of the status of work progress;

- **Integrated construction site data management**: FS Engineering has designed the structuring and configuration of a Construction Site Data Sharing Environment to enhance the use of digital methods and tools throughout the project lifecycle, specifically to ensure digital, integrated, and centralised management of construction site documentation and data. The goal is to enable digital information management of operations on digital construction sites through the adoption and use of a platform that complements the digital collaboration ecosystem, with on-site support from the construction site BIM Coordinator;
- **Digital SIL Inspection Procedure**: as part of the ongoing digitisation of Works Management processes and the need for structured, traceable, and integrated monitoring of work progress at construction sites, a digital inspection procedure of the Labour Information System (SIL) has been defined, implemented, and applied to monitor the progress of work on significant project components;
- **Improving the efficiency of processes for the management and verification of all detailed executive designs in the Data Sharing Environment**: the work performed during the year focused primarily on optimising the processes for the submission, verification, and review of documents. The systematic use of the Data Sharing Environment has also made it possible to maintain a structured history of revisions, promoting transparency and improving the overall efficiency of the detailed executive design process by strengthening quality control over the documents and facilitating the sharing of project information.

Alongside experimental activities, FS Engineering promotes a structured and systematic process to implement synergies capable of accelerating the development and integration of ideas and new solutions in the company, including in relation to the new Group organisational structure. With this in mind, the Company carried out, during 2025, the following projects in the area of:

- **Open Innovation**
  - Open Italy 2024 programme, under which FS Engineering completed its work on the following Proofs of Concept (POCs) started in 2024:
    - ✓ *C'Mon OptiPlant (Carbon Monitoring OptiPlant)*: the experimentation developed a plugin for design and a demo application for monitoring green works, taking into account current and future climate variables, with the aim of maximising CO_2 capture and storage, monitoring CO_2 fluxes by using Remote Sensing techniques, and assess plant biodiversity. The PoC identified several critical issues that are currently being investigated in greater detail;
    - ✓ *GeoAnomaly Sentinel*: the aim of the experimentation was to develop a tool to optimise the time required to identify and process archaeological data from non-invasive surveys and to enhance the reliability of the interpretative process, with a view to accurately identifying any archaeological finds or excavations interfering with the planned infrastructure. The pilot project was successful, leading to the initiation of the patent protection process and the planning of the next phase of development;
    - ✓ *RailTrustFlow*: the experimentation has involved the development of a blockchain solution for managing rail infrastructure certifications. This solution is designed to support certificate management processes by recording data characterising the exchange between the parties involved, in conjunction with methods for

generating and verifying evidence of compliance based on technologies for regulated data exchange. The pilot project was successful and was presented as part of the Europe's Rail Joint Undertaking (EU-Rail) programme;

- ✓ *RailAware:* the experimentation aims to simplify and speed up document browsing and access to company data through large language models (LLM) to provide users with the ability to conduct complex natural language searches across multiple sources and entire databases. The initiative was successful and, together with Wiki-Surf, has become part of the programme to develop LLM systems to support optimised management of corporate documentation;
- ✓ *Wiki-Surf*: the experimentation aims to create an environment in which it is possible to navigate company processes and related procedures with a system of hyper-links between issues, keywords and glossary, as well as leave comments in order to enable easier and more dynamic collection of requirements for upgrading business procedures. The experimentation was successful and, as mentioned in the previous paragraph, has been incorporated into the LLM systems development programme.

- **International funded projects:**
  - Horizon Europe Program, in which FS Engineering carried out the RECONMATIC and MOST-H2 projects, dealing, respectively, with circular management of demolition and construction waste, and absorbent materials for hydrogen storage;
  - Life Program, in which FS Engineering carried out the LIFE SILENT project - "Sustainable Innovations for Longlife Environmental Noise Technologies", which deals with the development of sustainable and environmentally friendly solutions for noise mitigation in complex and densely populated urban areas;
  - Europe's Rail Joint Undertaking partnership: the FS Italiane group is a founding member of the partnership which provides funding for research and innovation projects in the railway sector, and FS Engineering is involved in the following flagship projects:
    - ✓ IAM4RAIL on the "Intelligent & Integrated asset management" with the research initiatives "Climate Resilience" to define a methodology for assessing the resilience of rail infrastructure to climate change, "Blockchain for certification", for the development of a framework for managing rail infrastructure certifications via blockchain;
    - ✓ MADE4RAIL 2, focusing on "Maglev-derived systems for Rail": following the conclusion of the previous MADE4RAIL project, a further phase has been launched to further explore and raise the Technology Readiness Level (TRL) - that is, the maturity of the identified technological solutions - and to assess their feasibility for integration into the European rail network;
    - ✓ SYMBIOSIS on "SYstemic Mobilisation for Joint Biodiversity and Infrastructure" which is aimed at setting out recommendations and methodologies for the development of cross-cutting biodiversity and climate policies as part of infrastructure projects, for the transport and energy sectors;
    - ✓ HYPER4RAIL on "A Giant Leap for Loop: Towards a harmonized implementable Hyperloop concept with Hyper4Rail" for the feasibility and prototype development of Hyperloop solutions (a high-speed transport system - reaching speeds of up to 1,200 km/h - based on capsules traveling through low-pressure steel tubes, thereby reducing friction and air resistance) for the European network.

In this context, following the successful outcome of the first wave of projects (2022–2026), FS Engineering participated in the preparatory work for project proposals for the second wave (2027–2029).

- **National funded projects:**

  In 2025, operations were completed on the Research Programme on "National Sustainable Mobility Center", supported by NRRP financial resources allocated to the Ministry of University and Research: FS Engineering participated in the initiative under the coordination of FS and was involved in two Spokes:

  - Spoke 4 – WP2, which focused on the study of alternative methods for powering trains;
  - Spoke 9 – WP3, which addressed issues related to urban mobility.

  Furthermore, during the year, operational activities were started and completed for the Research Programme on "National Research Center for High-Performance Computing, Big Data, and Quantum Computing", supported by NRRP funding allocated to the Ministry of University and Research: FS Engineering participated in the initiative under the coordination of FS, and was involved in Spoke 6 – ARCADiT (Asset Recognition and Classification through Segmentation Algorithms for Digital Twin). The initiative focused on the development and management of segmentation algorithms for point clouds acquired through surveying, aimed at the recognition and classification of assets essential for the creation of digital twins in the railway sector.

- **Other projects:**

  - Participation in the IRIDE Service Segment project: it is part of the larger IRIDE project managed by ESA (European Space Agency) with the support of the Italian Space Agency (ASI), which aims to launch a constellation of satellites for observing Italy. FS Engineering's role in the project is as a "Pilot User" to test and validate the services that are developed;
  - Monitoring contamination in the soil by indirect drone surveys: experimentation involves the acquisition of aerial imagery showing suspected pollution and its comparison with ground surveys to better identify the likelihood of pollution. In 2025, the flight plan and survey management software were finalised, and the activities are expected to be completed by the first four-month period of 2026.

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

  In total, the costs incurred in 2025 for the activities described above amounted to €1,557 thousand (of which €323 thousand was for outsourced services) and required 22,902 hours of work by FS Engineering's specialist staff. The costs incurred during the year were not capitalised in accordance with IAS 38.

PERFORMANCE OF SUBSIDIARIES

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

The company primarily works for FS Engineering for which it provides support in the field of structural and architectural design, and works supervision, as well as operational support for Italian and foreign contracts. Since 2019, it also began diversifying its backlog, also acquiring contracts from non-captive Customers on the Serbian market.

In 2025, I.E.S. saw a further acceleration of the trend - which had begun to show its first signs as early as 2024 - of declining demand for engineering services from its existing customer base, a trend not offset by opportunities in the Serbian market.

In particular, the decline in demand for services from FS Engineering continued, due, in particular, to the decrease in assignments related to work on noise barriers and the elimination of level crossings following the rescheduling of these projects by RFI, compounded by a decline in foreign demand influenced mainly by the suspension of the NEOM South Connector contract in Saudi Arabia due to a temporary halt in work caused by the Customer’s need to secure additional funds to finance the project. It should be noted that the NEOM project was acquired by FS Engineering and that I.E.S. supports its parent company in architectural and design rendering activities, which are also carried out by using BIM methods.

In addition to the decline in demand for engineering services, there has also been a loss of profitability in Captive contracts due to the rates set forth in the Framework Agreement between I.E.S. and FS Engineering, which no longer align with current market rates.

To address this new situation, I.E.S. implemented the following initiatives during the year:

- expansion of the range of services offered to include:
  - ✓ the design of civil works, road infrastructure, mechanical systems, and energy facilities (the latter including telecommunications, signalling, and electric traction);
  - ✓ hydraulic studies and designs;
  - ✓ support services for structural and plant engineering inspections;
- the definition of a new Framework Agreement with FS Engineering for the provision of engineering services to the Captive market, which resulted in:
  - ✓ an alignment of rates, which had remained unchanged since 2021, with actual market values, resulting in an average increase of 26% compared to the past (to which an additional 10% was added for activities performed by using BIM);
  - ✓ the revaluation of rates for the new services offered by I.E.S. (design services rather than mere support to FS Engineering and, in particular, the design of technological works such as mechanical, electric traction, and signalling systems);
- an increase, targeted for 2025, in average per-capita production capacity of approximately 10%;
- the strengthening of the Non-Captive portfolio, with a particular focus on the Rail Baltica and Niš–Brestovac projects, as well as the new tender recently awarded to I.E.S. for the Ruma–Šabac section, which connects the western regions of Serbia with the country’s main railway corridor.

The initiatives undertaken began to show results only in the last quarter of the year; therefore, the positive outcomes expected from them will not be fully realised until 2026, the year for which the I.E.S. Budget forecasts production growth, and a return to positive net results.

Finally, to complete the disclosure, the table below shows the balance sheet and income statement highlights achieved by IES in 2025, compared with those of the previous year.

€'000

	2025	2024	Changes	%
Revenue from engineering services	793	1,168	(375)	-32%
Operating costs	(1,052)	(1,301)	249	-19%
GROSS OPERATING PROFIT	**(259)**	**(133)**	**(126)**	95%
OPERATING PROFIT	**(277)**	**(154)**	**(123)**	80%
Profit (Loss) for the year	**(283)**	**(159)**	**(124)**	78%
Invested capital	351	648	(297)	-46%
Net financial debt	(164)	(152)	(12)	8%
Average number of employees (FTEs)	21	21	0	0%

MACROECONOMIC CONTEXT

During 2025, the international macroeconomic environment saw moderate global growth that gradually slowed down[2]; however, against the backdrop of continuing international tensions[3], global economy held up better overall than initially expected, with world inflation remaining at historically low levels. International trade relations remained tense, but the United States' relations with Europe and China showed signs of gradual stabilisation thanks to bilateral agreements, and a strategic realignment in trade, which helped mitigate the adverse effects of the widespread increase in tariffs on global trade initiated by the new U.S. administration. At the same time, the gradual fading away of the temporary factors that had supported economy in the first half of the year – specifically, companies' advance purchases and sales in anticipation of the introduction of tariffs - contributed to a slowdown in global GDP growth in the second half of the current year.

The unfavourable outlook for global trade is confirmed by the trend in the global composite Purchasing Managers' Index (PMI): the component relating to new export orders, which serves as a key indicator of global demand, remained consistently below the expansion threshold throughout the year, signalling a decline in both the manufacturing and services sectors.

In this context, the economies of major countries showed slightly stronger momentum than expected, albeit with varying trends: in the United States, growth was supported by still-solid domestic demand, fuelled as it was by household consumption and AI-related investments. Especially in China, the economy benefited from the contribution given by the manufacturing sector and targeted support policies, despite structural weaknesses that continue to weigh on the medium-term outlook; the Eurozone's economy remained weaker, but with signs of resilience in some countries and sectors, particularly industrial production in Germany, and household spending in Spain and France.

On the consumer price front[4], inflation in the Eurozone remained close to the 2% target set by the ECB. In the United States, however, inflation began to rise again in the second half of the year, partly due to the application of new trade measures and the depreciation of the dollar. However, given the persistent weakness of the labour market, the Federal Reserve initiated a phase of monetary policy easing, proceeding in December with its third interest rate cut, thereby showing a preference for supporting full employment over the risks of inflationary pressures.

Prices for fossil fuels, particularly oil and gas, showed generally a downward trend, which the Iran-Israel conflict in June 2025 altered only temporarily and to a negligible extent. Specifically, at the end of December, crude oil (Brent) was trading at just over \$60/barrel while the price of gas stood at around €28/mWh[5].

[2] Source: Prometeia macroeconomic data, December 2025.

[3] On the geopolitical front, efforts continued to secure a truce in the conflict in Ukraine, and the first phase of the ceasefire agreement was launched in Gaza, although the outcome of both situations remains uncertain; at the same time, the United States has stepped up its role in foreign policy, as evidenced by its initiatives in Venezuela and its renewed interest in Greenland.

[4] In December 2025 the index of consumer prices (ICP) for the Eurozone was 2.0% on an annual basis, and the corresponding ICP for the US was 2.7% on an annual basis.

[5] Values refer to the reference natural gas price for European markets (Title Transfer Facility, TTF).

In light of this scenario, Prometeia estimates that growth in global GDP stood at +3.1% in 2025 compared to 2024 while world trade showed an increase of +3.7%.
Growth projections for 2026 suggest a slight decline in the global GDP growth rate (+2.7%), and a more significant slowdown in global trade growth (+2.1%).

Against the backdrop of the complex global scenario, the Italian economy in 2025 benefited from relative political stability, ensured by a cohesive parliamentary majority, and from prudent management of public finances. This institutional context helped bolster financial market confidence, facilitating the placement of Government bonds, with a significant narrowing of the spread compared to the German Bund, which fell to levels not seen on a sustained basis since before the 2008 financial crisis. Against this backdrop, economic conditions remained moderately positive: GDP growth, at +0.6%[6], averted a creeping recession, and was driven primarily by domestic demand, particularly by investments linked to the implementation of the NRRP, but also by the gradual recovery of household consumption, supported by the rebound in labour income and employment, and by a further decline in inflation. Added to this was the contribution given by exports, although likely temporary, as it was largely attributable to front-loading behaviour - a defensive strategy through which companies sought to protect themselves from uncertainty regarding U.S. tariffs. The slowdown in industrial production in the final stretch of the year points to a cyclical weakening of trade; at the same time, the residential construction sector showed persistent signs of weakness, largely attributable to a return to normalcy in the sector following the expiry of the incentives.

Italy ended 2025 with a GDP growth of +0.6% compared to the previous year while the consumer price index for the entire national community saw growth of +1.5% compared to 2024.

[6] Source: Prometeia, December 2025.

MARKET PERFORMANCE

Italy

In 2025, the Italian infrastructure market reached full operational maturity. Investments in the transport sector saw an unprecedented workload at national level, driven by the operational implementation of the NRRP. While 2024 had marked the transition from design to construction, the year 2025 emerged as the year of widespread set-up of construction sites, and accelerated production.

The strategic focus has shifted decisively towards integrated digital engineering and high-level Project Management Consultancy (PMC), which are necessary to manage the complexity of works in progress. In addition to high-speed rail, the domestic market continues to invest in mass transit and urban interconnections, with a particular focus on the digitisation of networks as an enabler for safer and more sustainable mobility.

Europe

The year 2025 marked a moment of "strategic recalibration" for Europe, characterised by a return to realism in infrastructure investment ("Return to Realism"). Despite complex geopolitical dynamics, the continent remained highly attractive, especially for projects related to energy sovereignty and cross-border connectivity.

The rail sector remained central, with the European Union continuing to support the development of TEN-T corridors.

A prime example is the Rail Baltica project, which in 2025 adopted a phased implementation approach to ensure the cross-border corridor would be operational by 2030, securing crucial funding through the Connecting Europe Facility (CEF).

EU funds (such as Next Generation EU, the European Regional Development Fund - ERDF, and the CEF) and national resources remain essential for financing priority projects. Alongside these, the role of synergies between European funds and third-party initiatives (Horizon Europe, LIFE) is growing, which, while focusing on specific areas, support the energy and digital transitions.

North America

The North American market in 2025 highlighted a dichotomy between the enormous availability of capital and the challenges linked to cost inflation and implementation complexity.

In the United States, the Infrastructure Investment and Jobs Act (IIJA) is continuing to fuel the project pipeline, but there is a greater sense of caution regarding timelines. The High-Speed rail sector is experiencing a resurgence tempered by realism: flagship projects such as Brightline West (Las Vegas - Los Angeles) have revised their timelines (now scheduled to open in late 2029) and budgets, shifting the focus to cost optimisation and risk management. The trends in the U.S. infrastructure market are opening up opportunities of definite interest to foreign operators capable of bringing expertise in Value Engineering and complex risk management.

Canada

Canada is continuing its massive passenger transport modernisation plan. The year 2025 saw progress on mass transit projects in the Greater Toronto area (Ontario) and in Quebec. The High Frequency Rail project (Quebec City - Toronto) remains the cornerstone initiative for the future of intercity mobility, with the Federal Government working to identify private partners for the co-development phase.

Middle East

The Gulf region (GCC) remained one of the most dynamic markets globally in 2025, driven by energy revenues and a desire for economic diversification. Despite regional tensions, countries such as Saudi Arabia and the United Arab Emirates have accelerated their "Giga-Projects."

In **Saudi Arabia**, Vision 2030 has entered a crucial phase: on the one hand, works on NEOM's infrastructure have been suspended pending a revision of the project's Budget; on the other hand, the expansion of the national and metropolitan rail networks is continuing, with strong demand for specialist technical expertise to ensure quality and meet challenging deadlines. The market increasingly demands not only design capabilities but also a comprehensive technical partnership to manage the entire infrastructure lifecycle.

In 2025, **India** continued to position itself as the engine of infrastructure growth in Asia. The Government has maintained momentum on railway investments to support GDP growth, allowing the country to remain a primary target for projects involving new high-speed lines, subways, and freight corridors.

Australia

In 2025, Australia continued its strategic review of major infrastructure projects to address rising global costs. However, the commitment to High-Speed rail on the east coast remains active, with the High-Speed Rail Authority making progress on defining the business case for the Sydney - Newcastle route. Infrastructure preparations are also intensifying ahead of the 2032 Brisbane Olympics, generating specific opportunities in the urban transport and sustainable redevelopment sectors.

Africa

The African continent showed signs of selective vitality in 2025. North Africa (Egypt, Morocco) remains the area of greatest interest, with investments focused on the expansion of railway networks and High-Speed rail (particularly in Morocco for the 2030 World Cup).

The Italian Government's implementation of the Mattei Plan in 2025 provided an additional framework for cooperation, fostering dialogue on infrastructure projects and technical training.

Performance by business segment

Intragroup

In 2025, FS Engineering entered into contracts with companies of the FS Group totalling €279.1 million, of which €274.6 million (approximately 98.4% of the total) were with RFI.

The value of the contracts gained from RFI during the year was primarily driven by assignments for the development of the review of the detailed design and for works management of the Santomarco tunnel, part of the project for the new Salerno–Reggio Calabria HS/HC rail line (€78.9 million), executed by using BIM technology.

The following also contributed to the total value of contracts gained during the year:

- construction work on the sextuplication of the Genoa Parco Principe – Genoa Brignole – Area 1 section (€8 million), the connection to the port of Augusta (€5.3 million), and interventions on the Perugia Ponte San Giovanni – Terni and Perugia Ponte San Giovanni – Perugia Sant'Anna lines (€5 million);

- the TEFS for the quadrupling of the Tortona-Voghera line (€9.3 million), upgrade works on several power supply sites across the entire railway network (€9.1 million), and railway works in the Bolzano area (€5.8 million);
- the review of the Final Design for the Third Functional Lot "Vicenza-Padua" prepared by the General Contractor (€5.9 million).

Finally, among the contracts secured by the Group's other customers in 2025, it is worth noting the contract with Mercitalia Logistics, a new customer of FS Engineering, which covers works management support services for superstructure renewal projects in Cervignano del Friuli, Marcianise, Milan, and Turin (€1.2 million).

The table below shows the value of contracts acquired in the year, broken down by customer and service type.

in millions of euros

Customer	Service type			Total	% of total
	Consultancy	Design	Works management		
RFI	47.1	104.5	123.0	274.6	98.4%
Trenitalia	0.3	0.1	1.3	1.6	0.6%
FS Sistemi Urbani	1.6			1.6	0.6%
Mercitalia Logistics			1.2	1.2	0.4%
Total	**49.0**	**104.6**	**125.5**	**279.1**	**100%**

The contract backlog amounted to €2,210 million at 31 December 2025.

At year end, work also commenced on negotiations for additional contracts worth a total of €55.3 million: the contractual documentation for these projects has already been sent to customers.

The bids that FS Engineering has submitted, which should lead to the execution of contracts in 2026, are detailed by customer and service type in the table below.

in millions of euros

Customer	Service type			Total
	Consultancy	Design	Works management	
RFI	15.2	28.3	11.6	55.2
Trenitalia	0.1			0.1
Total	**15.3**	**28.3**	**11.6**	**55.3**

Market

In 2025, FS Engineering strengthened its footprint in the Italian Non-Captive market in a significant manner, continuing its business diversification strategy and reinforcing the company's role in the sectors of urban public transport, large railway infrastructures, and strategic projects commissioned by government agencies. The year saw the development of high-tech projects, and the continuation of major contracts already secured, including the Sky Metro TEFS for the Municipality of

Genoa, which concluded with approval from the competent authorities. At the same time, work continued on the commitment to major transnational projects, particularly through the progress of operations for TELT regarding the Turin–Lyon high-speed line, and the project for the technological outfitting of the Brenner Base Tunnel. Furthermore, among cross-border activities, work continued on contracts for Swiss Federal Railways, including the design and works management of the substations at Chiasso station, confirming the trust placed in the firm by railway operators in Central Europe.

Under the administration of the special commissioner, FS Engineering continued to provide technical support to the Departments of the Presidency of the Council of Ministers for the A24-A25 motorways, carrying out the activities envisaged in the Agreement, including the review of the TEFS and the detailed design documents for the structural upgrading of the viaducts. Under the Smart Road Framework Agreement, audits continued on the design of the dynamic monitoring system for viaducts. At the same time, the Extraordinary Commissioner for the Gran Sasso water system entrusted FS Engineering with the preparation of the TEFS for the tunnel's safety measures, including surveys and preparatory activities. These contracts accounted for a significant percentage of the 2025 production value in the Non-Captive Italy Area.

Finally, a particularly significant result was achieved with the award of the integrated preliminary design for the extension of Line A of the Rome Metro, the Battistini–Torrevecchia section, by the Municipality of Rome to a business grouping led by Systra S.p.A. as agent and FS Engineering and Cremonesi Workshop (CREW) as principals, which was further confirmation of FS Engineering's growing role in the mass transit business segment.

During the year, FS Engineering also further strengthened its presence in European markets, continuing the consolidation process initiated in previous years, and expanding its operational scope into strategic areas of the continent. In the Baltic States, the company reaffirmed its key role within the Rail Baltica programme, continuing its Project Management Consulting activities of the Energy and CCS sub-systems along the entire High-Speed line and on the contract for Work Supervision of civil works on the Main Line in Latvia.

Significant activities also developed in the Balkans, an area where FS Engineering continued to expand its operations through works management contracts for the rehabilitation of the main railway sections in Serbia, including the Niš–Brestovac line, and through strengthening institutional and commercial relations for future initiatives to modernise the national railway network.

In the **United States**, FS Engineering has entered into agreements with leading U.S. engineering firms to position itself ahead of the tenders expected for High-Speed rail projects in 2026.

In **Canada**, following the work performed in the past two years, FS Engineering continued its operations for the Mobilinx Consortium for an intervention relating to the Hurontario tramway line (Toronto), and for the CONNECT 6ix Consortium for design and consulting services as part of the RSSOM (Rolling Stock, Systems, Operations and Maintenance) project on the Metro Ontario Line with two contracts relating, respectively, to design work for the Track & Alignment project and technical assistance for RAMS (Reliability, Availability, Maintainability, Safety) services.

Again, for the Metro Ontario Line, FS Engineering continued its design work as part of the PTUS (Pape Tunnel and Underground Stations) project, supporting the Pape North Connect consortium engaged in the construction of three km of twin tunnels, two underground stations, and the interface with Line 2 of the Toronto Transit Commission, and related works.

In **Latin America**, FS Engineering continued its work on the supervision of the concession agreement relating to the first underground line in Bogotá, with local and international financing, which reached a significant stage of completion in 2025.

Finally, work also continued to investigate opportunities for further interventions in Colombia, Peru, and, more generally, on developments in the South American market.

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

In the country, FS Engineering also completed the design services related to two initiatives as part of the infrastructure development of the NEOM project, the most important "Giga Project" in Saudi Arabia to build a new, resilient and sustainable city. However, the project is currently on hold due to the excessive cost of the planned work, and will likely be scaled back.

Finally, FS Engineering carried out further design activities relating to the rail links of SPARK - King Salman Energy Park -, the future industrial energy city in the Abqaiq region, where the production of energy components and services for the entire country will be located.

In Africa, FS Engineering focused on the Egyptian and Tunisian markets, continuing with ongoing projects, which were extended due to the prolongation of the construction period.

During 2025, the Company's operations in the **Asia-Pacific region** remained largely stable, focusing primarily on managing contracts gained in India, which include the Anji-Khad Bridge (entered into service in June 2025), the tunnels on the Rishikesh–Karnaprayag line (Lots 1 and 8), the Delhi-Meerut (RRTS system), the Mumbai metro (Lines 2B and 7), and Agra & Kampur, as well as on strengthening monitoring and reporting activities, and adopting a selective approach to business development.

In addition to India, FS Engineering continued its operations in Uzbekistan, in accordance with the terms of the existing agreements, and expanded them through the formalisation of two contract amendments (in April and June 2025).

Finally, Australia represented an area of commercial focus, with activities centred on market monitoring and positioning in initiatives still in the preliminary phase. In this context, FS Engineering signed and performed a contract under the ECI (Early Contractor Involvement) phase for the Direct Sunshine Coast Direct Rail programme.

In conclusion, FS Engineering is continuing to preside over markets of interest, pursuing commercial initiatives in its business segment, and in accordance with Group strategies.

The Company's investment portfolio and the geographic distribution of its operations have strengthened its role as a leading technical authority while also confirming its ability to effectively meet the needs of local communities and institutions, and to support the evolution of the national and international infrastructure system towards higher standards of quality, efficiency, and sustainability.

At the end of 2025, the Company's Non-Captive contract backlog totalled €92.4 million.

Performance of main competitors

The analysis of the Top 225 international design firms, conducted as every year by the prestigious ENR (Engineering-News Record) magazine, shows that the global transformation of the engineering and construction sector continued apace in 2025, driven by the energy transition, and increasingly intense geopolitical and climate challenges.

Companies continued to innovate to remain competitive, and turnover figures revealed how domestic and foreign markets have changed and are still changing.

Sustainability, ESG integration, artificial intelligence, and resilient and adaptive infrastructure systems are among the global trends urging design firms to reinvent their business models, improve operational efficiency, and enhance return on investment for clients.

International design turnover for the top 225 firms showed a total increase of 7.7% over the past two years covered by ENR magazine, rising from $82.9 billion to $89.3 billion.

International turnover increased as well: the average reached in fact $63.89 billion (+6.9% compared to the previous year).

Moreover, the ENR analysis itself has showed the relative importance of each country in the market of engineering services by pointing out that most of the turnover of the firms in the Top 225 list is from Anglo-Saxon countries (the 2025 turnover of U.S., Australian, and Canadian firms accounts for approximately 52% of the total, compared to 31% from Europe and 7% from China).

The number of engineering firms also varies significantly depending on their geographical area of origin: there are 79 U.S. firms in the TOP 225, against 56 European firms, 21 Chinese firms, and just 8 (4+4) in Australia and Canada.

Finally, within Europe, the average size of Italian engineering companies remains modest, which puts them at a disadvantage when competing with global giants.

To boost its competitiveness and meet the growing demand from the public sector, FS Engineering has continued its expansion strategy - both in terms of resources deployed and production volumes -, concentrating its efforts in the domestic sector, without neglecting, however, the international market.

This policy has led the Company to improve its ranking in ENR’s Top 225 Design Firms list, reaching 142nd place (up 6 spots from the previous year) in terms of international turnover, and to remain at the top of the Guamari ranking of the Top 200 engineering companies operating in Italy (the chart below shows the highlights of the top 15).

Ranking 2024	Ranking 2023	Company	2024 revenue (€ millions)
1	1	ENGINEERING GRUPPO FERROVIE DELLO STATO ITALIANE	379
2	2	RINA	215
3	3	eni progetti	184
4	7	PROGER	179
5	4	TECNE	173
6	5	ITALCONSULT	129
7	6	acea ingegneria e servizi	116
8	9	D B A GROUP	112
9	8	SINA	103
10	13	F&M ingegneria	66
11	14	ARTELIA	59
12	-	iDEAS	59
13	10	AGRICONSULTING	58
14	35	exyte	56
15	15	italsoft	55

ENVIRONMENT AND SUSTAINABILITY

FS Engineering has strengthened an integrated, systematic, and multi-disciplinary approach to developing infrastructure projects, focused on implementing solutions aimed at decarbonising the transport sector, protecting the environment, and enhancing the landscape, promoting circular economy processes, safeguarding biodiversity, and fostering local cohesion and social inclusion, within the framework of a sustainable and resilient mobility system.

With this objective in mind, the Company continued the systematic application of the methodology for calculating the Carbon Footprint - developed in accordance with the UNI ISO 16064 standard - to design and construction work in 2025 too, in order to make a concrete contribution to sustainability goals, and the mitigation of environmental impacts throughout the entire lifecycle of the projects.

As part of the integration of sustainability activities with the digitisation of business processes, FS Engineering continued to implement the B.I.M. LCA 2.0 project, which, by combining BIM information modelling with the life cycle analysis of a structure and environmental data, enables the simulation of environmental impact reduction, and the planning of maintenance cycles to improve long-term performance.

Again, in order to achieve an innovative, shared, and well-established sustainable project approach, FS Engineering is committed to developing methodologies aligned with ISO and other international standards, as well as to creating company guidelines, studies, and research - the results of which, as from 2025, behave been shared online through the company's digital channels. In addition, FS Engineering actively participates in working and coordination groups, which deal with all specific issues of sustainable infrastructure design, from the environmental, social, and economic points of view.

In addition, the Company has long adopted the Envision Protocol, the first rating system and certified tool for assessing the sustainability of works, which outlines guidelines for integrating sustainability criteria into the design and implementation of infrastructure interventions, enhancing their social, economic and environmental benefits.

As part of its ongoing effort to assess the sustainability of a project at every stage, FS Engineering has begun monitoring its supply chain through a dedicated platform: this initiative enabled the company, in 2025, to apply for the EcoVadis rating, achieving a "Bronze"[7] rating that demonstrates to its business partners a higher-than-average level of ESG maturity, and a clear commitment to continuing on the path to sustainability.

In the sustainability integration process, stakeholder engagement assumes value in order to identify the priority needs of local areas, and to make people understand the role of infrastructure as an active component of landscape transformation and redevelopment processes. With this in mind, FS Engineering participated in 2025 in two public debates, and a survey on the application of green technologies to the railway sector as part of a multi-criteria analysis conducted within an international research project.

Management systems

As part of its ongoing efforts to reinforce its Management System, FS Engineering will continue to adopt an approach focused on continuous improvement in 2025, strengthening the tools and methodologies that expand and consolidate the scope of its certifications relating to the standards ISO 9001 (Quality management system), ISO 14001 (Environmental

[7] The EcoVadis Bronze rating is a distinction that places companies in the top 35% of those assessed, attesting to a robust and above-average sustainability management system and recognising the integration of environmental, social, ethical, and sustainable procurement policies.

management system), ISO 45001 (Occupational Safety management system), and UNI/PdR 74 (BIM Management System), which have already been obtained.

In this context, a key milestone in the company’s growth has been the attainment of SA8000 certification, a global benchmark for the protection of workers’ rights and corporate social responsibility, which has enabled the company to strengthen its corporate governance safeguards.

Furthermore, FS Engineering has developed an Energy Management System (ISO 50001), an international standard that provides a reference framework for developing a policy for more efficient energy use.

At the same time, FS Engineering, as the Group’s holding company, has adopted and obtained Gender Equality Certification in accordance with the UNI/PdR 125 standard, a national best practice that defines the management system for gender equality. The certification was issued in connection with the adoption and maintenance of a single, centralised management system at the Group level. FS Engineering is among the certified companies of the FS Group, and therefore operates in accordance with the same policies, procedures, and processes defined by the Parent Company.

On the environmental front, FS Engineering continued in 2025 and decided to continue in 2026 the process of consolidating its certification of conformity with the requirements of the UNI EN ISO 14064-1 standard on “Methodology for the quantification and reporting of greenhouse gas emissions on a design basis, generated by infrastructure construction.” The use of the calculation methodology, developed by FS Engineering and based on the CO_2 Tariff Schedule, allows for a preliminary assessment of the climate footprint of the projects to be carried out. Through the adoption of these voluntary initiatives, interesting insights have emerged for increasingly sustainable infrastructure design and construction in a shared perspective of continuous improvement.

Finally, this journey has led to the recognition of the prestigious SGS Merit Award for excellence in integrated management systems and for the ability to combine social responsibility, a systemic vision, and continuous improvement. The award, granted by SGS only to organisations that demonstrate a particularly exemplary approach to integrating various management systems, certifies FS Engineering as a leader in the national and international engineering sector.

CUSTOMERS

Annual surveys conducted by leading global engineering and construction market research firms have, for some years now, highlighted how demand is increasingly focused on the safety of mobility and infrastructure throughout the entire cycle of their useful life while also emphasising environmental sustainability and an ethical approach to business.

To address these needs, FS Engineering has long since initiated the digitisation for the construction of public works through BIM, a fundamental tool for improving project quality and the intrinsic safety of structures, from the design phase through to decommissioning, including maintenance.

While continuing along the path already set in previous years, FS Engineering accelerated its digital evolution in 2025 by developing specialist 4D, 5D, and beyond BIM platforms to prevent delays and cost overruns in the execution of works, avoid changes during construction, and achieve the goal of "zero fatalities" in the workplace.

Furthermore, by combining geothermal data with satellite imagery, FS Engineering has developed a methodology unique in Europe that allows it to identify potential underground obstacles - such as archaeological remains - even before excavation begins, thereby preserving these findings rather than treating them as mere obstacles to the progress of the project.

Alongside digitisation and always keeping an eye on new trends in the engineering and construction market, FS Engineering has focused on diversifying its service offerings, contributing to the construction of two new PV plants in Foggia and Arezzo, designed to power the railway's electrical grid.

FS Engineering utilised BIM for the construction of the PV plants as well, which allowed it to optimise every phase of the process, reducing timeframes and operational risks while ensuring better landscape integration.

In other words, responding to a market demand for high performance standards, FS Engineering has invested in research and development and training to reaffirm its leadership in the gradual and informed promotion of sustainable innovation, with the ambition of expanding its market shares, and contributing to the construction of a more resilient and environmentally friendly future.

HUMAN RESOURCES

In 2025, the Company expanded its effort aimed at increasing the number and quality of its workforce in the pursuit of the objectives required by the new Business Plan, and in response to market challenges.
The Company's total workforce showed a net increase of 184 people.

HDC[1]	31.12.2025	31.12.2024	Change	%
Managers	91	92	(1)	-1%
Junior Managers	1,045	1,040	5	0%
White collars	2,292	2,143	149	7%
Employees	**3,428**	**3,275**	**153**	**5%**
Seconded staff	(7)	(9)	2	-22%
Temporary staff	61	32	29	91%
Total Workforce	**3,482**	**3,298**	**184**	**6%**

After taking account of the trend in promotions and employee turnover, and excluding seconded employees, the companies' workforce was broken down as follows at 31 December 2025:

Actual HDC[1]	31.12.2024	New hires	Departures	Transformation into permanent employment	Net change	31.12.2025
Employees	3,275	345	(230)	38	153	3,428
Seconded staff	(9)	(2)	4		2	(7)
Temporary staff	32	96	(29)	(38)	29	61
Total Workforce	**3,298**	**439**	**(255)**	**0**	**184**	**3,482**

In 2025, the average number of FTEs[2] was 3,406, as illustrated in the table below:

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

[2] FTE (Full Time Equivalent) is a unit of measurement that converts the hours worked by part-time and full-time employees into a standardised value, representing the number of full-time equivalents required for a given activity.

Average FTEs	2025	2024	Change	%
Managers	94	91	3	3%
Junior Managers	1,039	935	104	11%
White collars	2,219	2,105	114	5%
Employees	**3,352**	**3,131**	**221**	**7%**
Temporary staff	54	40	14	35%
Total	**3,406**	**3,171**	**235**	**7%**

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

Labour Relations

With regard to Labour Relations, staff participation in work stoppages due to strikes was very limited in 2025 (0.15% of total workable hours), and related exclusively to issues concerning the renewal of the National Collective Labour Agreement (CCNL).

During the year, three meetings were held with the Trade Unions in Rome and Reggio Calabria.

Recruitment, Management and Development

The **recruitment** efforts carried out throughout the year enabled the company to respond more promptly and effectively to the needs of various business units, resulting in the hiring of 390 people in Italy and approximately 40 at foreign offices.

With regard to **management**, a structural overhaul of the international personnel management process was started in 2025 through the implementation of job rotation programmes across different geographical areas.

Furthermore, to address the challenges posed by the Business Plan, the NRRP, and new international initiatives, a targeted recruitment plan was confirmed for 2025 as well, aimed at supporting construction sites nationwide, including the addition of new roles (Field, PM, PPE, BIM Coordinator) and the expansion of digital roles (BIM specialist, BIM to field).

Finally, regarding **development**, 439 people were evaluated during the year (including 418 from FS Engineering and 21 from I.E.S. d.o.o.), and four appointments to managerial positions were finalised.

Organisational structure

The organisational structure has been optimised to enhance business performance through the establishment of the CEO Office function in line with the Group’s model.

The Engineering & Operations Department has been established, through which the governance model has been updated for operational processes with the aim of overseeing commitments related to the NRRP, and the strategic projects outlined in the Business Plan.

In addition, the new Foreign, Non-Captive, Business Affairs, and Sustainability Department has been established with the aim of accelerating the development of the foreign and non-captive markets, integrating commercial development responsibilities with those of institutional promotion and sustainability within the new department.

Finally, the organisational structure has been aligned with the Group's new Information Technology operational model, with the redefinition of the scope of responsibility of the TID Spoke & Digital Rail Infrastructure Development Department, and its subsequent renaming to Infrastructure BIM Management & Project Control Department, as well as the establishment of the new TID Business Developer function.

Training

In 2025, training activities were carried out, which involved 3,317 people (96%) for a total of approximately 153,765 hours (of which 135,000 on operating personnel and others on the staff), equal to approximately 6 days per capita, of which more than 60% was for technical and professional training and refresher courses, and digitisation, confirming the Company's vocation towards a strong investment in lifelong learning.

Compared to previous years, there has been a significant increase in e-learning training (52% of total hours), thus confirming the strong push towards more flexible and sustainable learning. The digitisation of content continued with the development of e-learning courses to make FS Engineering's expertise accessible to all staff (courses on BIM, Tunnels, and Railway DNA), as well as the digitisation of content, texts, and subscriptions necessary for carrying out specialist work. At the same time, the training courses have ensured the acquisition of all the training credits necessary to maintain registration in professional registers, as well as of national and international certifications for core professionals (Engineers, Geologists, Architects, Project Managers, BIM professionals, and ERTMS Experts).

At the international level, language and specialist training courses on railway superstructure were held for the Branches.

Additionally, 10,290 hours of safety training were delivered, in excess of the number of hours required by law, and 12,426 hours on Social Responsibility (courses on Diversity & Inclusion, protection and confidentiality of company data, business ethics, anti-corruption, and specific environmental issues).

Finally, we note the launch of an innovative pilot project, in collaboration with FS, to strengthen managerial skills through digital role-playing based on artificial intelligence.

Safety training required by Legislative Decree no. 81/2008

In 2025, the Company carried out many regulatory compliance activities, which also included some organisational changes. With regard to the latter, a new PPSO (Prevention and Protection Service Officer) was appointed for the Naples office within the Protection and Prevention Service. In addition, three safety specialists joined the staff for the offices in Palermo, Catania, Reggio Calabria, and Rome.

Occupational safety training involved 2,350 employees for a total of 12,772 hours in 2025. Most of the trainers came from RFI.

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

- annual evacuation drills for fire hazards and other types of risks (e.g., earthquakes and explosions), which were conducted with the participation of all staff present at each location at the time of the drills themselves;
- periodic meetings (Article 35 of Legislative Decree no. 81/2008), which were held at all FS Engineering offices, almost exclusively in person. In addition to the meetings, inspections were conducted as required by Article 25 of Legislative Decree no. 81/2008;

- medical check-ups as part of the health screening programme, which involved 1,970 people, and entailed 514 tetanus vaccinations.

Finally, in 2025, in addition to internal audits at the offices in Rome, Ancona, Bari, Genoa, Cagliari, and Naples, the ISO 45001:2018 certification was renewed in July through the third-party certification body SGS. The audit did not reveal any instance of "non-conformity", but only noted some observations, some of which have already been dealt with and addressed.

MAIN EVENTS OF THE YEAR

INTERNATIONALISATION PROJECTS

- **5 January**: Indian Prime Minister Narendra Modi inaugurated a 13-kilometer section of the Delhi – Meerut Regional Rapid Transit System (RRTS), from Sahibabad in Uttar Pradesh to New Ashok Nagar in Delhi: a major new milestone for FS Engineering, which has been tasked since 2019, in partnership with the Spanish company Ayesa, with providing consulting and engineering services for one of India's most ambitious transport projects.
- **30 May**: as part of the Kanpur and Agra metro projects, for which FS Engineering was awarded the PMC contract in 2020 in partnership with the Spanish company Typsa, the line between Moti Jheel and Kanpur Central stations was opened for commercial service, a key segment with 5 new stations in the underground section of "Corridor 1", adding to the 9 stations already in operation.
- **6 June**: as part of the inauguration of the Udhampur-Srinagar-Baramulla section in India, the Anji Khad Bridge was opened for commercial service. This iconic structure is strategic for Indian rail transport: designed and supervised by FS Engineering, the bridge is an unparalleled engineering feat in the country. With a length of 725 meters and a height of 196 meters, the bridge features a 473-meter cable-stayed section, including a 290-meter central span and an asymmetrical support tower. This unique design makes it the first cable-stayed railway bridge in India and distinguishes it as one of the most ambitious and challenging projects along the entire railway line designed to connect Kashmir with India's northwestern borders.
- **4 September**: FS Engineering was named a top player in the industry for the seventh consecutive year in the rankings of Engineering News-Record (ENR), a leading international publication in the construction and engineering sectors. During the India Construction Festival, held at the Jio Convention Centre in Mumbai, FS Engineering received the prestigious recognition certifying its position among the world's top engineering firms, ranking 121st in the Top 150 Global Design Firms and 142nd in the Top 225 International Design Firms - an improvement of six positions compared to the previous year. This result attests to the Company's steady growth and competitiveness on the international stage.
- **15 September**: in Vilnius, Rail Baltica signed with the COBELEC consortium (Cobra Group & Elecnor Group) the largest contract for the design and construction of a railway electrification sub-system ever undertaken in Europe, aimed at connecting the Baltic States - Poland, Lithuania, Latvia, Estonia, and indirectly Finland as well - to the European rail network by 2030, with significant impacts in terms of sustainability, energy efficiency, and interoperability. As part of the initiative, FS Engineering will be responsible for supervising the construction of the signalling systems and energy sub-systems, as well as the works management for the new High-Speed rail line in Latvia (230 km of double track).
- **23 September**: a delegation from FS Engineering and another from FS travelled to Riyadh to meet with top executives from Saudi Arabia Railways (SAR) and a Consortium of international contractors already operating in Saudi Arabia. The visit provided an opportunity to present the FS Group's integrated offering to strategic partners, and highlighted the significant potential for future strategic collaboration agreements, which will be explored in further bilateral meetings aimed at finalising specific implementation protocols for cooperation on the various topics of mutual interest dealt with.
- **20 October**: among 300 entries, divided into 12 categories, submitted to the "Year in Infrastructure – Going Digital Awards", organised by Bentley Systems, FS Engineering was the only international company to reach the finals with

three finalist projects, winning an award in the "Bridges and Tunnels" category for a project that uses digital technologies to improve the operation of the infrastructure.

- **27 October**: the Italy-Turkmenistan Business Forum, a bilateral event organised by the Ministry of Foreign Affairs and International Cooperation and the Italian Trade Agency (ICE), was held in Rome. The event was attended by 180 representatives from companies and institutions - 120 from Italy and 60 from Turkmenistan. FS Engineering was among the key players at the summit, with the CEO speaking during the opening session and highlighting the strategic value of the event as an opportunity to strengthen bilateral relations and share new perspectives on sustainable and high-tech infrastructure development in line with the guidelines of the Ministry of Infrastructure and Transport and the Italian government.
- **25 November**: for the first time, the World Congress on Railway Research (WCRR 2025) and the International Heavy Haul Association Conference (IHHA 2025) took place with the aim of bringing together experts, institutions, and operators from the global railway sector on a single platform for discussion and collaboration to promote safer and more reliable railway networks, foster the adoption of innovative technologies, improve operational efficiency, and support the transition towards more sustainable mobility. FS Engineering was among the key participants at the event, presenting a contribution that highlighted the integrated digital approach promoted by the Company to improve efficiency, quality, and sustainability in infrastructure design.
- **2 December**: FS Engineering welcomed top executives from the Tanzania Railways Corporation (TCR) to its Rome headquarters. The meeting aimed to strengthen key international synergies in line with the guidelines of the Government, the Ministry of Infrastructure and Transport (MIT), and the Business Plan of Ferrovie dello Stato Italiane. The Company has previously maintained commercial relations with Tanzania, contributing to the enhancement of the railway sector through the development of the signalling and telecommunications systems for the Dar Es Salaam-Morogoro (205 km) and Morogoro-Makutupora (344 km) railway lines, which are integral parts of the Tanzania Central Corridor project.

OTHER EVENTS

- **9 January**: the contract for the revision and adaptation of the integrated preliminary design for the extension of Metro Line A from Battistini to Torrevecchia was awarded to a Temporary Business Grouping of designers consisting of Systra S.p.A. (agent) and FS Engineering and CREW as principals.
- **14 March**: the connection was activated between the PV plant's circuit and the Padua electrical substation. The plant is one of those identified by the FS Group to be activated to generate power and reduce energy consumption from the national transmission grid; it consists of 9,184 modules with an estimated annual energy production of approximately 6.5 GWh.
- **30 April**: in the presence of the Deputy Minister and the Undersecretary of State of the Ministry of Infrastructure and Transport, a memorandum of understanding was signed between FSE Engineering and the National Agency for Safety of National Railway and Road Infrastructures (ANSFISA). The memorandum establishes an ongoing and structured collaboration aimed at optimising the digital management of information flows and the organisation of data, with specific regard to the BIM system used to continuously monitor the construction and lifecycle phases of infrastructure projects while also taking into account the impact of construction sites and maintenance work. The memorandum also provides for ongoing dialogue between experts and professionals from both organisations through technical meetings,

practical workshops, and joint studies, with the aim of creating an increasingly modern, advanced, and shared safety culture, focusing on an integrated approach to digitisation, training, and innovation.

- **23 June**:
  - ✓ the 85th OICE Members' Assembly renewed the association's governing bodies for the four-year term 2025–2029. In particular, two FS Engineering managers joined the new General Council, appointed as Vice President and Council Member, respectively.
  - ✓ At the third edition of the OICE Engineering and Architecture Awards, attended by over 500 industry operators, more than 250 nominations were submitted: among them, seventeen companies received awards, with FS Engineering standing out as the winner in the "A2" ESG/Sustainability category.
- **24 June**: FS Engineering coordinated the activities for connecting the Foggia PV plant to the Railway Electrical Substation (SSE), contributing to the activation of the second green energy production plant connected to the SSE. The Foggia PV plant, which consists of 6,624 PV modules with an estimated annual production of approximately 4,521.75 MWh, is one of the projects identified by the FS Group to achieve the company's goal of generating power from PV plants in order to reduce energy consumption from the high-voltage National Transmission Grid or the medium-voltage Distribution Grid.
- **22 September**: a new strategic agreement was signed at the Campidoglio between FS Engineering and the Metropolitan City of Rome Capital, aimed at adopting advanced digital systems for the design, construction, and management of public works. This collaboration is a decisive step towards the modernisation and digitisation of the Metropolitan City of Rome's public infrastructure, benefiting citizens, businesses, and the local area.
- **27 September**: the Cancello and Frasso Telesino/Dugenta section of the new Naples–Bari HS/HC rail line opened to rail traffic. The opening paves the way for the other objectives planned to complete the route, in accordance with the National Operational Programme for Infrastructure and Networks 2014-2020 and the NRRP.
- **22 October**: the new Bicocca–Catenanuova railway line section was officially opened to traffic. This section is a key part of the new strategic Palermo–Catania–Messina route, designed to enhance rail transport on the island, and marks an important milestone for FS Engineering, which handled the design, and works and project management.
- **2-3 December**: FS Engineering held two major seminars at the Polytechnic University of Milan and Sapienza University of Rome, where it presented the evolution of railway technologies. FS Engineering's presence at two of Italy's leading universities was not only highly appreciated by students but also reaffirmed the Company's commitment to engaging with the worlds of education and research.
- **22 December**: the Metropolitan City of Messina approved, by the Mayor's Decree, the draft agreement with FS Engineering for the adoption of advanced digital systems in the design, management, and monitoring of public works. The agreement stems from the entity's need to optimise timelines, costs, and safety on construction sites by leveraging the latest digital technologies. FS Engineering will provide the Metropolitan City of Messina with integrated information management platforms and BIM models by using its own advanced systems - unique in the EU -, which will enable the digitisation and governance of all phases of execution of the works. The agreement adds to the significant synergies and partnerships that FS Engineering has established to serve the national economy over the course of the year.

RISK FACTORS

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

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

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

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

The risk approach adopted envisages that risk analyses are conducted, together with the process managers concerned, in a differentiated manner depending on the activity being assessed and, in fact, the risk analyses are structured into:

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

In continuity with the past, FS Engineering carried out a control self-risk assessment campaign in 2025, which was focused on process risks (operational and business risks), and a campaign dedicated to the identification of top risks & opportunities on the strategic objectives of the Business Plan, with methodological coordination by the Holding Company.

In addition to this, risk and opportunity analyses were carried out in 2025, which were provided for in the management systems that ensure compliance with the requirements of HSQE systems (ISO 9001, ISO 14001, ISO 45001, and SA 8000), BIM management system (UNI/referencepolicy no. 78), maintenance of the Type-B Inspection Body (ISO 17020), as was a dedicated risk analysis included in the Consolidated Sustainability Report, in the "double materiality" section.

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

In carrying out risk management activities, FS Engineering adopts a Group taxonomy that is structured into the following 4 macro-categories: strategic, operational, regulatory, and environmental (ESG) risks.

The main events to which FS Engineering is potentially exposed and the main management actions adopted are briefly and not exhaustively represented below.

Strategic risks

	RISKS	MITIGATION ACTIONS	OPPORTUNITIES
Market	• Exposure of capital invested abroad (country risk)		
Macroeconomic	• Geopolitical instability • Unfavourable macroeconomic environment • Inflationary scenario and price increases • Price volatility (e.g. commodities, raw materials) • Economic and financial crisis in business-relevant sectors	• Updating the business plan to take account of the changed market conditions • Adjusting investment plans in line with developments in the economic environment • RFI/ FS Engineering Project Risk Management implementation programme for investments, aimed at identifying critical issues that require immediate action at Group level	
Financial	• Inadequate disbursement of public grants or funds	• Restructuring and setting new investment priorities	

Operational risks

	RISKS	MITIGATION ACTIONS	OPPORTUNITIES
Business & Development	• Critical issues in defining, implementing or updating strategies	• Development of the MARIO tool (Immediate Output Risk Analysis Model) for assessing the commercial risk of new initiatives	

Operational risks

	RISKS	MITIGATION ACTIONS	OPPORTUNITIES
Technology & Digital	• Critical issues in the design, development, implementation or upgrading of infrastructure, technological tools or digital applications • Unavailability of infrastructure, technological tools or digital applications • Inadequacy or obsolescence of infrastructure, technological tools or digital applications	• Contribution to the development of the methodological framework for risk analysis required for ISO 42001 certification, with a view to maximising the effectiveness of risk identification, assessment and management • Methodological update of the risk analysis for the BIM Management System, with a view to maximising the effectiveness of risk identification, assessment and management • Introduction of new applications • Training and awareness initiatives	
Supply Chain	• Critical issues in defining or updating requirements • Dependence on critical suppliers or contractors	• Reducing reliance on third-party suppliers and, where possible, replacing them with company staff, whose work is directly supervised by skilled FS Engineering staff	
People and Organisation	• Shortage of professionals with specialised or emerging skills (key people) • Critical issues relating to the sizing or allocation of staff • Critical issues in the definition, implementation or updating of the organisational model	• Inclusion in the business plan of the objective to establish the Safety Training School to enhance company resources • Adoption of temporary employment contracts for additional work, unforeseen peaks in demand and projects to bring construction site activities in-house • Bridging Generations – sharing of insights from key roles who are retiring • New professional System for updating roles and skills	
Safety	• Injuries to third parties		
Design and Implementation	• Critical issues in the coordination or monitoring of job orders, projects or programmes • Critical issues in validation, testing or commissioning	• FS-NRRP Steering Committee • Redefinition of certain roles • Process re-engineering and optimisation	

Operational risks

	RISKS	MITIGATION ACTIONS	OPPORTUNITIES
Brand and Communication	• Critical issues in defining, implementing or updating communication strategies		

Regulatory risks

	RISKS	MITIGATION ACTIONS	OPPORTUNITIES
Compliance	• Non-compliance with regulations, rules or standards	• Periodic monitoring of regulations • Training and awareness initiatives	

With regard to credit, liquidity, market risks in terms of price, interest rate, and exchange rate, please refer to the Notes to the Financial Statements for a more detailed description in accordance with the applicable accounting standards.

OTHER INFORMATION

Branches

FS Engineering operates in Italy with local units in Bari, Bologna, Florence, Genoa, Milan, Naples, Palermo, Reggio Calabria, Rome, Turin and Verona.
The Company has 10 foreign branches in Bogotá (Colombia), Bron (France), Brisbane (Australia), Bucharest (Romania), Cairo (Egypt), Hammamet (Tunisia), Istanbul (Turkey), Lima (Peru) and New Delhi (India), Toronto (Canada), and 4 offices in Addis Ababa (Ethiopia), Riga (Latvia), Riyadh (Saudi Arabia), and Tashkent (Uzbekistan).

Litigation and disputes

Introduction

This section details the most significant criminal proceedings at 31 December 2025. Unless otherwise indicated, up to the date of preparation of this report, no information had arisen that would indicate that FS Engineering is exposed to contingent liabilities or losses of any amount, nor is any information known with a potentially material impact on the Company's financial position and financial performance. Furthermore, where appropriate, the Company has joined the criminal proceedings as a civil party claiming damages.

Specifically:

In 2025, following criminal proceedings initiated by the public prosecutors against former or current company representatives, there were no definitive rulings against senior management (company officers or general managers) for any of the following:

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

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

In this regard, it should be noted that, on 5 January 2026, the reasons for the judgment issued by the Court of Florence at the hearing on 10 July 2025 were filed within the criminal proceedings under no. 25186/10 of the General Register of Crime Reports (RGNR), brought by the Florence Public Prosecutor's Office in 2010 regarding alleged unlawful conduct that was said to have taken place during the railway works related to the so-called "Florence hub."

Specifically, the former CEO of FS Engineering and the Company's former Chief Operating Officer, who also served as the Sole Project Manager (RUP), were acquitted of all charges against them.

Criminal proceedings pursuant to Legislative Decree no. 231/2001

No events relevant under Legislative Decree no. 231/2001 emerged during 2025.

Other criminal proceedings

Regardless of how contingent liabilities and assets are defined based on materiality, in 2025 there were no criminal proceedings and/or updates to proceedings already reported in previous years that have resulted in definitive rulings against former and current senior management (company officers or general managers) for any of the following:

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

In 2025, there were no criminal proceedings and updates to proceedings already reported in previous years that have resulted in definitive rulings against former and current senior management (company officers or general managers) following serious railway incidents (that led to the death or serious injuries to employees or customers).

Participation in the national tax consolidation scheme

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

The Board of Directors extended the option, already exercised in the three years prior to 2004, at the meeting held on 22 May 2025 for the three-year period from 2025 to 2027.

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

During 2025, the Company did not take any decisions explicitly covered by Article 2497-*ter* of the Italian Civil Code, even if it passed substantial resolutions in the spirit of full sharing of the guidelines of the Sole Shareholder Rete Ferroviaria Italiana S.p.A., the Lead Company of the Infrastructure Business Unit.

Disclosure required by Article 2086 of the Italian Civil Code

As at the date of these financial statements, the Company had established, pursuant to Article 2086 of the Italian Civil Code, an organisational, administrative, and accounting structure appropriate to the nature and size of the business, which was assessed as satisfactory in these respects by the Board of Directors, including pursuant to Article 2381, paragraph 3, of the Italian Civil Code.

TREASURY SHARES

During the year, the Company neither held nor sold treasury shares or shares of its Parent, Rete Ferroviaria Italiana S.p.A., directly or indirectly.

RELATED-PARTY TRANSACTIONS

Transactions between FS Engineering and the FS Italiane group companies and their transactions with other related parties are carried out correctly in terms of substance and to the parties' mutual financial benefit based on normal market conditions which are defined with the assistance of independent experts, when necessary. Intragroup transactions are carried out in the pursuit of the common goal of improving efficiency and therefore creating value for the entire FS Italiane Group.

These processes and transactions are carried out in accordance with sector regulations, the Italian Civil Code and tax laws, in line with the group's and its own administrative/accounting procedures and considering the specific characteristics of the activities performed by many Group companies.

OUTLOOK

The current geopolitical scenario continues to be marked by profound uncertainty, characterised as it is by ongoing conflicts in Ukraine and the Middle East, and by a fragmentation that signals a transition towards a multipolar order.

In such a complex and uncertain environment, FS Engineering has been tasked by FS, along with the other companies in the Group, with updating its Business Plan for the five-year period from 2026 to 2030.

Although the context does not appear favourable, certain characteristics of the sector in which the Company operates give cause for optimism. In particular:

- in the engineering and construction sector, transport infrastructure remains a priority, and domestic and cross-border investment remains high, even though demand is more cautious and selective than in the recent past;
- engineering services are not “capital and energy-intensive”, and, therefore, the increases in energy and raw material costs caused - and potentially still to be caused - by global conflicts and U.S. protectionist policies have a limited impact on the Company’s costs;
- although it is not currently possible to assess the impact that the current escalation of the conflict in the Middle East may have on the global economy, the Company’s exposure to Gulf countries, in terms of expected production and margins, is not such as to significantly alter FS Engineering’s economic and financial forecasts for 2026 (production and margins from the planned activities amount to 1% and 0.5% of the Company’s total, respectively).

These characteristics, combined with the Board’s strategic vision, have led to the drafting of a five-year Plan that follows the same growth trend as the previous one in terms of revenue, but with even more significant figures because, on the one hand, RFI confirms the continuity of its investment curve compared to the previous Plan, and, on the other hand, FS Engineering is focusing on integrated, high-tech, and digital engineering to expand its market while remaining competitive both in Italy and abroad.

In particular, by integrating traditional engineering with Big Data, IoT, and ESG criteria, the Business Plan envisages new services for the Group (monitoring and maintenance engineering, construction of PV plants, role as Sole Project Manager – RUP), to the domestic market (enhancement of archaeological sites through an internally developed methodology soon to be patented and specialist BIM training for Public Bodies and Authorities), and to the international market, aiming to offer high-value and highly profitable services such as Project Management Consulting (PMC).

On 1 March 2026, the Company implemented the strategy outlined in its Business Plan, in which engineering serves as a key lever for growth, innovation, and competitiveness, changing its company name from Italferr to FS Engineering: not just a new name, but an integrated, digital model that brings together expertise, technologies, and data to manage complex projects throughout their entire lifecycle.

The goals are ambitious, but the results for the 2025 financial year - which, once again, were extremely positive and exceeded expectations, achieved thanks to the multidisciplinary experience and know-how developed in digital engineering - allow us to be confident in the Company’s ability to achieve them, and to continue establishing itself as a global leader in Italian high-tech engineering.

Rome, 11 March 2026

The Chairwoman

The Chief Executive Officer

Financial statements as at and for the year ended 31 December 2025

Financial statements

Income statement

in euros

	Note	2025	2024
Revenue and income		**450,911,015**	**420,448,973**
Revenue from sales and services	*(4)*	450,452,950	419,772,012
Other income	*(5)*	458,065	676,961
Operating costs		**(347,191,423)**	**(344,522,750)**
Personnel expense	*(6)*	(224,319,840)	(212,154,611)
Raw materials, consumables, supplies and goods	*(7)*	(524,695)	(517,667)
Services	*(8)*	(102,162,959)	(106,537,837)
Other operating costs	*(9)*	(11,766,545)	(16,604,026)
Amortisation/depreciation, provisions and impairment losses	*(10)*	(8,417,384)	(8,708,609)
Operating profit		**103,719,592**	**75,926,222**
Net financial income (expense)		**(2,483,011)**	**(1,784,114)**
Financial income	*(11)*	2,349,050	1,651,351
Financial expense	*(12)*	(4,832,061)	(3,435,465)
Pre-tax profit		**101,236,581**	**74,142,109**
Income taxes	*(13)*	(30,110,530)	(22,040,347)
Profit for the year		**71,126,051**	**52,101,761**

Statement of comprehensive income

in euros

	Note	2025	2024
Profit for the year		**71,126,051**	**52,101,761**
Items that will not be reclassified to profit or loss, net of the tax effect			
Net actuarial gains	*(23)*	175,665	(61,030)
Tax effect	*(23)*	(42,160)	14,647
Comprehensive income		**71,259,556**	**52,055,379**

Statement of financial position

in euros

	Note	31/12/2025	31/12/2024
Assets			
Non-current assets			
Property, plant and equipment	*(14;15)*	36,816,017	38,109,018
Intangible assets	*(16)*	0	0
Equity investments	*(18)*	349,992	349,992
Financial assets (including derivatives)	*(19)*	2,380	1,972
Deferred tax assets	*(17)*	17,013,788	16,564,549
Other assets	*(20)*	281,473	399,494
Total		**54,463,649**	**55,425,025**
Current assets			
Financial assets (including derivatives)	*(19)*	39,305,372	3,802,686
Cash and cash equivalents	*(22)*	6,160,127	12,453,103
Trade receivables and service contracts	*(21)*	541,281,764	485,907,126
Other assets	*(20)*	5,707,441	6,189,828
Total		**592,454,704**	**508,352,744**
Total assets		**646,918,354**	**563,777,768**
Equity			
Share capital	*(23)*	14,186,000	14,186,000
Reserves	*(23)*	56,296,872	56,152,598
Retained earnings	*(23)*	3,269,445	3,269,445
Profit for the year	*(23)*	71,126,051	52,101,761
Total		**144,878,368**	**125,709,804**
Liabilities			
Non-current liabilities			
Employee benefits	*(25)*	9,692,703	11,145,629
Provisions for risks and charges	*(26)*	55,942,409	55,009,001
Financial liabilities (including derivatives)	*(27)*	12,731,403	13,086,132
Total		**78,366,515**	**79,240,762**
Current liabilities			
Current portion of non-current loans and borrowings	*(24)*	50,000,000	85,000,000
Financial liabilities (including derivatives)	*(27)*	5,204,275	5,033,927
Tax liabilities	*(30)*	1,942,174	893,533
Trade payables	*(29)*	258,904,384	217,277,406
Other liabilities	*(28)*	107,622,637	50,622,336
Total		**423,673,471**	**358,827,202**
Total liabilities		**502,039,986**	**438,067,964**
Total equity and liabilities		**646,918,354**	**563,777,768**

Statement of changes in equity

in euros	Share capital	Reserves: Legal reserve	Reserves: Extraordinary reserve	Reserves: Other reserves	Reserves: Actuarial reserve for employee benefits	Reserves: Total Reserves	Retained earnings	Profit for the year	Total equity
Balance at 1 January 2024	**14,186,000**	**2,837,200**	**57,522,096**	**676,643**	**(4,558,096)**	**56,477,843**	**3,269,445**	**58,860,580**	**132,793,868**
Profit for the year								52,101,761	52,101,761
Profit recognised directly in equity					(46,382)	(46,382)			(46,382)
Comprehensive income	**0**	**0**	**0**	**0**	**(46,382)**	**(46,382)**	**0**	**52,101,761**	**52,055,379**
Allocation of profit for the previous year			2,866			**2,866**		(2,866)	0
Other changes - result from Crew demerger			(281,729)			**(281,729)**			(281,729)
Dividend distribution								(58,857,714)	(58,857,714)
Balance at 31 December 2024	**14,186,000**	**2,837,200**	**57,243,233**	**676,643**	**(4,604,478)**	**56,152,598**	**3,269,445**	**52,101,761**	**125,709,805**
Balance at 1 January 2025	**14,186,000**	**2,837,200**	**57,243,233**	**676,643**	**(4,604,478)**	**56,152,598**	**3,269,445**	**52,101,761**	**125,709,805**
Profit for the year								71,126,051	71,126,051
Profit recognised directly in equity					133,505	**133,505**			133,505
Comprehensive income	**0**	**0**	**0**	**0**	**133,505**	**133,505**	**0**	**71,126,051**	**71,259,556**
Allocation of profit for the previous year			10,769			**10,769**		(10,769)	0
Other changes						**0**			0
Dividend distribution								(52,090,992)	(52,090,992)
Balance at 31 December 2025	**14,186,000**	**2,837,200**	**57,254,002**	**676,643**	**(4,470,973)**	**56,296,871**	**3,269,445**	**71,126,051**	**144,878,368**

Statement of cash flows

in euros

	Note	31/12/2025	31/12/2024
Profit for the year		**71,126,051**	**52,101,761**
Income taxes	*(13)*	30,110,531	22,040,347
Financial income/(expense)	*(11);(12)*	2,483,010	1,784,114
Amortisation and depreciation	*(10)*	7,961,398	8,003,218
Accruals	*(10)*	21,498,914	28,427,394
Impairment losses	*(10)*	(2,140)	(88)
Accruals for employee benefits	*(25)*	19,385	18,778
(Gains)/Losses on sales	*(14)*	(6,578)	(25,852)
Change in trade receivables	*(21)*	(56,782,966)	(98,025,035)
Change in trade payables	*(29)*	41,626,978	26,023,978
Change in other liabilities	*(28)*	56,353,556	2,527,717
Change in other assets	*(20)*	599,934	59,049
(Utilisation of provisions for risks and charges)	*(26)*	(20,565,506)	(9,554,302)
(Payment of employee benefits)	*(25)*	(1,634,546)	(2,061,847)
Income taxes paid, net of reimbursed tax assets	*(13)*	(29,409,309)	(26,828,794)
Net financial income received/(expense paid)	*(11);(12)*	399,321	(2,269,574)
Net cash flows generated by operating activities		**123,778,032**	**2,220,863**
Increases in property, plant and equipment	*(14)*	(1,384,728)	(2,460,701)
Investments, before grants		**(1,384,728)**	**(2,460,701)**
Decreases in property, plant and equipment	*(14);(15)*	6,578	26,278
Decreases in intangible assets	*(16)*	0	(1)
Decreases		**6,578**	**26,277**
Net cash flows used in investing activities		**(1,378,150)**	**(2,434,424)**
Lease payments (net of contributions) - Change in lease liabilities	*(27)*	(6,098,771)	(3,707,311)
Disbursement and repayment of current loans	*(24)*	(35,000,000)	50,000,000
Change in other financial assets	*(19)*	(408)	(693)
Dividends	*(23)*	(52,090,992)	(58,857,714)
Changes in equity	*(23)*	0	0
Change in financial assets and liabilities	*(24)*	0	7,329,585
Net cash flows used in financing activities		**(93,190,171)**	**(5,236,133)**
Total cash flows		**29,209,711**	**(5,449,693)**
Opening cash and cash equivalents		**16,255,789**	**21,705,482**
Closing cash and cash equivalents		**45,465,500**	**16,255,789**
of which: intragroup current account:		*39,305,372*	*3,802,686*

Notes to the financial statements

1 Introduction

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

The Company is managed and coordinated by Rete Ferroviaria Italiana S.p.A. ("RFI"), which, following FS Italiane's contribution of the investment held in FS Engineering to RFI, holds 100% of its share capital as from 8 May 2025.

The directors approved the publication of these financial statements on 11 March 2026, and they will be submitted to the shareholders for approval and subsequently filed within the terms of law. The shareholders have the power to make changes to these financial statements.

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

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

2 Basis of preparation

These financial statements at 31 December 2025 have been prepared in accordance with IFRS (which include the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect at the reporting date ("IFRS"). Specifically, the company consistently applies the IFRS to all periods presented in these financial statements.

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

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

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

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

- the statement of changes in equity shows the profit (loss) for the year separately from any other changes not through profit or loss;
- the statement of cash flows has been prepared by presenting cash flows from operating activities using the indirect method.

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

These financial statements have been prepared on a going-concern basis, as the directors established that there are no financial or operational indicators or any other indications of critical issues (including those envisaged under Legislative Decree no. 14 of 12 January 2019) about the company's ability to meet its obligations in the foreseeable future and, specifically, in the next twelve months.

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

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

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

These financial statements have been prepared using the same accounting policies applied when drawing up the financial statements at 31 December 2024, except for that set out below.

3 Accounting policies

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

Property, plant and equipment

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

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

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

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

The depreciation rates and useful lives are as follows:

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

Leased assets

i. Identification

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

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

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

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

ii. Subsequent measurement

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

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

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

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

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

Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance, that can be controlled and can generate future economic benefits. They are recognised at purchase and/or production cost, including any directly- attributable expenses incurred to make the asset available for use, net of accumulated amortisation (except for intangible assets with an indefinite useful life) and impairment losses, if any. Interest expense, if any, that accrues during and for the development of intangible assets, is considered part of the purchase cost. Amortisation begins when the asset is available for use and is charged on a straight-line basis over its estimated useful life. The gain or loss arising from the derecognition of an intangible asset is equal to the difference between the net disposal proceeds and the carrying amount of the asset. It is recognised in profit or loss when the asset is derecognised.

Impairment losses on intangible assets and property, plant and equipment

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

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

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

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

Investments in subsidiaries, associates, joint arrangements and other investments

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

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

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

Financial instruments

i. Classification and measurement of financial assets

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

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

- at amortised cost (AC);
- at fair value through other comprehensive income (FVOCI);
- at fair value through profit or loss (FVTPL).

(a) Financial assets measured at amortised cost

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

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

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

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

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

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

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

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

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

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

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

ii. Classification and measurement of financial liabilities

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

iii. Classification and measurement of derivatives

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

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

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

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

iv. Subsequent measurement: impairment losses

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

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

- under the general deterioration method, the financial instruments are to be classified in three stages which reflect the level of deterioration from the moment the financial instrument is acquired and provide for a differentECL calculation method;
- under the simplified approach, some simplifications may be applied to trade receivables, contract assets and lease assets so that the entities are not required to monitor credit risk changes, as required instead by the general approach. Under the simplified approach, lifetime expected credit losses are recognised, therefore, no stage allocation is necessary. Losses are calculated over the residual life of the asset or receivable, which doesnot generally exceed 12 months.

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

- Stage 1: includes all financial assets under review at the time of their initial recognition (Initial Recognition Date) regardless of qualitative parameters (e.g., rating) and except for situations with objective evidence of impairment. All financial instruments that have not had a significant increase in credit risk since the Initial Recognition Date or that have low credit risk as at the reporting date remain in Stage 1 on subsequent valuation. For these assets, expected credit losses in the next 12 months (12-month ECLs) are recognised, which represent expected losses given the possibility of default events occurring in the next 12 months. Interest on financial instruments included in stage 1 is calculated on the book value before any write-downs on the asset;

- Stage 2: includes financial instruments that have had a significant increase in credit risk since the Initial Recognition Date but have no objective evidence of impairment. For such assets, only expected credit losses arising from all possible default events over the entire expected life of the financial instrument (Lifetime ECLs) are recognised. Interest on financial instruments included in Stage 2 is calculated on the book value before any write-downs on the asset;
- Stage 3: includes financial assets that have objective evidence of impairment as at the Valuation Date. For such assets, only expected credit losses resulting from all possible default events throughout the expected life of the instrument are recognised.

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

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

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

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

The impairment model developed in line with the requirements of IFRS 9 is based on the following risk parameters:

- *Probability of Default*: the PD estimate is derived by matching the Standard & Poor's rating class and the various types of counterparties against the public PD matrices provided by the major credit rating agencies (ECAIs). The probability of default is then adjusted by a macroeconomic scalar to incorporate forward-looking information regarding the PD risk parameter.
- *Exposure at Default*: EAD is conventionally defined as the gross nominal value of the financial asset as at the valuation date.

- *Loss Given Default*: the LGD value is applied uniformly across all time horizons, except in cases where an internal LGD model allows for the modification of this default value.

Fair value measurement

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

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

Cash and cash equivalents

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

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

Employee benefits

Short-term benefits

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

Defined benefit and defined contribution plans

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

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

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

The Company also has a defined benefit pension plan in place, the "Free Travel Card" that gives current and retired employees and their relatives, the right to use – free of charge or, in some cases, for an admission fee – Trenitalia's railway services. Consequently, in accordance with the above-mentioned actuarial techniques, a provision is recognised which reflects the discounted charge for retired employees entitled to benefits, and the benefits accrued for employees in force to be disbursed at the end of the employment. The same accounting treatment is applied to the Free Travel Card benefits and the effects arising from actuarial gains and losses as for post-employment benefits.

Provisions for risks and charges

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

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

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

Revenue from contracts with customers

i. Initial recognition and subsequent measurement

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

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

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

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

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

FS Engineering's contracts are generally of a long-term nature.

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

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

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

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

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

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

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

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

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

ii. Existence of a significant financing component

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

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

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

Government grants

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

Grants related to assets

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

Grants related to income

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

Dividends

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

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

Cost recognition

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

Income taxes

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

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

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

Translation of foreign currency amounts

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

NEW STANDARDS

First-time adoption of standards, amendments and interpretations

The following new standards are effective for annual periods beginning on or after 1 January 2025.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability - On 15 August 2023, the IASB published the amendment to IAS 21 with the aim of specifying when a currency is exchangeable into another currency, how to determine the exchange rate when a currency is not exchangeable into another currency, and in the latter case the disclosures to be made.

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

Amendments to the Classification and Measurement of Financial Instruments - In May 2024, the IASB published the document which made amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. In detail, the IASB amended the requirements for: (i) clarifying the recognition and derecognition dates for certain financial assets and liabilities, with a new exception provided for certain financial liabilities settled through an electronic money transfer system; (ii) clarifying and adding further guidance on assessing whether a financial asset meets the "solely payments of principal and interest" (SPPI) criterion; (iii) adding new disclosures for certain instruments with contractual terms that may modify cash flows (for example, certain financial instruments with features linked to the achievement of environmental, social, and governance objectives); and (iv) updating disclosures regarding equity instruments measured at fair value through other comprehensive income (FVOCI). The amendments will be applicable from 1 January 2026, and the Company is currently assessing any impacts their application may have on its future financial statements.

Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity, issued in December 2024. The amendments aim to improve the financial reporting of the effects arising from certain contracts for the purchase or sale of electricity from renewable sources (e.g., wind and solar energy). Such contracts involve exposure to the variability of the underlying quantity of electricity because the source of its generation depends on uncontrollable natural conditions (e.g., weather conditions). This category includes both certain contracts for the purchase or sale of electricity from renewable sources - often structured as long-term agreements (i.e., physical Power Purchase Agreements, PPAs) - and financial instruments that reference this type of electricity (i.e., Virtual Power Purchase Agreements, VPPAs). The amendments shall apply from 1 January 2026, and an assessment of any impact their application might have on the financial statements is underway.

Annual Improvements Volume 11, issued in July 2024. The document contains formal amendments and clarifications to certain existing standards. Specifically, the following standards have been amended: (i) "IAS 7 – Cost method"; the amendment removes the term "cost method", which is no longer defined in the IFRS accounting standards; (ii) "IFRS 9 – Lessee derecognition of lease liabilities": the amendment resolves a potential lack of clarity regarding how a lessee accounts for the derecognition of a lease liability, clarifying that any resulting gain or loss must be recognised in the income statement; (iii) "IFRS 9 – Transaction price": the amendment removes the reference, in Appendix A of IFRS 9, to the definition of "transaction price" contained in IFRS 15, given that the term is used in specific paragraphs of IFRS 9 with a meaning not necessarily consistent with the definition of that term in IFRS 15; (iv) "IFRS 7 – Gain or loss on derecognition": the amendment clarifies potential confusion arising from an obsolete reference to a paragraph that was removed from the standard upon the issuance of "IFRS 13 – Fair Value Measurement"; (v) "IFRS 7 – Disclosure of deferred difference between fair value and transaction price": the amendment clarifies an inconsistency between the standard and its related application guidelines, which arose when an amendment - resulting from the issuance of IFRS 13 - was made to the standard but not to the corresponding paragraph of the implementation guidelines; (vi) "IFRS 7 – Introduction and credit risk disclosures": the amendment resolves potential confusion by clarifying how to apply the relevant application guidance and simplifying certain explanations; (vii) "IFRS 10 – Determination of a 'de facto agent'": the amendment clarifies how an investor must determine whether another entity is acting on its behalf; (viii) "IFRS 1 – Hedge accounting by a first-time adopter": the amendment improves consistency between the hedge accounting requirements set forth in IFRS 9 and IFRS 1. Each of the amendments will be applicable, subject to endorsement, for annual periods beginning on or after 1 January 2026, and the Company is currently assessing the potential impacts their application may have on its future financial statements.

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

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

***IFRS 18 Presentation and Disclosure in Financial Statements* -** In April 2024, the IASB published a new accounting standard, which will replace IAS 1 Presentation of Financial Statements, to improve the reporting of financial performance. IFRS 18 will improve the quality of financial reporting through requirements on: (i) subtotals shown in the income statement; (ii) disclosure of management-defined performance measures; and (iii) adding new standards for aggregating and disaggregating information. IFRS 18 shall become effective from 1 January 2027, and an assessment of any impact its application may have on the subsequent financial statements prepared by the Company is underway.

IFRS 19 Subsidiaries without Public Accountability: Disclosures - On 9 May 2024, the IASB issued a new accounting standard to simplify reporting systems and processes for companies, reducing the cost of preparing financial statements of eligible subsidiaries while maintaining the usefulness of those statements to their users. IFRS 19 shall become effective from 1 January 2027, and an assessment of any impact its application may have on the subsequent financial statements prepared by the Company is underway.

Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures – On 21 August 2025, the IASB published amendments to IFRS 19 to provide for reduced disclosure requirements for accounting standards issued and/or amended between February 2021 and May 2024, as the version published in May 2024 included reduced disclosure requirements for accounting standards published up to February 2021. The IASB will evaluate the possibility of amending IFRS 19 each time an accounting standard is issued or amended. The amendments will be applicable as from 1 January 2027, and an assessment of any impacts their application may have on the financial statements is currently underway.

Amendments to IAS 21 Translation to a Hyperinflationary Presentation Currency - On 13 November 2025, the IASB published amendments to IAS 21 to specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if: (i) its functional currency is that of a non-hyperinflationary economy and it is translating its results into the currency of a hyperinflationary economy; or it is translating into the currency of a high-inflation economy the results of a foreign operation whose functional currency is that of a non-hyperinflationary economy. The amendments will be applicable as from 1 January 2027, and an assessment of the potential impacts their application may have on the financial statements is currently underway.

USE OF ESTIMATES AND JUDGEMENTS

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

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

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

Fair value measurement

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

Impairment losses on property, plant and equipment and intangible assets

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

Provisions for risks and charges

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

Taxes

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

OPERATING SEGMENTS

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

4 Revenue from sales and services (€450,453 thousand)

Revenue from sales and services showed a balance of €450,453 thousand at 31 December 2025 and are broken down as follows:

€'000

	2025	2024	Changes
Revenue from contracts with customers	450,113	419,359	30,754
Other revenue from sales and services	340	414	(74)
Total revenue from sales and services	**450,453**	**419,773**	**30,680**

The net increase in this item (€30,680 thousand) was attributable to Revenue from contracts with customers, the latter being attributable to both higher production volumes to the parent company RFI, and a significant improvement in the profitability of job orders completed during the year, due primarily to the recognition of fees for additional activities, namely for extended timelines not attributable to FS Engineering.

"Other revenue from sales and services" include revenues from Grants (€340 thousand), which the Company received for specific projects, the main ones being: RECONMATIC, a major EU research and innovation project focused on automated solutions for the sustainable and circular management of construction and demolition waste (€122 thousand), the Most H_2 project, part of the EU's Horizon Europe programme, for hydrogen storage and testing its storage efficiency (€70 thousand); and the Made4Rail project, which explores non-traditional transport systems based on magnetic levitation (€65 thousand).

In 2025, revenue from grants was recorded under this line item, whereas in previous years it had been reported under "Other income." To ensure a consistent comparison between the two financial years, the 2024 figures (€414 thousand) were also reclassified.

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

€'000

	31.12.2025	31.12.2024	Changes
Contract assets	395,123	345,263	49,860
Contract liabilities	(188,766)	(179,342)	(9,424)

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

€'000

2025	Contract assets			Contract liabilities			Income statement		
	Intragroup	Third parties	Total	Intragroup	Third parties	Total	Intragroup	Third parties	Total
1 January	**327,146**	**18,118**	**345,263**	**(170,186)**	**(9,156)**	**(179,342)**			**0**
Revenue recognised during the year which was included in the opening balance of contract liabilities				32,163	527	32,690	32,163	527	32,690
Increases in contract liabilities, net of the amounts released to revenue during the year				(137,867)	(16,608)	(154,475)			
Reclassification from "contract assets" recognised at the start of the year to receivables	(235,116)	(20,086)	(255,202)						
Increases in contract assets due to the provision of services	272,789	19,782	292,571	71,940	15,121	87,061	344,729	34,903	379,632
Increases in contract assets due to changes in the assessment of the percentage of completion	13,592	(1,101)	12,491	23,604	1,696	25,300	37,196	595	37,791
31 December	**378,411**	**16,712**	**395,123**	**(180,346)**	**(8,420)**	**(188,766)**	**414,088**	**36,025**	**450,113**
Change in Assets/Liabilities	**51,265**	**(1,405)**	**49,860**	**(10,160)**	**736**	**(9,424)**			

€'000

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

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

	2025	2024	Changes
Geographical segment			
Italy	420,730	387,201	33,529
Europe	7,818	4,691	3,127
Non-EU	21,565	27,467	(5,902)
From contracts with customers	**450,113**	**419,359**	**30,754**
Moment of recognition			
Over time	450,113	419,359	30,754
From contracts with customers	**450,113**	**419,359**	**30,754**
Other revenue from sales and services	**340**	**414**	**(74)**
Total revenue from sales and services	**450,453**	**419,773**	**30,680**

5 Other income (€458 thousand)

Other income is detailed in the table below:

€'000

	2025	2024	Changes
Indemnities	37	158	(121)
Supplier vetting	62	32	30
Reimbursements from personnel	297	283	14
Other	62	204	(142)
Other income	**458**	**677**	**(219)**

During 2025, reimbursements from personnel, which is an item consisting primarily of pay in lieu of notice, were reclassified from personnel expense to this item. To ensure a consistent comparison, the same reclassification was also applied to the 2024 figures.

6 Personnel expense (€224,320 thousand)

This caption can be analysed as follows:

			€'000
	2025	2024	Changes
Wages and salaries	159,533	145,660	13,873
Social security charges	42,944	38,669	4,275
Other expense for employees	4,910	3,022	1,888
Post-employment benefits	9,970	9,036	934
Post-employment benefits/Free Travel Card Service Costs	19	19	0
Net accruals/releases for employees	(3,898)	6,613	(10,511)
Employees	**213,478**	**203,019**	**10,459**
Temporary workers, seconded employees and work experience	3,537	2,421	1,116
Other expense	7,305	6,715	590
Other costs	**10,842**	**9,136**	**1,706**
Total	**224,320**	**212,155**	**12,165**

This item showed an overall net increase of €12,165 thousand compared to the previous year. The change was due to an increase in both permanent staff (+221 average FTEs) and temporary staff (+14 average resources).

The increase in personnel expense was partially mitigated by the renewal of the National Collective Labour Agreement (CCNL), which, regarding the contractual gap, was concluded under more favourable terms and conditions than initially anticipated, allowing for the release of part of the provision specifically set aside at the end of the previous year (€3,790 thousand).

As previously noted in Note 5 above, reimbursements from personnel, which until last year had been recorded as a reduction in "Other costs of permanent staff", were reclassified under "Other income." A similar reclassification was also made for 2024 to allow for a consistent comparison between the figures for the two financial years.

To complete the disclosure, the table below shows the Company's average headcount, broken down by category:

			average FTE
	2025	2024	Changes
Managers	94	91	3
Junior managers	1,039	935	104
White collars	2,219	2,105	114
Total employees	**3,352**	**3,131**	**221**
Temporary workers	54	40	14
Total flexible staff	**54**	**40**	**14**
Total	**3,406**	**3,171**	**235**

7 Raw materials, consumables, supplies and goods (€525 thousand)

This caption includes costs incurred to purchase raw materials and consumables, and those related to accident prevention equipment used in operations, and, as can be seen in the table below, its total value remained virtually unchanged over the two financial years under comparison.

€'000

	2025	2024	Changes
Materials and consumables	525	518	7
Total	**525**	**518**	**7**

8 Services (€102,163 thousand)

The balance can be analysed as follows:

€'000

	2025	2024	Changes
Engineering services	40,294	52,195	(11,901)
IT services	28,607	22,365	6,242
Facility	6,048	5,169	879
Travel and accomodation	8,962	8,940	22
Insurance	4,960	4,206	754
Professional services	1,989	2,484	(495)
Utilities	2,184	2,091	93
Services provided by FS	1,740	2,335	(595)
External communication and advertising expense	222	225	(3)
Lease payments, building expense and registration tax	2,169	2,544	(375)
Hires and other	2,342	1,899	443
Other	2,646	2,085	561
Total	**102,163**	**106,538**	**(4,375)**

Overall costs for service decreased by €4,375 thousand compared to the previous year. The change was primarily due to lower engineering service costs, partially offset by higher IT costs. In detail:

- Engineering service costs decreased by €11,901 thousand due to the different mix of contracts managed in the two years under comparison, and also as a result of the new company policy that prioritises the use of in-house resources to maintain and enhance its engineering know-how;
- IT service costs increased by €6,242 thousand due both to the growth in the volume of ongoing services delivered by FSTechnology as a result of the increase in workforce, and to the intensification of activities related to the digitisation of projects and construction sites during the year, and the fact that cybersecurity services, which were provided by FS until 2024, are now performed by the affiliated company FS Security.

In addition to these changes:

- Facility costs increased by €879 thousand compared to 2024, primarily due to increased activities required for maintenance and security;
- Insurance premiums increased by €754 thousand due to a rise in the Professional Liability insurance premium following the execution of new contracts, as well as the increased value of revenue from engineering activities, the basis on which the premium is calculated;
- Professional services decreased by €495 thousand compared to 2024, mainly because, during the previous year, the Company had utilised support services for the development of the Business Plan and the implementation Roadmap for the Business Unit infrastructure monitoring initiative (€145 thousand), as well as recruitment services in Italy (€88 thousand) and Latvia (€163 thousand), which it did not need to use again in 2025;
- Costs for services provided by FS decreased mainly because cybersecurity services are now provided by FS Security, as explained in the preceding paragraphs.

9 Other operating costs (€11,767 thousand)

Other operating costs are detailed in the table below:

€'000

	2025	2024	Changes
Contribution for Free Travel Cards	3,016	2,832	184
Membership fees and subscriptions	266	364	(98)
Accruals and releases	7,790	12,390	(4,600)
Local taxes, levies and duties	303	465	(162)
Other	392	553	(161)
Total	**11,767**	**16,604**	**(4,837)**

The contribution for the Free Travel Card is the amount paid to Trenitalia for the free transport of FS Engineering employees: the amount showed an increase, compared to 2024, due to a rise in the company workforce.

Net accruals/releases of provisions showed a net decrease (-€4,600 thousand) on 2024, mainly due to the combined effect of:

- a smaller adjustment to the Provision for contractual risks compared to the previous year (-€6,105 thousand). It should be noted that the Provision includes the whole-life profit margins of contracts acquired with negative profitability, and is released as the profit margins accrue in line with the progress of production. The Provision relates almost exclusively to RFI contracts pertaining to certain phases of the execution of the entire works, which are, therefore, acquired because they are offset by the positive margins of contracts pertaining to the other phases;
- an adjustment to the Provision for litigation with third parties (€1,023 thousand), which reflects an update to the estimates of potential losses based on the status of ongoing legal proceedings.

It should be noted that, for a more accurate presentation, losses from the free transfer of furniture no longer used by the Company but not yet fully depreciated have been classified under "Amortisation/depreciation, provisions and impairment losses", and a similar reclassification has been made for consistency of comparison in 2024 as well (the 2025 balance is virtually zero, and the 2024 balance was €17 thousand).

10 Amortisation/depreciation, provisions and impairment losses (€8,417 thousand)

Amortisation/depreciation and impairment losses for the year, the breakdown of which is provided in the table below, totalled €8,417 thousand. For additional information, reference should be made to notes 14, 15 and 16 of this report.

€'000

	2025	2024	Changes
Amortisation	**0**	**1**	**(1)**
Depreciation of property, plant and equipment	2,456	2,354	102
Depreciation of leased assets	5,506	5,648	(142)
Adjustments of right-of-use assets	0	0	0
Depreciation	**7,961**	**8,002**	**(41)**
Total amortisation/depreciation	**7,961**	**8,003**	**(42)**
Impairment losses on property, plant and equipment	0	0	0
Net impairment gains (losses) on financial assets	458	705	(247)
Impairment losses on cash and cash equivalents	(3)		(3)
Net impairment (gains) losses	**456**	**705**	**(249)**
Total amortisation/depreciation and impairment losses	**8,417**	**8,708**	**(291)**

Impairment (gains) losses showed a decrease of €249 thousand, net of the reclassification mentioned in Note 9 above, due to the adjustment to the financial receivables falling within the scope of application of IFRS 9.

11 Financial income (€2,349 thousand)

This caption can be analysed as follows:

€'000

	2025	2024	Changes
Financial income from non-current loans and securities	1	1	0
Other financial income	1,834	430	1,404
Dividends	25	0	25
Exchange gains	489	1,220	(731)
Total	**2,349**	**1,651**	**698**

This item showed an overall increase of €698 thousand, primarily attributable to the recalculation of 2024 interest income on the intercompany current account performed by FS (+€1,404 thousand).

"Exchange gains" showed a decrease of €731 thousand compared to 2024, due to the fluctuation in exchange rates of some of the currencies in the countries where the Company operates, mainly the Indian rupee and the Colombian peso.

12 Financial expense (€4,833 thousand)

Financial expense is detailed in the table below:

€'000

	2025	2024	Changes
Interest cost	338	508	(170)
Interest expense to Parents	1,574	1,377	197
Other financial expense	640	675	(35)
Exchange losses	2,281	875	1,406
Total	**4,833**	**3,435**	**1,398**

The most significant change in this item was due to an increase in foreign exchange losses (+€1,406 thousand), attributable to less favourable trends in exchange rates, particularly for the Indian rupee and the Canadian dollar.

Interest expense to parents (+€197 thousand) showed an increase on the previous year, as a result of higher interest rates on the short-term credit line granted by FS.

13 Income taxes, current and deferred tax assets and liabilities (€30,111 thousand)

Income taxes can be analysed as follows:

€'000

	2025	2024	Changes
IRAP	4,585	4,117	468
IRES	25,132	22,711	2,421
Current foreign taxes	917	573	344
Deferred taxes	(491)	(5,212)	4,721
Adjustments to prior year income taxes	(33)	(149)	116
Total	**30,111**	**22,040**	**8,071**

The item showed an increase of €8,071 thousand compared to 2024, mainly due to the growth in taxable income.

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

Reconciliation of the actual tax rate

€'000

Reconciliation of the actual tax rate	2025		2024	
	Amount	%	Amount	%
Profit for the year	71,126		52,102	
Total income taxes	30,111		22,040	
Pre-tax profit	101,237		74,142	
IRES theoretical tax (national tax rate)	**24,297**	**24.0%**	**17,794**	**24.0%**
Lower taxes				
Other decreases	(5,287)	-5.2%	(2,843)	-3.8%
Higher taxes				
Accruals to provisions	5,160	5.1%	6,845	9.2%
Prior year expense	13	0.0%	27	0.0%
Other increases	949	0.9%	888	1.2%
Total current income taxes (IRES)	**25,132**	**24.8%**	**22,711**	**30.6%**
IRAP	**4,585**	**4.5%**	**4,117**	**5.6%**
Foreign taxes	**917**	**0.9%**	**573**	**0.8%**
Difference on estimated prior year taxes	**(33)**	**0.0%**	**(149)**	**-0.2%**
Total deferred tax	**(491)**	**-0.5%**	**(5,212)**	**-7.0%**
Total	**30,111**	**29.7%**	**22,040**	**29.7%**

Disclosure on the "Pillar 2" regulations

By Legislative Decree no. 209 of 27 December 2023 ("Decree no. 209/23"), implementing the tax reform on international taxation, Directive (EU) 2022/2523 was transposed, which requires Member States to adopt, for multinational groups with consolidated revenues exceeding €750 million, a minimum tax rate of 15% in each jurisdiction in which they operate, known as "Pillar 2."

FS Engineering qualifies as a "company" or "constituent entity" belonging to the multinational group headed by the "Ultimate Parent Entity" (UPE), Ferrovie dello Stato Italiane S.p.A..

The FS Group is subject to Pillar 2 rules, as the annual revenues, in at least two of the four financial years preceding the 2025 tax period, as reported in the consolidated financial statements of the ultimate parent entity, exceed €750 million.

For the purposes of the annual financial report as at 31 December 2025, the best estimate of the Pillar 2 tax liability for the period was calculated by using the option to apply the simplified transitional regime based on aggregated Qualified Financial Statements data for each relevant jurisdiction (CbCR Transitional Safe Harbour or "CbCR TSH") whose effects, upon satisfaction of certain conditions, result in the elimination of the national minimum tax.

Based on the analysis conducted, with respect to the total number of jurisdictions in which the FS Group entities within the Pillar 2 scope are resident or located, in the reporting period (31 December 2025), the Italian jurisdiction is found to have exceeded the Transitional Safe Harbours (TSH) thresholds; no Pillar 2 tax is therefore required to be set aside.

14 Property, plant and equipment (€36,816 thousand)

The opening and closing balances of property, plant and equipment and changes therein are shown in the table below. The assets' estimated useful lives did not change during 2025.

€'000

	Land and buildings	Industrial and commercial equipment	Other assets	Total
Historical cost	49,312	1,517	24,145	74,974
Depreciation and impairment losses	(19,619)	(1,324)	(19,355)	(40,298)
Balance at 1.1.2024	**29,693**	**193**	**4,790**	**34,676**
Investments	4,737	40	4,127	8,905
Depreciation	(5,041)	(93)	(2,869)	(8,002)
Exchange differences	(21)		15	(6)
Disposals and divestments	(621)		(86)	(707)
Other changes	3,243			3,243
Total changes	**2,298**	**(52)**	**1,187**	**3,433**
Historical cost	50,982	1,518	25,829	78,329
Depreciation and impairment losses	(18,992)	(1,377)	(19,851)	(40,220)
Balance at 31.12.2024	**31,990**	**141**	**5,978**	**38,109**
Investments	4,333	45	2,299	6,678
Depreciation	(4,805)	(54)	(3,103)	(7,961)
Exchange differences	(11)		3	(8)
Disposals and divestments	0		(1)	(1)
Other changes	0	0	0	0
Total changes	**(483)**	**(9)**	**(801)**	**(1,293)**
Historical cost	51,244	1,563	26,493	79,300
Depreciation and impairment losses	(19,737)	(1,431)	(21,316)	(42,484)
Balance at 31.12.2025	**31,507**	**132**	**5,177**	**36,816**

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

- investments for a total of €1,384 thousand which concerned the purchase of:
  - ✓ laptops, notebooks and other small IT equipment for Italian and foreign employees (€978 thousand), as well as the purchase of six drones and related equipment for aero-photogrammetric surveys and measurements (€35 thousand);
  - ✓ furniture and furnishings, primarily for setting up the smart office in Naples and the Rome office at San Martino della Battaglia (€273 thousand);
  - ✓ improvements to leased property, also carried out at the Rome (San Martino della Battaglia) and Naples offices (€87 thousand);
  - ✓ other small equipment (€11 thousand);

- write-offs of furnishings and office equipment due to wear and tear or obsolescence, and sale of laptops and notebooks due to obsolescence.

The breakdown of the values of the assets sold or disposed of are shown in the table below.

	Furniture and furnishings	Office machines	Total other assets
Historical cost	(12)	12	0
Depreciation	(483)	482	(1)
Total disposals and divestments	**(495)**	**494**	**(1)**

From the sales of computer equipment, totally depreciated, the Company realised capital gains of €7 thousand.

At 31 December 2025, there were no mortgages or liens on property, plant and equipment, and there were no outstanding contractual commitments for their purchase.

15 Right-of-use assets (€17,631 thousand)

Lessee

Changes in right-of-use assets during 2025 are analysed below.

€'000

	Land and buildings	Other assets	Total
Historical cost	23,570	3,766	27,336
Depreciation and impairment losses	(11,442)	(1,384)	(12,826)
Balance at 1.1.2024	**12,128**	**2,382**	**14,510**
Investments	4,737	1,707	6,445
Depreciation	(4,372)	(1,277)	(5,649)
Exchange differences	(21)	15	(6)
Contract termination	(621)	(69)	(690)
Other changes	3,243	0	3,243
Total changes	**2,966**	**376**	**3,343**
Historical cost	25,241	5,139	30,380
Depreciation and impairment losses	(10,146)	(2,381)	(12,527)
Balance at 31.12.2024	**15,095**	**2,758**	**17,853**
Investments	4,333	960	5,293
Depreciation	(4,136)	(1,370)	(5,506)
Exchange differences	(11)	2	(9)
Total changes	**186**	**(408)**	**(222)**
Historical cost	25,503	4,958	30,460
Depreciation and impairment losses	(10,222)	(2,607)	(12,829)
Balance at 31.12.2025	**15,281**	**2,350**	**17,631**

During the year, FS Engineering entered into new lease agreements for a total of €4,333 thousand, concerning the 6-year renewal of the lease for the Naples office (€3,230 thousand), the expansion of the Verona office (€102 thousand), and the 6-year renewal of the lease of the Bologna office (€1,001 thousand).

Furthermore, the Company increased the car fleet by 103 units to meet the needs at construction sites, entering into long-term hire agreements for €960 thousand.

Lease liabilities, their changes in 2025 and the impact through profit or loss are shown in the tables below.

€'000

Changes in lease liabilities	2025
Lease liabilities – 1 January	18,120
New right-of-use assets	5,293
Financial expense	621
Payments	(6,099)
Lease liabilities - 31 December	**17,936**

€'000

Impct on profit or loss	2025
Depreciation of right-of-use assets	5,506
Interest expense on lease liabilities	621
Costs related to short-term leases	4,511
Total impact on profit or loss	**10,638**

Extension options

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

The table shows potential future payments:

€'000

Lease liabilities	Future lease payments	Historical rate of exercise of the extension options
17,936	(6,099)	85%

16 Intangible assets (€0 thousand)

There were no changes in intangible assets during the year; consequently, there was the recognition of a balance equal to zero at 31 December 2025.

17 Deferred tax assets and deferred tax liabilities (€17,014 thousand)

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

€'000

	31.12.2025	31.12.2024
Deferred tax assets, net of provision for write-down	17,056	16,607
Deferred tax liabilities that can be offset	(42)	(42)
Deferred tax assets	**17,014**	**16,565**

The table below shows the amount and nature of deferred tax assets and liabilities, as well as the changes that occurred in 2025 in deferred taxes stated for the main temporary differences.

€'000

	31.12.2024	Incr.(Decr.) through profit or loss	Incr. / (Decr.) through OCI	31.12.2025
Deferred tax assets:	**16,607**	**449**	**(42)**	**17,014**
Provisions for risks and charges	15,247	519		15,766
Employee benefits	(79)		(42)	(122)
Other items	1,440	(70)		1,370
Deferred tax liabilities	**(42)**	**0**	**42**	**0**
Other items	(42)	0	42	0

The main change of 2025 relates to deferred tax assets that are affected by the reflection of accruals to provisions for contractual risks while changes in deferred tax liabilities related to estimated exchange gains. The Company's Directors believe that the aforementioned deferred tax assets may be recovered based on the reasonable expectation that they will be fully absorbed by the positive results that the Company expects.

18 Equity investments (€350 thousand)

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

€'000

	Carrying amount 31.12.2025	Carrying amount 31.12.2024	Change
Investments in:			
Subsidiaries	350	350	0
Other companies	0	0	0
Total	**350**	**350**	**0**

The equity investments stated in the table above were acquired at cost: consequently, there are no impairment indicators for them.

€'000

	Carrying amount 31.12.2024	Changes in the year			Carrying amount 31.12.2025	Accumulated loss allowance
		Impairment losses/(gains)	Reclassifications	Other changes		
Investments in subsidiaries						
I.E.S.	350				350	
Investment in other companies						
Consorcio Supervisor Plmb[1]	0				0	

€'000

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

The table below compares the carrying amounts of investments in subsidiaries, and joint arrangements with the corresponding interests in equity.[1]

€'000

	Registered office	Share/quota capital	Profit/(Loss) for the year	Equity at 31.12.2025	Investment %	Share of equity (a)	Carrying amount at 31.12.2025 (b)	Difference (b-a)
Investments in subsidiaries								
I.E.S.	Belgrade - Serbia	338	(283)	515	100%	515	350	(165)
Investment in joint arrangements								
JV Italferr - SWS	Istanbul - Turkey		27	109	50%	55	0	(55)

€'000

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

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

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

€'000

31.12.2025	% of investment	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenue	Costs	Profit/ (Loss) for the year
Investments in subsidiaries										
I.E.S.	100%	691	9	700	186	0	186	793	(1,076)	(283)
Investment in joint arrangements										
JV Italferr-SWS & Italferr Adi Ortakligi	50%	84	33	117	8	0	8	40	(13)	27

€'000

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

19 Non-current and current financial assets – (including derivatives) (€39,307 thousand)

The following table shows the composition of financial assets at 31 December 2025 compared to 31 December 2024:

€'000

	31.12.2025			31.12.2024			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Securities	2		**2**	2		**2**	0	0	**0**
Intragroup current account		39,305	**39,305**		3,803	**3,803**	0	35,502	**35,502**
Total financial assets	**2**	**39,305**	**39,307**	**2**	**3,803**	**3,805**	**0**	**35,502**	**35,502**

The increase in the year was entirely due to the balance of the intragroup current account held with the Holding Company.

20 Other non-current and current assets (€5,989 thousand)

€'000

	31.12.2025			31.12.2024			Changes		
	Non -current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Other assets from Group companies		305	305		770	770		(465)	(465)
VAT assets			0		1,168	1,168		(1,168)	(1,168)
Sundry assets	282	4,367	4,649	399	3,414	3,813	(117)	953	836
Advances to suppliers		10	10		618	618		(608)	(608)
Prepayments and accrued income		1,416	1,416		840	840		576	576
Total gross value of other assets	**282**	**6,098**	**6,380**	**399**	**6,810**	**7,209**	**(117)**	**(712)**	**(829)**
Loss allowance		(391)	(391)		(620)	(620)	0	229	229
Total other assets	**282**	**5,707**	**5,989**	**399**	**6,190**	**6,589**	**(117)**	**(483)**	**(600)**

"VAT assets" have been reduced to zero, as the remaining credit from the previous year was utilised in full to offset the net liability arising from monthly VAT settlements, as described in Note 28 below, thereby generating a VAT liability of €39 thousand.

The current portion of "Sundry assets" increased by €953 thousand between the two comparative periods, almost entirely due to withholding tax credits accrued by the Canadian branch.

The decrease in advances to suppliers (€608 thousand) relates to the lower advances disbursed for engineering service engagements assigned to third parties.

Prepayments and accrued income showed an increase of €576 thousand compared to 2024, for the accrued insurance premiums for professional third-party liability insurance.

The table below gives a breakdown, net of the provision for write-down, of other non-current and current assets by geographical segment:

€'000

	31.12.2025	31.12.2024	Changes
Italy	1,308	2,729	(1,421)
Eurozone	141	164	(23)
Other European countries (non-Euro EU)	14	16	(2)
Other countries	4,526	3,680	846
Total net of the loss allowance	**5,989**	**6,589**	**(600)**

21 Non-current and current trade receivables (€541,282 thousand)

€'000

	31.12.2025	31.12.2024	Changes
Ordinary customers	19,376	13,037	6,339
Government authorities and other public authorities	104	114	(10)
Group companies	134,118	134,264	(146)
Contract assets	395,538	345,669	49,869
Carrying amount	**549,136**	**493,084**	**56,052**
Loss allowance	(7,854)	(7,177)	(677)
Total net of the loss allowance	**541,282**	**485,907**	**55,375**

The "Ordinary customers" item increased by €6,339 thousand, primarily due to year-end turnover, which has not yet become due, related to work performed in Saudi Arabia for Saudi Lambridge and the NEOM project.

"Contract assets" increased by €49,869 thousand compared to 2024, both due to the growth in production volumes, especially with RFI, and because a portion of the contracts in progress had failed to reach the contractual milestones at year end in order to proceed with the billing of the fees due. The table below provides a breakdown of the items included, along with the type of counterparty.

€'000

	31.12.2025			31.12.2024		
	Work in progress	Advances and progress billings	Total contract assets	Work in progress	Advances and progress billings	Total contract assets
RFI	2,061,237	(1,699,376)	361,861	1,706,669	(1,389,906)	316,763
Other Group companies - Italy	50,069	(33,299)	16,771	23,450	(12,861)	10,589
Third parties	21,120	(14,617)	6,503	14,450	(7,268)	7,182
Total Italy	**2,132,426**	**(1,747,292)**	**385,135**	**1,744,569**	**(1,410,035)**	**334,534**
Third parties	66,993	(56,590)	10,404	57,379	(46,244)	11,135
Total abroad	**66,993**	**(56,590)**	**10,404**	**57,379**	**(46,244)**	**11,135**
Total contract assets	**2,199,419**	**(1,803,881)**	**395,539**	**1,801,948**	**(1,456,279)**	**345,669**

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

€'000

	31.12.2025	31.12.2024	Changes
Italy	526,549	476,929	49,620
Eurozone	1,105	1,077	29
Other European countries (Non-Euro EU)	21	21	0
Other non-EU European countries	363	590	(227)
Other countries	13,243	7,290	5,953
Total net of the loss allowance	**541,282**	**485,907**	**55,375**

22 Cash and cash equivalents (€6,160 thousand)

The caption is broken down as follows:

€'000

	31.12.2025	31.12.2024	Changes
Bank and postal accounts	6,150	12,442	(6,292)
Cash and cash equivalents	12	15	(3)
Total	**6,162**	**12,457**	**(6,295)**
Loss allowance	(2)	(4)	2
Total net of the loss allowance	**6,160**	**12,453**	**(6,293)**

Cash balances at banks and post offices refer to the year-end balances in FS Engineering's bank accounts in Italy, opened to receive and make payments for services related to major projects under monitoring, as well as accounts abroad for the financial needs of the branches.

At the end of 2024, receipts remained on the current account of the Egypt Branch and were transferred to the Parent Company only in January 2025: this explains the decrease shown in this item between the two financial years under comparison.

23 Equity (€144,878 thousand)

Changes in the main equity captions in 2025 and 2024 are analysed in the table at the beginning of these notes.

Share capital

The Company's entirely subscribed and paid-up share capital on 31 December 2025 consisted of 14,186 ordinary shares with a nominal amount of €1,000 each, for a total of €14,186,000.

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

Extraordinary reserve: this reserve amounts to €57,254 thousand, showing an increase of €11 thousand compared to the previous year, due to the undistributed portion of the profit for 2024.

Other reserves: these consist of the following:

- *Reserve as per article 13 of Legislative Decree no. 124/1993* (€33 thousand): this reserve includes the portion of profit for the year accrued up to 2000 and equal to 3% of post-employment benefits transferred to supplementary pension funds. Pursuant to article 13.6 of Legislative Decree no. 124/1993, an amount not exceeding 3% of the annual accrual of post-employment benefits transferred to supplementary pension funds was deductible for income tax purposes, provided that the deductible amount was accrued in a specific equity reserve. Article 13.6 was repealed by article 3.1.c).1 of Legislative Decree no. 47/2000;
- *Translation reserve* (€644 thousand): this reserve includes net unrealized exchange gains which, pursuant to article 2426.8-bis of the Italian Civil Code, must be taken to a non-distributable reserve until they are realised. At the end of 2025, the valuation of foreign currency items had recorded net losses, and, therefore, the reserve set aside in previous years is distributable.

Actuarial reserve for employee benefits: this reserve has a negative balance of €4,471 thousand, showing a change of €134 thousand compared to 2024, due to the actuarial gains on employee benefits recorded directly in equity (€176 thousand), net of the tax effect (€42 thousand).

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

Profit for the year

The profit for 2025 from continuing operations amounts to €71,126 thousand.

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

€'000

Origin	Balance at 31.12.2025 (a+b)	Unavailable portion (a)	Available portion (b)	Possibility of use	Summary of uses in the past three years		
					Capital increase	Loss coverage	Dividends
Share capital	**14,186**						
Income-related reserves:							
Legal reserve	2,837	2,837		A, B			
Extraordinary reserve	57,254		57,254	A,B,C			
Reserve as per art. 13 Leg. Decree no. 124/93	33		33	B			
Translation reserve	644		644	A,B,C			
IFRS reserve	(4,471)	(4,471)					
Retained earnings	3,269	3,269					
TOTAL	**73,752**	**1,636**	**57,931**		**0**	**0**	**0**

A Capital increase

B Coverage of losses

C Dividends

24 Current loans and borrowings (€50,000 thousand)

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

€'000

Current loans and borrowings and current portion of non-current loans and borrowings	31.12.2025	31.12.2024	Changes
Loans and borrowings from Group companies (current portion)	50,000	85,000	(35,000)
Total	**50,000**	**85,000**	**(35,000)**

The current portion included the utilisation of the revolving credit line which had been granted by FS to meet the Company's liquidity requirements (€50,000 thousand). The utilisation of the credit line was lower by €35,000 thousand compared to 2024 due to lower cash requirements.

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

€'000

Creditor	Currency	Nominal interest rate	Year of expiry	31.12.2025		31.12.2024	
				Nominal amount	Carrying amount	Nominal amount	Carrying amount
Ferrovie dello Stato Italiane S.p.A	EUR	variable rate	2025	100,000	50,000	90,000	85,000
Total loans and borrowings				**100,000**	**50,000**	**90,000**	**85,000**

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

€'000

Cash flows generated by/(used in) financing activities	31.12.2024	Monetary items (statement of cash flows)	Non-monetary items		31.12.2025
			New leases	Other	
Cash and cash equivalents	(12,453)	6,293			(6,160)
Disbursement/(repayment) of current and non-current loans and borrowings	85,000	(35,000)			50,000
Change in other financial assets	(3,804)	(0)		(35,503)	(39,307)
Change in other financial liabilities	18,120	0	(184)	0	17,936
Total	**86,863**	**(28,707)**	**(184)**	**(35,503)**	**22,468**

The table below provides an analysis of the net financial position, shown in the reclassified statement of financial position, as presented in the 2025 directors' report compared with 31 December 2024:

€'000

Net financial position	31.12.2025	31.12.2024	Changes
Current net financial position			
Cash and cash equivalents	6,160	12,453	(6,293)
Intragroup current account	39,305	3,804	35,501
Other financial liabilities	(50,000)	(85,000)	35,000
Total current net financial position (Net IFRS 16)	**(4,535)**	**(68,743)**	**64,208**
Non-current financial assets	**2**	**2**	**0**
Lease liabilities within 12 months	(5,204)	(5,034)	(170)
Lease liabilities beyond 12 months	(12,731)	(13,086)	355
Net financial position (IFRS 16)	**(17,935)**	**(18,120)**	**185**
Total	**(22,468)**	**(86,863)**	**64,393**

25 Employee benefits (€9,693 thousand)

€'000

	31.12.2025	31.12.2024	Changes
Present value of post-employment benefits obligations	9,307	10,753	(1,446)
Present value of Free Travel Card obligations	386	393	(7)
Total present value of obligations	**9,693**	**11,146**	**(1,453)**

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

€'000

	31.12.2025	31.12.2024	Changes
Opening balance	11,146	12,620	(1,474)
Service Costs (*)	19	19	0
Interest cost (*)	338	368	(30)
Actuarial (gains) losses recognised in equity			0
- changes in demographic assumptions	0	(21)	21
- changes in financial assumptions	(92)	(18)	(74)
- past experience	(83)	100	(183)
Advances/utilisations and other changes	(1,634)	(1,922)	288
Closing balance	**9,693**	**11,146**	**(1,453)**

(*) through profit or loss

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

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

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

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

Actuarial assumptions

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

	31.12.2025	31.12.2024
Discount rate (post-employment benefits)	3.09%	2.93%
Discount rate (Free Travel Card)	3.96%	3.38%
Annual increase rate of post-employment benefits	3.00%	3.00%
Inflation rate (post-employment benefits)	2.00%	2.00%
Inflation rate (Free Travel Card)	2.00%	2.00%
Expected turnover rate for employees (post-employment benefits)	3.00%	3.00%
Expected turnover rate for employees (Free Travel Card)	3.00%	3.00%
Expected rate of advances (post-employment benefits)	2.00%	2.00%
Mortality	RG48 mortality rate published by the General Accounting Office	
Disability	INPS tables broken down by gender and age	
Retirement age	100% upon meeting the compulsory general insurance requirements	

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

	Post-employment benefits	Free Travel Card
Inflation rate +0.25%	9,372,071	403,043
Inflation rate -0.25%	9,242,068	369,792
Discount rate +0.25%	9,207,603	374,633
Discount rate -0.25%	9,408,231	398,023
Turnover rate +1%	9,319,309	-
Turnover rate -1%	9,293,180	-
Plan duration	5.1	16
Estimated future payments - first year	2,893,640	24,742
Estimated future payments - second year	413,775	25,379
Estimated future payments - third year	1,034,274	25,705
Estimated future payments - fourth year	876,295	26,156
Estimated future payments - fifth year	1,163,854	26,319

26 Provisions for risks and charges (€55,942 thousand)

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

€'000

Provisions for risks and charges	31.12.2024	Accruals	Reclassifications	Release of excess provisions	Utilisation and other changes	31.12.2025
Litigation with employees	228			(109)		119
Litigation with third parties	5,173	1,023			(208)	5,988
Provision for losses on contracts	43,069	20,476		(13,709)		49,836
Other sundry provisions	6,539			(3,790)	(2,750)	(0)
Total provisions for risks and charges	**55,009**	**21,499**	**0**	**(17,608)**	**(2,958)**	**55,942**
Of which non-current portion	*55,009*	*21,499*		*(17,608)*	*(2,958)*	*55,942*

The provision for litigation with employees showed a reduction compared to the previous year (-€109 thousand) on the basis of updated estimates of loss in disputes pending with them.

The provision for litigation with third parties is intended to cover outstanding liabilities at the end of the year that could arise from disputes before and out of courts in relation to the Company's activities, which are also evaluated by taking into account the instructions of third-party lawyers. During 2025, this provision increased by €815 thousand as a result of updating the estimates of probable losses in view of the developments in disputes with counterparties.

Pursuant to IAS 37, the provision for losses on contracts includes the estimated future losses expected from job orders acquired (or becoming over time) with a negative outcome. The item increased by a total of €6,767 thousand as a result of provisions set aside for estimated future losses, mainly on new contracts, net of releases for losses accrued during the year in line with progress made on contracts with a negative outcome.

"Other sundry provisions" include the provision for contractual vacation indemnity, which was reduced to zero during the year due to the settlement of fees and expenses following the renewal of the National Collective Labour Agreement (CCNL) for railway operations. The amount set aside in this provision at the end of 2024 exceeded actual needs, and a contingent asset of €3,790 thousand was therefore recognised.

27 Non-current and current financial liabilities (including derivatives) (€17,936 thousand)

Financial liabilities solely comprise lease liabilities related to the lease of FS Engineering's offices and cars as follows.

€'000

	31.12.2025			31.12.2024			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Financial liabilities									
Lease liabilities	12,731	5,204	**17,936**	13,086	5,034	**18,120**	(355)	170	**(184)**
Total	**12,731**	**5,204**	**17,936**	**13,086**	**5,034**	**18,120**	**(355)**	**170**	**(184)**

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

Engineering	1Y	2Y	3Y	4Y	5Y	6Y	7Y	8Y	9Y	10Y
First quarter 2025	3.39%	3.48%	3.61%	3.75%	3.97%	4.17%	4.32%	4.44%	4.57%	4.74%
Second quarter 2025	3.17%	3.25%	3.41%	3.65%	3.96%	4.06%	4.31%	4.43%	4.57%	4.77%
Third quarter 2025	2.76%	2.93%	3.08%	3.24%	3.49%	3.59%	3.87%	3.95%	4.08%	4.28%
Fourth quarter 2025	2.89%	3.02%	3.15%	3.36%	3.55%	3.72%	3.90%	4.01%	4.17%	4.28%

28 Other non-current and current liabilities (€107,622 thousand)

€'000

	31.12.2025			31.12.2024			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Social security charges payable		26,437	**26,437**		24,197	**24,197**		2,241	**2,241**
Other liabilities with Group companies		53,963	**53,963**		1,225	**1,225**		52,738	**52,738**
VAT liabilities		39	**39**			**0**		39	**39**
Other liabilities and accrued expenses and deferred income		27,183	**27,183**		25,200	**25,200**		1,983	**1,983**
Total		**107,622**	**107,622**		**50,622**	**50,622**		**57,001**	**57,001**

Social security charges payable (€26,437 thousand) include the accrued 14th month pay and holidays accrued but not yet taken, along with the amount due to Inarcassa of €14,939 thousand.

Other liabilities with Group companies (€53,963 thousand) include the liability to FS for dividends to be distributed (€52,091 thousand) and the liability for current IRES tax under the Tax consolidation scheme (€1,872 thousand), net of advance payments made to FS.

"VAT liabilities", amounting to €39 thousand, represents the result of monthly settlements (€1,129 thousand), net of the prior year's remaining credit of €1,168 thousand.

Other current liabilities, amounting to €27,183 thousand, include, among others:

- amounts due to personnel for remuneration accrued but not yet paid (€14,629 thousand);
- holidays accrued but not yet taken at 31 December 2025 (€2,781 thousand);
- tax liabilities for withholdings applied to employees and freelancers (€5,753 thousand).

29 Non-current and current trade payables (€258,904 thousand)

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

€'000

	31.12.2025	31.12.2024	Changes
Suppliers	22,585	21,392	1,193
Group companies	47,553	16,543	31,010
Contract liabilities	188,766	179,342	9,424
Total	**258,904**	**217,277**	**41,627**

The higher change in this caption relates to trade payables to Group companies (+€31,010 thousand) and is attributable, for the most part, to the increase in payables to the affiliated company FS Technology (+€26,770 thousand compared to 31 December 2024) for IT services in 2025 and for the adjustment of those from 2024, payment of which was suspended pending the finalisation of the new contract, which was signed in January 2026.

The increase in Contract liabilities for contract work in progress (+€9,424 thousand compared to 2024) is primarily attributable to the invoicing of the 13th Deed of Amendment to the contract for the "DL Terzo Valico dei Giovi" project.

The breakdown of Contract liabilities by Counterparty is reported in the table below:

€'000

	31.12.2025	31.12.2024	Changes
RFI	178,650	167,222	11,428
Other Group companies	1,696	2,964	(1,268)
Third parties	8,420	9,156	(736)
Contract liabilities	**188,766**	**179,342**	**9,424**

30 Tax liabilities (€1,942 thousand)

This caption includes the IRAP (regional production) tax liability due net of advances paid (€457 thousand), and the balance of payables to the Tax Office due by foreign branches (€1,485 thousand).

€'000

	31.12.2025	31.12.2024	Changes
IRAP	457	149	308
Foreign tax liabilities	1,485	744	741
Tax liabilities	**1,942**	**893**	**1,049**

31 Financial risk management

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

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

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

€'000

	2025	2024
Trade receivables at amortised cost	541,282	485,907
Cash and cash equivalents at amortised cost	6,148	12,438
Other assets at amortised cost	4,222	5,399
Other financial assets at amortised cost	39,307	3,805
Other financial assets at FVTPL	351	351
Total financial assets	**591,311**	**507,900**
Loans at amortised cost	50,000	85,000
Trade payables at amortised cost	258,904	217,277
Other liabilities at amortised cost	107,623	50,622
Other financial liabilities at amortised cost	17,936	18,120
Total financial liabilities	**434,463**	**371,020**

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

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

CREDIT RISK

FS Engineering's financial assets showed a considerable increase on the previous year (+€83,411 thousand), above all because of the growth in production volumes which occurred during the year, which led Contract Assets to increase against the Group in a considerable manner. Consequently, this trend does not represent a risk as it is due to the different performance of the company's production with respect to progress billings as provided for in the contracts with customers.

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

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

With respect to the derivatives used for hedging purposes and which can potentially generate credit exposure to counterparties, it should be noted that the Company has a specific policy which defines concentration thresholds by counterparty and credit rating, and that, however, has no derivative financial instruments in place.

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

The following tables show the Company's exposure to credit risk at 31 December 2025 and 2024, broken down by category and counterparty. For information about the gross balance and the loss allowance, reference should be made to the notes to the relevant captions.

€'000

31.12.2025	PA	Third-party customers	Financial institutions	Group companies	Total
Current and non-current trade receivables	2,362	28,237		510,683	541,282
Other current and non-current assets	41	4,227		305	4,574
Current and non-current financial assets		2		39,305	39,307
Cash and cash equivalents			6,148		6,148
Total financial assets	**2,403**	**32,467**	**6,148**	**550,293**	**591,311**

€'000

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

The table below provides the maximum credit risk exposure by counterparty as at 31 December 2025 by past due brackets:

€'000

31.12.2025	Not past due	Past due				Total
		0-180	181-360	360-720	>720	
Public Administration, Italian government and regions (gross)	2,403				104	2,507
Loss allowance					(104)	(104)
Public Administration, Italian government and regions (net)	**2,403**	**0**	**0**	**0**	**0**	**2,403**
Group companies	542,557	7,855	42	66	2	550,522
Loss allowance	(294)	(5)				(299)
Group companies (net)	**542,263**	**7,850**	**42**	**66**	**2**	**550,223**
Third-party customers	34,717	475	149	36	4,999	40,376
Loss allowance	(2,598)	(141)	(70)	(33)	(4,999)	(7,841)
Third-party customers (net)	**32,119**	**334**	**79**	**3**	**0**	**32,535**
Financial institutions	6,152					6,152
Loss allowance	(2)					(2)
Financial institutions (net)	**6,150**	**0**	**0**	**0**	**0**	**6,150**
Total exposure, net of the loss allowance	**582,935**	**8,184**	**121**	**69**	**2**	**591,311**

€'000

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

The tables below show the total exposure and the impairment losses of each category, broken down by risk class at 31 December 2025 and 2024, as determined by the rating agency Standard & Poor's:

€'000

31.12.2025	TOTAL	AMORTISED COST		
		12-months expected credit losses	*Lifetime-not impaired*	*Lifetime-impaired*
from AAA to BBB-	550,738		550,634	104
from BB to BB+	48,820	1,428	44,539	2,853
Gross carrying amounts	599,558	1,428	595,173	2,957
Loss allowance	(8,247)	(1,428)	(3,862)	(2,957)
Carrying amount	**591,311**	**0**	**591,311**	**0**

€'000

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

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

€'000

2025	12-months expected credit losses	Lifetime- not impaired	Lifetime- impaired	TOTAL
Balance at 31 December 2024	**2,468**	**2,480**	**2,853**	**7,801**
Net impairment loss	(1,040)	1,382	104	446
Balance at 31 December 2025	**1,428**	**3,862**	**2,957**	**8,247**

€'000

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

LIQUIDITY RISK

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

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

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

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

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

The tables below show the due dates of contractual financial liabilities at 31 December 2025 and 2024, including interest to be paid:

€'000

31.12.2025	6 months or less	6-12 months	1-2 years	2-5 years	After 5 years	Contractual cash flows
Shareholder loans	50,000		0			50,000
Lease liabilities	3,033	2,940	5,074	8,290	565	19,902
Non-derivative financial liabilities	**53,033**	**2,940**	**5,074**	**8,290**	**565**	**69,902**
Trade payables	**70,138**	**188,766**	**0**	**0**	**0**	**258,904**
TOTAL FINANCIAL LIABILITIES	**123,171**	**191,706**	**5,074**	**8,290**	**565**	**328,806**

€'000

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

The following tables show the repayments of non-derivative financial liabilities and trade payables within one year, 1-5 years and after five years:

€'000

31.12.2025	Carrying amount	Within one year	1-5 years	After 5 years
Shareholder loans	50,000	50,000	0	0
Lease liabilities	17,936	5,204	12,177	555
Non-derivative financial liabilities	**67,936**	**55,204**	**12,177**	**555**
Trade payables	**258,904**	**258,904**		

€'000

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

MARKET RISK

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

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

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

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

INTEREST RATE RISK

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

In this context, FS Engineering has in place a short-term credit line of €100,000 thousand in total, granted by the Parent Company, at a variable interest rate, for its working capital financing needs. Its utilization at the end of 2025 and 2024 is shown in the table below.

€'000

31.12.2025	Carrying amount	Contractual cash flows	Current portion	1-2 years	2-5 years	After 5 years
Variable rate	(50,000)	(50,000)	(50,000)			
Balance at 31 December 2025	**(50,000)**	**(50,000)**	**(50,000)**			

€'000

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

CURRENCY RISK

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

in foreign currency/thousands

31.12.2025		Foreign currency for €1	Balance in foreign currency			Equivalent amount in €
	Currency	Exchange rate at 31.12.2025	Trade receivables	Trade payables	Gross exposure in statement of fin pos	Net exposure in €
AED	United Arab Emirates Dirham	4.3152			**0**	**0**
AUD	Australian dollar	1.7581		124	**(124)**	**(70)**
CAD	Canadian dollar	1.6088	2,595	43	**2,552**	**1,586**
COP	Colombian peso	4,435.19	1,017,233	9,481,176	**(8,463,943)**	**(1,908)**
DZD	Algerian dinar	152.064		491	**(491)**	**(3)**
EGP	Egyptian pound	56.0487	128	656	**(528)**	**(9)**
ETB	Etiopian Birr	182.3172		(32)	**32**	**0**
INR	Indian rupee	105.5965	319,330	57,364	**261,966**	**2,481**
PEN	Peruvian nuevo sol	3.9516		8	**(8)**	**(2)**
QAR	Qatari riyal	4.277			**0**	**0**
RON	Romanian new leu	5.0968		63	**(63)**	**(12)**
SAR	Saudi Arabian Riyal	4.4063	9,886	343	**9,543**	**2,166**
TRY	Turkish lira	50.4838			**0**	**0**
USD	US dollar	1.175	478	(1,380)	**1,858**	**1,581**
UZS	Uzbekistani som	14,118.12		120,156	**(120,156)**	**(9)**
	Total in €					**5,800**

in foreign currency/thousands

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

CAPITAL MANAGEMENT

The Company's objective is to safeguard its ability to continue as a going concern in order to ensure returns to the shareholder and benefits to the other stakeholders.

It also aims to maintain an optimal capital structure in order to reduce the cost of debt.

32 Additional information

- **Contingent assets and liabilities**

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

The total value of proceedings amounts to approximately €10.1 million, based on the claim, and net of revaluation and interest, including on the basis of the opinions given by FS Engineering's legal counsels who have reported a "possible" risk of losing the case.

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

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

- **Audit fees**

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

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

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

€'000

	2025	2024	Changes
Directors[1]	363	142	221
Statutory auditors	47	47	0
Total	**410**	**189**	**221**

In addition to the above fees, the two independent members of the Supervisory Body received fees of €58 thousand for 2025.

Management and coordination

The new Governance Model adopted by the Ferrovie dello Stato Italiane Group aims to transition from a mixed approach (carrying out management and coordination both through shareholding and on a contractual basis) to a "vertical" structure (based solely on shareholding) for the performance of management and coordination activities within the Group, and is designed to implement a unified strategic plan for a group operating in multiple complementary sectors while ensuring autonomy and operational independence in the management of the various Business Units and subsidiaries.

Based on this Model and considering its business activities, FS Engineering is included in the Infrastructure – Railways Business Unit with RFI as Lead Company.

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

Since RFI is the head of its division, the highlights of the financial statements of RFI at 31 December 2024 are shown below.

€'000

Statement of financial position	31.12.2024	31.12.2023
Assets		
Total non-current assets	42,025,444	42,302,035
Total current assets	6,591,169	4,967,650
Total assets	**48,616,613**	**47,269,685**
Equity		
Share capital	31,528,425	31,528,425
Reserves	50,855	50,086
Retained earnings	2,431,842	2,345,578
Loss for the year	(99,078)	196,068
Total equity	**33,912,044**	**34,120,157**
Liabilities		
Total non-current liabilities	2,835,084	3,168,669
Total current liabilities	11,869,485	9,980,859
Total liabilities	**14,704,569**	**13,149,528**
Total equity and liabilities	**48,616,613**	**47,269,685**

€'000

Income statement	2024	2023
Revenue	3,019,450	2,867,550
Operating costs	(2,920,902)	(2,445,930)
Amortisation, depreciation, provisions and impairment losses	(116,041)	(171,429)
Net financial income (expense)	(81,585)	(54,123)
Income taxes	0	0
Loss for the year	**(99,078)**	**196,068**

- **Other related-party transactions**

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

Company name	Assets	Liabilities
Other related parties		
Enel Group		Trade and other: provision of services
ENI Group		Trade and other: provision of services
CDP Group		Trade and other : employee benefits
IPZS Group		Trade and other : employee benefits
Poste Group		Trade and other: provision of services
RAI Group		Trade and other : employee benefits
Cooperatives, associations, EEIG, partnerships		Trade and other: provision of services and employee benefits
ENAV Group		Trade and other: provision of services
Ferrovie del Sud Est	Trade and other: provision of services	Trade and other: provision of services
Eurofer		Trade and other : employee benefits
Previndai		Trade and other : employee benefits
Other pension funds		Trade and other : employee benefits

Trade and other transactions:

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

The table below summarises the statement of financial position and income statement balances as at and for the year ended 31 December 2025 generated by related-party transactions.

€'000

Company name	31.12.2025				2025	
	Assets	Liabilities	Guarantees	Commitments	Costs	Revenue
Parents	**533,981**	**289,056**			**(5,418)**	**400,229**
Ferrovie dello Stato Italiane	39,558	108,432			(4,179)	1,773
Rete Ferroviaria Italiana	494,423	180,624			(1,239)	398,455
Subsidiaries	**0**	**118**			**(426)**	**2**
I.E.S. doo		118			(426)	2
Joint arrangements	**15**	**0**			**0**	**25**
SWS & ITALFERR	15					25
Other group companies	**18,037**	**(45,285)**			**(39,512)**	**15,633**
Anas	527	(14)				76
BBT	1,055				411	4,144
Busitalia Veneto	59					55
Busitalia Rail Service		(94)			(126)	
CREW Cremonesi Workshop Srl					(43)	
Ferservizi		(3,568)			(6,616)	77
FS Sistemi Urbani	4,087	(13)			(11)	2,531
Sistemi Urbani - Ramo FS	(10)	(2,369)			(143)	
Fercredit		(23)				
FS International	5				5	
FS Security		(242)			(242)	70
FS Technology SpA	6	(33,090)			(28,358)	
Grandi Stazioni Rail	63	(147)			(182)	(6)
Grandi Stazioni Immobiliare					(124)	
Infrarail S.r.l	6				46	13
Italcertifer					(78)	
FS Park	621	(43)			(70)	106
Mercitalia Shunting e Terminal		(11)			(75)	
Mercitalia Rail	56					53
Stretto di Messina	15				60	
T.E.L.T. Sas	698	(1,151)				1,942
Trenitalia	10,768	(4,511)			(3,965)	6,405
Trenord Srl	81	(7)				169

€'000

Company name	31.12.2025				2025	
	Assets	Liabilities	Guarantees	Commitments	Costs	Revenue
Other related parties	**1,589**	**(1,169)**			**(4,284)**	**258**
Enel Group		(14)			(7)	
ENI Group		(80)			(340)	
CDP Group		(329)			(357)	258
IPZS Group					(2)	
Poste Group		(249)			(821)	
Cooperatives, associations, EEIGs and partnerships					(151)	
Ferrovie del Sud Est	1,589	(159)				
Eurofer		(2)			(1,503)	
Previndai		(552)			(920)	
Other pension funds		216			(183)	

Financial transactions:

€'000

Company name	31.12.2025				2025	
	Assets	Liabilities	Guarantees	Commitments	Income	Charges
Parents						
Ferrovie dello Stato Italiane	39,305	50,000			(1,574)	1,773
TOTAL	**39,305**	**50,000**			**(1,574)**	**1,773**

- **Guarantees and commitments**

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

- bank sureties issued for €1,242 thousand, of which €1,237 thousand as security for lease agreements in Rome and Naples;
- bank and insurance sureties totalling €26,461 thousand issued in favour of contracting authorities and/or third-party customers to participate in tenders (bid bonds), or for the payment of advances and performance bonds for contracts the Company has been awarded.

In turn, FS Engineering received performance bonds for awarded contracts in the form of sureties of €22,556 thousand.

- **Public funding**

In 2025, the Company received the following sums for the activities it has carried out on innovative railway and environmental technology development projects of community and/or national interest.

		€'000
Provider	**Project**	**Amount**
Horizon Europe	*RECONMATIC*	122
	MOST H_2	70
Europe's Rail Joint Undertaking partnership	Made4Rail	65
	Hyper4Rail	26
Ministry of University and Research	Spoke 9 -WP3	50
ESA - European Space Agency	DGAP	7
Total		**340**

33 Events after the reporting date

- **16 January 2026**: during the night of Friday, January 16, to Saturday, January 17, works were launched on the "VI22" viaduct, marking the final step in completing the 44-kilometer new HS/HC section between Verona and Bivio Vicenza exit, part of the HS/HC rail link between Milan and Venice. The project, for which FS Engineering is responsible for High-Level Supervision and Works Management, is included in the NRRP, and is a fundamental part of the Mediterranean Corridor connecting Southern and Eastern Europe.
- **30 January 2026**: breakthrough achieved in the Cefalù Tunnel – left-hand tube. This milestone completes the excavation of the entire tunnel (6,680 meters), and is part of the project to double-track the Cefalù–Ogliastrillo–Castelbuono railway section, a strategic initiative to upgrade the Palermo–Messina line, partially funded by NRRP funds.
- **12 February 2026**: FS Engineering signed a memorandum of understanding together with the National Anti-Corruption Authority (ANAC) and the State Property Agency, aimed at promoting the adoption of advanced digital information management methods and tools (4D and 5D BIM and their evolutions) in public works.
- **28 February 2026**: the United States launched an attack on Iran, resulting in the escalation of the conflict in the Middle East. The economic impact of the current situation is, at this time, difficult to assess, as it depends on the duration of the conflict and any potential disruption to oil extraction facilities or crude oil supply routes. FS Engineering has a branch in Saudi Arabia whose staff was repatriated to Italy before hostilities escalated. Even if hostilities were to continue over time, the suspension of activities related to contracts gained in Saudi Arabia, and the failure to secure contracts from other Gulf countries, as provided for in the 2026 Budget, would not significantly compromise the economic and financial performance forecast for the year.

34 Proposed allocation of the profit for the year

The Company's financial statements as at and for the year ended 31 December 2025 show a profit for the year of €71,126,051.

We propose:

- distributing a dividend of €62,007,006, or €4,371 to each of the 14,186 shares;
- allocating the residual profit for the year, equal to €9,119,045, to the extraordinary reserve.

Rome, 11 March 2026

The Chairwoman

The Chief Executive Officer