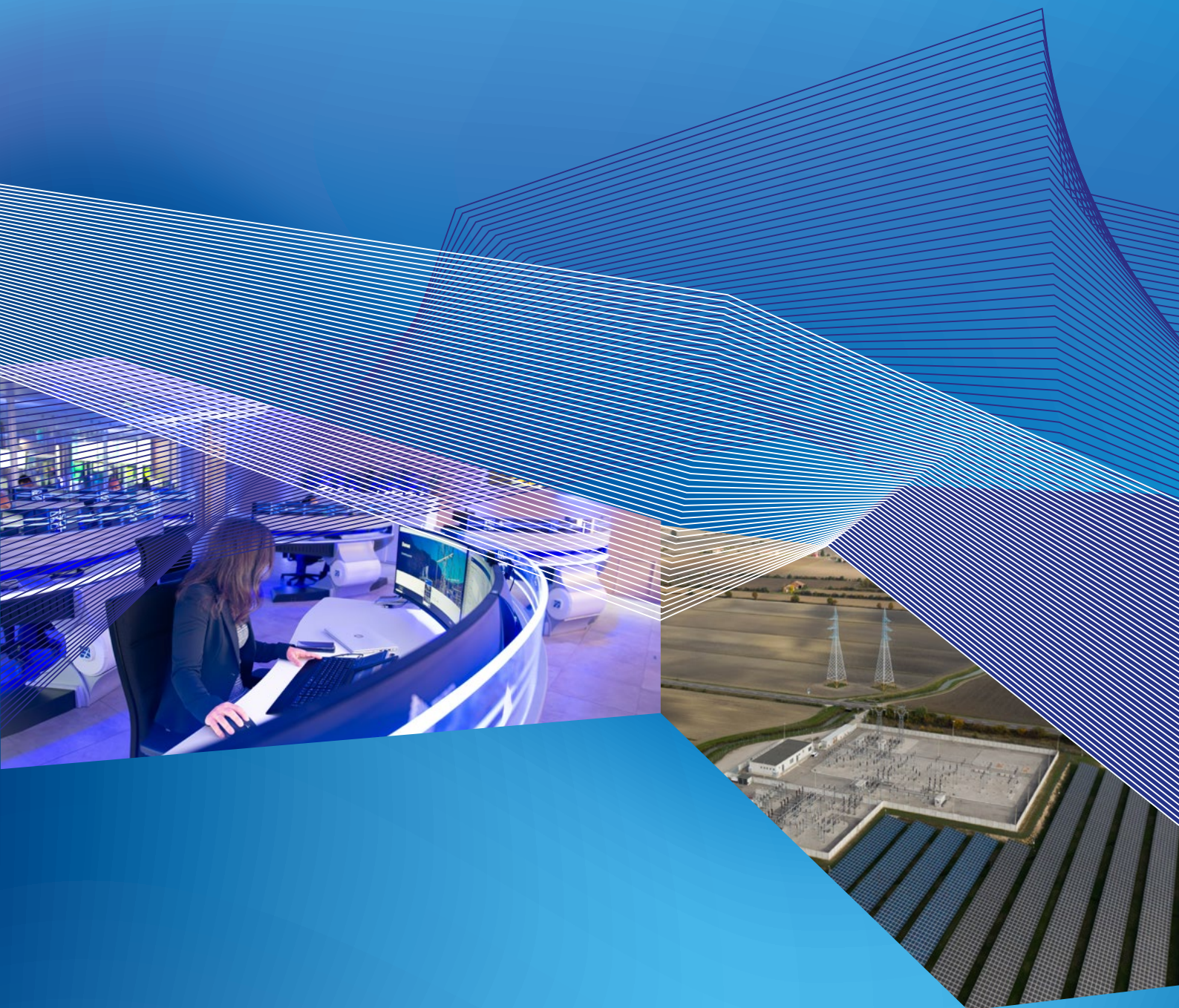


# 2025

Consolidated Interim  
Financial Report -  
**31 March**





INTRODUCTION

*The Terna Group's Consolidated Interim Financial Report for the three months ended 31 March 2025 has not been audited and was prepared voluntarily, pursuant to art. 82-ter of CONSOB Issuers' Regulation (as amended by CONSOB Resolution 19770 of 26 October 2016).*



## “ Terna is investing in Italy's development

We guarantee energy security and balance electricity supply and demand 24 hours a day, ensuring that the system is reliable, efficient and accessible to all.

We invest and innovate every day in the development of an electricity grid capable of integrating the energy produced from renewable sources, improving links between the different areas of the country and strengthening cross-border interconnections, applying a sustainable approach that takes into account the needs of the communities and people we work with. ”

MISSION

## “ We are behind the energy you use every day

We are responsible for guaranteeing the continuity of power supply, essential in making sure that electricity reaches Italian homes and businesses at all times.

We provide everyone with equal access to electricity and are working to provide clean energy for future generations. ”

PURPOSE

## “ We care about the future of energy

We are committed to building a future powered by clean energy, enabling new forms of consumption and production increasingly based on renewable sources. This will allow us to achieve the goal of delivering an energy transition that is fair and inclusive, whilst also lowering costs.

Thanks to our overall vision of the electricity system and new digital technologies, we are leading the country's drive to get to net zero by 2050, in line with European climate goals. ”

VISION



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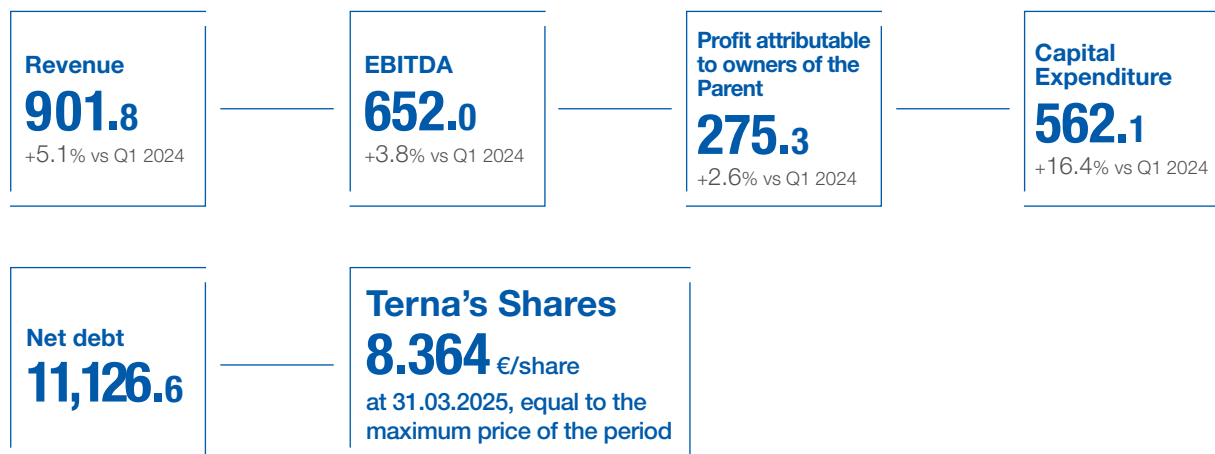
# Q1 2025 overview

In March, the **to the 2024-2028 Industrial Plan Update** was presented, providing for **total investments of €17.7 billion**. With this Plan, Terna consolidates its role as an enabler of the energy transition and significantly accelerates its commitment to serving the country by advancing decarbonisation and reducing its dependence on foreign sources of supply.



## ECONOMIC FINANCIAL

(€m)



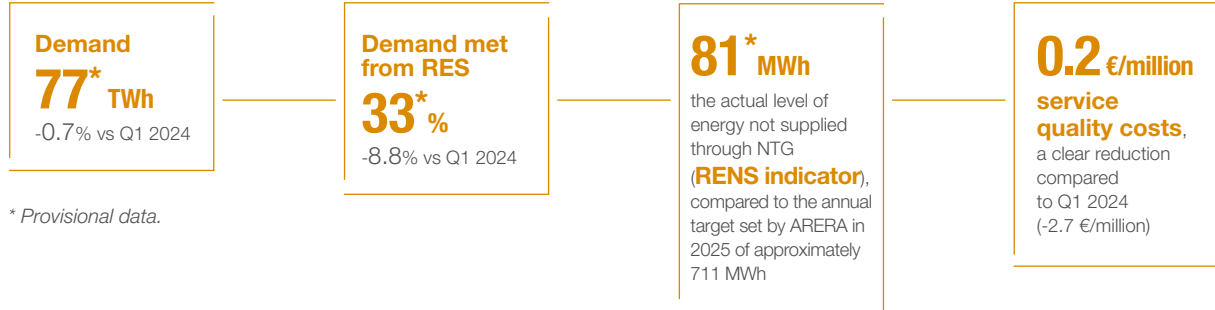
Launched in February, under the Euro Medium Term Notes (EMTN) Programme, **a green, fixed-rate, single-tranche bond issue**, for a total amount of **€750 million** and a **duration of seven years**.

Signed in March an **ESG-linked Revolving Credit Facility** for a **total amount of €1.8 billion** to refinance the ESG Revolving Credit Facility signed in December 2021 for an original amount of €1.65 billion.

Following the presentation of the 2024-2028 Industrial Plan Update in March, **Terna's long-term ratings** were confirmed **one notch higher than those of the Italian Republic** (BBB+ for Standard & Poor's and Baa2 for Moody's). In April, **Standard & Poor's** announced that it had **upgraded Terna's long-term rating to "A-" from "BBB+"**, maintaining it one notch above the rating of the Italian Republic, with a stable outlook. The short-term rating was confirmed at "A-2". The upgrade of the rating by the agency follows that of the Italian Republic (from BBB to BBB+).

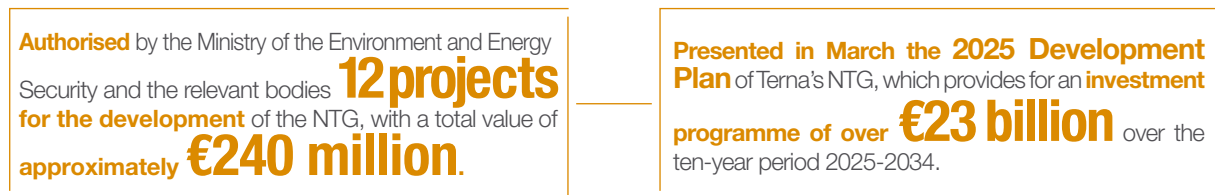


## OPERATIONAL Electricity system

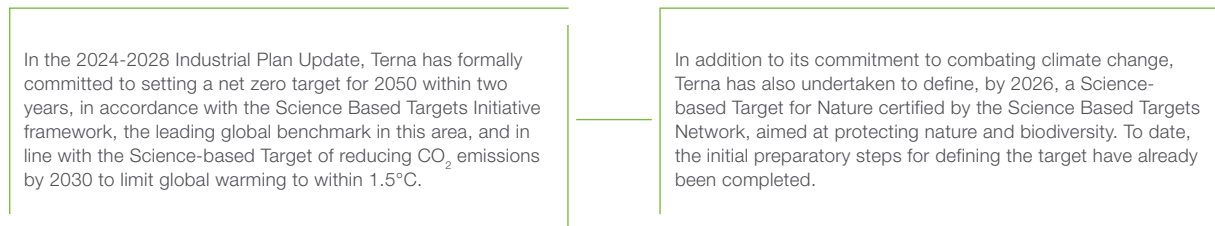


\* Provisional data.

## Infrastructure



## ENVIRONMENTAL



## SOCIAL



As part of the voluntary consultation process that Terna undertakes with all local authorities and communities affected by the electricity infrastructure projects set out in the 2025 Development Plan, **nine "Terna Incontra"** events were held between January and February. The first, an introductory event, concerned the new electricity connection between Milan and Montalto di Castro, and was dedicated to the stakeholders located across the five regions crossed by the new infrastructure: Lazio, Tuscany, Liguria, Emilia-Romagna and Lombardy. Subsequently, eight further "Terna Incontra" events were held for the 36 municipalities involved in the project, each dedicated to a specific territory.



## Innovation and Digitalisation

Inaugurated in January, the **Terna Innovation Zone Tunisia**, the first innovation hub in Africa managed by Terna with the aim of strengthening the strategic partnership between Italy and Tunisia and promoting technological innovation, fostering the development of skills in the Tunisian energy sector.

## International Indices and ESG Ratings

Thanks to its commitment to combating climate change, in the first quarter of 2025 Terna received further **recognition from CDP (formerly the Carbon Disclosure Project)** the global non-profit organisation specialising in environmental reporting and assessing the climate performance and strategies adopted by companies. In particular, in February, CDP once again placed Terna in the “Leadership” category, confirming its “A-” rating. In January, Terna was also included in the “**Most Climate-conscious Companies**” ranking – compiled by “Corriere della Sera” and “Statista” – which rewards Italian companies that have reduced the ratio between their CO<sub>2</sub> emissions and turnover the most.

Finally, **Terna** was **confirmed** in all the main **ESG indices** in which it was present; among the confirmations in the first quarter of 2025, special mention goes to the Stoxx Global ESG Leaders Index, in which Terna has been included since 2011, and the MIB ESG Index, Italy’s first blue-chip index dedicated to environmental, social and governance best practices.

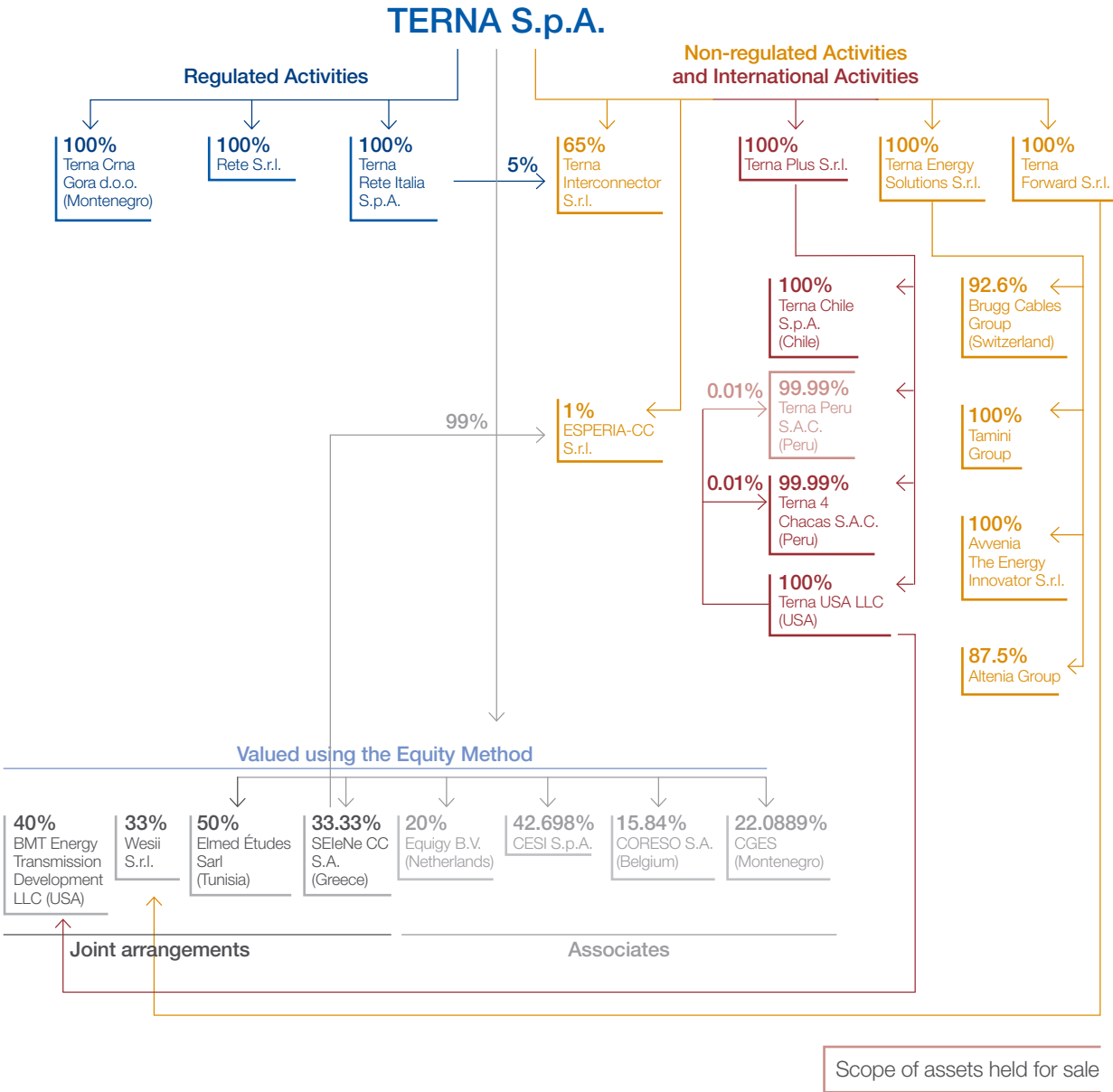
## Other events during the period

Presented in April the **High Competence Polytechnic Network** promoted by Terna in collaboration with Politecnico di Torino, Politecnico di Milano, and Politecnico di Bari, aimed at fostering research, innovation and high-level training to strengthen the security and resilience of the grid and electricity system.



# Structure of the Group

In line with the role and the objectives of enabler of the current energy and digital transition, below is the Group's corporate structure as of 31 March 2025.



Compared at 31 December 2024, on **4 March 2025**, following the reorganisation of the Non-regulated Activities, LT S.r.l. changed its company name to Altemia S.r.l..

It should also be noted that, on **17 December 2024**, the liquidation process of the company Terna Chile S.p.A. was formally initiated. The process is expected to be completed during the course of 2025.





# 1

## The energy sector



# Electricity demand and production in Italy

## Electricity demand

In the first three months of 2025, demand for electricity in Italy amounted to 77,363 GWh, marking a **slight decrease of 0.7% compared with the same period in 2024.**

ELECTRICITY BALANCE IN ITALY (GWh)*	Q1 2025**	Q1 2024**	CHANGE	% CHANGE
Net production	65,346	61,413	3,933	6.4%
From overseas suppliers (imports)	13,828	17,550	(3,722)	(21.2%)
Sold to overseas customers	(1,129)	(612)	(517)	84.5%
For use in pumping***	(487)	(469)	(18)	3.8%
Standalone storage intake****	(195)	(6)	(189)	-
<b>Total demand in Italy</b>	<b>77,363</b>	<b>77,876</b>	<b>(513)</b>	<b>(0.7%)</b>

\* Does not include demand for energy for ancillary services related to electricity production.

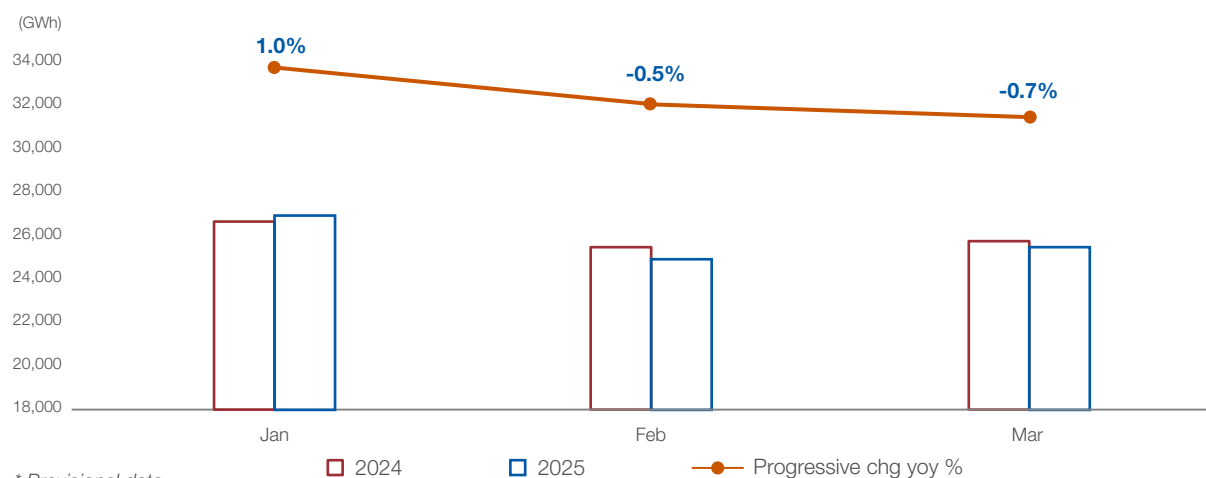
\*\* Provisional data.

\*\*\* Electricity used for pumping water for subsequent use in the production of electricity or as a way of immediately balancing overproduction.

\*\*\*\* Electricity absorbed by standalone storage (electrochemical storage systems not integrated into production plants) for the purpose of being used at a later date for the production of electricity or to immediately balance excessive production. This item was included in the total demand figure starting from the 2024 annual final figures; therefore, the total demand figure for Italy for the first quarter of 2024 has been restated.

The trend in electricity demand in Italy in the first three months of 2025 is broadly in line with the same period of 2024 (down 0.7%), mainly reflecting the comparison with a leap year.

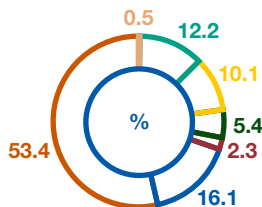
### Monthly demand for electricity\*



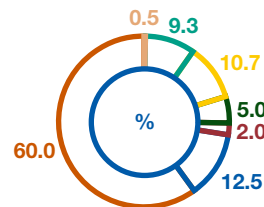
## Meeting demand and energy production

### Net electricity production by source

**Q1 2024\***  
61.4 TWh



**Q1 2025\***  
65.3 TWh



- Net wind production
- Net photovoltaic production
- Net biomass production
- Net geothermal production
- Net renewable hydro production
- Net thermal production
- Net non-renewable hydro production

\* Provisional data.

Electricity production in the first three months of 2025 recorded an increase of 6.4% compared with to the same period of 2024, mainly attributable to non-renewable sources.

In the first quarter of 2025, approximately **33%** (provisional data) **of the total electricity demand was met from renewable energy sources**, down from the same period in 2024 (36% provisional data). Looking at individual sources, there was a decrease in wind production (down 19.1%, due to low wind conditions), hydroelectric production (down 17.5%, mainly due to the fact that the previous year was a record year), geothermal production (down 3.2%), and biomass production (down 1.9%), while photovoltaic production increased (up 13.7%, mainly due to the higher level of installed photovoltaic capacity).



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# 2

The Terna  
Group's  
business



# Operating activities

In line with the enabling factors of the 2024-2028 Industrial Plan Update, the Terna Group's business model is structured into two main distinct areas of activity: Regulated Activities that correspond to the core business (Electricity Transmission and Dispatching) and coincide with the obligations deriving from the government concession and the Non-regulated Activities, i.e., the complementary strand that operates in the free market and integrates diversified skills along the entire energy value chain for the design, engineering, operation and maintenance of solutions for the energy market. These activities are complemented by International Activities.

## Regulated Activities

### Electricity transmission and dispatching: Terna's role for the country

The Italian electricity supply chain consists of four segments: production, transmission, distribution and the sale of electricity. With its transmission and dispatching activities, Terna occupies the key transmission segment.

Terna **operates** Italy's high and very-high-voltage national transmission grid (NTG), one of the most modern and technologically advanced in Europe. It is the continent's largest independent transmission system operator and one of the leading operators in the world with more than 75 thousand kilometres of circuits. Planning for development of the NTG, the performance of construction services and the maintenance of electricity infrastructure are the three areas of responsibility included in the regulated electricity transmission business.

As a **Transmission System Operator (TSO)**, Terna not only has to design a grid capable of dealing with the progressive decarbonisation and the ever-growing integration of renewable sources (transmission operator), but also ensure that, moment by moment, consumer demand for energy is constantly balanced with production, through **dispatching** (system operator). Terna has the key and delicate role of guaranteeing this balance through a high-technology system, using a specific market, in which it makes daily purchases of the services necessary to constantly ensure the continuity and security of electricity supply.

## The Group's capital expenditure

The Terna Group's **total capital expenditure** in the first quarter of 2025 amounts to **€562.1 million**, an increase compared with €482.7 million in the first three months of the previous year (**up 16.4%**).

(€m)

	Q1 2025	Q1 2024	CHANGE	Δ% CHANGE
Development Plan <sup>(1)</sup>	294.8	297.2	(2.4)	(0.8%)
Security Plan	72.6	44.0	28.6	65.0%
Projects to renew electricity assets	120.6	89.5	31.1	34.7%
Other capital expenditure <sup>(1)</sup>	38.7	31.5	7.2	22.9%
<b>Total Regulated Assets</b>	<b>526.7</b>	<b>462.2</b>	<b>64.5</b>	<b>14.0%</b>
<b>Non-regulated Assets<sup>(2)</sup></b>	<b>7.8</b>	<b>6.2</b>	<b>1.6</b>	<b>0.3%</b>
<b>Capitalised financial expenses</b>	<b>27.6</b>	<b>14.3</b>	<b>13.3</b>	<b>93.0%</b>
<b>Total capital expenditure</b>	<b>562.1</b>	<b>482.7</b>	<b>79.4</b>	<b>16.4%</b>

<sup>(1)</sup> The figures for the first three months of 2024 have been restated due to changes in the investment purpose, without modifying the overall value of capital expenditures in regulated assets.

<sup>(2)</sup> Capital expenditures in non-regulated assets primarily regard the re-routing of power lines for third parties and non-core business companies of the Group.

Among the regulated assets, the main ones **entering service** in the first quarter of 2025 are as follows:

#### Power Lines and cables:

- 150 kV Primary substation Genzano-Oppido Electric Substation power line (+13.2 km) (PZ);
- 150 kV cable between Zona Industriale Catania Electric Substation and STMicroelectronics User Substation (+2.9 km) (CT).

#### Substations:

- Premadio (+1 bay) (SO).

## Main regulated works carried out during the period

> DEVELOPMENT PLAN – €294.8 million

### East Link

**Cable Connections:** construction of the terrestrial cable ducts underway in Sicily and Campania, with civil engineering works approximately 67% complete; completed the submarine laying the first piece of cable for the first pole and loading of the second piece onto the vessel.

**Converter Substations:** successful completion of transformer short circuit test in March 2025. Work on the structural components of the main buildings is progressing, and assembly of the control building in Eboli has begun.

Tyrrhenian Link  
(€84.6 million)

### West Link

**Cable Connections:** production of the submarine cable and the terrestrial cables for the first pole completed, and construction of the terrestrial cable ducts in both Sicily and Sardinia for their installation under way. Production of the cables and power line for the second pole has commenced.

**Converter Substations:** executive design and production of equipment and main prefabricated buildings under way. At Termini Imerese, activities for the removal of interferences (archaeological sites and 150 kV lines) are in progress at the substation site, while at Selargius, activities for the construction of the substation floor have begun.

**Cable Connections:** drilling at the landing sites in Tuscany and Sardinia, finalisation of the executive design for civil works and cable overland routes, terrestrial surveys in Corsica and production of the overland cable under way.

**Converter Substations:** executive design and the last phase of demolition work in preparation for the start of construction sites in Suvereto are in progress. Production of electrical equipment under way.

**Corsica Overhead Line:** construction sites started in 2024 and surveys and preparation of access tracks to supports in progress.

Sa.Co.I.3  
(€55.5 million)



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Adriatic Link (€16.4 million)	<p><b>Cable Connections:</b> civil works of the terrestrial cable in the Marche region under way, qualification tests and the detailed marine survey started.</p> <p><b>Converter Substations:</b> preliminary activities completed in Fano and being finalised in Cepagatti. The executive design and procurement of major supplies are in progress.</p>
Olympics Projects (€15.8 million)	<p><b>Connection Livigno:</b> excavation and laying carried out for approximately 90% and 40%, respectively, of the total 19.8 km of the connection; approximately 35% of the total 70 joints/terminals completed.</p> <p><b>Primary Substation Laion – Primary Substation Corvara and Corvara reactor:</b> excavation nearing completion, laying of the total 22.9 km in progress and approximately 40% of the total 35 joints/terminals completed. Construction works at the Corvara primary substation opened and work on the access ramp and reactor foundation started.</p> <p><b>Primary Substation Brunico – Substation Vandoies:</b> excavation and cable laying for approximately 63% and 23% respectively of the total 21.5 km connection under way; jointing started, with around 10% of the 31 total joints/terminals completed. Preparation at the Vandoies substation site completed, and construction of the foundations and the building structure nearing completion.</p> <p><b>Substation Moena – Primary Substation Campitello:</b> excavation and laying activities for approximately 83% and 62% of the total 19.5 km, respectively, under way and approximately 50% of the total 26 joints/terminals completed. Preparation of the Moena substation site completed.</p>
Colunga-Calenzano power line (€11.7 million)	<p><b>380 kV Colunga-Calenzano Power Line:</b> approximately 50% of the foundations completed, assembly of approximately 30% of the supports and stringing of the cables of the first sections started.</p>
Bolano-Annunziata (€10.7 million)	<p><b>380 kV Bolano-Annunziata cable Variant and Substation Annunziata:</b> excavation of the total 3.3 km of connection in progress; Annunziata substation construction sites open and construction of the substation floor at an advanced stage.</p> <p><b>380 kV Bolano-Annunziata Doubling:</b> cable production started and detailed marine survey completed in March.</p>
Cassano-Chiari power line (€5.2 million)	<p><b>380 kV Cassano-Chiari Power Line:</b> construction of approximately 60% of the foundations and erection of approximately 54% of the supports out of a total of 70 completed; stringing of approximately 50% of the cables on a total of 35.3 km of connection completed.</p>
Chiaromonte- Gulfi-Ciminna (€3.9 million)	<p>Executive design and preliminary activities at an advanced stage, including the securing of easements for support areas, release of areas affected by unexploded ordnance clearance, and geotechnical and geophysical surveys, all aimed at enabling the opening of the first two sections out of a total of eight in the second half of the year.</p>
Paternò- Pantano-Priolo (€3.6 million)	<p><b>380 kV Pantano-Priolo Power Line:</b> construction of the foundations, assembly of the supports (116 in total) and stringing of the cables (35.3 km total connection) in progress.</p> <p><b>380/220/150 kV Pantano Substation:</b> finishing and planning of the activities for the assembly of an additional no. 2 ATR 380/150 kV in progress.</p>

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## > SECURITY PLAN<sup>1</sup> – €72.6 million

**Aurelia compensator:** commissioning nearing completion, for entry into service. Synchronous compensators (€23.1 million)

**Other Sites (Caracoli, Forlì, Troia):** following the awarding of contracts, discussions with suppliers started for the installation of the new equipment.

**Rizziconi:** commissioning of the converter nearing completion for entry into service in the coming months. Stabilising resistors<sup>2</sup> (€3.6 million)

**Scandale:** construction sites opened and civil works underway, production of major supplies under way.

**Other sites (Feroletto, Melilli, Brindisi):** design and production of major supplies under way.

**Nogarole reactor:** testing activities aimed at entry into service scheduled in the coming months nearing completion. Reactors (€3.0 million)

**Chiari reactor:** assembly of the reactor completed and assembly of the control system nearing completion for the first scheduled entry into service in the coming months.

This project aims to boost the availability of data on the grid in order to make it easier to monitor and manage the security of the electricity system, by increasing and expanding the fibre optic network. Fiber for the Grid (€2.3 million)

In the first quarter of 2025, 4 substations were connected via proprietary fibre, adding to a total of 575 remotely operated substations.

## > PROJECTS TO RENEW ELECTRICITY ASSETS – €120.6 million

Fulfilment of the commitment to carry out works to renew electricity assets to improve the reliability and resilience of the NTG has continued. Renewal of electricity assets

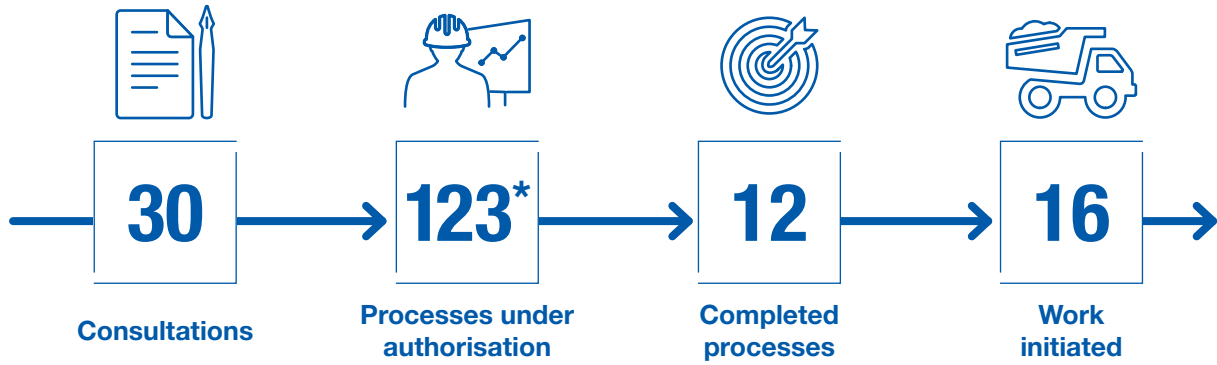
After the overhead line and station machinery renewal, around 57 km of circuits and 2 machines (2 reactors) were replaced as at 31 March 2025.

<sup>(1)</sup> Synchronous compensators devices and reactors are grid components that carry out reactive compensation.

<sup>(2)</sup> Stabilising resistors are devices that provide dynamic stability and damping of grid oscillations and can be used in restart strategies to mitigate disturbances from renewable sources.

## Consents processes in the first quarter of 2025

During the first quarter of 2025, **12 projects** for the development of the National Transmission Grid **were authorised** by the Ministry of the Environment and Energy Security and the relevant Regional Authorities, for a total amount of approximately €240 million.



\* It should be noted that the figure relates to pending processes as at 31 March 2025, i.e., procedures formally initiated both at the Ministry of the Environment and Energy Security and at the Regions and Autonomous Provinces and not yet completed.



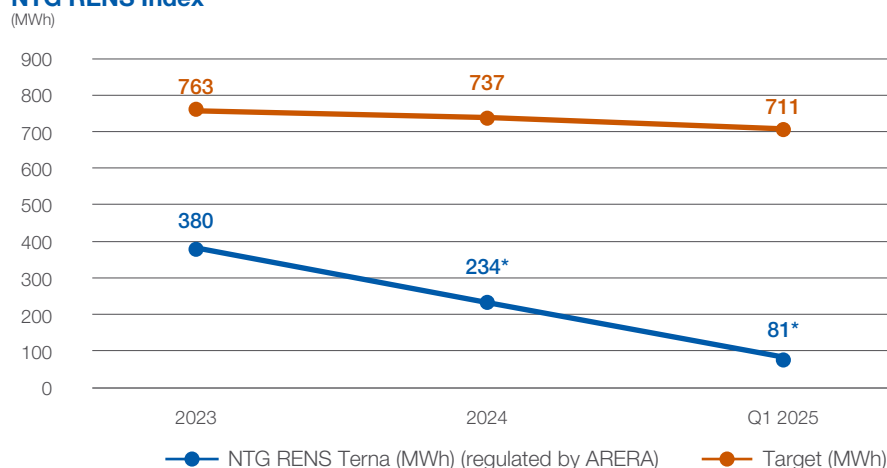
## Continuity and quality of service

Each segment of the electricity system – generation, transmission and distribution – plays a role in ensuring the availability of electricity in Italy, guaranteeing adequate quality standards and keeping the number of outages below pre-set thresholds.

Terna monitors service continuity through various indicators defined by ARERA (Resolution no. 55/24) and in its Grid Code.

These continuity indicators are significant for the system, as they monitor the frequency and impact of events that have occurred on the electricity grid as a result of faults or due to external factors, such as weather events. In all cases, the period of observation is three years, a period in which there have been no significant changes, testifying to the high quality of service achieved.

### NTG RENS Index<sup>1</sup>



\* Provisional data.

The **NTG RENS** indicator, based on linked preliminary data for the period from January to March 2025, amounts to 81 MWh (provisional data and annual target of approximately 711 MWh set by ARERA).

As regards the **ASA** indicator, availability was 99.99993% (provisional data) in the first quarter of 2025, compared with 99.99985% (provisional data) in the previous period. The operating performance shows that ASA has remained stable at a high level over the years (the higher the indicator, the better the performance). This indicator shows that the energy not supplied following a fault on the owned grid represents a minimal part of the total quantity of energy supplied to users of the grid.

Existing regulations (set out in Resolution no. 55/2024/R/eel) envisage a series of mechanisms designed to regulate and encourage improvements in the quality of service provided by Terna. The overall economic effects of these mechanisms are accounted for at year end (including RENS).

With regard to costs, which are determined periodically on the basis of occurring events, Terna registered a balance of €0.2 million in the first quarter of 2025, compared to €2.9 million in the first quarter of 2024.

### Continuity indicators used

#### RENS\*

**What it measures**  
Energy not supplied following events affecting the relevant grid\*\*.

**How it is calculated**  
The sum of the energy not supplied to users connected to the NTG (following events affecting the relevant grid, as defined in the ARERA regulations governing quality of service).

\* Regulated Energy Not Supplied.

\*\* The "relevant grid" refers to all of the high-voltage and very high-voltage network.

#### ASA\*\*\*

**What it measures**  
Availability of the service provided by the NTG.

**How it is calculated**  
Based on the ratio of the sum of energy not supplied to users connected to the NTG (ENS) and energy fed into the grid.

\*\*\*Average Service Availability

<sup>1</sup> The targets of reference for the years 2024-2025 (set forth in ARERA Resolution no. 55/2024/R/eel) were defined in continuity with the targets of the 2016-2023 regulatory period, i.e., with an improvement of 3.5% required for each year over the previous one. Since 2016, NTG RENS also includes the performance of the grid operated by Terna Rete Italia S.r.l. (merged with Terna S.p.A. on 31 March 2017).

## Electricity market and cost trends

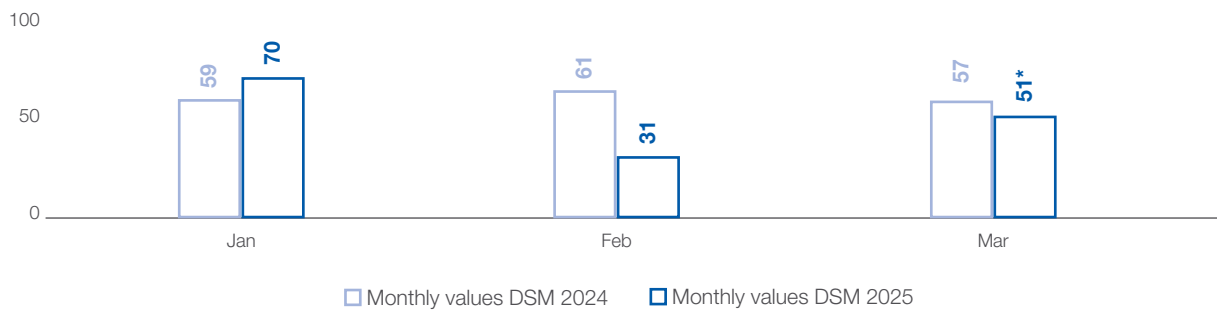
Terna procures dispatching resources to ensure the security and adequacy of the electricity system on the Dispatching Services Market (DSM).

### Dispatching Services Market (DSM)

The net charge for using the DSM was to approximately €152 million in the first quarter of 2025 (provisional data), down 14% compared to the first quarter of 2024 (€177 million). This change is due to the reduction in the selection costs on the Dispatching Services Market mainly due to volume effects.

#### Monthly DSM Costs

(€m)



\* Provisional data.



### Cost of procuring resources on the Dispatching Services Market (Uplift)

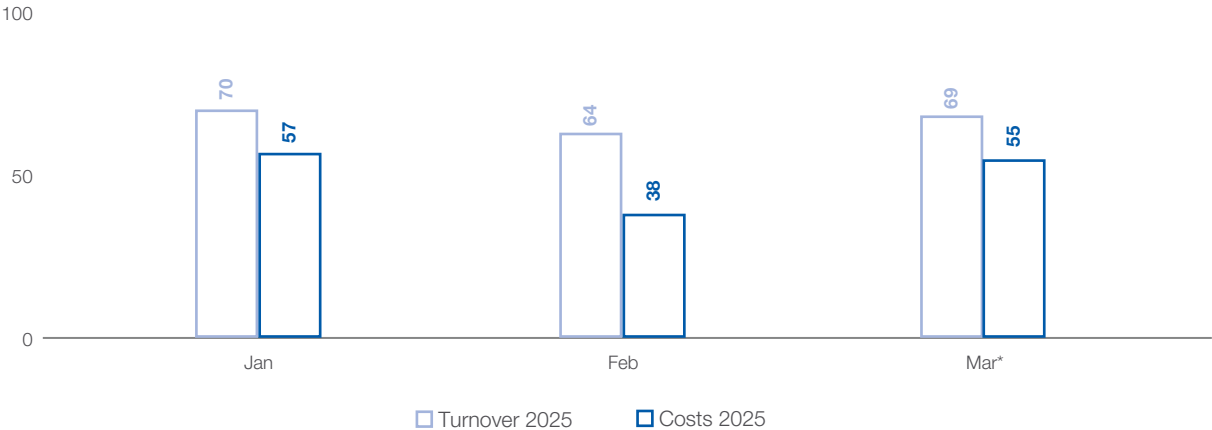
As of 1 January 2025, Resolution no. 345/2023/R/eel – Integrated Electricity Dispatching Act (TIDE), as amended, entered into force, introducing the split of the Uplift Fee, previously defined by Resolution no. 111/2006/R/eel, into two new fees, Uplift and Other.

The TIDE streamlines all fees under Dispatching regulations. In this context, the Authority established that the Uplift Fee would retain only those components strictly related to Dispatching activities, while a new fee (the “Fee to cover additional items relating to the dispatching service” – Other Fee) would incorporate the remaining components. The macro-items included in the Other Fee are:

- rents, fees and penalties concerning transmission capacity allocation;
- incentive mechanisms;
- remuneration for the metering aggregation service;
- settlement adjustments and uncollected receivables.

In the first quarter of 2025, the total cost of the Uplift fee amounted to approximately €150 million (provisional data).

#### Monthly trends in turnover and Uplift costs (€m)



\* Provisional data.

# Non-regulated Activities

Non-regulated Activities are designed to support the energetic transition, in keeping with the core business. Terna uses its know-how in the design, engineering, operation and maintenance of complex solutions, including the integration of telecommunications networks, and proprietary systems and RES expertise in the production of cables and transformers. The aim is to serve commercial and industrial customers with the Group's expertise and experience across a wide range of solutions.

The main areas in which these activities are developed are:

- **Equipment**
- **Connectivity**
- **Energy services**
- **Private interconnectors pursuant to Law 99/2009**

## Equipment

Via two leading companies in their fields, Terna is able to oversee expertise and supplies in two key areas for grid development:

- **Transformers – Tamini Group:** a world leader in the production of industrial transformers and in after-sales service;
- **Terrestrial cables - Brugg Cables Group:** a centre of excellence for research, development and testing in the field of terrestrial cables, it is based in Switzerland and has several overseas subsidiaries.



## Transformers – Tamini Group

Orders for acquired transformers amounted to approximately €162 million, an increase of 138% compared with the same period of the previous year. [Order book](#)

Specifically, in the Power segment, orders amounted to approximately €130 million, an increase compared with the same period of the previous year (including an order worth approximately €34 million from a major player operating in the European energy sector). In the Industrial segment, orders amounted to approximately €32 million, showing a slight increase compared with the first quarter of 2024.

Service orders amounted to approximately €8 million, an increase compared with the same period of the previous year (up 100%).

The value of factory backlogs, is significantly up compared with the end of 2024 at approximately €530 million (up 26%).

Revenue in the first quarter of 2025 are up sharply from the first quarter of 2024 (around up 29%), mainly due to the higher value of transformer production. [Results](#)

For the Power segment, the testing of some major equipment such as:

- one 400 MVA power transformer for a major TSO in Northern Europe;
- one 500 MVA autotransformer for a major player in the energy sector in Northern Europe.

For the Industrial segment, the following testing are reported:

- one 182 MVA rectifier transformer for a major player in the aluminium sector in Northern Europe.

In recent years the Tamini Group has been specialised in planning and producing high-voltage green transformers, offering major advantages, such as: [Vegetable oil transformers](#)

- a significant increase in capacity at equal loads;
- extended life expectancy;
- reduced flammability;
- eco-compatibility.

Tamini continued to be committed to the production of vegetable oil transformers for the Power sector in 2025. In the first quarter of 2025, a 40 MVA/150 kV transformer for a wind farm in Italy was successfully tested, and 3 further transformer tests are planned (2 reactors for a major player operating in the energy sector in Northern Europe and 1 autotransformer in Italy).



## Terrestrial cables – Brugg Cables Group

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**Order book** New orders in the first quarter of 2025 amounted to approximately CHF 69 million (down 14% compared with the first quarter of 2024) mainly related to the contribution from the High Voltage System segment, which totalled approximately CHF 42 million, as well as from the High Voltage Accessories segment for approximately CHF 17 million and the Low Medium Voltage segment for approximately CHF 10 million.

Compared with the first quarter of 2024, production of high voltage cables decreased by 24% in terms of kilometres produced, due to a different mix of cables manufactured in terms of voltage levels and complexity, while production of low and medium voltage cables decreased by 16%.

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**Results** Revenue for the first quarter of 2025, amounting to approximately CHF 64 million, increased compared with the same period of 2024 (around 29%). Margins remained positive compared with the first quarter of 2024, thanks to significant cost efficiency measures, rigorous order selection, and improvements in pricing strategies.

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**Operating activities** The High Voltage Accessories segment recorded a very positive performance in the period, with an increase in volumes and margins, which was a clear improvement on the previous year.

For high and extra high voltage systems, the first quarter of 2025 saw a positive trend in order acquisition, with increases in both sales volumes and margins compared with the same period of 2024, and particularly favourable developments in the European market.

In the low and medium voltage segment, margins improved substantially compared with the same period of the previous year. The focus remains on the high quality demanded by the market and the consolidation of the strong position in the Swiss local market.

## Connectivity

Since 2017, indefeasible right of use (IRU) has been granted for a total of approximately 44,572 km of fibre, for which Terna provides maintenance and housing servicing for regeneration. By the first quarter of 2025 a total of approximately 1,872 km of fibre pairs will have been delivered.

## Energy Services

### FOCUS

#### Reorganisation of Non-regulated Activities

Consistent with the strategy to support the twin transition set forth in 2024-2028 Industrial Plan Update, in August 2024 a new "Market Solutions" Department was established for the operational coordination of the Group's activities in competitive markets, carried out in particular by Terna Energy Solutions S.r.l. (hereinafter also referred to as "TES") and its subsidiaries, i.e. LT S.r.l., Avvenia S.r.l., Tamini Trasformatori S.r.l. and Brugg Kables Services AG and their subsidiaries, with the aim of excelling in the markets driven by the energy and digital transition, strongly leveraging specialised skills.

The new Department consists of four business divisions: i) services, to provide the market with design, construction and maintenance services for electrical installations; ii) equipment, for the supply of plant components such as transformers and iii) for the supply of plant components such as cables and (iv) connectivity, for the provision of a fibre-optic infrastructure for the development of fast digital connections.

With particular regard to the services division, in order to better focus on markets driven by the energy transition, from 1 April 2025, the new company Altenia S.r.l. (formerly called LT S.r.l., which changed its company name in March 2025 following the above-mentioned reorganisation) took over the Energy Services business, previously carried out by TES and LT, for the design, construction and maintenance of high-voltage electrical systems and renewable energy plants, in particular photovoltaic systems, as well as energy efficiency solutions. As a result of this transaction, TES's equity interest in Altenia S.r.l. increased from 87.5% to 89% on April.

With the aim of further expanding Altenia's expertise and geographic footprint, a preliminary agreement was entered into for the acquisition of 100% of STE Energy, a company that has gained 30 years of experience in the design, construction and maintenance of renewable energy plants and electrical infrastructure.

## Smart grid

### Renewables – Altenia Group

The Altenia Group provides O&M services for photovoltaic plants, designs and implements revamping and repowering projects for existing plants and builds new photovoltaic plants for third parties. Revenue generated in the first quarter of 2025, amounting to approximately €25 million, was broadly in line with forecasts and with revenue for the first quarter of 2024.

### Other projects

With regard to contracts for the revamping/repowering of photovoltaic plants, activities on sites in the regions of Emilia-Romagna, Apulia and Sicily are ongoing. Furthermore, inverter revamping is continuing at several national sites of one customer.



## High voltage

During the first quarter of 2025, activities continued on the commissioning and construction of two electric substations, in Lazio and Sardinia, intended for the connection of Utility Scale photovoltaic plants. Specifically, for the Lazio plant, testing and subsequent commissioning were carried out in February.

For the Utility Scale photovoltaic plant in Sicily, which is currently connected to the NTG on a temporary basis through the use of an SCRI module, planning is underway for the completion of the definitive connection plant and the subsequent activation phase, which is expected to be completed within the year.

The activities related to the framework agreement with Rete Ferroviaria Italiana (RFI) relating to the “Design, supply, installation, certification and commissioning of metering equipment”, are in progress. During the first quarter of 2025, 10 installations had been completed, with a total of 111 systems installed, in line with existing application contracts.

In January, a new EPC contract was signed for the design and construction of a High Voltage/Medium Voltage Connection Plant to the NTG for a new data centre.

A turnkey construction project is ongoing for an NTG connection (electricity substation and HV cable<sup>2</sup>) for a major client operating in the data centre sector in the province of Milan.

Design and procurement activities are continuing for the revamping of a HV plant in Sicily, a partial renewal of a plant (MV section and SPCC system<sup>3</sup>) in Tuscany, as well as additional revamping work in San Marino.

Planning is under way for the revamping of 220 kV and 132 kV metering groups in Valle d’Aosta in the two-year period 2025-2026. The project for the revamping of a 132 kV HV transformer bay in Lombardy, for a client operating in the industrial production sector, has also been launched, with executive design work nearing completion.

As part of a multi-year O&M contract, work is under way to upgrade a 14 MW BESS<sup>4</sup> plant in Assemini (CA), in accordance with Annex A79 of the Grid Code.

Activities are also continuing for the delivery of HV revamping projects and the installation of RTUs (Remote Terminal Units, devices for the collection and transmission of plant data), with the main contracts relating to clients in the oil & gas sector, shipbuilding, and industrial production.

<sup>2</sup> High voltage.

<sup>3</sup> Command and Control Protection System.

<sup>4</sup> Battery Energy Storage System.

## Private Interconnectors pursuant to Law 99/2009

### Italy–Montenegro interconnector project

The project was completed on 28 December 2019 and is owned by Monita Interconnector S.r.l., which was sold to the private backers on 17 December 2019.

### Italy–France interconnector project

The project was completed on 7 November 2022 and is owned by Piemonte Savoia S.r.l., which was sold to the private backers on 4 July 2017.

### Italy–Austria interconnector project

The project, which entered into operation on 15 December 2023, is owned by Resia Interconnector S.r.l., which was sold by the Terna Group to private backers on 15 September 2021.

Two further interconnectors are also being developed, with Switzerland and Slovenia:

### Italy–Switzerland interconnector project

The project involves the development of new transmission lines between Italy and Switzerland, with the aim of increasing interconnection capacity between Italy and Switzerland. The project is currently under study.

### Italy–Slovenia interconnector project

The creation of a direct current line is planned, partly in undersea cable, between the substations of Salgareda (IT) and Divača/Beričevo (SL), together with work on upgrading the domestic grids in Italy and in Slovenia. The project is currently awaiting the necessary consents on the Italian side. The expected increase in cross-border capacity of approximately 1 GW will raise the interconnection capacity to more than double the current level.

## International Activities

As part of its international initiatives, the project to enhance activities in South America is continuing, through the implementation of the actions necessary for the finalisation of the ongoing disposal transaction in Peru. In parallel, market monitoring activities have been launched in the Mediterranean area, with the aim of analysing scenario and context developments relating to private and institutional interconnection initiatives not directly linked to Italy.

It should also be noted that, on 17 December 2024, the liquidation process of the company Terna Chile S.p.A. formally began. The process is expected to be completed during 2025.



# People

People are the Terna Group's most important asset and one of the key enablers of the 2024–2028 Industrial Plan Update. People's skills and experience contribute to the Company's value creation.

	(unit)		
THE WORKFORCE	AT 31 MARCH 2025	AT 31 DECEMBER 2024	CHANGE
Senior managers	96	99	(3)
Middle managers	943	951	(8)
Office staff	3,822	3,734	88
Blue-collar workers	1,640	1,636	4
<b>Total</b>	<b>6,501</b>	<b>6,420</b>	<b>81</b>

The increase in the workforce at 31 March 2025 (up 81 units compared with 31 December 2024) is mainly attributable to the coverage of staffing needs required to implement the ambitious investment plan set out in the 2024-2028 Industrial Plan Update, as well as to the strengthening of the Group's distinctive expertise.



# Financial review for Q1 2025

In order to present the performance of the Terna Group and to analyse the financial positions, reclassified statements have been prepared in line with industry practice. These reclassified statements include Alternative Performance Measures (hereinafter APMs, in accordance with ESMA Guidelines 2015/1415), which management considers useful for monitoring the Group's performance and representative of the economic and financial results generated by the business.

The criteria used in the construction of these indicators are the same as those applied in the 2024 Annual Report; for further details, reference should be made to the Annex "Alternative Performance Measures (APMs)".

## Method of presentation

The accounting standards and recognition and measurement criteria applied in this Interim Financial Report are consistent with those adopted in the Consolidated Financial Statements at 31 December 2024.

Therefore, given that the requirements of IFRS 5 have been met, the total results for the first quarters of 2025 and 2024 attributable to the South American subsidiaries included in the planned sale of assets, launched at the end of 2021, have been classified in the item "Profit/(Loss) for the period from assets held for sale" in the Group's reclassified income statement. Likewise, the attributable assets and liabilities at 31 March 2025 and 31 December 2024 have been reclassified to the item "Net assets held for sale" in the Group's reclassified statement of financial position.



## The Group's reclassified income statement

The Terna Group's economic results for the first quarter of 2025, compared with the same period of the previous year, are summarised in the following statement.

	(€m)			
	Q1 2025	Q1 2024	CHANGE	% CHANGE
<b>TOTAL REVENUE</b>	<b>901.8</b>	<b>858.1</b>	<b>43.7</b>	<b>5.1%</b>
- Revenue from Regulated Activities	755.2	730.1	25.1	3.4%
<i>of which Revenue from construction services performed under concession</i>	16.6	10.4	6.2	59.6%
- Revenue from Non-regulated Activities	146.6	128.0	18.6	14.5%
<b>TOTAL OPERATING COSTS</b>	<b>249.8</b>	<b>230.2</b>	<b>19.6</b>	<b>8.5%</b>
- Personnel expenses	97.5	87.7	9.8	11.2%
- Cost of services, leases and rentals	63.4	56.8	6.6	11.6%
- Materials	66.0	64.2	1.8	2.8%
- Other costs	6.1	8.2	(2.1)	(25.6%)
- Quality of service	0.2	2.9	(2.7)	(93.1%)
- Cost of construction services performed under concession	16.6	10.4	6.2	59.6%
<b>GROSS OPERATING PROFIT (EBITDA)</b>	<b>652.0</b>	<b>627.9</b>	<b>24.1</b>	<b>3.8%</b>
- Amortisation, depreciation and impairment losses	219.2	209.2	10.0	4.8%
<b>OPERATING PROFIT/(LOSS) (EBIT)</b>	<b>432.8</b>	<b>418.7</b>	<b>14.1</b>	<b>3.4%</b>
- Net financial income/(expenses)	(38.8)	(36.5)	(2.3)	6.3%
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>394.0</b>	<b>382.2</b>	<b>11.8</b>	<b>3.1%</b>
- Income tax expense for the period	118.6	111.6	7.0	6.3%
<b>PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>275.4</b>	<b>270.6</b>	<b>4.8</b>	<b>1.8%</b>
- Profit/(Loss) for the period from discontinued operations and assets held for sale	0.3	(3.0)	3.3	110.0%
<b>PROFIT FOR THE PERIOD</b>	<b>275.7</b>	<b>267.6</b>	<b>8.1</b>	<b>3.0%</b>
- Profit/(Loss) for the period attributable to non-controlling interests	0.4	(0.6)	1.0	166.7%
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>275.3</b>	<b>268.2</b>	<b>7.1</b>	<b>2.6%</b>

	(€m)		
	Q1 2025	Q1 2024	CHANGE
<b>EBITDA BY OPERATING SEGMENT</b>			
Regulated Activities	626.6	609.7	16.9
Non-regulated Activities	25.7	19.1	6.6
International Activities	(0.3)	(0.9)	0.6
<b>EBITDA</b>	<b>652.0</b>	<b>627.9</b>	<b>24.1</b>

**EBITDA** for the first quarter of 2025 amounts to **€652.0 million**, an increase of €24.1 million compared with €627.9 million in the first quarter of 2024, driven by the improved performance of Regulated Activities.



## Revenue

	(€m)		
	Q1 2025	Q1 2024	CHANGE
<b>REGULATED ACTIVITIES</b>			
Tariff revenue and incentives	726.5	708.4	18.1
- Transmission revenue	678.1	607.2	70.9
- Dispatching, metering and other revenue	48.4	101.2	(52.8)
Other regulated revenue	12.1	11.3	0.8
Revenue from construction services performed under concession in Italy	16.6	10.4	6.2
<b>TOTAL</b>	<b>755.2</b>	<b>730.1</b>	<b>25.1</b>

Revenue from **Regulated Activities**, excluding revenue from construction services performed under concession (up €6.2 million), is up €18.9 million compared with the same period of the previous year. This is mainly attributable to the impact on Transmission revenue (up €70.9 million) of the 2025 tariff recognition of depreciation related to 2024 capital expenditure (one year earlier than under the previous regulatory period), of the fast money component determined based on the conventional capitalisation rate defined under the ROSS application, and of increased RAB offsetting the decline in WACC (from 5.8% in 2024 to 5.5% in 2025). Also contributing are higher dispatching fee revenue (up €9.3 million), excluding the bonus recognised in the first quarter of 2024 (down €62.1 million), relating to the three-year incentive mechanism (2022-2024) aimed at improving the efficiency of dispatching activities (Resolutions no. 597/2021 and no. 132/2022).

	(€m)		
	Q1 2025	Q1 2024	CHANGE
<b>NON-REGULATED ACTIVITIES</b>			
Equipment	97.8	78.4	19.4
- Brugg Cables Group	52.7	35.6	17.1
- Tamini Group	45.1	42.8	2.3
Services for third parties (Connectivity, Energy Services, other)	43.7	44.4	(0.7)
Private interconnectors	5.1	5.2	(0.1)
<b>TOTAL</b>	<b>146.6</b>	<b>128.0</b>	<b>18.6</b>

The increase in revenue from **Non-regulated Activities**, amounting to €18.6 million, mainly reflects the higher contribution from the Equipment segment of the Brugg Cables Group (up €17.1 million) and the Tamini Group (up €2.3 million), partially offset by the reduction in revenue from services in the Energy Services segment (down €0.7 million).

## Costs

**Operating costs**, excluding cost of construction services performed under concession (up €6.2 million), are up €13.4 million compared with the first quarter of the previous year. This is mainly due to higher service costs related to the development of activities in the Energy Services and Equipment segments (respectively up €3.2 million at the Altenia Group and up €1.8 million at the Tamini Group and up €1.3 million at the Brugg Cables Group), and higher material costs of €1.8 million particularly related to Equipment activities (including an increase of €9.9 million at the Brugg Cables Group and a decrease of €0.7 million at the Tamini Group), partially offset by lower costs at the Altenia Group (down €5.5 million) and at Terna Energy Solutions (down €1.1 million). Personnel expenses are also up €9.8 million, mainly due to the rise in the average headcount, partially offset by higher capitalisations.

**Amortisation, depreciation and impairment losses** for the period amount to €219.2 million, an increase of €10.0 million compared with the first quarter of 2024, primarily due to the entry into service of new infrastructure.

Operating profit (**EBIT**), after amortisation, depreciation and impairment losses, amount to **€432.8 million**, up €14.1 million compared with the first quarter of 2024 (up 3.4%).

The **net financial expenses** for the period, amounting to €38.8 million, mainly relating to the Parent Company, are up €2.3 million compared with €36.5 million in the first three months of 2024, mainly due to the disbursement of new loans at higher interest rates compared with the average rate of existing loans. The increase is partially offset by higher capitalised expenses.

After net financial expenses, **profit before tax** amount to **€394.0 million**, compared with €382.2 million in the first quarter of 2024 (up 3.1%).

**Income tax expense** for the period amount to €118.6 million, an increase of €7.0 million compared with the first quarter of the previous year, mainly due to the higher pre-tax result. The tax rate stands at 30.1%, compared with 29.2% for the same period last year.

The **profit for the period from continuing operations** amounts to **€275.4 million**, an increase of €4.8 million (up 1.8%) compared with €270.6 million in the first quarter of 2024.

The **profit for the period from assets held for sale** amounts to €0.3 million, recording an increase of €3.3 million compared with the losses recognised in the first quarter of 2024, also considering the different scope.

The **profit for the period** amounts to **€275.7 million**, an increase of €8.1 million (up 3.0%) compared with €267.6 million in the first quarter of 2024.

The **profit for the period attributable to owners of the Parent** (excluding the share attributable to non-controlling interests) amounts to **€275.3 million**, an increase of €7.1 million (up 2.6%) compared with the €268.2 million in the first quarter of 2024.

## Cash flow

Operating cash flow and the change in net debt covered the cash needs linked to capital expenditure in the period.

	(€m)	
	CASH FLOW Q1 2025	CASH FLOW Q1 2024
- Profit for the period	275.7	267.6
- Amortisation, depreciation and impairment losses	219.2	209.2
- Net change in provisions	(11.9)	(15.4)
- Net losses/(gains) on sale of assets	-	(0.6)
<b>Operating cash flow</b>	<b>483.0</b>	<b>460.8</b>
- Change in net working capital	187.9	(96.6)
- Other changes in property, plant and equipment and intangible assets	1.5	34.2
- Change in investments	0.3	(3.0)
- Change in financial assets	(62.5)	3.2
<b>Cash flow from operating activities</b>	<b>610.2</b>	<b>398.6</b>
- Total capital expenditure	(562.1)	(482.7)
<b>Free cash flow</b>	<b>48.1</b>	<b>(84.1)</b>
<b>Net assets held for sale</b>	<b>0.4</b>	<b>3.1</b>
- Cash flow hedge reserve after taxation and other movements in equity attributable to owners of the Parent	(14.7)	(16.5)
- Other movements in equity attributable to non-controlling interests	-	4.8
<b>Change in net debt</b>	<b>33.8</b>	<b>(92.7)</b>



## The Group's reclassified statement of financial position

The Terna Group's reclassified statement of financial position at 31 March 2025 and 31 December 2024 is summarised in the following table.

(€m)

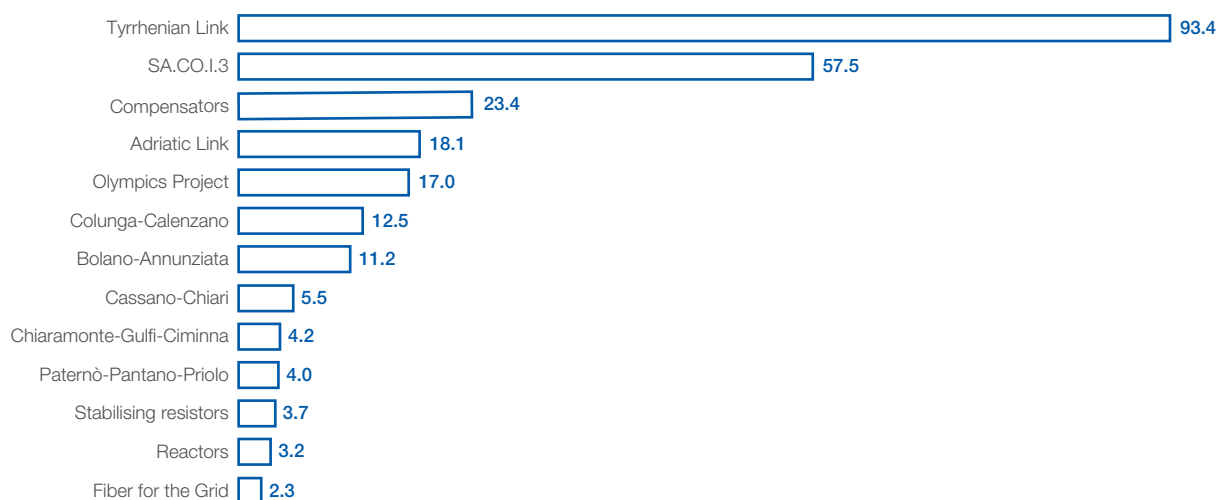
	AT 31 MARCH 2025	AT 31 DECEMBER 2024	CHANGE
<b>Total net non-current assets</b>	<b>21,107.4</b>	<b>20,704.0</b>	<b>403.4</b>
- Intangible assets and goodwill	990.0	982.2	7.8
- Property, plant and equipment	19,570.6	19,237.1	333.5
- Financial assets	546.8	484.7	62.1
<b>Total net working capital</b>	<b>(2,212.9)</b>	<b>(2,025.2)</b>	<b>(187.7)</b>
- Net energy-related pass-through payables	(650.2)	(624.4)	(25.8)
- Net receivables resulting from regulated activities	1,309.6	1,324.2	(14.6)
- Net trade payables	(915.7)	(1,072.7)	157.0
- Net tax liabilities	(276.1)	(74.5)	(201.6)
- Other net liabilities	(1,680.5)	(1,577.8)	(102.7)
<b>Gross invested capital</b>	<b>18,894.5</b>	<b>18,678.8</b>	<b>215.7</b>
Sundry provisions	22.3	10.4	11.9
<b>Net invested capital</b>	<b>18,916.8</b>	<b>18,689.2</b>	<b>227.6</b>
<b>Net assets held for sale</b>	<b>14.8</b>	<b>15.2</b>	<b>(0.4)</b>
<b>TOTAL NET INVESTED CAPITAL</b>	<b>18,931.6</b>	<b>18,704.4</b>	<b>227.2</b>
Equity attributable to owners of the Parent	7,784.8	7,524.2	260.6
Equity attributable to non-controlling interests	20.2	19.8	0.4
<b>Net debt</b>	<b>11,126.6</b>	<b>11,160.4</b>	<b>(33.8)</b>
<b>TOTAL</b>	<b>18,931.6</b>	<b>18,704.4</b>	<b>227.2</b>

The €403.4 million increase in **net non-current assets** compared with 31 December 2024 primarily reflects a combination of the following:

- total capital expenditure of €562.1 million, as described in detail in the section on “Regulated Activities”;
- depreciation and amortisation for the period of €219.4 million;
- other movements during the period in “Property, plant and equipment” and “Intangible assets”, which overall fell €1.4 million reflecting grants related to assets of the Parent Company (down €1.1 million, primarily for the re-routing of power lines at the request of third parties and projects financed by the Ministry of the Environment and Energy Security and the EU) and disposals and impairment losses resulting in a reduction of €0.1 million;
- higher financial assets in the amount of €62.1 million, essentially due to the increase in security deposits received from operators participating in the capacity market pursuant to Resolution no. 98/2011/R/eel and subsequent amendments and additions (up €55.1 million), the increase in the Interconnector Guarantee Fund set up for the construction of interconnection works pursuant to Article 32 of Law 99/09 (up €9.5 million) and the activity in support of the Brugg Cables Group's employee benefits plan (down €1.9 million).

The **total capital expenditure** by the Terna Group in the first quarter of 2025, equal to **€562.1 million**, is up by **16.4%** compared with €482.7 million in the corresponding period of 2024.

### Main capital expenditure in the NTC\* (€m)



\* Amounts including financial expenses.

**Net Working Capital** of -€2,212.9 million and generated cash of €187.7 million during the period compared with 31 December 2024, mainly due to the combined effect of:

### Cash outflows

- decrease of €157.0 million in **net trade payables**, largely due to the increase in capital expenditure towards the end of the previous period;

### Cash inflows

- increase in **net energy related pass-through payables** for €25.8 million, mainly due to the combined effect of:
  - higher net liabilities related to the units essential for the security of the electricity system – UESS (€136 million) arising from the collection items net of payments made during the early months of 2025 to the owners of the plants<sup>5</sup>;
  - higher net receivables for Terna relating to the provision of the dispatching service (up €102.5 million), mainly attributable to the Uplift Fee<sup>6</sup> due to the estimated upward trend in recoverable costs;
- decrease in **net receivables resulting from regulated activities** of €14.6 million mainly attributable to the combined effect of:
  - decrease in receivables (€33.5 million) relating to incentive mechanisms aimed at reducing dispatching costs (DSM incentive, Resolutions no. 597/2021 and no. 132/2022, and intra-zonal incentives under Resolution no. 699/2018), following collections made in the first months of 2025 in line with the applicable regulations;
  - increase in net payables (€26.1 million) due to charges from the Inter-TSO Compensation (ITC) mechanism<sup>7</sup>;
  - decrease in receivables relating to the recovery of impaired receivables as resolved by ARERA under Resolution no. 5/2024<sup>8</sup> (€18.2 million), following the amounts collected in the period;
  - increase in transmission charge receivables (€51.5 million) related to the tariff update pursuant to ARERA Resolution no. 579/2024;

<sup>5</sup> ARERA ordered payments to Essential Unit owners through Resolutions no. 17-36-49-84/2025.

<sup>6</sup> As of 1 January 2025, Resolution no. 345/2023/R/eel - Integrated Electricity Dispatching Act (TIDE) came into force. The TIDE rationalises all fees under the dispatching regulation. Therefore, the Authority established that the Uplift Fee should retain only those components strictly related to Dispatching activities, while a new fee (the "Fee to cover additional items relating to the dispatching service" - Other Fee) should incorporate the remaining components.

<sup>7</sup> Inter-TSO Compensation: a payment to TSOs for use of their national transmission grids (infrastructure and losses) to transport energy, including those relating to cross-border flows. The related charges have been covered by the CTR charge since 2020.

<sup>8</sup> With Resolution no. 5/2024, ARERA defined the procedures for enabling Terna to recognise receivables that, despite the discharge of the necessary debt collection actions, are not recoverable due to the insolvency of dispatching users and holders of contracts for the virtual import service (lenders of interconnectors and shippers - ARERA Resolution no. 179/09).



- increase in **net tax payables** of €201.6 million, mainly due to higher net payables to the tax authorities for income taxes (€112.9 million) and an increase in net VAT payables (€86.3 million), resulting from the combined effect of higher invoices issued and lower invoices received recorded in March compared with December 2024;
- increase in **other net liabilities** of €102.7 million, mainly attributable to higher security deposits received from electricity market operators to guarantee contractual obligations under dispatching and virtual interconnection contracts (up €71.3 million), an increase in grants for plant and equipment received from third parties (up €17.5 million), and higher staff incentive liabilities to be settled (up €11.8 million).

**Gross invested capital** thus amounts to €18,894.5 million, an increase of €215.7 million compared with 31 December 2024.

**Sundry provisions** are down €11.9 million, primarily due to:

- net provisions for net deferred tax assets of €7.9 million, primarily due to the effect on taxation of movements in derivative financial instruments held by the Group, amortisation and depreciation and changes in provisions for risks and charges;
- net utilisations of provisions for early retirement payments of €2.2 million and urban and environmental restoration projects of €0.8 million.

The **Net assets held for sale** amount to €14.8 million at 31 March 2025, substantially in line with 31 December 2024 (€15.2 million).

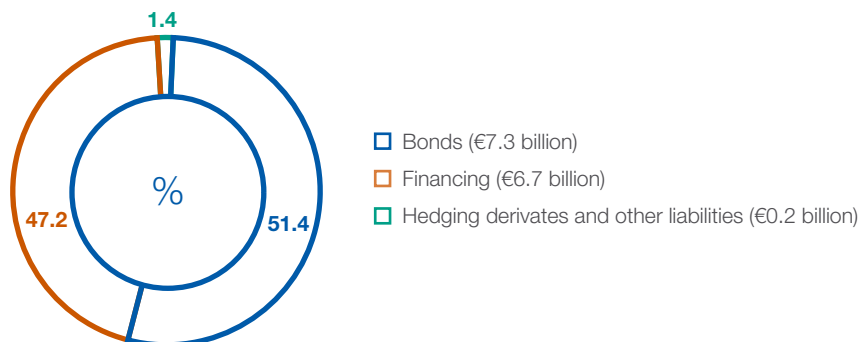
**Total net invested capital**, including assets held for sale, amounts to €18,931.6 million, marking an increase of €227.2 million compared with 31 December 2024. This is financed by equity attributable to owners of the Parent, totalling €7,784.8 million (compared with €7,524.2 million at 31 December 2024), equity attributable to non-controlling interests of €20.2 million (€19.8 million at 31 December 2024) and net debt of €11,126.6 million (down €33.8 million compared with the €11,160.4 million of 31 December 2024).

## Debt

The Terna Group's financial management is based on an approach that aims to maximise efficiency and achieve and maintain a solid financial structure, whilst adopting a highly prudent approach to mitigation of the potential financial risks. The key aspects of the Group's financial policy are diversification of the sources of funding, a balance between short- and medium/long-term forms of debt and the proactive management of debt.

**Gross debt** at 31 March 2025 amounts to approximately **€14.2 billion**, consisting of approximately €7.3 billion in the form of bond issues, approximately €5.5 billion in medium/long-term bank loans and approximately €1.2 billion in short-term borrowings.

The average term to maturity of medium/long-term debt, 88% of which is fixed rate, is approximately 6 years.



The bond debt comprises both public issues and private placements under the EMTN Bond Issue Programme, which was increased from €9 billion to €12 billion in June 2024. Terna's bonds, targeted specifically at qualified investors, have a significantly diversified investor base, both in terms of sector and geographical distribution. The bonds are listed on the Luxembourg Stock Exchange and, in the case of the bond issued in February 2025, also on the electronic bond market (MOT) managed by Borsa Italiana.

With regard to bank debt, Terna's main lender is the European Investment Bank (EIB). The amount of outstanding debt with the EIB at 31 March 2025 was approximately €4.1 billion.

Thanks to the strength of its credit profile, Terna is able to raise funding on the financial markets at favourable conditions, as evidenced by the transactions described in the following paragraphs.

## Sustainable finance

Fully in line with Terna's strategy, which aims to combine investment and sustainability to drive growth and value creation, it is Terna's ambition to play a leading role in the sustainable finance market. This strategy was also confirmed in the first quarter of 2025.

At 31 March 2025, the **senior green bonds issued by Terna** under its €12,000 million Euro Medium Term Notes (EMTN) programme, and yet to reach maturity, amount to **€3 billion**, in addition to the **two perpetual, subordinated green bonds** issued in February 2022 and April 2024 on a standalone basis **for a total €1.85 billion**.

With regard to green bond debt, on 10 February 2025 Terna launched **a new single-tranche green bond issue**, again as part of the EMTN programme. The issue has a **total nominal value of €750 million, a term of 7 years** and matures on 17 February 2032. The bond was issued at a price of 99.975%, with a spread of 90 basis points above the midswap rate and has an annual coupon interest of 3.125%.

These green issues are used to finance or refinance **Eligible Green Projects**. These are projects producing environmental benefits that meet certain criteria listed in the **Green Bond Framework** published by Terna in compliance with the 2021 "Green Bond Principles" drawn up by the ICMA (International Capital Market Association) and the EU Taxonomy. Terna's Green Bond Framework is assessed by a **Second-Party Opinion provider, Moody's Investors Service**, which in October 2023 assigned an opinion of "**SQS1 Sustainability Quality Score (Excellent)**", the highest possible rating.

Specifically, the net proceeds from the issues are used to finance:

- projects that aim to increase renewable energy production – for example, infrastructure enabling renewable energy plants to be connected to the national grid or that allow for a larger volume of renewable energy to be injected into the grid;
- projects designed to cut CO<sub>2</sub> emissions by reducing grid losses – for example, infrastructure designed to boost the efficiency of the electricity transmission grid;
- projects designed to ensure the quality, security and resilience of grid infrastructure;
- projects that aim to reduce land use and protect biodiversity.



The **senior green bonds issued by Terna** are also listed on the **ExtraMOT PRO segment of Borsa Italiana** (in addition to the listing on the regulated Luxembourg Stock Exchange), created to offer institutional and retail investors the opportunity to identify instruments whose proceeds are intended to finance projects with specific environmental and social benefits or impacts, with the exception of the last green bond of €750 million, issued on 10 February 2025 and listed on the Luxembourg Stock Exchange and on the electronic bond market (MOT) managed by Borsa Italiana.

As of 31 March 2025, Terna can also rely on several **ESG-linked Term Loans** for a total of **€1.25 billion**, **three ESG-linked Revolving Credit Facilities** linked to sustainability indicators for a total of about **€4.3 billion** and **a Euro Commercial Paper (ECP) programme of €2 billion** for the issuance of short-term conventional or ESG notes.

Specifically, with regard to **ESG-linked Revolving Credit Facilities**, it should also be noted that, on 21 March 2025, Terna signed an **ESG-linked Revolving Credit Facility** for a total amount of **€1.8 billion**, aimed at refinancing the ESG Revolving Credit Facility signed on 17 December 2021, for a total amount of €1.65 billion.

Terna's leadership in sustainable finance is widely recognised in the market which, since 2018, has shown a strong appetite for the green bonds issued. In addition to its inclusion in the main ESG indices, from January 2021, Terna is the first Italian electric utility to join the **Nasdaq Sustainable Bond Network**, the sustainable finance platform operated by Nasdaq that brings together investors, issuers, investment banks and specialist organisations.

Terna continues to be a member of the **CFO Coalition for the SDGs**, which is building on the work of the **CFO Taskforce for the SDGs**, the initiative launched by the UN Global Compact at the end of 2019 to develop sustainable finance and of which Terna was one of the founding members. The Coalition aims to continue to promote sustainability, scale up its global community and follow the example set by the CFOs that founded the Taskforce.

Further confirmation of the commitment to playing an active role in developing sustainable finance, Terna is taking part in the **Corporate Forum for Sustainable Finance**, a network of major European businesses committed to the development of sustainable finance as a means to promote a more sustainable and responsible society.

Finally, Terna, both individually and as a member of the above Corporate Forum on Sustainable Finance, will continuously monitor developments in European legislation, with particular regard to the impact on sustainable finance.

## Net debt

The Group's net debt at 31 March 2025 amounts to €11,126.6 million, marking a decrease of €33.8 million compared with 31 December 2024.

(€m)

	AT 31 MARCH 2025	AT 31 DECEMBER 2024	CHANGE
<b>NET DEBT (BY TERM TO MATURITY)</b>			
<b>Total medium/long-term debt</b>	<b>12,085.6</b>	<b>11,469.2</b>	<b>616.4</b>
- Bond issues	6,720.8	6,048.3	672.5
- Borrowings	5,313.0	5,362.1	(49.1)
- Derivative financial instruments	51.8	58.8	(7.0)
<b>Total short-term debt/(funds)</b>	<b>(959.0)</b>	<b>(308.8)</b>	<b>(650.2)</b>
- Bond issues (current portions)	579.6	499.5	80.1
- Short-term borrowings	1,264.9	1,657.1	(392.2)
- Borrowings (current portions)	182.2	181.5	0.7
- Other financial liabilities net	1.8	1.7	0.1
- Derivative financial instruments	108.8	109.0	(0.2)
- Financial assets	(493.8)	(446.1)	(47.7)
- Cash and cash equivalents	(2,602.5)	(2,311.5)	(291.0)
<b>Total net debt</b>	<b>11,126.6</b>	<b>11,160.4</b>	<b>(33.8)</b>
<b>NET DEBT (BY TYPE OF INSTRUMENT)</b>			
- Bond issues	7,300.4	6,547.8	752.6
- Borrowings	5,495.2	5,543.6	(48.4)
- Short-term borrowings	1,264.9	1,657.1	(392.2)
- Derivative financial instruments	53.6	60.5	(6.9)
- Other financial liabilities net	108.8	109.0	(0.2)
<b>GROSS DEBT</b>	<b>14,222.9</b>	<b>13,918.0</b>	<b>304.9</b>
- Financial assets	(493.8)	(446.1)	(47.7)
- Cash and cash equivalents	(2,602.5)	(2,311.5)	(291.0)
<b>Total net debt</b>	<b>11,126.6</b>	<b>11,160.4</b>	<b>(33.8)</b>
<b>Net debt attributable to net assets held for sale</b>	<b>(2.0)</b>	<b>(1.9)</b>	<b>(0.1)</b>

Changes **in the Group's net debt** are as follows:

- increase in bond loans of €752.6 million, mainly due to a bond issue launched by Terna in February 2025 for €750 million, and the adjustment to the amortised cost and fair value of the same financial instruments;
- decrease in borrowings of €48.4 million, mainly due to repayments of instalments on existing EIB loans;
- decrease in short-term borrowings (€392.2 million), essentially due to the repayment of short-term credit facilities and Commercial Papers by the Parent Company;
- decrease in the negative fair value of the portfolio of derivative financial instruments (€6.9 million), mainly due to changes in the derivatives portfolio and changes in the market interest rate curve;
- increase in financial assets of €47.7 million as a result of higher investments linked to greater available liquidity;
- increase in cash and cash equivalents of €291.0 million. Cash amounts to €2,602.5 million at 31 March 2025, including €2,226.8 million invested in short-term, readily convertible deposits and €375.7 million held in bank current accounts and in the form of cash in hand.

The **net financial debt of assets held for sale** amounts to -€2.0 million at 31 March 2025 and consists in the value of cash and cash equivalents of Terna Peru S.A.C..



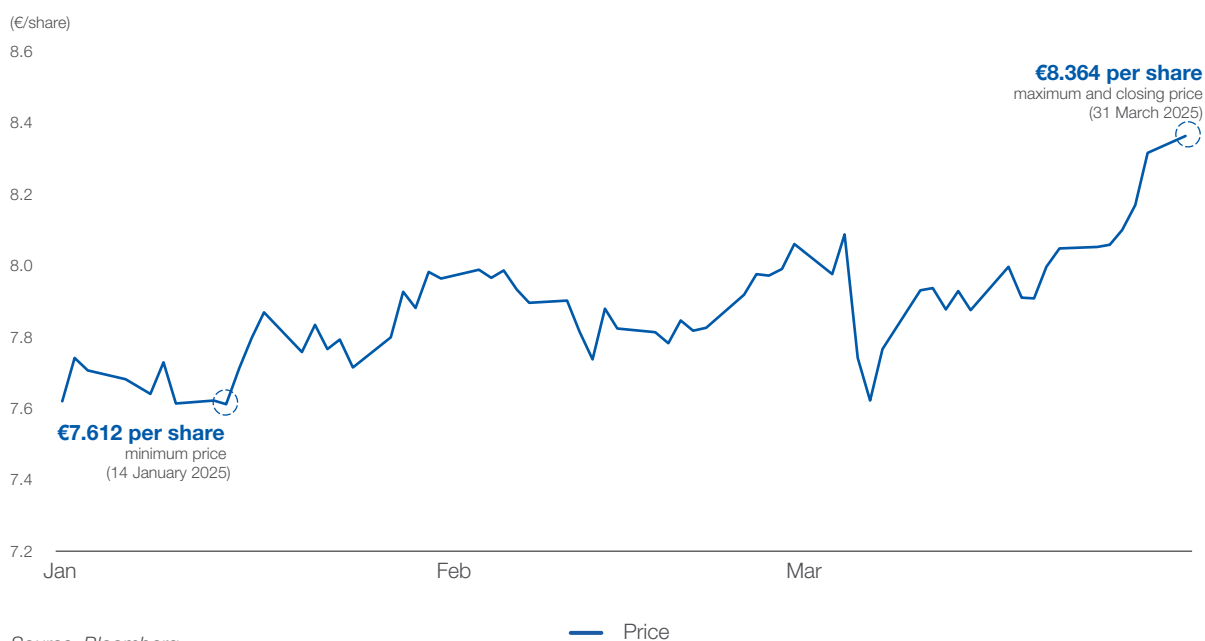
# Share price performance

Terna S.p.A. has been listed on Borsa Italiana's screen-based trading system (*Mercato Telematico Azionario*) since 23 June 2004. **From the date of floatation to the end of March 2025, the share price has risen 392% (capital gain)**, providing a Total Shareholder Return (TSR<sup>9</sup>) of 1,330%, ahead of both the Italian market (the FTSE MIB, up 193%) and the relevant European sector index (DJ Stoxx Utilities), which is up 405%.

The main European stock exchanges closed the first quarter of 2025 with positive performances. Milan gained 11.3%, Paris and Frankfurt closed up 5.6% and 11.0% respectively, Madrid rose by 13.3%, and London recorded a 5.0% increase.

Terna's share closed the first quarter of 2025 at €8.364 per share, which also represented the highest price during the period, corresponding to a 9.8% increase in performance compared with 31 December 2024, slightly outperforming the sector benchmark index (DJ Stoxx Utilities), which was up 9.5%. The daily average volume traded during the period amounted to approximately 4.6 million.

## Performance of Terna's shares (price from 1 January to 31 March 2025)



Source: Bloomberg.

<sup>9</sup> Total Shareholder Return (TSR): total return on an equity investment, calculated as the sum of:  
I. capital gain: the change in the share price (difference between the price at the end and at the beginning of the relevant period) as a percentage of the price at the beginning of the period;  
II. reinvested dividends: the ratio between dividends per share paid out during the period and the share price at the beginning of the period. Dividends are assumed to have been reinvested in the shares.

**Terna's shares, FTSE MIB and DJ Stoxx Utilities** (price from 1 January to 31 March 2025)



**Total Shareholder Return on Terna's shares and the FTSE MIB and DJ Stoxx Utilities**

(from the floatation to the end of 31 March 2025)





## WEIGHTING OF TERNA'S SHARES

	Q1 2025	Q1 2024
> on the FTSE MIB index	2.2%	2.1%

Source: Bloomberg

## Ratings

Below are Terna's ratings at 31 March 2025.

	SHORT-TERM	MEDIUM/LONG-TERM	OUTLOOK
<b>Terna S.p.A.</b>			
Standard & Poor's	A-2	BBB+	Stable
Moody's	Prime-2	Baa2	Stable
<b>Italian state</b>			
Standard & Poor's	A-2	BBB	Stable
Moody's	Prime-3	Baa3	Stabile

In March, following the presentation of the updated 2024-2028 Industrial Plan, the rating agencies Moody's and Standard & Poor's confirmed the Company's ratings.

In April, Standard & Poor's announced that it had upgraded Terna's long-term rating from "BBB+" to "A-", one notch above that of the Italian Republic, with a stable outlook. The short-term rating was confirmed at "A-2". The upgrade of the rating by the agency follows that of the Italian Republic (from "BBB" to "BBB+").

# Outlook

Weak global economic growth is expected in 2025, against an even more uncertain backdrop due to trade tensions between the world's major economies, exacerbated by the heightened risk of further protectionist measures that could trigger more inflation. Geopolitical tensions may well persist or even worsen, with regional conflicts, rivalry between states and global security challenges all potentially having a negative effect on political and economic stability.

In the aforementioned scenario, the Terna Group will be focused on implementing the provisions of the 2024-2028 Industrial Plan Update, recently presented to the financial community, which, with its total investments of €17.7 billion, confirms and reinforces Terna's contribution as an enabler of the energy and digital transition to support the achievement of decarbonisation targets and the progressive increase in the independence of the Italian electricity system.

Notably, with reference to **Regulated Activities**, a pick-up in investments was confirmed with a view to achieving the objectives of the European Fit-for-55 and RepowerEU packages, as set out in Italy's 2024 Integrated National Energy and Climate Plan (PNIEC). These investments will allow the integration of renewable sources, the development of interconnections with foreign countries, the improvement of the security and resilience of the electricity system, and the digitalisation of the grid.

With regard to the main investment projects underway, emphasis is placed on the milestones of the Tyrrhenian Link, in respect of which the submarine laying of all cable for the first pole in the East Link is expected to be completed. For the West link, however, it is planned to complete the supply of the marine cable of pole 1 and to continue the work in Sardinia and Sicily.

With regard to Sa.Co.I.3, work began on the landing points for the submarine cables in Sardinia and Tuscany and the executive design of the terrestrial cables and converter substations in Suvereto and Codrongianos got underway. With regard to cables and overhead lines in Corsica, execution continued following the opening of construction sites.

As to the Adriatic Link project, the civil works ahead of the laying of the terrestrial cable in the Marche region got underway, while the civil works for the terrestrial cables in Abruzzo was scheduled to start; in addition, work on the converter substations was planned to start during the course of the year.

With regard to the main infrastructure of the NTG, the "Pantano-Priolo" power line, the synchronous compensator in Aurelia and the Foiano and Ponte Caffaro substations were scheduled for commissioning.

Work to complete the new electricity grid for the "Milan-Cortina 2026" Olympic and Paralympic Games will continue in 2025, with the aim of increasing the reliability of energy supply in the locations hosting the event, with infrastructure having a reduced impact on the landscape. More specifically, the Livigno, Laion-Corvara and Moena-Campitello links were scheduled to come on stream in 2025.



Finally, the Group will continue to make progress towards meeting the requirements resulting from the output-based regulatory mechanisms introduced by ARERA, with regard to both reducing dispatching costs (Dispatching Services Market incentives DSM, Resolution no. 554/2024/R/eel) and delivering additional interzonal transmission capacity (interzonal incentives, Resolution no. 55/2024/R/eel), the Group is committed to maintaining the performance levels achieved during the observation period.

With reference to **Non-regulated Activities**, the reorganisation process involving the subsidiaries of Terna Energy Solutions S.r.l. was completed. This is a company of the Terna Group that manages activities in competitive markets. It has integrated diversified expertise along the entire energy value chain through its network of subsidiaries, setting out to act as a blueprint for businesses seeking strategic expertise in energy and digital transition.

As a result, the Terna Group will gain a stronger foothold in the various segments of the energy transition value chain: Altenia (previously known as LT S.r.l.), a system integrator with specialised and diversified expertise in the design, construction and maintenance of electrical and renewable energy plants, the Tamini Group, a leading transformer manufacturer and the Brugg Cables Group, a company operating in the terrestrial cable sector. The latter two, which are also instrumental in the realisation of the Group's investments, will develop high value-added activities for businesses, offering customers technological, innovative and digital solutions in the energy and industrial sectors and seizing growth opportunities by both strengthening market leadership and increasing production capacity.

The Group will also continue to develop the Connectivity business based on activities related to the fibre optic network.

Regarding **International Activities**, the Group will continue the process of enhancing the asset portfolio in Latin America, taking all the actions that may be required to finalise the disposal transaction in Peru. In addition, monitoring of the foreign market will continue, with a special focus on the Mediterranean area, with a view to gaining insights into changes in the backdrop and context and seizing any opportunities involving a low risk profile and limited capital requirement.

During the year, the Group will intensify its focus on improving operational efficiency and management of the transmission grid through the adoption of innovative technologies and the digitalisation of grid assets, in part thanks to the implementation of IoT technologies. This will include, by way of example, implementation of the latest mobile network technologies, the upgrade of monitoring systems and the development of advanced predictive algorithms designed to optimise infrastructure maintenance and boost grid resilience.

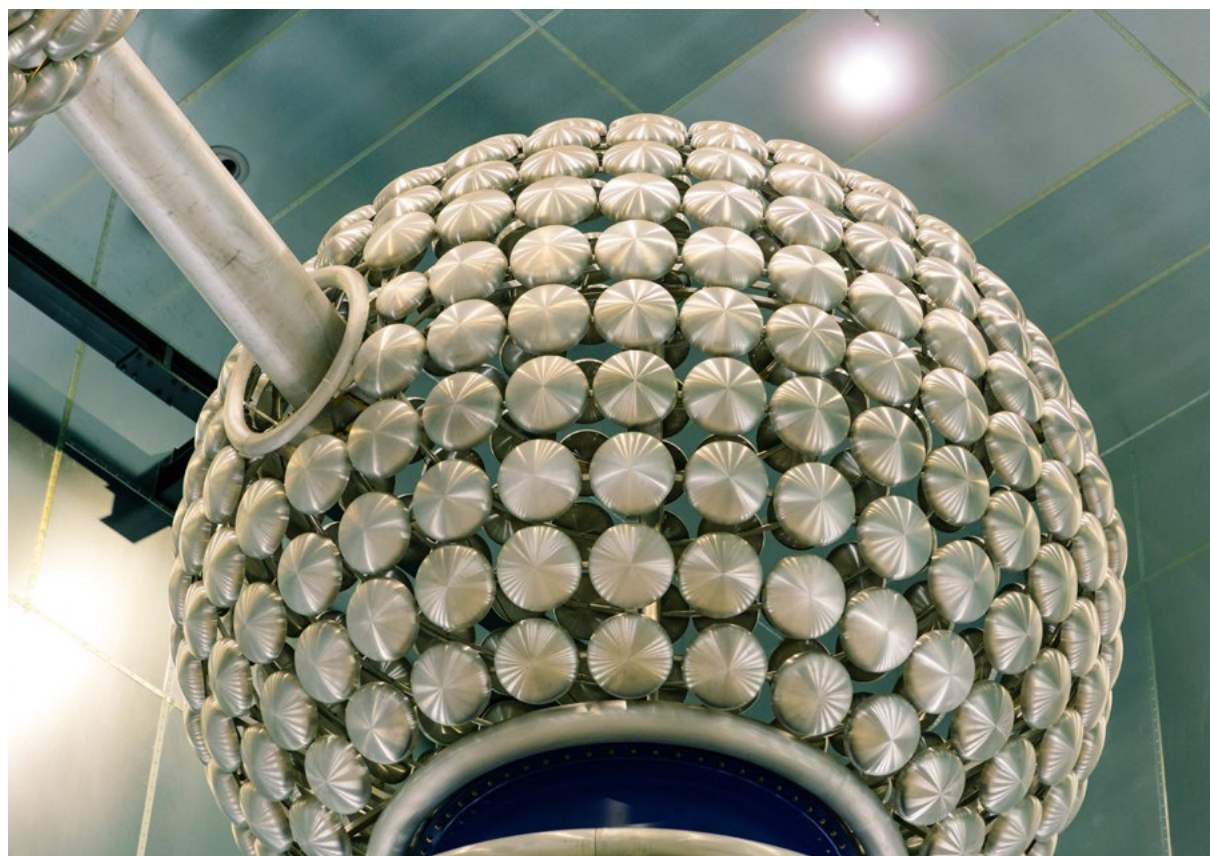
Management of the Terna Group's business will continue to be based on a sustainable approach and respect for ESG aspects, ensuring that it is able to minimise the environmental impact, involve local stakeholders and meet the need for integrity, responsibility and transparency.

In 2025, the Terna Group's expected financial highlights include revenue of €4.03 billion, EBITDA of €2.70 billion and net profit at €1.08 billion. With specific reference to the Investment Plan, the Group has targeted capex of approximately €3.4 billion in 2025. The above objectives will be pursued whilst maintaining a commitment to maximising the cash generation necessary to ensure a sound, balanced financial structure.

# Declaration

of the manager responsible for financial reporting in accordance with article 154-bis, paragraph 2, of Legislative Decree 58/1998

The manager responsible for financial reporting, Francesco Beccali, declares that, in accordance with article 154-bis, section 2, of the Consolidated Law on Finance, the information contained in this Consolidated Interim Financial Report at 31 March 2025 is consistent with the underlying accounting records.





Alternative Performance Measures (APMs)

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Other information

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# 3

## Annexes



# Alternative Performance Measures (APMs)

In line with the ESMA/2015/1415 guideline, the Alternative Performance Indicators used in this Report are outlined below.

MEASURE	DESCRIPTION
<b>GROUP PERFORMANCE</b>	
Operating profit/(loss) - EBIT	an indicator of operating performance, representing the sum of <b>Profit/(Loss) before tax</b> and <b>Net financial income/(expenses)</b> .
Gross operating profit/(loss) - EBITDA	an indicator of operating performance, obtained by adding <b>Amortisation, depreciation and impairment losses</b> to the <b>EBIT</b> .
TAX RATE	the amount of tax paid as a proportion of pre-tax profit, based on the ratio of <b>Income tax expense</b> to <b>Profit/(Loss) before tax</b> .
<b>FINANCIAL RESULTS</b>	
Net Working Capital	represents a balance sheet indicator that expresses the company's liquidity position and is determined by the difference between <b>current assets</b> and <b>current liabilities</b> of a non-financial nature shown in the statement of financial position.
Gross invested capital	represents a balance sheet indicator that expresses the Group's total assets and is derived from the sum of <b>Net non-current assets</b> and <b>Net Working Capital</b> .
Net invested capital	determined by <b>Gross Invested Capital</b> net of <b>Sundry provisions</b> .
<b>CASH FLOW</b>	
Net debt	represents an indicator of the Group's financial structure and is determined as the result of <b>short-term and long-term financial debt</b> and related <b>derivative instruments</b> , net of <b>cash</b> and <b>cash equivalents</b> and related <b>financial assets</b> .
Free Cash flow	represents cash flow and is the difference between <b>cash flow from operating activities</b> and <b>cash flow from investing activities</b> .

# Other information

Additional information is presented below in accordance with specific statutory or industry requirements.

## Treasury shares

At 31 March 2025, the Parent Company holds a total of 4,151,848 own shares (equal to 0.207% of the share capital).

The aforementioned total number of shares held by the Company derives from the sum of the purchases made in implementation of five separate Share Buyback Programmes to respectively service the:

- (i) 2020-2023 Performance Share Plan, in the period between 29 June 2020 and 6 August 2020;
- (ii) 2021-2025 Performance Share Plan, in the period between 31 May 2021 and 23 June 2021;
- (iii) 2022-2026 Performance Share Plan, in the period between 27 May 2022 and 9 June 2022;
- (iv) 2023-2027 Performance Share Plan, in the period between 22 June 2023 and 6 July 2023; and
- (v) 2024-2028 Performance Share Plan, in the period between 4 September 2024 and 20 September 2024<sup>10</sup>,

net of: (a) 1,079,860 treasury shares allocated by the Company in the period between 9 May 2023 and 1 June 2023 to the beneficiaries of the 2020-2023 Performance Share Plan and (b) 1,060,240 treasury shares allocated by the Company in the period between 10 May 2024 and 4 June 2024 to the beneficiaries of the 2021-2025 Performance Share Plan.

The Company does not hold any additional treasury shares other than those purchased under the above programmes, including through subsidiaries.

The Parent Company does not directly or indirectly hold any shares in CDP Reti S.p.A. or Cassa Depositi e Prestiti S.p.A., nor has it purchased or sold any such shares during the first three months of 2025.

## Related party transactions

For related party disclosure, reference should be made to the detailed information provided in the 2024 Annual Report.

## Participation in the regulatory simplification process introduced by CONSOB Resolution no. 18079 of 20 January 2012

For information on the adherence to the CONSOB simplification process, please refer to the details in the Annual Report 2024.

<sup>10</sup> In this regard see the press releases of 10 August 2020, 28 June 2021, 13 June 2022, 10 July 2023 and 23 September 2024 available at the following link: [https://download.terna.it/terna/2020.08.10\\_CS%20TERNA%20operazioni%20su%20azioni%20proprie%20CHIUSURA%20ITA\\_\\_8d83d42cfd43cb6.pdf](https://download.terna.it/terna/2020.08.10_CS%20TERNA%20operazioni%20su%20azioni%20proprie%20CHIUSURA%20ITA__8d83d42cfd43cb6.pdf)  
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