

Financial Report of

Hitachi Rail STS

as at 31 March 2025



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Report on Operations as at 31 March 2025





1. Corporate Bodies

BOARD OF DIRECTORS

(Appointed by the Shareholders' Meeting of 29 July 2024 for the financial years 2024-2025-2026, with term of office expiring at the Shareholders' Meeting called to approve the financial statements for the year ending 31 March 2027)

LUCA D'AQUILA
Chair, Chief Executive Officer
and Legal Representative

ANTONIO COLUCCIA
Managing Director of Administration,
Finance and Control and Legal Representative

MICHELE FRACCHIOLLA*
Managing Director Line of Business Rail Control
and Legal Representative

ANDREA PEPI
Managing Director Line of Business Vehicles
and Legal Representative

ULDERIGO ZONA
Board Member and Employer

SERGIO PAOLINI
Secretary of the Board of Directors

BOARD OF STATUTORY AUDITORS

(Appointed by the Shareholders' Meeting of 17 July 2023 until approval of the financial statements as at 31 March 2026)

ALESSANDRA STABILINI
Chair

PAOLO NAGAR
Statutory Auditor

UMBERTO LA COMMARA
Statutory Auditor

ALTERNATE AUDITORS

MONICA VALENTINO

ROBERTO CACCIAGLIA

AUDIT FIRM

(for the period 2022/2024)

EY S.p.A.
(appointed by the Shareholders' Meeting of 18 July 2022)

* On 17 April 2025, Mr Fracchiolla, who resigned, was replaced by co-optation with Domenico Lanciotto.

2. Financial position and results of operations of the Group

The STS Group's results for the year are positive and aligned with the overall objectives of the Business Unit to which it belongs.

The year just ended was again marked by ongoing geopolitical risks, price fluctuations and instability in financial and currency markets. In the latter part of the year, an additional layer of uncertainty was introduced through new customs duty policies that will affect trade relations with the United States of America.

Despite all this uncertainty, the STS Group achieved improved financial results compared to the previous year, thus responding positively to market changes.

The Rail Business Unit, of which the Group is a part together with the UK parent company and the Japanese division, completed the acquisition of the signalling business (Ground Transportation Systems) from the Thales Group on 31 May 2024. As previously reported, the European Commission and the UK Competition and Markets Authority (CMA) had approved the acquisition on the condition that Hitachi Rail divest its mainline signalling activities in France, Germany and the United Kingdom. In January 2024, the Hitachi Rail and Mer Mec groups signed a put option agreement for the sale of the mainline signalling business in France and the signalling businesses in Germany and the UK. It should be recalled that the agreement involved transferring the German company to the French company, carving out the CBTC business from the French entity, transferring the mainline signalling business from the parent company Hitachi Rail Ltd, and subsequently completing the final sale to the purchaser.

On 5 April 2024, the Sale and Purchase Agreement with Mer Mec was signed by the Company, and the transaction was closed on 31 July 2024.

Further details will be provided in the course of this report.

2.1 Main performance indicators of the Hitachi Rail STS Group

Briefly:

(EUR/000)	31.03.2025	31.03.2024	Changes
New orders	6,094,566	4,291,792	1,802,774
Order backlog	18,381,497	16,540,399	1,841,098
Revenues from contracts with customers	3,680,910	3,425,885	255,025
Operating Earnings (EBIT)	370,219	205,126	165,093
Net profit/loss	266,115	128,115	138,000
Net working capital	378,392	(7,761)	386,153
Net invested capital	1,105,808	751,825	353,983
Net Financial Position (credit)	(128,444)	(396,083)	267,639
R.O.S.	10.1%	6.0%	4.1%
R.O.E.	22.3%	11.3%	11.0%
Research and Development	46,600	50,163	(3,563)
Headcount (no.)	8,280	8,485	(205)

As at 31 March 2025, the Group posted a positive net result of EUR 266.1 million (EUR 128.1 million in the previous 12 months), turnover of EUR 3,680.9 million (EUR 3,425.9 million as at 31 March 2024) and a positive net financial position of EUR -128.4 million (EUR -396.1 million as at 31 March 2024).

Orders taken during the year, which increased the order backlog (see note "Composition of non-GAAP alternative performance indicators and other indicators for a definition of "Order Backlog"") amounted to EUR 6,094.6 million (EUR 4,291.8 million in the 12 months of the previous period) and the value of the order backlog stood at EUR 18,381.5 million (EUR 16,540.4 million in the previous year).

The operating result (EBIT) amounted to EUR 370.2 million with a ROS of 10.1% (EUR 205.1 million with a ROS of 6.0% in the previous period).

Research and Development expenses allocated directly to the income statement net of contributions amounted to EUR 46.6 million (EUR 50.2 million in the previous period); it should be noted that assets of EUR 22.1 million (EUR 21.9 million in the previous 12 months) were capitalised during the year.

Group headcount at 31 March 2025 was 8,280, compared to 8,485 on 31 March 2024.

To provide further information on the Group's income statement, balance sheet and financial position, the reclassification schedules "Consolidated Income Statement", "Consolidated Statement of Financial Position", "Consolidated Net Financial Debt (cash)" and "Consolidated Cash Flow Statement" have been prepared below, highlighting the construction by the period of the data, following the classification adopted by the reference shareholder.

Consolidated income statement

(EUR/000)	31.03.2025	31.03.2024
Revenues from contracts with customers	3,680,910	3,425,885
Purchases and personnel expenses ^(*)	(3,337,099)	(3,132,097)
Amortisation/depreciation and write-downs ^(***)	(98,059)	(113,819)
Other operating income (expenses), net ^(**)	49,354	20,948
Change in work in progress, semi-finished products and fin-ished goods	8,677	18,350
Net operating financial income (charges)	66,436	(14,142)
EBIT	370,219	205,126
Net financial income (charges)	1,546	(9,782)
Income tax	(105,649)	(67,229)
Profit/(loss) from non-current assets destined for sale	-	-
Net Profit (Loss)	266,115	128,115
<i>of which Group</i>	265,921	128,093
<i>of which pertaining to Minority interests</i>	194	22

Notes on the reconciliation between the items in the reclassified consolidated income statement and the consolidated income statement:

^(*) Includes the items "Costs for purchases", "Costs for services", "Personnel costs" (net of restructuring costs) and "Provisions (absorptions) for losses on contracts" net of the item "Capitalised costs for internal production".

^(**) Includes the net amount of the items "Other operating income" and "Other operating expenses" (net of restructuring costs, write-downs and provisions (absorptions) for losses on contracts).

^(***) Includes amortisation under IFRS 16.

In summary, the operating result and, consequently, the net result are up compared to the previous period, mainly due to the effect of the completion of the sale to Mer Mec of the mainline signalling system in France, Germany and the United Kingdom, as detailed above, the increase in volumes and the effect of a different mix of orders processed in the two periods compared.

Consolidated statement of assets and financial position

(EUR/000)	31.03.2025	31.03.2024
Non-current Assets	785,407	772,761
Non-current Liabilities	(57,993)	(62,582)
	727,415	710,179
Inventories	668,174	620,728
Contract assets	1,333,094	1,231,106
Trade receivables	1,661,861	1,223,185
Trade payables	(1,388,087)	(1,441,595)
Contract liabilities	(1,825,650)	(1,531,611)
Working capital	449,393	101,812
Provisions for risks and charges	(94,986)	(95,997)
Other net assets (liabilities) ^(*)	23,985	(13,576)
Net working capital	378,392	(7,761)
Assets held for sale	-	170,214
Liabilities held for sale	-	(120,808)
Net assets held for sale	-	49,406
Net invested capital	1,105,808	751,825
Equity attributable to the owners of the parent	1,234,048	1,147,907
Equity of Third Parties	203	-
Equity	1,234,251	1,147,907
Total net financial debt (cash)	(128,444)	(396,083)

^(*) Includes "Income tax receivables" and "Other current assets", net of "Income tax payables" and "Other current liabilities".

Total consolidated non-current assets and liabilities amounted to EUR 727.4 million, up on the value recorded at the end of the previous period of EUR 710.2 million, mainly due to the increase in the value of equity investments.

Net Working Capital was EUR 378.4 million compared to EUR -7.8 million in the previous year.

The change is mainly due to the increase in trade receivables and assets arising from contracts, resulting from the increase in sales volumes.

Consolidated financial situation

(EUR/000)	31.03.2025	31.03.2024
Short term financial liabilities	29,676	4,148
Medium/long term loans and borrowings		
Cash and cash equivalents	(273,596)	(409,050)
BANK LOANS AND BORROWINGS	(243,920)	(404,902)
Related party loan assets	(19,314)	
Other financial receivables	(32,170)	(26,514)
FINANCIAL RECEIVABLES	(51,484)	(26,514)
Related party loans and borrowings	122,954	-
Other short term financial debt	13,022	2,224
Other medium/long term loans and borrowings	255	425
Short term debts for leasing	10,786	11,473
Medium/long term loans and borrowings for leasing	19,942	21,210
Related party loans and borrowings for leasing		
OTHER DEBTS	166,959	35,332
NET FINANCIAL DEBT (CASH)	(128,444)	(396,083)
Net financial position assets held for sale	-	(18,853)
TOTAL FINANCIAL DEBT (CASH)	(128,444)	(414,935)

The Group's net creditor financial position was positive, i.e. financial receivables and cash and cash equivalents prevailed over financial liabilities, at 31 March 2025 amounting to EUR -128.4 million, compared to EUR -396.1 million at 31 March 2024; in particular, dividends of EUR 174.0 million were distributed to the parent company Hitachi Rail Ltd during the year (EUR 85 million in the previous year).

In accordance with IAS 7, it should be noted that the value of the correspondence account with Hitachi International Holland B.V. at 31 March 2025 is recorded under related party loans and borrowings for EUR 122.9 million (as at 31 March 2024, EUR 102.6 million was recorded under bank deposits), while financial receivables include the equivalent value of Libyan dinars received as an advance in Libya and deposited with a local bank pending the resumption of activities, amounting to EUR 9.5 million. In financial liabilities, the amounts relating to lease contracts are EUR 19.9 million for the non-current portion and EUR 10.8 million for the current portion.

The financial information prepared according to the "Statement of Liability" format required by CONSOB communication no. DEM/6064293 of 28 July 2006, updated with the provisions of ESMA guideline 32-382-1138 of 4 March 2021 as implemented by CONSOB warning notice no. 5/21 of 29 April 2021:

(EUR/000)	31.03.2025	31.03.2024
A Cash and cash equivalents	61	85
B Cash equivalents	273,535	408,965
C Other financial assets	51,484	26,514
D Liquidity (A+B+C)	325,080	435,564
E Current financial debt	165,652	6,373
F Current portion of non-current financial debt	10,786	11,473
G Current financial debt (E+F)	176,438	17,846
H Net current financial debt (G-D)	(148,642)	(417,719)
I Non-current financial debt	20,198	21,635
J Debt instruments	-	-
K Non-current trade payables and other non-current payables	-	-
L Non-current financial debt (I+J+K)	20,198	21,635
M Total financial debt (H+L)	(128,444)	(396,083)
N Net financial position assets held for sale	-	(18,853)
O Total net financial debt (M + N)	(128,444)	(414,935)

Compared to the previous financial year, there was a decrease in cash and cash equivalents and an increase in current financial liabilities; the latter is mainly attributable to the current account with Hitachi Holland for EUR 122,954 thousand.

The consolidated cash flow statement at 31 March 2025 is as follows:

Consolidated cash flow statement

(EUR/000)	31.03.2025	31.03.2024
Starting cash and cash equivalents	409,050	354,655
Opening cash and cash equivalents from the merger	-	-
Total initial cash and cash equivalents	409,050	354,655
Profit	266,115	128,115
Share of profits (losses) of equity-accounted investees	(26,190)	(18,832)
Income tax	105,649	67,229
Italian post - employment and other employee benefits	3,392	3,668
Costs for Stock grant plans	-	-
Gains (losses) on the sale of assets	52,953	(1,083)
Net financial income/charges	(9,810)	(13,368)
Amortisation, depreciation and write downs	95,474	103,873
Changes in provisions for risks and charges	309	80
Other operating income/charges	(40,096)	39,031
Write-downs/write-ups of inventories and work in progress	10,182	(22,544)
Gross cash flows from operating activities	457,976	286,168
Changes in other operating assets and liabilities	(112,024)	(8,803)
Funds From Operations	345,952	277,366
Changes in working capital	(334,412)	51,025
Merger effect	-	-
Cash flows from (used in) operating activities	11,540	328,391
Cash flow from regular investing activities	26,313	(120,081)
Free Operating Cash Flow	37,853	208,310
Strategic investments		
Other changes investing activities	(5,213)	65,496
Change in scope of consolidation		
Cash flows from (used in) investment activities	21,100	(54,585)
Dividends paid	(174,000)	(85,000)
Cash flow from financing activities	5,952	(132,861)
Merger effect	-	-
Cash flows generated (used) in financing activities	(168,048)	(217,861)
Translation difference	(46)	(1,551)
Closing cash and cash equivalents	273,596	409,050
HFS cash and cash equivalents	-	28,045
Total cash and cash equivalents	273,596	437,095

Cash and cash equivalents as at 31 March 2025 amounted to EUR 273.6 million, down EUR 135.4 million compared to the previous year.

2.2 “Non-GAAP” alternative performance indicators and other indicators

The management of STS assesses the economic and financial performance of the Group also based on certain indicators not envisaged by IFRS - EU.

As required by CESR Communication CESR/05 - 178 b, and taking into account the guidelines contained in the ESMA Communication of 30 June 2015 Guidelines on Alternative Performance Measures, the components of each of these indicators are described below:

- **EBIT:** represents an indicator for measuring operating performance and is equal to earnings before tax and before financial income and charges, without any adjustments. The EBIT does not include income and charges on non-consolidated shareholders' equity investments and securities or the gains (losses) on any disposals shareholders' of consolidated equity investments, classified under “financial income and charges” on the financial statements or, for shareholders' equity investments recorded using the shareholders' equity method, in the item “effect of measuring shareholders' equity investments using the shareholders' equity method”.
- **Free Operating Cash Flow (FOCF):** is obtained as the sum of the cash flow generated by (used in) operating activities and the cash flow generated by (used in) investing and disinvesting in property, plant and equipment and intangible assets and equity investments, net of cash flows attributable to the purchase or sale of equity investments that, due to their nature or significance, qualify as “strategic investments”. The method of construction of the FOCF for the financial years presented for comparison is presented in the reclassified consolidated cash flow statement in the section on the consolidated financial position.
- **Funds From Operations (FFO):** is the cash flow generated (used) by operations, net of the component represented by changes in Working Capital. The method of construction of the FFO for the periods presented for comparison is presented in the reclassified consolidated cash flow statement in the section on the consolidated financial position.
- **Net Working Capital:** includes trade receivables and payables, inventories, assets and liabilities from contracts, provisions for risks and charges, net of other current assets and liabilities.
- **Net Invested Capital:** is the algebraic sum of non-current assets, non-current liabilities and net working capital.
- **Net Debt (Net) or Net Financial Position:** the scheme for calculation complies with that provided for in paragraph 127 of the CESR/05-054b recommendations implementing Regulation EC 809/2004.
- **Return on Sales (ROS):** is calculated as the ratio of EBIT to revenues from contracts with customers.
- **Return on Equity (ROE):** is calculated as the ratio between the twelve-month net result and the average equity value in the two compared periods.
- **R&D costs:** are the sum of costs incurred for research and development, expensed and sold. Normally, research costs means costs referring to the so-called “basic technology”, i.e., aimed at achieving new scientific and/or technical knowledge applicable to different new products and/or services. The research costs sold are those commissioned by the customer in respect of which there is a specific sales order and which are treated from an accounting and management perspective identical to an ordinary supply (sales order, profitability, billing, advances, etc.).
- **Orders Acquired:** is the sum of the contracts signed with the client in the period under consideration that generate rights and obligations to be entered in the order book.
- **The Order Backlog shows revenues not yet recognised for orders received.** The Order Backlog at the end of the accounting period is calculated as follows:
 - order backlog at the start of the accounting period;
 - plus new orders during the period;
 - less revenues in the period;
 - less any changes to the initial order backlog following variations in the scope, change in exchange rates and any order changes.
- **Headcount:** is given by the number of employees on the register on the last day of the period considered.

2.3 Transactions with related parties

Transactions with related parties relate to ordinary activities and take place at arm's length conditions (unless governed by specific contractual terms), as does the settlement of interest-bearing receivables and payables.

They mainly concern the exchange of goods, the provision of services and the provision and use of financial resources to and from the parent company, affiliated companies, and joint ventures (joint ventures), consortia, as well as unconsolidated subsidiaries.

No atypical and/or unusual transactions took place during the year.

The following table summarises the values of transactions with related parties (details are provided in the Notes to Financial Statements 16.1 and 17.1) as at 31 March 2025 and 31 March 2024.

31.03.2025 (EUR/000)	Ultimate parent	Unconsolidated subsidiaries	Associated companies	Consortia ^(*)	Other group companies	Total
Non-current receivables						
- financial	-	-	3,378	-	-	3,378
- other	-	-	-	-	-	-
Current receivables						
- financial	-	-	-	-	19,314	19,314
- trade	89,373	707	38,246	56,565	48,428	233,318
- other	-	-	-	-	1,345	1,345
Intercompany Deposit						
- other	-	-	-	-	-	-
Non-current payables						
- financial	-	-	-	-	-	-
- other	-	-	-	-	3,542	3,542
Current payables						
- financial	-	-	-	-	122,954	122,954
- trade	59,533	946	30,429	15,147	11,267	117,322
- other	-	-	-	-	2,494	2,494
31.03.2025 (EUR/000)						
	Ultimate parent	Unconsolidated subsidiaries	Associated companies	Consortia^(*)	Other group companies	Total
Revenues	37,164	1,756	7,703	103,472	152,826	302,921
Other operating income	10,959	15	211	-	-	11,185
Costs	91,909	6,822	121,728	47,452	35,408	303,318
Financial income	-	-	-	-	2,343	2,343
Financial charges	-	-	16	-	1,355	1,371
Other operating expenses	-	-	-	-	13	13

^(*) Consortia over which significant influence is exercised or subject to joint control.

31.03.2024 (EUR/000)	Ultimate parent	Unconsolidated subsidiaries	Associated companies	Consortia ^(*)	Other group companies	Total
Non-current receivables						
-financial	-	-	3,217	-	-	3,217
- other	-	-	-	-	-	-
Current receivables						
-financial	-	-	-	-	-	-
- trade	43,348	1,073	38,630	69,344	31,651	184,046
- other	-	-	-	-	-	-
Intercompany Deposit						
- other	-	-	-	-	102,631	102,631
Non-current payables						
-financial	-	-	-	-	-	-
- other	-	-	-	-	3,749	3,749
Current payables						
-financial	-	-	-	-	-	-
- trade	46,374	850	10,077	15,899	6,359	79,558
- other	-	-	-	8	334	342

31.03.2024 (EUR/000)	Ultimate parent	Unconsolidated subsidiaries	Associated companies	Consortia ^(*)	Other group companies	Total
Revenues	67,096	2,993	156,056	92,729	699	319,573
Other operating income	8,425	30	845	-	950	10,251
Costs	78,758	7,187	76,605	51,067	23,025	236,641
Financial income	-	-	2,208	-	7,227	9,435
Financial charges	-	-	-	-	13,006	13,006
Other operating expenses	-	-	-	-	-	-

(*) Consortia over which significant influence is exercised or subject to joint control.

It should be noted that, as part of the rules of Corporate Governance with which the Group is endowed, specific principles of conduct have been envisaged to ensure that any transactions between related parties are carried out in compliance with criteria of procedural and substantive fairness.

All related party transactions between the Parent and related parties take place at arm's length conditions. The transactions mainly refer to the delivery of projects to end customers

It should be noted that the Group companies signed a contract with the parent company Hitachi Ltd. for the use of the Hitachi brand reimbursed with the payment of a fee equal to 1% of third-party revenues.

Payables and costs to the parent company mainly relate to this.

2.4 Performance

2.3.1 The market and commercial situation

In the 2024 financial year, Hitachi Rail STS S.p.A. continued to strengthen its position in the global market through strategic acquisitions and technological innovation. The acquisition by the parent company, Hitachi Rail Ltd, of Thales' railway signalling division (GTS) consolidated Hitachi Rail's position as a global leader in signalling systems, expanding its product portfolio and opening access to new markets. This operation made it possible to leverage GTS's commercial network to enter areas that were previously inaccessible.

Hitachi Rail made significant investments in digital technology, implementing advanced artificial intelligence solutions to optimise decision-making processes related to the maintenance and lifecycle management of signalling systems and trains. These investments are aimed at improving operational efficiency and ensuring greater sustainability of railway infrastructure. A key innovation is the introduction of the *HMAX* platform – a digital asset management system that uses *artificial intelligence* to monitor and optimise railway operations. This modular and customisable platform makes it possible to predict problems, optimise the network and transform operations, reducing service delays by up to 20%, maintenance costs by up to 15% and fuel costs by up to 40%. A strategic partnership with NVIDIA has further enhanced HMAX's capabilities, making it a powerful solution for railway asset management.

The European Green Deal remains a cornerstone of Hitachi Rail's sustainability strategy, and therefore that of its subsidiary Hitachi Rail STS and its group, with the aim of achieving climate neutrality by 2050. Hitachi Rail is investing in green technologies and sustainable transport solutions to contribute to these objectives, in line with European directives. Among the key environmentally focused contracts is the agreement with Trenitalia for the supply of new ETR1000 high-speed "Full Hitachi" trains, known for their energy efficiency and low environmental impact. In addition, Hitachi Rail has developed the "Blues" train, Europe's first hybrid train, which cuts CO₂ emissions by 50% compared to existing diesel-powered vehicles. Italy's National Recovery and Resilience Plan (NRRP) continues to represent a significant opportunity for the Group. The NRRP envisages investments in digitalisation, ecological transition and social inclusion, with a particular focus on improving transport infrastructure. Hitachi Rail is involved in several projects funded by the NRRP, which aim to modernise and make Italian railway networks more sustainable.

Lastly, ongoing conflicts and wars around the world continue to impact the global market, creating economic instability and affecting business operations. Hitachi Rail is responding to these challenges with ongoing adaptability and resilience, maintaining operational stability.

The volume of orders acquired in fiscal year 2024 amounted to EUR 6,095 million, compared to EUR 4,292 million in the previous year. In particular, the Vehicles Line of Business (LoB) recorded orders worth EUR 4,471 million (EUR 2,430 million in fiscal year 2023), the Rail Control LoB EUR 1,619 million (EUR 1,862 million in fiscal year 2023) and the Smart Mobility LoB approximately EUR 4 million.

The main information by Line of Business and geographical area is given below.

VEHICLES

ITALY

HIGH SPEED Platform

Hitachi Rail STS S.p.A. has signed a major Full Service contract with Trenitalia S.p.A. (part of the FS Italiane Group) for 93 ETR1000 trains (only a portion of which are currently in service). The contract includes cyclical cleaning and refurbishment activities, has a duration of 15 years, and is valued at approximately EUR 3.3 billion (as of September 2024), reaffirming the company's leading position in the Italian high-speed rail sector. Additionally, an extension contract was signed for cleaning and refurbishment activities related to the previous Full Service agreement for 64 ETR1000 trains, with a value of EUR 40 million (May 2024).

Regarding the supply contract for *ETR 1000 Spain* trains, signed in August 2020 with the customer Trenitalia S.p.A., a significant contract amendment was formalised in September 2024, valued at approximately EUR 41 million, covering Alstom Transportation's partial takeover of the final three trains. Furthermore, several amendments concerning maintenance were signed during the financial year with the customer ISLA (Intermodalidad de Levante S.A.).

Additional contracts were also signed for integrated logistics support and refurbishment services for the ETR500 fleet, totalling approximately EUR 31 million.

REGIONAL Platform

With reference to the Framework Agreement (FA) signed in 2018 for the supply of 120 high-capacity double-deck *Caravaggio* trains to the customer Ferrovie Nord S.p.A., Hitachi Rail was awarded the seventh call-off contract in June 2024, exercising a contractual extension valued at approximately EUR 129 million (including price revision). The scope covers the supply of 13 new trains (8 four-car and 5 five-car trains). As at the end of the financial year, the total number of trains ordered amounted to 131 units (56 four-car and 75 five-car trains).

Regarding the Framework Agreement (FA) signed with Trenitalia in 2016 for the supply of 300 high-capacity double-deck *Caravaggio* “Rock” trains, Hitachi Rail was awarded new call-off contracts during the financial year, exercising the 6th/5th extension of the FA, for the supply of a further 34 trains with a total value of approximately EUR 381 million.

In addition, a formal price revision was agreed for existing contracts, amounting to approximately EUR 143 million. As at the end of the financial year, the total number of trains ordered under this agreement stood at 322 units (115 six-car, 181 five-car and 26 four-car trains).

Under the Framework Agreement (FA) signed in 2019 for the supply of 135 single-deck Masaccio “Blues” trains, Trenitalia S.p.A. awarded Hitachi Rail new call-off contracts during the financial year for the supply of a further 23 trains, with a total value of approximately EUR 200 million.

The total number of trains ordered under this agreement as at the end of the financial year was 119 units (27 three-car, 86 four-car, and 6 four-car BEMU trains). Finally, a price revision was formally agreed for the existing contracts, with a total value of approximately EUR 36 million.

MASS TRANSIT Platform

With reference to the metro transport platform, the following contracts were signed:

- Thessaloniki Metro for approximately EUR 12 million for price revisions and claims;
- Copenhagen Metro for approximately EUR 6 million for new variations and spare parts;
- Milan Metro L4 for approximately EUR 3 million for new variations.

RAIL CONTROL

ITALY

In the railway segment, Hitachi Rail reaffirms its commitment to the progressive technological upgrade of the national network in cooperation with the client RFI.

As part of the *Framework Agreement (FA2) ERTMS Lot 1 Central-North*, under the Italian National Recovery and Resilience Plan (NRRP), relating to the design and implementation of the new ACCM/ERTMS Level 2 system on 47 railway lines in Central-Northern Italy (covering a total length of 1,887 km), 29 call-off contracts (CAP/CAE) were awarded to Hitachi Rail during 2024, with a total value of approximately EUR 254 million.

In relation to upgrade works and the installation of new systems for railway signalling technologies (IXL, ERTMS, SCC, CTC) across the country, the following contracts were awarded by RFI to Hitachi Rail:

- *ACC Milano Centrale* for approximately EUR 32 million;
- *ERTMS ACCM/ERTMS Lercara – Bicocca* for approximately EUR 39 million;
- *ACCM/ERTMS Battipaglia – Romagnano* (first phase of the Battipaglia – Reggio Calabria high-speed line) for approximately EUR 20 million;

In the high-speed rail segment, Hitachi Rail maintains its leading position:

- as part of the IRICAV 2 consortium, the client RFI approved a series of variations during 2024 for the new *High Capacity/High Speed (AC/AV) Verona – Padua line*, valued at approximately EUR 33 million;
- within the Saturno consortium, a contract was signed with Hitachi Rail for the *Verona – Padua* section, valued at approximately EUR 28 million;

In the metro segment, the following are noteworthy:

- for the *Naples Metro Line 6* project, the First Additional Act to the VIII Supplementary Act was signed (November 2024), covering the expansion of the temporary depot at Mostra station, along with a major variation to the Mergellina – S. Pasquale – Municipio section (July 2024). The total value of these new awards is approximately EUR 26 million;
- for the *Rome Metro Line C* project, a major variation was signed relating to Piazza Venezia station (April 2024), with a total value of approximately EUR 99 million.

REST OF EUROPE

GREECE

Hitachi Rail, as a member of the AIASA JV consortium, signed a claim agreement with the client ELLENIKO Metro for the *Thessaloniki Metro* project, valued at approximately EUR 27 million (December 2024), relating to additional costs incurred due to the project's extended timeline.

BELGIUM

Hitachi Rail signed a contract amendment with the client STIB for the *Brussels Metro* project, valued at approximately EUR 28 million (September 2024). This includes both a new commercial agreement for Lines 1 and 5 and an extension covering the new Lines 2 and 6.

SWEDEN

As part of the development of ERTMS systems in Sweden, contracts totalling approximately EUR 13 million were awarded during the financial year by the client Trafikverket, under the *ESTER* programme.

DENMARK

Under the *Copenhagen Cityringen Operation & Maintenance* contract with the client METROSELSKABET I/S, the contract value was increased by approximately EUR 27 million for additional services.

MIDDLE EAST

For the *Etihad Stage 2* signalling project, a contract amendment was signed in June 2024, valued at approximately EUR 33 million, to adapt the system for conventional-speed passenger service. This modification allows for the inclusion of the University of Sharjah and connection to the relevant station.

Regarding the *Operation & Maintenance contract for Lines 3, 4, 5 and 6*, where Hitachi Rail is the lead partner in the Flow Consortium (together with Alstom Transport S.A. and Ferrovie dello Stato Italiane S.p.A.), a contract amendment was signed with the client RCRC for approximately EUR 9 million, related to the "First and Last Mile Program Agreement".

AMERICAS

During the 2024 financial year, Hitachi Rail secured several significant new orders in the United States. With LACMTA (Los Angeles County Metropolitan Transportation Authority), a \$24 million contract was signed for the *Door Enable* project, which will implement an RFID-based door operation solution for three vehicle types (P2000, P2550, and P3010 – totalling 337 trains), integrated with the existing Automatic Train Control (ATC) system. For the *LA HR5000* project, aimed at the design and supply of a new "Enhanced Logic Onboard" (ELO) train control platform for 182 car sets, a contract worth approximately \$31 million was signed with Hyundai Rotem Company. Signalling component sales in the US also continued to perform strongly, generating a total of \$45 million. In Canada, progress continues on the major *Ontario Line* turnkey project. A \$26 million amendment was signed to integrate new civil works in the northern section into the existing scope. In Panama, a major EUR 172 million contract variation was signed in March 2025 for the *Panama L3 Monorail* project, reflecting changes to design requirements and project timelines.

ASIA PACIFIC

Hitachi Rail delivered a strong commercial performance in Australia during financial year 2024. Under the *ETCS L2 Alliance* contract in Brisbane, Hitachi Rail secured an order worth approximately AUD 208 million related to "B2V TOC", aimed at extending ETCS Level 2 (European Train Control System) to the Gold Coast Line, covering the corridor between Beenleigh and Varsity Lakes. This major contract further strengthens Hitachi Rail's strategic partnership with the Queensland Government, enhancing safety, capacity and reliability of the network.

Within the scope of the *Rio Tinto Program Framework Agreement (AutoHaul System)*, orders totalling approximately AUD 132 million were signed in 2024. The ongoing collaboration with Rio Tinto on AutoHaul – the world's first fully autonomous long-distance heavy-haul rail network – underscores Hitachi Rail's technical leadership in advanced digital rail solutions in Australia.

In China, contract activity continued under the *CBTC Programme*, with total orders acquired in 2024 amounting to approximately EUR 12 million.

2.4.2 Business Performance

Production volume in fiscal year 2024 amounted to EUR 3,681 million, compared to EUR 3,426 million in the previous year. In particular, the *Vehicles* Line of Business (LoB) amounted to EUR 1,658 million (EUR 1,579 million in fiscal year 2023) and the *Rail Control* LoB amounted to EUR 2,018 million (EUR 1,847 million in fiscal year 2023), while the *Smart Mobility* LoB amounted to approximately EUR 4 million.

The main information by Line of Business and geographical area is given below.

VEHICLES

ITALY

HIGH SPEED Platform

ETR 1000 Italia Trains [14+30 8-car trains]

With reference to the contract stipulated with Trenitalia S.p.A. in 2019, for the supply of an additional 14 ETR 1000 trains and their Full Service, the first 8 trains (TSI 2008 configuration lot) have been in passenger service for over two years. The remaining 6 trains (lot in TSI 2019 configuration) will be delivered in the new 'Full Hitachi' configuration, following the transfer by Alstom of the intellectual property rights and business activities of the V300 Zefiro platform. Testing for type approval with prototype trains has been completed, and in March 2025, a request for Type Authorisation for Entry into Service (AISM) was submitted to the Italian National Agency for Railway Safety (ANSFISA). The authorisation is expected to be granted by August 2025, in line with the contractual schedule agreed in 2023. Production of the first series trains is currently underway at Hitachi's Pistoia and Naples plants, with delivery scheduled by the end of 2025, subject to the release of the AISM by ANSFISA.

Under the agreement signed with Trenitalia S.p.A. in 2023 for the supply of 30 additional ETR 1000 trains in the new "Full Hitachi" configuration, the trains will be manufactured at Hitachi's Naples and Pistoia facilities. The delivery schedule foresees initial units from Q2 2026, with a production rate of 8–10 trains per year.

ETR 1000 France trains [5+4 eight-car trains]

The trains acquired through amendment acts — whereby Trenitalia S.p.A. exercised the option to reconfigure and certify nine ETR 1000 trains from the base fleet for commercial service on the Milan–Paris route — are now available for operation. Authorisation testing for multiple-unit operation was completed in 2024, and in November 2024, the European Union Agency for Railways (ERA) granted formal authorisation. In addition, as of March 2025, six trains were authorised for commercial operation in multiple formation.

ETR 1000 Fleet Full Service Maintenance [50+14 eight-car trains]

Full Service ETR1000 activities on the fleet of 57 trains currently in operation, which include Level I and II preventive maintenance and corrective maintenance, continue to be carried out regularly, maintaining the level of fleet availability required by the contract. The contract and technical specifications were renewed in August 2024 and the duration of the contract was extended for a further 15 years starting from January 2025.

The following should also be noted:

- Level I and II preventive maintenance activities continue for the *Full Service Maintenance contract for the ETR 700 fleet*. The improvements in reliability achieved through the implementation of numerous upgrades and retrofits, as well as the effectiveness of maintenance activities, have increased the availability of the ETR 700 Freccia Rossa. During 2024, the first cyclical reviews of the fleet were also carried out;
- the implementation of the new CO₂ air conditioning system in the driver's cabs has been completed, as part of the activities provided for in the *ETR 500 fleet Service Maintenance* contract.

REGIONAL Platform

Caravaggio "Rock" Trenitalia, 322 double-decker trains (EMU) [train cars: 26-4+181-5+115-6]

During the fiscal year, 46 trains were delivered and put into service, bringing the total number of trains to 239.

Caravaggio for Ferrovienord, 131 double-decker trains (EMU) [train cars: 56-4 + 75-5]

During the fiscal year, 22 trains were delivered and put into service (relating to the fourth call-off contract), bringing the total number of trains to 100.

Masaccio “Blues” Trenitalia, 119 single-decker trains (HMU) [train cars: 27-3 + 92-4]

The passenger service of the Blues trains, delivery of which started in 2022, continues. The company affirms its commitment to timely deliveries, although there were delays in certain shipments, ensuring a consistent flow of trains reaching customers. During the fiscal year, 29 trains were delivered and put into service, bringing the total number of trains to 80.

Masaccio “Blues” Full Service (HMU)

The 15-year Full Service maintenance contract concerns a fleet of 96 trains located in 8 regions (Sicily, Sardinia, Calabria, Lazio, Puglia, Valle D’Aosta, Friuli-Venezia Giulia and Tuscany). The service was launched in December 2022 and is currently active in Sicily, Sardinia, Calabria, Lazio, Puglia, Friuli-Venezia Giulia and Tuscany.

MASS TRANSIT Platform

Milan Metro lines 1 and 2 “Leonardo” [30+15+15+12 6-car trains]

Warranty activities (Full Service maintenance) are currently being carried out on the last 12 vehicles in the fleet, whose warranty is due to expire in December 2025.

Milan Metro lines 1 and 3 [21+25 6-car trains]

The contract covers the design, production, commissioning and five-year warranty of 46 vehicles, of which 21 for Line 1 (first call-off contract signed in September 2022) and 25 for Line 3 (second call-off contract signed in November 2022). In December 2024, the first vehicle for line 1 was shipped to Milan. Testing and dynamic qualification are underway on vehicle 1 and static testing on vehicle 2 (in the factory), with the aim of obtaining authorisation for passenger service in the last quarter of 2025.

Milan Metro line 4 [47 4-car trains]

Since October 2024, the entire fleet of 47 vehicles has been in commercial service with good performance in terms of availability and reliability.

Genoa Metro [14 4-car trains + Hardware]

In November 2024, the qualification and approval tests were completed and the first vehicle entered passenger service in March 2025. From the start of the project until the end of the 2024 fiscal year, 5 vehicles were shipped to Genoa.

Turin tram [30+40 5-car trams]

The current contract for the supply of the 70 trams, for the customer Gruppo Torinese Trasporti S.p.A., consists of the first call-off contract for the supply of 30 trams (signed in May 2020) and the second call-off contract for the supply of 40 trams (signed in October 2022). From the start of the project until the end of the 2024 fiscal year, a total of 35 trams were delivered, of which 27 are currently in commercial service.

Rome Metro lines A and B [14 6-car trains]

In December 2022, a Framework Agreement was signed with Roma Capitale for the supply of up to 30 six-car heavy metro trains for Rome Metro Lines A and B. This was followed by the first call-off contract, signed in February 2023, for the supply of 14 vehicles. In March 2025, the first vehicle for testing and dynamic qualification was shipped to Rome.

UNITED KINGDOM

Abellio East Midlands Trains

Hitachi Rail is responsible for developing the AT300 SXR platform and supplying bogies and structural sub-assemblies for 33 five-car trains. Detailed engineering activities are nearing completion, while validation tests on the first train are underway. Production continues at the Naples plant (249 bogies produced out of a total of 330 planned) for the bogies and the structural sub-assemblies, which will then be assembled at the Newton Aycliffe plant.

West Coast Partnership

Hitachi Rail STS is responsible for supplying bogies for 13 five-car trains and 10 seven-car trains, as well as manufacturing 42 car bodies. The construction of 42 painted bodies for the six seven-car trains was completed in August 2024, and the production of the bogies at the Naples plant was completed in December 2024, for a total of 270 bogies.

SPAIN

ETR 1000 Spain Trains [20+3 8-car trains]

The supply of the 20 trains envisaged by the first contract was completed in August 2023. The delivery of the 3 additional trains, which are the subject of the option exercised by Trenitalia S.p.A., is scheduled for 2026.

Full Service Fleet Maintenance ETR 1000 Spain

Commercial operation of the ETR 1000 Spain fleet and the related Full Service contract commenced in November 2022. To date, the mileage and availability measured for the fleet in commercial service is in line with contractual requirements.

GREECE

Thessaloniki Metro [18 + 15 4-car trains]

All 18 vehicles in the basic fleet have been in passenger service since the end of November 2024, with good performance in terms of reliability and availability. Production continues at the Pistoia site for the additional 15 vehicles ordered for the extension of the line. Production of the first of the new vehicles has been completed and is scheduled to be shipped to Thessaloniki in the next fiscal year.

AMERICAS

Washington Metro [64 4-car trains]

The WMATA 8k project for the supply of new trains for the Washington, D.C. metro, saw the completion of the preliminary design phase and the start of the final design phase. In addition, testing of body sub-assemblies has begun.

Baltimore Metro [39 2-car trains]

The *Baltimore Metro* project involves replacing the existing fleet (together with the rail traffic management system) with 39 new two-car vehicles (Married Pair, MP). The entry into commercial service is currently scheduled for 2025. Three trains were delivered to Baltimore and qualification tests are underway. Production of the remaining trains continues at the Hagerstown manufacturing plant, with the option to bring forward the delivery of additional trains immediately.

Honolulu metro [20 4-car trains]

The project has been in commercial operation since June 2023. It is the first fully autonomous underground system in the United States, with a total fleet of 20 four-car trains, capable of accommodating up to 800 passengers each. During the fiscal year, Hitachi Rail completed delivery of all trains planned for this project.

Lima Metro [42 6-car trains]

Hitachi Rail, part of the concessionaire consortium for the *Metro de Lima* project, is supplying a total of 42 automated guided vehicles, which will be operational on Line 2 and Line 4, consisting of 35 stations and 35 km of tunnels. Phase E1A (GoA2) has been in commercial service since December 2023. To date, 41 trains have been delivered, while the 42nd and final vehicle is being manufactured at the Reggio Calabria plant and will be delivered in 2025.

With regard to ongoing economic and financial disputes, please refer to the Litigation section.

Ontario Line RSSOM [31 4-car trains]

All activities related to the Ontario RSSOM (*Rolling Stock, Systems, Operations and Maintenance*) project, awarded by the Connect 6ix consortium, of which Hitachi Rail is the leader, are also proceeding. The *Vehicles* business line will supply a fleet of 31 driverless trains (fixed 4-car configuration), which will run every 90 seconds through the heart of the city on a 15.6 km route. The Letter of Intent with the main suppliers is currently being finalised, and a plan to accelerate engineering and procurement activities for signalling and civil interfaces has also been presented to the customer in order to keep the rolling stock production programme in line with expectations.

ASIA PACIFIC

Sanying metro [29 2-car trains]

Series production began at the Kasado plant in Japan, and in fiscal year 2024, the first 21 vehicles arrived in Taiwan. The remaining vehicles are being assembled in Kasado and will be transferred to Taiwan by 2025 (two of which were already transferred at the beginning of the year).

RAIL CONTROL

ITALY

RAILWAYS

A total of 21 activations and/or reconfigurations of various plants and technologies were completed throughout the country, both on *Conventional Projects* and on the *NRRP* projects.

Here are some of the most important results:

- in April 2024, Phase 2 *Naples SCCM* was activated;
- in June 2024, Phase 2.6 of the *Turin - Padua* project was activated with the new Monza ACC and the new Brignole ACC at the Genoa Node;
- also in June 2024, Phase 2 of the *Voghera - Pavia ACCM* was activated on the Milan - Genoa historic line, *Pisa SCC*, *Bari SCCM Phase 1* and *Palermo SCCM Phase 1*;
- in December 2024, Phase 2 of the *Turro ACC* and the new *Nogara P. Rusco ACCM* was activated on the Verona-Bologna route;
- finally, in March 2025, *Palermo SCCM Phase 2* was activated and, on the Gallarate - Rho section of the 2nd FA ERTMS, the *Rho station* was upgraded.

HIGH SPEED

With reference to the *Milan-Genoa HS/HC project (Terzo Valico dei Giovi)*, the Second Amending Act was signed between the Saturno consortium and the general contractor Cociv, which envisages an extension of the works programme. Installation work is also underway at the *Genoa Node*. With reference to the new *HS/HC Brescia Verona* route, design activities were carried out and the *Mazzano junction* was activated in December 2024. Installation work is also underway on the existing line in preparation for the upcoming activation of the *Lugagnano junction*. With reference to the new *HS/HC Verona Padua* route, and in particular the first functional lot, the important activation of the two diversions on the historic line was achieved (August 2024). Installation work is also underway on the existing line in preparation for the upcoming activation of the *Ronchi junction* and the *Olmo junction*.

MAINTENANCE, SERVICE AND SPARE PARTS

The activities relating to assistance and maintenance services in Italy mainly concerned proprietary technology systems with the customer RFI, maintenance of *ERTMS* systems of Frecciarossa high-speed trains with customer Trenitalia, traditional SCMT systems (also with other railway operators), maintenance of proprietary systems of line C of the Rome Metro and, lastly, the provision of assistance and repair services to other railway and underground operators.

MASS TRANSIT

Naples Metro Line 6

In July 2024, the Municipio-Mostra route was opened to commercial service using *LTR 90*-type trains (25 metres in length). At the same time, a contract was signed with the granting authority, the *Municipality of Naples*, for the supply of 22 new 39-metre trains, with a first financed batch of 6 units. These will be integrated into the operational line via the temporary depot at Mostra station. The first batch is scheduled for delivery in 2026, with progressive entry into service expected by 2027. To support this, an expansion and upgrade of the temporary depot is underway, with completion expected by 2026.

Rome Metro Line C

Testing activities continue on the section up to Colosseo station (formerly Fori Imperiali), with delivery currently planned for late 2025. Civil works are ongoing for Venezia station, part of the P. Venezia – Colosseo route. For section T2, the final design has been delivered, with contract award by *Metro C* expected in 2026. For section T1, Roma

Metropolitane has requested that Metro C prepare the final design. With regard to ongoing economic and financial disputes, please refer to the Litigation section.

Milan Metro Line 4

In July, the final operational section was inaugurated, marking the full completion of this major metro project for the city of Milan by Hitachi.

Alifana

For the *Piscinola–Aversa Centro* line project, construction of Melito station is nearly complete and currently being commissioned, along with the new OPM4 temporary maintenance depot, which will be handed over to the operator at the start of the new financial year. Installation work on the line, ramps and sidings is ongoing. Regarding the *Piscinola–Capodichino* line project, Phase 1 (Piscinola–Secondigliano), including the stations at Miano, Regina Margherita and Secondigliano, is progressing steadily. For Phase 2 (Di Vittorio–Secondigliano), activities are expected to commence in spring 2026.

REST OF EUROPE

GREECE

The base section of the *Thessaloniki* Metro successfully entered commercial service on 30 November 2024. Work also continues on the Kalamaria extension, for which Hitachi is supplying the signalling system.

DENMARK

The M4 line extension of the *Copenhagen Cityringen* Metro to *Sydhavn* entered service in June 2024. The operation and maintenance activities of *Copenhagen Cityringen*, contracted until September 2027, continue successfully.

UNITED KINGDOM

In *Glasgow*, all trains have now entered service for the metro project. Tunnel installations are complete, while works at the stations and depot are ongoing. The new Operations Control Centre (OCC) has been handed over to the client, and dynamic testing of the CBTC signalling and telecom systems is underway.

BELGIUM

Work continues on the project for the technological renewal of the *Brussels* metro signalling system. The Erasme depot was brought into service in May 2024. Installations at the first eight stations are complete, and validation testing with the client has begun, including CBTC signalling in ATP (Automatic Train Protection) mode on both M6 and M7 train types. Installations continue across the rest of the line. Validation testing of the new ATS (Automatic Train Supervisor) system has been completed, with commissioning expected in the first half of the new financial year.

SPAIN

Service continues successfully on the *Madrid–Barcelona* high-speed line (up to Lleida), with the contract extended to September 2027. The scope includes Level 1 and 2 maintenance of the ERTMS system, supervision systems, auxiliary systems, facilities and power supply to technical rooms.

For the *La Robla–Pola de Lena* project, in addition to progress on civil works for the third track (Iberian gauge), ERTMS and supervisory system maintenance services have now commenced on the same section.

MIDDLE EAST

Work continues on the *Etihad Rail Stage 2* signalling project, with one section of the freight line completed. Installation works are ongoing, targeting full system delivery by the end of the new financial year. Dynamic testing for passenger services on the main line is in its final phase, to be followed by completion and handover of the line and all its branches.

For the *Riyadh Metro Line 3* signalling project, 17 of the 22 stations and both depots have been delivered.

Under the *Operation & Maintenance contract for Lines 3, 4, 5 and 6* in Riyadh, where Hitachi Rail leads the Flow Consortium (with Alstom Transport S.A. and Ferrovie dello Stato Italiane S.p.A.), operations have expanded during the financial year to include Line 5 and part of Line 3, alongside the already operational Lines 4 and 6. Operation and maintenance of the *Automated People Mover (APM) at Princess Noura University (PNU)* continue with very high service availability, fully complying with all contractual performance requirements for the transport system and associated facilities.

AMERICAS

USA

For the *MBTA North Side ATC (Automatic Train Control)* project in Boston, all major construction and testing activities have been completed. Final punch list items are currently being closed out.

For the *Maryland Transit Administration Baltimore project (Train Control and Railcar Replacement)*, final field testing is underway, and the project is progressing toward safety certification and system acceptance.

On the *Bay Area Rapid Transit (BART)* project in San Francisco, the Test Track installation and testing have been completed. Testing of the Automatic Train Supervision (ATS) system is ongoing and expected to be finalised during the next financial year. Installation for Phase 2 has commenced.

In *Honolulu, Hawaii*, following the start of commercial operations, the project has achieved exceptional performance levels, with Segment 1 operations averaging 99.4% availability. Construction of Segment 2 has also been completed and is currently undergoing system testing.

CANADA

The *Hurontario Light Rail Transit* project in Mississauga, Ontario continues to progress. The construction phase has been delivered, including the installation of operations and maintenance facility infrastructure.

All activities also continue for the *Ontario RSSOM project (Rolling Stock, Systems, Operations, and Maintenance)*, awarded by the Connect 6ix consortium, led by Hitachi Rail. The 15.6 km line will include 15 stations, of which eight will be underground, and will run through central Toronto. During the financial year, interface design for civil works in the southern section was completed, while the northern section is progressing.

PERU

On the *Lima Metro* project, following the successful completion of trial runs on part of the line, Phase *E1A (GoA2)* entered commercial service in December 2023. Design, procurement and installation activities are ongoing for Phases *E1B and E2*.

PANAMA

The Panama project is advancing, with detailed design, material procurement and installation activities currently underway.

ASIA PACIFIC

In Australia, under the *ETCS L2* contract for the Queensland State Government, the ETCS L0 (level 0) signalling system for on-board systems successfully entered service in the Brisbane metropolitan area — a major milestone in Queensland's broader rail modernisation programme. Dynamic integration testing for ETCS L2 (level 2) is ongoing, in line with project timelines, and aligned with the Queensland rail strategy and preparations for the Brisbane 2032 Olympic Games. Also in Australia, for the *New Generation Rollingstock (NGR) ETCS* project, progress continues on the technology upgrade of the 75-train NGR fleet operated by Queensland Rail. Phased onboard ETCS installations are proceeding as planned, supporting enhanced safety, interoperability and future compliance with digital rail standards. For the *San Ying* signalling project in Taipei, Taiwan, relating to the delivery of a new driverless metro system, the design for all subsystems has been approved by the client. Installation and testing activities are currently underway. In financial year 2024, dynamic testing of the signalling system began, with full line testing scheduled for the next financial year. The *CBTC Program project* is moving forward in China, with Hitachi Rail partnering to supply signalling systems for several metro lines. During the 2024 fiscal year, 5 of the 18 lines were successfully migrated to the new version of the CBTC system. Under the *North-South Commuter Railway (NSCR – CP04) contract* with the Philippine Department of Transportation, Preliminary, Pre-Final and Final Design phases are advancing. Pre-Final

design documentation and Factory Acceptance Test (FAT) plans are under review and approval. FAT execution, material production and equipment delivery will follow. Installation works at the depot and elevated structures are scheduled to begin in the next financial year. In Chennai, India, work continues on Phase 2 of the *Chennai Metro*, which involves the delivery of a CBTC GoA4 system (Grade of Automation 4 fully driverless) and Video Management System (VMS). The preliminary design and procurement phases have been completed. Final design for all Stage 1 subsystems has been submitted and is pending client approval. Installation has begun in the Stage 1A section, and dynamic testing of the signalling system is expected to be completed during financial year 2025.

2.5 Reconciliation statement of the result for the year and the equity of the Parent Company with the consolidated results as at 31 March 2025

(EUR/000)	Shareholders' Equity	of which: Financial year result
Parent's equity as at 31 March 2025 and profit for the year then ended	1,043,964	348,933
Difference between the equities shown in the annual financial statements (including profits for the year) compared with the carrying amounts of investments in companies consolidated on a line-by-line basis	129,055	(27,829)
Difference between the shareholders' equities shown in the annual financial statements (including profits for the year) compared with the carrying amounts of investments in companies consolidated on an equity basis	107,951	26,190
Goodwill	-	-
Consolidation adjustments for:		
- Dividends from consolidated companies	-	(28,653)
- Translation reserve	24,750	-
- Impairment losses (reversals) on investments in consolidated companies and financial receivables of subsidiaries	-	-
- Disposal of shareholdings in consolidated companies	(71,674)	(52,721)
- Other adjustments	-	-
Group total	1,234,048	265,921
- Non controlling interests	203	194
Total equity at 31 March 2025 and profit for the year then ended	1,234,251	266,115
Consolidated Equity and Profit	1,234,251	266,115

3. Economic performance and financial situation of the Parent Company

3.1 Key performance indicators of the parent company

The main data concerning the economic and financial performance of the parent company for the period from 1 April 2024 to 31 March 2025 are shown in the table of "Key data":

(Values in EUR/000)	31.03.2025	31.03.2024
New orders	5,698,082	3,680,919
Order backlog	13,795,534	11,157,807
Economic Turnover	3,102,597	2,707,224
Revenues from contracts with customers	2,956,092	2,640,342
Operating Earnings (EBIT)	426,535	228,268
Net profit/loss	348,933	174,018
Net working capital	353,982	(43,762)
Net Invested Capital*	929,933	563,501
Net Financial Position (credit)	(114,031)	(306,157)
R.O.S.	14.43%	8.65%
R.O.E.	33.42%	20.01%
Research and Development	33,098	30,954
Headcount (n,)	5,421	5,125

3.2 The parent company's schedules showing its financial position and results of operations

The tables on the Company's economic and financial situation are shown in detail, highlighting the construction by the period of the data.

Income statement

To provide complete information on the financial, economic and equity situation of Hitachi Rail STS S.p.A. (hereinafter also referred to as HRSTS, Hitachi Rail STS or STS) reclassification statements have been prepared, relating to the financial performance for the year and the comparison with the previous year.

(EUR/000)	31.03.2025	31.03.2024
Revenues from contracts with customers	2,956,092	2,640,342
Purchases and personnel expenses ^(*)	(2,644,003)	(2,388,662)
Change in work in progress, semi-finished products and finished goods	(4,532)	13,035
Amortisation, depreciation and write-downs	(79,118)	(88,244)
Other operating income (expenses), net ^(**)	72,414	21,945
Other operating financial income	202,111	101,327
Other operating financial charges	(76,429)	(71,475)
Adjusted EBITA	426,535	228,268
Restructuring costs	-	-
Operating result (EBIT)	426,535	228,268
Net financial interest	7,144	(6,839)
Net profit before tax	433,679	221,430
Income tax	(84,745)	(47,412)
Net profit before discontinued	348,933	174,018
Result of discontinued operations		
Net profit/loss	348,933	174,018

Notes on the Reconciliation of the Reclassified Profit and Loss Account and the Income Statement:

^(*) Includes 'Costs for purchases', 'Costs for services', 'Personnel costs' and 'Accruals/releases for losses on contracts' net of 'Restructuring charges' and 'Capitalised costs for internal construction'.

^(**) Includes the net amount of 'Other operating income' and 'Other operating expenses' (net of Restructuring Charges of Accruals/releases for losses on contracts).

The Company posted revenue of EUR 2,956.1 million (EUR 2,640.3 million in the previous 12 months), an increase of EUR 315.8 million due to the greater progress on works underway; total procurement and personnel costs increased by EUR 255.3 million.

EBIT amounted to EUR 426.5 million (14.4% of revenues) compared to EUR 228.3 million (8.6% of revenues) in the previous period; the increase is due to the effect of higher volumes, a different and favourable mix of orders on hand in the two periods compared, higher operating expenses and income from the sale of the French and German subsidiaries.

Income taxes amounted to EUR 84.7 million (2.9% of revenues) compared to EUR 47.4 million (1.8% of revenues) which, as a percentage of pre-tax profit, represented 19.5% (21.4% in the previous year), due to the impact of dividends and gains on the disposal of equity investments; net profit amounted to EUR 348.9 million compared to EUR 174.0 million in the previous period.

Statement of Financial Position

The following table provides an analysis of the balance sheet structure as at 31 March 2025 and a comparison with the values as at 31 March 2024:

(EUR/000)	31.03.2025	31.03.2024
Non-current assets	620,876	628,040
Non-current liabilities	(44,925)	(44,853)
	575,951	583,187
Inventories	544,166	514,679
Assets/Liabilities from contracts	1,034,496	947,581
Trade receivables	1,439,103	1,062,641
Trade payables	(1,289,463)	(1,391,053)
Progress payments and advances from customers (net)	(1,345,710)	(1,107,038)
Working capital	382,592	26,810
Provisions for risks and charges S/T	(59,907)	(65,065)
Other net current assets (liabilities), net ^(*)	31,296	(5,507)
Net working capital	353,982	(43,762)
Assets held for sale	-	24,076
Net invested capital	929,933	563,501
Equity	1,043,964	869,658
Total net financial debt (cash)	(114,031)	(306,157)

Reconciliation notes between the reclassified statement of financial position items and the statement of financial position.

^(*) Includes 'Income tax receivables', 'Other current assets' and 'Derivative assets' net of 'Income tax payables', 'Other current liabilities' and 'Derivative liabilities'.

Net capital invested, EUR 929.9 million, increased compared to the value of the previous year, EUR 563.5 million, mainly due to the increase in working capital.

Non-current assets and liabilities amounted to EUR 575.9 million, compared with EUR 583.2 million in the previous year, and net working capital amounted to EUR 354.0 million, compared with EUR -43.8 million in March 2024; in particular, the increase in trade receivables and the reduction in trade payables were only partially offset by a reduction in total inventories.

The change in shareholders' equity of EUR 174.3 million was mainly due to the recognition of the profit for the year of EUR 348.9 million, partially offset by the distribution of dividends of EUR 174.0 million.

It should also be noted that the assets held for sale amounting to EUR 24.1 million recorded at 31 March 2024 were sold during the financial year.

Net financial position

Below is the net financial debt (cash) as at 31 March 2025 compared to the corresponding figure as at 31 March 2024:

(EUR/000)	31.03.2025	31.03.2024
Short term financial liabilities	47,694	9,704
Cash and cash equivalents	(162,903)	(302,779)
Bank loans and borrowings	(115,209)	(293,075)
Related party loan assets	(203,736)	(92,365)
Other financial receivables	(10,290)	(9,515)
Loan assets	(214,026)	(101,880)
Related party current loans and borrowings	208,185	81,814
Related party non-current loans and borrowings	0	0
Other financial liabilities	7,019	6,984
Financial liabilities	215,204	88,797
Net financial debt (cash)	(114,031)	(306,157)

Net cash and cash equivalents as at 31 March 2025 showed a negative balance, i.e. a prevalence of financial receivables and cash and cash equivalents over financial liabilities, of EUR -114.0 million, compared to the balance of EUR -306.2 million recognised as at 31 March 2024.

In particular, it should be noted that financial receivables, amounting to EUR 214.0 million as at 31 March 2025 (EUR 101.9 million as at 31 March 2024), mainly consist of the current account with the US subsidiary (EUR 156.4 million) and with the French newco (EUR 47.2 million); financial liabilities (EUR 215.2 million compared to EUR 88.8 million) mainly consist of debit balances on treasury accounts with Hitachi International Holland B.V. (EUR 123.0 million) and current accounts with the Australian (EUR 37.2 million) and Spanish (EUR 48.0 million) subsidiaries.

Financial receivables include recording in corresponding value of the Libyan Dinar advances received in Libya and deposited in a local bank (EUR 9.5 million).

Financial liabilities include the accounting of lease commitments as required by IFRS16, amounting to EUR 6.8 million in the non-current part and EUR 5.0 million in the current part.

The Parent Company's financial information prepared according to the "Statement of Liability" format required by CONSOB communication no. DEM/6064293 of 28 July 2006, updated with the provisions of ESMA guideline 32-382-1138 of 4 March 2021 as implemented by CONSOB warning notice no. 5/21 of 29 April 2021:

(EUR/000)	31 March 2025	31 March 2024
A Cash and cash equivalents	16	37
B Cash equivalents	162,886	302,743
C Other financial assets	214,026	101,880
D Liquidity (A+B+C)	376,929	404,659
E Current financial debt	250,882	86,046
F Current portion of non-current financial debt	4,996	5,472
G Current financial debt (E+F)	255,879	91,518
H Net current financial debt (G-D)	(121,050)	(313,141)
I Non-current financial debt	7,019	6,984
J Debt instruments	0	0
K Non-current trade payables and other non-current payables	0	0
L Non-current financial debt (I+J+K)	7,019	6,984
M Total financial debt (H+L)	(114,031)	(306,157)

It should be noted that a reconciliation with the net financial position is not necessary as the values coincide.

Also shown is the reclassified cash flow statement as at 31 March 2025, compared to the year ended 31 March 2024.

(EUR/000)	31.03.2025	31.03.2024
Starting cash and cash equivalents	302,779	229,279
Profit	348,933	174,018
Income tax	84,745	47,412
Italian post-employment and other employee benefits	1,903	1,657
Costs for defined benefit plans	837	500
Net financial income	(132,826)	(23,014)
Amortisation, depreciation and write downs	79,118	88,244
Provisions to/release of provision for risks and expenses	(5,159)	6,276
Accruals to/reversal of provisions for risks		
Gross cash flows from operating activities	377,552	295,094
Changes in other operating assets and liabilities	(345,974)	(187,823)
Fund From Operations	31,579	107,271
Changes in working capital	(356,032)	17,621
Cash flows from (used in) operating activities	(324,454)	124,892
Cash flow from regular investing activities	107,798	29,164
Free operating cash-flow	(216,655)	154,057
Strategic investments		
Dividends received from STS Group companies	24,530	52,234
Cash flows from (used in) investment activities	132,328	81,398
Dividends paid	(174,000)	(85,000)
Cash flow from financing activities	232,780	(40,691)
Capital payments of lease liabilities	(6,531)	(7,100)
Cash flows generated (used) in financing activities	52,249	(132,791)
Increase (decrease) in cash and cash equivalents	(139,876)	73,500
Closing cash and cash equivalents	162,903	302,779

The Free Operating Cash-Flow trend is a function of the different projects progress, the lower dividends collected and the higher dividends distributed.

4. Key operations of the financial year and after the end of the reporting year as at 31 March 2025

As mentioned in paragraph 2, Economic Performance and Financial Position, the significant event of the year was the sale of the mainline signalling business in France, Germany and the United Kingdom, a condition imposed by the European Commission and the UK Competition and Markets Authority (CMA) to authorise the parent company Hitachi Rail Ltd. to acquire the signalling business (Ground Transportation Systems) from the Thales Group.

More specifically, on 5 April 2024, the Sale and Purchase Agreement with Mer Mec was signed by the Company, and the closing of the transaction took place on 31 July 2024, the date on which Mer Mec paid the Company the Estimated Purchase Price, amounting to approximately EUR 154.1 million, excluding an amount of EUR 770,000, which was to be paid upon collection of certain net residual receivables related to the CBTC business included in the scope of the sale. Subsequently, in December 2024, the Company submitted the Closing Statement to Mer Mec to determine the Final Purchase Price, proposing an adjustment of approximately EUR 900,000, bringing the total to approximately EUR 155.0 million.

This price adjustment was not paid by Mer Mec. On 9 January 2025, Mer Mec issued a Notice of Disagreement to the Company, challenging the price determination on various grounds and requesting a reduction in the purchase price.

The Company therefore entered into discussions with the aim of clarifying the basis of Mer Mec's objections and finding a fair and mutually satisfactory resolution.

Following several rounds of analysis and meetings, with the involvement of their respective financial and legal advisors, the Company and Mer Mec reached an informal agreement in early April 2025. This agreement was submitted by the Company to an independent external advisor for validation, to ensure that the entire sale process and final price — including the impact of the settlement — were in line with market practice and fair market value.

The Settlement Agreement was formally signed on 20 May 2025.

The final agreed price, as set out in the 20 May Settlement, was EUR 144.5 million. The EUR 9.6 million reduction from the original Estimated Purchase Price of EUR 154.1 million was paid to Mer Mec within 15 working days from the date of signing the Settlement. In addition, the Company granted certain additional indemnities or increased existing indemnities under the terms of the sale and purchase agreement, and also agreed to bear certain costs, resulting in an additional estimated economic impact of approximately EUR 8.6 million.

5. Risks and uncertainties

The risks highlighted below result from consideration of the characteristics of the market and the business of Hitachi Rail STS, together with the main findings of the updated Risk Assessment.

The Risk Assessment is aimed at identifying and assessing the main risks that may impact on the achievement of objectives, concerning the processes identified as relevant and the related mitigation actions, as well as the definition of further actions to be taken to reduce the risk further or improve the performance of the process. The process of Risk Assessment adopted by Hitachi Rail STS refers to the internationally recognised “Enterprise Risk Management” framework of the “Committee of Sponsoring Organisations of the Treadway Commission” (COSO report) which aims to integrate Risk Assessment into the processes of planning, implementation of business objectives and internal control to create value according to appropriate risk management and mitigation plans, as well as exploiting any opportunities.

Particular attention was paid to the main risks, or those that could have the greatest impact on multiple strategic objectives. The main risks and uncertainties are presented below according to the classification adopted by Hitachi Rail STS (strategic, operational, financial and compliance risks). There may be risks that are currently unidentified or not considered significantly relevant that could nevertheless have an impact on activities.

Finally, it should be noted that the Group has no exposure to Russia and Ukraine.

In accordance with corporate governance, the activities of Group Risk Management and, in particular, the results of the Risk Assessment are presented and discussed periodically at the Risk Management Committee.

5.1 Strategic risks

5.1.1 Changes in the macroeconomics and market context

Hitachi Rail STS operates in a global market, exposed to risks arising from changes in the geopolitical and macroeconomic environment that may compromise growth prospects, impact the supply chain and lead to a reduction in contracts profitability.

The worsening geopolitical situation and economic instability resulting from the ongoing war in Russia and Ukraine, the outbreak of new conflicts in the Middle East and the Red Sea, as well as the high level of uncertainty surrounding the ongoing trade war, are putting further pressure on price volatility and the availability of raw materials, increasing transport and insurance costs, and causing interest rates to remain high, with repercussions on the global economy and on the cost of debt relating to Hitachi Rail’s business.

Escalating trade tensions between the US, China and Taiwan, increased trade barriers, protectionism, and sanctions and shortage of electronic components could negatively impact production times and costs and contracts profitability, as well as hinder access to global markets.

5.1.2 Inflation and profitability of contracts

Generalised raw materials price increases may not be fully compensated by price adjustments, where contractually provided for or negotiated. This scenario would result in the acquisition of lower-margin orders, cancellation or delayed acquisition of contracts and, in particular, significant extra costs with a negative impact on the profitability of ongoing projects and new acquisitions. Prices volatility (with particular reference to raw materials, energy and labour costs) remains a critical issue, despite the gradual reduction in energy prices.

5.1.3 Innovation as a competitive factor

The activities of Hitachi Rail STS are characterised by a significant level of technological innovation and digitalisation, which is an important competitive factor. The rapid evolution of technology, including Artificial Intelligence, and developments in technical standards that the company does not promptly implement or the shortage in the market of adequate technical skills could negatively affect competitiveness and market share

The ability to anticipate technological changes and implement an effective and efficient investment and talent recruitment policy is therefore paramount. Innovation needs, the content of research and development projects, their benefits and priorities may not be assessed appropriately and promptly, with the risk of delays in the availability of new products and technical solutions, instability of new products, additional development costs on projects and loss of business opportunities.

The rapid evolution of technology, in contrast to contractual commitments requiring the availability of spare parts for long periods, creates a risk of obsolescence. Specific processes have been implemented to manage this risk effectively.

5.2 Operational risks

5.2.1 Competitiveness

Growing competitiveness in certain markets, the complexity of contracts, pressure on prices, the presence of global and local players, and recent consolidation operations require an efficient structure in order to be able to compete. The evolution of markets and the geopolitical scenario, as well as the increasing rigour of customers in investing public resources, could outpace the Group's ability to react and manage contractual relationships with third parties and suppliers. This could lead to a decrease in profitability and the acquisition of orders, extra costs in execution and weak competitive positioning in the market.

5.2.2 Availability of electronic components

The global shortage of electronic components and rising prices, as well as heightened tensions between Taiwan and China, despite improved lead times, diversification of supplies and improved forecasting capabilities, could result in project delays and increased production costs, respectively. The increase in costs may not be readily offset by price adjustments or be fully transferred to customers, leading to a temporary drop in profitability.

5.2.3 Contract complexity

The tightening of contractual and financial conditions in new contracts downstream of the financial crisis, together with the increase in their complexity (Turnkey, Project Financing) and of projects on lines in operation, which entail higher risks, could have negative effects on competitiveness and performance, such as difficulties in acquiring orders, shrinking margins on new orders acquired and exposure to more demanding contractual conditions.

Based on these assumptions, the drafting of the offer quotation and the determination of the price are the result of an accurate, articulated and punctual estimation exercise that involves many corporate functions and is further supplemented by risk assessments to cover any areas of uncertainty inevitably present in each offer (so-called contingency). Notwithstanding these monitoring activities during the execution of contracts, the costs and revenues, and consequently the margins that the Company realises, may vary, even significantly, from the estimated amounts, for various reasons related to, for example (i) poor performance/productivity of suppliers and subcontractors; (ii) poor performance/productivity of resources; (iii) changes to the project (so-called change order) not recognised by the customer; (iv) increases in the cost of raw materials (e.g. steel, copper, fuels, etc.); (v) increases in the cost and unavailability of electronic components; (vi) delays in the delivery of the Group's areas due to delays in civil works. All of these factors, in addition to other risks generally inherent in the sector in which the Group operates, may entail additional costs, such as the non-recognition of revenues and the consequent

reduction of estimated margins, leading to an even significant decrease in profitability or losses on projects. The materialisation of such significant differences could deteriorate the Group's financial results and damage the Group's reputation in the relevant market.

5.2.4 Reliance on public customers and complex long-term contracts

The business of Hitachi Rail STS depends significantly on public procurement and, particularly in the business of the turn-key systems, on complex, multi-year contracts of significant amounts.

Delays, amendments, revisions or cancellations of one or more significant contracts acquired could negatively impact its activities and its financial position and results of operations.

Furthermore, assessing long-term contracts using the percentage of completion method requires the estimates of costs to complete the activities, project risks (technical, legal, tax and commercial) and contract state of progress. These estimates are based on assumptions about the effects of future events that, due to the nature and complexity of the projects to be executed, could manifest themselves differently than expected, with a negative effect on the economic and financial performance of the project. There is, in fact, often an element of uncertainty related to third-party performance of civil works for transport infrastructure and the related impacts on programs cannot always be covered with contractual clauses.

Mitigating these risks are the diversification of markets and the monitoring of country and regulatory risk, structured processes of project review with the involvement of the company executive, the evaluation and periodic updating of estimates of contract budgets and schedules, and the adoption of risk management processes, both in the bidding and project execution phases, and Lifecycle management based on the constant comparison between physical progress and accounting progress.

5.2.5 Contract budgeting and planning processes

The project team may be unable to develop the order within the budget and timeframe, particularly in complex projects, due to less than fully effective planning and control activities, shortcomings in technical project management, and varying contractual requirements. Such risks could lead to delays in identifying enforcement issues and subsequent recovery actions and inaccurate reporting and planning, adversely affecting the Company's economic, asset and financial situation.

Mitigating this risk are defined and monitored processes for controlling physical and accounting progress and risk management, the clear assignment of responsibilities to the project team, processes for evaluating managerial progress of the project, processes for analysing estimates during the bidding phase, and the independent evaluation performed by the risk management function.

5.2.6 Third parties (subcontractors, sub-suppliers)

The business of the Group is characterised by significant use of subcontractors for supplying sub-systems or assembly and installation services and sub-suppliers of products or services. Therefore, the ability to fulfil one's obligations towards the principal is conditional on the proper performance of contractual obligations by subcontractors and sub-suppliers. Therefore, the latter's default could cause STS to default, with negative impacts on its reputation and, barring possible compensation through recourse actions against subcontractors and sub-suppliers, on its economic, asset and financial situation.

In particular, in turn-key projects, in association with other operators, each party is generally jointly and severally liable to the client for the realisation of the entire work. In the event of non-performance or damage by an associated operator towards the client, STS may be called upon to replace the non-performing or damaging party and fully compensate the damage caused, without prejudice to its right of recourse against the defaulting associated company. If the right of recourse against the operator responsible for the breach or damage is ineffective or protracted, this could negatively impact the company's operations as well as its equity, financial position and results of operations.

The preliminary evaluation and subsequent selection and qualification of suppliers, subcontractors and sub-suppliers, particularly in new markets, may be inadequate, with negative impacts on the competitiveness of the technical solutions offered or on the performance of projects.

Mitigating these risks are the processes of selecting and qualifying suppliers, subcontractors and sub-suppliers; defining, signing and managing appropriate contractual and grouping clauses; the processes of risk management and requiring, where applicable, appropriate guarantees.

5.2.7 Requirements management and adequacy of technical references

Differing interpretations of requirements and undefined or incomplete specifications could negatively impact the suitability of the product, adherence to the budget and delivery time, and the performance of the project and customer satisfaction.

Ineffective configuration management due to difficulties tracking products/components could result in poor spare parts, repair and maintenance management.

To mitigate these risks, requirements and configuration management processes are in place to ensure project and development management's quality, time and efficiency. Specific initiatives are in place to monitor the proper implementation of these company processes to projects.

The technical requirements of the market and possible solutions are also updated during product development.

5.2.8 Liability to customers or third parties for products defects or delivery delays

The technological complexity and the timing of delivery of products and systems could expose the company to liability for the possible delay or non-delivery of the contractual products or services, for the possible non-responsiveness of the same to the customer's requirements, due to, for example, design and manufacturing defects, to defaults and/or delays in marketing, in the provision of after-sales services and in the maintenance and overhaul of the products. Furthermore, many products and systems supplied are subject to certifications and approval, including by third-party entities. This liability could be directly attributable to STS or to third-party operators, such as sub-suppliers or subcontractors. Should these risks occur, they could negatively impact the company's operations, its equity, financial position, results and reputation. Among these negative effects could be incurring costs for repair activities on defective products or, in extreme cases, their withdrawal from the market. In relation to these effects, even if adequate insurance is in place, the insured sum could be exceeded or the premiums could be raised following a claim, negatively impacting the company's equity, financial position and results of operations.

5.2.9 Human resource management

The Group supplies products and systems with high technological content in a global market to realise that it is necessary to employ human resources with specific training that is often difficult to acquire in the local market.

The success of business development plans, particularly in new markets, also depends on attracting, retaining and developing human resources skills, particularly to operate in a global market environment, in complex projects and with technical skills not always available on the market.

Particular critical issues may arise in "non-domestic" markets, where the absence of pre-existing local structures and specific sector skills may delay the monitoring and operations of the project teams necessary for customer and other local stakeholders management.

To mitigate this risk, it should be noted that the organisation was reviewed, and resource management, remuneration policies, and human resources planning were correlated with business needs. Plans are in place (Local Key Competence) for the identification and development of key competencies and a programme of Training on the job for their transfer according to business needs.

5.2.10 Business Continuity

A worsening geopolitical environment and/or exposure to major natural events (such as earthquakes, tidal waves, floods, torrential rains, tornadoes and volcanic eruptions) or even accidents (such as fires and explosions), widespread epidemics and pandemics, labour conflicts, terrorism and political changes could impact the supply chain, projects in execution and/or preclude future opportunities and business continuity.

The preparation of specific procedures for the management and communication of the crisis, with special recovery plans, is in progress, after issue of specific procedures and collection of information on critical areas.

5.2.11 IT systems

Information systems are an essential tool of the operational structure and require management aligned with the Group's strategic objectives. IT solutions that do not meet the needs of the business or updates of such solutions that are not in line with the needs of the users, such as inefficient management of systems and suppliers in outsourcing, could jeopardise the efficient and effective performance of the business.

Furthermore, the possible unavailability or interruption of IT services, and the possible violation of the integrity of networks and data (including sensitive or intellectual property), even due to external cyber-attacks, could hurt STS's operations.

To mitigate this risk, it should be noted that IT policies are defined in correlation with organisational and process change initiatives and that STS has a Governance system inspired by best practices and follows structured and monitored processes for managing infrastructure and applications, including cyber-security protections, where mandatory training on phishing has also been provided.

The necessary focus on cybersecurity is confirmed by the regular risk assessments and the reporting of recorded events by the IT function, in accordance with the company's governance framework.

There is a continuing global increase in threats to cybersecurity and higher levels of professionalism in cybercrime, which pose a risk to the security of products, systems and networks and to the confidentiality, availability and integrity of data. This trend accelerated during the Covid-19 pandemic, with ongoing international geopolitical tensions and technological and AI developments.

5.3 Compliance risks

5.3.1 Health, safety and environment

The Group is subject to health, safety and environmental regulations in the various countries in which it operates. Failure to comply with these regulations due to inadequately supervised operational processes and, in particular in countries that follow not high standards, are exposed to specific risks, such as high crime, terrorist acts, and epidemics; as a consequence of inadequate assessment of the required compliance and necessary protective measures, this could expose STS to risks with significant impacts on its business, economic, asset and financial situation and reputation.

To mitigate this risk, it should be noted that the Group adopts health, safety and environmental management systems to ensure strict compliance with regulations following best best practices. These processes are certified to the OHSAS 18001 standard for workplace safety and ISO14001 for the environment at the main sites.

Requirements on new markets are evaluated at the time the bid is prepared and the assistance of external advisors is also sought. In addition, common policies and procedures have been defined to ensure uniform behaviour in the various realities while considering specific local regulations.

The health and safety of workers may be at risk due to worsening geopolitical situations in some countries where STS operates and/or due to natural disasters (such as major earthquakes, tsunamis, floods, torrential rains, hurricanes and volcanic eruptions), including accidents (such as fires and explosions, epidemics/pandemics) and conflicts (such as demonstrations, labour disputes), terrorism and political changes.

5.3.2 Legal Disputes and Export Control Compliance

The complexity of relations with third parties (customers, subcontractors/sub-suppliers), particularly in international projects, the content of the systems and products manufactured, as well as the risks specific to the business, expose the Group to risks of legal disputes. This could also concern the awarding of tenders. Settlement of disputes could be complex and time-consuming, causing delays in project implementation with negative effects on the business and the economic, asset and financial situation. To mitigate this risk, we highlight the processes of risk management in both the bidding and management phases, the regular monitoring of litigation, the careful verification of contractual clauses with the support of the legal department, and the adoption of a prudential approach in recognition of special items under contract costs and risk provisions.

Moreover, the company, operating in an international and complex environment, could be exposed to risks of non-compliance with export control regulations. A lack of awareness or underestimation of this risk could hurt the company's reputation and profitability.

To mitigate this risk, the company has defined a process of mapping and evaluating the controls in place and to be implemented and training programmes.

5.4 Financial risks

5.4.1 Ability to finance a high level of current assets and obtain guarantees

The realisation of orders requires:

- adequate funding of current assets;
- the issuing of bank and/or insurance guarantees in favour of the client at the various stages of the life of the projects (bid bond, advance payment bond, performance bond, retention money bond, warranty bond and/or Parent Company Guarantee).

Current assets are usually funded through sums paid by customers in the form of payments on account and payments related to work state-of-progress reports.

The ability to obtain guarantees under economically viable conditions depends on the economic, asset and financial evaluation, which is generally linked to various evaluation indices, including the economic and financial analysis, the risk analysis of the order, experience and competitive positioning in the relevant sector.

In the event of difficulties in negotiating adequate financial terms in new contracts, delays and/or interruptions in payments and the worsening of already agreed payment terms, or in the event of the failure or reduction of the ability to obtain guarantees under economically viable conditions, there would be negative effects on the business and the economic, asset and financial situation of the Parent Company and the Group as a whole.

Due to the acquisition of contracts with less favourable financial conditions, working capital is subject to constant monitoring and specific initiatives to reduce its impact in the current economic and market phase.

The underestimation of binding clauses and/or inability to transfer the terms of obligations to the customer back to back to suppliers due to a lack of awareness of guarantee instruments and expiration dates could lead to potential

unrecovered losses by suppliers in the event of the activation of guarantees or claims for damages.

6. The Environment

The Group recognises its social responsibility in every aspect of its operations in the communities in which it operates, committing itself to being not only an economic player but also an active promoter of sustainable growth and quality of life.

The transport sector is central to the UN's 2030 Agenda for Sustainable Development, integrating multiple sustainability and social impact goals. In this context, the Group is committed to leading the railway sector towards a more sustainable and inclusive future, contributing significantly to the Sustainable Development Goals (SDGs), in particular SDGs 8, 9, 11, 12, 13 and 17. Sustainable growth is only possible through a holistic approach that considers positive impacts, risk management and the development of opportunities, while maintaining continuous control over professional quality to safeguard natural resources and protect the environment. The Group encourages collaboration with governments, companies, non-governmental organisations and consumers around the world to support policies aimed at strengthening environmental protection, ensuring decent working conditions, supporting the transition to clean energy, combating climate change and social inequalities and protecting human rights. The creation of value and positive impact pursued by the Group are constantly verified through compliance with current regulations and responsiveness to the needs of stakeholders. To this end, the Group adopts an approach based on continuous analysis of the impact of its activities in order to identify and implement measures to mitigate environmental risks. The Group has therefore adopted a system and procedure for reporting its ESG (Environmental, Social and Governance) performance, which is continuously updated and aimed at verifying the achievement of its objectives. In 2024, the Group continued to pursue its ambitions and commitments, as expressed in various areas of communication and institutional relations, as an innovator in improving climate impact, maintaining its goal of achieving net zero emissions by fiscal year 2050.

Establishing a culture of corporate social responsibility and sustainability involves ongoing training updates for all staff members.

Hitachi's sustainability strategy encompasses all ESG aspects, underscored by the various certifications maintained throughout 2024. These include ISO 14001 (Environment), which, together with SA 8000 (Social Accountability) and ISO 30415:2021 (Human Resource Management - Diversity and Inclusion), has been obtained in Italy.

It is worth noting in relation to products that the BSI PAS 2080 certification was obtained: a global standard for carbon management of infrastructure that was created to meet the requirements of the World Trade Organisation. BSI PAS 2080 is a certification that ensures the quantification of CO₂ emissions in a consistent and transparent manner at key points of infrastructure provision, promoting data sharing along the value chain.

The areas of improvement in which the company has taken action include:

- initiatives to raise staff awareness of environmental protection, encouraging the adoption of virtuous behaviour to promote energy saving and more responsible waste management with a view to continuous improvement;
- E-learning on the fundamentals of environmental and social sustainability, with new training courses on basic and advanced concepts related to ESG issues as well as training for SA8000 for all employees;
- energy efficiency initiatives, through interventions aimed at optimising office lighting with the installation of low-consumption systems and building insulation systems to reduce the use of heating;
- internal mobility services with electric cars car-sharing for work purposes in and out of company offices, replacing fossil fuel vehicles, with free and simplified use thanks to a specific company App digital solution;
- initiatives to reduce landfill by promoting practices for the reuse and recycling of products and packaging;
- contribution to local communities for the restoration or protection of endangered or protected species of flora and fauna;
- preliminary analysis and start-up of initiatives aimed at self-production of energy through the installation of photovoltaic systems in some of the main production plants;
- strengthening of the consumption monitoring system, completion of the Pilot project at the Reggio Calabria site and gradual extension to other sites during 2024.

In the light of current social and environmental challenges, regulatory and reputational risks, and new market opportunities created in particular by technology and digitisation, it is evident that ESG aspects - Environmental, Social and Governance- are growing in importance.

The management of ESG aspects in Hitachi is integrated into internal processes and controls, recognising their importance for value creation, starting from the analysis of investments to the definition of environmental protection programmes.

With the publication of the Hitachi Rail ESG Report, the company has transparently communicated its values, strategies, policies and decisions in relation to economic, environmental and social sustainability.

The Company is in full compliance with current legislation and regulations and coherence with the Code of Ethics and Business Conduct, Corporate Model 231, the Policies and all regulations on Health, Safety and Environment (HSE), operates by pursuing sustainable management of social and environmental issues related to the services of all its business areas.

Strategic orientation and management approach

In fiscal year 2024, Hitachi reconfirmed its commitment to tackling climate change by strengthening its goal to contribute to a net-zero society by 2050. In this context, the Group is committed to achieving carbon neutrality along the entire value chain, including production, procurement and use of products and services by fiscal year 2050. With the implementation of the Global Business Management System (GBMS) for Environment, Safety and Quality, Hitachi Rail has defined its commitment by establishing global policies and procedures to ensure the controlled management of processes and activities for occupational safety and environmental protection.

The integrated management model steers and coordinates the process, outlining short and long-term guidelines and principles and stimulating internalisation of the sustainability and environmental protection and safety strategies. Through an ongoing process of actions, monitoring and evaluation, significant environmental benefits have been achieved, particularly in terms of the rational use of resources, waste production and the reduction of CO₂ emissions.

The ISO 14001 standard and the EMAS Regulation (Environmental Management and Audit Scheme - certification obtained for the production site in Tito and implementation of the EMAS Regulation in 2021 for the production sites in Naples, Reggio Calabria and Pistoia) represent the recommended model for the development of management systems, the certification of which is a tool for further promoting environmental awareness. The system consists of internal environmental management standards implemented to ensure the timely identification of the most relevant impacts and the adoption of the most effective management and mitigation measures through a structured performance monitoring system.

Hitachi Rail, having obtained the national EMAS 2023 award for its Tito Scalo (PZ) site in category 3 dedicated to projects and initiatives aimed at energy independence, has disseminated these principles to its other sites.

The two main projects considered are the revamping of the plant's entire electrical system, including the upgrading of the distribution system and the replacement of lighting fixtures with a Wi-Fi home automation system, and the installation of a photovoltaic system to generate electricity from renewable sources.

Hitachi Rail was awarded by ISSA (International Social Security Association) at the HSE World Congress, as the first company to implement the Vision Zero Environment standard, creating a systemic approach to contribute to better environmental protection, based on the following rules:

1. Assume leadership – demonstrate commitment
2. Identify hazards – control the risks
3. Define objectives – develop programmes
4. Ensure an environmental system – be well organised
5. Ensure that operating processes and workplaces are environmentally safe
6. Improve qualifications – develop skills
7. Invest in people – motivate through participation

In addition to the ISO 14001 standard, the company has obtained certification in ISO 50001 since 2022, which focuses on the principles of efficient energy control and management across its facilities.

In 2024, HITACHI Rail UAE won the special recognition award for the 2024 Hitachi 'Inspiration of the Year' award with its construction site environmental management project 'Towards Zero Construction Footprint'.

The prize of EUR 1,000 will be donated to UNICEF to support children affected by war.

In 2024, Hitachi Rail was awarded the Gold Medal, ranking among the top 5% of companies assessed by EcoVadis in its sector for their commitment to sustainability in 2024.

This “Gold” rating for the global rail business unit demonstrates our commitment to promoting a sustainable business strategy that takes into account people’s well-being, environmental protection and our leading role in decarbonising the transport sector.

Innovation and dissemination of good practices

More specifically, the above-mentioned Environmental Management System is applied to the following activities:

- Production facilities, for the manufacture of products used in safety, control and monitoring systems supplied;
- Headquarters (non-production) mainly for signalling equipment design, safety, reliability and availability analysis, laboratory testing, order management and control, research and development, procurement, prevention and protection;
- Work sites for activities in relation to management and coordination, surveillance and control of production, commissioning and roll-out of plant and delivery to the customer. With respect to environmental issues as a result of such activities, the Group operates in accordance with operating control procedures, based on an initial analysis of the work to be performed at the site, prepared and agreed with the subcontractors; this is followed by a monitoring plan to continuously ensure legal compliance and that all possible steps are taken to limit the environmental impact that the opening of any site inevitably entails.

It is recalled that as part of their commitment to decarbonisation and a greener future, Hitachi Rail STS and A2A signed an agreement in 2022 with the Virtual PPA (Power Purchase Agreement) formula, which envisages the implementation of new plants that will reduce CO₂ emissions by around 4,000 tonnes per year. Over the next two years, photovoltaic panels will be installed on the surrounding land and on the roofs of the production sites in Reggio Calabria and Pistoia.

The new latest generation photovoltaic panels will be able to produce around 12 GWh/year of energy, equal to 40% of the average annual requirements of the Italian sites; the partnership will provide green energy for self-consumption in the Hitachi Rail production areas.

The Virtual PPA will also provide electricity to the Genoa, Tito Scalo and Turin sites

Energy efficiency

Energy efficiency research is divided into the following macro-areas:

- Supporting the design of “Turn-key” systems through holistic hardware in-the-loop simulators aimed at providing an energy-efficient transport system;
- “Operation-rail & driverless”, whose focus is on finding the optimal speed profile, taking into account scheduling and driving behaviour;
- ‘Energy Saving Technologies’ focuses on ground source recovery systems, geothermal heat pumps and simulators for optimal super capacitor storage system dimension. In order to reduce electricity consumption, the company carries out constant monitoring of its real estate assets aimed at increasing their environmental efficiency. Energy-saving lighting and heating/air conditioning technologies are used as much as possible.

On this subject the Group has been working on this issue for some years now:

- Sharing policies, best practices and technical/economic tools for energy management;
- Carry out training on the use of the H-Vision monitoring platform;
- Energy Management Systems have been implemented and certified in accordance with ISO 50001 at the production sites in Naples, Reggio Calabria, Pistoia, Tito and Newton Aycliffe.

Eco-design

The Group has completed the project to integrate ISO 14006 “*Environmental design guidelines*” into its management systems. The structure of the ISO 14006 standard consists of the standards relating to the quality management system (ISO 9001) and the environmental management system (ISO 14001).

The Vehicles and RC LoBs have adopted dedicated procedures for LCA management, published on the GBMS portal for ecodesign and carbon management, a necessary step in the upcoming Carbon Management certification process according to the ISO 14067 standard.

The S-LCA (Social Life Cycle Assessment) was applied to evaluate the positive and negative performance of a product (HMU vehicle) (according to UNEP 2020 guidelines). The main objective of this project is, after the initial implementation of S-LCA on the Blues train and its life cycle, to develop a communication scheme for social impact in accordance with the standard for product labels (ISO 14025), leading the company to certify its first SPD (Social Product Declaration). Following the process of issuing the S-LCA and the related PCR, Hitachi obtained SPD (Social Product Declaration) certification for the Blues train in November 2023.

Hitachi Rail is also working on issuing a procedure for managing S-LCA within the Vehicle LoB, with the aim of releasing it by the end of FY2025.

Commitment to combating climate change

The Group is committed to progressively reducing CO₂ emissions in all stages of operations. Activities and initiatives to tackle climate change are undertaken as part of a globally developed Carbon Management strategy.

To establish an improvement strategy, the company reports direct and indirect greenhouse gas emissions following the GHG Protocol, striving for their reduction through specific programmes:

During 2023, a detailed analysis of the risks and opportunities related to climate change was carried out and these risks were integrated into the Enterprise Risk Management (ERM) Risk register.

Communication, training and information

The Group is increasingly focussed on training related to environmental issues.

A specific training process is fundamental to fostering a sense of environmental responsibility and constructive environment-related dialogue among employees and suppliers/contractors.

The interventions carried out are aimed at raising awareness:

- the importance of complying with the Environmental Policy and the Environmental Management System requirements;
- the importance of applying the principles laid down in the GBMS;
- actual or potential significant environmental impacts of activities and the environmental benefits that each individual can pursue;
- roles and responsibilities in order to comply with the Environmental Policy and the Environmental Management System requirements, including the preparation of contingency and response plans;
- the potential consequences of deviating from the operating procedures;
- The potential that implementing a joint policy on quality, environment and safety represents for the development of business and the development of rail transport;
- of the importance that each element of the organisation contributes to the achievement of environmental objectives and in particular reducing energy consumption, CO₂ emissions, waste production and circular economy.

Subsequent Environmental Management System training sessions are held for personnel, based on the specific corporate processes and related environmental aspects relevant to their activity.

The Company keeps records of all training provided to personnel in its facilities.

The training and educational sessions are held by experts in the topic concerned and the people responsible for organising them produce the related documentation.

During the financial year, the Be Safe, Be Green, Be Eat and Be Well campaigns were launched with the aim of creating a highly reliable culture of health and safety, environment and well-being in order to protect the health and safety of ourselves and others.

During World Safety and Environment Week, several initiatives were launched:

1) Safety Ambassador:

- Recognise colleagues who demonstrate exceptional commitment to creating a safe and healthy workplace, promoting well-being and safety;
- Encourage more people to recognise the efforts of others in the field of safety;
- Promote a culture in which health and safety, both our own and that of others, are at the heart of everything we do;

2) *A greener tomorrow starts with me:*

- Promote a sense of responsibility and collective ownership of our environmental impact, in order to create a culture that is committed to sustainability and actively strives to make a difference;
- Sharing the corporate strategy to shape a sustainable future. Other initiatives, already implemented in 2023 and continued in 2024, included:
 - active educational workshop for all managers at all sites, Safety Leadership Workshop, to get leaders involved in spreading a culture of health and safety with high reliability; sharing of the 11 Life Saving Rules to follow to take into account critical safety risks. These were defined through the active collaboration of staff at all sites;
 - training and information on the global reporting tool, EcoLine, for reporting incidents and good practices, among other things, through the use of a QR Code.

Management of water resources

The Group remains committed to the rational use of water resources, including through training and raising of awareness on this issue. Water consumption is related to sanitary purposes and the operation and cooling of air conditioning systems; only in some locations is it also used for green areas.

Energy consumption, CO₂ emissions

The main Sustainable Facility strategic objectives (integrated into the two “Energy Efficiency Management” and “Resource’s Efficiency” pillars) are:

1. To implement energy management optimisation plans globally according to the sustainability roadmap, which covers the period 2020-2030;
2. To lead global partnerships with a subject matter expert (Hitachi Europe) to implement an energy optimisation strategy and approach from 2020;
3. To ensure efficient and effective management of real estate properties at global level, with the aim of maintaining their appropriateness;
4. In order to develop a holistic approach to achieve the decarbonisation objective, every investment, equipment enhancement and proposed initiative is assessed through the 3Rs approach: Reuse, Recycle, Reduce.

The Group recognises that achieving Sustainable Development Goal 7 (“Ensuring access to affordable, reliable, sustainable and modern energy for all”) will benefit people around the world who use its products and its transport solutions.

Management of dangerous substances

The management of hazardous substances involves identification, storage, use and disposal. For these stages, control is guaranteed by analysing safety data sheets, analysing compliance with regulations and carrying out periodic checks to verify management, storage and risks and hazards to the environment and to the health and safety of workers.

For the products used in the production process, a compliance analysis is also carried out in accordance with REACH regulations.

The company policy aims to reinforce the principle of reuse, recycling and recovery of waste substances and/or products. All sites are equipped with waste collection areas according to the type of waste and the site structure. Specialised external companies collect and treat both hazardous and non-hazardous waste. The most important waste at production sites concerns paper, cardboard and wood packaging, metals and equipment at the end of its useful life.

The hazardous substances used in production processes are handled in full respect of the environment and applicable standards, by adopting all possible precautions.

Critical risk management procedures, including the management of hazardous substances and their storage, have been defined to guide a consistent and standardised approach to the environmental and safety risks associated with these substances.

7. Research and development

The costs allocated to the income statement for research and development activities totalled EUR 46.6 million (EUR 50.2 million in the previous period), of which EUR 13.1 million related to Vehicles (EUR 12.2 million in 2023), EUR 31.1 million for Rail Control (EUR 38.0 million in 2023) and EUR 2.4 million for Smart Mobility; income from grants totalled EUR 12 million (EUR 10.4 million in 2023), of which EUR 2.9 million (EUR 1.0 million in 2023) related to Vehicles and approximately EUR 9.1 million (EUR 9.4 million in 2023) to Rail Control.

It should also be noted that, during the year, the conditions occurred for some activities that allowed for the capitalisation of a total of approximately EUR 22.1 million, of which EUR 17.2 million for the Vehicles part and around EUR 4.9 million for the Rail Control part; depreciation and amortisation recorded in the period amounted to approximately EUR 31.0 million, of which EUR 24.6 million for the Vehicles part and around EUR 6.4 million for the Rail Control part.

In general, after identifying strategic projects for the company's future development, the ability to generate future economic benefits was assessed based on forecasts concerning the market, the products being researched and the likelihood of commercialisation.

Vehicles

The main activity during the financial year was the development of a single-deck hybrid regional vehicle, capable of operating under overhead catenary power as well as using its on-board traction battery on non-electrified sections of track. In parallel, work continued on the consolidation of the high-speed train platform and its variants for deployment across different rail networks. Development is also ongoing for innovative, high-efficiency traction motors and high-performance traction power converters.

Another key area of research relates to digital applications and artificial intelligence. An agreement was finalised with NVIDIA, the leading provider of hardware and software tools for such technologies. The applications under development include infrastructure monitoring by trains in commercial service, assisted/autonomous driving, and energy consumption reduction.

In terms of funded research, work progressed during the year on the ULISSE project (sUstainable rOLLing Stock to inSpire the nExt), financed under the Innovation Agreements scheme launched by the former Ministry of Economic Development, with a total value of EUR 15.6 million. Activities, which began in March 2023, focus on the development of battery-powered vehicles and the consolidation of the high-speed train platform.

Within the framework of the EU Joint Undertaking Europe's Rail, the activities of the first Rail4Earth project continued according to schedule. The project has a duration of four years and a value of approximately EUR 5 million, including ancillary activities. The main theme is the development of environmentally friendly and energy-efficient vehicles. In addition, this project includes studies to improve the travel experience and comfort of passengers.

As part of its participation in the activities of the National Centre for Sustainable Mobility (MOST), established and funded by MIUR, with reference to the 'PoC and Scalability' call for proposals, the BAT4TRAIN project, worth approximately EUR 750,000, was completed during the financial year for the development of a traction battery system for railway vehicles. The activities of the Centre's spoke 4 continue with the validation and field testing of a hybrid battery-powered regional train demonstrator.

With regard to activities at the ARTES4.0 Competence Centre, during the year, work was carried out on the HEADS project, worth approximately EUR 800,000, aimed at developing a railway vehicle guidance system based on artificial intelligence methods for energy saving and decarbonisation.

Lastly, in the fiscal year, the activities and expenditure for the REINFORCE research project, completed in the previous year, were certified by the lender.

RAIL CONTROL

Capitalised projects are mentioned:

- *Hermes Dragon* - a programme linked to the Automated Train Supervision System (ATS), a key element of the CBTC solution for the metro market that will contribute to meeting customer needs and continuous improvement in the areas of maintainability, scalability, availability, extensibility, safety and portability;
- *ON BOARD BSL3 R2* - completion of evolutionary development activities in the ERTMS market to offer a modular, scalable and competitive application solution;

- ON BOARD BSL4 - Launch of the specification and development activities of version 2.1 of the BSL4 ERTMS
- ERTMS Oriented - development program relating to the ERTMS roll-out plan and part of the Italian NRRP. Development activities mainly focus on the technological improvement of track-side signalling technologies and related tools.

With regard to activities whose costs have been directly allocated to the income statement, among the projects financed by the European Commission through Europe's Rail JU, the following are highlighted:

- MOTIONAL ("MObility management multImodal enviroNment aNd digitAl enabLers").
- R2DATO ("Rail to Digital and Automated Train Operations").
- IAM4RAIL ("holistic and Integrated Asset Management for Europe's RAIL System").
- TRANS4M-R ("Transforming Europe's Rail Freight").
- FutuRe ("*Delivering Innovative rail services to revitalise capillary lines and Regional rail services*").

In the satellite context, the SBS 2 project ("SBS RailS Phase 2.1- Technology Demonstrator for the certification of an ERTMS L2 solution for regional lines based on a satellite signal"), whose aim is to design, develop and test (both in the laboratory and in the field at the Novara-Rho line) an ERTMS Level 2 Regional solution. This is based on satellite localisation of the train and ground-to-train communications implemented via IP protocols, using the services of public networks, starting with the MLCP platform developed within SAT4Train.

The Baseline Design Review, Critical Design Review, FAT and SAT milestones were achieved during the period under review.

The FAT and SAT tests were carried out with a solution that was developed, validated and certified and for which the SC (under contract Lot 1-Phase 4) was issued.

On 12 April 2024, the Final Review (last contractual milestone) was held, during which a number of actions to be completed by Hitachi and the project supplier were identified. These were finalised and the milestone was therefore paid by ESA and the project closed.

Additional development activities that do not receive external funding related to:

In Italy:

- MacroLok Interlocking Platform;
- Radio Based Communication RBC;
- Maintenance of the "Automation v2.0" platform;
- Maintenance of the OnBoard platform (ELO).

In France:

- CBTC (Communication-Based Train Control);

In the USA:

- Automatic Train Supervision (ATS) - Metro applications;
- Maintenance of the "Automation v2.0" platform;
- Interlocking MicroLok.

Briefly:

- CBTC development activities are continuing to integrate generic functions and safety testing and verification activities for projects already under construction, and integration with GTS solutions has begun;
- ATS Metro evolutionary developments continued jointly with the CBTC roadmap;
- RBC developments (on the MacroLok platform), aiming to adapt the generic application to the more advanced ERTMS standards;
- with regard to the MicroLok interlocking platform, implementation of the PTC application for the North American freight market, ViPro V3.X, continues;
- as regards On Board (ELO), delivery activities for Baseline 3 R2 are continuing in Italy and activities relating to v2.1 of BSL4 are commencing. For the North American market, activities relating to the application for mass transit systems are being completed.

With regard to Smart Mobility, the work relating to “360Pass”, the innovative mobility solution with smart ticketing functionality that Hitachi Rail launched first in Genoa and then in Trento, should be highlighted. Ongoing advancements are incorporating a new back-end technology that facilitates the purchase and validation of bus and train tickets through a solution requiring minimal hardware installation and utilising mobile applications. This innovation aims to revolutionise urban and metropolitan travel by digitally connecting public and private transport systems worldwide. The 360Pass solution offers a wide range of personalised information on public transport travel including the fastest and cheapest multimodal options as well as real-time updates and information on the crowding levels of the various transport means, allowing the choice of less crowded ones. In addition to the passengers 360Pass, the Lumada Intelligent Mobility Management suite (360Motion and 360Flow) provides operators with the ability to connect, scale and optimise the entire city transport network in real time. With the creation of a “*digital twin*” of end-to-end multimodal journeys, the operator can optimise services, the timetable and create a system that allows the management of the various peaks and drops in users. It can also identify possible problems that discourage the use of public transport, such as congestion, emissions, crowding or service gaps.

It should be noted that the 360 Suite, through the use of specific cloud-based and multitenancy technologies, opens up the possibility of developing a recurring business model based on the principles of Software as a Service (SaaS).

8. Human resources and organisation

The financial year marked a pivotal moment for the company and the group, with the beginning of the integration process with the Ground Transportation Systems (GTS) business and the launch of a transformation aimed at creating a new integrated organisational structure. The objective is to strengthen leadership in the sustainable mobility sector and respond more quickly to the needs of global customers.

The parent company, Hitachi Rail Ltd, initiated the first step toward building an integrated and sustainable organisation, based on three core principles: neutrality, accountability and agility, to ensure an effective and responsive working environment. This new model is structured around three key pillars:

- Global Lines of Business (LoBs) – fully accountable for their own Profit & Loss
- Geographies/Regions – aimed at strengthening customer relationships
- Functions and Centres of Excellence – to support business activities and deliver integrated solutions

Alongside the Chief Operating Officer (COO) – who is responsible for the P&L across all Lines of Business (including GTS) and for leading the transformation of the business model – the Japan Business unit holds responsibility for operations in Japan, including the Japan Initiatives, and has a mandate to enhance collaboration and synergies with the global organisation. A new Digital Artificial Intelligence Line of Business has also been established, focusing on strategically important digital and AI initiatives, in collaboration with external partners and the broader Hitachi ecosystem.

Two new key roles have been created, reporting directly to the CEO of the Rail Business Unit, to lead future integration from both commercial and technical perspectives:

- **Chief Markets Officer (CMO)**: responsible for optimising geographical coverage, defining commercial and go-to-market strategies, and enhancing customer engagement.
- **Chief Strategy & Technology Officer (CSTO)**: responsible for technology alignment, defining corporate strategy, and driving innovation for future market offerings.

Additionally, the following roles have also been introduced, reporting directly to the CEO of the Rail Business Unit:

- **Chief Sustainability Officer & Chief Diversity, Equity and Inclusion (DE&I)**: responsible for accelerating long-term strategy in these key areas, fostering an inclusive culture, and delivering on our mission to contribute to society
- **Government, Public Affairs and Communications**: responsible for internal and external communications, and for managing relationships with government bodies, regulators and public institutions.

To reinforce alignment across all GTS functions, a dual reporting structure has been formalised, linking GTS functions with their respective counterparts in Hitachi Rail. This move strengthens the matrix organisation model across the business, fostering innovation and the sharing of knowledge.

The integration and harmonisation of the Performance and Talent Management processes were implemented in line with the Group's directives and guidelines.

Concerning the evaluation of Performance, the annual Global Performance Management (GPM) process was launched for the entire corporate population using the Group's HiNext platform. The target-setting phase for FY2024 was launched in May, further finalised in the Mid-Term Review in October.

For the Mid-Term review, initiatives were promoted to strengthen the full understanding and use of Group skills among leaders, including briefings and dedicated e-learning on the topic, aimed at spreading knowledge among teams.

The final assessment phase began at the end of February and is still ongoing. It has seen a strengthening of the assessment of the Group's new skills, particularly through dedicated work by N-1 business leaders in evaluating their leadership teams.

The Talent Review process has been substantially completed; it is aimed at identifying resources based on the general level of performance and potential, as well as legitimate aspirations, to define consequent and coherent development actions to support growth. To support Line Managers in the process and ensure full understanding, dedicated briefings were provided.

Continuity was given to the construction of the company's Talent Management system, aimed at promoting the company's human capital and ensuring corporate continuity for strategic positions.

The main activities performed were:

- Identification of key positions within the organisation through HGG A-C and, in some cases, D for all business functions
- Defining Succession Plans for identified key positions, also based on the Talent Review process results.

As part of the Group's development processes, the following initiatives are also mentioned:

- Future50 programme, aimed at fostering the growth of talent. Some key changes were introduced to the process in 2024 in order to encourage rigorous selection for the Business Units: a psychometric assessment was introduced in conjunction with the Hitachi Group's 360° Leadership Assessment, aimed at identifying strengths and areas for improvement to support resource growth. The talent selection process for participation in the programme has also been strengthened through interviews with local and global HR leaders.
- Group Training/Development programmes (Hitachi Discovery Program, GAP-K, GAP-L, GAP-M and R2L) promote growth and development globally. The number of participants was significantly increased, in particular for the GAP M and R2L programmes.

Training and Development

In total, more than 107,500 hours of training were provided during the year.

The most significant initiatives are listed below:

Managerial Training:

- *LEAD – Leadership Enhancement and Development*: this programme includes in-person and remote workshops on leadership, aimed at supporting the development of a common culture aligned with the Hitachi Group's values and key skills, with the goal of providing concrete tools for team management.
- *BAIC – Building an inclusive culture*: building an inclusive culture is fundamental to the success of the corporate strategy; improving interpersonal interaction at all levels is a lever for increasing individual and collective performance.

The following workshops were provided:

- Inclusive Leadership
- Respect@work
- Transgender inclusion in the workplace
- *Business Continuity (BC)* means the ability of the company to continue its business in the face of adverse events that could affect it. It is a process that defines activities, tools and responsibilities to anticipate critical scenarios threatening the organisation and to increase organisational resilience and responsiveness to safeguard stakeholder interests, production activities, reputation, brand and value creation activities.
Several workshops were organised remotely involving the resources assigned to support the BC, i.e. the Regional Emergency Board (REB); the workshops were experiential and allowed for the simulation of critical situations to be handled.
- *Project Management*: during the year, several Basic and Advanced Project Management sessions were launched, involving colleagues working within the project teams: PM Leadership, Stakeholder Management, Contract Management and some modules dedicated to PEs and WPLs. Additional modules focused on Finance and Cost Controlling aspects were added.
The training was provided in response to the needs identified in the global analysis process. Project Management managers from all regions supported the training design to encourage a strong project management culture, ensuring the development of content that meets the needs and challenges to be addressed.
- *Quality UP*: the programme focuses on creating a new culture of quality and excellence, involving around 2,000 colleagues in training. The focus was on Problem Solving.

Language training:

The language training course was mainly characterised by the project to support communication in English. The project saw the combination of two learning methods: self-study through a dedicated platform, and one-to-one remote individual lessons; all within an easy design architecture in line with the person's modular learning. In addition to the English language, virtual classes were organised to strengthen the learning of Spanish, French and German.

“Human Rights” training:

The Modern Slavery training programme was launched during the year and has been made mandatory for all Hitachi Rail employees.

Technical and specialist training:

- *Special process certifications:* a robust training programme has been launched, focusing on the main special processes in the Vehicles LoB manufacturing operations.
In particular, training courses were delivered in the following areas: painting, for the attainment of ICF and CCF qualifications (Inspector and Coordinator of Corrosion Protection Activities); bonding, leading to the EAB (European Adhesive Bonder) qualification; welding, for certification as IWT-IWE (International Welding Technologist – Engineer); as well as torque tightening in both Production and Service & Maintenance environments, and crimping.
- *Other certifications:* training courses were held in the field of non-destructive testing for the achievement/maintenance of certifications on Ultrasonic, Visual and Penetrating liquid methods.
- *BIM training programme - BUILDING INFORMATION MODELLING:* this training project stems from the strong belief that sharing BIM expertise is a strategic lever for improving business skills.

The courses have been designed with a practical and experiential approach, involving both external providers and internal Hitachi testimonials.

The testimonials come from three significant projects, drivers for increasingly widespread implementation throughout the Company:

- a) NRRP Signalling Railways Projects in Italy
- b) Abu Dhabi Stage 2 Project in the Emirates
- c) Ontario Driverless Metro in Canada

The training programme was launched in February 2024 with two meetings involving all participants involved in various capacities in the different training modules (seven modules in total). The first edition involved Italian colleagues – there were around 100 participants in total.

Corporate programmes:

Finally, some of Group training initiatives were conducted focusing on cross-cutting issues, in particular:

- Hitachi Group Code of Ethics and Compliance;
- *People Manager Training To Drive Growth Mindset Leveraging Hitachi Value* (e-learning on the skills and values of the Hitachi Group);
- Programmes focused on developing digital and green skills.

Hitachi Insight: Global Employee Survey

Once again this year, the company participated in the “*Hitachi Insight: Global Employee Survey*”. Participation was very high, reaching almost 90% of the workforce. The results highlighted a high level of satisfaction, with some areas showing significant improvement compared to the previous year, such as Empowerment, Diversity, Equity & Inclusion, Continuous Improvement, Clarity of Direction and Resources & Support.

In order to define the relevant action plan, structured interviews were conducted with Business Leaders to identify key areas for improvement. The action plan defined at global level will be shared and adequately communicated, ensuring that the actions are rolled out and implemented at local level.

Industrial relations

On 22 April 2024, the Italian Management met with the national and regional representatives of FIM, FIOM, UILM, UGL and FISMIC, along with the Works Council (RSU), at the Unione Industriali offices in Naples, to sign the Agreement Protocol for the renewal of the Company-Level Supplementary Agreement. This agreement covered a wide range of topics, including: performance-based bonuses, employee welfare, enhancement and recognition of blue-collar workers, travel allowances, a joint procedure for the prevention of collective disputes, and increased flexibility in the use of smart working. It also included provisions related to Environmental, Social and Governance (ESG) matters and Diversity, Equity and Inclusion (DEI).

On 8 July 2024, the Company met remotely with the trade unions and the RSU to sign the following Agreement Protocols:

- the finalisation of the performance-based bonus for the 2023 financial year;
- the definition of targets for the 2024 performance bonus, structured around the following parameters: Profitability, Productivity, Competitiveness and Sustainability.

Subsequently, on 22 July 2024, the Italian Management again met with the national and regional trade unions and the RSU, at the same location in Naples, to provide an update on the performance of the Italian company and the Group, as required by Article 9, Section I of the applicable National Collective Labour Agreement (CCNL).

On 6 November 2024, the Company held another remote meeting with the RSU to present the progress made in relation to the 2024 performance bonus targets.

It should also be noted that throughout the financial year, meetings with the trade unions and the RSU were held on a regular and continuous basis, with a particular focus on funded training initiatives and alignment with business objectives.

8.1 The STS Group and the Parent Company

The Hitachi Rail STS Group is active worldwide in the design, construction and operation of transport and signalling systems for freight and passenger railways and underground railways, as well as the design, construction, repair, rehabilitation, marketing and lease of railway vehicles in general. The Group operates as a Main Contractor and supplier of turnkey systems worldwide. Under the direction and coordination of its Ultimate Parent Company Hitachi Ltd., Hitachi Rail STS S.p.A. also coordinates the activities of its operating subsidiaries (collectively, the “Hitachi Rail STS Group” or the “Group”).

Hitachi Rail STS S.p.A. is a joint-stock company with registered office in Naples, Via Argine 425 and a secondary office in Genoa, Via Paolo Mantovani 3/5, with share capital equal to EUR 100,000,000.00, fully subscribed and paid-up, represented by 200,000,000 ordinary shares with a nominal value of EUR 0.50 each, entirely held by Hitachi Rail Limited, sole shareholder and English registered shareholder of the Company from 31 October 2019.

For further information on the Company’s Corporate Governance and ownership structure, please refer to the specific paragraph in the Report on Operations.

In addition, as with the previous year, the company decided to prepare both the separate financial statements of the parent company Hitachi Rail STS S.p.A. and the consolidated financial statements of the Group in the same file. Therefore, in the present document, the term financial statements will refer both to the consolidated financial statements of the Hitachi Rail STS Group and to the separate financial statements of the parent company Hitachi Rail STS S.p.A., unless specified otherwise.

The main governance positions of the Company, as at 31 March 2025, are as follows:

- Chairman of the Board of Directors, Chief Executive Officer and Legal Representative: Luca D’Aquila,
- Managing Directors: Andrea Pepi, Antonio Coluccia, Michele Fracchiolla*
- Board Member: Ulderigo Zona and employer.

During the reporting period, as part of the planned acquisition by Hitachi Rail Ltd – a company that directly holds all of the Company’s shares – of the Ground Transportation Systems branch of Thales S.A., and in the face of rulings by the European and British Antitrust Authorities, the Company initiated, as a necessary remedy, a process of divestment of certain assets and, in particular, of the mainline signalling business in France, Germany and the United Kingdom.

The scope of the divestment in question provided in particular for the transfer to the acquiring company of the company Hitachi Rail STS France S.A.S., with the exception of the CBTC (Communication-based Train Control) business conducted by the same, of the company Hitachi Rail STS GMBH (Germany) and only the ‘Mainline Signalling business’ of the company Hitachi Rail Limited (United Kingdom), the latter area of operations not falling within the Hitachi Rail STS scope.

* On 17 April 2025, Mr Fracchiolla, who resigned, was replaced by co-optation with Domenico Lanciotto.

On 31 July 2024, the divestment was completed and the companies within the scope of consolidation were transferred to the buyer.

For more details, please refer to section 4, “Significant Transactions during the Year and Transactions Occurring After the Closing Date of 31 March 2025”.

For changes relating to equity investments held by the Company, please refer to the notes to the Consolidated Financial Statements as at 31 March 2025 (section 16.4 investments in equity investments).

It should be noted that the Shareholders’ Meeting of the Company, held on 29 July 2024, after determining that the number of Directors should be five, appointed the new Board of Directors of the Company for the financial years 2024-2025-2026, i.e. until the Shareholders’ Meeting that will approve the financial statements for the financial year ending 31 March 2027. In particular, the Shareholders’ Meeting appointed the Directors of Hitachi Rail STS S.p.A. currently in office, namely: Luca D’Aquila (Chairman), Andrea Pepi, Michele Fracchiolla*, Antonio Coluccia and Ulderigo Zona (all Directors). On the same date, the Board of Directors appointed Luca D’Aquila as Chief Executive Officer and also appointed Andrea Pepi as Managing Director of the Vehicles Line of Business, Michele Fracchiolla as Managing Director of the Rail Control Line of Business* and Antonio Coluccia as Managing Director of the Administration, Finance and Control Area.

With regard to the current structure of the Supervisory Body, the current members are Raimondo Premonte (Chairman), Andrea Niccolai and Sergio Paolini, the latter as internal member. The members of the Supervisory Body will remain in office for a three-year period and therefore until the approval of the financial statements as at 31 March 2025.

8.2 Subsidiaries

Below is the structure of the direct subsidiaries and wholly-owned subsidiaries of Hitachi Rail STS S.p.A. as at 31 March 2025, with the relative Country Representatives:

- Hitachi Rail España S.L.U: Chief Executive Officer Roberto Vitali;
- Hitachi Rail Ontario Holdings Inc.: Country Representative Joseph R. Pozza;
- Hitachi Rail STS Australia Pty Ltd: Country Representative Sarfaraz Samnakay;
- Hitachi Rail STS Hurontario Holdings Inc.: Country Representatives: Thomas Hawkesworth, Claudio Grossi, Vincenzo Ragone;
- Hitachi Rail STS Railway Signalling Technology (Beijing) Company Limited: Executive Director and Legal Representative Ito Kunihiro;
- Hitachi Rail STS Sweden AB: Country Representative Ulf Hammarbäck;
- Hitachi Rail STS USA Inc.: Country Representative Joseph R. Pozza;
- Hitachi Rail Systems France S.A.S.: Country Representative Francois Destribois.

* On 17 April 2025, Michele Fracchiolla, who resigned, was replaced by co-optation with Domenico Lanciotto.

8.3 Headcount at 31 March 2025

The Group's headcount as at 31 March 2025 stood at 8,280 compared to 8,485 restated headcount as at 31 March 2024 with a decrease of 205 resources or 2.4%. The Group's average headcount was 8,045 compared to the previous year's figure of 8,223.

The distribution of the workforce as at 31 March 2025 is shown below:

Company	March 2025	March 2024
Hitachi Rail STS SpA	5,421	5,125
<i>Vehicles</i>	2,753	2,609
<i>Rail Control</i>	2,668	2,516
Hitachi Rail STS France		644
Hitachi Rail Systems France S.A.S	138	-
Hitachi Rail STS APAC Group SubCo	952	941
Hitachi Rail STS USA / Canada	1,109	1,094
<i>Vehicles</i>	113	92
<i>Rail Control</i>	996	1,002
Hitachi Rail STS Sweden	65	69
Hitachi Rail STS China	67	70
Hitachi Rail STS Deutschland GMBH	-	18
Hitachi Rail Espana, S.L.U.	280	280
Hitachi Rail Arabia Limited	248	244
Total	8,280	8,485

8.4 Incentive Plans

The Group had developed and regulated:

- a long-term cash incentive plan (Hitachi Rail Global Executive 2022-2024);
- a long-term cash incentive plan (Hitachi Rail Global Executive 2023-2025);
- a long-term cash incentive plan (Hitachi Rail Global Executive 2024-2026);
- a long-term cash incentive plan (Hitachi Rail Long Term Bonus 2022);
- a long-term cash incentive plan (Hitachi Rail Long Term Incentive Plan 2023);
- a long-term cash incentive plan (Hitachi Rail Long Term Incentive Plan 2024).

These plans are part of a complex structure of short-, medium- and long-term variable incentive schemes and represent a significant element of the overall remuneration of the Group's management.

They are structured in such a way as to link significant portions of the remuneration of managers to the achievement and improvement of economic/financial parameters, as well as to strategic objectives particularly relevant to value creation.

Hitachi Rail Global Executive 2022-2024 Cash Plan

The following four performance objectives of the RSBU have been identified for said plan: Orders, Revenue, SG&A Ratio, Adjusted Op. Income.

Each of the targets mentioned above has a relative weight of 25%; at the beginning of the first year of the plan's life, the relevant target values are defined and communicated to the participants, while the payment of the accrued sums is scheduled for July following the end of the relevant financial year.

Following the results accrued in the fiscal year 2022, participants will receive, for each of the three years of the plan's life, approximately 184% of their allocated share.

Hitachi Rail Global Executive 2023-2025 Cash Plan

The following four performance objectives of the RSBU have been identified for said plan: Orders, Revenue, SG&A Ratio, Adjusted Op. Income.

Each of the targets mentioned above has a relative weight of 25%; at the beginning of the first year of the plan's life, the relevant target values are defined and communicated to the participants, while the payment of the accrued sums is scheduled for July following the end of the relevant financial year.

Following the results accrued in the fiscal year 2023, participants will receive, for each of the three years of the plan's life, approximately 157% of their allocated share.

Hitachi Rail Global Executive 2024-2026 Cash Plan

The following four performance objectives of the RSBU have been identified for said plan: Orders, Revenue, SG&A Ratio, Adjusted Op. Profit.

Each of the targets mentioned above has a relative weight of 25%; at the beginning of the first year of the plan's life, the relevant target values are defined and communicated to the participants, while the payment of the accrued sums is scheduled for July following the end of the relevant financial year.

Following the results accrued in the fiscal year 2024, participants will receive, for each of the three years of the plan's life, 200% of their allocated share.

Hitachi Rail 2022 Long Term Bonus cash plan

For the fiscal year 2022, a selected number of Executives and Managers was included in the 2022 Long Term Bonus plan. The following four performance objectives of the RSBU have been identified for said plan: Orders, Revenue, SG&A Ratio, Adjusted Op. Income.

Each of the above-mentioned objectives has a relative weighting of 25%; the disbursement of the amounts accrued is scheduled for a 20% share in December 2023, for a 30% share in December 2024, and for the remaining 50% share in December 2025.

Following the results accrued in the fiscal year 2022, participants will receive overall 100% of their allocated share.

Cash plan Hitachi Rail Long Term Incentive Plan 2023

For the fiscal year 2023, a selected number of Executives and Managers was included in the 2023 Long Term Incentive Plan. The following four performance objectives of the RSBU have been identified for said plan: Orders, Revenue, SG&A Ratio, Adjusted Op. Income.

Each of the above-mentioned objectives has a relative weighting of 25%; the disbursement of the amounts accrued is scheduled for a 20% share in December 2024, for a 30% share in December 2025, and for the remaining 50% share in December 2026.

Following the results accrued in the fiscal year 2023, participants will receive overall 100% of their allocated share.

Hitachi Rail Long Term Incentive Plan 2024 Cash plan

For the 2024 fiscal year, a select group of Executives and Managers has been included in the 2024 Long-Term Incentive Plan. The following four performance objectives of the RSBU have been identified for said plan: Orders, Revenue, SG&A Ratio, Adjusted Op. Profit.

Each of the above-mentioned objectives has a relative weighting of 25%; the disbursement of the amounts accrued is scheduled for a 20% share in July 2025, for a 30% share in July 2026, and for the remaining 50% share in July 2027.

Following the results achieved in the 2024 fiscal year, participants will receive a total of 100% of the share allocated to them.

9. Litigation

1. Metro C Società Consortile per Azioni c/ Roma Metropolitane S.r.l.

In 2007, the joint-stock consortium company Metro C, entrusted with the works, design and construction of the new 'C' line of the Rome Metro, notified the client Roma Metropolitane S.r.l. of an arbitration request for the award of higher compensation and longer timeframes due to delays in the validation of the executive project of T4 and T5 routes. Pending the conclusion of the arbitration, a settlement committee was set up, which, at the end of 2011, proposed a draft agreement with rescheduling of the work timetable and reformulation of the claims on a lump-sum and all-inclusive basis, in the amount of EUR 230 million. In December 2012, the CIPE resolved to allocate to Roma Metropolitane the amounts needed to finance the Settlement Agreement between Roma Metropolitane and Metro C. However, instead of implementing the Settlement Agreement provisions, the newly-installed City Council called its contents into question. The situation became more tense and Metro C was forced to suspend/slow down the work, given the enormous financial difficulties produced by the persistent failure to pay.

In September 2013, Roma Metropolitane and Metro C signed "the Implementation Act of CIPE Resolution no. 127 of 11 December 2012 and consequent adjustment of the Contract of 12 October 2006" that established, among other things, the redetermination of the terms for the completion of the functional phases following the variants occurred during the works, the recognition to Metro C of the amount of EUR 230 million and an additional EUR 90 million as charges of General Contractor plus VAT, for the additional costs claimed, the exclusion of any acknowledgement relating to further reserves, the waiver by Metro C of all reserves entered as at the date of the Deed and the waiver by Roma Metropolitane of the appeal against the partial award. Below is a summary of ongoing legal proceedings.

1.a) CIVIL COURT OF ROME

- Proceedings relating to opposition by Roma Metropolitane to Injunction Order No. 6707/2021 for amounts due under the Implementing Agreement.

In April 2021, Metro C served Roma Metropolitane with two Injunction Orders:

The first, for EUR 0.4 million, was not contested by Roma Metropolitane and therefore became enforceable, with accrued default interest;

The second, for EUR 4.5 million, was contested by Roma Metropolitane, giving rise to proceedings initiated in 2021 before the Civil Court of Rome, which is currently at the closing submissions stage.

Following the signing of the draft settlement agreement on 13 June 2024 aimed at resolving pending disputes, and pending its effectiveness, the hearing was first postponed to 15 April 2025, and has now been rescheduled to 4 November 2025, upon joint request of the parties.

1.b) COURT OF APPEAL OF ROME

- Appeal against Judgment No. 12387/2018 (General Contractor's Entitlements).

On 10 January 2019, the Company appealed Judgment No. 12387/2018, published on 15 June 2018, in which the Civil Court of Rome, upon conclusion of opposition proceedings, revoked the injunction order previously obtained by Metro C for certified and invoiced claims under the Implementing Agreement dated 9 September 2013, and rejected the related payment request for EUR 71.5 million plus interest. The appeal is currently at the closing submissions stage. Following the signing of the draft settlement agreement on 13 June 2024, and pending its effectiveness, the final hearing has been postponed to 23 September 2025, at the parties' request.

- Appeal against Judgment No. 1338/2023 (Deductions for revised prices and damages for unlawful conduct by the Client).

On 21 July 2023, the Company filed an appeal (Case No. R.G. 3819/2023) against Judgment No. 1338/2023, published on 27 January 2023, in which the Court declared unlawful the deductions applied by Roma Metropolitane on revised prices totalling EUR 18 million, but rejected Metro C's claim for damages and held that Roma Capitale lacked standing in the proceedings.

By Order dated 4 October 2023, the Court upheld Metro C's request to correct a clerical error, ruling that Roma Metropolitane was ordered to repay EUR 2.1 million instead of the erroneously stated EUR 1.2 million. Following the signing of the settlement agreement dated 13 June 2024 to settle the pending dispute and pending its effectiveness, at the joint request of the parties, the hearing for closing arguments has been rescheduled to 15 July 2025.

- Appeal against Judgment No. 4834/2023 (Deductions for safety costs).
On 24 October 2023, the Company filed an appeal (Case No. R.G. 5239/2023) against Judgment No. 4834/2023, published on 24 March 2023, which rejected Metro C's claim for the repayment of EUR 29 million in safety-related deductions imposed by Roma Metropolitana. Following the draft settlement agreement signed on 13 June 2024, and pending its effectiveness, the hearing has been postponed to 28 October 2025 upon joint request.
- Cross Appeals (Metro C and Roma Metropolitana) against Judgment No. 12207/2023.
On 29 February 2024, the Company filed an appeal against Judgment No. 12207/2023, published on 10 August 2023, limited to the parts it does not agree with. The judgment, issued by the Civil Court of Rome, ordered Roma Metropolitana to pay the following amounts to Metro C:
 - EUR 34.7 million for updated reserves of a compensatory nature;
 - EUR 13.5 million for undisputed, liquid and collectable claims, plus default interest.

Roma Metropolitana also filed its own appeal against the same judgment. Following joint requests by the parties, pending the finalisation of the settlement agreement signed between them, the Court of Appeal of Rome has postponed the first hearing of the respective appeals until 23 September 2025.

1.c) COURT OF CASSATION

Appeal before the Court of Cassation against Judgment No. 1904/2020 of the Rome Court of Appeal, which had ruled the appeal against the Partial Arbitral Award of 6 September 2012 inadmissible. With Judgment No. 1904/2020 of 25 March 2019 (filed 6 April 2020), the Court of Appeal of Rome declared inadmissible the appeal filed by Roma Metropolitana, which had challenged the arbitral award relating to general contractor obligations on alleged nullity grounds.

On 14 December 2020, Roma Metropolitana lodged an appeal with the Court of Cassation, but no hearing date has yet been set.

1.d) LAZIO REGIONAL ADMINISTRATIVE COURT

Appeal to the Regional Administrative Court against amendments to the Economic Framework (Quadro Economico) following CIPE Resolution No. 36 of 26 April 2018, published in the Official Gazette on 18 October 2018. On 1 February 2019, Metro C cautiously challenged before the Lazio Regional Administrative Court - with the aim of avoiding exploitation by the other party in the appeal proceedings concerning the general contractor's obligations - the amendment to the Economic Framework adopted by Roma Metropolitana.

No hearing date has been set to date. Metro C has requested that a hearing be scheduled, announcing at the same time that the parties are currently working towards a settlement agreement.

2. Hitachi Rail STS S.p.A. – Palazzina Riviera di Chiaia building collapse

The Company is involved in the criminal proceeding following the accident on 4 March 2013 where a building located in Via Riviera di Chiaia 72, Naples, partially collapsed, allegedly due to the works underway to construct the Arco Mirelli station for Line 6 of the Naples metro. In this project, the Company is the operator appointed by the Naples Municipal Authority. The alleged offences were those claimed when the case was recorded on the crime notification register, i.e. those under Articles 676 and 434 of the Criminal Code, respectively: "Destruction of buildings or other constructions" and "Collapse of buildings or other malicious disasters". In 2015 and up to the first hearing before the GUP, the defendants of the Company were called for spontaneous questioning. Based on the results of this questioning and the findings of the preliminary investigations, two employees were committed for trial, while the motion to dismiss the case for a third employee was pending. During the preliminary hearing of June 2015, certain third parties joined the proceeding as civil parties seeking damages, including the Naples municipality. The Judge for the Preliminary Hearing set another hearing for December 2015, during which the Company was held liable for compensation of pecuniary and moral damage to the civil parties. Following the request for the exclusion of the Company as the civilly liable party and the integration of the notices to the civil parties, a series of scheduled hearings were held for the relative measures, as a result of which the exclusion of the Company as the civilly liable party was declared and the requests for the admission of the requested evidence were handled. After the examination of the CTUs appointed in the initial phase of the proceedings, the trial phase took place during 2018, with hearings scheduled until December, and the questioning of the indicted persons took place. Two defendants remain on trial for the Company (both of whom are no longer on the payroll), as the case against the third defendant was dismissed after the Court of Cassation rejected the appeal filed by a civil party. Once this procedural phase was completed with the

questioning of the defendants, the phase of the examination of the witnesses and advisors of the defendants began in 2019. At the hearing in December 2023, the judge pronounced the sentence, sentencing the two defendants to two years' imprisonment with suspension, and sentenced them, jointly and severally with the other convicted defendants, to pay damages - to be settled separately - in addition to the payment of the defence fees and expenses specifically indicated in the amount for each of the civil parties' lawyers. The aforementioned ruling, the grounds for which were filed in July 2024, was appealed by both individuals who were employees of Hitachi at the time of the event. As regards civil proceedings relating to the collapse, following the signing in December 2022 of the settlement agreement with the insurance companies Generali and Zurich, all financial costs related to civil proceedings pending in both the first instance and on appeal, as well as those relating to claims for compensation for damages by third parties, will be borne entirely by Generali and Zurich.

3. Criminal proceedings - Société Nationale des Chemins de Fer Tunisiens

On 29 June 2022, the arbitration proceedings initiated in 2014 were concluded. The case concerned a dispute between the Hitachi Rail STS S.p.A. – Alstom consortium and the Société Nationale des Chemins de Fer Tunisiens (SNCFT), relating to a claim for compensation for additional costs and extra charges incurred by the consortium due to technical variations and additional works requested by the client during the execution of activities for the technological upgrade of the Tunis Ville – Borj Cédria railway line. The arbitration was resolved following two key rulings: first, in 2019, the Paris Court of Appeal dismissed SNCFT's claim; and later, the French Supreme Court (Judgment No. 10503/2022) rejected SNCFT's appeal, thereby upholding the previous decision. However, criminal proceedings initiated by the Client SNCFT for the alleged submission by the companies of the Consortium of false documents (i.e. statements and certificates produced in the arbitration proceedings) are still pending. Believing the entire investigation procedure to be flawed, none of the members of the Consortium appeared at the hearing called by the investigating judge. The Court of First Instance of Tunis, in a public verdict, sentenced in absentia both the employee of Hitachi Rail STS S.p.A. and the employee of Alstom Transport S.A. to two years' imprisonment, rejecting SNCFT's civil compensation claims. The Hitachi employee left the Company.

4. ATM procedure

Concerning the tender launched by the ATM company in Milan for the construction of the new CBTC signalling system of the Milan Metro Line 2, it is announced that criminal proceedings were initiated in July 2020 against, among others: (i) Hitachi; (ii) a current Manager of Hitachi; (iii) and a former Hitachi sales manager, who, from November 2019, no longer works with the company. The criminal proceedings above concerned, among other things allegations of bid-rigging and corruption occurring in the context of certain tender procedures organised by ATM (including the one mentioned above). Hitachi was involved in the proceedings as an entity subject to administrative liability assessment of entities under Legislative Decree No. 231/2001 concerning the bribery hypothesis challenged to natural persons traceable to the company. However, with regard to the allegation of corruption, the Public Prosecutor has removed from the original proceedings the positions of the individuals mentioned above who are linked to Hitachi and, consequently, that of the Company itself (involved pursuant to Italian Legislative Decree No. 231 of 2001) in order to request and order the dismissal of the case, which took place in July and December 2022. The proceedings continue against the Hitachi employee on the sole charge of bid rigging. In relation to the bid-rigging hypothesis, with particular reference to the current manager of Hitachi, the Public Prosecutor indicted him in June 2023 and the trial at first instance is ongoing.

With regard to the aforementioned contract under investigation, it should be noted in any case that Hitachi did not submit any offer to ATM, and therefore did not participate in the related tender.

Furthermore, it should be noted that the pending criminal proceedings indicated above against the current Manager is not relevant for the purposes of the application of art. 80, paragraph 1, of Italian Legislative Decree 50/2016 - whose effectiveness, moreover, is limited to cases where a definitive conviction or a conviction decree has become irrevocable or, also, a judgement imposing the requested penalty pursuant to art. 444 of the Italian Code of Penal Procedure - and therefore cannot constitute grounds for exclusion. Similarly, it is believed that the proceedings in question cannot in any way impact - by questioning it or jeopardising it - on Hitachi's reliability and integrity and, therefore, cannot be relevant even for the purposes of the application of art. 80, paragraph 5, letter c) and c bis) of the aforementioned Italian Legislative Decree 50/2016. It should be noted that the indictment request and the consequent pending preliminary hearing do not concern Hitachi as a legal person and that with respect to the latter, a decree of dismissal has been issued for the offence originally raised against it.

In addition to what stated above, it should be noted that, in relation to the above procedure, Hitachi Rail STS SpA promptly and constantly implemented further improvements to its internal processes with a view to self-cleaning by adopting a new Organisational Model pursuant to Italian Legislative Decree 231/2001 and implementing new procedures that are subject to continuous monitoring.

Other small claims

The Group has also allocated provisions for risks in the financial statements to cover potential liabilities deriving from pending legal disputes relating to labour and non-labour disputes. For more Details on the provisions made can be found in Note 24.16. At the date, it is considered that the sums set aside in the provision for risks and charges are, in the aggregate, of an amount adequate to meet the estimated charges to be borne and deemed probable.

10. Corporate Governance and ownership structure of the Company

Hitachi Rail STS S.p.A. is a joint-stock company with registered office in Naples, Via Argine 425 and a secondary office in Genoa, Via Paolo Mantovani 3/5, with share capital equal to EUR 100,000,000.00, fully subscribed and paid-up, represented by 200,000,000 ordinary shares with a nominal value of EUR 0.50 each, fully owned by Hitachi Rail Limited, the sole shareholder of the Company.

Hitachi Ltd. administers and coordinates the activities of Hitachi Rail STS S.p.A. pursuant to Article 2497 et seq. of the Italian Civil Code.

With regard to the structure and composition of the Board of Directors, it should be noted that the Shareholders' Meeting of the Company, held on 29 July 2024, after having determined the number of Directors at five, appointed the new Board of Directors of the Company for the financial years 2024-2025-2026, and therefore until the Shareholders' Meeting that will approve the financial statements for the year ending 31 March 2027. In particular, the Shareholders' Meeting appointed the Directors of Hitachi Rail STS S.p.A. currently in office, namely: Luca D'Aquila (Chairman), Andrea Pepi, Michele Fracchiolla, Antonio Coluccia and Ulderigo Zona (all Directors). On the same date, the Board of Directors appointed Luca D'Aquila as Chief Executive Officer, Andrea Pepi as Managing Director of the Vehicles Line of Business, Michele Fracchiolla Managing Director of the Rail Control Line of Business*, Mr Antonio Coluccia as Managing Director of the Administration, Finance and Control Area.

Also on 29 July 2024, the Board of Directors appointed Sergio Paolini as Secretary of the Board of Directors for the financial years 2024-2025-2026, i.e. until the date of the Shareholders' Meeting that will approve the financial statements for the year ending 31 March 2027.

The Board of Statutory Auditors of the Company, appointed by the Shareholders' Meeting of 17 July 2023, is composed of: Alessandra Stabilini (Chair), Paolo Nagar (Standing Auditor), Umberto La Commara (Standing Auditor) and by Alternate Auditors Monica Valentino and Roberto Cacciaglia.

The firm appointed to audit the statutory and consolidated financial statements for the fiscal years 2022, 2023 and 2024 and thus until approval of the financial statements as at 31 March 2025 is Ernst & Young.

The Supervisory Body pursuant to Italian Legislative Decree No. 231/2001 consists of Raimondo Premonte (Chairman), Andrea Niccolai and Sergio Paolini, the latter as internal member. The members of the Supervisory Body until approval of the financial statements as at 31 March 2025.

On 21 March 2023, the Company's Board of Directors ratified the approval of a new, uniform Code of Ethics and Business Conduct for all companies of the Hitachi group.

Concerning the Company's Internal Audit function, the Board of Directors of 28 July 2017 resolved to appoint Mr Andrea Crespi as the Head of the Internal Audit function, from 1 October 2017.

The main governance tools the Company has adopted are outlined below:

- Articles of Association;
- Code of Ethics and Business Conduct of the Hitachi Group;
- Organisation, Management and Control Model pursuant to Legislative Decree no. 231/01;
- Whistleblowing Policy & Speak-Up Policy
- Anti-Money Laundering Policy
- Books & Records Policy
- Privacy Policy
- Anti-Bribery & Anti-Corruption Policy
- Export and Trade Compliance Policy.

* On 17 April 2025, Michele Fracchiolla, who resigned, was replaced by co-optation with Domenico Lanciotto.

11. Outlook

The Parent Company Hitachi Ltd announced a change in the organisation of the Business starting from 1 April 2025. The increase in geopolitical risks and the emergence of generative Artificial Intelligence requires dynamic change. To achieve sustainable growth in this context, it is important that every business works more closely together, with digital at its core to create integrated value for the Hitachi Group. To ensure sustainable growth, the Hitachi Group aims for a “True One Hitachi” with digital as its hub.

The Digital Systems & Services Sector division, in charge of the entire digital business of the Group, will be responsible for digitisation by strengthening the collaboration with the Operational Technology (OT) and products areas. To simplify the company portfolio and further improve competitiveness in the market, Hitachi will group the three business units (BU) in the “Connective Industries Sector” division, we will accelerate the management and creation of synergies between activities and strongly promote digitalisation.

Two separate business units will be “Energy” and Mobility (of which the Rail Group is part), aiming for greater global growth with greater agility.

In addition, to seize future growth opportunities, starting from 1 April 2025 a new “Strategic SIB” Business Unit was created directly under the leadership of the Hitachi CEO in order to create new Social Innovation Businesses (SIB) by mobilising company resources to global level.

The Rail Group is one of Hitachi’s global organisations with a presence in multiple regions and will play a key role in the growth of the Hitachi Group.

The railway sector experienced a positive year; acquisition of orders and results in the delivery of the main projects.

The 2025 financial year sees the crucial challenge of the complete post- acquisition integration of the Ground Transportation Systems (GTS), which will represent a primary objective having climbed market positions thanks to this acquisition. It is crucial, however, not to lose sight of the completion of ongoing programmes. The Rail Group wants to become the market leader in rail control: the task is to make the most of this market position to ensure the continued growth of the industry.

Overall, the sector is considered to be in an important position with the support of decarbonisation, the promotion of connectivity with electricity grids, green energy and the transition from individual to public transport.

Safety and compliance remain the top priority.

However, the fiscal year 2025 will continue to be characterised by the development of activities and revenues related to the portfolio projects acquired in recent years.

Finally, during the 2025 fiscal year, the implementation phase of the Legal Entities Optimization (LEO) project will start. This project, launched in the fiscal year just ended, aims to reorganise the Rail Group from a corporate point of view starting from the countries in which more than one company is present. 14 countries have been identified where a process of incorporation of legal entities will be carried out in order to simplify the implementation of Group governance, ensure efficiency processes and synergies and guarantee a more fluid integration of the GTS business.

12. Proposal to shareholders' meeting

Shareholders,

We submit the financial statements for your approval for the year ended 31 March 2025.

The financial statements of Hitachi Rail STS SpA closed with a net profit of EUR 348,933,374.04.

You are also reminded that, pursuant to Art. 2433 of the Italian Civil Code, the shareholders' meeting is required to resolve on allocation of the profit for the year resulting from the annual financial statements.

In this regard, we propose to distribute a dividend of EUR 244,000,000.00 and allocate the remainder of the net profit of EUR 104,933,374.04 to the retained earnings reserve.

No provision to the statutory reserve is planned, as it amounts to EUR 20,000,000.00, equal to 20% of the share capital, which represents the maximum amount provided for by Art. 2430 of the Italian Civil Code.

Shareholders,

If you agree with the above proposal, we invite you to approve the following resolution:

"The Ordinary Shareholders' Meeting of Hitachi Rail STS S.p.A.

- *Having regard to the Report of the Board of Directors;*
- *Having regard to the Report of the Board of Statutory Auditors;*
- *seeing the financial statements as at 31 March 2025;*
- *Acknowledging the Report of the independent auditors EY S.p.A..*

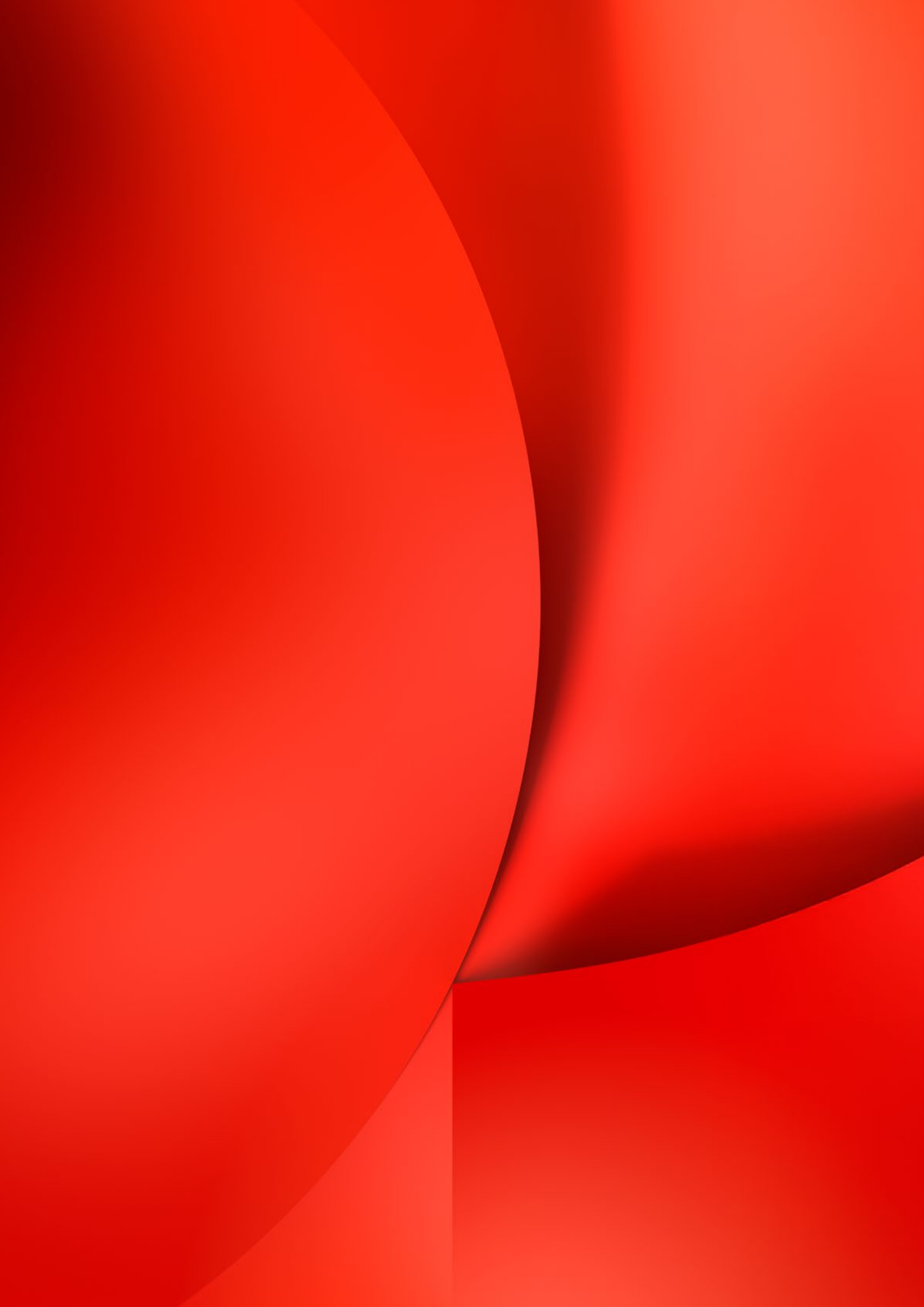
decided


- to approve the Report on Operations prepared by the Board of Directors and the Financial Statements for the year ended 31 March 2025, which closed with a net profit for the year of EUR 348,933,374.04.
- considering that the legal reserve is equal to 20% of the share capital, as provided for by Article 2430 of the Italian Civil Code, to distribute to the sole Shareholder as a dividend part of the net profit for the year resulting from the financial statements as at 31 March 2025, which have just been approved, in the amount of EUR 244,000,000.00;
- to allocate the remaining part of the net profit for the year for EUR 104,933,374.04 to the item "Retained earnings";
- to pay the above amounts as from September 2025;
- to grant a mandate to the Board of Directors and, on its behalf, to the Chairman and Chief Executive Officer and to the managing directors so that they, individually, including through special proxies, with the broadest powers, without exception or exclusion, may proceed with the formalisation of all obligations and formalities related to the execution of this resolution."

Naples, 27 June 2025

For the Board of Directors
Chairman and Chief Executive Officer
Mr Luca D'Aquila







Financial statements and notes to the Consolidated Financial Statements as at 31 March 2025



13. Consolidated financial statements

13.1 Consolidated income statement

(EUR/000)	Notes	31.03.2025	of which from related parties	31.03.2024	of which from related parties
Revenues from contracts with customers	17.2	3,680,910	302,921	3,425,885	319,573
Other operating revenues	17.3	59,524	11,185	34,507	10,251
Costs for purchases	17.4	(1,229,676)	(25,427)	(1,095,433)	(18,541)
Costs for services	17.4	(1,408,303)	(282,864)	(1,348,811)	(223,567)
Personnel costs	17.5	(730,083)	4,973	(707,385)	5,467
Amortisation, depreciation and write-downs of financial assets	17.6	(98,059)	-	(113,819)	-
Other operating expenses	17.7	(10,170)	(13)	(13,559)	-
Change in work in progress, semi-finished and finished products		8,677	-	18,350	-
(-) Internal work capitalised	17.8	30,963	-	19,532	-
Operating financial income	17.9	153,735	240	45,823	9,255
Operating financial charges	17.9	(113,490)	(935)	(78,797)	-
Share of profits (losses) of equity-accounted investees	17.10	26,190	-	18,832	-
Operating Earnings (EBIT)		370,219		205,126	
Financial Income /Charges	17.9	1,546	(277)	(9,782)	(12,827)
Profit (loss) before tax		371,764		195,344	
Income tax	17.11	(105,649)		(67,229)	
Net Profit (Loss)		266,115		128,115	
<i>of which Group</i>		265,921		128,093	
<i>of which pertaining to Minority interests</i>		194		22	

13.2 Consolidated statement of comprehensive income

(EUR/000)	31.03.2025	31.03.2024
Profit for the year	266,115	128,115
Items that will not be reclassified to profit or loss:		
- Actuarial gains (losses) on defined benefit plans	(2,609)	(1,380)
- Tax effect	1,221	175
	(1,388)	(1,205)
Items that will or may be reclassified to profit or loss:		
- Changes in cash-flow hedges	4,601	(12,952)
- Translation adjustment	(5,126)	1,744
- Tax effect	(2,401)	2,880
	(2,926)	(8,328)
Other Comprehensive Income, net of tax effect	(4,313)	(9,533)
Total comprehensive income for the period	261,802	118,582
Attributable to:		
- Group	261,607	118,560
- Minority interests	194	22

13.3 Consolidated statement of assets and financial position

(EUR/000)	Notes	31.03.2025	of which from related parties	31.03.2024	of which from related parties
ASSETS					
Non-current assets					
Intangible assets	16.2	126,931		131,757	
Property, plant and equipment	16.3	383,230		373,768	
Equity investments	16.4	185,705		171,228	
Loans and Receivables	16.5	31,235	3,378	29,953	3,217
Deferred tax assets	16.5	57,574		64,729	
Other non-current assets	16.5	732		1,326	
		785,407		772,761	
Current assets					
Inventories	16.6	668,174		620,728	
Contract assets	16.7	1,333,094		1,231,106	
Trade receivables	16.8	1,661,861	233,318	1,223,185	184,046
Income tax receivables	16.9	98,136		62,082	
Loan assets	16.8	51,484	19,314	26,514	-
Other current assets	16.10	270,426	1,345	177,102	
Cash and cash equivalents	16.11	273,596		409,050	102,631
		4,356,772		3,749,765	
Non-current assets held for sale			-	170,214	-
Total assets		5,142,179		4,692,740	
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' Equity					
Share capital	16.12	100,000		100,000	
Reserves	16.13-16.13.1	1,134,048		1,047,907	
Equity attributable to the owners of the parent company		1,234,048		1,147,907	
Equity of Third Parties	16.14	203	-	-	-
Total shareholders' equity		1,234,251		1,147,907	
Non-current liabilities					
Non-current financial payables	16.15	20,198		21,635	
Employee benefits	16.17	31,886		31,878	
Deferred tax liabilities	16.18	7,303		13,085	
Other non-current liabilities	16.18	18,804	3,542	17,619	3,749
		78,191		84,217	
Current liabilities					
Contract liabilities	16.7	1,825,650		1,531,611	
Trade payables	16.19	1,388,087	117,322	1,441,595	79,558
Financial liabilities	16.15	176,438	122,954	17,845	
Income taxes payables	16.9	111,339		41,291	
Provisions for risks and charges	16.16	85,402		95,997	
Other current liabilities	16.18	242,823	2,494	211,468	342
		3,829,738		3,339,808	
Liabilities held for sale				120,808	
Total liabilities		3,907,928		3,544,833	
Total Liabilities and Shareholders' Equity		5,142,179		4,692,740	

13.4 Consolidated cash flow statement

(EUR/000)	Notes	31.03.2025	of which from related parties	31.03.2024	of which from related parties
Cash flows from operating activities:					
Profit		266,115		128,115	
Share of profits (losses) of equity-accounted investees		(26,190)		(18,832)	
Income tax		105,649		67,229	
Italian post-employment and other employee benefits		3,392		3,668	
Gains (losses) on the sale of assets		52,953		(1,083)	
Net financial income/charges		(9,810)		(13,368)	
Amortisation, depreciation and write downs		95,474		103,873	
Changes in provisions for risks and charges		309		80	
Other operating income/charges		(40,096)		39,031	
Write-downs/write-ups of inventories and work in progress		10,182		(22,544)	
Gross cash flows from operating activities	18	457,976		286,168	
Inventories		(44,477)		(122,557)	
Contract assets/liabilities		207,300		347,582	
Trade receivables and payables		(497,235)	87,036	(173,999)	50,796
Changes in working capital	18	(334,412)		51,025	
Changes in other operating assets and liabilities	18	100,963	1,944	168,218	3,270
Net interest paid	18	(126,249)		(115,152)	
Income taxes paid	18	(86,737)		(61,869)	
Cash flows from (used in) operating activities		11,540		328,391	
Cash flows from investment activities:					
Investments in property, plant and equipment and intangible assets and others		(96,649)		(108,117)	
Disposal of property, plant and equipment and intangible assets and others		73,317		4,260	
Disposal of equity investments		-		26,133	
Dividends received		240		7,048	
Other investments		(5,213)		65,496	
Change in scope of consolidation		49,406		(49,405)	
Cash flows from (used in) investment activities		21,100		(54,585)	
Cash flows from financing activities:					
Net change in other financing activities		5,952	122,954	(132,861)	(1,752)
Dividends paid		(174,000)		(85,000)	
Merger effect				-	
Cash flows used in financing activities		(168,048)		(217,861)	
Translation difference		(46)		(1,551)	
Cash and cash equivalents as at 1 April		409,050		354,655	
Cash and cash equivalents at end of period		273,596		409,050	
HFS cash and cash equivalents		-		28,045	
Total cash and cash equivalents		273,596		437,095	

13.5 Statement of changes in consolidated shareholders' equity

The changes in shareholders' equity are detailed in the following table:

(EUR/000)	Share capital	Retained Earnings and Consolidation Reserves	Cash flow-hedge Reserve	Translation reserve	Other reserves	Total Group Shareholders' Equity	Total equity pertaining to minority interests	Total Shareholders' equity
Shareholders' equity as at 31 March 2023	100,000	1,003,330	(6,805)	(7,570)	25,877	1,114,831	1	1,114,833
Merger Effect	-	-	-	-	-	-	-	-
Reclassification from/to reserves	-	-	-	-	-	-	-	-
Change in scope and equity-accounted investees	-	(708)	-	224	-	(484)	(23)	(509)
Net change in stock grant reserve	-	-	-	-	-	-	-	-
Other comprehensive income net of taxes (including companies at equity)	-	-	(12,952)	1,744	1,675	(9,533)	-	(9,533)
Allocation of the year's result to the legal reserve	-	-	-	-	-	-	-	-
Dividends	-	(85,000)	-	-	-	(85,000)	-	(85,000)
Net change in treasury shares	-	-	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-	-	-
Profit (Loss) as at 31 March 2024	-	128,093	-	-	-	128,093	22	128,115
Net equity as at 31 March 2024	100,000	1,045,715	(19,757)	(5,602)	27,552	1,147,907	22	1,147,907
Merger Effect	-	-	-	-	-	-	-	-
Reclassification from/to reserves	-	-	-	-	-	-	-	-
Change in scope and equity-accounted investees	-	(1,467)	-	-	-	(1,467)	-	(1,467)
Net change in stock grant reserve	-	-	-	-	-	-	-	-
Other comprehensive income net of taxes (including companies at equity)	-	-	4,602	(5,126)	(3,789)	(4,313)	-	(4,313)
Allocation of the year's result to the legal reserve	-	-	-	-	-	-	-	-
Dividends	-	(174,000)	-	-	-	(174,000)	-	(174,000)
Net change in treasury shares	-	-	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-	9	9
Profit (loss) as at 31 March 2025	-	265,921	-	-	-	265,921	194	266,115
Shareholders' equity as at 31 March 2025	100,000	1,136,169	(15,155)	(10,727)	23,761	1,234,048	203	1,234,251

14. Notes to the Consolidated Financial Statements as at 31 March 2025

14.1 General Information

The Hitachi Rail STS Group is active worldwide in the design, construction and operation of transport and signalling systems for freight and passenger railways and underground railways, as well as the design, construction, repair, rehabilitation, marketing and lease of railway vehicles in general. The Group operates as a Main Contractor and supplier of turnkey systems worldwide. As the parent company, Hitachi Rail STS S.p.A. also provides industrial and strategic direction and control, coordinating the activities of its operating subsidiaries (together, the “Hitachi Rail STS Group” or the “Group”).

The parent company Hitachi Rail STS S.p.A. is a joint-stock company with a registered office in Naples, Via Argine 425 and a secondary office in Genoa, Via Paolo Mantovani 3/5, with share capital equal to EUR 100,000,000.00, fully subscribed and paid-up, represented by no. 200,000,000 ordinary shares with a nominal value of EUR 0.50 each, entirely held by Hitachi Rail Limited, sole shareholder and English registered shareholder of the Company from 31 October 2019.

For further information on the Company's Corporate Governance and ownership structure, please refer to the specific paragraph in the Report on Operations.

In addition, as with the previous year, the company decided to prepare both the separate financial statements of the parent company Hitachi Rail STS SpA S.p.A. and the consolidated financial statements of the Group in the same file. Therefore, in the present document, the term financial statements will refer both to the consolidated financial statements of the Hitachi Rail STS Group and to the separate financial statements of the parent company Hitachi Rail STS SpA, unless specified otherwise.

The following names will be used without distinction in this document: HRSTS, STS or Hitachi Rail STS.

14.2 Basis of preparation

Under EC Regulation No. 1606/2002 of 19 July 2002, these financial statements as at 31 March 2022 have been prepared following International Accounting Standards IAS/IFRS (hereinafter IFRS-EU) endorsed by the European Commission, supplemented by the relevant interpretations (Standing Interpretations Committee - SIC and International Financial Reporting Standard Interpretations Committee - IFRS IC) issued by the International Accounting Standard Board (IASB) and in force at the end of the financial year.

The general principle adopted in the preparation of these financial statements is that of historical cost, except for those balance sheet items which, according to IFRS-EU, are mandatorily recognised at fair value (where fair value means the price that would be received for the sale of an asset, or paid for the transfer of liability, in a regular transaction between market participants at the valuation date) or for which this measurement has been opted for, as indicated in the valuation criteria for the individual items.

The financial statements are formed of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated cash flow statement, the table of changes in consolidated shareholders' equity and the relative explanatory notes.

The Group has chosen, from the various options permitted by IAS 1, to present balance sheet items according to the current/non-current distinction (considering Current, Assets that are realised and Liabilities that are considered to be extinguished in the normal production cycle) and the income statement by classifying items by nature. The consolidated cash flow statement has been prepared using the indirect method. The income statement presents the Operating result (EBIT), a significant indicator of the operating performance of the Group. EBIT: the unadjusted profit before income taxes and financial income and charges. EBIT also includes income and charges arising from the management of non-consolidated equity investments and securities, as well as the results of any disposals of consolidated equity investments, classified in the financial statements within “operating financial income and charges” or, for the results of equity investments accounted for using the equity method only, within “effects of valuation of equity investments using the equity method.”

In line with the requirements of IFRS 7 and IAS 1 Presentation of financial statements, it is important to point out that Covid-19 also affects the accounting processes, introducing additional elements of uncertainty, especially regarding measurement aspects and supporting information. Further details of the accounting standards adopted are provided in paragraph 14.2.1.

Unless otherwise indicated, all values are displayed in EUR Thousand (EUR/000), as permitted by law. The financial statements as at 31 March 2025 of the Hitachi Rail STS Group were approved by the Board of Directors on 27 June 2025, which authorised their dissemination within the terms and in the manner prescribed by current regulations. These financial statements prepared following IFRS-EU have been audited by EY S.p.A.

14.2.1 Accounting standards adopted

Discretionary Valuations and Significant Accounting Estimates

The application of generally accepted accounting standards for the preparation of the financial statements and the interim accounting reports requires the company management to make accounting estimates based on complex and/or subjective opinions, estimates based on past experience and assumptions deemed reasonable and realistic on the basis of the information known at the moment of the estimate.

The use of these accounting estimates affect the values of assets and liabilities in the financial statements and information on potential assets and contingent liabilities at the date of the financial statements, as well as the amount of revenues and costs in the financial year in question. Actual results may differ from those estimated because of the uncertainties that characterise the assumptions and conditions on which estimates are based.

The following are the accounting standards and budget items that require more than others a higher subjectivity on the part of the Administrators in the preparation of estimates and for which a change in the underlying assumptions could have a significant impact on the financial statements:

Revenue Recognition and Measurement of Contract Assets and Liabilities

The processes and methods of recognising revenues and measuring contractual assets and liabilities on long-term contracts are based on an estimate of the revenues and costs throughout the entire lifetime of multi-year projects, which are influenced by major evaluations that, due to their nature, require a judgement call on the part of directors, particularly for the estimate of costs to complete each project included in the risks and contractual penalties estimate, where applicable, assessment of changes to the contract planned or being negotiated and any changes in the estimate compared with the previous year.

The Group operates in a business that typically involves complex contractual arrangements, which are recognised in the financial statements using the percentage-of-completion method. Revenues and the associated margins are recognised on the income statement based on the progress of the contract and the margins that will be recognised on the entire work on completion: the company fulfils its "performance obligation" over time and measures the progress made through an input-based method, i.e., the costs incurred to satisfy the aforementioned obligation. For the purposes of correctly recognising work in progress and revenue related to projects yet to be completed, management is required to make an accurate estimate of costs to finish, expected increases and delays, additional costs and penalties which could have an impact on both the expected margin and the work in progress and, consequently, on project revenues. Another aspect to consider in measuring the value of contractual activities is requests for additional sums (so-called claims or change orders), compared with the contractually agreed ones, if they are basically approved by the customer in the subject and/or in the price.

More specifically, the process of estimating the costs to finish involves estimates of the cost of materials, the number of hours to be spent on the execution of the contractually planned works, the financial charges incurred to cover guarantees issued by financial institutions, and the possible outcome of disputes with the contractual counterparty, partners and suppliers. The measurement of work in progress considers the estimation of the possible impacts arising from disputes with customers; in cases where there are disputes with a risk of probable future liabilities, management sets aside specific work in progress provisions. To better support management estimates, the Group has adopted contract risk management and analysis schemes aimed at identifying, monitoring and quantifying the risks related to the performance of such contracts. The values entered in the financial statements represent the best estimate at the date of preparation of the financial statements made by management, with the aid of the aforementioned procedural aids. It should be noted that there are no significant financing components in the contracts signed by the Group companies, obligations regarding reimbursements and other types of guarantees, other than those provided and reported in paragraphs 16.21 and 24.20.

Bad debt provisions:

The Group has analysis procedures for some types of receivables excluded from the application of the simplified model above, aiming to identify, monitor and quantify the risks of the counterparty in order to correctly reflect them in the bad debt provision, which therefore represents the best estimate at the time of preparation of the financial statements. Refer to the paragraph “Credit risk management” for further information.

Impairment of assets:

The Group’s assets are tested for impairment at least annually if they have an indefinite life, or more frequently if there are indicators of impairment. Similarly, impairment tests are conducted on all assets with indications of impairment, even if the depreciation process has already begun. The impairment tests are generally conducted using the discounted cash flow method. This methodology is, however, highly sensitive to the assumptions contained in the estimated future cash flows and interest rates used.

For these valuations, the Group uses the plans approved by the corporate bodies and financial parameters in line with those resulting from the current trend of the reference markets. Expected cash flows may be quantified in light of the information available at the moment of the estimate, on the basis of subjective judgements regarding the future performance of variables such as prices, costs, demand growth rates and production profiles, and are discounted using a rate that takes into account the risk inherent in the asset concerned.

It should be noted that, regarding the financial year ending 31 March 2025, no impairment indicators have been identified that would determine the need to perform an impairment test regarding the assets described above.

Hedging of long-term contracts against exchange rate risk:

In order to hedge exposure to changes in flows of collections and payments associated with long-term construction contracts denominated in currencies other than the functional currency, the Group uses specific hedges for the expected individual cash flows from the contracts. The hedges are entered into at the moment the contracts are finalised. Generally, exchange rate risk is neutralised using so-called plain vanilla (forward) instruments.

In all cases where the hedge is ineffective, changes in fair value of such instruments are immediately recognised in the income statement as financial items. In contrast, the underlying is valued as if it were not hedged, affected by changes in the exchange rate. The effects of this accounting treatment are described in the section on “financial income and charges”. Hedges which fall under the first case are recognised as cash flow hedges, considering the premium or the discount as the ineffective part in the case of forwards, or time value in the case of options. The ineffective part is recognised under financial items.

Taxes:

Current taxes for the year are calculated on the basis of estimated taxable income and the tax rates in force at the reporting date. As described above, deferred tax assets are recognised if their recovery is deemed probable; this probability depends on the effective existence of taxable income in the future, which can be used to offset the deductible temporary differences, the determination of which requires conducting a significant estimation process. Budget results and plans consistent with those used for the impairment tests have been taken into account in determining future taxable income, also because deferred tax assets refer to temporary differences/tax losses that may be recovered over a long time horizon, thus hypothetically also beyond the time horizon implied in the plans mentioned above.

Determining the implicit interest rate for lease contracts

When the interest rate implicit in the lease cannot be easily determined, IFRS 16 provides for the use of an incremental borrowing rate at the date of effectiveness of the lease to calculate the present value of the payments due for the lease. This rate corresponds with the one the lessee must pay for a loan, with a similar duration and guarantees, needed to obtain an asset of a similar value to the asset consisting of the right of use in a similar economic context. In the absence of observable inputs, and taking account of the fact that STS does not have any bank loans, the Group decided to use the incremental borrowing rate determined by the parent company Hitachi Ltd.

In particular, the latter is equal, except for the rates for China, Malaysia and India, to the average yield of bonds issued and outstanding in the same sector and with the same rating as the parent company Hitachi Ltd. The rate used for China is published by the People’s Bank of China (excluding Hong Kong and Taiwan). Malaysian and Indian rates, on the other hand, are equal to the average yield on bonds issued and in circulation in the same sector obtained by Bloomberg, but due to the limited number of available market data, rates include B, BB or BBB ratings.

Methodology and consolidation area

These financial statements of the Hitachi Rail STS Group as at 31 March 2025 include the financial statements of the companies/entities included in the scope of consolidation (hereinafter referred to as “consolidated entities”) prepared following IFRS – EU accounting standards. Listed below are the entities included in the consolidation area and the relative percentages of direct or indirect ownership by the Group:

List of companies consolidated on a line-by-line basis

Company name	Direct/ indirect control	Registered office	Share/ quota capital (/000)	Currency	% share held
HITACHI RAIL STS AUSTRALIA PTY LTD	Direct	Eagle Farm (Australia)	38,151	AUD	100
HITACHI RAIL STS SWEDEN AB	Direct	Solna (Sweden)	4,000	SEK	100
HITACHI RAIL ESPANA S.L.U.	Direct	Madrid (Spain)	3	EURO	100
HITACHI RAIL SYSTEMS FRANCE SAS	Direct	Paris (France)	100	EURO	100
UNION SWITCH & SIGNAL INC	Indirect	Wilmington (Delaware USA)	1	USD	100
HITACHI RAIL STS MALAYSIA SDN BHD	Indirect	Petaling Jaya (Malaysia)	3,000	MYR	100
HITACHI RAIL STS CANADA INC	Indirect	Toronto (Canada)	-	CAD	100
HITACHI RAIL STS USA INC	Direct	Wilmington (Delaware USA)	10.769	USD	100
HITACHI RAIL STS USA INTERNATIONAL CO	Indirect	Wilmington (Delaware USA)	1	USD	100
HITACHI RAIL STS INDIA PVT LTD	Indirect	Bangalore (India)	5,612,915	INR	100
HITACHI RAIL STS RAILWAY SIGNALING TECHNOLOGY (BEIJING) COMPANY LTD	Direct	Beijing (China)	10,250	CNY	100
HITACHI RAIL STS HURONTARIO HOLDINGS INC.	Direct	Toronto, Ontario (Canada)	0.1	CAD	100
HITACHI RAIL STS MOBILINX HURONTARIO GP INC.	Indirect	Toronto, Ontario (Canada)	0.1	CAD	100
HITACHI RAIL HONOLULU JV	Direct	Honolulu (USA)	36	USD	100
HITACHI RAIL ARABIA LIMITED	Direct	Riyadh (Saudi Arabia)	50	Saudi Riyals	75
HITACHI RAIL ONTARIO HOLDINGS INC.	Direct	Toronto, ON (Canada)	0.1	CAD	100
HITACHI RAIL ONTARIO GP INC.	Indirect	Toronto, ON (Canada)	0.1	CAD	100
HITACHI RAIL ONTARIO O&M INC.	Indirect	Toronto, ON (Canada)	0.1	CAD	100

List of companies measured using the shareholders' equity method

Company name	Direct/ indirect control	Registered office	Share/ quota capital (/000)	Currency	% share held
ALIFANA DUE SCARL	Direct	Naples (Italy)	26	EUR	53.34
PEGASO SCARL (in liq.)	Direct	Rome (Italy)	260	EUR	46.87
METRO 5 S.p.A.	Direct	Milan (Italy)	53,300	EUR	31.9
INTERNATIONAL METRO SERVICE S.r.l.	Direct	Milan (Italy)	700	EUR	49
MOBILINX HURONTARIO GP	Direct	Toronto, ON (Canada)	-	CAD	20
METRO DE LIMA LINEA 2 S.A.	Direct	Lima (Peru)	120,000	USD	28.5
OPERATION ALLIANCE OPS CO.	Direct	Riyadh (Saudi Arabia)	100	Saudi Riyals	50
MOBILINX HURONTARIO SERVICE LTD	Direct	Toronto, ON (Canada)	0.1	USD	20
CONNECT 6IX ONTARIO LINE SERVICES LTD	Direct	Toronto, ON (Canada)	-	CAD	50
CONNECT 6IX GENERAL PARTNERSHIP	Direct	Toronto, ON (Canada)	-	CAD	20.1

List of companies measured using fair value

Company name	Direct/indirect control	Registered office	Share/ quota capital (/000)	Currency	% share held
Metro C S.c.p.A.	Direct	Rome (Italy)	150,000	EUR	14
I.M. Intermetro S.r.l. (in liq.)	Direct	Rome (Italy)	2,461	EUR	16.66
Tram di Firenze S.p.A.	Direct	Florence (Italy)	12,000	EUR	10.19
Consorzio Iricav Uno	Direct	Rome (Italy)	520	EUR	26.77
Consorzio Iricav Due	Direct	Vicenza (Italy)	510	EUR	17.05
Consorzio San Giorgio Volla2	Direct	Naples (Italy)	71	EUR	33.33
Consorzio Ascosa Quattro (in liq.)	Direct	Naples (Italy)	57	EUR	33.33
Siit S.C.p.A.	Direct	Genoa (Italy)	600	EUR	2.3
Saturno Consortium	Direct	Rome (Italy)	31	EUR	33.33
IANUA Consortium	Direct	Genoa (Italy)	50	EUR	16.67
MM4 Consortium	Direct	Milan (Italy)	200	EUR	34.63
Radiolabs Consortium	Direct	Rome (Italy)	154	EUR	33.33
SPV Linea M4 S.p.A	Direct	Milan (Italy)	61,532	EUR	0.66
Hitachi Baltimore Rail Partners LLC	Indirect	Wilmington (Delaware USA)	1	USD	100
D.I.T.S. Development & Innovation in Transportation Systems S.r.l.	Direct	Rome (Italy)	40	EUR	24
Dattilo S.c.a.r.l.	Direct	Naples (Italy)	100	EUR	27
Metro B S.r.l.	Direct	Rome (Italy)	20,000	EUR	2.47
Meditech Consortium	Direct	Naples (Italy)	750	EUR	6.66
Mobilinx Hurontario DBJV	Indirect	Toronto, ON (Canada)	-	CAD	30.4
HITACHI RAIL STS S.p.A. AKTOR S.A. CONSORTIUM	Direct	Athens (Greece)	-	EUR	85
Ditecfer SCARL	Direct	Pistoia (Italy)	110	EUR	1.82
RTA Railtec Arsenal	Indirect	Vienna (Austria)	36	EUR	14.8
HSC Consortium	Direct	Naples (Italy)	50	EUR	5
Consorzio Universitario in Ingegneria per la Qualità e l'Innovazione (QUINN)	Direct	Pisa (Italy)	142	EUR	12.5
CRM Consortium	Direct	Naples (Italy)	30	EUR	5
Hitachi Rail Washington LLC	Direct	Delaware (USA)	1	USD	100
Secure Rail India Private LTD	Direct	Haryana (India)	-	INR	0,00007

Subsidiaries and Joint control entities

The entities on which the Hitachi Rail STS Group exercise control, both on the basis of the direct or indirect ownership of the majority of exercisable votes as an effect of the dominant influence expressed by the power to determine the financial and management decisions of the Company/Entity, obtaining the related benefits also regardless of the share-based relationships, are consolidated with the line-by-line method.

All the subsidiaries are included in the scope of consolidation from the date control is acquired by the Group. Entities are excluded from the scope of consolidation from the date the Group loses or transfers control.

Equity investments in entities (including Special Purpose Entities) whose control is exercised jointly with third parties by virtue of contractual agreements are consolidated on the basis of the provisions of IFRS 11:

- with the shareholders' equity method, the Joint Arrangements, based on which the control on an asset is attributed jointly to two or more operators are classified as Joint Operations (JO) or Joint Ventures (JV) according to an analysis of the contractual underlying rights and obligations.
- with the line by line method, the Joint Operations are Joint Arrangements in which the participants hold rights on the assets and direct obligations on the liabilities. In this case, the single assets and liabilities and the related costs and revenues are recognised in the financial statements of the investing company based on the rights and obligations of each of them, regardless of the interest held through the line-by-line consolidation.

Business combinations

The business combinations are recognised by applying the purchase method, where the acquisition cost is equal to the fair value, on the acquisition date, of the sold assets, the liabilities assumed, and any capital instruments issued by the acquirer. The transaction cost is allocated by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at their fair values at the acquisition date. Any difference between the transaction cost, the minority interests in application of the partial goodwill method and the fair value at the date of purchase of the assets and liabilities acquired is attributed to goodwill. If the process of allocating the acquisition price results in a negative difference, it shall be recognised in the income statement.

The accessory charges connected to the acquisition are recognised in the income statement as at the date on which the services were provided.

In the event of acquisition of controlling interest which does not comprise the totality of the shares, the goodwill is recognised only for the portion attributable to the parent company. The value of the minority interests is determined as a proportion of the equity investments held by third parties in the identifiable net assets of the acquired entity.

If a business combination takes place in several phases, at the time of acquisition of control, the equity investments previously held are remeasured at fair value and any difference (positive or negative) is recognised in the income statement.

The values from relations between consolidated entities are cancelled, in particular those deriving from receivables and payables in existence at the end of the financial year; the costs and revenues as well as financial income and charges and other financial income and charges are recognised in the income statement.

Business combinations under common control

In these separate financial statements, the Company has adopted the Assirevi Preliminary Guidelines on IFRS pursuant to OPI documents no. 1 and 2 (Revised). According to this guideline, own mergers fall within the scope of IFRS 3 Business combinations. On the other hand, mergers by parent-subsidary incorporation cannot be classified as business combinations as they do not involve any exchange with third-party entities with reference to the activities that are aggregated, nor an acquisition in the economic sense. For the reasons indicated above, parent-subsidary mergers are qualified as business combinations under common control and are excluded from the scope of application of IFRS 3.

Other equity investments

Equity investments held in entities over which significant influence is exercised, generally involving an equity investment of between 20% (10% if listed) and 50% (equity investments in associates), are valued according to the equity method. In the case of application of the equity method, the value of the equity investment is aligned with the adjusted equity, where necessary, to reflect the application of the IFRS-EU international accounting standards and includes the recognition of goodwill, net of any impairment, identified at the time of acquisition as well as for the effects of the adjustments required by the standards relating to the preparation of the financial statements. Gains and losses realised between entities consolidated according to the equity method, and other Group entities consolidated on a line-by-line basis, are eliminated.

If the Group has reason to believe that the investment has lost part of its value, in excess of what may already be recognised through the equity method, any impairment is determined as the difference between the recoverable amount of the equity investment and its carrying amount and recognised in the income statement.

Any impairment exceeding the carrying amount is recorded in the Provision for risks on equity investments, to the extent that there are legal or implicit obligations to cover the losses and in any case within the limits of the recognised shareholders' equity.

The fair value of the equity investments in the portfolio, in cases where this criterion is applicable, is determined by referring to the market prices (bid price) of the last trading day of the month as at which the IFRS-EU situation prepared, 31 March 2025 in the case of these financial statements, or by using financial valuation techniques in the case of unlisted instruments as required by IFRS 13.

Equity investments held for sale, such as those acquired with the sole purpose of being disposed of within the following 12 months, are classified separately under "assets held for sale".

Companies excluded from the scope of consolidation

In the following cases, companies are excluded from consolidation using the line-by-line method:

- consortia that are not stock companies as well equity investments in consortia that are stock companies which, since costs are charged back to the shareholders, do not have their own economic results and whose financial statements, net of intragroup assets and liabilities, have no significant balance sheet values and do not have any debt;
- companies at a particular developmental stage, for example no longer operating companies, companies without assets and without personnel or whose failure to consolidate on a line-by-line basis does not entail the loss of relevant information;
- the Companies whose liquidation process appears to be almost completed; this would be irrelevant both from a quantitative and qualitative point of view for the purposes of a correct representation of the equity, economic and financial situation of the Group. These equity investments in associated companies are consolidated using the equity method.

These companies are excluded as their consolidation would be irrelevant or distorting the disclosure with reference to the Group's operating dynamics. With particular reference to consortium companies, it should be noted that they are non-profit legal vehicles, normally established for the sharing between partners of some common costs related to the implementation of a project; for this reason, consortia always close their income statement in balance, since any operating surplus or deficit is reversed to the consortium members before the end of the year.

Sector reporting

In compliance with the aggregation criteria envisaged by IFRS 8, for the year ended 31 March 2025 pursuant to IFRS 8, paragraph 5b, the STS Group has identified two operating segments differentiating "Rail Control" and "Vehicles". This assessment was carried out because the organisation is structured separately by lines of business.

It should be noted that both lines of business refer to the Rail System Business Unit in the broader "Green Energy & Mobility" segment as defined by the ultimate parent company Hitachi Ltd for IFRS 8 purposes; therefore, operating sectors have been aggregated into a single "reportable segment" and consequently the information required by paragraph 15 of IFRS 8 is provided in line with what is described in paragraph 2.4 of the report on operations.

Identification of the functional currency

The balances included in the financial statements of each Group company/entity are recorded in the currency of the primary economic environment in which the entity operates (functional currency). The financial statements of the Hitachi Rail STS Group are drawn up in Euro, which is the Parent Company's functional currency.

Conversion of items in a foreign currency

Items expressed in a currency other than the functional currency, whether monetary, cash and cash equivalents, receivables or payables due in pre-set or measurable amounts, etc. or non-monetary advances to suppliers of goods and/or services, goodwill, intangible assets, etc., are initially recognised at the current exchange rate at the date on which the transaction takes place. Subsequently, the monetary items are translated into the functional currency, based on the exchange rate at the reporting date, and any differences resulting from this conversion are recognised in the income statement. Non-monetary elements are expressed at the transaction exchange rate except in the case of persistent unfavourable trend in the reference exchange rate; in this case, exchange differences are recognised in the income statement.

Translation of financial statements expressed in currencies other than the functional currency

The rules for the translation of financial statements in a different currency to the functional currency, with the exception of currency in hyper-inflationary economies (a case not applicable to the Group) are as follows:

- assets and liabilities presented are translated at the year-end exchange rate;
- costs and revenues, income and charges are translated at the average exchange rate of the year or at the transaction date exchange rate if it varies significantly from the average rate of the year;
- the "translation reserve" includes both the exchange differences generated by the conversion of the economic items at a rate different than that at the end of the reporting year and those generated by the translation of the opening shareholders' equity at an exchange rate different from that at the end of the reporting year.

The translation reserve is reversed to the income statement when the equity investment is disposed of. Adjustments arising from fair value related to the acquisition of a foreign entity are treated as assets and liabilities and translated at the year-end exchange rate. The exchange rates applied in the conversion of financial statements and balances in currency other than the Euro as at 31 March 2025 and as at 31 March 2024 are as follows:

	As at al 31.03.2025	Average for the 12 months as at 31.03.2025	As at al 31.03.2024	Average for the 12 months as at 31.03.2024
JPY	162.08000	163.74500	163.24000	156.79750
USD	1.08150	1.07366	1.08110	1.08489
CAD	1.55330	1.49347	1.46720	1.46283
INR	92.39550	90.77412	90.13650	89.80520
AUD	1.73180	1.64664	1.66070	1.64885
SEK	10.84900	11.41896	11.52500	11.49225
CNY	7.84420	7.74915	7.81440	7.77584
HKD	8.41300	8.36655	8.45940	8.48830
BRL	6.25070	6.01990	5.40320	5.35143
GBP	0.83536	0.84140	0.85510	0.86333
MYR	4.79920	4.83886	5.11680	5.03703
BWP	14.77460	14.58831	14.82990	14.65188
ZAR	19.87820	19.57380	20.52260	20.31236
KZT	545.22000	519.36054	485.68000	493.89602
AED	3.97180	3.94300	3.97030	3.98425
KRW	1,594.71000	1,496.47250	1,458.67000	1,432.07529
SAR	4.05560	4.02622	4.05410	4.06834
RUB	117.20100	117.20100	117.20100	117.20100
TWD	35.88900	34.85350	34.59610	34.07874
CHF	0.95310	0.95167	0.97660	0.96109
DKK	7.46130	7.45982	7.45800	7.45434
PEN	3.95570	4.01452	4.02010	4.04564

Intangible assets

Intangible assets comprise clearly identifiable non-cash asset without physical substance and from which future economic benefits are expected to flow to the company. They are recognised at purchase and/or production cost, including the costs directly related to preparing them for use, and stated net of accumulated amortisation (except for assets with indefinite lifetimes) and any impairment losses. Amortisation begins when the assets are ready for use and is charged systematically over the residual useful lifetime of the assets, as estimated. In the period in which the intangible asset is recognised for the first time, the amortisation rate applied takes into account the period of actual use of the asset. The useful service life estimated by the Group for the various asset classes are shown below:

Goodwill:	indefinite service life
Other development costs:	3-5 years
Patent and similar rights:	3-5 years
Licences and trademarks:	3-5 years
Other fixed assets:	3-5 years

(i) Concessions, licences and trade marks

This category includes trademarks consisting of signs attesting to the origin of goods or merchandise from a particular company and licences of know-how, software applications owned by others. The costs, including direct and indirect costs incurred to obtain such rights, can be capitalised as assets after receiving title to the rights themselves and are amortised systematically over the shorter between the period of expected use and ownership of the rights.

(ii) Research and development costs

Research costs are posted on the income statement in the period when they are incurred.

Intangible assets produced in-house and the related development costs are recognised only when all the following conditions exist simultaneously:

- the asset can be identified;
- the asset is likely to produce future economic benefits;
- the cost to develop the asset can be measured reliably;
- there is a reference market for the product resulting from the development activity.

If these conditions are not met, development costs are posted to the income statement when incurred. Development costs, which are capitalised only when the above four conditions are met, are amortised on a straight-line basis over the entire useful lifetime.

The initial capitalisation of development costs is also based on whether the management opinion on the technical and economic feasibility of the project is confirmed, and capitalisation includes only those expenses incurred that can be directly attributed to the development process.

(iii) Non-recurring expenses

The Group classifies the costs incurred for the design, prototyping and adaptation to technical/functional specifications of potential customers amongst “intangible assets”, in the item “development costs”; these non-recurring expenses are recognised under “intangible assets”, whereas the loans collected are recognised under “other liabilities” at nominal value, distinguishing between the current and non-current portion on the basis of the expected payment date.

In all cases, non-recurring expenses are kept pending under intangible assets until the contract is formally acquired; subsequently, they are amortised on the basis of the units produced compared to those expected.

Property, plant and equipment

These assets are stated at purchase or production cost, net of accumulated depreciation and any impairment losses. The cost includes all costs directly incurred to prepare the assets for use, as well as any dismantling and removal costs that will be incurred to return the site to its original conditions.

The expenses incurred for the maintenance and repairs of an ordinary and/or cyclical nature are directly recognised in the income statement in the financial period in which they are incurred. Capitalisation of costs inherent in the expansion, upgrading or improvement of the structural elements which are owned or which belong to third parties are carried out exclusively to the extent that they fulfil the requirements in order to be classified separately as an asset or part of an asset. Any public capital grants related to property, plant and equipment are deducted directly from the asset to which they refer.

The value of an asset is adjusted by systematic depreciation, calculated over its estimated residual useful lifetime. Depreciation is calculated considering the actual date when the asset is ready for use, in the year in which an item of property, plant and equipment is initially recognised.

The useful service life estimated by the Group for the various asset classes are shown below:

Land:	indefinite service life
Buildings:	20-33 years
Plant and machinery:	5-10 years
Equipment:	3-7 years
Other assets:	3-8 years

The estimated residual value and useful lifetime of an asset are periodically reviewed.

Depreciation of an asset ceases on the date the asset is sold or classified as available for sale.

Where the asset being depreciated is composed of separately identifiable significant elements whose estimated useful life differs from that of the other parts comprising the asset, depreciation is calculated separately for each of the parts comprising the asset in the application of the principle of the component approach.

Gains and losses from the sale of assets or groups of assets are calculated by comparing the sales price with the related net book value.

Financial charges related to the acquisition, construction or production of certain assets that require a significant period to be ready for use or sale (qualifying assets) are capitalised together with the asset itself.

Real Estate Investments

Property held to earn rentals or for capital appreciation is classified under “Property investments” and is measured at purchase or production cost, increased by transaction costs, if any, and net of accumulated depreciation and any impairment.

Impairment of property, plant and equipment and intangible assets (impairment of assets)

Assets with indefinite lifetimes are not depreciated or amortised, but are subject to at least annual impairment tests to ascertain the recoverability of their book value.

It should be noted that, regarding the financial year ending 31 March 2025, no impairment indicators have been identified that would determine the need to perform an impairment test regarding the assets described above.

For assets that are depreciated or amortised, an assessment is made to determine whether there is any indication of impairment: if so, the recoverable value of the asset is estimated, with any excess being recognised on the income statement.

The recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use, calculated based on the discounted cash flow model. The discount rate, including taxation, includes the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Assets that do not generate independent cash flows are tested based on the cash-generating unit.

When the reasons for previous impairment cease, the book value of the asset is reinstated, up to the book value that it would have had if impairment not been recognised in previous years. Value reinstatements are posted on the income statement. The value of goodwill is never reinstated to its previous level after a write-down.

Assets in leasing

Assets for rights of use and lease liabilities are recognised in accordance with the provisions of IFRS 16.

(i) Group entities are lessees of a financial lease.

At the commencement or modification date of the contract (i.e. the date on which the underlying asset is available for use), the lessee recognises an asset consisting of the right to use and financial liability for the lesser of the fair value of the asset or the present value of the minimum payments due at the commencement date of the contract using the implied interest rate of the lease or the marginal interest rate of the loan. Subsequently, an amount equal to the depreciation of the asset determined based on the lease contract and the financial charges deducted from the lease payment during the year are charged to the income statement.

After the effective date, the lease liability is measured at amortised cost using the effective interest rate method and redetermined when certain events occur.

The STS Group applies the exception to the recognition envisaged for short-term leases to its contracts with a duration of twelve months or less from the effective date. It also applies the exception to the recognition envisaged for leases in which the underlying asset is of “low value” and the amount of which is considered insignificant. For example, the Group leases some office equipment (i.e. PCs, printers and photocopiers) which are considered of low value. Payments due for short-term leases and leases in which the underlying asset is of low value are recognised as cost on a straight-line basis for the duration of the lease.

(ii) Group entities are lessors of a financial lease.

From the lessor’s perspective, the accounting treatment of the lease according to IFRS 16 remains essentially unchanged with respect to IAS 17. When it acts as the lessor, the Group determines, at the start date of the lease, whether it is a financial or operating lease, using the same classification criteria provided by IAS 17.

Right-of-use assets

Right-of-use assets are measured at cost, net of accumulated depreciation and impairment, and adjusted for any remeasurement of the lease liabilities. The cost of right-of-use assets includes the sum of lease liabilities recorded, initial direct costs incurred and lease payments made at or before the lease commencement date, minus any incentives received.

Assets for the right of use are amortised on a straight-line basis from the commencement date and up to the end of the useful life of the right-of-use asset or the end of the lease, whichever comes first, as follows:

- Buildings
- Vehicles
- Specific systems
- Heavy transport vehicles

If the lease transfers ownership of the underlying asset to the lessee when the lease ends, or if the cost of the right-of-use asset reflects the fact that the lessee will exercise the purchase option, the lessee may amortise the right-of-use asset from the commencement date up until the end of the useful life of the underlying asset.

Leasing liabilities

At the lease commencement date, the Group records lease liabilities by measuring them at the current value of payments due for the lease and not paid at that date. Payments due include fixed payments, minus any lease incentives receivable, variable lease payments that depend on an index or a rate, and the amounts that it is expected will have to be paid as guarantees on the residual value. Lease payments do not include the price of exercising a purchase option, since the Group is not reasonably certain that said option will be exercised.

For calculation of the current value of the payments due, the Group uses the incremental borrowing rate at the start date, if the implicit interest rate cannot be easily determined. Details on the rate used are provided in the paragraph "Discretionary assessments and significant accounting estimates" of these Explanatory Notes.

Within the Group, contracts that fall under the scope of application of IFRS 16 relate primarily to two classes of property, plant and equipment, i.e. buildings for office or industrial use and vehicles. Furthermore, in relation to the separation of lease and non-lease components, the Group has applied the option of no separation.

Inventories

Inventories are stated at the lower cost, determined by reference to the weighted average cost method, and net realisable value, and do not include financial charges and general overhead. The net realisable value is the sale price during normal operations, minus the estimated costs to finish the goods and those needed to make the sale.

Assets/liabilities from contracts with customers

Contract assets and liabilities are posted and measured in accordance with the guidelines of IFRS 15, the standard governing revenues from contracts with customers. Revenues are recognised by applying a model divided into the following five steps: 1. Identification of the contract with the customer; 2. Identification of the performance obligations according to the contract; 3. Calculation of the consideration of the transaction; 4. Allocation of the consideration to the individual performance obligations; 5. Recognition of revenues at the moment of (or during) satisfaction of the individual performance obligation. Together with development of the five-step model, IFRS 15 deals with other aspects, such as contractual costs, amendments and financial reporting. The methods of application of IFRS 15 used by the Group are summarised below.

1. Identification of the customer contract

A contract with a customer is identified and measured according to IFRS 15 after binding signing of the contract that results in mutual obligations between the Group and the customer. The conditions of paragraph 9 of IFRS 15 are considered in the identification of the contract, as follows: a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations; b) the entity can identify each party's rights regarding the goods or services to be transferred; c) the entity can identify the payment terms for the goods or services to be transferred; d) the contract has commercial substance (i.e., the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and e) it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

2. Identification of performance obligations and allocation of contractual consideration

IFRS 15 defines a performance obligation as the promise in the contract with the customer to transfer: a) a separate good and/or a service (or a combination of goods and services), or b) a set of separate goods or services that are substantially similar and are transferred to the customer with the same methods. In contracts with the customers of the Group, the performance obligation is usually the work as a whole. In fact, although the individual performance

obligations according to the contract might be separate to each other, in the context of the contract they are characterised by a major interdependency and integration, serving to transfer to the customer the tangible and intangible structure as a whole. However, certain contractual items involve supply of additional services that must be considered as separate performance obligations. These include post-completion maintenance services following final testing and contractual warranty services supplementary to or different from those required by law or normal sector practises. In cases where several performance obligations forming part of the same contract are identified, it is necessary to allocate an appropriate portion of the contractual consideration to the separate performance obligations, in accordance with IFRS 15. In the Group business practices, the price components for each contractual item are usually specified in detail (price observable from the contract). There are not normally obligations relating to returns and reimbursements, due to the nature of the goods and services supplied. Specific warranties are generally provided to customers, based on development of the type of activity performed.

3. Determination of Deadlines for Performance Obligations and Recognition of Revenues

According to IFRS 15, revenues must be recognised when the performance obligation has been fulfilled by transferring the promised good or service to the customer. The asset is transferred when the customer acquires control of it. The contracts with customers typically signed within the Group relate to the performance of long-term contracts with obligations that are fulfilled over time, based on gradual progress in the activities and transfer in time of control of the work to the customer. The reasons why recognition over time ('over time') is considered more representative are:

- the customer controls the work under the contract when it is constructed;
- the work under construction cannot have an alternative use, and the Group holds the right to collect the consideration for services rendered during construction.

In order to recognise revenues, IFRS 15 requires measurement of progress in satisfying the performance obligation, choosing the criterion that best represents transfer of control of the infrastructure to the customer during construction. Measure of progress must allow what has been done to transfer control of the work to the customer to be reflected. In this sense, the appropriate method of recognition of revenues must be viewed in relation to the sector where the Group operates and the complexity of the combination of goods and services supplied. IFRS 15 provides two alternative methods for "over-time" recognition of revenues: a) Output method; b) Input method. With the first method, revenues are recognised on the basis of direct measurements of the goods or services transferred up to the date considered (such as physical state of progress, contractual milestones, number of units delivered, etc.). With the input method, on the other hand, revenues are recognised on the basis of the resources used by the entity to satisfy the contractual performance obligation (such as resources consumed, labour hours expended, costs incurred, time lapsed or machine hours used) compared with the total estimated inputs. The method deemed most representative for recognition of revenues is the cost-to-cost method, determined by applying the percentage of completion, equal to the ratio between costs incurred and total estimated costs, to the overall contractual revenue expected. In calculating the ratio between costs incurred and estimated costs, only costs contributing to the effective transfer of control over the goods and/or services are considered. Using this method allows a more objective measurement of transfer of control to the customer, as it considers the quantitative variables relating to the contract as a whole. In choice of the most appropriate method to measure transfer of control to the customer, for the contracts currently managed by the Group, the method based on outputs (such as physical state of progress) has not been used, as it has been concluded that, although the output method would allow direct assessment of the progress on the contract, it would also involve operational difficulties in managing and monitoring progress in relation to completeness of the resources needed to perform the work. Furthermore, choice of an output method would require the identification of criteria and variables that cannot be directly observed and would also result in excessive costs to obtain the information needed. In conclusion, it must also be considered that, in the sector where the Group operates, the objective of contractual outputs (milestones) relates, among other things, to modulation of the cash flows to obtain the financial resources needed to perform the activities, as well as to definition of the technical specifications of the work and the related construction times.

4. Determination of the contractual fee

In view of the complexity of the engineering and operations, the size and long-term duration of the work, the contractual consideration includes not only the price established in the contract, but also additional fees that must be taken into account. In particular, the fees deriving from reserves are additional fees requested when higher costs have been (and/or will be) incurred, for reasons or events that are unforeseeable and attributable to the customer, for more work performed (and/or to be performed) or for variants not formalised in additional agreements. Calculation of additional fees is, by its nature, subject to a certain degree of uncertainty, in both the sums that will be recognised by the customer and in the collection times, which, as a rule, depend on the result of negotiations between the parties or decisions by the awarding entities. This type of contractual consideration is governed by IFRS 15 and relates to the case of "Contract modifications". According to the standard, a contract modification exists when it is approved by

both the parties to the contract. Also according to IFRS 15, approval may be in writing, through a verbal agreement or according to standard sector practises. The standard also states that a contract modification may exist even when there is a dispute over the subject and/or price of the contract. In this case, it is necessary first to assess whether the rights to the fee are envisaged by the contract and thus an “enforceable right”. Once the enforceable right has been identified, for recognition of the reserves and the amounts of the additional requests to the customer, it is necessary to follow IFRS 15 in relation to “Variable consideration”. Therefore, in order to adjust the transaction price due to additional consideration deriving from reserves with the customer, it is necessary to establish whether the circumstance that the associated revenues will not be reversed in the future is to be considered as “highly probable”. For purposes of these assessments, all relevant aspects and circumstances, including the terms and conditions of the contract itself, business and negotiating practises in the sector and other supporting evidence are taken into consideration.

4.a Change Order

The consideration from Change Orders is additional consideration for future work not yet defined and/or ordered by the customer when entering into the contract. Consideration from Change Orders is envisaged in the contracts with customers, as it represents potential future work that is interrelated to the main work. However, most contracts provided for said additional work to be expressly defined and approved by the customer before being performed. In the absence of that approval, the contractor does not have an “enforceable right” on the activity. Therefore, based on what is described above and on sector practises, it is concluded that this type of consideration is a case of “Contract modification”, so, according to IFRS 15, it may be considered in assessment of the contractual consideration if approved by both parties to the contract. In that case, the enforceable right may only be identified with specific approval or instruction of the customer, presented according to practice and operating customs.

4.b Penalties

The contract with the customer might envisage penalties payable as a result of breaching specific contractual clauses (such as failure to comply with delivery times). At the moment when the entity possesses the elements to define as the accrual of contractual penalties as “reasonably foreseeable”, these are considered as a reduction of the contractual consideration. Said assessments are made by analysing all the indicators available at the reporting date, in order to estimate the probability of a breach of contract resulting in the payment of penalties.

4.c Significant financial component

It is common practice in the construction and major works sector for the consideration for the work (usually long-term) to be paid through a payment on account and subsequent billing in instalments (so-called Work State-of-Progress Report or SAL). This cash flow method is often established in competitive bidding procedures. In general, the flow of payments from customers (payments on account and subsequent SAL) is designed to ensure that performance of the work is sustainable and that exposure is limited. It should, in fact, be remembered that, in the major works sector, the contractor is involved in contracts for huge sums and the need for initial resources is usually high. The contractual advance is used for the following purposes: to finance the initial contract investments and pay the related contractual advances to subcontractors; as a form of contractual guarantee to cover any risk of contractual default by the client. The contractual payment on account is recovered through the subsequent SAL, in line with the production cycle of a multi-year contract. It is also necessary to consider that the Group operating cycle is normally multi-year and that the correct time-frame must be considered in determining the existence of a major financial component. Based on the above considerations, the presence of major financial components in the contractual consideration has not been assessed in contracts that envisage payments in advance and billing in instalments, in line with sector practices and/or a sum with the function of ‘guarantee’ and with timing suited to the cash flows required for performance of the work.

5. Losses to finish

IFRS 15 does not specifically govern the accounting treatment of loss-making contracts, but refers to the accounting treatment defined by IAS 37, which governs the methods of measurement and classification of onerous contracts (previously laid down by IAS 11). In detail, according to the definition of IAS 37, a contract is onerous when the non-discretionary costs (“unavoidable costs of meeting the obligation”) exceed the expected economic benefits. A provision must be made on the expected loss in a specific provision for risks on the balance sheet, at the point when said loss appears likely according to the most recent estimates of the management. Non-discretionary costs are all those costs that: are directly proportional to the contract and increase the performance obligation contractually transferred to the client; do not include those costs that will be incurred irrespective of the fulfilment of the

performance obligation; future actions cannot avoid them. Assessment of any loss-making contracts (onerous test) must be performed at the level of each individual performance obligation. This approach is more representative of the different contract margins, in relation to the nature of the goods and services transferred to the customer.

6. Contractual costs

6.a Incremental costs of obtaining the contract

IFRS 15 allows the capitalisation of costs to obtain the contract, provided that they are considered to be “incremental” and recoverable through the future economic benefits of the contract. Incremental costs are all costs that are incurred as a consequence of acquisition of the contract. Costs that are incurred independently of acquisition of the contract cannot be qualified as incremental, so they are charged to the income statement, as they do not contribute to contractual progress (cost not attributable to Cost-to-Cost). In the phase prior to participation in a bidding procedure for a new contract/project, the Group incurs “bid” costs that cannot be considered as recoverable, as they relate mostly to general and administrative activities and are therefore expensed as incurred.

6.b Costs for the Performance of the Contract

IFRS 15 provides for the capitalisation of contract performance costs, i.e. those costs that meet all of the following criteria: relate directly to the contract; generate and enhance resources that will be used to fulfil the contractual performance obligation; are recoverable through the future economic benefits of the contract. The practice in the sector where the Group operates is for this type of costs to be remunerated through the overall margin on the contract. Specific recognition of these costs implies that, at the moment they are incurred, the process of transfer of control of the contract work starts. As a consequence, said costs must not be capitalised and must contribute to calculation of contractual progress.

7. Balance sheet exposure

According to IFRS 15, the classification between contract assets and liabilities is based on the relationship between the Group’s service and the customer’s payment: the items in question represent the sum of the following components, analysed individually for each contract:

- (+) Value of work progress, determined on the basis of percentage of completion;
- (-) Advances received on certified works (work progress report);
- (-) Contractual advances;
- (-) Write-down reserve.

If the resulting value is positive, the net balance of the contract is shown under “Contract assets”; on the other hand, if it is negative, it is shown under “Contract liabilities”.

Contract assets and liabilities are recognised net of any allowances for write-downs.

However, if, based on the contract, the values in question express an unconditional right to the consideration, they are presented under receivables. Invoicing follows the contractual agreements made with the customer according to the progress of the work. The effect of invoicing, therefore, leads to a reduction in the value of contract assets.

8. Changes

Contracts with payments in a currency other than the functional currency (EUR for the Group) are measured by converting the portion of payments due, calculated using the percentage-of-completion method, at the exchange rate at the end of the period.

However, according to the Group exchange rate risk policy, all contracts with cash inflows and outflows are significantly exposed to exchange rate fluctuations are promptly hedged, and the recognition methods described in “Hedging long-term contracts against the exchange rate risk” below are applied.

Financial instruments

A financial instrument is any contract that results in a financial asset for an entity and a financial liability or an instrument representing capital for another entity.

Financial assets

Initial detection

On initial entry, financial assets are classified, depending on the circumstances, on the basis of subsequent measurement methods, i.e. at amortised cost, at the fair value reported on the statement of comprehensive income in OCI and at the fair value reported on the income statement.

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the business model the Group uses to manage them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value, through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the price of the transaction.

In order to classify and measure a financial asset at amortised cost or at fair value through OCI, it must generate cash flows that depend solely on payments of principal and interest on the amount of principal to be repaid. This evaluation is referred to as the SPPI test and is performed at the instrument level. Financial assets with cash flows that do not satisfy the above requirements are classified and measured at fair value recognised in the income statement.

The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will arise from collecting contractual cash flows, the sale of financial assets or both.

Financial assets classified and measured at amortised cost are held as part of a business model whose objective is to own financial assets to collect contractual cash flows. In contrast, financial assets that are classified and measured at fair value through OCI are held as part of a business model whose objective is to collect contractual cash flows and sell financial assets.

Subsequent evaluation

For subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through other comprehensive income with the reclassification of accumulated gains and losses (debt instruments);
- Financial assets at fair value through other comprehensive income without a reversal of accumulated gains and losses on derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

The Group classifies financial assets in the following categories:

- amortised cost;
- *fair value recognised in profit/(loss) for the year;*
- *fair value recognised in other components of profit or loss.*

The management determines the classification of these assets when they are recognised for the first time, also in relation to the characteristics of the contractual cash flows; initial recognition is at fair value. Trade receivables without a significant financial component are initially recognised at the transaction price.

(i) Financial assets measured at amortised cost

This category includes financial assets held to collect contractual cash flows (Held to Collect), represented solely by the payment of principal and interest on the principal amount to be repaid. All receivables are included in this category. These assets are measured at amortised cost in compliance with the effective interest rate approach, minus losses for impairment. Interest income, exchange gains and losses and losses for impairment are recognised in profit or loss for the year, as are gains or losses on derecognition.

(ii) Financial assets at fair value through other components of profit or loss

This category includes financial assets held for the dual purpose of collecting contractual cash flows, represented solely by the payment of principal and interest on the principal amount to be repaid, and selling the financial asset (Held to Collect and Sell).

(iii) Financial assets at fair value through profit or loss

This category includes financial assets not classified at amortised cost or at fair value recognised in other income statement components. It includes all derivative instruments and financial assets held for trading. The fair value of financial assets held for trading is based on market prices at the annual or interim reporting date, or on financial valuation models and techniques. Classification as current or non-current reflects management expectations about their trading: they are included under current assets when they are expected to be traded within the next twelve months or when they are recognised as held for trading.

Write-downs of financial assets

Recoverability of financial assets representing debt instruments not measured at fair value, with effects on the income statement, is measured on the basis of the so-called "Expected Credit Loss Model". In particular, the Group, considering the characteristics of the business in which it operates, has judged the credit risk to be represented by the exposure to potential losses stemming from non-fulfilment of the obligations assumed by customers, which, in the majority of cases, are attributable to government authorities, therefore, the management of this type of risk is structured through a complex process which starts from the phase of evaluation of the offers to be presented, through a careful analysis of the characteristics of the countries and of the customers. In addition, for customers for whom there are no disputes or specific events, the Group also analyses the exposure to credit risk based on past due amounts.

Derivatives

In particular, the Group uses derivatives as part of its hedging strategies to neutralise the risk of changes in the fair value of assets or liabilities on its balance sheet or the risk associated with contractual commitments (fair value hedge) or the risk of changes in expected cash flows in contractually defined or highly probable transactions (cash flow hedge). For information on the policy governing the exchange rate risk on long-term contracts, reference should be made to the paragraph on "Hedging long-term contracts against the exchange rate risk".

The efficacy of the hedging transactions is documented and tested both at the beginning of the transaction and periodically (at least on each financial statements or interim financial statements publication date) and it is measured by comparing the changes in fair value of the hedging instrument against the element which is covered (dollar offset ratio) or, for more complex instruments, through analysis of the statistical type based on risk variation.

(i) Fair value hedge

The changes in the value of the derivatives designated as fair value hedges and which qualify as such are recognised in the income statement, similarly to the variations in fair value of hedged assets or liabilities which are attributable to the risk which is neutralised through hedging transactions.

(ii) Cash flow hedge

Changes in the fair value of derivatives designated as cash flow hedges and qualifying as such are recognised, limited to only the 'effective' portion, in a specific equity reserve ('reserve from cash flow hedges'), which is subsequently recognised in profit or loss when the underlying hedged item becomes effective. The change in fair value attributable to the ineffective portion is immediately recognised in profit or loss for the period. If the occurrence of the underlying transaction is no longer considered highly probable. In that case, the portion of the "cash flow hedge reserve" relating to it is immediately recognised in profit or loss. On the other hand, if the derivative instrument is sold or no longer qualifies as an effective hedge of the risk against which the transaction was entered, the portion of the "cash flow hedge reserve" relating to it is retained until the underlying contract is unwound.

(iii) Determination of the fair value of the Financial Instruments

The Group values financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

The fair value is the price that would be obtained from sale of an asset or which would be paid to transfer a liability in a normal transaction between market operators at the measurement date. Measurement of fair value assumes that sale of the asset or transfer of the liability takes place:

- on the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

A fair value measurement of a non-financial asset considers the ability of a market participant to generate economic benefits by deploying the asset to its highest and best use or by selling it to another market participant who would deploy it to its highest and best use.

Specifically, the fair value of instruments listed on public markets is determined by reference to the prices (bid price) at the end of the financial year. The fair value of unlisted instruments is measured by reference to financial valuation techniques. In particular, the fair value of interest rate swaps is measured by discounting expected cash flows. In comparison, the fair value of forwards on exchange rates is determined based on market exchange rates at the reference date and the rate differentials between the currencies concerned.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised according to the fair value hierarchy, as described below:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - Inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability;
- Level 3 - valuation techniques for which the input data are not observable for the asset or liability.

The fair value measurement is classified entirely in the same level of the fair value hierarchy in which the lowest level input used for the valuation is classified.

It should be noted that for the financial statements as at 31 March 2025, there were no transfers between levels of the hierarchy.

At each reporting date, the Group finance office analyses changes in the values of assets and liabilities for which write-up or recalculation is required by the Group accounting standards.

For this analysis, the main inputs applied in the most recent valuation are verified, linking the information used in the valuation to contracts and other relevant documents.

The Group finance office performs a comparison of each change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purposes of the fair value disclosure, the Group determines the classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as discussed above (see Section 19 'Financial Risk Management').

Cash and cash equivalents

They include money, deposits with banks or other credit institutions available for current transactions, current postal accounts and other cash equivalents. Cash and cash equivalents are recorded at fair value.

Shareholders' Equity

(i) Share Capital

The share capital is the subscribed and paid-up capital of the parent company. Costs closely related to the issue of shares are classified as a reduction of share capital when they are directly attributable to the capital transaction, net of the deferred tax effect.

(ii) Treasury shares

They are recognised as a reduction of the Group's shareholders' equity. Gains or losses on the purchase, sale, issue or cancellation of treasury shares are not recognised in the income statement.

(iii) Dividends

The parent company recognises a liability for the payment of a dividend when the distribution is appropriately authorised and is no longer at the company's discretion. Under current European company law, a distribution is authorised when the shareholders approve it. The corresponding amount is recognised directly in equity.

Payables and other liabilities

Payables and other liabilities are initially recognised at fair value less transaction costs and are subsequently measured at amortised cost, using the effective interest rate method.

Payables and other liabilities are classified as current liabilities unless the Group has a contractual right to settle its obligations at least 12 months after the balance sheet or interim reporting date.

Taxes

The tax burden of the Group consists of current and deferred taxes. If they relate to components recognised in income and charges recognised in equity within the statement of comprehensive income, these taxes are recognised with a balancing entry in the same item.

The current taxes are calculated based on the tax legislation applicable in the countries in which the Group operates, as at the reporting date; any risks relative to differing interpretations of the positive and negative income components and also any disputes ongoing with the tax authorities are assessed at least every quarter in order to adjust the allocations in the financial statements.

Deferred taxes are calculated based on temporary differences between the balance sheet's book value of assets and liabilities and their value for tax purposes. Deferred tax assets and liabilities are measured by applying the rate expected to be in force when the temporary differences reverse; this forecast is made based on the tax legislation in force or substantially in force at the reporting date. Deferred tax assets are measured at the tax rates that are expected to be applied when the temporary differences are reversed, using tax rates applied or substantively in force at the reporting date.

Employee benefits

(i) Post-employment benefits:

Group companies use various pension (or supplementary) schemes which can be divided into:

- Defined contribution plans where the Group pays fixed contributions to a separate entity (e.g. a fund) and will have no legal or constructive obligation to pay further contributions if the designated entity does not have sufficient assets to pay the benefits in respect of the service rendered while employed by the Group. Contributions to the plan are recognised in the accounts only when employees have rendered their services in exchange for those contributions;
- Defined benefit plans in which the Group is required to grant the benefits agreed upon with the employees in service and for the former employees, assuming the actuarial and investment risks relative to the plan. Therefore, this plan's cost is not defined according to the contributions due for the year but is redetermined based on demographic, statistical and salary dynamics assumptions. The methodology applied is called the 'projected unit credit method'. The value of the liability entered in the balance sheet is therefore aligned with the value resulting from the actuarial valuation of the same, with full and immediate recognition of actuarial gains and losses, in the period in which they arise, with a direct counter-entry in a specific equity reserve (actuarial (gains) losses reserve in equity).

(ii) Other long-term benefits and post-employment benefits

Group companies recognise certain benefits for employees (e.g., upon reaching a certain presence in the company, seniority bonuses), which, in some cases, are also recognised after retirement (e.g. medical care). The accounting treatment is the same as for defined benefit plans, since the 'projected unit credit method' also applies to these cases. However, in the case of 'other long-term benefits', any actuarial gains or losses are recognised immediately, and in full in the year they arise in the income statement.

(iii) Benefits due to employees for termination of employment and leaving incentive plans

Termination benefits are recognised as a liability and an expense when the Group is demonstrably committed to terminate the employment of an employee or group of employees prior to normal retirement or to provide termination benefits as a result of a proposal to encourage voluntary redundancies. Employee termination benefits do not provide the company with future economic benefits and are therefore recognised immediately as an expense.

(iv) Remuneration benefits in the form of equity participation

In the event that the Group also remunerates its top management through stock option plans and stock grant plans. The theoretical benefit attributed to the persons concerned is charged to the profit and loss account in the years covered by the plan with a balancing entry in an equity reserve. This benefit is quantified by measuring at the grant date the fair value of the instrument granted through financial valuation techniques, including any market conditions in the valuation and adjusting at each balance sheet date the number of rights expected to be granted.

Provisions for risks and charges

Provisions for risks and charges are recognised for losses and charges of a given nature, whose existence is certain or probable, but whose amount and/or date of occurrence could not be determined at the balance sheet date.

Recognition is recognised only when a current obligation (legal or constructive) exists for a future outflow of economic resources due to past events. Such an outflow will probably be required to settle the obligation. The provision represents the best-discounted expenditure estimate required to settle the obligation. The rate used in determining the current value of the liability reflects the current market values and includes additional affects relative to the specific risk associated with each liability.

The risks for which a liability is only possible are indicated in the appropriate section on the disclosure on commitments and risks of these notes to the financial statements and no provision is made.

If the review of whole-life estimates reveals a loss (onerous contract), it is recognised in its entirety in the financial year in which it becomes reasonably foreseeable and accrued in a 'Provision for expected losses to complete contracts', which is recorded under provisions for current risks and charges. The reversal of these provisions is recognised within 'Other operating charges'.

Revenue recognition

Following IFRS 15, the recognition of revenue from contracts with customers is performed by applying a model involving five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligation under the contract; (iii) determination of the transaction consideration; (iv) allocation of the transaction consideration to the performance obligation; (v) recognition of revenue at the time (or during) satisfaction of the individual performance obligation. For further details, please refer to the paragraph “Contractual assets and liabilities” of these notes.

Grants

Contributions, including non-monetary contributions, measured at fair value, are recognised when there is a reasonable certainty that the Group will comply with the terms and conditions, and the contributions are received. Operating grants, where there is a formal allocation resolution, are recognised on an accrual basis in direct correlation with the costs incurred. Systems subsidies are recognised in the income statement in direct relation to the depreciation process which the goods/projects refer to and directly reduce that depreciation.

Net financial income and charges

Interest is recognised on an accruals basis using the effective interest method, applying the interest rate that matches the cash inflows and outflows (including any premiums, discounts, commissions etc.) of a certain transaction. Financial charges related to the acquisition, construction or production of certain assets that require a significant period to be ready for use or sale (qualifying assets) are capitalised together with the asset itself.

Dividends

Dividends are recognised as soon as shareholders obtain the right to receive payment, which is normally when the shareholder's meeting approves the distribution of dividends.

Related-party transactions

Transactions with related parties all take place on an arm's length basis.

Costs

Costs are ascertained according to the criteria of correct classification, accrual and classification envisaged by the accounting standards adopted by the company. Costs are recognised when they relate to goods and services sold or consumed during the financial year or by systematic allocation, or when their future usefulness cannot be identified. Personnel costs include the amount of remuneration paid, provisions for pension funds and for holidays accrued but not taken, social security and welfare charges in application of contracts and current legislation. Costs aimed at the acquisition of new knowledge or discoveries, the study of alternative products or processes, new techniques or models, the design and construction of prototypes or, in any case, incurred for other scientific research or technological development activities, are generally considered current costs and recognised in the income statement in the year they are incurred; these costs are only recognised in the balance sheet ('Intangible assets') when they meet the conditions described by IAS 38.

Changes in accounting standards

New accounting standards, interpretations and amendments adopted by the Group

The Group has applied certain principles or amendments for the first time, effective from 1 January 2022. The Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 clarify the requirements for a seller-lessee when determining the lease liability arising from a sale and leaseback transaction, to ensure that the seller-lessee does not recognise a gain or loss relating to the retained right-of-use asset.

The amendment had no impact on the Group's financial statements.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying a liabilities as current or non-current. The amendments clarify:

- What is meant by the right of postponement at maturity;
- That the right of postponement must exist at the end of the financial year;
- The classification is not impacted by the likelihood that the entity will exercise its right of postponement;
- Only if an embedded derivative in a convertible liability is itself an equity instrument does the maturity of the liability have no impact on its classification.

Additionally, the amendments introduce a disclosure requirement: when a liability arising from a loan arrangement is classified as non-current, and the entity's right to defer settlement is subject to compliance with covenants within twelve months, this must be disclosed.

The amendment had no impact on the Group's financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and introduce new disclosure requirements. These disclosures are intended to help users of financial statements understand the effects of supplier finance arrangements on an entity's liabilities and cash flows, and its exposure to liquidity risk.

Following the implementation of these amendments, the Group has provided additional disclosures on its supplier finance arrangements. Please refer to paragraphs 16.19 and 24.18.

15. Sector reporting

The STS Group has identified two operating sectors, namely the “Rail Control” unit and the “Vehicles” unit (hereinafter also Vehicles), both of which are part of the Rail System Business Unit in the broader “Green Energy & Mobility” segment as defined by the ultimate parent company Hitachi Ltd for IFRS 8 purposes; therefore, the operating sectors have been aggregated into a single “reportable segment” and consequently the information required by IFRS 8 is provided in line with what is described in paragraph 2.4 of the report on operations.

It should be noted that in the year as at 31 March 2025, the methods for aggregating information by business segment were revised in order to ensure correspondence with the reporting system use by Top Management and the ultimate Parent Company which exercises management and coordination activities.

Below are the figures for the year ended as at 31 March 2025 compared with the previous year, in line with what is described in paragraph 2.4.

(EUR/000)	31.03.2025	31.03.2024
Revenues from Rail Control contracts	2,018,316	1,847,242
Revenues from Vehicles contracts	1,658,399	1,578,643
Smart Mobility	4,195	-
Total revenues	3,680,910	3,425,885

Some consolidated accounting information is then provided on a geographical basis in line with previous years.

Revenues

(EUR/000)	31.03.2025	31.03.2024
Italy	2,098,088	1,824,902
Rest of Europe	339,873	408,215
North Africa and the Middle East	245,624	228,261
Americas	590,289	619,326
Asia Pacific	407,036	345,181
Total	3,680,910	3,425,885

Property, plant and equipment and intangible assets

(EUR/000)	31.03.2025	31.03.2024
Italy	326,967	332,101
Rest of Europe	17,526	16,253
North Africa and the Middle East	1,769	1,460
Americas	145,810	136,155
Asia / Pacific	18,089	19,557
Total	510,161	505,525

16. Notes to the statement of financial position

In general, the values shown in the tables below are affected by the change in scope and put options indicated in the introduction.

16.1 Related party assets and liabilities

In general, trade relations with related parties are conducted on an arm's length basis, as are interest-bearing receivables and payables, unless governed by specific contractual conditions. The amounts relating to the balance sheet and income statement balances are shown below. The impact of related party transactions on cash flows is instead reported directly in the consolidated cash flow statement.

Receivables as at 31.03.2025 (EUR/000)	Non-current financial receivables	Other non-current receivables	Current financial receivables	Trade receivables	Intercompany Deposit	Other current receivables	Total
Ultimate parent							
Hitachi Ltd (Rail)	-	-	-	34,775	-	-	34,775
Hitachi Rail Ltd	-	-	-	54,597	-	-	54,597
Subsidiaries							
Alifana Due S.c.r.l.	-	-	-	707	-	-	707
Associated companies							
Metro 5 S.p.A.	-	-	-	-	-	-	-
Operation Alliance OPS Co.	-	-	-	650	-	-	650
Metro Service A.S.	-	-	-	3,753	-	-	3,753
SPV M4 SpA	-	-	-	188	-	-	188
Tram di Firenze S.p.A.	3,378	-	-	3,926	-	-	7,304
Mobilinx Hurontario General Partnership	-	-	-	29,191	-	-	29,191
Metro de Lima linea 2 S.A.	-	-	-	521	-	-	521
Pegaso SCRL	-	-	-	16	-	-	16
Consortia							
Saturno Consortium	-	-	-	37,500	-	-	37,500
MM4 Consortium	-	-	-	15,544	-	-	15,544
San Giorgio Volla Due Consortium	-	-	-	2,073	-	-	2,073
TRAIN CONS.	-	-	-	410	-	-	410
CRM CONSORTIUM	-	-	-	191	-	-	191
HSC CONSORTIUM	-	-	-	848	-	-	848
Other group companies							
HITACHI RAIL GTS UK LTD	-	-	-	69	-	-	69
HITACHI RAIL GTS FRANCE SAS	-	-	-	3,332	-	-	3,332
HITACHI RAIL SOLUTIONS	-	-	-	21	-	-	21
Hitachi Ltd RSBU - Akihabara	-	-	-	37	-	-	37
Hitachi India PVT. Ltd.	-	-	-	3	-	-	3
Taiwan Hitachi Asia Pacific - Rail	-	-	-	1	-	-	1
Hitachi America, Ltd.	-	-	-	-	-	1,345	1,345
Hitachi America Capital	-	-	19,314	-	-	-	19,314
Connect 6ix General Partnership	-	-	-	42,057	-	-	42,057
Connect 6ix Ontario Line Services Ltd	-	-	-	30	-	-	30
Hitachi Digital L.L.C.	-	-	-	2,879	-	-	2,879
Total	3,378	-	19,314	233,318	-	1,345	257,355
Related parties as a percentage of the total of the corresponding balance sheet item	11%	-	38%	14%	-	0%	

Receivables as at 31.03.2024 (EUR/000)	Non-current financial receivables	Other non-current receivables	Current financial receivables	Trade receivables	Intercompany Deposit	Other current receivables	Total
Ultimate parent							
Hitachi Ltd (Rail)	-	-	-	4,471	-	-	4,471
Hitachi Rail Ltd	-	-	-	38,876	-	-	38,876
Subsidiaries							
Alifana Due S.c.r.l.	-	-	-	1,073	-	-	1,073
Associated companies							
Metro 5 S.p.A.	-	-	-	144	-	-	144
Metro Service A.S.	-	-	-	164	-	-	164
SPV M4 SpA	-	-	-	175	-	-	175
Tram di Firenze S.p.A.	3,217	-	-	2,840	-	-	6,057
Mobilinx Hurontario General Partnership	-	-	-	34,707	-	-	34,707
Metro de Lima linea 2 S.A.	-	-	-	600	-	-	600
Consortia							
Saturno Consortium	-	-	-	38,993	-	-	38,993
MM4 Consortium	-	-	-	26,859	-	-	26,859
San Giorgio Volta Due Consortium	-	-	-	1,767	-	-	1,767
TRAIN CONS.	-	-	-	410	-	-	410
CRM CONSORTIUM	-	-	-	227	-	-	227
HSC CONSORTIUM	-	-	-	1,088	-	-	1,088
Other group							
Hitachi International (Holland) B.V.	-	-	-	-	102,631	-	102,631
Hitachi Europe Srl	-	-	-	199	-	-	199
Connect 6ix General Partnership	-	-	-	30,799	-	-	30,799
Connect 6ix Ontario Line Services Ltd	-	-	-	30	-	-	30
Hitachi Digital L.L.C.	-	-	-	623	-	-	623
Total	3,217	-	-	184,046	102,631	-	289,894
Related parties as a percentage of the total of the corresponding balance sheet item							
	11%			15%	25%		

Payables as at 31 March 2025 (EUR/000)	Non-current financial liabilities	Other non-current payables	Current financial liabilities	Trade payables	Other current payables	Total
Ultimate parent						
Hitachi Rail Ltd	-	-	-	30,935	-	30,935
Hitachi Ltd	-	-	-	28,598	-	28,598
Subsidiaries						
Alifana Due S.c.r.l.	-	-	-	946	-	946
Associated companies						
SPV M4 SpA	-	-	-	1	-	1
Operation Alliance OPS Co	-	-	-	14,732	-	14,732
Metro 5 S.p.A.	-	-	-	0	-	0
Pegaso S.c.a.r.l. (in liq.)	-	-	-	93	-	93
Metro De Lima Linea 2	-	-	-	-	-	-
Metro Service A.S.	-	-	-	15,602	-	15,602
Consortia						
Saturno Consortium	-	-	-	192	-	192
Ascosa Quattro Consortium	-	-	-	36	-	36
Consorzio Universitario in Ingegneria per la Qualità e l'Innovazione (QUINN)	-	-	-	86	-	86
San Giorgio Volla Due Consortium	-	-	-	-	-	-
MM4 Consortium	-	-	-	433	-	433
QUINN Consortium	-	-	-	688	-	688
CRM Consortium	-	-	-	2,240	-	2,240
HSC Consortium	-	-	-	11,472	-	11,472
Other group companies						
Hitachi Australia PTY Ltd	-	-	-	1	-	1
Connect 6ix General Partnership	-	3,542	-	-	-	3,542
Connect 6ix Ontario Line Services Ltd	-	-	-	323	-	323
HITACHI RAIL GTS ITALIA S.R.L.	-	-	-	5,840	-	5,840
HITACHI RAIL SOLUTIONS	-	-	-	111	-	111
Hitachi High-Technologies Europe GmbH	-	-	-	3	-	3
Hitachi America, Ltd.	-	-	-	56	-	56
Hitachi Europe Ltd	-	-	-	2,285	-	2,285
Hitachi International (Holland) B.V.	-	-	122,954	-	-	122,954
Hitachi Europe S.r.l. (Italy)	-	-	-	133	-	133
Hitachi Vantaria Italia S.R.L.	-	-	-	14	-	14
Hitachi Digital L.L.C.	-	-	-	368	2,494	2,862
HITACHI DIGITAL SERVICES INDIA PRIVATE LIMITED	-	-	-	37	-	37
Hitachi Industrial Engineering EMEA	-	-	-	8	-	8
HITACHI SYSTEMS SECURITY INC.	-	-	-	21	-	21
HITACHI ENERGY SWITZERLAND LTD.	-	-	-	1	-	1
Hitachi Energy Italy S.p.A.	-	-	-	89	-	89
HITACHI ENERGY LTD.	-	-	-	1,567	-	1,567
HITACHI ARABIA REGIONAL HEADQUARTERS CO	-	-	-	163	-	163
Hitachi Asia Ltd.	-	-	-	2	-	2
Hitachi India PVT. Ltd.	-	-	-	4	-	4
Hitachi Energy Technology Serv	-	-	-	242	-	242
Total	-	3,542	122,954	117,322	2,494	246,312
Related parties as a percentage of the total of the corresponding balance sheet item						
	0%	19%	70%	8%	1%	

Payables as at 31 March 2024 (EUR/000)	Non-current financial liabilities	Other non-current payables	Current financial liabilities	Trade payables	Other current payables	Total
Ultimate parent						
Hitachi Rail Ltd	-	-	-	22,681	-	22,681
Hitachi Ltd	-	-	-	23,693	-	23,693
Subsidiaries						
Alifana Due S.c.r.l.	-	-	-	850	-	850
Associated companies						
SPV M4 SpA	-	-	-	22	-	22
Pegaso S.c.a.r.l. (in liq.)	-	-	-	58	-	58
Metro Service A.S.	-	-	-	9,996	-	9,996
Consortia						
Saturno Consortium	-	-	-	136	-	136
Ascosa Quattro Consortium	-	-	-	36	8	44
TRAIN Consortium	-	-	-	688	-	688
San Giorgio Volla Due Consortium	-	-	-	46	-	46
MM4 Consortium	-	-	-	1,026	-	1,026
QUINN Consortium	-	-	-	190	-	190
CRM Consortium	-	-	-	3,221	-	3,221
HSC Consortium	-	-	-	10,556	-	10,556
Other group companies						
Hitachi Australia PTY Ltd	-	-	-	21	-	21
Hitachi High-Technologies Europe GmbH	-	-	-	3	-	3
Hitachi Europe Ltd	-	-	-	4,971	-	4,971
Hitachi Industrial Engineering	-	-	-	8	-	8
Hitachi Transport Sistem Forwarding PTY LTD	-	-	-	16	-	16
MetroB S.r.l.	-	-	-	-	334	334
HITACHI ENERGY ITALY S.P.A.	-	-	-	70	-	70
TRASFOR S.A	-	-	-	34	-	34
Hitachi Europe S.r.l. (ITALY)	-	-	-	99	-	99
HITACHI VANTARA ITALIA S.R.L.	-	-	-	(1)	-	(1)
Connect 6ix General Partnership	-	3,749	0	-	-	3,749
Connect 6ix Ontario Line Services Ltd	-	-	0	117	-	117
HITACHI ENERGY LTD.	-	-	-	1,022	-	1,022
Total	-	3,749	0	79,558	342	83,650
Related parties as a percentage of the total of the corresponding balance sheet item						
	0%	23%	0%	6%	0%	

16.2 Intangible assets

(EUR/000)	Goodwill	Other development costs	Patents and similar rights	Concessions, licences and trade marks	Intangible assets in progress	Other	Total
Value as at 31 March 2023	-	126,991	2,639	4,138	21,181	2,137	157,084
Change in scope of consolidation		748			(5,682)	(1,785)	(6,719)
Additions	-		1,571	684		346	2,601
Capitalisation	-	7,894	-	-	14,012		21,906
Sales / Disposals	-						0
Amortisation, depreciation and write downs	-	(38,772)	(1,604)	(2,767)	-	(184)	(43,327)
Opening/average net exchange rate	-	96	-	(2)	109	7	210
Transfer from assets under construction	-		-	707	(707)		-
Reclassifications	-	258	-		(285)	27	-
Grants	-	-	-		-	-	-
Value as at 31 March 2024	-	97,216	2,606	2,759	28,628	548	131,757
Change in scope of consolidation		(1,696)	-	-	-	-	(1,696)
Additions	-		1,447	1,302	6,452	1,114	10,314
Capitalisation	-	17,220	-	-	4,950	-	22,171
Sales / Disposals	-						-
Amortisation, depreciation and write downs	-	(30,975)	(1,508)	(2,514)	-	(467)	(35,465)
Opening/average net exchange rate	-	8	-		(27)	(39)	(58)
Transfer from assets under construction	-	264	-	2,913	(3,177)	-	-
Reclassifications	-	1,621	-	-	(2,608)	987	-
Grants	-	-	-	(92)	-	-	(92)
Value as at 31 March 2025	-	83,657	2,544	4,368	34,219	2,143	126,931

The total value of intangible assets was EUR 126,931 thousand (EUR 131,757 thousand as at 31 March 2024); investments amounted to EUR 32,485 thousand and amortisation to EUR 35,465 thousand.

During the period, capitalisation on the Vehicles part mainly related to developing new train production platforms for the Regional segment and the new automation and digitalisation model of process amounting to a total of EUR 22,171 thousand.

Capitalisations considered strategic for the future development of the Rail Control part are mainly related to the *Hermes Dragon*, ON BOARD BSL3 R2, ON BOARD BSL4 and ERTMS Oriented projects.

Further information reference is provided in the "Research and development" section of the report on operations.

16.3 Property, plant and equipment

(EUR/000)	Land and buildings	Plant and machinery	Equipment	Assets under construction	Assets for rights of use	Other	Total
Value as at 31 March 2023	162,732	51,964	42,817	63,663	30,769	19,805	371,749
Change in scope of consolidation	(1,735)	-	(3,931)	(757)	(10,236)	(3,131)	(19,791)
Additions	4,012	6,418	1,665	40,866	21,808	5,540	80,309
Capitalisation	-	-	3,300	-	-	-	3,300
Sales	(3)	19	-	-	(1,026)	(54)	(1,064)
Amortisation, depreciation and write downs	(7,197)	(13,670)	(20,128)	-	(13,272)	(6,279)	(60,546)
Opening/average net exchange rate	193	(20)	4	280	(646)	-	(190)
Transfer from assets under construction	8,514	7,991	615	(17,370)	-	250	-
Reclassifications	1,658	1,502	(1,468)	(5,134)	-	3,441	-
Grants	-	-	-	-	-	-	-
Value as at 31 March 2024	168,175	54,204	22,873	81,547	27,398	19,572	373,768
Change in scope of consolidation	-	-	-	-	-	(2,084)	(2,084)
Additions	2,708	8,991	3,122	28,694	7,981	10,721	62,217
Capitalisation	-	-	8,550	-	-	-	8,550
Sales	-	42	194	-	472	181	888
Amortisation, depreciation and write downs	(8,480)	(14,626)	(18,094)	-	(11,550)	(7,231)	(59,981)
Opening/average net exchange rate	(364)	(41)	(6)	288	(82)	(348)	(552)
Transfer from assets under construction	6,843	5,950	1,510	(14,769)	-	467	-
Reclassifications	49,047	4,361	1,354	(55,828)	-	1,066	-
Grants	(460)	(842)	(37)	-	1,773	(10)	424
Value as at 31 March 2025	217,468	58,040	19,465	39,933	25,991	22,333	383,230

The value of net property, plant and equipment amounted to EUR 383,230 thousand (EUR 373,768 thousand as at 31 March 2024).

The overall balance is substantially made up of the value of the Parent Company's real estate holdings (EUR 136,161 thousand), which includes the residual value of the real estate complexes of the sites in Naples, Genoa, Pistoia, Reggio Calabria and Tito Scalo (Potenza). Also to be noted are the real estate of the US subsidiary (EUR 81,097 thousand) as well as the value of leased fixed assets.

Capital expenditure for the year amounted to EUR 70,767 thousand and mainly related to:

- EUR 7,981 thousand to new leased fixed assets;
- EUR 11,699 thousand, mainly attributable to extraordinary maintenance of existing plants and buildings at all production sites, in particular in Naples, Pistoia and Reggio Calabria, and to the renovation of the Naples office building;
- EUR 11,672 thousand, mainly attributable to the production of specific equipment for regional trains and the purchase of various instruments at production sites incurred by the Parent Company;
- EUR 29,694 thousand, mainly attributable to tangible fixed assets in progress, mainly by the US subsidiary and the Parent Company;
- EUR 10,721 thousand mainly attributable to the Parent Company for the purchase of electronic office equipment at production sites and branches and for the purchase of furniture, furnishings and handling equipment in production departments.

"Depreciation, amortisation and write-downs" for the year amounted to EUR 59,981 thousand and exchange rate differences, mainly related to opening balances, were negative by EUR 552 thousand.

In general, the property, plant and equipment posted to the balance sheet of the STS Group is not subject to encumbrances or restrictions of any nature. The only exception relates to the parent company for the restriction established by the municipality of Piosasco for the use of the company canteen by third parties.

16.4 Equity investments

Investments in non-consolidated companies carried at Fair Value: (EUR/000)

Value as at 31 March 2024	24,893
Change in scope of consolidation	-
Acquisitions/subscriptions & increases	-
Reversals of impairment losses/impairment losses	-
Sales/returns	-
Value as at 31 March 2025	24,893
Equity-accounted investments	160,812
Total equity investments	185,705

List of equity investments with value in EUR/000:

Company Name	Registered office	Type of activity	Reporting date	Accounting standards	Equity (in/000)	Total assets (in/000)	Total liabilities (in/000)	Currency	% investment	Amount (EUR/000)
Metro 5 S.p.A.	Milan (Italy)	Transport	31.12.2024	IFRS	218,511	703,820	485,309	Euro	31.90%	69,705
International Metro Service S.r.l.	Milan (Italy)	Transport	31.12.2024	ITAGaap	17,263	17,475	212	Euro	49.00%	8,459
Pegaso S.c.r.l. (in liquidation)	Rome (Italy)	Construction	31.12.2024	ITAGaap	260	1,689	1,429	Euro	46.87%	122
Alifana Due S.c.a.r.l.	Naples (Italy)	Transport	31.12.2024	ITAGaap	26	3,581	3,555	Euro	53.34%	14
OPS-OPERATION ALLIANCE OPS CO.	Riyadh (Saudi Arabia)	Transport	31.12.2024	IFRS	23,176	271,376	248,200	Sar	50.00%	2,857
Mobilinx Hurontario GP.	Toronto, Ontario (Canada)	Transport	31.12.2024	IFRS	58,828	909,688	850,860	Cad	20.00%	7,575
Metro de Lima Linea 2 S.A.	Lima (Peru)	Transport	31.12.2024	IFRS	272,533	629,210	356,677	Usd	28.50%	71,818
Mobilinx Hurontario Service Ltd	Toronto, Ontario (Canada)	Transport	31.12.2023	IFRS	4,294	13,167	8,873	Cad	20.00%	594
Connect Six Ontario Line Services Ltd.	Toronto, Ontario (Canada)	Transport	31.03.2025	IFRS	633	11,277	10,644	Cad	50.00%	204
Connect Six General Partnership	Toronto, Ontario (Canada)	Transport	31.12.2024	IFRS	(31,705)	833,169	864,874	Cad	20.10%	(535)
Total Equity Investments										160,812

Name	Registered office	Type of activity	Reporting date	Accounting standards	Equity (in/000)	Total assets (in/000)	Total liabilities (in/000)	Currency	% investment	Amount (EUR/000)
Metro C S.c.p.A.	Rome (Italy)	Transport	31.12.2024	ITAGaap	149,518	445,998	296,480	Euro	14.00%	21,000
Società Tram di Firenze S.p.A.	Florence (Italy)	Transport	31.12.2024	ITAGaap	27,336	472,793	445,457	Euro	10.19%	1,222
Iricav uno Consortium	Rome (Italy)	Transport	31.12.2024	ITAGaap	520	3,117	2,597	Euro	26.77%	139
Iricav due Consortium	Rome (Italy)	Transport	31.12.2024	ITAGaap	516	1,513,211	1,512,695	Euro	17.05%	88
S. Giorgio Volla 2 Consortium	Naples (Italy)	Transport	31.12.2024	ITAGaap	72	169,723	169,651	Euro	33.33%	18
Consorzio Ascosa Quattro (in liq)	Rome (Italy)	Transport	31.12.2024	ITAGaap	57	322	265	Euro	33.33%	14
Siit S.c.p.a	Genoa (Italy)	Research	31.12.2023	ITAGaap	612	1,527	915	Euro	2.30%	14
Saturno Consortium	Rome (Italy)	Transport	31.12.2024	ITAGaap	31	958,715	958,684	Euro	33.33%	10
IANUA Consortium	Genoa (Italy)	Transport	31.12.2024	ITAGaap	109	146	37	Euro	16.67%	6
MM4 Consortium	Milan (Italy)	Transport	31.12.2024	ITAGaap	200	39,452	39,252	Euro	34.63%	69
Radiolabs Consortium	Rome (Italy)	Research	31.12.2024	ITAGaap	523	2,664	2,141	Euro	33.33%	52
SPV Linea M4 S.p.A	Milan (Italy)	Transport	31.12.2024	ITAGaap	247,121	909,487	662,366	Euro	0.66%	1,688
D.I.T.S. Development & Innovation in Transportation Systems S.r.l.	Rome (Italy)	Research	31.12.2024	ITAGaap	280	622	342	Euro	24.00%	10
Dattilo S.c.a.r.l.	Naples (Italy)	Transport	31.12.2020	ITAGaap	102	140	38	Euro	27.00%	-
MetroB S.r.l.	Rome (Italy)	Transport	31.12.2024	ITAGaap	18,070	18,112	42	Euro	2.47%	494
Meditech Consortium	Naples (Italy)	Transport	31.12.2022	ITAGaap	1,296	4,012	2,716	Euro	6.66%	50
Ditecfer SCARL	Pistoia (Italy)	Transport	31.12.2022	ITAGaap	63	735	672	Euro	1.82%	2
RTA Railtec Arsenal	Vienna (Austria)	Transport	31.12.2024	ITAGaap	1,808	13,019	11,211	Euro	14.80%	1
HSC Consortium	Naples (Italy)	Transport	31.03.2024	ITAGaap	50	9,842	9,792	Euro	5.00%	3
Consorzio Universitario in Ingegneria per la Qualità e l'Innovazione (QUINN)	Pisa (Italy)	Research	31.12.2024	ITAGaap	1,170	3,367	2,197	Euro	12.50%	11
CRM Consortium	Naples (Italy)	Transport	31.03.2025	ITAGaap	30	4,504	4,474	Euro	5.00%	2
Hitachi Rail Washington LLC	Washington (USA)	Research	31.03.2022	IFRS	1	21,083	21,082	Usd	100%	0
Secure Rail India Private LTD	Haryana (India)	Transport	31.03.2024	IFRS	47,374	70,354	22,981	Inr	0.00%	-
Total equity investments at fair value										24,893
Total equity investments										185,705

The value of equity investments as at 31 March 2025 was EUR 185,705 thousand, of which EUR 160,812 thousand was measured using the equity method, and EUR 24,893 thousand was measured at cost as an approximation of fair value in the application of IFRS 9; it provides for fair value as the sole valuation criterion for investments in equity instruments. The value of residual investments in unlisted companies, the fair value of which is not substantially measurable, was determined by approximating it to the value of the Group's equity, following the framework defined by IFRS 13.

The provisions of IFRS 9 concerning the classification and measurement of financial assets provide for the following categories: (i) financial assets measured at amortised cost; (ii) financial assets measured at fair value with the effects recognised in other comprehensive income (OCI); (iii) financial assets measured at fair value with the effects recognised in profit or loss. Valuation at the cost of a minority interest is permitted in those limited cases where cost represents an adequate estimate of fair value. The cost was considered a good approximation of the relative fair value as the present value of future margins is close to zero.

The overall change in investments in equity investments in the two periods under review is entirely attributable to the increase in those valued using the equity method for the results achieved, amounting to EUR 14,475 thousand. The increase in the value of investments valued using the equity method is mainly attributable to the positive results for the year (based on the percentage ownership) of Metro 5 S.p.A. (EUR 6,342 thousand), Metro De Lima (EUR 10,285 thousand), International Metro Service S.r.l. (EUR 4,708 thousand), Operation Alliance OPS in Saudi Arabia (EUR 2,983 thousand), and Mobilinx Hurontario Service LTD/Mobilinx Hurontario GP (EUR 2,335 thousand). For the sake of completeness, please note the negative result of Connect 6ix General Partnership (EUR -584 thousand).

16.5 Non-current receivables and other assets

(EUR/000)	31.03.2025	31.03.2024
Guarantee deposits	4,791	3,342
Other	23,066	23,395
Other non-current receivables from related parties	3,378	3,217
Non-current receivables	31,235	29,953
Prepaid expenses	732	1,326
Other non-current assets	732	1,326

Non-current receivables as at 31 March 2025 amounted to EUR 31,235 thousand (EUR 29,953 thousand as at 31 March 2024); the increase of EUR 1,282 thousand is mainly due to the increase in guarantee deposits.

In detail, the item consists mainly of:

- EUR 13,673 thousand as a deposit with the Flow Consortium to finance the operational activities related to the Riyadh Operation & Maintenance contract;
- EUR 3,378 thousand for the loan granted to the investee Tram di Firenze;
- EUR 4,791 thousand for security deposits, which mainly includes advances to tenants;

Other non-current assets amounted to EUR 732 thousand (EUR 1,326 thousand as at 31 March 2024) and mainly refer to insurance prepayments for premiums prepaid during the year.

16.6 Inventories

(EUR/000)	31.03.2025	31.03.2024
Raw materials, auxiliaries and consumables	473,398	428,634
Works in progress and semi-finished products	48,644	49,805
Finished goods and goods for resale	19,921	12,436
Advances to suppliers	126,211	129,854
Total	668,174	620,728

Inventories amounted to EUR 668,174 thousand, up by EUR 47,447 thousand compared to March 2024 (EUR 620,728 thousand). The changes in the item's raw materials, ancillary materials and consumables, and advances to suppliers are mainly related to the increases in activities of the vehicle part.

Inventories are shown net of an allowance for inventory write-down of EUR 3,432 thousand (EUR 4,180 thousand at the end of the previous year).

16.7 Contract assets and liabilities

(EUR/000)	31.03.2025	31.03.2024
Advances from customers	(154,141)	(90,901)
Progress payments	(1,952,657)	(1,650,860)
Work in progress	3,462,410	2,983,523
Work in progress provisions	(22,518)	(10,656)
Contract assets	1,333,094	1,231,106
Advances from customers	(484,517)	(539,713)
Progress payments	(3,379,280)	(3,571,876)
Work in progress	2,039,647	2,582,578
Work in progress provisions	(1,500)	(2,600)
Contract liabilities	(1,825,650)	(1,531,611)
Assets / (Liabilities) from contracts	(492,556)	(300,506)

Assets/liabilities arising from contracts (EUR -492,556 thousand compared to EUR -300,506 thousand as at 31 March 2024), in accordance with IFRS 15, are determined for each individual Performance Obligation arising from each contract signed with a customer. As shown in the table above, assets/liabilities arising from contracts are determined based on the consideration to be received from customers for work performed (so-called work in progress) net of payments on account for work performed (so-called instalment turnover), advances received and any provisions for impairment losses.

The net change in the total value of assets and liabilities arising from contracts is mainly attributable to higher turnover compared to production for the period.

It should also be noted that the net balance of work in progress includes the advance (balance) for EUR 89,917 thousand related to the order in Libya that is still suspended due to the well-known events that have affected the country in recent years.

This advance has varied slightly due to the revaluation of the Libyan dinar; however, it largely covers work carried out to date and not yet invoiced. As a consequence, at the reporting date, there were no probable risks which would require any provisions. In accordance with IFRS 9, the Group conducted an analysis of any impairment of assets arising from contracts; this analysis did not reveal the need to make any provisions.

16.8 Trade and financial receivables

(EUR/000)	31.03.2025		31.03.2024	
	Trade	Financial	Trade	Financial
Third parties	1,428,543	32,170	1,039,139	26,514
Total receivables from third parties	1,428,543	32,170	1,039,139	26,514
Related parties	233,318	19,314	184,046	-
Total	1,661,861	51,484	1,223,185	26,514

The value of trade and financial receivables is stated in the balance sheet at their Fair Value.

Trade receivables as a whole as at 31 March 2025 (EUR 1,661,861 thousand) increased compared to the value recorded as at 31 March 2024 (EUR 1,223,185 thousand). They were mainly affected by the change in the positions of the Parent Company.

Trade receivables are shown net of the bad debt provision of EUR 36,352 thousand (EUR 36,135 thousand as at 31 March 2024). The change mainly relates to the parent company, which, following the increase in turnover during the period, also recorded a corresponding increase in receivables.

Financial receivables as at 31 March 2025 totalled EUR 51,484 thousand (EUR 26,514 thousand as at 31 March 2024) and mainly relate to receivables of the Parent Company and the Indian and Chinese subsidiaries.

In detail:

- EUR 9,520 thousand represents the counter value of Libyan dinars received as an advance on the first of the two orders acquired in Libya by the Parent Company, deposited with a local bank, and tied up pending the resumption of operations;
- EUR 22,627 thousand represents the amount of short-term deposits the companies in India and China have with leading banks.

16.9 Income tax receivables and payables

(EUR/000)	31.03.2025		31.03.2024	
	Assets	Liabilities	Assets	Liabilities
Direct taxes	98,136	111,339	62,082	41,291
Total	98,136	111,339	62,082	41,291

Direct tax receivables amounted to EUR 98,136 thousand as at 31 March 2025 (EUR 62,082 thousand as at 31 March 2024); the main portion relates to the Parent Company for taxes paid abroad (EUR 35,673 thousand)

Direct tax payables amounted to EUR 111,339 thousand as at 31 March 2025 (EUR 41,291 thousand as at 31 March 2024); these are mainly due to the Parent Company for an amount of EUR 104,935 thousand.

16.10 Other current assets

(EUR/000)	31.03.2025	31.03.2024
Prepaid expenses - current portions	42,893	48,601
Research grants	14,387	23,165
Receivables from employees	4,095	3,737
Receivables due from social security and pension institutions	1,393	1,276
Indirect taxes and other receivables from the Revenue Administration	171,350	75,540
Derivatives	19,440	7,929
Other assets	16,869	16,854
Total other assets	270,426	177,102
Other assets - Related parties	-	-
Total	270,426	177,102

Other current receivables from third parties at 31 March 2025 amounted to EUR 270,426 thousand (EUR 177,102 thousand at 31 March 2024); the main changes relate to the value of indirect tax receivables, mainly in Italy for VAT receivables, and the higher value of derivative assets.

With regard to Receivables for research grants, please refer to the Report on Operations for details on the projects financed.

Receivables for indirect taxes amount to EUR 171,350 (EUR 75,540 as at 31 March 2024) and mainly relate to the Parent Company for EUR 160,414 in VAT credits.

For comments on the item Derivatives, reference should be made to note 16.20.

16.11 Cash and cash equivalents

(EUR/000)	31.03.2025	31.03.2024
Cash-in-hand	61	85
Bank deposits	273,535	408,965
Total	273,596	409,050

Cash and cash equivalents as at 31 March 2025 amounted to EUR 273,596 thousand.

They mainly refer to the Parent Company in the amount of EUR 162,903 thousand, the company in China in the amount of EUR 40,152 thousand, the Group in the USA in the amount of EUR 28,615 thousand, the Swedish company in the amount of EUR 19,435 thousand and the subsidiaries in Asia Pacific for EUR 11,860 thousand.

Cash and cash equivalents are totally available and there are no disposal costs.

16.12 Share capital

The fully paid-up share capital amounts to EUR 100,000,000 and is formed of 200,000,000 ordinary shares with a nominal value of EUR 0.50 each.

It did not undergo any changes over the last two years.

The Parent Company had no treasury shares in its portfolio as at 31 March 2025.

The Company has not been listed since 30 January 2019 and the entire share package is held by Hitachi Rail Limited in the UK.

16.13 Retained earnings/accumulated losses

(EUR/000)	
Value as at 31 March 2024	1,045,715
Changes in the scope of consolidation and equity-accounted investees	(1,467)
Profit for the period	265,921
Dividends	(174,000)
Value as at 31 March 2025	1,136,169

Retained earnings/(losses), including the profit for the year and consolidation reserves, amounted to EUR 1,136,169 thousand as at 31 March 2025. The change compared to 31 March 2024 is generated by the profit for the period of EUR 265,921 thousand and the dividend distribution of EUR 174,000 thousand.

16.13.1 Other reserves

(EUR/000)	Legal reserve	Cash Flow Hedge reserve	Reserve from stock grant	Deferred tax reserve for shareholders' equity items	Translation reserve	Other	Total
31 March 2024	20,000	(19,757)	-	5,660	(5,602)	1,892	2,192
Change in the scope of consolidation	-	(425)	-	875	-	(2,894)	(2,444)
Transfers to the income statement	-	6,843	-	-	-	(228)	6,615
Translation differences	-	-	-	-	(5,126)	-	(5,126)
Increase/decrease	-	(96)	-	606	-	513	1,024
Valuations charged to Equity	-	(1,720)	-	(2,664)	-	-	(4,384)
Impacts from companies at equity	-	-	-	-	-	2	2
31 March 2025	20,000	(15,155)	-	4,477	(10,727)	(715)	(2,120)

Legal Reserve

The Legal Reserve amounted to EUR 20,000 thousand; it did not change as it already accounted for 20% of the share capital as at 31 March 2025.

Cash flow hedge reserve

The reserve includes the fair value of the derivatives used by the Group to hedge its currency exposure; it amounted to EUR -15,155 thousand as at 31 March 2025 due to net changes for the year before deferred tax effects. When the underlying hedged item becomes manifest, the reserve is recognised in the income statement to offset the effects generated by the economic manifestation of the hedged transaction.

Reserve for deferred taxes on items recognised in equity

The reserve for deferred taxes on items charged to shareholders' equity amounted to EUR 4,477 thousand. It was changed to recognise deferred taxes arising from actuarial gains/losses following the adoption of the equity method in respect of defined benefit plans and for hedging transactions cash flow hedge.

Translation reserve

The reserve is used to recognise exchange rate differences arising from the translation of the financial statements of consolidated companies and amounted to EUR -10,727 thousand at 31 March 2025.

The change in the period is highlighted in the Statement of Comprehensive Income for EUR 5,126 thousand; the highest sums are produced by the consolidation of the US and Australian subsidiaries and by the parent company for its branches in non-Euro areas.

Other

The item "Other" (EUR -715 thousand) includes the defined benefit plan reserve (EUR -2,793 thousand), the revaluation reserve under Law No. 413/91 (EUR 832 thousand) and reserves established following the signing of contracts providing for the payment of research grants by the Parent Company (EUR 1,244 thousand). The change in the period is due to the change in the scope of consolidation.

16.14 Equity of third parties

The Group holds a 75% controlling interest in the company established in Saudi Arabia called Hitachi Rail Saudi Arabia LLC.

(EUR/000)

Value as at 31 March 2024	-
Change in the scope of consolidation	-
Profit (loss) of minority interests	194
Other transactions	9
Value as at 31 March 2025	203

16.15 Financial payables

(EUR/000)	31.03.2025			31.03.2024		
	Current	Non-current	Total	Current	Non-current	Total
Bank loans and borrowings	29,676	-	29,676	4,149	-	4,149
Other financial payables	13,022	255	13,277	2,223	425	2,648
Payables for leasing	10,786	19,943	30,730	11,473	21,210	32,685
Related party loans and borrowings	122,954	-	122,954	-	-	-
Total	176,438	20,198	196,636	17,845	21,635	39,481

The change for the year is as follows:

(EUR/000)	31.03.2024	New Borrowings	Repayments/ Write-offs	Reclassifications	Other transactions	31.03.2025
Bank loans and borrowings	4,149	25,528				29,676
Other financial payables	2,648	11,042	(404)		(9)	13,277
Payables for leasing	32,685	10,309	(11,403)		(862)	30,730
Related party loans and borrowings	-	122,954				122,954
Total	39,481	169,832	(11,807)		(871)	196,636

As required by the accounting standard *IFRS16 - Leases*, at the effective date of the lease, the lessee shall recognise a liability for the obligation to make payments due under the lease ('lease liability') and an asset consisting of the right to use the underlying asset during the lease term ('right-of-use asset').

The balance of lease liabilities as at 31 March 2025 was EUR 30,730 thousand, in line with the previous year (EUR 32,685 thousand) as the merger effect of the new contracts signed in the period was offset by repayments and write-offs.

The significant increase in short-term payables to banks (EUR 4,149 thousand in the previous financial year) was generated by the parent company.

Furthermore, balance of related parties loans and borrowings increased by EUR 122,954 compared to the previous financial year and consist of a payable to Hitachi Holland B.V. generated by cash pooling.

Other financial liabilities

Other financial liabilities amounted to EUR 13,277 thousand, up compared to the previous year.

Financial debt

The repayment schedules for the financial liabilities of the Group and the exposures to interest-rate fluctuations are analysed below:

31 March 2025 (EUR/000)	Bank loans and borrowings		Other		Total	
	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate
Within 1 year	29,676	-	146,762	-	176,438	-
2-5 years	-	-	20,198	-	20,198	-
After 5 years	-	-	-	-	-	-
Total	29,676	-	166,960	-	196,636	-

31 March 2024 (EUR/000)	Bank loans and borrowings		Other		Total	
	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate
Within 1 year	4,149	-	13,697	-	17,846	-
2-5 years	-	-	21,635	-	21,635	-
After 5 years	-	-	-	-	-	-
Total	4,149	-	35,332	-	39,481	-

Financial information is given below:

(EUR/000)	31.03.2025	31.03.2024
A Cash-in-hand	61	85
B Other cash and cash equivalents (bank current accounts)	273,535	408,965
C Securities held for trading	-	-
D LIQUIDITY (A+B+C)	273,596	409,050
E CURRENT FINANCIAL RECEIVABLES	51,484	26,514
F Current bank loans and borrowings	29,676	4,149
G Current portion of non-current loans and borrowings	-	-
H Other current financial liabilities	135,976	2,224
I Current lease liabilities	10,786	11,473
J CURRENT FINANCIAL DEBT (F+G+H)	176,438	17,846
K NET CURRENT FINANCIAL (CASH) DEBT (J-E-D)	(148,642)	(417,719)
L Non-current bank loans and borrowings	-	-
M Bonds issued	-	-
N Other non-current payables	255	425
O Non-current lease liabilities	19,943	21,210
P NON-CURRENT FINANCIAL DEBT (L+M+N+O)	20,198	21,635
Q NET FINANCIAL DEBT (CASH) (K+P)	(128,444)	(396,083)
R Cash at bank available for sale	-	(18,853)
S TOTAL FINANCIAL DEBT (CASH) (Q+R)	(128,444)	(414,935)

16.16 Provisions for risks and charges and contingent liabilities

(EUR/000)	Renovation	Product guarantees	Personnel disputes	Losses on contracts	Other	Total
Balance at 31 March 2024		1,479	7,421	81,541	5,555	95,997
Change in scope of consolidation		-	-	(20,946)	-	(20,946)
Reclassifications		783	450	(1,233)	-	-
Accruals	149	4,322	1,188	46,971	8,616	61,245
Reversal		(96)		(6,094)		(6,190)
Utilisations			(5,895)	(38,328)	(169)	(44,392)
Other transactions	8	18	(210)	(16)	(112)	(312)
Balance at 31 March 2025	156	6,506	2,954	61,896	13,890	85,402
<i>Current</i>	-	1,479	7,421	81,541	5,555	95,997
<i>Non-current</i>	-	-	-	-	-	-
Balance at 31 March 2024	-	1,479	7,421	81,541	5,555	95,997
<i>Current</i>	156	6,506	2,954	61,896	13,890	85,402
<i>Non-current</i>	-	-	-	-	-	-
Balance at 31 March 2025	156	6,506	2,954	61,896	13,890	85,402

In relation to the provisions for risks, the STS Group companies are active in segments and markets where many disputes are only settled after significant time has elapsed, especially when the counterparty is a public body. Based on current information, specific provisions have not been recorded for various disputes in which the Group is defendant, as they are expected to be resolved satisfactorily and without significant impact on its financial position and results of operations.

Provisions have been recorded for risks that are deemed probable and quantifiable.

Provisions for risks as at 31 March 2025 amounted to EUR 85,402 thousand, a decrease of EUR 10,595 thousand compared to the balance as at 31 March 2024 (EUR 95,997 thousand). The decrease is mainly attributable to the change in "losses on contracts" due to the effect of the sale to Mer Mec of the Group's French and German subsidiaries.

During the period, provisions for losses to be settled amounted to EUR 46,971 thousand, partially offset by absorptions of EUR 6,094 thousand and utilisations of EUR 38,328 thousand.

Apart from the above, there are no particular changes in other disputes concerning those reported in the financial statements as at 31 March 2024, to which reference should be made for complete information.

16.17 Employee benefits

Employee severance indemnity and defined benefit plans are analysed below:

(EUR/000)	31.03.2025	31.03.2024
Italian post employment benefits	29,527	29,412
Defined benefit pension plans	2,359	2,466
Total	31,886	31,878

Changes in defined benefit plans and employee severance indemnity are shown below:

(EUR/000)	31.03.2025	
	Employee severance indemnity	Defined benefits plans
Value as at 31 March 2024	29,412	2,466
Change in scope of consolidation		
Current Costs	2,893	499
Contributions paid	(2,554)	(3)
Other transactions	297	(581)
Actuarial losses (gains) taken to equity	(521)	(22)
<i>of which:</i>		
<i>Actuarial losses (gains) in equity resulting from changes in demographic assumptions</i>	-	-
<i>Actuarial losses (gains) in equity resulting from changes in financial assumptions</i>	(341)	(22)
<i>Actuarial losses (gains) in equity resulting from experience adjustments</i>	(180)	-
<i>Actuarial losses (gains) – taken to equity and other changes</i>	-	-
Value as at 31 March 2025	29,527	2,359

The amount recognised on the income statement was determined as follows:

(EUR/000)	Employee severance indemnity		Defined benefit plans	
	31.03.2025	31.03.2024	31.03.2025	31.03.2024
Current service costs	1,903	1,657	270	428
Interest expense	990	1,020	229	563
Total	2,893	2,677	499	991

The main actuarial assumptions are indicated below:

	Employee severance indemnity		Defined benefit plans	
	31.03.2025	31.03.2024	31.03.2025	31.03.2024
Discount rate (p.a.)	3.7%	3.40%	3.4%	3.4%
Salary increase rate	N/A	N/A	3.0%	3.0%
Turnover rate	1.00% - 5.69%	1.00% - 5.69%	0.11% - 8.4%	0.11% - 8.4%

A sensitivity analysis was performed for each significant actuarial assumption, showing the effects on the value of the obligation in absolute value:

	Employee severance indemnity	
	-0,25%	0,25%
Discount rate (p.a.)	562	(539)
Inflation rate	(411)	422
Turnover rate	(50)	48

The average duration of employee severance indemnity is 15 years and 17 for other defined benefit plans. The different pension systems included in the calculation do not have peculiarities that may affect the outlook.

16.18 Other current and non-current liabilities

(EUR/000)	31.03.2025		31.03.2024	
	Current	Non-current	Current	Non-current
Employees	107,527		92,225	
Indirect taxes and other tax liabilities	42,570	-	27,829	-
Social security and pension institutions	25,296	-	22,554	-
Deferred income - Others - Third parties	702		922	
Derivatives	8,182	-	15,942	-
Other third party liabilities	56,050	15,262	51,653	13,870
Total other liabilities to third parties	240,328	15,262	211,126	13,870
Other liabilities to related parties	2,494	3,542	342	3,749
Total	242,823	18,804	211,468	17,619

Other current and non-current liabilities to third parties amounted to EUR 255,590 thousand (EUR 224,996 thousand as at 31 March 2024).

Further details on derivatives are provided in paragraph 16.20.

It should be noted that Sundry payables to others include the price adjustment agreed with Mer Mec, as already discussed in detail above, for EUR 9,584 thousand and the remaining 62% to be paid on the subscribed capital in Metro C S.c.p.A. for EUR 12,950 thousand, which remained unchanged compared to the previous financial year.

16.19 Trade payables

(EUR/000)	31.03.2025	31.03.2024
Trade payables	1,270,765	1,362,037
Total third-party trade payables	1,270,765	1,362,037
Related-party trade payables	117,322	79,558
Total	1,388,087	1,441,595

In general, the total value of trade payables as at 31 March 2025 (EUR 1,388,087) decreased by EUR 53,508 thousand compared to the figure recorded as at 31 March 2024 (EUR 1,441,595).

The net change from the previous period is mainly attributable to the decrease in trade payables to third parties, partially offset by the increase in trade payables to related parties, detailed in section 24.5. For further details, see Section 16.1 of the Notes to the Financial Statements.

16.20 Derivatives

Assets and liabilities relating to derivatives are shown in the table below:

(EUR/000)	31.03.2025		31.03.2024	
	Income	Liabilities	Income	Liabilities
<i>Fair value hedge</i>	6,132	5,095	498	1,699
<i>Cash flow hedge</i>	13,308	3,087	7,431	14,244
Currency hedges	19,440	8,182	7,929	15,942

As at 31 March 2025, the Fair Value of assets and liabilities, included in the total FVH value, amounted to EUR 6,132 thousand and the related economic effects, with a nil balance, are recorded under operating financial income and charges.

The Company also had cash flow hedges relating to the cash flows of the Abu Dhabi Stage 2, Riyadh Metro, Lima Metro, Kolkata Metro, Panama, Washington, Honolulu, Miami and Baltimore contracts.

Determination of fair value

As at 31 March 2025, the Group held no listed derivative instruments. The fair value of unlisted derivative instruments is measured by reference to financial valuation techniques, in particular, the fair value of forwarding exchange contracts is determined based on market exchange rates at the reference date and the rate differentials between the currencies concerned; the fair value of swap is calculated by discounting future cash flows according to market parameters. Hedges are mostly arranged with the banking system. As at 31 March 2025, the Group has contracts in place for the following notional foreign currency amounts:

(EUR/000)	31.03.2025	31.03.2024
<i>Euro</i>	175,378	173,968
<i>US Dollar</i>	967,866	929,503
<i>UK Pound</i>	8,343	11,101
<i>Swedish Krona</i>	33	2,051
<i>Australian Dollar</i>	68,308	55,923
<i>Japanese Yen</i>	4,452	5,981
<i>Indian Rupee</i>	2,933	2,445
<i>UAE Dirham</i>	106,636	107,208

As at 31 March 2025, the net fair value of derivative financial instruments was positive for approximately EUR 11,257 thousand.

The Group is exposed to a limited extent to the risk of fluctuations in interest rates, so it does not hedge the interest rate risk.

16.21 Guarantees

The Group's guarantee portfolio is mainly made up of guarantees given as part of commercial initiatives in favour of customers/third parties (Commercial Guarantees), which represent a key asset of the Group as they are preparatory to participation in tenders and the fulfilment of the main contractual obligations entered into by the Group (enabling the contracts awarded to enter into force or to be managed on a 'whole life' basis).

They are rendered, either directly or through consortia, and are corporate in nature, mainly by first- and second-tier (parent company guarantees) or banking/insurance companies.

Due to their complex nature, the guarantees not directly associated with an underlying business deal and granted to tax agencies, financial institutes, etc., should also be mentioned.

Below are the guarantees in place in the Group as at 31 March 2025:

Direct guarantees and indemnities for guarantees given by third parties on behalf of the Group in favour of principals and other third parties (EUR/million)	Total
Personal guarantees issued by Hitachi Ltd (parent company guarantees) to customers/third parties for business transactions	3,974
Personal guarantees issued by Hitachi Rail STS SpA (parent company guarantees) to customers/third parties for business transactions	1,393
Personal guarantees issued by other legal entities of the Group (parent company guarantees) to customers/third parties for business transactions	24
Sureties and bonds (bid bonds, performance bonds, retention bonds, advance payment bonds, counter-guarantees and other minor ones) issued by credit institutions or insurance companies in favour of principals/third parties for business transactions	5,729
<i>of which counter-guaranteed by Hitachi Ltd</i>	2,368
<i>of which counter-guaranteed by Hitachi Rail STS SpA</i>	94,566
Direct and other guarantees issued by Hitachi Rail STS SpA, banks or insurance companies to other third parties for non-contractual/commercial guarantees (financial and tax transactions)	28
Total	11,147

In detail, these are:

Parent Company Guarantee Hitachi Ltd

As of 31 March 2025, the Company has outstanding commercial Parent Company Guarantees issued by Hitachi Ltd on behalf of Hitachi Rail STS S.p.A. and its subsidiaries for approximately EUR 3,973.7 million.

Parent Company Guarantee Hitachi Rail STS SpA

As at 31 March 2025, the Company has outstanding commercial Parent Company Guarantees issued by Hitachi Rail STS SpA on behalf of the subsidiaries for approximately EUR 1,392.7 million.

Parent Company Guarantees issued by other legal entities

As at 31 March 2025, the Company had outstanding Commercial Parent Company Guarantees issued by other Group companies on behalf of the subsidiaries for about EUR 23.8 million.

Guarantees issued through banks and insurance companies fall into the following main categories:

Bid bond

The bid bond is the guarantee provided in connection with participation in tenders. It usually has a 3/6-month term and corresponds with 1-3% of the basic bid amount or the estimated bid amount. The weight of the total value of the bid bond is generally modest due to the very nature of the guarantee, which has short release times. In the guarantee portfolio as at 31 March 2025, this typology amounted to approximately EUR 7.3 million.

Performance bond

The performance bond is the guarantee of successful project execution or successful delivery. It is usually required when signing contracts and its term reflects that of the works or the supply for which it has been issued.

The guarantee can be of short duration for supply contracts, whereas for "Turn Key" contracts, it can be much longer if it also includes the "Operation & Maintenance" phase. The amount depends on the type of contract and the relevant context. It usually ranges between 10-15% of the contractual value.

In the guarantee portfolio as at 31 March 2025, this typology amounted to approximately EUR 2,915.9 million.

Retention money bond

Where provided for in the contract, the retention money bond represents the security provided for the release of sums retained as security by customers/clients on services performed and invoiced. They are released progressively and for minimum amounts (such as 5% of works/supplies performed and invoiced). Where not explicitly provided for in the contract, the guarantee can also be released upon completion of work.

In the guarantee portfolio as at 31 March 2025, this typology amounted to about EUR 139.5 million.

Advance payment bond

The advance payment bond, sometimes referred to as a down payment bond, guarantees the customer in relation to the advance payment and instalments provided for in the contract and paid to the supplier at the beginning and during the project/supply. In most cases, this generally decreases as the advance payment is recovered through invoicing by the supplier to the customer. The amount of this type of guarantee varies according to the contract type and the context in which it has been issued. Generally, it can range from 10% to 15% of the contract amount up to 25%-35% in some geographical areas. As at 31 March 2025, this type amounted to approximately EUR 2,120.7 million.

Counter-guarantee

Counter-guarantees are another type of commitment.

They are represented by guarantees subscribed by the Company in favour of credit institutions for its share of the commitments in respect of guarantees given mainly in the context of participation in consortia and special purpose vehicles.

As of 31 March 2025, this type of guarantee amounted to approximately EUR 178.9 million.

Hitachi Ltd guaranteed part of the credit lines for guarantees for a total of EUR **2,367.7** million. They were mainly used for the issue of guarantees as part of the main projects in the portfolio.

17. Notes to the Income Statement

17.1 Financial relations with related parties

31 March 2025 (EUR/000)	Revenues	Other operating income	Costs	Financial charges (and operating cash flows)	Financial income (and operating cash flows)	Other operating expenses
Ultimate parent						
Hitachi Rail Ltd	22,802	10,959	22,705	-		
Hitachi Ltd (Rail)	14,362	-	69,204			
Subsidiaries						
Alifana Due S.c.r.l.	1,756	15	6,822			
Associated companies						
Metro de Lima linea 2 S.A.	934		-	-	-	
Metro Service A.S.	757		40,887	-		
Metro 5 S.p.A.	347	50	(10)	-		
OPSLLC Operation Alliance OPS Co	-		81,001	-		
Pegaso S.c.r.l. (in liquidation)	-	-				16
SPV Linea M4 S.p.A	-		(150)	-		
Tram di Firenze Spa	5,664	161		-		
Consortia						
Saturno Consortium	74,125		2,169	-		
San Giorgio Volla 2 Consortium	3,309		375	-		
MM4 Consortium	24,035		2,369	-		
CRM Consortium	559		9,875	-		
HSC Consortium	1,444		32,663	-		
Other group companies						
Hitachi Rail Mobilinx Hurontario GP INC	83,777			186		
Connect 6ix General Partnership	64,747			749		
Connect 6ix Ontario Line Services Ltd - Local	139		859			
Ferromovil 9000 SL						240
Hitachi International (Holland) B.V.				1,408		1,087
Hitachi Ltd RSBU - Akihabara			(91)			
Hitachi India PVT. Ltd.			12			
HITACHI DOCUMENT SOLUTIONS CO., LTD.			5			
Hitachi Australia PTY Ltd.			(84)			
Hitachi Asia Ltd.			8			
Hitachi Digital L.L.C.	4,005		(400)			
Hitachi America, Ltd.			20,418			13
Hitachi Europe Ltd			11,110			
Hitachi Europe S.r.l. (Italy)			79			
Hitachi Academy CO., LTD.			45			
Hitachi Systems, LTD.			298			
Hitachi Vantara A/S			1			
Hitachi Vantaria Italia S.R.L.			176			
HITACHI DIGITAL SERVICES INDIA PRIVATE LIMITED			66			
Transfor S.a.			65			
Hitachi Systems Micro Clinic PVT. Ltd.			59			
HITACHI SYSTEMS SECURITY INC.			42			
Hitachi Energy Italy S.p.A.			292			
HITACHI ENERGY LTD.			1,130			
HITACHI DIGITAL SERVICES UK LIMITED			448			
HITACHI ARABIA REGIONAL HEADQUARTERS CO			163			
Taiwan Hitachi Asia Pacific			(97)			
HITACHI RAIL GTS AUSTRIA GMBH	77					
HITACHI RAIL GTS USA INC.			(8)			
HITACHI RAIL GTS DENMARK A/S			3			
HITACHI RAIL GTS ROMANIA SRL	43					
HITACHI RAIL GTS FRANCE SAS			(3,971)			
HITACHI RAIL GTS CANADA INC.	19					
HITACHI RAIL GTS ITALIA S.R.L.			4,696			
HITACHI RAIL SOLUTIONS	19		97			
HITACHI RAIL GTS TAIWAN CO.LTD			(3)			
HITACHI RAIL GTS MIDDLE EAST TRADING LLC						28
Total	302,921	11,185	303,318	2,343	1,371	13
Related parties as a percentage of the total of the corresponding balance sheet item	8%	19%	9%	2%	1%	0%

31 March 2024 (EUR/000)	Revenues	Other operating income	Costs	Financial charges (and operating cash flows)	Financial income (and operating cash flows)	Other operating expenses
Ultimate parent						
Hitachi Rail Ltd	37,714	8,347	23,299	-		
Hitachi Ltd (Rail)	29,382	79	55,459			
Subsidiaries						
Alifana Due S.c.r.l.	2,993	30	7,187			
Associated companies						
Metro 5 S.p.A.	492	16		-		
SPV Linea M4 S.p.A	-	670	4	-		
SP M4 S.C.p.A (in liquidation)			-	-	1,246	
Tram di Firenze Spa	21,336	159		-		
OPSLLC Operation Alliance OPS Co	-		39,688	-		
Metro de Lima linea 2 S.A.	111		31	-		
Metro Service A.S.	804		35,600	-		
Hitachi Rail Mobilinx Hurontario GP INC	82,056					
Connect 6ix Ontario Line Services Ltd - Local	56		1,282			
Connect 6ix General Partnership	51,202				962	
Consortia						
Saturno Consortium	51,049		2,586	-		
San Giorgio Volla 2 Consortium	3,186		87	-		
MM4 Consortium	36,329		2,135	-		
TRAIN Consortium	-		9	-		
CRM Consortium	480		8,921	-		
HSC Consortium	1,685		37,329	-		
Other group companies						
Hitachi Digital LLC	-	950		-		
Hitachi India Pvt Ltd	628			-		
Hitachi Asia Ltd	-		1	-		
Hitachi International (Holland) B.V.	-	-	-	13,006	179	
Hitachi Europe Ltd	-		4,513	-		
Hitachi Europe S.r.l.	71			-		
Hitachi Vantara Italia S.r.l.	-		236	-		
Hitachi America Ltd	-		16,783	-		
Hitachi Transport System Forwarding (Australia) Pty Ltd	-		172	-		
Hitachi Energy Italy S.p.a.	-		15	-		
Hitachi Academy CO., LTD.			18			
Hitachi Systems, LTD.			278			
HITACHI ENERGY LTD.			984			
Ferromovil 9000 SL					7,048	
H_0000010056 - Hitachi Australia PTY Ltd.			22			
H_0000011175 - Hitachi (Shanghai) Trading CO., Ltd.			1			
H_9999999999 - Other Hitachi Group Companies			1			
Total	319,573	10,251	236,641	13,006	9,435	-
Related parties as a percentage of the total of the corresponding balance sheet item	9%	30%	8%	13%	16%	0%

17.2 Revenues from contracts with customers

(EUR/000)	31.03.2025	31.03.2024
Revenues from Rail Control contracts	2,018,316	1,847,242
Revenues from Vehicles contracts	1,658,399	1,578,643
Revenues from Smart Mobility	4,195	-
Total revenues	3,680,910	3,425,885

Total revenues amounted to EUR 3,680,910 as at 31 March 2025, an increase of EUR 255,025 compared to the previous year, due to the progress of ongoing projects, mainly of the parent company.

Ongoing contracts include those with principals provided that they meet the conditions set forth in paragraph 9 of IFRS 15; please note that this item includes variable considerations insofar as their realisation is deemed highly probable.

With regard to the breakdown of income by geographical area, please refer to Section 15 Sector Reporting. It should be noted that for this type of business, almost all revenues are recognised using the output method (overtime).

17.3 Other operating income

(EUR/000)	31.03.2025	31.03.2024
R&D grants	12,069	10,491
Grants for training expenses	-	-
Disposal gains on PPE and intangible assets	11	14
Reversals of bad debt provision	131	347
Reversals of provisions for risks and charges	96	247
Release of the provision for expected losses to complete contracts	6,094	8,018
Insurance Reimbursements	-	-
<i>Royalties</i>	-	-
Financial income and exchange gains on operating items	6,938	4,791
R&D tax asset	-	26
Other operating income	23,000	323
Other third party operating income	48,340	24,257
Other related-party operating income	11,185	10,251
Total other operating income	59,524	34,507

Other operating income, amounting to EUR 59,524 thousand (EUR 34,507 thousand in the previous year), includes financial income and exchange rate gains on operating items, grants for research and development expenses and, in the other income item, interest on trade receivables; the change in the period is essentially due to the lower absorption of the bad debt provision.

The increase in other operating income is mainly attributable to the Parent Company for insurance reimbursements relating to the Baltimore project.

17.4 Costs for purchases and services

(EUR/000)	31.03.2025	31.03.2024
Purchases of materials	1,250,616	1,136,298
Change in inventories	(44,774)	(59,406)
Purchases of services	1,125,439	1,125,244
Total third party purchases and services	2,331,294	2,202,136
Total related-party purchases and services	306,685	242,108
Total costs for purchases and services	2,637,979	2,444,244

Total costs for purchases and services amounted to EUR 2,637,979 thousand (EUR 2,444,244 thousand in the previous year); the change is a function of the increase in production volumes.

Costs for the purchase of materials and changes in inventories amounted to EUR 1,205,855 thousand and costs for services to EUR 1,125,439 thousand.

For more details on positions with related parties, see Section 17.1 'Financial relations with related parties'. In particular, this item includes the brand fee paid to Hitachi Ltd for the group's use of the "Hitachi" brand (EUR 35,616 thousand).

The STS group companies signed a contract with Hitachi Ltd. on the basis of which each company pays the Japanese parent company 1% of the third party income realised during the period.

17.5 Personnel costs

(EUR/000)	31.03.2025	31.03.2024
Wages and salaries	569,446	556,306
Social security and pension contributions	140,780	132,990
Italian post employment benefits	1,903	1,657
Other defined benefit plans	270	428
Other defined contribution plans	12,369	11,531
Recovery of personnel costs	(8,633)	(7,243)
Disputes with personnel	1,188	5,625
Restructuring costs	-	-
Other costs	12,760	6,091
Total personnel costs	730,083	707,385

Total personnel expense amounted to EUR 730,083 thousand (EUR 707,385 thousand in the previous period); the increase was mainly due to wages and salaries and related charges for contractual increases during the period.

The Group's headcount as at 31 March 2025 stood at 8,280 compared to 8,485 restated headcount as at 31 March 2024 with a decrease of 205 resources.

The cost for employee severance indemnity and other defined benefit plans relates only to the "service cost" since, as a result of the adoption of the equity method, interest costs are classified under financial charges.

17.6 Amortisation, depreciation and write-downs of financial assets

(EUR/000)	31.03.2025	31.03.2024
Depreciation and Amortisation:		
- intangible assets	36,444	48,942
- property, plant and equipment	61,254	64,461
	97,698	113,404
Amortisation, depreciation and write-downs of financial assets		
- operating receivables	406	317
- Other property, plant and equipment/intangible assets	(46)	98
	361	415
Total amortisation, depreciation and write downs	98,059	113,819

Depreciation, amortisation and value adjustments of financial assets amounted to EUR 98,059 thousand, down from the previous year's figure of EUR 113,819 thousand.

17.7 Other operating expenses

(EUR/000)	31.03.2025	31.03.2024
Provisions for risks and charges	31,841	23,045
Reversals of provisions for risks and charges	(38,496)	(29,140)
Membership fees and contributions	415	687
Disposal losses on PPE and intangible assets	243	158
Losses on onerous contracts	-	-
Impairment losses on other assets	-	-
Exchange rate losses on operating items	5,807	6,535
Interest and other operating expenses	-	-
Indirect Taxes	6,930	6,564
Other operating expenses	3,419	5,709
Total other third party operating expenses	10,157	13,559
Other related-party operating expenses	13	-
Total other operating expenses	10,170	13,559

Total other third party and related-party operating expenses amounted to EUR 10,170 thousand (EUR 13,559 thousand in the previous year). The overall change is essentially attributable to lower operating expenses impacted in the previous year by some transaction costs incurred by the Parent Company.

17.8 Internal work capitalised

(EUR/000)	31.03.2025	31.03.2024
Internal work capitalised	(30,963)	(19,532)

Internal work capitalised amounted to EUR 30,963 thousand (EUR 19,532 thousand in the previous year). This item includes capitalisation of costs for research and development projects mainly recognised by the Parent Company and the French subsidiary (for further details, please refer to the “Research and Development” section of the report on operations).

17.9 Financial Income / (Charges)

(EUR/000)	31.03.2025			31.03.2024		
	Income	Charges	Net	Income	Charges	Net
Interest and fees		124	(124)		32,067	(32,067)
Net exchange rate losses	19,123	9,473	9,650	14,213	12,231	1,982
Results for the fair value on the income statement	35,374	62,582	(27,208)	22,355	32,917	(10,562)
Capital gains from disposal of equity investment	72,660	-	72,660	-	-	-
Interest on employee severance indemnity	-	990	(990)		1,020	(1,020)
Interest on other defined benefit plans	-	229	(229)		563	(563)
Other financial income and charges	26,337	39,157	(12,819)			-
Total net operating financial income and charges	153,495	112,555	40,940	36,568	78,797	(42,230)
Total operating financial income and charges from related parties	240	935	(695)	9,255	-	9,255
Total	153,735	113,490	40,245	45,823	78,797	(32,974)

Net operating financial income from third parties amounted to EUR 40,940 thousand (EUR -42,230 thousand in the previous year).

The increase in the period (EUR 83,170 thousand) is mainly attributable to the sale of the equity investments of the French and German subsidiary to Mer Mec as described in paragraph 2.

The change reflects financial transactions relating to gains/losses deriving from exchange rate risk hedging transactions with both fair value hedges and cash flow hedges in addition to charges incurred on assets and liabilities factoring transactions.

It should be noted that these are all reported in the operating section of the income statement (EBIT).

The following table shows interest income and expense from banks or on financial receivables/liabilities recognised in the financial section under Operating result (EBIT).

(EUR/000)	31.03.2025			31.03.2024		
	Income	Charges	Net	Income	Charges	Net
Interest and fees	9,286	8,134	1,152	9,982	7,855	2,127
Bank interest expense	2,471	460	2,010	2,417	399	2,017
Interests on leases	-	1,339	(1,339)	-	1,100	(1,100)
Total net financial income and charges	11,756	9,934	1,823	12,399	9,354	3,045
Total net operating financial income and charges from related parties	1,131	1,408	(277)	179	13,006	(12,827)
Total	12,888	11,342	1,546	12,578	22,360	(9,782)

17.10 Effect of valuation with the equity method

(EUR/000)	31.03.2025			31.03.2024		
	Income	Charges	Net	Income	Charges	Net
Share of profits (losses) of equity-accounted investees	26,774	584	26,190	22,137	3,306	18,832
Total	26,774	584	26,190	22,137	3,306	18,832

The effect of valuing investments using the equity method is positive at EUR 26,190 thousand; this is determined by the positive results of the associates (based on the percentage ownership) Metro 5 S.p.A. (EUR 6,342 thousand), Metro De Lima (EUR 10,285 thousand), International Metro Service S.r.l. (EUR 4,708 thousand), Operation Alliance OPS in Saudi Arabia (EUR 2,983 thousand), and Mobilinx Hurontario Service LTD/Mobilinx Hurontario GP (EUR 2,335 thousand). For the sake of completeness, please note the negative result of Connect 6ix General Partnership (EUR -584 thousand).

17.11 Income tax

Income taxes are analysed below:

(EUR/000)	31.03.2025	31.03.2024
IRES	65,988	28,044
IRAP	10,453	6,403
Income from consolidation	-	-
Other foreign income taxes	28,035	20,146
Prior-year taxes	393	3,860
Provisions for tax disputes	-	-
Net deferred tax (income) expense	780	8,776
Total	105,649	67,229

The value of taxes amounted to EUR 105,649 thousand, an increase of EUR 38,420 thousand compared to last year due to the effect of the higher pre-tax result.

The theoretical and effective tax rates are reconciled below:

(EUR/000)	31.03.2025			31.03.2024		
	amount		%	amount		%
Profit before tax	371,764	-		195,344	-	
Taxes calculated at the current tax rate		89,223	24.00%		46,882	24.00%
Permanent differentials	(142,725)	(34,254)	-9.21%	(51,937)	(12,465)	-6.38%
	229,039	54,969	14.79%	143,406	34,418	17.62%
Different rates on foreign taxes and/or due to losses of the year	-	3,640	0.98%	-	6,733	3.45%
IRAP and other taxes calculated on a basis other than pre-tax profit (loss)	-	42,082	11.32%	-	22,218	11.37%
Prior-year taxation	-	4,957	1.33%	-	3,860	1.98%
Total effective taxes reported in the income statement		105,650	28.42%		67,229	34.42%

The effective tax rate as at 31 March 2025 was 28.42%, down from 34.42% in the previous year, mainly due to higher permanent differences.

The breakdown of deferred tax assets and deferred tax liabilities as at 31 March 2025 and the income statement effects of their changes for the year ending at said date are shown below:

(EUR/000)	Income statement		Balance sheet	
	Assets	Liabilities	Assets	Liabilities
Italian post-employment benefits and pension funds	79	-	728	-
Remuneration	-	-	-	-
Goodwill	-	-	-	-
Property, plant and equipment and intangible assets	-	4,208	942	-
Provisions for risks and charges	1	-	10,733	-
Research grants	-	-	-	-
Allowances for WIP and inventories	685	-	3,877	-
Finance leases	-	-	-	-
CFH - def. benefit plans	-	-	67	1,934
Tax losses	2,315	-	57	-
Other	9,092	7,184	41,169	5,369
Total	12,172	11,392	57,574	7,303

Deferred tax assets are recognised taking into consideration their recoverability in each component of the financial statements, based on the availability of the forecast future taxable income of the Group. The item “other” mainly refers to the Parent Company (EUR 5,016 thousand) and the French subsidiary (EUR 5,337 thousand). Deferred tax liabilities mainly relate to the Canadian subsidiary (EUR 1,869 thousand) and the Parent Company (EUR 3,500 thousand). Deferred tax assets and liabilities include those recognised with a balancing entry directly in shareholders’ equity, on derivatives recognised as cash-flow hedges and actuarial gains/losses following adoption of the shareholders’ equity method for defined benefit plans.

Changes in this asset component during the year are as follows:

(EUR/000)	31.03.2024	Transfers to the income statement	Changes in fair value	Other transactions	31.03.2025
Deferred taxes recognised directly in shareholders’ equity	5,660	-	(1,183)	-	4,477

18. Cash flow generated from operating activities

Cash flows from operating activities are analysed below:

(EUR/000)	31.03.2025	31.03.2024
Profit	266,115	128,115
Share of profits (losses) of equity-accounted investees	(26,190)	(18,832)
Income tax	105,649	67,229
Italian post-employment benefits	3,392	3,668
Costs for Stock grant plans	-	-
Gains (losses) on the sale of assets	52,953	(1,083)
Net financial income	(9,810)	(13,368)
Amortisation, depreciation and write downs	95,474	103,873
Changes in provisions for risks and charges	309	80
Other operating income/charges	(40,096)	39,031
Accruals to/reversal of provisions for risks	10,182	(22,544)
Total	457,976	286,168

Changes in working capital, expressed net of the effects of acquisitions and disposals of consolidated companies and exchange rate differences, are broken down as follows:

(EUR/000)	31.03.2025	31.03.2024
Inventories	(44,477)	(122,557)
Contract assets/liabilities	207,300	347,582
Trade receivables and payables	(497,235)	(173,999)
Total	(334,412)	51,025

Changes in other operating assets and liabilities, expressed net of the effects of acquisitions and disposals of consolidated companies and exchange rate differences, are broken down as follows:

(EUR/000)	31.03.2025	31.03.2024
Payment of Italian post-employment benefits and other defined benefit plans	100,963	168,218
Payment of taxes	(86,737)	(61,869)
Changes in other operating items	(126,249)	(115,152)
Merger effect	-	-
Total	(112,024)	(8,803)

Changes in the cash flow statement are discussed in section 2.3 on the Group financial position.

19. Management of financial risks

The Group is exposed to financial risks related to its operations, in particular to the following:

- market risks, relating to currency rate risk, transactions in foreign currencies other than the functional currency, and interest rate risk;
- liquidity risks, relating to the availability of financial resources and access to the credit market;
- credit risks, arising from normal commercial transactions or financing activities.

The Group specifically monitors each of these financial risks and acts promptly to minimise them, for example via the use of hedging derivatives. The approach adopted by Hitachi Rail STS S.p.A. for the management of these risks, in line with internal policies, is described below.

Currency risk management

As described in the 'treasury management policy', the Hitachi Rail STS S.p.A. Group manages currency risk by pursuing the following objectives:

- limiting potential losses generated by unfavourable exchange rate fluctuations against the currency used by Hitachi Rail STS S.p.A. and its subsidiaries;
- limit the costs, expected or real, associated with the execution of exchange rate risk management policies.

Exchange rate risk should only be hedged if it has a material impact on cash flows with respect to the reference currency.

The costs and risks associated with a hedging policy (hedging, non-hedging or partial hedging) must be acceptable both financially and commercially.

The exchange rate risk may be hedged using the following instruments:

- purchase and sale of currency forwards, which are the most commonly used cash flows hedges;
- funding/lending in foreign currency: used to mitigate the exchange rate risk associated with similar receivables and payables with banks or Group companies.

The use of funding and lending in foreign currency as a hedging instrument must only take place when consistent with the Hitachi Rail STS S.p.A. Group's overall treasury management policy and financial position (both long- and short-term).

Buying and selling foreign currency tends to be the hedging instrument used when, for currencies other than the functional currency, markets are not sufficiently liquid or when it is the least costly way of hedging.

Currency risk hedging

There are three main types of exchange rate risk:

1. The economic risk, which is the impact exchange rate fluctuations can have on capital budgeting decisions (investments, the location of production facilities and supply markets).
2. The transaction risk, which is the possibility that exchange rates may fluctuate between the time a commitment is undertaken to make future collections or payments in foreign currency (price list, budgets, orders preparation and invoicing) and when the actual collection or payment takes place, generating either exchange gains or losses.
3. The translation risk, which is the effect on the financial statements of multinational companies of translating dividends, or of consolidating assets and liabilities, when the exchange rates adopted for consolidation purposes differ from one reporting period to the next.

The Ansaldo STS Group hedges against transactional risk by following the foreign exchange rate risk management policy, which provides for the systematic hedging of trade flows deriving from the assumption of contractual commitments, assets and liabilities, of a certain nature, in order to guarantee the current exchange rates at the date of acquisition of long-term contracts, thereby neutralising the effects of exchange rate fluctuations.

Cash flow hedge

Hedges are entered into at the time sales contracts are agreed, using plain vanilla instruments (currency swaps and forwards) that qualify for hedge accounting under IAS 39. They are recognised as cash flow hedges, so the changes in fair value of the hedging derivatives are recorded in a specific cash flow hedge reserve for the effective portion once the hedging strategy is demonstrated to be effective.

If the hedge does not prove effective (i.e., does not fall within the 80% to 125% range), fair value gains or losses on hedging instruments are immediately expensed as financial items on the income statement and the related fair value gains or losses accumulated in the hedging reserve up to the date of the most recent successful test of effectiveness are reclassified in the income statement.

The portion of fair value relating to financial income and charges is excluded from the hedge effectiveness calculation as it is recognised directly in net financial income in the income statement. This means both that the impact on the income statement of this component is not deferred, improving the transparency and consistency of the cash flow hedge reserve and that the result of the forex effectiveness test is simplified, as comparison is limited to two notional amounts: the forex and the underlying hedge.

Fair value hedge

Fair value hedging covers exposure to changes in the fair value of a recognised asset or liability, an unrecognised but irrevocable commitment, an identified portion of this asset, liability or irrevocable commitment, related to a particular risk and that could impact profit or loss.

The Group hedges fair value changes relating to the exchange rate risk on recognised assets and liabilities.

Hedges are mostly arranged with the banking system. As at 31 March 2025, the Group has contracts in place for the following notional foreign currency amounts:

(local currency in EUR/000)	Sell25	Buy25	31.03.2025	Sell24	Buy24	31.03.2024
Euro	60,997	114,381	175,378	44,174	129,794	173,968
US Dollar	725,161	242,706	967,866	724,854	204,649	929,503
UK Pound	8,298	45	8,343	9,797	1,304	11,101
Swedish Krona	-	33	33	543	1,508	2,051
Australian Dollar	8,337	59,971	68,308	4,749	51,174	55,923
Japanese Yen	-	4,452	4,452	-	5,981	5,981
Indian Rupee	2,274	660	2,933	2,050	395	2,445
UAE Dirham	106,636	-	106,636	107,208	-	107,208
Malaysian Ringgit	-	-	-	-	32	32

The net fair value of the derivatives in place at 31 March 2025 was positive for approximately EUR 11,258 thousand.

Sensitivity analysis on exchange rates

For the purposes of the presentation of market risks, IFRS 9 requires a sensitivity analysis that shows the effects of the hypothetical changes in the most significant market variables on income statement and shareholders' equity.

Exchange rate risks arise from financial instruments (including trade receivables and payables) recorded in the balance sheet or from highly probable future cash flows expressed in currencies other than the functional currency.

Since the US dollar is the primary foreign currency used by the Group, a sensitivity analysis was performed on financial instruments denominated in dollars at 31 March 2025, assuming a +/- 5% appreciation (depreciation) of the Euro against the US dollar.

This analysis showed that an appreciation or depreciation of the Euro against the US dollar would have the following impact on the Group's financial statements:

	31.03.2025		31.03.2024	
	+5% appreciation of the Euro against the US dollar	-5% depreciation of the Euro against the US dollar	+5% appreciation of the Euro against the US dollar	-5% depreciation of the Euro against the US dollar
Exchange rate sensitivity analysis (EUR/000)				
Income statement	15,958	(14,440)	3,026	(24,472)
Cash flow reserve	27,644	(25,015)	34,000	(30,765)
Translation reserve	-	-	-	-

Compared to the same analysis conducted on the closing date of the previous financial year, the income statement shows less sensitivity to changes in the Euro/US dollar exchange rate compared to the previous year, and the impact of the effects on the financial position is in line with the previous year.

Interest rate risk management

According to the aforementioned policy, interest rate risk management aims to mitigate the negative effects of interest rate fluctuations, which can affect the Group's income statement, balance sheet and weighted average cost of capital.

The management of interest rate risk for the Hitachi Rail STS Group serves to achieve the following objectives:

- stabilise the weighted average cost of capital;
- minimise the Hitachi Rail STS Group's WACC from medium- to long-term. To achieve this, interest rate risk management will focus on the effects of interest rates on both "debt funding" and "equity funding";
- optimise profit on financial investments within a general risk-return trade-off;
- limit the costs related to the execution of interest rate risk management policies, including direct costs related to the use of specific instruments and indirect costs related to the internal organisation necessary to manage the risk itself.

This risk was once again managed in 2024 without the use of derivatives.

Sensitivity analysis on interest rates

A sensitivity analysis was performed on the assets and liabilities exposed to the interest rate risk to assess the impact on profit or loss of a parallel and symmetric change in interest rates of +/- 50 basis points (0.5%); the range adopted was the one originally chosen by the IFRS for the analysis.

The impact of this scenario on the Group's financial statements at 31 March 2024 is shown in the following table:

Interest rate sensitivity analysis (EUR/000)	31.03.2025		31.03.2024	
	+50 bps	-50 bps	+50 bps	-50 bps
Income statement	199	(199)	272	(272)
Reserves	-	-	-	-

These impacts are the result of the lower interest income that the net financial position remunerated at the variable rate would have produced assuming interest rates were higher or lower by 50 basis points, respectively. The change in interest rates would have no impact on the measurement of recognised financial instruments, as there are no financial assets or liabilities (not derivative) recognised at fair value through the income statement. Moreover, the derivatives entered into by the Group are exclusively exchange rate ones and a change in the interest rates of the various currencies would have no relevant impacts on fair value at year-end. There are no impacts on shareholders' equity, as the Group has no cash flow hedges on the interest rate risk. The results obtained at 31 March 2025 were lower than at 31 March 2024.

Liquidity risk management

The STS Group has rolled out a series of methods to optimise treasury management, with a view to the efficient management of cash and cash equivalents and to help its business grow. This objective was achieved by centralising treasury management with current account contracts between the Parent Company and the Group Companies, and an active presence on the financial markets in order to obtain adequate short- and medium/long-term revocable, cash and unsecured credit lines to meet the Group's needs.

As at 31 March 2025, it had a net financial position in credit for EUR (128,444) thousand, an increase compared to 31 March 2024, when the net financial position was EUR (396,083) thousand.

Liquidity analysis – figures at 31.03.2025

(EUR/000)	Under 1 year	Between 1 year and 5 years	After 5 years
A - Financial liabilities excluding derivatives			
Non-current liabilities			
Third party loans and borrowings	4,659	13,408	2,130
Related party loans and borrowings	-	-	-
Other non-current liabilities	1,900	781	12,529
Current liabilities			
Trade payables to related parties	115,903	1,419	-
Trade payables to third parties	1,253,144	17,620	1
Third party financial liabilities	53,351	133	-
Related party financial liabilities	122,954	0	-
Other financial liabilities	-	-	-
Total A	1,551,911	33,361	14,660
B - Negative value of derivatives			
Hedging derivatives	1,983	6,199	-
Trading derivatives (economic hedge)	-	-	-
Total B	1,983	6,199	-
Total A + B	1,553,894	39,561	14,660

The following financial assets were recognised against financial liabilities and trade payables of EUR 1,608,115 thousand:

(EUR/000)	
C - Financial assets	
Cash-in-hand and cash equivalents	273,596
Third-party trade receivables	1,428,543
Trade receivables - related parties	233,318
Receivables at FV - third parties	-
Receivables at FV - related parties	-
Loan assets	51,484
Other assets	-
Positive value of derivatives	19,440
TOTAL FINANCIAL ASSETS	2,006,381
D - Revocable Credit Lines	145,000
Total C + D	2,151,381
C+D-(A+B)	543,265

It therefore becomes apparent that the Group, in addition to having a net financial position in credit, has sufficient liquidity to finance itself without having to resort to the banking system to finance its activities. Consequently, it has relatively limited exposure to money market tensions.

Credit risk management

The Group does not have a significant credit risk, either with regard to the counterparties of its commercial transactions or to its financing and investment activities. Its main customers are, in fact, public clients or offshoots of public institutions, concentrated in the Eurozone, the USA and South-East Asia. The rating of the Group's typical customer is therefore medium/high. However, for contracts with customers/counterparties with whom there is no usual business relationship, the approach is to analyse and assess creditworthiness when the bid is placed in order to identify possible future credit risks.

Given the nature of its customers, collection times are longer (and, in certain countries, significantly longer) than those typical of other businesses, leading to overdue amounts, which are sometimes considerable.

As at 31 March 2025, trade receivables from third parties, totalling EUR 1,428,543 thousand (EUR 1,039,138 thousand as at 31 March 2024), were past due by EUR 546,528 thousand, of which EUR 213,024 thousand by more than 12 months.

Trade receivables from third parties as at 31 March 2025 mainly relate to the Parent Company in the amount of EUR 1,232,430 thousand with a total overdue amount of EUR 375,081 thousand.

The following table provides a breakdown of receivables at 31 March 2025:

(EUR/000)	Receivables from third parties	Intercompany receivables
- Retentions	251,274	68,960
- Not overdue	630,741	116,911
- Overdue by under 6 months	272,070	24,284
- Overdue between 6 months and 1 year	61,435	6,532
- Overdue between 1 and 5 years	213,024	16,631
Total	1,428,543	233,318

Changes in the Group bad debt provision are shown below:

	31.03.2025	31.03.2024
31 March 2024	36,135	36,427
Change in scope of consolidation		(222)
Accruals	329	189
Releases/Uses	(20)	(125)
Other transactions	(93)	(134)
31 March 2025	36,353	36,135

During the year, the bad debt provision was affected by the impact of the provision for the period of EUR 329 thousand, while the utilisation of EUR 20 thousand was mainly attributable to the risk related to doubtful receivables of the Parent Company.

In relation to the credit risk arising from the positive value of derivatives, it should be noted that the counterparties to derivative contracts are predominantly financial institutions.

The table below provides a breakdown of the positive value of derivatives by counterparty rating class.

The ratings shown below are based on data from the S&P agency.

Rating Class	Positive Fair Value
A+	7%
A	35%
A-	46%
BBB	12%
Total FV	100%

Classification and fair value of financial assets and liabilities

A breakdown of the Group's financial assets and liabilities by the measurement categories set out in IFRS 9 is provided in the tables below.

Financial liabilities are all measured according to the 'amortised cost' criterion since the Group did not use the fair value option.

Derivative financial instruments are analysed separately.

31.03.2025 (EUR/000)	Fair value on the income statement	Loans and receivables	Held to maturity	Available for sale	Total	Fair value
Non-current assets						
Non-current receivables from related parties	-	3,378	-	-	3,378	3,378
Financial assets measured at fair value	-	732	-	-	732	732
Loans and Receivables	-	27,126	-	-	27,126	27,126
Current assets						
Current receivables from related parties	-	233,318	-	-	233,318	233,318
Trade receivables	-	1,428,543	-	-	1,428,543	1,428,543
Financial assets measured at fair value	-	32,170	-	-	32,170	32,170
Financial receivables	-	19,314	-	-	19,314	19,314

31.03.2025 (EUR/000)	Fair value on the income statement	Amortised cost	Held to maturity	Total	Fair value
Non-current liabilities					
Non-current related-party liabilities	-	-	-	-	-
Non-current financial liabilities	-	20,198	-	20,198	20,198
Other non-current liabilities	-	15,211	-	15,211	15,211
Current liabilities					
Current related-party liabilities	-	-	-	-	-
Related party loans and borrowings	-	122,954	-	122,954	122,954
Trade payables	-	1,270,765	-	1,270,765	1,270,765
Financial liabilities	-	53,484	-	53,484	53,484
Other current liabilities	-	-	-	-	-

31.03.2024 (EUR/000)	Fair value on the income statement	Loans and receivables	Held to maturity	Available for sale	Total	Fair value
Non-current assets						
Non current related party loans and receivables	-	3,217	-	-	3,217	3,217
Financial assets measured at fair value	-	1,326	-	-	1,326	1,326
Loans and Receivables	-	25,411	-	-	25,411	25,411
Current assets						
Current receivables from related parties	-	184,046	-	-	184,046	184,046
Trade receivables	-	1,039,138	-	-	1,039,138	1,039,138
Financial assets measured at fair value	-	26,514	-	-	26,514	26,514
Financial receivables	-	-	-	-	-	-

31.03.2024 (EUR/000)	Fair value on the income statement	Amortised cost	Held to maturity	Total	Fair value
Non-current liabilities					
Non-current related-party liabilities	-	-	-	-	-
Non-current financial liabilities	-	21,635	-	21,635	21,635
Other non-current liabilities	-	12,417	-	12,417	12,417
Current liabilities					
Current related-party liabilities	-	-	-	-	-
Related-party financial liabilities	-	-	-	-	-
Trade payables	-	1,362,037	-	1,362,037	1,362,037
Financial liabilities	-	17,845	-	17,845	17,845
Other current liabilities	-	168,405	-	168,405	168,405

The carrying amount of short-term financial instruments, such as trade receivables and payables, represents a fair approximation of the fair value.

Derivatives

The IFRS standard provides for the classification of the fair value of derivatives according to benchmarks that can be derived either from the market or from other financial indicators (e.g. interest rate curves, exchange rates, etc.). Financial derivatives on currencies to hedge the exchange rate risk fall within Level 2 of the hierarchy, since the fair value of these instruments is determined by recalculating the present value through the official fixing of closing exchange and interest rates listed on the market.

The fair value of financial instruments in the portfolio is shown in the table below.

The Group uses cash flow hedges to hedge the exchange rate risk exposure of highly probable expected future transactions and fair value hedges to hedge the exchange rate risk exposure of recognised financial assets and liabilities.

With respect to derivatives hedging future cash inflows and outflows in currencies other than the functional currency, the table below shows the maturities of these cash flows, hedged in US dollars.

Fair value hierarchy at the reporting date	Fair Value 31.03.2025 Level 2	Fair Value 31.03.2024 Level 2
Assets		
<i>Interest Rate Swap</i>		
<i>Trading</i>	-	-
<i>Fair value hedge</i>	-	-
<i>Cash flow hedge</i>	-	-
<i>Currency forward/swap/option</i>		
<i>Trading</i>	-	-
<i>Fair value hedge</i>	6,132	498
<i>Cash flow hedge</i>	13,308	7,431
Equity instruments (trading)	-	-
Liabilities		
<i>Interest Rate Swap</i>		
<i>Trading</i>	-	-
<i>Fair value hedge</i>	-	-
<i>Cash flow hedge</i>	-	-
<i>Currency forward/swap/option</i>		
<i>Trading</i>	-	-
<i>Fair value hedge</i>	5,095	1,699
<i>Cash flow hedge</i>	3,087	14,244
Equity instruments (trading)	-	-

Maturity	31.03.2025 Notional (USD/000)		31.03.2024 Notional (USD/000)	
	Collections	Payments	Collections	Payments
Within 1 year	331,834	86,761	443,223	106,931
Between 1 and 3 years	-	31,143	2,760	45,616
Between 3 and 9 years	-	-	-	-
Over 9 years	-	-	-	-
Total	331,834	117,903	445,982	152,547

20. Remuneration payable to key management personnel

Fees paid to those who have the power to plan, manage and control the Group, including executive and non-executive directors, are as follows:

(EUR/000)	31.03.2025	31.03.2024
Directors' fees	155	155
Key managers and CEO fees	7,867	8,355
Post-employment benefit plans	-	-
Termination benefits	-	-
Total	8,022	8,510

The remuneration due to directors, key managers and the general manager for financial year 2025 amounted to EUR 8,022 thousand.

This includes emoluments and any other sum of a remuneration, social security and welfare nature due for the performance of the function of director, key manager or general manager in the Parent Company and in other companies included in the scope of consolidation, which represented a cost for the Group.

Fees and emoluments also include the remuneration of the members of the Board of Directors.

The remuneration of the Parent Company's auditors amounted to EUR 155 thousand as at 31 March 2025 (EUR 155 thousand as at 31 March 2024).

21. Business outlook

The Parent Company Hitachi Ltd announced a change in the organisation of the Business starting from 1 April 2025. The increase in geopolitical risks and the emergence of generative Artificial Intelligence requires dynamic change. To achieve sustainable growth in this context, it is important that every business works more closely together, with digital at its core to create integrated value for the Hitachi Group. To ensure sustainable growth, the Hitachi Group aims for a “True One Hitachi” with digital as its hub.

The Digital Systems & Services Sector division, in charge of the entire digital business of the Group, will be responsible for digitisation by strengthening the collaboration with the Operational Technology (OT) and products areas. To simplify the company portfolio and further improve competitiveness in the market, Hitachi will group the three business units (BU) in the “Connective Industries Sector” division, we will accelerate the management and creation of synergies between activities and strongly promote digitalisation.

Two separate business units will be “Energy” and Mobility (of which the Rail Group is part), aiming for greater global growth with greater agility.

In addition, to seize future growth opportunities, starting from 1 April 2025 a new “Strategic SIB” Business Unit was created directly under the leadership of the Hitachi CEO in order to create new Social Innovation Businesses (SIB) by mobilising company resources to global level.

The Rail Group is one of Hitachi’s global organisations with a presence in multiple regions and will play a key role in the growth of the Hitachi Group.

The railway sector experienced a positive year; acquisition of orders and results in the delivery of the main projects.

The 2025 financial year sees the crucial challenge of the complete post- acquisition integration of the Ground Transportation Systems (GTS), which will represent a primary objective having climbed market positions thanks to this acquisition. It is crucial, however, not to lose sight of the completion of ongoing programmes. The Rail Group wants to become the market leader in rail control: the task is to make the most of this market position to ensure the continued growth of the industry.

Overall, the sector is considered to be in an important position with the support of decarbonisation, the promotion of connectivity with electricity grids, green energy and the transition from individual to public transport.

Safety and compliance remain the top priority.

However, the fiscal year 2025 will continue to be characterised by the development of activities and revenues related to the portfolio projects acquired in recent years.

Finally, during the 2025 fiscal year, the implementation phase of the Legal Entities Optimization (LEO) project will start. This project, launched in the fiscal year just ended, aims to reorganise the Rail Group from a corporate point of view starting from the countries in which more than one company is present. 14 countries have been identified where a process of incorporation of legal entities will be carried out in order to simplify the implementation of Group governance, ensure efficiency processes and synergies and guarantee a more fluid integration of the GTS business.

22. Information on fees paid to the independent auditors

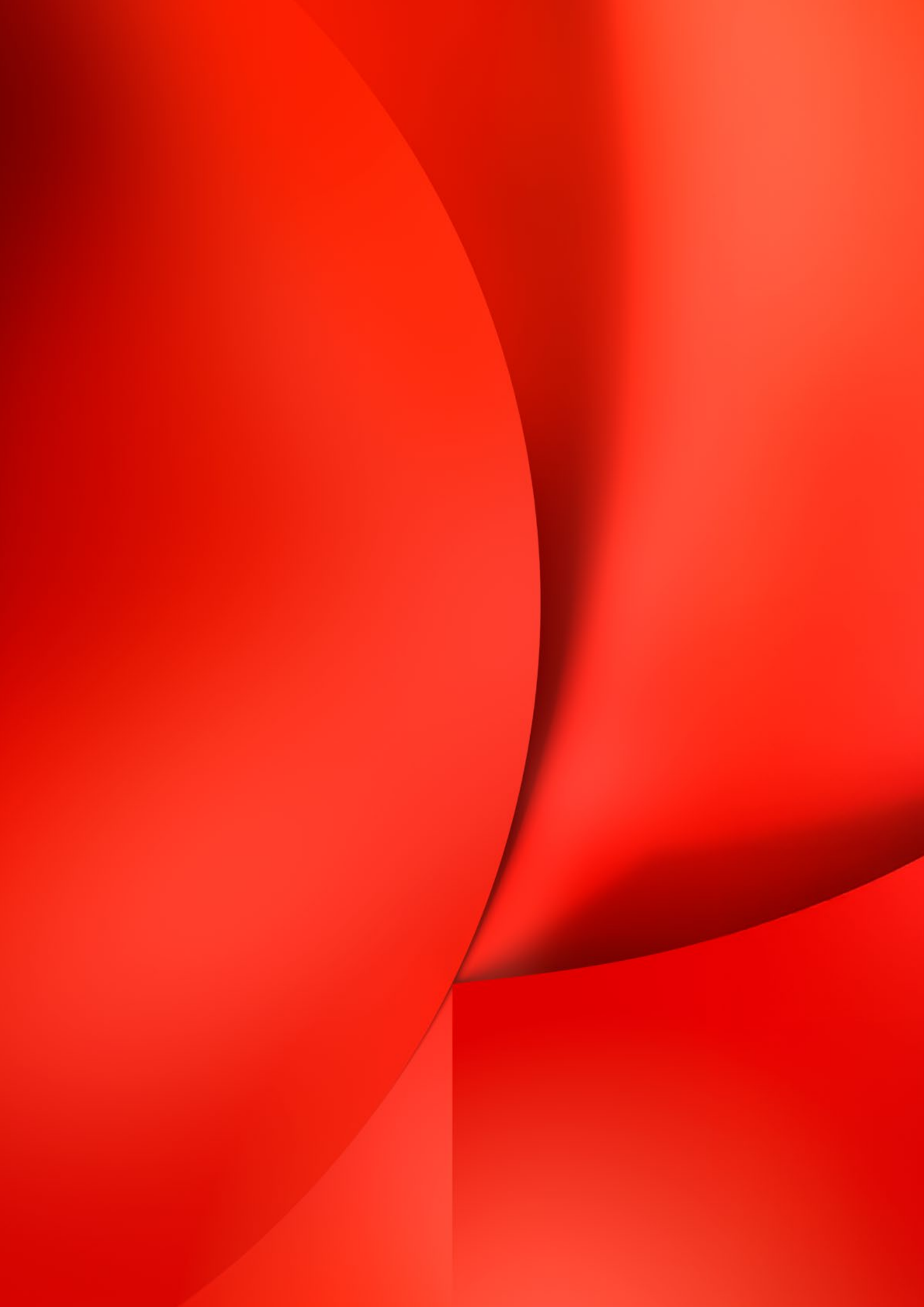
The following table shows the fees for the year 2024 for audit and non-audit services rendered by the Audit Firm itself and entities belonging to its network.

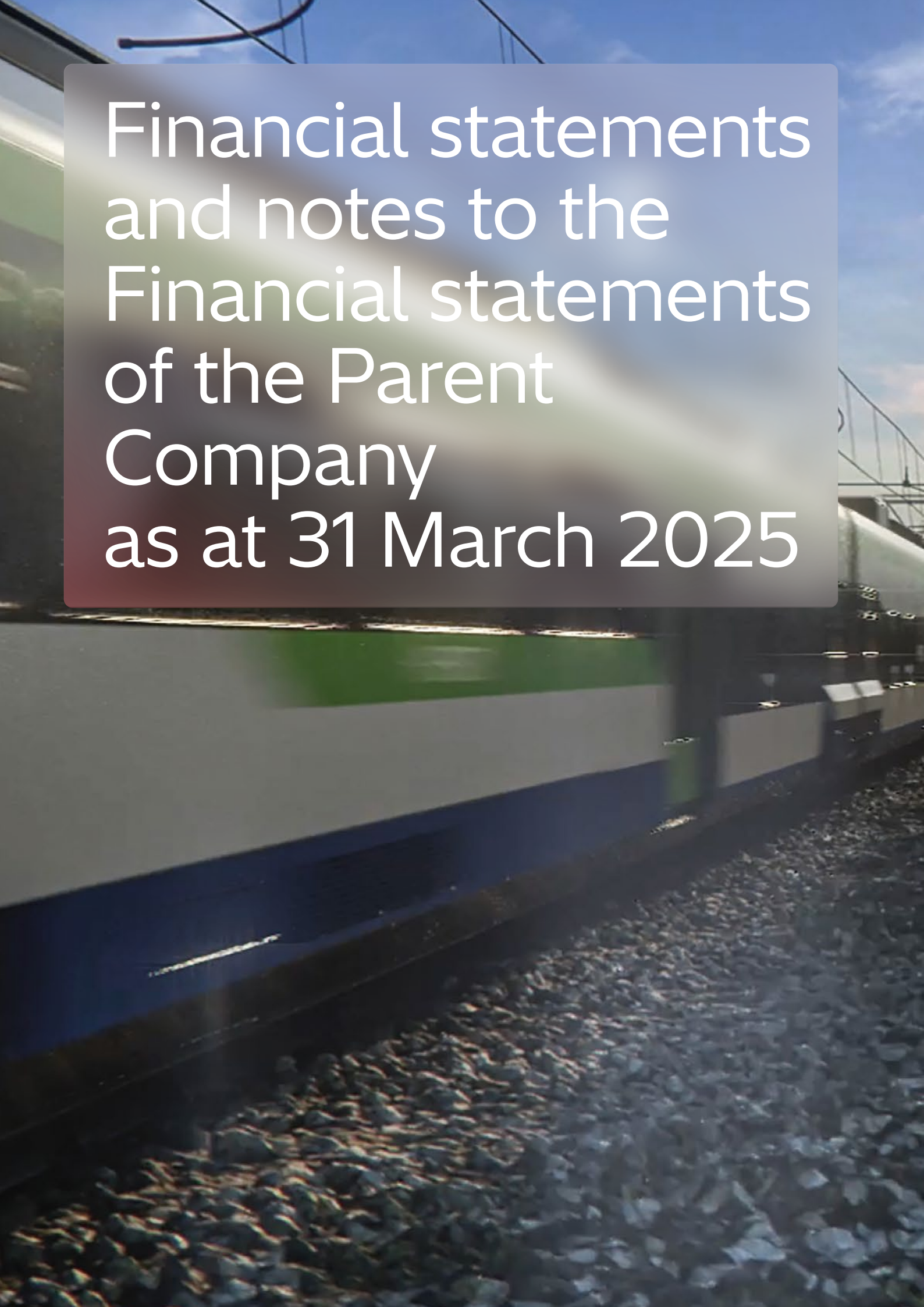
(EUR/000)	Service provider	Beneficiary	2024 audit fees
Audit work	Ernst & Young	Parent	743
	Ernst & Young	Subsidiaries	562
Certification services	Ernst & Young	Parent	238
	Ernst & Young	Subsidiaries	87
Tax advisory services	Ernst & Young	Parent	-
	Ernst & Young	Subsidiaries	-
Other services	Ernst & Young	Parent	-
	Ernst & Young	Subsidiaries	-
			1,630

Naples, 27 June 2025

For the Board of Directors
Chairman and Chief Executive Officer
Mr Luca D'Aquila







Financial statements
and notes to the
Financial statements
of the Parent
Company
as at 31 March 2025



23. Financial statements of the Parent Company

23.1 Income statement

(in Euro)	Notes	31 March 2025	of which with related parties	31 March 2024	of which with related parties
Revenues from contracts with customers	24.22	2,956,092,187	252,438,075	2,640,342,408	284,054,087
Other operating income	24.23	58,441,612	24,680,600	32,111,894	19,380,698
Costs for purchases	24.24	(1,100,509,923)	(31,551,241)	(982,380,801)	(25,103,380)
Costs for services	24.24	(1,141,276,445)	(299,760,302)	(1,037,478,745)	(241,719,885)
Personnel costs	24.25	(420,141,624)	7,775,397	(392,590,741)	8,498,316
Amortisation, depreciation and write-downs of financial assets	24.28	(79,118,124)		(88,244,416)	
Other operating expenses	24.23	1,176,654	(98,393)	(378,208)	(73,311)
Change in work in progress, semi-finished and finished products	24.26	(4,531,662)		13,034,891	
(-) Internal work capitalised	24.27	30,720,396		13,999,465	
Operating financial income	24.29	202,110,535	40,003,300	101,327,409	69,243,842
Operating financial charges	24.29	(76,428,558)		(71,474,801)	
Operating result		426,535,048		228,268,356	
Financial income and charges	24.29	7,143,673	5,682,523	(6,838,513)	(9,535,980)
Profit before taxes and discontinued operations		433,678,721		221,429,843	
Income tax	24.30	(84,745,347)		(47,411,952)	
Profit (loss) from discontinued operations					
Net profit		348,933,374		174,017,891	

23.2 Statement of comprehensive income

(in Euro)	31 March 2025	31 March 2024
Net profit	348,933,374	174,017,891
Items that will not be reclassified to profit or loss:		
- Net actuarial gains (losses) on defined benefit plans	531,649	395,191
- Tax effect	(150,890)	(112,135)
	380,759	283,056
Items that will or may be reclassified to profit or loss:		
- Changes in cash-flow hedges	3,136,266	(6,257,149)
- Foreign operations translation differences	(4,461,851)	(3,119,289)
- Tax effect	318,140	2,250,344
	(1,007,444)	(7,126,095)
Other comprehensive income, net of taxes	(626,685)	(6,843,039)
Comprehensive income for the year	348,306,689	167,174,852

23.3 Statement of financial position

(in Euro)	Notes	31 March 2025	of which with related parties	31 March 2024	of which with related parties
Non-current assets					
Intangible assets	24.2	78,096,191		82,740,061	
Property, plant and equipment	24.3	253,925,445		254,014,363	
Equity investments	24.4	213,966,228		213,966,560	
Loans and Receivables	24.6	24,721,480	3,377,732	24,480,557	3,216,772
Deferred tax assets	24.6	49,434,704		51,512,812	
Other non-current assets	24.6	731,867		1,325,551	
		620,875,916		628,039,904	
Current assets					
Inventories	24.7	544,165,930		514,679,004	
Contract assets	24.8	1,034,495,637		947,580,785	
Trade receivables	24.9	1,439,103,255	206,672,900	1,062,641,063	174,435,826
Income tax receivables	24.10	96,100,702		59,691,783	
Financial receivables	24.9	214,026,068	203,735,766	101,879,606	92,364,583
Derivatives	24.11	23,967,395		14,999,313	
Other current assets	24.12	202,398,897		121,041,903	
Cash and cash equivalents	24.13	162,902,725		302,779,155	102,630,664
		3,717,160,608		3,125,292,612	
Non-current assets held for sale		-		24,075,711	24,075,711
Total assets		4,338,036,524		3,777,408,228	
Shareholders' equity					
Share capital	24.14	100,000,000		100,000,000	
Other reserves	24.14	203,924,718		204,551,404	
Retained earnings (losses carried forward), including the profit for the period	24.14	740,039,679		565,106,305	
Total shareholders' equity		1,043,964,398		869,657,709	
Non-current liabilities					
Financial liabilities	24.15	7,018,977		6,983,706	
Employee benefits	24.17	29,141,702		29,317,931	
Deferred tax liabilities	24.19	3,500,299		3,973,254	
Other non-current liabilities	24.19	12,283,150		11,561,940	
		51,944,129		51,836,831	
Current liabilities					
Contract liabilities	24.8	1,345,709,770		1,107,037,794	
Trade payables	24.18	1,289,462,658	127,415,753	1,391,052,635	116,804,916
Financial liabilities	24.15	255,878,529	208,184,883	91,518,062	81,813,634
Income taxes payables	24.10	104,934,665		32,338,413	
Provisions for risks and charges	24.16	59,906,524		65,065,441	
Derivatives	24.11	17,552,004		20,858,759	
Other current liabilities	24.19	168,683,848	-	148,042,585	342,205
		3,242,127,998		2,855,913,688	
Total liabilities		3,294,072,127		2,907,750,519	
Total liabilities and shareholders' equity		4,338,036,524		3,777,408,228	

23.4 Cash flow statement

(in Euro)	Notes	31 March 2025	of which from related parties	31 March 2024	of which from related parties
Cash and cash equivalents as at 1 April 2024		302,779,155		229,279,281	
Cash flows from operating activities:					
Net profit (loss)		348,933,374		174,017,891	
Income tax		84,745,347		47,411,952	
Employee severance indemnity and other employee benefits		1,902,725		1,656,994	
Defined benefit plans and stock grant plans		837,198		500,221	
Net financial income		(132,825,650)		(23,014,095)	
Amortisation, depreciation and write downs		79,118,124		88,244,416	
Provisions to /release of provision for risks		(5,158,917)		(6,276,273)	
Gross cash flows from operating activities	24,31	377,552,201	(45,685,823)	282,541,106	(59,707,862)
Inventories		(29,486,926)		(105,020,111)	
Contract assets / (liabilities)		151,757,125		262,528,404	
Trade receivables and payables		(478,302,503)		(139,887,074)	
Change in operating working capital	24,31	(356,032,304)	(21,626,237)	17,621,219	(64,533,386)
Changes in other operating assets and liabilities	24,31	(245,546,493)		(100,994,469)	
Net financial income received (charges paid)	24,31	(43,286,236)		(29,161,611)	
Income taxes paid	24,31	(57,140,802)		(45,114,087)	
Cash flows from (used in) operating activities		(324,453,634)		124,892,158	
Cash flows from investment activities:					
Acquisitions of companies, net of cash acquired				(100,000)	
Investments in property, plant and equipment and intangible assets		(59,857,935)		(45,202,459)	
Disposal of property, plant and equipment and intangible assets					
Dividends received from Hitachi Rail STS Group companies		24,529,531		52,233,761	
Use (Acquisitions) of treasury shares					
Net investments in non-consolidated equity investments				28,205,940	
Other investments		167,656,331	13,526,000	46,261,003	57,123,617
Cash flows from (used in) investment activities		132,327,927		81,398,246	
Cash flows from financing activities:					
Net change in financial receivables and liabilities		232,780,276		(40,690,530)	
Capital payments of lease liabilities		(6,531,000)		(7,100,000)	
Coverage of losses (merger effect)					
Dividends paid		(174,000,000)		(85,000,000)	
Cash flows used in financing activities		52,249,276		(132,790,530)	
Net increase (decrease) in cash and cash equivalents		(139,876,431)		73,499,875	
Translation difference				-	
Closing cash and cash equivalents		162,902,725		302,779,155	

23.5 Statement of changes in shareholders' equity

(in Euro)	Share capital	Profit / loss carried forward	Cash Flow Hedge reserve	Other reserves	Total shareholders' equity
Net shareholders' equity as at 31 March 2023	100,000,000	476,088,415	(21,375,322)	232,769,763	787,482,856
Other comprehensive income (expense)	-	-	(6,257,149)	(585,889)	(6,843,039)
Change in reserves for SGP Hitachi Rail S.p.A.	-	-	-	-	0
Change in SGP reserves for other companies	-	-	-	0	0
Dividends	-	(85,000,000)	-	-	(85,000,000)
Profit (loss) as at 31 March 2024	-	174,017,891	-	-	174,017,891
Net shareholders' equity 31 March 2024	100,000,000	565,106,306	(27,632,471)	232,183,874	869,657,708
Other comprehensive income, net of taxes	-	-	3,136,266	(3,762,952)	(626,685)
Change in reserves for SGP Hitachi Rail S.p.A.	-	-	-	-	-
Change in SGP reserves for other companies	-	-	-	-	-
Dividends	-	(174,000,000)	-	-	(174,000,000)
Profit (loss) as at 31 March 2025	-	348,933,374	-	-	348,933,374
Shareholders' equity 31 March 2025	100,000,000	740,039,680	(24,496,204)	228,420,922	1,043,964,397

24. Notes to the Parent Company

Financial Statements at 31 March 2025

24.1 Sector reporting

The Company has identified two operating sectors, namely the “Rail Control” unit and the “Vehicles” unit (hereinafter also Vehicles), both of which are part of the Rail System Business Unit in the broader “Green Energy & Mobility” segment as defined by the ultimate parent company Hitachi Ltd for IFRS 8 purposes; therefore, the operating sectors have been aggregated into a single “reportable segment” and consequently the information required by IFRS 8 is provided in line with what is described in paragraph 2.4 of the report on operations.

It should be noted that in the year as at 31 March 2024, the methods for aggregating information by business segment were revised in order to ensure correspondence with the reporting system use by Top Management and the ultimate Parent Company which exercises management and coordination activities.

Below are the figures for the year ended as at 31 March 2025 compared with the previous year, in line with what is described in paragraph 2.4.

(EUR/000)	31.03.2025	31.03.2024
Revenues:		
Rail Control	1,345,521	1,102,337
Smart mobility	190	-
Vehicles	1,610,381	1,538,006
Total revenues	2,956,092	2,640,342

Some consolidated accounting information is then provided on a geographical basis in line with previous years.

(EUR/000)	31.03.2025	31.03.2024
Revenues:		
Italy	2,097,160	1,825,125
Rest of Europe	219,419	210,042
North Africa and the Middle East	243,237	230,388
Americas	215,550	251,151
Asia Pacific	180,726	123,636
Total revenues	2,956,092	2,640,342

Non-current property, plant and equipment and intangible assets are allocated according to their location:

(EUR/000)	31.03.2025	31.03.2024
Property, plant and equipment and intangible assets:		
Italy	326,967	332,101
Rest of Europe	290	278
North Africa and the Middle East	1,527	1,063
Americas	519	647
Asia Pacific	2,719	2,665
Total	332,022	336,754

24.2 Intangible assets

(EUR/000)	Development costs	Patents and similar rights	Concessions, licences and trademarks and other similar rights	Other	Fixed assets in progress	Total
31 March 2024 composed as follows						
Cost	179,169	30,656	24,677	3,537	6,536	244,617
Grants						
Amortisation, depreciation and write downs	(108,428)	(28,050)	(21,964)	(3,394)	0	(161,877)
Carrying amount	70,741	2,607	2,713	143	6,536	82,740
Changes April 2024 - March 2025						
Investments	17,220	1,447	1,302	96	6,290	26,355
Reclassification from assets under development	264		2,913		(3,177)	-
Grants			(92)			
Amortisation	(26,833)	(1,508)	(2,496)	(40)		(30,877)
Exchange differences				(30)		(30)
31 March 2025 composed as follows						
Cost	196,653	32,103	28,897	3,617	9,650	270,978
Grants			(92)			(92)
Amortisation, depreciation and write downs	(135,261)	(29,558)	(24,466)	(3,448)	-	(192,790)
Carrying amount	61,392	2,545	4,340	170	9,650	78,096

Intangible assets amounted to EUR 78,096 thousand as at 31 March 2025 compared to EUR 82,740 thousand as at 31 March 2024. The change is due to new investments for EUR 26,355 thousand, amortisation for EUR 30,877 thousand and exchange rate differences for EUR 30 thousand.

In detail:

The item "Development costs" (EUR 61,392 thousand) includes increases of EUR 17,220 thousand and amortisation of EUR 26,833 thousand. The investments include costs related to the development of new train production platforms for the Regional sector, as well as the implementation of a new model for process automation and digitalisation, amounting to EUR 17,220 thousand. In addition, they include costs for specific projects such as "OB BSL3 R2" (EUR 24 thousand), focused on solutions for the ERTMS On-Board market; "Core CBTC Dragon" (EUR 3 thousand), aimed at maximising transport capacity and improving the management of brownfield metro networks; the "IXL WSP Project" (EUR 102 thousand), intended to upgrade conventional railway lines using the ERTMS/ETCS L2 solution, particularly through the evolution of audio frequency track circuits and wayside system developments; and the "ERTMS oriented Project" (EUR 134 thousand), which also targets the renewal of conventional lines with ERTMS/ETCS L2 signalling systems.

The item "Patents and intellectual property rights" (EUR 2,545 thousand) shows a decrease of EUR 62 thousand compared to the previous year; the change is due to new investments for EUR 1,447 thousand and amortisation for EUR 1,508 thousand. More specifically, the investments primarily relate to the following projects: "IBM Back-up Licences DC1" (EUR 251 thousand); "SW Tool for Reliable GENAI" (EUR 150 thousand); "PCS R-Evolution Project" (EUR 140 thousand); "OneStream TWC Pilot" (EUR 160 thousand); and various other software tools for production and design totalling EUR 746 thousand.

The item "Concessions, Licences, Trademarks and Other Similar Rights" (EUR 4,340 thousand) refers to software licences. Investments made during the year (EUR 1,302 thousand) primarily relate to the purchase of various design and production licences, including the "ICT S/4 Project Brownfield Upgrade" (EUR 640 thousand), "ASN – Advanced Shipping Notification" (EUR 297 thousand), "G-PLM Component Management System" (EUR 209 thousand), and other miscellaneous licences (EUR 156 thousand).

The "Other" item (EUR 170 thousand) shows a total increase of EUR 96 thousand compared to the previous year, driven by new software licences acquired by the Branches (EUR 96 thousand), exchange rate differences (EUR 30 thousand) and amortisation (EUR 40 thousand).

The item “Work in progress” shows a balance of EUR 9,650 thousand, relating to the following projects: “360 Pass Project” (EUR 5,614 thousand), “360 Flow/Motion Project” (EUR 1,031 thousand), “S/4 Project Brownfield Upgrade” (EUR 2,400 thousand), “ONB BSL4 SV2.1” (EUR 1,005 thousand), “ERTMS Trackside CCS TSI” (EUR 385 thousand), “ATO Trackside” (EUR 146 thousand), and various software licences for design and production (EUR 1,467 thousand).

It should be noted that as a result of the granting of subsidies, assets covered by the subsidies may not be disposed of for a period of five years.

24.3 Property, plant and equipment

Net property, plant and equipment as at 31 March 2025 amounted to EUR 253,925 thousand compared to EUR 254,014 thousand as at 31 March 2024. The change is due to new investments of EUR 49,880, depreciation of EUR 47,990, non-repayable grants for investments of EUR 1,382, disposals of EUR 572 thousand and exchange rate differences of EUR 24 thousand.

(EUR/000)	Land and buildings	Plant and machinery	Equipment	Other	Leased fixed assets	Fixed assets in progress	Total
31 March 2024 composed as follows							
Cost	204,585	137,406	92,931	47,055	31,952	24,511	538,441
Grants							
Amortisation, depreciation and write downs	(70,849)	(86,695)	(70,731)	(35,061)	(21,090)	-	(284,427)
Carrying amount	133,736	50,711	22,199	11,994	10,862	24,511	254,014
Changes April 2024 - March 2025							
Investments	2,681	8,394	11,462	5,175	6,778	15,391	49,880
Reclassification from assets under development	6,843	5,950	1,510	467		(14,769)	-
Exchange differences				(276)	252		(24)
Write-offs		(29)	-	(174)	(369)		(572)
Reclassifications	-	-	-	-			-
Capital grants collected	(460)	(842)	(44)	(37)			(1,382)
Amortisation	(6,638)	(13,097)	(17,629)	(4,320)	(6,306)		(47,990)
31 March 2025 composed as follows							
Cost	214,274	152,364	105,904	50,162	34,664	25,134	582,503
Grants	(460)	(842)	(44)	(37)			(1,382)
Amortisation, depreciation and write downs	(77,652)	(100,435)	(88,363)	(37,297)	(23,447)	-	(327,195)
Carrying amount	136,161	51,087	17,498	12,828	11,217	25,134	253,925

It should be noted that the company (formerly Hitachi Rail S.p.A.) has entered into two Development Agreements with INVITALIA pursuant to Ministerial Decree 09.12.2014:

- The first one, submitted in 2016 and approved in March 2020, is a production investment project called “Inspire the Next”, identified with code CDS000531, which provides for the construction of both building works to upgrade and modernise existing structures and the purchase of machinery, plant and equipment needed to fully internalise the processing cycle; this investment project was completed on 15/09/2024.
- The second, called “Inspire the Future”, was submitted in 2017 as a proposing entity, together with other participating entities represented by national university and research institutes, and approved in July 2019 when it was assigned the code CDS000609. This Industrial Development Programme envisages both a Production Investment Project aimed at expanding the capacity of the production units of the vehicle business in Naples, Pistoia and Reggio Calabria, and an Industrial and Experimental Research Project, required for the Production Investment Project, dedicated to the implementation of “digital transformation” processes to increase the productivity of the production platforms at the aforementioned sites. This investment project was completed on 10/01/2024.

The contribution granted for the above projects is equal to:

- 25% of eligible industrial investment costs and is accounted for as a deduction from capitalised costs;
- 65% of eligible costs for Industrial Research and is recorded in the income statement under other operating income;
- 40% of eligible costs for Experimental Research and is recognised in the income statement under other operating income.

The items comprising the Company's property, plant and equipment are discussed below.

The item "Land and Industrial Buildings", amounting to EUR 136,161 thousand, includes EUR 42,917 thousand related to the property complex of the Pistoia site, EUR 31,891 thousand to the property located in Genoa, EUR 34,003 thousand to the property complex of the Naples site, EUR 20,783 thousand to the property complex at the Reggio Calabria site, EUR 5,121 thousand to the industrial buildings at the Turin and Tito sites and EUR 1,446 thousand to the property complex at the Via Salita della Grotta site in Naples.

The investments made during the year, amounting to EUR 2,681 thousand, mainly relate to the maintenance of buildings.

The item "Plant and machinery" shows a balance as at 31 March 2025, net of the related accumulated depreciation, of EUR 51,087 thousand compared to EUR 50,711 thousand as at 31 March 2024.

The new investments made, amounting to EUR 8,394 thousand, relate to the following projects:

- New production plants and extraordinary maintenance of existing plants at all production sites for EUR 1,524 thousand;
- Maintenance work on the roofs of the Pistoia workshop for the installation of a photovoltaic system for EUR 1,151 thousand;
- Geothermal system for HVAC and ACS equipment in Tito for EUR 1,194 thousand;
- Automated welding system for floorplates in Reggio: EUR 899 thousand;
- Tito Calibration Laser for EUR 749 thousand;
- Energy efficiency improvements to the Pistoia tracks for EUR 548 thousand;
- Naples bogie welding robots for EUR 390 thousand;
- Refurbishment of the motor test room in Naples: EUR 381 thousand
- New overhead cranes for the carpentry department: EUR 366 thousand;
- Fume extraction system in Naples: EUR 340 thousand;
- Construction of new MV/LV substation in Naples: EUR 308 thousand;
- Public address system in Reggio: EUR 296 thousand;
- Purchase of welding machines in Naples: EUR 248 thousand;

The item "Equipment" shows a balance, net of the related accumulated depreciation, of EUR 17,498 thousand compared to EUR 22,199 thousand as at 31 March 2023.

New investments, amounting to EUR 11,462 thousand, mainly relate to the construction of specific equipment for regional trains for EUR 7,685 thousand and the purchase of various instruments at production sites for EUR 3,777 thousand.

The item "Other", equal to EUR 12,828 thousand, increased from the previous year due to new investments for EUR 5,175 thousand, and decreased due to depreciation for EUR 4,320 thousand.

New investments relate to the purchase of electronic office machines at the production sites (EUR 2,682 thousand), various interventions at the branches (EUR 918 thousand), the purchase of furniture and furnishings (EUR 851 thousand) and handling equipment in the production departments (EUR 724 thousand).

The item "Leased assets" reflects the adoption of the new lease accounting standard IFRS 16 as of April 2019. It shows an increase of EUR 6,778 thousand due to new investments and depreciation of EUR 6,306 thousand.

The item “Work in progress” shows a balance of EUR 25,134 thousand, referring to the following projects:

- Works for the Naples management building for EUR 4,382 thousand;
- New *DRS Stainless Steel Robot* system in Pistoia for EUR 5,528 thousand;
- Works for the installation of a photovoltaic plant for Pistoia, Reggio and Naples, EUR 2,081 thousand;
- Construction of office canopies in Pistoia: EUR 440 thousand;
- Warehouses in Naples: EUR 1,785 thousand;
- Automated welding system for floorplates in Reggio: EUR 899 thousand;
- Overhead cranes in Reggio: EUR 366 thousand;
- Supply of boxes for new Incoming offices in Reggio: EUR 326 thousand;
- Other works for EUR 9,327 thousand.

24.4 Equity investments

Investments in equity investments at 31 March 2025 amounted to EUR 213,966 thousand, essentially unchanged compared to the previous year.

(EUR/000)	31 March 2025	31 March 2024
Opening balance	213,967	266,189
Acquisitions/subscriptions & increases	-	100
Reversals of impairment losses/impairment losses	-	-
Principal repayment	-	(28,211)
Withdrawals/Disposals	(0.3)	(36)
Reclassifications	-	(24,076)
Other transactions	-	-
Final balance	213,966	213,967

The table below lists equity investments at 31 March 2025 as permitted by IFRS 12, also containing the additional disclosures required by CONSOB (the Italian commission for listed companies and the stock exchange) with communication no. DEM/6064293 of 28 July 2006:

Name	Registered office	Type of activity	Reporting date	Accounting standards	Equity (in/000)	Total assets (in/000)	Total liabilities (in/000)	Currency	% investment	Amount (EUR/000)
Hitachi Rail STS Sweden AB	Solna (Sweden)	Transport	31.03.2025	IFRS	76,687	470,080	393,393	SEK	100.00%	14,792
Hitachi Rail STS USA Inc.	Wilmington (Delaware USA)	Transport	31.03.2025	IFRS	50,130	562,744	512,613	USD	100.00%	56,672
Hitachi Rail STS Australia PTY Ltd.	Eagle Farm (Australia)	Transport	31.03.2025	IFRS	81,741	247,100	165,359	AUD	100.00%	25,584
Hitachi Rail STS Railway System Trading (Beijing) Ltd	Beijing (China)	Transport	31.03.2025	IFRS	156,021	507,573	351,551	CNY	100.00%	1,078
Hitachi Rail Espana SLU	Madrid (Spain)	Transport	31.03.2025	IFRS	57,783	91,394	33,611	EUR	100.00%	45,220
Hitachi Rail Ontario Holdings Inc.	Toronto, Ontario (Canada)	Transport	31.03.2025	IFRS	(1)	2,937	2,938	CAD	100.00%	-
Hitachi Rail STS Hurontario Holdings Inc	Toronto, Ontario (Canada)	Transport	31.03.2025	IFRS	(5)	5	10	CAD	100.00%	-
Hitachi Rail Arabia Limited	Riyadh (Saudi Arabia)	Transport	31.03.2025	IFRS	3,297	8,069	4,771	SAR	75.00%	9
Hitachi Rail Systems France S.A.S.	Paris (France)	Transport	31.03.2025	IFRS	(7,818)	94,541	102,359	EUR	100.00%	100
Alifana Due S.c.a.r.l.	Naples (Italy)	Transport	31.12.2024	ITAGaap	26	3,581	3,555	Euro	53.34%	14
Equity investments in subsidiaries										143,469

Name	Registered office	Type of activity	Reporting date	Accounting standards	Equity (in/000)	Total assets (in/000)	Total liabilities (in/000)	Currency	% investment	Amount (EUR/000)
Metro 5 S.p.A.	Milan (Italy)	Transport	31.12.2024	IFRS	218,511	703,820	485,309	Euro	31.90%	17,002
International Metro Service S.r.l.	Milan (Italy)	Transport	31.12.2024	ITAGaap	17,263	17,475	212	Euro	49.00%	343
Pegaso S.c.r.l. (in liquidation)	Rome (Italy)	Construction	31.12.2024	ITAGaap	260	1,689	1,429	Euro	46.87%	122
OPS-OPERATION ALLIANCE OPS CO.	Riyadh (Saudi Arabia)	Transport	31.12.2024	IFRS	23,176	271,376	248,200	Sar	50.00%	12
Metro de Lima Linea 2 S.A.	Lima (Peru)	Transport	31.12.2024	IFRS	272,533	629,210	356,677	Usd	28.50%	28,125
Mobilinx Hurontario Service Ltd	Toronto, Ontario (Canada)	Transport	31.12.2023	IFRS	4,294	13,167	8,873	Cad	20.00%	-
Metro C S.c.p.A.	Rome (Italy)	Transport	31.12.2024	ITAGaap	149,518	445,998	296,480	Euro	14.00%	21,000
Società Tram di Firenze S.p.A.	Florence (Italy)	Transport	31.12.2024	ITAGaap	27,336	472,793	445,457	Euro	10.19%	1,222
Iricav uno Consortium	Rome (Italy)	Transport	31.12.2024	ITAGaap	520	3,117	2,597	Euro	26.77%	139
Iricav due Consortium	Rome (Italy)	Transport	31.12.2024	ITAGaap	516	1,513,211	1,512,695	Euro	17.05%	88
S. Giorgio Volta 2 Consortium	Naples (Italy)	Transport	31.12.2024	ITAGaap	72	169,723	169,651	Euro	33.33%	18
Consorzio Ascosa Quattro (in liq)	Rome (Italy)	Transport	31.12.2024	ITAGaap	57	322	265	Euro	33.33%	14
Siit S.c.p.a	Genoa (Italy)	Research	31.12.2023	ITAGaap	612	1,527	915	Euro	2.30%	14
Saturno Consortium	Rome (Italy)	Transport	31.12.2024	ITAGaap	31	958,715	958,684	Euro	33.33%	10
IANUA Consortium	Genoa (Italy)	Transport	31.12.2024	ITAGaap	109	146	37	Euro	16.67%	6
MM4 Consortium	Milan (Italy)	Transport	31.12.2024	ITAGaap	200	39,452	39,252	Euro	34.63%	69
Radiolabs Consortium	Rome (Italy)	Research	31.12.2024	ITAGaap	523	2,664	2,141	Euro	33.33%	52
SPV Linea M4 S.p.A	Milan (Italy)	Transport	31.12.2024	ITAGaap	247,121	909,487	662,366	Euro	0.66%	1,688
D.I.T.S. Development & Innovation in Transportation S.r.l.	Rome (Italy)	Research	31.12.2024	ITAGaap	280	622	342	Euro	24.00%	10
Dattilo S.c.a.r.l.	Naples (Italy)	Transport	31.12.2020	ITAGaap	102	140	38	Euro	27.00%	-
MetroB S.r.l.	Rome (Italy)	Transport	31.12.2024	ITAGaap	18,070	18,112	42	Euro	2.47%	494
Meditech Consortium	Naples (Italy)	Transport	31.12.2022	ITAGaap	1,296	4,012	2,716	Euro	6.66%	50
Ditecfer SCARL	Pistoia (Italy)	Transport	31.12.2022	ITAGaap	63	735	672	Euro	1.82%	2
RTA Railtec Arsenal	Vienna (Austria)	Transport	31.12.2024	ITAGaap	1,808	13,019	11,211	Euro	14.80%	1
HSC Consortium	Naples (Italy)	Transport	31.03.2024	ITAGaap	50	9,842	9,792	Euro	5.00%	3
Consorzio Universitario in Ingegneria per la Qualità e l'Innovazione (QUINN)	Pisa (Italy)	Research	31.12.2024	ITAGaap	1,170	3,367	2,197	Euro	12.50%	11
CRM Consortium	Naples (Italy)	Transport	31.03.2025	ITAGaap	30	4,504	4,474	Euro	5.00%	2
Hitachi Rail Washington LLC	Washington (USA)	Research	31.03.2022	IFRS	1	21,083	21,082	Usd	100%	-
Total equity investments at fair value										70,497
Total equity investments										213,966

The total value of investments (EUR 213,966 thousand) consists of: equity investments in Subsidiaries for EUR 143,469 thousand, in Associates for EUR 45,605 thousand, in Consortia and in Other Companies for EUR 24,893 thousand.

The change in the period consists of the disposal of the remaining share in the Spanish company Ferromovil 9000 SL, following the completion of its activities and its final liquidation.

The value of the equity investment in Metro C represents the subscribed capital, which is paid up for a share of approximately 38%; therefore, against an equity investment value of EUR 21,000 thousand, the portion still to be paid up amounting to EUR 12,950 thousand is recognised in other current liabilities.

The shares held in the investee Metro 5 S.p.A. are pledged as security for the contractual obligations towards the financing institutions in connection with the project financing through which Line 5 of the Milan Metro is being built under concession.

The shares held in the investee company Tram di Firenze are also pledged as part of the agreements with the financing institutions for the construction of the work; a similar guarantee is provided on the loan granted to the investee company.

With regard to the valuation of equity investments in subsidiaries, impairment tests, in application of Group procedures, are performed when preparing the year-end financial statements. These are conducted on individual companies by comparing book values with recoverable values, applying the discounted cash flow method.

The cash flows used are those generated by the company's activities, in their current condition, before financial charges and include investments in fixed assets and monetary movements in working capital, however they do not include cash flows related to financial operations, extraordinary events or dividend payments.

The cash flows thus determined are discounted using a discounting rate (WACC) which is calculated by applying the Capital Asset Pricing Model method. As at 31 March 2025, the average Group WACC used was 7.8%, compared to 9.6% in the previous year.

The tests conducted on the equity investments revealed cover situations and no external indicators of impairment.

The Company performed sensitivity analyses, considering an increase in WACC of 0.5% and 1.0% and reducing the terminal value growth rates by 0.5%. However, these analyses demonstrate extensive coverage of the recoverability of impaired values.

The impairment tests were performed as at 31 March 2025 based on the data included in the Strategic Plan (2025-2027) of the Rail Business Unit as submitted to the Hitachi Group.

The growth rates included in the terminal values were equal to the expected long-term inflation rates in the countries where the Group's investees are based (in line with the International Monetary Fund forecasts).

The company participates in the foreign Joint Arrangement AIASA, set up to construct the Salonicco metro.

Hitachi Rail Honolulu started operating in 2012. The consortium, which was set up by Hitachi Rail STS SpA and Hitachi Rail S.p.A., signed a contract with the HART (Honolulu Authority for Rapid Transportation) in November 2011 to construct the technological part and provide the vehicles of the new driverless metro line in Honolulu (Hawaii). At the end of April 2021, Hitachi Rail STS USA Inc. joined said consortium, with a stake of 1%.

Lastly, the Company participates in the "ArRiyadh New Mobility (ANM)" consortium in Riyadh and the "Nuevo Metro de Lima" consortium for the performance of the related contracts.

24.5 Related party assets and liabilities

Related party assets and liabilities as at 31 March 2025 and 31 March 2024 are shown below:

(EUR/000)	Other non-current receivables	Financial receivables	Trade receivables	Other current receivables	Cash and cash equivalents	Total
RECEIVABLES AS AT 31.03.2025						
Ultimate parent companies						
Hitachi Rail LTD			54,538			54,538
Hitachi Ltd Japan			34,775			34,775
Subsidiaries						
Hitachi Rail STS Transportation Systems India Private Limited			975			975
Hitachi Rail STS Australia PTY Ltd.			4,407			4,407
Hitachi Arabia Limited			150			150
Hitachi Rail Systems France SAS		47,194	6,817			54,011
Hitachi Rail STS Railway Signaling Technology			1,582			1,582
Hitachi Rail STS Sweden AB			3,630			3,630
Hitachi Rail Espana SLU			1,012			1,012
Hitachi Rail STS USA Inc.		156,376	19,094			175,469
Hitachi Rail STS Canada Inc			2,423			2,423
Hitachi Rail STS Malaysia SDN BHD			5,250			5,250
Alifana Due S.c.r.l.			707			707
Hitachi Rail STS Mobilinx Hurontario		166	560			726
Hitachi Rail Ontario GP			1,710			1,710
Associated companies						
Hitachi International (Holland) B.V.						-
Società Tram di Firenze SpA	3,378		3,926			7,304
Hitachi Digital LLC						-
Hitachi Europe LTD						-
Hitachi Europe SRL						-
Metro de Lima Linea 2			521			521
Hitachi High-Technologies Europe GmbH						-
SPV M4 S.p.A.			188			188
Operation Alliance OPS Co.			650			650
Metro 5 S.p.A.						-
Metro Service AS			3,753			3,753
Pegaso S.c.r.l. (in liquidation)			16			16
Other group companies						
Hitachi Rail GTS France SAS			3,332			3,332
Hitachi Rail GTS Austria GmbH						-
Hitachi Rail GTS UK Ltd			69			69
Hitachi Rail GTS Italia Srl						-
Hitachi Rail Solutions			21			21
Consortia						
Saturno Consortium			37,500			37,500
San Giorgio Volla Due Consortium			2,073			2,073
Train Consortium			410			410
HSC Consortium			848			848
Rail Maintenance-CRM Consortium			191			191
Ascosa Quattro Consortium						-
MM4 Consortium			15,544			15,544
Total	3,378	203,736	206,673	-	-	413,786
Related parties as a percentage of the total of the corresponding balance sheet item	14%	95%	14%	0%	0%	

(EUR/000)	Other non-current receivables	Financial receivables	Trade receivables	Other current receivables	Cash and cash equivalents	Total
RECEIVABLES AS AT 31.03.2025						
Ultimate parent companies	-	-	89,314	0	-	89,314
Subsidiaries	-	203,736	48,317	-	-	252,052
Associated companies	3,378	-	9,055	-	-	12,433
Other group companies	-	-	3,422	-	-	3,422
Consortia	-	-	56,565	-	-	56,565
Total	3,378	203,736	206,673	-	-	413,786
Related parties as a percentage of the total of the corresponding balance sheet item	14%	95%	14%	0%	0%	

(EUR/000)

	Other non-current payables	Current financial liabilities	Trade payables	Other current payables	Non-current financial liabilities	Total
PAYABLES AS AT 31.03.2025						
Ultimate parent companies						
Hitachi Rail LTD			26,782			26,782
Hitachi Ltd Japan			24,298			24,298
Subsidiaries						
Hitachi Rail STS Transportation Systems India Private Limited			1,401			1,401
Hitachi Rail STS Australia PTY Ltd.		37,198	373			37,571
Hitachi Rail STS Deutschland GmbH						-
Hitachi Rail Systems France SAS			6,777			6,777
Hitachi Rail STS Railway Signaling Technology			861			861
Hitachi Rail STS Sweden AB		33	12			45
Hitachi Rail Espana SLU		47,990	145			48,136
Hitachi Rail STS USA Inc.			5,061			5,061
Hitachi Rail STS USA International CO.			3,839			3,839
Hitachi Rail STS Malaysia SDN BHD			230			230
Hitachi Rail STS Mobilinx Hurontario						-
Hitachi Arabia Limited		9	794			803
Alifana Due S.c.a.r.l.			946			946
Associated companies						
Hitachi Europe LTD			2,281			2,281
Metro Service AS			15,602			15,602
Metro 5 S.p.A.			-			-
Metro B srl			-			-
Hitachi Europe srl			133			133
SPV M4 S.p.A.			1			1
HITACHI Energy Ltd.			1,567			1,567
HITACHI DIGITAL SERVICES INDIA PRIVATE LIMITED			37			37
HITACHI ENERGY ITALY S.P.A.			89			89
Hitachi High-Technologies Europe			3			3
Hitachi Industrial Engineering			8			8
Hitachi Vantara Italia Srl			14			14
HITACHI Energy Switzerland Ltd.						-
HITACHI ARABIA REGIONAL HEADQUARTERS CO			163			163
Hitachi Systems Security Inc			21			21
Hitachi America			56			56
Operation Alliance OPS Co			14,732			14,732
Pegaso S.c.r.l. (in liquidation)			93			93
Hitachi International (Holland) B.V.		122,954				122,954
Other group companies						
Hitachi Rail GTS France SAS						-
Hitachi Rail GTS Austria GmbH						-
Hitachi Rail GTS UK Ltd						-
Hitachi Rail GTS Italia Srl			5,840			5,840
Hitachi Rail Solutions			111			111
Consortia						
Saturno Consortium			192			192
MM4 Consortium			433			433
San Giorgio Volla Due Consortium						-
TRAIN CONSORTIUM			688			688
HSC CONSORTIUM			11,472			11,472
RAIL MAINTENANCE-CRM CONSORTIUM			2,240			2,240
QUINN CONSORTIUM			86			86
Ascosa Quattro Consortium			36			36
Total	-	208,185	127,416	-	-	335,600
Related parties as a percentage of the total of the corresponding balance sheet item	0%	81%	10%	0%	0%	

(EUR/000)	Other non-current payables	Current financial liabilities	Trade payables	Other current payables	Non-current financial liabilities	Total
PAYABLES AS AT 31.03.2025						
Ultimate parent companies	-	-	51,079	-	-	51,079
Subsidiaries	-	85,231	20,438	-	-	105,669
Associated companies	-	122,954	34,800	-	-	157,754
Other group companies	-	-	5,951	-	-	5,951
Consortia	-	-	15,147	-	-	15,147
Total	-	208,185	127,416	-	-	335,600
Related parties as a percentage of the total of the corresponding balance sheet item	0%	81%	10%	0%	0%	

(EUR/000)	Other non-current receivables	Financial receivables	Trade receivables	Other current receivables	Cash and cash equivalents	Total
RECEIVABLES						
Ultimate parent companies						
Hitachi Rail LTD			38,837			38,837
Hitachi Ltd Japan			4,471			4,471
Subsidiaries						
Hitachi Rail STS Transportation Systems India Private Limited			1,889			1,889
Hitachi Rail STS Australia PTY Ltd.			5,202			5,202
Hitachi Rail STS Deutschland GmbH			4,037			4,037
Hitachi Rail STS France S.A.		9,476	8,536			18,012
Hitachi Rail STS Railway Signaling Technology			1,401			1,401
Hitachi Rail STS Sweden AB			4,816			4,816
Hitachi Rail Espana SLU			2,679			2,679
Hitachi Rail STS USA Inc.		82,721	18,817			101,538
Hitachi Rail STS Canada Inc			2,573			2,573
Hitachi Rail STS Malaysia SDN BHD			4,837			4,837
Alifana Due S.c.r.l.			1,073			1,073
Hitachi Rail STS Mobilinx Hurontario		168	403			571
Hitachi Rail Ontario GP			1,048			1,048
Associated companies						
Hitachi International (Holland) B.V.					102,631	102,631
Società Tram di Firenze SpA	3,217		2,840			6,057
Hitachi Digital LLC			350			350
Hitachi Europe LTD						-
Hitachi Europe SRL			199			199
Metro de Lima Linea 2			600			600
Hitachi High-Technologies Europe GmbH						-
SPV M4 S.p.A.			175			175
Operation Alliance OPS Co.						-
Metro 5 S.p.A.			144			144
Metro Service AS			164			164
Consortia						
Saturno Consortium			38,993			38,993
San Giorgio Volla Due Consortium			1,767			1,767
Train Consortium			410			410
HSC Consortium			1,088			1,088
Rail Maintenance-CRM Consortium			227			227
Ascosa Quattro Consortium						-
MM4 Consortium			26,859			26,859
Total	3,217	92,365	174,436	-	102,631	372,648
Related parties as a percentage of the total of the corresponding balance sheet item	13%	91%	16%	0%	34%	

(EUR/000)	Other non-current receivables	Financial receivables	Trade receivables	Other current receivables	Cash and cash equivalents	Total
RECEIVABLES AS AT 31.03.2024						
Ultimate parent companies	-	-	43,308	-	-	43,308
Subsidiaries	-	92,365	57,312	-	-	149,677
Associated companies	3,217	-	4,472	-	102,631	110,319
Consortia	-	-	69,344	-	-	69,344
Total	3,217	92,365	174,436	-	102,631	372,648
Related parties as a percentage of the total of the corresponding balance sheet item	13%	91%	16%	0%	34%	

(EUR/000)	Other non-current payables	Current financial liabilities	Trade payables	Other current payables	Non-current financial liabilities	Total
PAYABLES AS AT 31.03.2024						
Ultimate parent companies						
Hitachi Rail LTD			22,411			22,411
Hitachi Ltd Japan			20,154			20,154
Subsidiaries						
Hitachi Rail STS Transportation Systems India Private Limited			1,547			1,547
Hitachi Rail STS Australia PTY Ltd.		31,371	225			31,596
Hitachi Rail STS Deutschland GmbH		11,118				11,118
Hitachi Rail STS France S.A.			8,032			8,032
Hitachi Rail STS Railway Signaling Technology			1,298			1,298
Hitachi Rail STS Sweden AB		591				591
Hitachi Rail Espana SLU		38,724	2,956			41,680
Hitachi Rail STS USA Inc.			16,350			16,350
Hitachi Rail STS USA International CO.			8,368			8,368
Hitachi Rail STS Malaysia SDN BHD			372			372
Hitachi Rail STS Mobilinx Hurontario						
Hitachi Arabia Limited		9	2,061			2,071
Alifana Due S.c.a.r.l.			850			850
Associated companies						
Hitachi Europe LTD			4,971			4,971
Metro Service AS			9,996			9,996
Metro 5 S.p.A.			-			-
Metro B srl				334		334
Hitachi Europe srl			99			99
SPV M4 S.p.A.			22			22
HITACHI Energy Ltd.			1,022			1,022
Hitachi Transport System EUROPE LOGISTEED						-
HITACHI ENERGY ITALY S.P.A.			31			31
Hitachi High-Technologies Europe			3			3
Hitachi Industrial Engineering			8			8
Hitachi Vantara Italia Srl			(1)			(1)
HITACHI Energy Switzerland Ltd.			39			39
Hitachi India						-
TRASFOR SA			34			34
Hitachi America						-
Operation Alliance OPS Co						-
Pegaso S.c.r.l. (in liquidation)			58			58
Consortia						
Saturno Consortium			136			136
MM4 Consortium			1,026			1,026
San Giorgio Volla Due Consortium			46			46
TRAIN CONSORTIUM			688			688
HSC CONSORTIUM			10,556			10,556
RAIL MAINTENANCE-CRM CONSORTIUM			3,221			3,221
QUINN CONSORTIUM			190			190
Ascosa Quattro Consortium			36	8		44
Total	-	81,814	116,805	342	-	198,961
Related parties as a percentage of the total of the corresponding balance sheet item	0%	89%	8%	0%	0%	

(EUR/000)	Other non-current payables	Current financial liabilities	Trade payables	Other current payables	Non-current financial liabilities	Total
PAYABLES AS AT 31.03.2024						
Ultimate parent companies	-	-	42,564	-	-	42,564
Subsidiaries	-	81,814	42,059	-	-	123,873
Associated companies	-	-	16,283	334	-	16,617
Consortia	-	-	15,899	8	-	15,907
Total	-	81,814	116,805	342	-	198,961
Related parties as a percentage of the total of the corresponding balance sheet item	0%	89%	8%	0%	0%	

The total value of receivables from related parties as at 31 March 2025 amounted to EUR 413,786 thousand (EUR 372,648 thousand as at 31 March 2024), of which EUR 3,378 thousand for non-current receivables, EUR 203,736 thousand for short-term financial receivables and EUR 206,673 thousand for trade receivables.

The value of other receivables amounting to EUR 3,378 thousand relates to shareholder loans to Tram di Firenze SpA for the realisation of the related project.

Trade receivables amounted to EUR 206,673 thousand, with the main items being receivables from the parent company Hitachi Rail Ltd. (EUR 54,538 thousand), Hitachi Ltd. (EUR 34,775 thousand), the subsidiary Hitachi Rail STS USA Inc. (EUR 19,094 thousand), the Saturno Consortium (EUR 37,500 thousand) and the MM4 Consortium (EUR 15,544 thousand).

Financial receivables (EUR 203,736 thousand) represent positions with the subsidiaries Hitachi Rail STS USA Inc. (EUR 156,376 thousand), Hitachi Rail Systems France (EUR 47,194 thousand) and Hitachi Rail STS Mobilinx Hurontario (EUR 166 thousand).

The total value of payables to related parties was EUR 335,600 thousand as at 31 March 2025 (EUR 198,961 thousand as at 31 March 2024).

These consist of current financial liabilities of EUR 208,185 thousand, relating to debit balances in treasury accounts with Hitachi International Holland B.V. (EUR 122,954), payables to the subsidiaries Hitachi Rail STS Australia Pty (EUR 37,198 thousand), Hitachi Rail Espana SLU (EUR 47,990 thousand) and Hitachi Rail STS Sweden (EUR 33 thousand). This item also includes the financial payable to Hitachi Arabia Ltd (EUR 9 thousand) for the portion of capital subscribed and not yet paid.

Trade payables amounted to EUR 127,416 thousand; the main items relate to the associated companies Metro Service AS (EUR 15,602 thousand) and Operation Alliance OPS (EUR 14,732 thousand), the subsidiaries Hitachi Rail Systems France SAS (EUR 6,777 thousand) and Hitachi Rail STS USA Inc. (EUR 5,061 thousand), and the HSC Consortium (EUR 11,472 thousand).

Please refer to the Report on Operations (in the section 'Disclosure of Management and Coordination Activities of Companies and Related Party Transactions') and to section 20 ('Key Managers' Remuneration') for information on related-party transactions.

24.6 Loans and receivables and other non-current assets

(EUR/000)	31 March 2025	31 March 2024
Guarantee deposits	1,738	1,658
Other	22,984	22,823
Non-current receivables	24,721	24,481
Other prepaid expenses - non-current portion	732	1,326
Other prepaid expenses - Associates	-	-
Other non-current assets	732	1,326

Non-current receivables amounted to EUR 24,721 thousand as at 31 March 2025, compared to EUR 24,481 thousand in the previous financial year. More specifically, the item mainly consists of:

- EUR 13,674 thousand as a deposit with the Flow Consortium to finance the operational activities related to the Riyadh Operation & Maintenance contract;
- EUR 3,378 thousand for the loan granted to the investee company Tram di Firenze (EUR 2,298 thousand principal and EUR 1,080 thousand for accrued interest) and on which a pledge is made in favour of the same financing entities. A similar pledge has also been made on the shares held in the investee company;
- EUR 4,276 thousand as the countervalue of the interest-bearing loan of USD 5,000 thousand to Hyperloop Transportation Technology, in connection with the signing of a framework agreement in September 2020 for the development of a Traffic Management & Control System;
- EUR 1,577,000 as an advance payment to the EPC consortium for activities related to the Lima Metro project;
- EUR 1,738 thousand (EUR 1,658 thousand as at 31 March 2024) for guarantee deposits on premises and spaces rented following the opening of construction sites, and guarantee deposits on utilities.

Other non-current assets amounted to EUR 732 thousand (EUR 1,326 thousand as at 31 March 2024) and mainly refer to insurance prepayments for premiums prepaid during the year.

24.7 Inventories

(EUR/000)	31 March 2025	31 March 2024
Raw materials, auxiliaries and consumables	396,822	358,182
Works in progress and semi-finished products	31,349	36,500
Finished goods and goods for resale	2,983	2,365
Advances to suppliers	113,012	117,632
Total	544,166	514,679

Net inventories had a balance of EUR 544,166 thousand (EUR 514,679 thousand as at 31 March 2024). The value of inventories of raw materials (EUR 396,822 thousand) recorded an increase of EUR 38,639 thousand compared to the previous year due to the increase in activities; they are recognised net of the inventory write-down provision of EUR 1,635 thousand (EUR 1,820 thousand as at 31 March 2024). The value of advances to suppliers amounts to EUR 113,012 thousand; the decrease of EUR 4,621 thousand is mainly due to the recovery of portions of advances paid in relation to the progress of activities by suppliers.

24.8 Contract assets and liabilities

(EUR/000)	31 March 2025	31 March 2024
Work in progress	3,136,419	2,688,103
Progress payments	(1,952,657)	(1,650,860)
Advances from customers	(148,967)	(88,563)
Provisions for loss contracts	(300)	(1,100)
Contract assets	1,034,496	947,581
Progress payments	(3,379,280)	(3,571,876)
Work in progress	2,501,087	2,988,606
Advances from customers	(466,016)	(521,167)
Bad debt provision	(1,500)	(2,600)
Contract liabilities	(1,345,710)	(1,107,038)
Contract assets / (liabilities)	(311,214)	(159,457)

Assets and liabilities arising from contracts, net of advances from customers, amounted to a negative EUR 311,214 thousand, compared with a negative value of EUR 159,457 thousand at 31 March 2024, a decrease of EUR 151,757 thousand. The change is mainly due to the increase in turnover due to work progress, and to a lower value of total work in progress.

It should be noted that the net balance of works in progress includes the countervalue of the advance (balance) in the amount of EUR 89,917 thousand related to the work in Libya, which is still suspended due to the well-known events that have affected the country in recent years, as detailed in the report on operations; this advance largely covers the work performed to date and not yet invoiced. As a consequence, at the reporting date, there were no probable risks which would require any provisions.

Net works in progress increased from EUR 947,581 thousand as at 31 March 2024 to EUR 1,034,496 thousand as at 31 March 2025, while net advances from customers increased from EUR 1,107,038 thousand as at 31 March 2024 to EUR 1,345,710 thousand as at 31 March 2025. Total advances from customers amounted to EUR 614,893 thousand (EUR 609,730 thousand as at 31 March 2024).

Similarly to inventories, works in progress made to order and advances from customers are also stated net of the related bad debt provision, which amounted to EUR 1,800 thousand as at 31 March 2025 (EUR 3,700 thousand as at 31 March 2024).

The work in progress provisions are allocated in relation to the relevant job orders and, more specifically, EUR 300 thousand has been deducted from the item 'net works in progress' and EUR 1,500 thousand from the item 'net advances from customers'.

This is sufficient with respect to the possible liabilities arising from the critical issues and risks assessed on the contracts currently in place, including in application of the Risk Management procedure

The work in progress provisions cover:

- contractual risks: penalties for late delivery of the commissioned works or significant parts thereof by the specified final or interim dates, and performance penalties for failure to meet specified functional requirements or RAM parameters;
- technological risks.

The aforementioned conditions, which are typical of all long-term job orders, are increased in the presence of complex contractual structures pertaining to highly technological projects, which make it possible for contractual redefinitions or problems to arise at any stage of the development of the job orders, sometimes even after the delivery of the work and its commissioning. Therefore, many risks can only be considered resolved at the end of the contract.

24.9 Trade and financial receivables

(EUR/000)	31 March 2025		31 March 2024	
	Trade	Financial	Trade	Financial
Third parties	1,232,430	10,290	888,205	9,515
Related parties	206,673	203,736	174,436	92,365
Total Receivables	1,439,103	214,026	1,062,641	101,880

The value of trade and financial receivables is stated in the balance sheet at fair value.

The volume of trade receivables amounted to EUR 1,439,103 thousand (EUR 1,062,641 thousand as at 31 March 2024), of which EUR 206,673 thousand from related parties (EUR 174,436 thousand as at 31 March 2024).

The main positions are held with Ferrovie dello Stato Group, FerrovieNord Milano SpA, Flow Consortium, Department of Transportation (Philippines), EPC Consortium (Lima), Iricav Due Consortium and Hitachi Rail Ltd.

The balance of trade receivables is shown net of the bad debt provision of EUR 33,538 thousand (EUR 33,261 thousand as at 31 March 2024).

It should be noted that the provision includes EUR 4,711 thousand related to the write-down of the position with Firema as a result of the extraordinary administration procedure initiated by decree of the Minister of Economic Development on 2 August 2010.

During the year, the Company transferred trade receivables by entering into factoring agreements without recourse, in order to optimise the management of working capital. The balance of trade receivables transferred to factoring companies as at 31 March 2025 amounted to EUR 101,400 thousand (EUR 314,393 thousand as at 31 March 2024).

Financial receivables amounted to EUR 214,026 thousand (EUR 101,880 thousand as at 31 March 2024), of which EUR 203,736 thousand related to financial receivables from related parties (EUR 92,365 thousand as at 31 March 2024), already detailed in the relevant section, and for the portion due from third parties, mainly refer to the countervalue of Libyan dinars received as an advance payment on the first of the two contracts acquired in Libya and deposited with a local bank, restricted pending the resumption of activities; the equivalent value in euros of this account at 31 March 2025 is EUR 9,520 thousand (EUR 9,515 thousand at 31 March 2024).

24.10 Income tax receivables and payables

(EUR/000)	31 March 2025		31 March 2024	
	Loans and Receivables	Payables	Loans and Receivables	Payables
Direct taxes	96,101	104,935	59,692	32,338
Total	96,101	104,935	59,692	32,338

Income tax receivables amounted to EUR 96,101 thousand (EUR 59,692 thousand as at 31 March 2024). These mainly comprise taxes paid abroad for EUR 35,219 (EUR 28,795 as at 31 March 2024) and advance payments of IRES (EUR 47,761 thousand) and IRAP (EUR 12,648 thousand), and a residual tax credit for Industry 4.0 investments of EUR 466 thousand (EUR 1,400 thousand as at 31 March 2024).

Taxes payable amounted to EUR 104,935 thousand (EUR 32,338 thousand as at 31 March 2024) and related to current IRES for EUR 87,326 thousand and current IRAP for EUR 17,609 thousand.

After exercising the option at the end of 2015 and following a lengthy procedure, on 5 February 2020, the Company and the Revenue Agency – Large Taxpayers’ Central Directorate – Audits Sector – Prior Agreements Office, signed the Prior Agreement for calculation of the financial contribution for purposes of the ‘Patent Box’ for the five-year period from 2015 to 31 March 2020 (‘the Agreement’).

Subsequently, on 5 March 2020, the Company filed an application for renewal of the Agreement due to expire (an application that was declared admissible by the Revenue Agency on 9 March 2020).

To this end, the Company confirmed the renewal option in its tax return for the tax period ending 31 March 2021, which was filed in February 2022, and is still in the process of signing a new agreement valid for the five-year period beginning with the tax period ending 31 March 2021.

The dispute was initiated by the Italian Revenue Agency in April 2024, therefore the Company decided not to recognise the effects of the application of the Patent Box regime for the financial year ended 31 March 2025.

24.11 Derivatives

Assets and liabilities relating to derivatives are shown in the table below:

(EUR/000)	31 March 2025		31 March 2024	
	Assets	Liabilities	Assets	Liabilities
Fair value hedges	17,463	13,213	8,822	8,563
Currency hedges				
Cash flow hedges	6,505	4,339	6,178	12,295
Currency hedges				
	23,967	17,552	14,999	20,859

The total value of fair value hedges includes hedges on cash flows of subsidiaries, as well as on foreign currency correspondence accounts.

The Company uses derivatives to hedge the exchange rate risk (fair value hedges) for subsidiaries. This risk arises from the exposure to cash flows in currencies other than the functional currency. These are defined as back-to-back transactions, as the currency risk is hedged by identifying the exposure to the bank issuing the hedging instrument, while recognising a balancing entry with respect to the subsidiary.

As at 31 March 2024, the Fair Value of assets and liabilities, included in the total FVH value, amounted to EUR 11,557 thousand and the related economic effects, with a nil balance, are recorded under operating financial income and charges.

The Company had derivatives hedging foreign currency correspondence accounts with the aim of hedging the company against the year-end exchange rate risk. These transactions are recognised under assets for EUR 5,906 thousand and under liabilities for EUR 1,656 thousand.

The Company also had cash flow hedges relating to the cash flows of the Abu Dhabi Stage 2, Glasgow, Riyadh Metro, Lima Metro, Kolkata Metro, Panama, Washington, Miami and Baltimore contracts.

24.12 Other current assets

(EUR/000)	31 March 2025	31 March 2024
Prepaid expenses - current portions	11,647	13,903
Grants	14,387	23,165
Receivables from employees	4,080	3,743
Receivables from social security organisations	1,377	1,276
Other tax assets	161,848	68,195
Other assets	9,060	10,760
Total current third party assets	202,399	121,042
Total current related-party assets	-	-
Total	202,399	121,042

Other current assets amounted to EUR 202,399 (EUR 121,042 as at 31 March 2024); the increase for the year is attributable to the increase in VAT receivables from the tax authorities.

Prepaid expenses of EUR 11,647 thousand related mainly to future accrued assets relating to insurance premiums and fees (EUR 10,020 thousand), commissions on surety bonds paid in advance (EUR 277 thousand) and other prepaid expenses (EUR 1,350 thousand).

Grant receivables amounted to EUR 14,387 thousand and mainly refer to projects financed by the European Union and the Ministry of University and Research.

With regard to Receivables for research grants, please refer to the Report on Operations for details on the projects financed. It should be noted that the payment of grants is linked to the implementation of a specific project and/or the channelling of contributions for funded projects.

Section 24.14, Shareholders' Equity, details the reserves established and restricted as a result of the decree awarding certain grants.

For further details, please refer to the 'Research and Development' section of the Report on Operations.

Other tax assets amounted to EUR 161,848 thousand and related to VAT credits accrued in Italy in the amount of EUR 142,117 thousand, VAT credits accrued in the branches in the amount of EUR 18,297 thousand, and withholding tax assets in the amount of EUR 1,434 thousand.

During the course of the year, the Company requested reimbursement on a quarterly basis of the VAT credit accrued and that which emerged when submitting the annual declaration for the 2024 calendar year.

In particular, the Company has entered into contracts with leading factoring companies for the non-recourse assignment of VAT receivables arising from quarterly returns, in order to finance its activities.

Other current assets (EUR 9,060 thousand as at 31 March 2025) include EUR 3,669 thousand in receivables for withholding taxes withheld by Invitalia on non-repayable grants for research and development projects, and VAT receivables in Denmark following a ruling with the local tax authorities (EUR 4,060 thousand).

24.13 Cash and cash equivalents

(EUR/000)	31 March 2025	31 March 2024
Cash-in-hand	16	37
Bank deposits	162,886	302,743
Total	162,903	302,779

The balance is made up of cash-in-hand and bank account balances.

2.14 Equity

As at 31 March 2025, shareholders' equity amounted to EUR 1,043,964 thousand, with a net increase of EUR 174,306 thousand compared to 31 March 2024 (EUR 869,658 thousand).

This is due to the effect of the profit for the year (EUR 348,933 thousand), the distribution of dividends (EUR 174,000 thousand), the negative change in the cash flow hedge reserve of EUR 3,136 thousand, and the negative change in other reserves for EUR 3,763 thousand.

More specifically:

Share capital

	Number of Shares	Nominal value
31 March 2023	200,000,000	100,000,000
31 March 2024	200,000,000	100,000,000
31 March 2025	200,000,000	100,000,000

The fully paid-up share capital amounts to EUR 100,000,000 and is divided into 200,000,000 ordinary shares with a nominal value of EUR 0.50 each.

As at 31 March 2025, the share capital was held by the sole shareholder Hitachi Rail Limited. For more details on this point, please see section 14.1 'General Information'.

Retained earnings (losses carried forward), including the profit for the period

	Profit carried forward	Profit for the year	Total
31 March 2024	391,088	174,018	565,106
Allocation of the operating result:			
- dividends distribution	(174,000)	-	(174,000)
- legal reserve	-	-	-
- reserve for legal reserve adjustment	-	-	-
- retained earnings	174,018	(174,018)	-
Profit for the year	-	348,933	348,933
31 March 2025	391,106	348,933	740,039

The item Retained earnings (losses carried forward) is broken down as follows:

- the “Retained earnings (losses carried forward)” reserve (EUR 391,106 thousand), essentially unchanged compared to the previous financial year due to the effect of the profit for the financial year ended 31 March 2024 (EUR 174,018 thousand) offset by the distribution to the sole shareholder Hitachi Rail Ltd. of total dividends of EUR 174,000 thousand as approved by the Shareholders’ Meeting;
- the profit for the year of EUR 348,933 thousand.

Other reserves

(EUR/000)	Legal reserve	Merger Surplus	Reserve under law 413/91	Reserve under law 488/92, second application, PIA	50% grant reserve Under law 219/81 Art. 55 TUIR	Reserve under law 488/92, first application, PIA	Deferred tax reserve for S.E. items	Cash Flow Hedge reserve	Payments for coverage of losses	Actuarial gains/ losses on employee severance indemnity	Translation reserve	Total Reserves
31 March 2024	20,000	236,859	832	145	209	854	17,257	(27,633)	37	(1,789)	(42,218)	204,552
1 April 2024	20,000	236,859	832	145	209	854	17,257	(27,633)	37	(1,789)	(42,218)	204,552
Other transactions:												
- actuarial gains/ losses on employee severance indemnity	-	-	-	-	-	-	-	-	-	532	-	532
- deferred taxes on SE Items	-	-	-	-	-	-	167	-	-	-	-	167
- CFH hedging	-	-	-	-	-	-	-	3,136	-	-	-	3,136
- foreign currency translation differences of branches	-	-	-	-	-	-	-	-	-	-	(4,462)	(4,462)
31 March 2025	20,000	236,859	832	145	209	854	17,424	(24,497)	37	(1,257)	(46,680)	203,925

The Legal Reserve amounted to EUR 20,000 thousand and is unchanged from the previous year, having already reached 20% of the share capital.

The merger surplus amounted to EUR 236,859 thousand (EUR 236,859 thousand as at 31 March 2024).

This item is mainly composed of the merger surplus deriving from the incorporation of the company Hitachi Rail S.p.A. (EUR 157,557 thousand), which was effective from 1 April 2021 for accounting purposes.

In addition, it comprises EUR 12,086 thousand for the recognition, in the financial year as at 31 March 2020, of the merger surplus resulting from the “reverse merger” into Hitachi Rail STS by the companies Hitachi Rail Investments S.r.l. and Hitachi Italy Holdings S.r.l., effective from 1 April 2019 for accounting purposes.

This item also includes EUR 83,237 thousand deriving from the merger by incorporation of Ansaldo Segnalamento Ferroviario and Ansaldo Trasporti Sistemi Ferroviari effective from 1 January 2009. In detail:

- EUR 93,094 thousand representing the difference between the value of the equity investments Ansaldo Segnalamento Ferroviario (EUR 76,298 thousand), wholly owned by Ansaldo Trasporti Sistemi Ferroviari, and Ansaldo Trasporti Sistemi Ferroviari (EUR 38,123 thousand), wholly owned by Ansaldo STS, with the shareholders’ equity of the merged companies;
- EUR 9,857 thousand in cancellation of goodwill present in the financial statements of Ansaldo Segnalamento Ferroviario S.p.A. (EUR 1,825 thousand at 31 December 2008) and Ansaldo Trasporti Sistemi Ferroviari S.p.A. (EUR 12,687 thousand at 31 December 2008) net of the associated prepaid and deferred taxes (EUR 4,655 thousand). This goodwill was eliminated as it arose from infragroup extraordinary transactions in previous years; in particular, the residual goodwill of Ansaldo Segnalamento Ferroviario S.p.A. (EUR 1,825 thousand) is attributable to the contribution of the “Signalling” business unit by Ansaldo Trasporti S.p.A. in 1996 and the residual amount for Ansaldo Trasporti Sistemi Ferroviari (EUR 12,687 thousand) from the contribution of the “Systems” business unit by the aforesaid Ansaldo Trasporti S.p.A. in 2001.

The additional transactions reporting to the overall balance were:

- EUR 13,649 thousand arising from the deficit effect of the merger by incorporation of Ansaldo Signal N.V. in liquidation which took place on 1 October 2009. It arose from the elimination of the equity investment Ansaldo Signal N.V. in liquidation (EUR 21,946 thousand), wholly owned by Ansaldo STS S.p.A., with respect to the value of the merged company's shareholders' equity;
- EUR 50 thousand used as a result of the reclassification of costs for share capital increase for the year 2005. This was accomplished by allocating the aforementioned costs to an available shareholders' equity reserve as permitted by IAS 32;
- EUR 2,321 thousand used in 2014 following the last instalment of the free capital increase after having fully used the reserve for capital injections (EUR 7,679 thousand), as per the shareholders' resolution of 23 April 2010.

The Revaluation Reserve pursuant to Italian Law No. 413/91 amounted to EUR 832 thousand and was already recognised in the shareholders' equity of the merged company Ansaldo Segnalamento Ferroviario S.p.A. and then reconstituted in Ansaldo STS S.p.A. (now Hitachi Rail STS S.p.A.) following the merger as a tax suspension reserve.

The reserve under Italian Law No. 488/92 second application P.I.A. amounted to EUR 145 thousand, already recognised in the shareholders' equity of the merged company Ansaldo Segnalamento Ferroviario and reconstituted in Ansaldo STS S.p.A. (now Hitachi Rail STS S.p.A.) following the merger. This reserve was established following the shareholders' resolution approving the financial statements at 31 December 2006 and is subject to the limitations established by the provisional concession decree of the Ministry of Production Activities relating to the second application, P.I.A., in accordance with the aforementioned law.

The Ministerial Grant Reserve pursuant to Italian Law No. 219/81 amounted to EUR 209 thousand, already recognised in the shareholders' equity of the merged company Ansaldo Segnalamento Ferroviario and reconstituted in Ansaldo STS S.p.A. (now Hitachi Rail STS S.p.A.) following the merger as a tax suspension reserve. This reserve was restricted when the Company received grants for plants obtained in previous years.

The reserve pursuant to Italian Law No. 488/92 first application, P.I.A., amounted to EUR 854 thousand, recognised in the shareholders' equity of the merged company Ansaldo Segnalamento Ferroviario S.p.A. and reconstituted in Ansaldo STS S.p.A. (now Hitachi Rail STS S.p.A.) following the merger. This reserve was established following the shareholders' resolution approving the financial statements at 31 December 2004 and is subject to the limitations established by the provisional concession decree of the Ministry of Production Activities relating to the first application, P.I.A., in accordance with the aforementioned law.

The reserve for deferred taxes on items charged to shareholders' equity amounted to EUR 17,425 thousand (EUR 17,257 thousand at 31 March 2024). Changes during the period include:

- deferred taxes arising from actuarial gains for the year on employee severance indemnity (EUR -150 thousand), charged to the specific reserve in application of the equity method (for a total EUR 342 thousand as at 31 March 2025);
- deferred taxes for cash flow hedge transactions, which amounted to EUR -753 thousand during the year, for a total of EUR 5,879 thousand as at 31 March 2025;
- deferred taxes on the translation reserve of branch financial statements, which amounted to EUR 1,071 thousand (for a total of EUR 11,203 thousand as at 31 March 2025) for the year.

The cash flow hedge reserve amounted to EUR -24,496 thousand. It changed due to transactions during the year, which recorded a net change of EUR 3,136 thousand (the related tax effect for the year, amounting to EUR -753 thousand, is recognised in the item "Deferred tax reserve").

The actuarial reserve for defined benefit plans amounted to EUR -1,260 thousand; it changed during the year by EUR 532 thousand due to the application of the equity method in the recognition of actuarial gains/losses on employee severance indemnity carried out by an independent expert on the value of employee severance indemnity at 31 March 2025 (the related tax effect for the year, equal to EUR -151 thousand, is recognised in the "Deferred tax reserve").

The translation reserve amounted to EUR -46,681 thousand; it changed due to transactions for the year (EUR -4,462 thousand) due to exchange rate differences generated by the translation of the financial statements of foreign branches, as these were prepared in a currency different from the presentation currency of the Company's financial statements (the related tax effect for the year, amounting to EUR 1,071 thousand, is recognised in the "Deferred tax reserve").

The table below shows the origin, possible use, distribution and use of shareholders' equity reserves in the past three years.

	Amount	Utilisation options	Available portion	Summary of uses in the 2023 financial year		Summary of uses in the 2022 financial year		Summary of uses in the 2021 financial year	
				to cover losses	for other reasons	to cover losses	for other reasons	to cover losses	for other reasons
Share Capital^(*)									
Outstanding share	100,000								
Treasury shares									
Equity-related reserves									
Revaluation reserve under law 413/91	832	A - B - C	832						
Capital injections	-	A - B	-						
Coverage of losses	37	B							
Merger Surpluses	236,859	A - B - C	236,859						
Income-related reserves:									
Legal Reserve	20,000	B							
Reserve for Ministerial grants under Law no. 219/81 Art. 55 of the T.U.I.R.	209	A - B - C	209						
Reserve under Law 488/92, first application, PIA, 2003	854	A - B - C	854						
Reserve under Law 488/92, second application, PIA	145	A - B - C	145						
Stock grant plans reserve:									
- allocation	-	B							
- delivery									
Translation reserve	(46,680)	A - B							
Cash Flow Hedge reserve	(24,497)	n/a							
Reserve for actuarial gains/losses (IAS 19)	(1,257)	n/a							
Deferred tax reserve for shareholders' equity items	17,424	n/a							
Retained earnings (losses carried forward)	391,106	A - B - C	391,106						
Total	695,033		630,005	-	-	-	-	-	-
Undistributable portion			61,392						
Residual distributable portion			568,613						

Key: A: For share capital increase; B: for loss coverage; C: for distribution to shareholders.

24.15 Financial payables

(EUR/000)	31 March 2025			31 March 2024		
	Current	Non-current	Total	Current	Non-current	Total
Bank loans and borrowings	29,676	-	29,676	-	-	-
Financial payables from other lenders	13,022	255	13,277	4,232	425	4,657
Financial leasing payables	4,996	6,764	11,760	5,472	6,559	12,031
Other financial payables	-	-	-	-	-	-
Total loans and borrowings from third parties	47,694	7,019	54,713	9,704	6,984	16,688
Related-party loans and borrowings for leasing	-	-	-	-	-	-
Other related-party loans and borrowings	208,185	-	208,185	81,814	-	81,814
Total related parties	208,185	-	208,185	81,814	-	81,814
Total	255,879	7,019	262,898	91,518	6,984	98,502

Third-party financial liabilities amounted to EUR 54,713 thousand (EUR 16,688 thousand as at 31 March 2024). The current portion mainly refers to short-term current account overdrafts with banks (EUR 29,676 thousand), lease financial liabilities (EUR 4,996 thousand) relating to leases of properties for business use and long-term car rentals, to shares of receivables due from principal companies within temporary groups of companies of which STS is the agent (EUR 12,671 thousand) and to the current portion of the soft loan granted for participation in the Argento research project (EUR 84 thousand); the non-current portion refers to lease contracts (EUR 6,764 thousand) and the balance of the loan for the Argento research project (EUR 255 thousand).

Related-party loans and borrowings amounted to EUR 208,185 thousand (EUR 81,814 thousand as at 31 March 2024). It consists of debit balances on treasury accounts with Hitachi International Holland B.V. (EUR 122,954 thousand) and current accounts opened with the group's subsidiaries to settle commercial and financial items; the balance for the year mainly refers to positions with the Australian and Spanish subsidiaries. For further details on financial transactions with related parties of the parent company, please refer to the comments in paragraph 24.5.

Changes in non-current financial payables are as follows:

(EUR/000)	31 March 2024	New Borrowings	Refunds	Reclassifications to ST	Other transactions	31 March 2025
Banks	-	-	-	-	-	-
Financial payables from other lenders	425	-	(170)	-	-	255
Financial leasing payables	6,559	6,566	-	(6,361)	-	6,764
Related party lease financial liabilities	-	-	-	-	-	-
Other financial payables	-	-	-	-	-	-
Total	6,984	6,566	(170)	(6,361)	-	7,019

It should also be noted that, on 31 March 2025, the Company had bank overdrafts facilities for EUR 145,000 thousand, to be used mainly for current account overdrafts.

Net Financial Debt (Availability)

Below is information on the company's net financial debt as at 31 March 2025:

(EUR/000)	31 March 2025	31 March 2024
Cash-in-hand	(16)	(37)
Bank deposits	(162,886)	(302,743)
Securities held for trading	-	-
Cash and cash equivalents	(162,903)	(302,779)
Third parties loan assets	(10,290)	(9,515)
Related party loan assets	(203,736)	(92,365)
Current financial receivables	(214,026)	(101,880)
Current bank loans and borrowings	29,676	-
Payables to other lenders - current portion	13,022	4,232
Current portion of non-current debt	-	-
Other current loans and borrowings	208,185	81,814
Current loans and borrowings for leasing	4,996	5,472
Related-party loans and borrowings for leasing	-	-
Current financial debt	255,879	91,519
Net current financial debt (cash)	(121,049)	(313,140)
Non-current bank loans and borrowings	-	-
Financial payables from other lenders - non-current	255	425
Non-current loans and borrowings for leasing	6,764	6,559
Non-current related-party financial payables	-	-
Bonds issued	-	-
Other non-current payables	-	-
Non-current financial debt	7,019	6,984
Net financial debt (cash)	(114,032)	(306,157)

No debt is secured by collateral on the company's assets.

24.16 Provisions for risks and charges and potential liabilities

(EUR/000)	Disputes with employees	Provision for legal disputes	Provision for expected losses to complete contracts	Product guarantee provision	Other provisions for risks	Total
Balance at 31 March 2024	6,826	3,556	54,484	200	-	65,065
Current	6,826	3,556	54,484	200	-	65,065
Non-current	-	-	-	-	-	-
	6,826	3,556	54,484	200	-	65,065
Changes April 2024 - March 2025						
Accruals	1,007	-	25,532	4,077	8,616	39,233
Utilisations	(5,895)	(169)	-	-	-	(6,064)
Reversal	-	-	(38,328)	-	-	(38,328)
Other transactions	-	-	-	-	-	-
Balance at 31 March 2025	1,938	3,387	41,688	4,277	8,616	59,906

The value of the provision for risks and charges reflects the amount of potential liabilities for probable and quantifiable risks, in application of the relevant accounting standards.

It amounts to EUR 59,906 thousand (EUR 65,065 thousand as at 31 March 2024) and consists of:

- provision for labour disputes (EUR 1,938 thousand), which is a function of the estimated costs for the exit of employees who meet the requirements for retirement as provided for by current regulations, as well as the assessment of situations for which the incurrence of charges is deemed probable.
During the year, it was used in the amount of EUR 5,895 thousand for disputes closed during the year together with the amounts liquidated to employees who left the company having fulfilled the requirements for retirement initially provided by Decree Law 4/2019 “Quota 100” and subsequent amendments and additions (“Quota 102”) and new provisions of EUR 1,007 thousand were recorded;
- provision for contract losses, which represents the value of losses not yet accrued but accrued when they become foreseeable on the basis of an objective assessment of existing factual circumstances. Changes in this fund during the year recorded utilisations of EUR 38,328 thousand and provisions of EUR 25,532 thousand;
- product warranty provision (EUR 4,277 thousand), which includes costs for repairs to be carried out under warranty on closed orders. During the financial year, it recorded new provisions of EUR 4,077 thousand and did not record any utilisations;
- provision for legal disputes (EUR 3,387 thousand). It was used during the year in the amount of EUR 169 thousand following the settlement of some disputes and no further provisions were recognised;
- other provisions for risks (EUR 8,616 thousand), referring to the transaction with Mer Mec for the sale of the French and German subsidiary.

24.17 Employee benefits

The composition of employee severance indemnity is shown below:

(EUR/000)	Italian post-employment benefits expenses	
	31 March 2025	31 March 2024
Current service costs	1,903	1,657
Personnel costs	1903	1657
Interest expense	990	1,020
Total	2,893	2,677

The Employee Severance Indemnity is a typical Italian post-employment benefit and provides for the payment of the amount accrued by the employee up to the date of leaving the Company, determined according to Article 2120 of the Italian Civil Code.

Law No. 296 of 27 December 2006 (2007 Finance Act) and the subsequent Decrees and Regulations issued in the early months of 2007, as part of the supplementary pension reform, significantly altered the functioning of this institution, providing, in the case of companies with more than 50 employees, for the transfer of the employee severance indemnity accrued after the date of the reform either to the supplementary pension fund or to the Treasury Fund managed by INPS (Italian Social Security Institute).

The tables below show the changes in employee severance indemnity and the amounts recognised in the income statement:

(EUR/000)	31 March 2025	31 March 2024
Opening balance	29,318	29,200
Balance as at 01/04/2024	29,318	29,200
Current service costs	1,903	1,657
Interest expense	990	1,020
Actuarial losses (gains) taken to equity		
of which:		
Actuarial losses (gains) taken to equity following changes to demographic assumptions	(341)	-
Actuarial losses (gains) taken to equity following changes to financial assumptions	(180)	(101)
Actuarial losses (gains) taken to equity following experience-based adjustments	6	(355)
Benefits paid out	(2,554)	(2,088)
Intercompany transfers	-	(16)
Other transactions		
Final balance	29,141	29,318

The following main actuarial assumptions were used in measuring this employee severance indemnity as at 31 March 2025:

	Provision for employee severance indemnity	
	31 March 2025	31 March 2024
Annual average discount rate	3.67%	3.40%
Salary increase rate	N/A	N/A
Turnover rate	1% - 5.69%	1% - 5.69%

A sensitivity analysis was performed for each significant actuarial assumption, showing the effects on the value of the obligation in absolute value:

	Provision for employee severance indemnity	
	-0.25%	0.25%
Discount rate (p.a.)	29,704	28,602
Inflation rate	28,731	29,564
Annual rate of turnover	29,092	29,190

The average duration of the employee severance indemnity is 15 years.

24.18 Trade payables

(EUR/000)	31 March 2025	31 March 2024
Trade payables	1,162,047	1,274,248
Total trade payables	1,162,047	1,274,248
Related party payables	127,416	116,805
Total	1,289,463	1,391,053

The nominal value of trade and financial payables corresponds to their fair value.

The total value of trade payables is EUR 1,289,463 thousand (EUR 1,391,053 thousand as at 31 March 2024). The decrease of EUR 101,590 thousand compared to the previous period is mainly attributable to the decrease in trade payables to third parties (EUR 1,162,047 thousand as of 31 March 2025, EUR 1,274,248 thousand as of 31 March 2024), partially offset by the increase in trade payables to related parties, detailed in the related section 24.5.

As at 31 March 2025, the Company was assigned debtor for the sale of trade receivables relating to the supply of goods and services put in place by our suppliers for a total amount of receivables recognised equal to EUR 288,222 thousand (EUR 332,584 thousand as at 31 March 2024).

24.19 Other current and non-current liabilities

(EUR/000)	Non-current		Current	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
Employees	12,283	11,562	66,589	61,431
Supplementary pension schemes and INPS Treasury fund	-	-	3,742	3,246
Social security and pension institutions	-	-	20,317	18,702
R&D grants	-	-	15,328	26,545
Other payables to tax authorities	-	-	25,603	18,632
Deferred income	-	-	3,946	1,539
Other payables	-	-	33,159	17,604
Total other current and non-current third-party liabilities	12,283	11,562	168,684	147,700
Total other related-party liabilities	-	-	-	342
Total	12,283	11,562	168,684	148,043

Other non-current liabilities relate to other long-term benefits represented by seniority bonuses to employees. The main actuarial assumptions used in the valuations performed as at 31 March 2025 are as follows:

	Long-term benefits	
	31 March 2025	31 March 2024
Discount rate (p.a.)	3.67%	3.40%
Salary increase rate	0.40% - 1.58%	0.40% - 1.58%
Turnover rate	1% - 5.69%	1% - 5.69%

Other current liabilities amounted to EUR 168,684 thousand (EUR 148,043 thousand as at 31 March 2024). It mainly consists of payables to employees for accrued deferred remuneration and accrued holidays (EUR 66,589 thousand) and payables to social security and pension institutions (EUR 20,317 thousand).

Other payables (EUR 33,152 thousand as at 31 March 2025) include the remaining approximately 62% to be paid on the subscribed capital of Metro C S.c.p.A. (EUR 12,950 thousand). It also includes the payable relating to the Purchase Price Adjustment to be paid to Mer Mec following the definition of the sale price of the French and German subsidiary.

Other payables to the tax authorities, amounting to EUR 25,603 thousand, mainly relate to withholding taxes for employees to be paid as a withholding agent, accruals for indirect taxes (IMU, TARI) amounting to EUR 5,106 thousand, current tax payables of branches for local VAT (EUR 9,804 thousand) and other local taxes (EUR 10,693 thousand).

The item 'Payables for R&D grants' (EUR 15,238 thousand) includes the balance of grants received for research and development projects financed by Italian and European Union institutions, which are still in progress.

24.20 Guarantees and other commitments

Guarantees and other commitments

As at 31 March 2025, the Company had the following guarantees in place:

(EUR/000)	31 March 2025	31 March 2024
Sureties issued by Hitachi Ltd. in favour of customers/third parties Hitachi Rail STS S.p.A.	3,478,402	2,680,872
Sureties issued by Hitachi Rail STS S.p.A. (and/or other parent companies) and banks and insurance companies in favour of third-party customers on behalf of subsidiaries	2,430,192	2,463,326
Sureties issued by banks and insurance companies to customers/third parties	4,634,394	4,185,936
Subtotal	10,542,988	9,330,134
Guarantees received	984,547	1,273,645
Guarantees received from related parties	1,276,305	1,415,272
Subtotal	2,260,852	2,688,917
Total	12,803,840	12,019,051

Guarantees granted totalled EUR 10,542,989 thousand and were mainly bank/insurance and corporate sureties issued in favour of Italian and foreign customers to guarantee participation in tenders, the exact fulfilment of contracts and orders acquired, for advance payments and the release of withholding taxes.

As at 31 March 2025, the Company had corporate guarantees provided by the parent company Hitachi Ltd ("Parent Company Guarantees") for EUR 3,478,402 thousand in favour of customers/third parties as part of commercial contracts entered into by the Company, in particular for the Copenhagen Cityringen project, for Metro Riyadh Line 3, for Abu Dhabi stage 2, for Hurontario LRT, for the Metro Lima project, for Milan Metro Line 4, for Thessaloniki Metro, for the Taipei contract, for the supply of V300 Zefiro high-speed trains. The Company also has guarantees/counter-guarantees issued by financial institutions on unsecured credit lines guaranteed by the parent company Hitachi Ltd for EUR 2,289,919 thousand relating to the main projects in progress.

Company, bank and insurance guarantees given by the Company on behalf of subsidiaries, in favour of customers/ third parties amounted to EUR 2,430,192 thousand:

- EUR 1,479,526 thousand for guarantees issued by the Company (Parent Company guarantees) and direct bank guarantees on the Company's credit lines on behalf of subsidiaries;
- EUR 950,666 thousand for counter-guarantees on company (and/or other parent companies) credit lines granted to subsidiaries.

Guarantees issued by banking and insurance institutions in favour of principals/third parties (EUR 4,634,394 thousand as of 31 March 2025) include counter-guarantees underwritten by the Company in favour of credit institutions for its share of the commitments in respect of guarantees rendered mainly in connection with its participation in consortia and Special Purpose Vehicles, in the amount of EUR 178,996 thousand.

The guarantees received by the Company amount to a total of EUR 2,260,852, broken down as follows:

- EUR 984,547 thousand related to guarantees received from suppliers or subcontractors for the exact fulfilment, advances and withholdings paid in connection with contracts and orders signed by the Company;
- EUR 1,276,305 thousand related to corporate guarantees received from subsidiaries and affiliated companies.

It should be noted that during the year, the Company negotiated directly with the banking and insurance system to issue new credit lines for a corresponding countervalue of EUR 1,512,841 thousand.

As at 31 March 2025, the Company had bank overdraft facilities for current account overdrafts in the amount of EUR 145,000 thousand.

Purchase and sale commitments

As at 31 March 2025, the Company had the following purchase and sales commitments:

(EUR/000)	31 March 2025	31 March 2024
Third-party customers order backlog	12,966,295	10,417,180
Related-party customer order backlog	829,239	740,627
Total customer order backlog	13,795,534	11,157,807
Third-party supplier order backlog	3,876,317	3,696,808
Related-party supplier order backlog	250,094	234,566
Total supplier order backlog	4,126,411	3,931,374
Total purchase and sale commitments	17,921,945	15,089,181

It should be noted that the order backlog with customers will be processed, and therefore recognised in the profit and loss account, on the basis of the due dates of each individual contract.

24.21 Financial relations with related parties

The following table shows the amounts of economic transactions with related parties at 31 March 2025 and 31 March 2024:

(EUR/000)	Revenues	Other operating income	Costs	Recovery of costs	Amortisation/ depreciation and other operating expenses	Operating financial income	Operating financial charges	Financial income and charges
AS AT 31.03.2025								
Ultimate parent companies								
Hitachi Rail LTD	22,510	10,959	25,150	319				
Hitachi Ltd Japan	14,362		54,168	92				
Subsidiaries								
Hitachi Rail STS Transportation Systems India Private Limited	98	491	2,228	255				
Hitachi Rail STS Australia PTY Ltd.	14,687	2,273	1,317	433		24,290		(1,526)
Hitachi Rail STS Sweden AB	6,266	371	10	60				(2)
Hitachi Rail STS Deutschland GmbH	9,983	64		3				(118)
Hitachi Rail STS France S.A.	3,166	408	3,254	192		11,350		140
Hitachi Rail Espana SLU	1,906	727	117	240	86			(1,296)
Hitachi Rail STS USA Inc.	24,051	8,284	26,617	704				7,493
Hitachi Rail STS Canada Inc	5,835	2	23	222				
Hitachi Rail STS USA International CO.			10,279					
Hitachi Rail STS Malaysia SDN BHD	480	284	176	113				
Hitachi Rail STS Railway Signaling Technology	2,796		800	79				
Alifana Due S.c.a.r.l.	1,756	15	6,826	4				
Hitachi Arabia Limited								
Hitachi Rail STS Mobilinx Hurontario				186				8
Hitachi Rail Ontario GP				749				
Hitachi Rail System France	33,227	591	12,240					1,259
Hitachi Arabia Limited			7,363	150				
Associated companies								
Hitachi Digital LLC								
Hitachi Europe LTD			11,288	178				
Hitachi Systems Micro Clinic Privat			13					
HITACHI DOCUMENT SOLUTIONS CO., LTD.			5					
HIINNL-Hitachi International HOLLAND								(321)
HITACHI ENERGY ITALY S.P.A.			292					
Hitachi High-Technologies Europe								
Hitachi Industrial Engineering								
Hitachi Enaergy LTD			1,130					
Hitachi Vantara Italia Srl			176					
Centelec GTS Middle East Trading LLC								27
Hitachi Academy			45					
Hitachi System LTD			298					
Hitachi America			16		13			
Hitachi Vantara AS			1					
Pegaso S.c.r.l. (in liquidation)								16
Taiwan Hitachi Asia Pacific - Rail			2	99				
TRASFOR SA			65					
SPV M4 S.p.A.			3	154				
Metro 5 S.p.A.	347	50		10		3,190		
Società Tram di Firenze SpA	5,664	161						
Hitachi Europe srl			79					
Metro De Lima Linea 2	934							
Operation Alliance OPS Co			81,571	570		934		
International Metro Service S.r.l.								
Metro Service AS	757		58,502	17,615				
Hitachi Asia								
Ferromovil SL						240		
Hitachi Systems Security Inc			42					
HITACHI DIGITAL SERVICES UK LIMITED			448					
HITACHI DIGITAL SERVICES INDIA PRIVATE LIMITED			66					
HITACHI ARABIA REGIONAL HEADQUARTERS CO			163					
Other group companies								
Hitachi Rail GTS France SAS				3,971				
Hitachi Rail GTS Austria GmbH	77							
Hitachi Rail GTS UK Ltd								
Hitachi Rail GTS Italia Srl			4,696					
Hitachi Rail Solutions	19		97					
Hitachi Rail GTS Romania	43							
Hitachi Rail GTS Denmark			3					
HITACHI RAIL GTS TAIWAN CO.LTD				3				

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(EUR/000)	Revenues	Other operating income	Costs	Recovery of costs	Amortisation/ depreciation and other operating expenses	Operating financial income	Operating financial charges	Financial income and charges
Consortia								
SATURNO Consortium	74,125		2,865	30				
San Giorgio Volla Due Consortium	3,309		375					
TRAIN CONSORTIUM								
MM4 Consortium	24,035		2,545	149				
HSC CONSORTIUM	1,444		32,663					
RAIL MAINTENANCE-CRM CONSORTIUM	559		9,876	1				
Ascosa Quattro Consortium								
Total	252,438	24,681	357,893	26,581	98	40,003	-	5,683
Related parties as a percentage of the total of the corresponding balance sheet item	9%	42%	15%		0%	20%	0%	80%

(EUR/000)	Revenues	Other operating income	Costs	Recovery of costs	Amortisation/ depreciation and other operating expenses	Operating financial income	Operating financial charges	Financial income and charges
AS AT 31.03.2025								
Ultimate parent companies	36,872	10,959	79,317	412	-	-	-	-
Subsidiaries	104,252	13,511	71,251	3,390	86	35,640	-	5,960
Associated companies	7,703	211	154,204	18,625	13	4,363	-	(277)
Other group companies	139	-	4,796	3,974	-	-	-	-
Consortia	103,472	-	48,324	180	-	-	-	-
Total	252,438	24,681	357,893	26,581	98	40,003	-	5,683
Related parties as a percentage of the total of the corresponding balance sheet item	9%	42%	15%	0%	0%	20%	0%	80%

(EUR/000)	Revenues	Other operating income	Costs	Recovery of costs	Amortisation/ depreciation and other operating expenses	Operating financial income	Operating financial charges	Financial income and charges
AS AT 31.03.2024								
Ultimate parent companies								
Hitachi Rail LTD	36,963	8,347	25,975					
Hitachi Ltd Japan	29,358	79	43,565	233				
Subsidiaries								
Hitachi Rail STS Transportation Systems India Private Limited	56	356	1,193	306				
Hitachi Rail STS Australia PTY Ltd.	13,621	947	874	490		52,234		(1,992)
Hitachi Rail STS Sweden AB	12,778	287	14	82				(139)
Hitachi Rail STS Deutschland GmbH	15,416	266		12				(1,044)
Hitachi Rail STS France S.A.	22,175	1,737	14,432	821				350
Hitachi Rail Espana SLU	966	582	3,293	161	73			(1,004)
Hitachi Rail STS USA Inc.	27,978	4,684	21,621	984				7,097
Hitachi Rail STS Canada Inc	4,200	66		60				
Hitachi Rail STS USA International CO.			11,551					
Hitachi Rail STS Malaysia SDN BHD	426	205	204	102				
Hitachi Rail STS Railway Signaling Technology	1,582		750	125				
Alifana Due S.c.a.r.l.	2,993	30	7,189	3				
Hitachi Arabia Limited			6,057					13
Hitachi Rail STS Mobilinx Hurontario				194				10
Hitachi Rail Ontario GP				767				
Associated companies								
Hitachi Digital LLC		950						
Hitachi Europe LTD			5,405					
Hitachi Systems Micro Clinic Privat								
Hitachi Transport System EUROPE								
HIINNL-Hitachi International HOLLAND								(12,827)
HITACHI ENERGY ITALY S.P.A.			15					
Hitachi High-Technologies Europe								
Hitachi Industrial Engineering								
Hitachi Enaergy LTD			984					
Hitachi Vantara Italia Srl			236					
HITACHI Energy Switzerland Ltd.								
Hitachi Academy			18					
Hitachi System LTD			278					
Hitachi America								
TRASFOR SA								
SPV M4 S.p.A.		670	67	63		1,246		
Metro 5 S.p.A.	492	16						
Società Tram di Firenze SpA	21,336	159						
Hitachi Europe srl	71		192					
Metro De Lima Linea 2	111		31					
Operation Alliance OPS Co			39,699	11		925		
International Metro Service S.r.l.						7,791		
Metro Service AS	804		41,948	6,349				
Hitachi Asia			2					
Ferromovil SL						7,048		
Consortia								
SATURNO Consortium	51,049		3,538	65	-			
San Giorgio Volla Due Consortium	3,186		87					
TRAIN CONSORTIUM			9					
MM4 Consortium	36,329		2,195	19				
HSC CONSORTIUM	1,685		37,329					
RAIL MAINTENANCE-CRM CONSORTIUM	480		8,921					
Ascosa Quattro Consortium								
Total	284,054	19,381	277,672	10,848	73	69,244	-	(9,536)
Related parties as a percentage of the total of the corresponding balance sheet item	11%	60%	13%		0%	68%	0%	

(EUR/000)	Revenues	Other operating income	Costs	Recovery of costs	Amortisation/ depreciation and other operating expenses	Operating financial income	Operating financial charges	Financial income and charges
AS AT 31.03.2024								
Ultimate parent companies	66,320	8,425	69,540	233	-	-	-	-
Subsidiaries	102,191	9,160	67,177	4,108	73	52,234	-	3,291
Associated companies	22,814	1,795	88,875	6,423	-	17,010	-	(12,827)
Consortia	92,729	-	52,080	84	-	-	-	-
Total	284,054	19,381	277,672	10,848	73	69,244	-	(9,536)
Related parties as a percentage of the total of the corresponding balance sheet item	11%	60%	13%	0%	0%	68%	0%	

(*) the equity investments in the subsidiaries Hitachi Rail STS France S.A. and Hitachi Rail STS Deutschland GmbH, classified in the previous financial year as non-current assets held for sale, were sold during the financial year and are no longer included in the scope of consolidation as of 1 August 2024.

Revenues from related parties amounted to EUR 252,438 thousand (EUR 284,054 thousand as at 31 March 2024) and mainly consisted of transactions with the parent companies Hitachi Rail Ltd. (EUR 22,510 thousand) and Hitachi Rail Ltd. (EUR 14,362 thousand), the subsidiaries Hitachi Rail STS USA Inc. (EUR 24,051 thousand) and Hitachi Rail Systems France (EUR 33,227 thousand), the MM4 Consortium (EUR 24,035 thousand) and the Saturno Consortium (EUR 74,125 thousand).

Other operating income mainly refer to charges for services rendered to other group companies in connection with the "General Service Agreement" (EUR 22,508 thousand).

Operating financial income amounted to EUR 40,003 thousand, with a decrease of EUR 29,241 thousand compared to the previous year (EUR 69,244 thousand as at 31 March 2024), mainly due to lower dividend income. These relate to dividends from the subsidiary Hitachi Rail STS Australia (EUR 24,290 thousand) and from the associates Metro 5 (EUR 3,190 thousand), Ferromovil 9000 SL (EUR 240 thousand), Operation Alliance OPS Co. (EUR 934 thousand), as well as the capital gain from the disposal of the equity investment in Hitachi Rail STS Deutschland GmbH (EUR 11,350 thousand), sold to Hitachi Rail STS France S.A. prior to the sale of the latter to Mer Mec.

Net financial income and charges from related parties (EUR 5,683 thousand) refer mainly to:

- EUR 8,901 thousand in interest income on correspondence accounts with subsidiaries that had debit positions during the year;
- EUR -2,942 thousand in interest expense on correspondence accounts with subsidiaries that had debit positions during the year;
- EUR -321 thousand in net interest expense accrued on the current account held with Hitachi International Holland B.V. for the management of group treasury operations.

24.22 Revenues from contracts with customers

The total volume of Revenues amounted to EUR 2,956,092 thousand (EUR 2,640,342 thousand as at 31 March 2024), with an increase of EUR 315,750 thousand compared to the previous year.

The main volumes of the Vehicles division (EUR 1,610,381 thousand) relate to the supply of regional trains for Trenitalia and FerrovieNord Milano, in addition to activities in the ETR 1000 segment, and for the Rail Control division (EUR 1,345,711 thousand) to activities under the two framework agreements for ERTMS in Sicily, the Verona-Padua high-speed line, foreign projects in the Philippines, and O&M projects in Saudi Arabia, Denmark and Honolulu.

Production in Italy amounted to EUR 2,097,160 thousand and abroad to EUR 858,932 thousand.

During the financial year, revenues of EUR 1,392,030 were definitively recognised for deliveries made.

(EUR/000)	31 March 2025	31 March 2024
Revenues from sales - third parties	2,219,024	2,092,772
Revenues from sales - related parties	308,635	127,488
Total revenues from sales	2,527,659	2,220,259
Revenues from services - third parties	395,920	249,474
Revenues from services - related parties	69,817	59,844
Total revenues from services	465,736	309,318
Change in work in progress - third parties	88,710	14,043
Changes in work in progress - related parties	(126,013)	96,722
Total change in work in progress	(37,303)	110,765
Total Revenues	2,956,092	2,640,342

As at 31 March 2025, the aggregate amount of the contractual consideration of current contracts allocated to performance obligations not yet performed was EUR 13,795,534 thousand. The Group expects to recognise these amounts in revenues in future periods, in line with available forecasts.

Current contracts include those with principals in compliance with the conditions of paragraph 9 of IFRS 15. It should be noted that this item includes variable consideration to the extent that their realisation is deemed highly probable.

Concerning the aggregation of revenues by geographic area, please refer to Section 15 Sector reporting.

24.23 Other operating revenue and expenses

(EUR/000)	31 March 2025		31 March 2024	
	Revenues	Costs	Revenues	Costs
R&D grants	11,577	-	10,467	-
Tax credit on research and development costs	-	-	-	-
Gains on disposals of property, plant and equipment and Intangible fixed assets	8	-	9	-
Accruals/reversals of provisions for risks and charges	-	4,077	-	-
Accruals for expected losses	-	25,532	-	19,596
Reversals for expected losses	-	(38,328)	-	(29,385)
Royalties	-	-	-	-
Net exchange rate gains	257	1,057	1,989	1,523
Inexistence of debit/credit items	2,166	55	57	1
Insurance Reimbursements	-	-	-	-
Renovation Charges	-	-	-	-
Indirect Taxes	-	4,421	-	3,985
Interest on trade receivables/payables	-	30	-	82
Other operating income/expenses	19,753	2,078	210	4,503
Total other third-party operating income/expenses	33,761	(1,078)	12,731	305
Total other related-party operating income/expenses	24,681	(98)	19,381	73
Total	58,442	(1,177)	32,112	378

Other operating income from third parties amounted to EUR 33,761 thousand (EUR 12,731 thousand as at 31 March 2024). The increase of EUR 21,030 thousand compared to the previous year is mainly due to the insurance reimbursement received by the vehicle division (EUR 19,571 thousand).

In detail, the item consists mainly of:

- grants for research and development expenses in the amount of EUR 11,577 thousand (for details see the relevant section of the Report on Operations);
- foreign exchange gains on operating items EUR 257 thousand;
- recognition of EUR 2,166 thousand in outstanding debts;
- other operating income of EUR 19,753 thousand, mainly relating to the insurance reimbursement for the claim relating to the Metro-Baltimora project (EUR 19,571 thousand)

Other operating expenses due to third parties amounted to EUR -1,078 thousand (EUR 305 thousand as at 31 March 2024).

They primarily include movements in the provision for expected losses on contracts, linked to the assessment and performance of individual projects. Specifically, during the financial year, the provision recorded additions of EUR 25,532 thousand and utilisations of EUR 38,328 thousand.

The other components of the item consist of indirect taxes for EUR 4,421 thousand (EUR 3,985 thousand as at 31 March 2024), operating interest on trade creditors for EUR 30 thousand, exchange rates losses for operating items for EUR 1,057 thousand, and non-existent other receivables for EUR 55 thousand and other operating expenses for EUR 2,078 thousand (EUR 4,503 thousand as at 31 March 2024).

Other operating expenses relate to membership contributions, donations and charitable donations, gifts, losses from asset sales or scrapping, entertainment and hospitality expenses and other miscellaneous expenses.

For details on other operating income and expenses from related parties, please refer to section 24.21 on related parties and the report on operations (paragraph on "Management and coordination and transactions with related parties").

24.24 Costs for purchases and services

(EUR/000)	31 March 2025	31 March 2024
Purchases of materials from third parties	1,107,598	997,449
Change in raw material inventories	(38,454)	(38,745)
Accrual/utilisation of provision for raw material depreciation	(185)	(1,427)
Total purchases from third parties	1,068,959	957,277
Purchases from related parties	31,551	25,103
Total costs for purchases	1,100,510	982,381
Purchases of services from third parties	841,516	795,759
Rental and operating lease costs		
Lease instalments		
Total costs for services from third parties	841,516	795,759
Costs for services from related parties	299,760	241,720
Total costs for services	1,141,276	1,037,479
Total General	2,241,786	2,019,860

Total costs for purchases and services amounted to EUR 2,241,786 (EUR 2,019,860 as at 31 March 2024); costs for purchases of raw materials, ancillary materials, consumables and goods amounted to EUR 1,100,510 (EUR 982,381 thousand as at 31 March 2024) and costs for services amounted to EUR 1,141,276 thousand (EUR 1,037,479 thousand as at 31 March 2024). The growth is due to the increase in developed activities compared to the previous year.

For details on costs for purchases and costs for services from related parties, please refer to section 24.21 on related parties and the Report on Operations (paragraph on 'management and coordination activities of companies and transactions with related parties').

24.25 Personnel costs

(EUR/000)	31 March 2025	31 March 2024
Wages and salaries	314,898	297,657
Social security and pension contributions	91,869	83,361
Italian post employment benefits	1,903	1,657
Other defined benefit plans	837	500
Defined contribution plans	12,369	11,531
Disputes with personnel	-	-
Restructuring costs	-	-
Recharge of personnel costs	(9,187)	(8,933)
Other costs	7,453	6,818
Total personnel costs	420,142	392,591

Personnel costs amounted to EUR 420,142 thousand, an increase of EUR 27,551 thousand compared to the previous year.

The chargeback mainly relates to labour costs for personnel seconded to other companies, and refers for EUR 3,552 thousand to companies of the STS group, EUR 3,526 thousand to Hitachi Rail Ltd., EUR 26 thousand to the MM4 Consortium, and EUR 665 thousand to the Saturno Consortium, and the residual portion (EUR 1,418 thousand) refers to personnel seconded to other companies.

The registered workforce as at 31 March 2025 was 5,421, of whom 2,668 were in the Rail Control division and 2,753 in the Vehicles division, while the average workforce was 5,223, compared with 5,007 in the previous financial year.

The average workforce, divided by category, is shown below:

	31 March 2025	31 March 2024
Executives	117	117
Managers	634	613
White collar	3,031	2,864
Blue collar	1,441	1,413
Total average headcount	5,223	5,007

The breakdown by category of the total workforce as at 31 March 2025 is also provided below:

	31 March 2025	31 March 2024
Executives	119	119
Managers	642	621
White collar	3,160	2,944
Blue collar	1,500	1,441
Total workforce at the end of the year	5,421	5,125

24.26 Change in finished goods, work-in-progress and semi-finished products

The item had a balance of EUR -4,532 thousand (EUR 13,035 thousand as at 31 March 2024).

(EUR/000)	31 March 2025	31 March 2024
Change in inventories of finished goods, work in progress and semi-finished products	(4,532)	13,035

24.27 Internal work capitalised

This item amounted to EUR 30,720 thousand (EUR 13,999 thousand as at 31 March 2024), and is broken down as follows:

- for the Vehicles division, EUR 24,905 thousand (EUR 7,843 thousand as at 31 March 2024), referred mainly to development costs for new train production platforms for the Regional sector, as well as the new automation and digitisation model for the Caravaggio platforms for Trenitalia and for FerrovieNord Milano, HMU (Hybrid Motor Unit), Tram Torino, Metro Roma and ETR1000 Full Hitachi.
- for the Rail Control division, EUR 5,815 thousand (EUR 6,156 thousand as at 31 March 2024), relative to projects deemed strategic as already illustrated in the section on Intangible assets.

24.28 Amortisation, depreciation and write-downs of financial assets

(EUR/000)	31 March 2025	31 March 2024
Depreciation and Amortisation:		
- Intangible assets	30,877	38,644
- Property, plant and equipment	47,990	49,537
	78,868	88,182
Impairment losses:		
- operating receivables	250	63
- Other fixed assets	-	-
	250	63
Total amortisation, depreciation and write downs	79,118	88,244

Amortisation and depreciation amounted to EUR 78,868 thousand (EUR 88,182 thousand as at 31 March 2024); in particular the balance refers for EUR 30,877 thousand to intangible assets and for EUR 47,990 thousand to property, plant and equipment, shown net of adjustments arising from the utilisation of deferred income related to grants for plant.

The value of write-downs on operating receivables amounted to EUR 250 thousand (EUR 63 thousand as at 31 March 2024) for positions that were assessed during the year as doubtful.

24.29 Financial income and charges

(EUR/000)	31 March 2025			31 March 2024		
	Income	Charges	Net	Income	Charges	Net
Interest on Italian post-employment benefits		990	(990)		1,020	(1,020)
Net exchange rate losses	7,145	3,720	3,425	5,247	3,270	1,977
Results from Fair Value Hedge to Profit and Loss Account	8,425	16,021	(7,596)	7,202	10,401	(3,199)
Results from Cash Flow Hedge to Profit and Loss Account	24,425	27,193	(2,768)	11,797	17,239	(5,442)
Results from Fair Value Hedge to Profit and Loss Account for Financial Assets	-	-	-	-	-	-
Equity investment value adjustments	-	-	-	-	-	-
Other operating financial income and charges	8,082	28,504	(20,422)	7,838	39,545	(31,708)
Gains/losses on equity investments	114,031	0.3	114,030	-	-	-
Dividends	-	-	-	-	-	-
Other operating financial income and charges	162,107	76,429	85,679	32,084	71,475	(39,391)
Dividends	28,653	-	28,653	67,998	-	67,998
Write-downs of equity investments	-	-	-	-	-	-
Other operating financial income and charges	-	-	-	1,246	-	1,246
Gains/losses on equity investments	11,350	-	11,350	-	-	-
Total net financial operating income and charges - related parties	40,003	-	40,003	69,244	-	69,244
Other operating financial income and charges	202,111	76,429	125,682	101,327	71,475	29,853

Net operating financial income and charges show a positive net balance of EUR 125,682 thousand (EUR 29,853 thousand as at 31 March 2024), with a total net increase of EUR 95,829 thousand; they comprise a positive net balance with third parties of EUR 85,679 thousand and a positive balance of EUR 40,003 thousand with related parties, the details of which are described in paragraph 24.21 "Transactions with related parties".

The increase is generated by a rise in operating financial income of EUR 100,784 thousand, partially offset by an increase in operating financial charges of EUR 4,954 thousand.

Operating financial income and charges from third parties mainly refer to:

- Interest on employee severance indemnity amounting to EUR 990 thousand arising from the actuarial calculation as required by IAS 19;
- foreign exchange gains/losses realised or arising from the valuation at the end of the period of the foreign currency balances of the Company's current accounts, with positive effects of EUR 7,145 thousand and negative effects of EUR 3,720 thousand (EUR 5,247 thousand and EUR 3,270 thousand respectively as at 31 March 2024);
- exchange rate gains of EUR 8,425 thousand (EUR 7,202 thousand as at 31 March 2024) and exchange rate losses of EUR 16,021 thousand (EUR 10,401 thousand as at 31 March 2024) related to exchange rate gains/losses arising from exchange rate risk hedging transactions with fair value hedge instruments;
- exchange rate gains of EUR 24,425 thousand (EUR 11,797 thousand as at 31 March 2024) and charges in the amount of EUR 27,193 thousand (EUR 17,239 thousand as at 31 March 2024) from exchange rate risk hedging transactions with cash flow hedge instruments.
- gains on equity investments of EUR 114,031 thousand, arising from the sale of the French subsidiary to Mer Mec;
- other operating financial income and charges, which show a negative net balance of EUR -20,422 thousand (EUR -31,708 thousand as at 31 March 2024), deriving mainly from charges incurred on receivable and payable factoring transactions.

Net operating financial income from related parties totalled EUR 40,003 thousand, a decrease of EUR 29,241 thousand compared to the previous financial year (EUR 69,244 as at 31 March 2024), mainly due to lower distributions of dividends received from investee companies.

(EUR/000)	31 March 2025			31 March 2024		
	Income	Charges	Net	Income	Charges	Net
Financial income/charges from third parties	9,234	7,772	1,461	9,965	7,268	2,697
Financial income/charges from related parties	10,034	4,352	5,683	7,654	17,190	(9,536)
Total financial interest	19,268	12,124	7,144	17,619	24,458	(6,839)

Net financial income and charges showed a positive balance of EUR 7,144 thousand (EUR -6,839 thousand at 31 March 2024).

Financial interest from third parties refers to interest income on current accounts in the amount of EUR 9,234 thousand and interest expenses on current accounts, interest for operating leases and bank fees in the amount of EUR 7,772 thousand.

For financial income and charges from related parties, see paragraph 24.21 'Financial relations with Related Parties'.

24.30 Income tax

Income taxes amounted to EUR 84,745 thousand in the year ending 31 March 2025 (EUR 47,412 thousand as at 31 March 2024) and break down as follows:

(EUR/000)	31 March 2025	31 March 2024
IRES	65,987	28,044
IRAP	10,452	6,403
Prior-year taxes	3,924	3,789
Net deferred tax (income) expense	4,382	9,176
Total	84,745	47,412

The analysis of the difference between the theoretical and effective tax rate for the two comparison years (31 March 2025/31 March 2024) is as follows:

(EUR/000)	31 March 2025			31 March 2024		
	Taxable amounts	Taxes	%	Taxable amounts	Taxes	%
Profit before tax	433,679			221,430		
Taxes calculated at the current tax rate		104,083	24.00%		53,143	24.00%
Deferred tax assets recoverable in the year						
Permanent differentials						
- non-deductible costs	26,517	6,364	1.47%	5,367	1,288	0.58%
- tax-exempt dividends (95%)						
- tax benefit (Aid for Economic Growth - ACE)				(4,918)	(1,180)	-0.53%
- non-deductible write-downs						
- tax breaks on investments (super and hyper depreciation)	(3,850)	(924)	-0.21%	(4,939)	(1,185)	-0.54%
- IRAP deduction - personnel costs	(1,638)	(393)	-0.09%	(2,156)	(518)	-0.23%
- untaxed income	(164,142)	(39,394)	-9.08%	(65,782)	(15,788)	-7.13%
Result net of permanent differences	290,567	69,736	16.08%	149,001	35,760	16.15%
Effective IRES recognised in profit or loss and effective tax rate		69,736	16.08%		35,760	16.15%
IRAP (Regional Income Tax)		11,047	2.55%		7,863	3.55%
Prior-year taxes		3,962	0.91%		3,789	1.71%
Total taxes in the income statement and relevant rate		84,745	19.54%		47,412	21.41%

The effective tax rate as at 31 March 2025 is 19.54% overall; in particular, the IRES rate, equal to 16.07%, is lower than the nominal rate due mainly to the capital gain from the sale of investments subject to the 'Pex' regime and dividends received during the period, taxable for IRES purposes at only 5%, and deductions from 'hyperamortisation/hyperdepreciation' (Industry 4.0 assets). The "normalised" tax item (not taking into account the effect of these deductions) is essentially equal to the nominal IRES rate.

It should also be noted that the Company has filed an application to renew the "Patent Box" benefit for a further five-year period (valid from the tax period ending 31 March 2021 until the tax period ending 31 March 2025) for which the Italian Revenue Agency only started the proceedings with the Company on 9 April 2024: therefore, the effects of the Patent Box benefit have not been accounted for in the Financial Statements as at 31 March 2025.

Furthermore, during 2024, the Company underwent a tax audit for direct taxes and VAT (which began on 11 June 2024) covering the tax period ending on 31 March 2022, conducted by the Campania Regional Directorate – Large Taxpayers Office – which concluded with the notification, on 3 December 2024, of the Report on Findings ("PVC"). The Company, in compliance with the provisions of Article 5-quater of Italian Legislative Decree 218/97, has fully adhered to the content of the PVC, paying (in a single instalment) the amounts emerging from the settlement agreement notified on 11 February 2025 (EUR 45 thousand).

Finally, it should be noted that two tax audits are currently ongoing. The first relates to direct taxes for the tax period ended 31 March 2020 and was initiated following a notice dated 21 February 2025 by the Italian Revenue Agency – Liguria Regional Directorate – Large Taxpayers Audit Office. The second concerns a tax settlement procedure pursuant to Article 12, paragraph 1-bis, of Italian Legislative Decree 218/97, initiated on 19 May 2025 in response to Assessment Notice No. 001/2025 issued by the Italian Revenue Agency – Milan Provincial Directorate I and served on 29 April 2025. This procedure relates to registration tax due on the deed executed before Notary Gaia Sinisi on 1 July 2022 and registered on 4 July 2022, Series 1T, No. 056350.

The following table provides a breakdown of temporary tax differences and related balance sheet and income statement balances:

(Amounts in EUR/000)	31.03.2025			31.03.2024		
	Amount of temporary differences	Tax rate	Amount of deferred tax assets and liabilities	Amount of temporary differences	Tax rate	Amount of deferred tax assets and liabilities
Deferred tax assets						
Work in progress provisions (IRES)	34,224	24.00%	8,214	3,700	24.00%	888
Work in progress provisions (IRAP)	34,224	4.34%	1,540	3,700	4.34%	161
Provision for obsolete goods (IRES and IRAP)	1,635	28.34%	463	1,820	28.34%	486
Provisions for risks and charges (IRES only)	9,741	24.00%	2,338	9,701	24.00%	2,328
Provisions for risks and charges (IRAP only)	924	4.34%	40	1,030	4.34%	46
Non-deductible amortisation/depreciation (IRAP)	1,984	4.34%	86	1,911	4.34%	83
Non-deductible amortisation/depreciation (IRES)	4,817	24.00%	1,156	4,744	24.00%	1,139
Branch exchange translation difference	443	24.00%	106	443	24.00%	106
Loss-generating contracts (IRES)	9,264	24.00%	2,223	54,484	24.00%	13,076
Loss-generating contracts (IRAP)	9,264	4.34%	402	54,484	4.34%	2,437
Bad debt provision	14,331	24.00%	3,440	14,331	24.00%	3,439
Losses on foreign exchange	455	24.00%	109	976	24.00%	234
Write-down of receivables for interest on arrears	83	24.00%	20	83	24.00%	20
Unpaid taxes and contributions	666	24.00%	161	1,198	24.00%	288
Seniority premiums	620	24.00%	149	677	24.00%	162
Foreign exchange differences branches in Equity	46,681	24.00%	11,203	42,219	24.00%	10,133
Cash flow hedge reserve in Equity	24,496	24.00%	5,879	27,632	24.00%	6,632
LIC reserve under Shareholders' Equity	39,829	28.34%	11,289	31,126	28.34%	8,821
Research grants	2,557	24.00%	615	4,298	24.00%	1,035
Total	236,238		49,434	258,557		51,513

	31.03.2025			31.03.2024		
	Amount of temporary differences	Tax rate	Amount of deferred tax assets and liabilities	Amount of temporary differences	Tax rate	Amount of deferred tax assets and liabilities
Deferred taxes						
Research grants (IRES/IRAP)	-	28.34%	-	41	28.34%	12
Research grants (IRES)	5,407	24.00%	1,298	6,602	24.00%	1,584
Bad debt provision (EC framework)	2,106	24.00%	505	2,106	24.00%	505
Interest receivable on arrears not collected	99	24.00%	24	99	24.00%	24
Branch exchange translation difference	91	24.00%	22	91	24.00%	22
Branch exchange differences in equity	-	24.00%	0			
Cash Flow Hedge reserve	-	24.00%	0			
Profit on contracts of less than 12 months	-	24.00%	0	168	24.00%	40
Foreign exchange gains	6,880	24.00%	1,651	7,439	24.00%	1,785
Total	14,583		3,500	16,546		3,973

The IRES and IRAP tax rate used for deferred taxation is the one estimated to be in effect at the time the temporary differences were reversed; specifically, for IRES purposes, deferred taxation was allocated at the new IRES rate in effect as of the tax period following 31 December 2016, which is 24%; for IRAP purposes, on the other hand, the rate used is 4.34%.

It should also be noted that the nominal IRAP rate of 3.9% is increased for regions with 'healthcare' deficits according to their territorial breakdown (increase of 1.07% in Campania and 0.92% in Lazio).

The total amount of deferred tax assets/liabilities recognised as of 31 March 2025 with a balancing entry in shareholders' equity refer to the cash flow hedge reserve (EUR 5,879 thousand in deferred tax assets against a negative shareholders' equity reserve of EUR 24,496 thousand), the foreign exchange delta reserve related to branches (EUR 11,203 thousand in deferred tax assets against net negative reserves of EUR 46,681 thousand) and the LIC reserve recognised upon adoption of IFRS 15 not deducted at year-end (EUR 11,289 thousand in deferred tax assets against net negative reserves of EUR 39,829 thousand).

On 23 May 2023, the IASB issued International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12, which clarifies that IAS 12 applies to income taxes arising from laws that are enacted or substantially enacted to implement the Pillar Two model published by the OECD, including tax laws that introduce a minimum domestic tax (Qualified Domestic Minimum Top-up Taxes).

The Inclusive Framework on Base Erosion and Profit Shifting (BEPS) of the Organisation for Economic Co-operation and Development (OECD) responds to the tax challenges arising from the digitalisation of the global economy. The Global Anti-Base Erosion Model Rules (Pillar Two model rules) apply to multinational companies that report revenues exceeding EUR 750 million in their consolidated financial statements in at least two of the previous four fiscal years.

The Pillar Two Model introduces three new tax mechanisms on the basis of which multinationals will pay a Minimum Tax:

- Qualified Domestic Minimum Top-up Tax (QDMTT)
- Income Inclusion Rule (IIR)
- Under Taxed Payments/Profits Rule (UTPR)

The tax rules are based on a tax treaty framework that generally introduces a minimum level of taxation on certain cross-border intra-group transactions that would otherwise not be subject to a minimum tax rate.

The new tax mechanism may impose a minimum tax on profits earned in each jurisdiction where multinational enterprises (MNEs) operate. The Income Inclusion Rule (IIR), Undertaxed Profits Rule (UTPR), and Qualified Domestic Minimum Top-Up Tax (QDMTT) require the payment of a top-up tax in a jurisdiction if the effective tax rate (ETR) — determined on a jurisdictional basis under the Pillar Two rules — falls below the minimum rate of 15%.

The Group has applied these changes, which introduced:

- A mandatory temporary exception from recognising deferred tax arising from the implementation of Pillar Two model in relevant jurisdictions; and
- Disclosure requirements for affected entities to assist users of the financial statements in understanding the entity's exposure to taxes resulting from the implementation of the Pillar Two model.

The Pillar Two provisions were adopted in the EU at the end of 2023 and are applicable from 1 January 2024. In line with these rules, the Hitachi Group qualifies as an in-scope multinational enterprise, subject to the Pillar Two model requirements. At the same time, legislation incorporating the Pillar Two model has been enacted or substantively enacted in several jurisdictions where the Group operates, effective for accounting periods beginning on or after 1 January 2024.

The Group was involved in a centralised project (Hitachi LTD) for reporting information useful for the checks required by the application of Pillar II regulations. This assessment was made considering the potential exposure to income taxes arising from the Pillar Two requirements based on a 2023 country-by-country analysis and on the financial information of the entities that are part of the Group. In many of the jurisdictions in which the Group operates, the effective tax rate exceeds 15%, and specifically with regard to Hitachi Rail STS S.p.A. and its subsidiaries, no need has arisen to recognise provisions or liabilities.

The Group continues to monitor legislative developments relating to Pillar Two, as additional countries adopt the model rules, in order to assess potential future impacts on its operating results, financial position and cash flows.

24.31 Cash flow generated from operating activities

(Amounts in EUR/000)	31.03.2025	31.03.2024
Net profit (loss)	348,933	174,018
Amortisation, depreciation and write downs	79,118	88,244
Income tax	84,745	47,412
Accruals to provisions	(5,159)	6,276
Italian post employment benefits	1,903	1,657
Costs for defined benefit plans	837	500
Dividends received	(43,468)	(15,764)
Financial income and charges, net of adjustments on equity investments measured at cost	(89,357)	(7,250)
Total gross cash flow from operating activities	377,552	295,094

(Amounts in EUR/000)	31.03.2025	31.03.2024
Inventories	(29,487)	(105,020)
Work in progress and advances from customers	151,757	262,528
Trade receivables and payables	(478,303)	(139,887)
Changes in working capital	(356,032)	17,621

(Amounts in EUR/000)	31.03.2025	31.03.2024
Payment of Italian post-employment benefits and other defined benefit plans	(2,554)	(2,088)
Accruals/reversals of provisions for risks	(6,064)	(1,928)
Changes in other operating items	(337,356)	(183,807)
Total changes in other operating assets/liabilities and net financial charges and taxes paid	(345,974)	(187,823)
Total cash flow generated by (used for) operating activities	(324,454)	124,892

Gross cash flow from operating activities decreased compared to the previous year; with regard to the change in working capital, please refer to section “3.2 Operating and Financial Review of the Parent Company” in the Report on Operations.

24.32 Management of financial risks

The information on financial risks and financial instruments pursuant to International Financial Reporting Standard IFRS 7 ‘Financial Instruments: Disclosures’ and Article 2428, paragraph 2, point 6 bis of the Italian Civil Code is presented below.

The financial risks associated with the Company’s operations are as follows:

- *market risks*, related to the Company’s exposure to interest-bearing financial instruments (interest rate risks) and related to operations in currency areas other than the currency of denomination (exchange rate risks);
- *liquidity risks*, related to the availability of financial resources and access to the credit market;
- *credit risk*, arising from normal trading transactions or financing activities.

The Company specifically monitors each of the aforementioned financial risks, taking action to minimise them in a timely manner through appropriate management policies and also through the use of derivative hedging instruments. In the following paragraphs, the potential impact on the final results of hypothetical fluctuations in benchmarks is analysed through sensitivity analysis, reserve movements and their economic manifestation. These analyses are based, as required by IFRS 7, on simplified scenarios applied to the final data of the periods taken as reference and, by their very nature, cannot be considered indicators of the actual effects of future changes in the reference parameters due to a different capital and financial structure and different market conditions, nor can they reflect the interrelationships and complexity of the reference markets.

Interest Rate Risk

As outlined in the “Treasury Management” directive, interest rate risk management aims to mitigate the negative effects of interest rate fluctuations, which can affect the Company’s income statement, balance sheet and weighted average cost of capital.

The company’s interest rate risk management is instrumental in achieving the following objectives:

- stabilise the weighted average cost of capital;
- minimise and defer the weighted average cost of capital of Hitachi Rail STS from the medium to the long term. To achieve this, interest rate risk management will focus on the effects of interest rates on both “debt funding” and “equity funding”;
- optimise profit on financial investments within a general risk-return trade-off;
- limit the costs related to the execution of interest rate risk management policies, including direct costs related to the use of specific instruments and indirect costs related to the internal organisation necessary to manage the risk itself.

The combined management of assets and liabilities in the short term makes the company relatively neutral to changes in interest rates in the long term.

In the year ended 31 March 2024, interest rate risk was again managed without the use of interest rate derivatives.

The Company deposits the financial resources generated by its operating activities in the current account held with its associate Hitachi International Holland BV for the surplus over operating needs.

Sensitivity analysis on interest rates

Interest rate risks were measured through sensitivity analysis, as required by IFRS 9. With regard to the variable-rate financial asset position, if the reference rates had been 50 basis points higher (lower) at 31 March 2025, the result for the year, before tax effect, would have been EUR 1,162 thousand higher (lower) and the equity higher (lower) by EUR 1,162 thousand.

(EUR/000)	31.03.2024 Value at Floating Rate	31.03.2025 Value at Floating Rate	Average	31.03.2025 Assumption 1	31.03.2025 Assumption 2
Non-current related party loans and receivables	3,217	3,378	3,297	50.00 16	-50.00 (16)
Trade receivables			-	-	-
Assets at fair value			-	-	-
Financial receivables - Third parties			-	-	-
Financial receivables - Related parties	92,365	203,736	148,050	740	(740)
Derivative assets - CF Hedge	6,178	6,505	6,341	32	(32)
Derivative assets - FV Hedge (no back to back)	498	5,906	3,202	16	(16)
Cash and cash equivalents	302,779	162,903	232,841	1,164	(1,164)
Assets	405,036	382,426	393,731	1,969	(1,969)
Non-current financial liabilities - Third parties	6,984	7,019	7,001	35	(35)
Trade payables - third parties	-	-	-	-	-
Financial liabilities - Third parties	-	-	-	-	-
Financial liabilities - Related parties	81,804	208,185	144,995	725	(725)
Derivative liabilities - CF Hedge	12,295	1,479	6,887	34	(34)
Derivative liabilities - FV Hedge (no back to back)	240	4,516	2,378	12	(12)
Liabilities	101,324	221,199	161,261	806	(806)
Total	303,713	161,228	232,470	1,162	(1,162)

Exchange rate risk

The aforementioned directive defines that the Company's exchange rate risk management focuses on achieving the following objectives:

- limit potential losses due to adverse exchange rate fluctuations against the reference currency for the company and its subsidiaries. In this case, losses are defined in terms of cash flow rather than in accounting terms;
- limit the costs, expected or real, associated with the execution of exchange rate risk management policies.

Exchange rate risk should only be hedged if it has a material impact on cash flows with respect to the reference currency.

The costs and risks associated with a hedging policy (hedging, non-hedging or partial hedging) must be acceptable both financially and commercially.

The exchange rate risk may be hedged using the following instruments:

- purchases and sales of foreign exchange forwards: foreign exchange forward transactions are the most widely used instrument for hedging cash flow exposure;
- currency swaps / cross currency swaps: used in conjunction with forward foreign exchange contracts, they are used to dynamically manage hedges by reducing exchange rate risks associated with anticipating or postponing the manifestation of future cash flows in currencies other than the functional currency;
- foreign currency funding/borrowing: foreign currency funding/borrowing is used to mitigate the exchange rate risk associated with speculative credit and debit positions with banking counter parties or Group companies.

The use of foreign currency funding and lending as a hedging instrument must always be aligned with the Company's overall treasury management and financial position (both long-term and short-term).

Buying and selling foreign currency generally turns out to be the hedging instrument used, when, for exotic currencies, the markets are not sufficiently liquid, or when it proves to be the least costly way of hedging.

Exchange rate risk hedging

There are three main types of exchange rate risk:

1. Economic risk:

- the influence that currency fluctuations can have on capital budgeting decisions (investments, location of production units, supply markets).

2. Transaction risk:

- is attributable to the possibility that exchange rates may change in the period between the time at which a commitment to collect or pay currency for a future date arises (price list determination, budget definition, order preparation, invoicing) and the time at which such collection or payment occurs, generating an effect in terms of exchange rate delta (either positive or negative).

3. Translation risk:

- this is the effect on the financial statements of multinational companies of translating dividends, or of consolidating assets and liabilities when exchange rates adopted for consolidation purposes differ from one reporting period to the next.

The company hedges the transaction risk in line with the "Foreign Exchange Rate Risk management policy", i.e. via the systematic hedge of cash flows generated by firm contractual commitments to buy and sell, in order to fix the exchange rates at the date the construction contracts are acquired, thereby neutralising the effects of exchange rate fluctuations.

Fair Value Hedge

Fair value hedging covers exposure to changes in the fair value of a recognised asset or liability, an unrecognised but irrevocable commitment, an identified portion of this asset, liability or irrevocable commitment, related to a particular risk and that could impact profit or loss.

The company hedges fair value changes relating to the currency risk on recognised assets and liabilities.

Exchange rate risk hedging derivatives

Hedging transactions are mostly arranged with the banking system.

As at 31 March 2025, the Company has contracts in place for the following notional foreign currency amounts:

(Local currency in thousands)	Sell2025	Buy2025	31.03.2025	Sell2024	Buy2024	31.03.2024
US Dollar	549,001	128,271	677,271	575,526	143,528	719,054
UK Sterling	3,567	-	3,567	3,982	-	3,982
Swedish Krona	-	353	353	4,831	11,565	16,396
Australian Dollar	14,438	78,858	93,296	7,887	59,985	67,872
UAE Dirham	423,537	-	423,537	425,647	-	425,647
Indian Rupee	101,478	-	101,478	101,478	-	101,478
Total in EUR/000	627,970	164,172	792,142	650,512	169,884	820,396

As at 31 March 2024, the net fair value of derivative financial instruments was positive and amounted to approximately EUR 6,415 thousand and the notional values are shown in the table above. Note that this positive balance includes back-to-back hedging contracts (see paragraph 24.11).

Exchange rate risk concerns receivables and payables in foreign currencies and the balances of the company's permanent establishments.

Exchange rate differences arise from the adoption of the local currency in the preparation of the accounts of the permanent establishment. Except in a few cases, no hedging transactions are undertaken against exchange rate differences related to foreign permanent establishments because the cost of the transaction would exceed the expected benefits.

Sensitivity analysis on exchange rates

For the presentation of market risks, IFRS 9 requires a sensitivity analysis showing the effects that assumed changes in the most relevant market variables have on the income statement and equity.

Exchange rate risks arise from financial instruments (including trade receivables and payables) recorded in the balance sheet or from highly probable future cash flows expressed in currencies other than the functional currency.

Since the foreign currency most used by the Company is the US dollar, a sensitivity analysis was performed on the financial instruments denominated in that currency outstanding at 31 March 2025, assuming an appreciation (depreciation) of the Euro against the US dollar in the order of +/- 5%, holding all other variables constant.

This analysis showed that in the event of an appreciation or depreciation of the euro against the US dollar, there would be the following impacts on the Company's financial statements:

(EUR/000)	31 March 2025		31 March 2024	
	+5% - appreciation of the Euro against the US dollar	-5% - depreciation of the Euro against the US dollar	+5% - appreciation of the Euro against the US dollar	-5% - depreciation of the Euro against the US dollar
Income statement	8,219	(7,438)	4,332	(3,920)

Liquidity risk

The liquidity risk can result in the inability to efficiently manage ordinary business and investment operations and to repay the amounts due at their expiry dates.

In order to support efficient liquidity management and contribute to the growth of its core businesses, the Company has equipped itself with a series of tools to optimise the management of financial resources. This was achieved through the centralisation of treasury and an active presence in the financial markets to obtain adequate short- and medium-/long-term credit lines. Within this framework, the Company has secured short and long-term cash and unsecured credit lines to meet its own and the Group's needs.

Management believes that with a positive net financial position, consisting of cash on hand on demand, and availability for overdraft facilities, the Company is able to meet the needs arising from investment activities, working capital management and repayment of debts at their natural due date.

Liquidity analysis

(EUR/000)	Under 1 year	Between 1 year and 5 years	After 5 years
A - Financial liabilities excluding derivatives			
Non-current liabilities			
Third party loans and borrowings	-	7,019	-
Related party loans and borrowings	-	-	-
Other non-current liabilities	-	12,283	-
Current liabilities			
Trade payables to related parties	126,261	1,155	-
Trade payables to third parties	1,148,006	14,041	-
Related party loans and borrowings	208,185	-	-
Third party financial liabilities	47,694	-	-
Other financial liabilities	-	-	-
Total A	1,530,145	34,498	-
B - Negative value of derivatives			
Hedging derivatives (including back to back derivatives)	17,552	-	-
Trading derivatives (economic hedge)	-	-	-
Total B	17,552	-	-
Total A + B	1,547,697	34,498	-

Against financial liabilities totalling EUR 1,582,195 thousand, the Company has the following financial assets:

(EUR/000)	
C - Financial assets	
Securities held for trading	-
Cash-in-hand and cash equivalents	162,903
Trade receivables - third parties	1,232,430
Trade receivables - related parties	206,673
Third party loan assets	10,290
Related party loan assets	203,736
Positive value of derivatives (including back to back derivatives)	23,967
TOTAL FINANCIAL ASSETS	1,839,999
D - Revocable Credit Lines	145,000
Total C + D	1,984,999
C+D-(A+B)	402,804

It therefore becomes apparent that the Company, in addition to having a net financial position in credit, has sufficient liquidity to finance itself without having to resort to the banking system to finance its activities. Consequently, it has relatively limited exposure to money market tensions.

Credit risk

The Company does not present a significant credit risk, both with regard to the counterparties of its commercial transactions and for financing and investment activities.

With reference to commercial operations, the most significant programmes have public clients or derivatives of public institutions as counterparties, essentially concentrated in the Euro area. Counterparty risks, for contracts with countries with which there are no usual business relations, are analysed and assessed in the offer in order to highlight any solvency risks. The nature of the order, while on the one hand constituting a guarantee of the customer's solvency, can lengthen, in some countries even significantly, the collection time compared to the usual terms in other businesses, generating even significant overdue amounts and the consequent need to resort to liquidation operations. This situation is more pronounced in this period of crisis, as highlighted below.

As at 31 March 2025, trade receivables from third parties totalling EUR 1,232,430 thousand were overdue by EUR 405,458 thousand, of which EUR 188,418 thousand overdue by more than 12 months.

With regard to the concentration of trade receivables from third parties as at 31 March 2025, the attached table shows the information by public institution and other customers, with details by geographic area and by overdue period.

(EUR/000)	Public entities			Other customers			Total
	Area Europe	Area America	Other	Area Europe	Area America	Other	
Retentions not overdue	4,082	-	-	136,264	-	65,457	205,803
Overdue by less than one year	13,600	3,865	-	392,793	918	155,525	566,701
Overdue between one and five years	16,394	4,311	-	104,421	-	91,914	217,040
Overdue by more than five years	-	-	-	25,784	7,231	155,403	188,418
Overdue by more than five years	-	-	-	-	-	-	-
Total	34,075	8,176	-	677,485	8,149	504,544	1,232,430

Classification of financial assets and liabilities

The table below shows a breakdown of the company's assets by valuation class. Financial liabilities are all recognised using the "amortised cost" method.

	Fair value on the income statement	Loans and receivables	Held to maturity	Available for sale	Total	Fair Value
Non-current assets						
Loans and Receivables	-	21,344	-	-	21,344	21,344
Related party loan assets	-	3,378	-	-	3,378	3,378
Other assets - third parties	-	732	-	-	732	732
Current assets						
Assets at fair value - third parties	-	-	-	-	-	-
Trade receivables - third parties	-	1,232,430	-	-	1,232,430	1,232,430
Trade receivables - related parties	-	206,673	-	-	206,673	206,673
Financial receivables - third parties	-	10,290	-	-	10,290	10,290
Financial receivables - related parties	-	203,736	-	-	203,736	203,736
Other assets - third parties	-	202,399	-	-	202,399	202,399
Other assets - related parties	-	-	-	-	-	-

IFRS 9 provides for the classification of the fair value of derivatives according to benchmarks that can be derived either from the market or from other financial indicators (e.g. interest rate curves, exchange rates, etc.). Financial derivatives on currencies to hedge currency risk fall within Level 2 of the hierarchy because the fair value of these instruments is determined by recalculating their present value using official end-of-period fixings for exchange rates and interest rates quoted on the market.

The table below shows the fair values of financial instruments in the portfolio, excluding back-to-back derivatives.

Hierarchy at the reporting date K€	Fair Value/ 31.03.2025 Level 2	Fair Value 31.03.2024 Level 2
Assets		
<i>Interest rate swap</i>		
<i>Trading</i>	-	-
<i>Fair value hedge</i>	-	-
<i>Cash flow hedge</i>	-	-
<i>Currency forward/swap/option</i>		
<i>Trading</i>	-	-
<i>Fair value hedge</i>	5,906	498
<i>Cash flow hedge</i>	6,505	6,178
Equity instruments (trading)	-	-
Embedded derivatives (trading)	-	-
Liabilities		
<i>Interest rate Swap</i>		
<i>Trading</i>	-	-
<i>Fair value hedge</i>	-	-
<i>Cash flow hedge</i>	-	-
<i>Currency forward/swap/option</i>		
<i>Trading</i>	-	-
<i>Fair value hedge</i>	1,656	240
<i>Cash flow hedge</i>	4,339	12,295
Equity instruments (trading)	-	-
Embedded derivatives (trading)	-	-

Information pursuant to Article 1 paragraph 125 of Law 124/2017

During the 2024 financial year, Hitachi Rail STS SpA received grants relating to projects financed by Invitalia-MISE for an amount of EUR 4,474,609.07.

Period	Lending Subject	Contribution Received	Reason
February 2025	INVITALIA SPA - MISE	1,022,410.00	Industrial Development Contract CDS 000531 under Italian Ministerial Decree 09/2014
March 2025	INVITALIA SPA - MISE	3,452,199.07	Industrial Development and Research and Development Contract CDS 000609 pursuant to Ministerial Decree 09/2014 - relating to the industrial research and experimental development project

For further details on the grants from which the Company has benefited, please consult the National State Aid Register, available online at the following address: <https://www.rna.gov.it/trasparenza>.

24.33 Highlights at 31 March 2025 of the company that carries out management and coordination activities (Article 2497-bis of the Italian Civil Code)

1. The key figures of the parent company Hitachi Ltd., shown in the summary table required by Article 2497 bis of the Civil Code, were extracted from the relevant financial statements for the year ended 31 March 2025.
2. For an adequate and complete understanding of the financial position of Hitachi Ltd. as at 31.03.2025, as well as the economic result achieved by the Company in the financial year ended on that date, please refer to reading the financial statements, which, accompanied by the independent auditors' report, are available in the form and manner required by law.
3. It should be noted that the last financial statements approved to date are those as at 31 March 2025, as Hitachi Ltd. has a financial year that begins on 1 April and ends on 31 March.

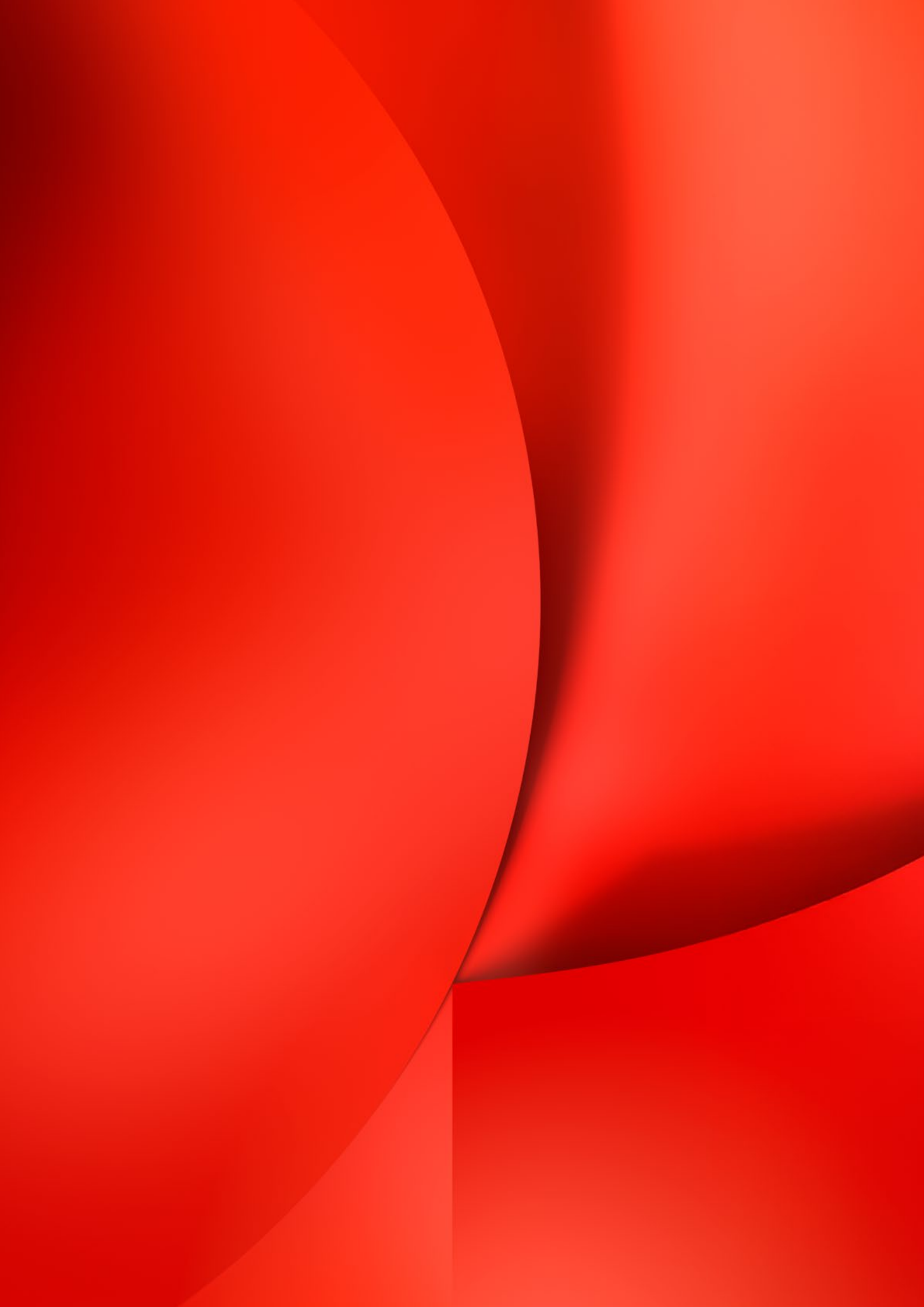
HITACHI LTD (Milioni di Yen)	31 March 2025 ^(*)
BALANCE SHEET	
ASSETS	
NON-CURRENT ASSETS	5,392,346
CURRENT ASSETS	1,123,104
TOTAL ASSETS	6,515,451
LIABILITIES	
SHAREHOLDERS' EQUITY	
- Share Capital	464,384
- Reserves and retained earnings	2,733,008
- Profit for the year	390,107
	3,587,499
NON-CURRENT LIABILITIES	820,569
CURRENT LIABILITIES	2,107,382
TOTAL LIABILITIES	6,515,451
INCOME STATEMENT	
REVENUES	1,774,233
OTHER REVENUES	264,688
COSTS	(1,610,309)
EXTRAORDINARY INCOME AND CHARGES	17,971
INCOME TAXES FOR THE YEAR	(56,474)
PROFIT (LOSSES) FROM DISCONTINUED OPERATIONS	-
PROFIT FOR THE YEAR	390,107

Hitachi LTD prepares consolidated financial statements

^(*) The last financial statements approved by Hitachi Ltd are those as at 31 March 2025

For the Board of Directors
Chairman and Chief Executive Officer
Mr Luca D'Aquila







Hitachi Rail STS S.p.A.

Consolidated financial statements as at March 31, 2025

**Independent auditor's report pursuant to article 14 of
Legislative Decree n. 39, dated 27 January 2010**

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Board of Directors of
Hitachi Rail STS S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Hitachi Rail STS Group (the Group), which comprise the consolidated statement of assets and financial position as at March 31, 2025, and the consolidated income statement, the consolidated statement of comprehensive income, statement of changes in consolidated shareholders' equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as 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 Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union, and, within the terms provided by the 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 Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Hitachi Rail STS S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee (“Collegio Sindacale”) is responsible, within the terms provided by the law, for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and 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 have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have 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 identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-bis) and e-ter) of Legislative Decree n. 39 dated 27 January 2010

The Directors of Hitachi Rail STS S.p.A. are responsible for the preparation of the Report on Operations of Group Hitachi Rail STS as at March 31, 2025, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations, with the consolidated financial statements;
- express an opinion on the compliance of the Report on Operations with the applicable laws and regulations;
- issue a statement on any material misstatements in the Report on Operations.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Hitachi Rail STS Group as at March 31, 2025.

Furthermore, in our opinion, the Report on Operations complies with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-ter), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Napoli, June 30, 2025

EY S.p.A.

Signed by: Eugenio Amodio, Auditor

This report has been translated into the English language solely for the convenience of international readers.



Hitachi Rail STS S.p.A.

Financial statements as at March 31, 2025

**Independent auditor's report pursuant to article 14 of
Legislative Decree n. 39, dated 27 January 2010**

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Sole Shareholder of
Hitachi Rail STS S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hitachi Rail STS S.p.A. (the Company), which comprise the statement of assets and financial position as at March, 31 2025, and the income statement, the statement of comprehensive income, statement of changes in shareholders' equity and cash flow statement 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 at March 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as 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 our report.

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

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union, and, within the terms provided by the 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, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee (“Collegio Sindacale”) is responsible, within the terms provided by the law, for overseeing 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and 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 have 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 have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of 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 consider this matter in forming 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 have 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 have 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 identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-bis) and e-ter) of Legislative Decree n. 39 dated 27 January 2010

The Directors of Hitachi Rail STS S.p.A. are responsible for the preparation of the Report on Operations of Hitachi Rail STS S.p.A. as at March 31, 2025, including its consistency with the related financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations, with the financial statements;
- express an opinion on the compliance of the Report on Operations with the applicable laws and regulations;
- issue a statement on any material misstatements in the Report on Operations.

In our opinion, the Report on Operations is consistent with the financial statements of Hitachi Rail STS S.p.A. as at March 31, 2025.

Furthermore, in our opinion, the Report on Operations complies with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-ter), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Napoli, June 30, 2025

EY S.p.A.

Signed by: Eugenio Amodio, Auditor

This report has been translated into the English language solely for the convenience of international readers.

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HITACHI

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and coordination of Hitachi Ltd.

Registered office in Naples, Via Argine, 425

Paid-in share Capital EUR 100,000,000

Naples company registration no. and tax code 01371160662

A Hitachi Group Company

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