

2025

Half-year report
- 30 June





INTRODUCTION

The Terna Group's Half-Year report for the six months ended 30 June 2025 has been prepared in accordance with the provisions of Article 154-ter of Legislative Decree No. 58/98, as amended by Legislative Decree 195 of 6 November 2007, and with Article 81 of the Issuers' Regulation, as subsequently amended.



“ 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



Contents

INTERIM REPORT ON OPERATIONS FOR THE SIX MONTHS ENDEND 30 JUNE 2025	4
H1 2025 overview	6
Terna's role in the just transition	11
1 The Terna Group	14
Corporate bodies	16
Ownership structure	18
Structure of the Group	20
2 The value creation strategy	22
Reference scenarios	24
2024-2028 Industrial Plan Update	34
The value creation process	40
3 The Terna Group's business	44
Regulated Activities	46
Non-regulated Activities	65
International activities	71
Innovation and digitalisation	72
People	76
4 Remarks on the results and other information	80
Financial review for the first half of 2025	82
Share price performance	94
Outlook	97
Main risks and uncertainties	99
5 Annexes	104
Regulatory framework and other information	106
Changes to the dimensions of the NTG	113
Alternative Performance Measures (APMs)	116
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2025	120

DISCLAIMER

The Half-Year report contains forward-looking statements based on plans, estimates, projections and current projects that by their nature involve risks and uncertainties and that are current only as of the date on which they are made. Various factors may mean that the actual results and provisions made by the Company differ substantially from those contained in any forward-looking statement. These factors may include, by way of example but not limited to: trends in the Company's business, the Company's ability to implement planned cost efficiencies, changes in the regulatory framework, differing interpretations of laws and regulations, the ability to successfully diversify and the expected level of future investment.



**INTERIM REPORT
ON OPERATIONS FOR
THE SIX MONTHS
ENDED 30 JUNE 2025**





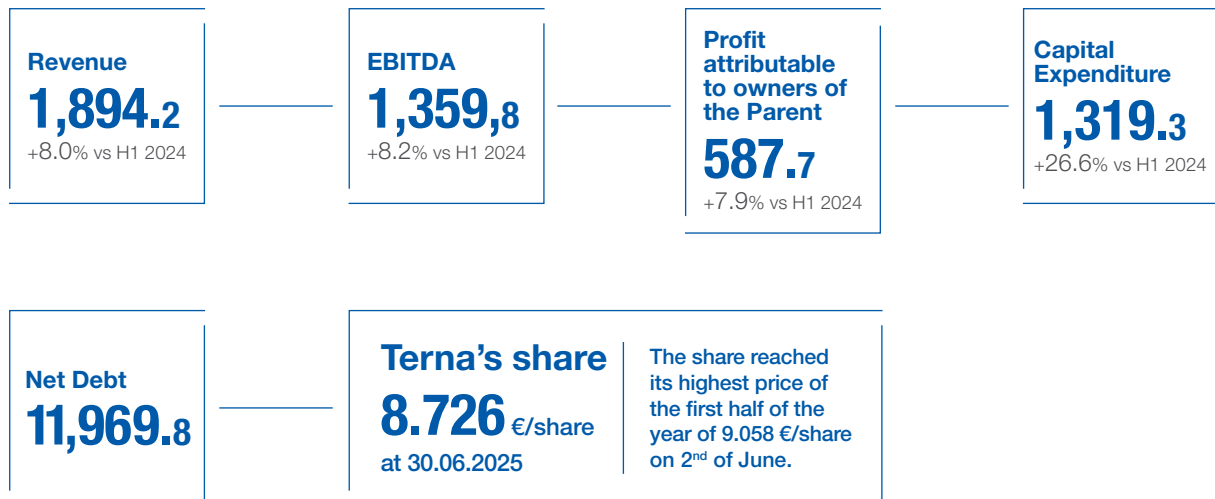
H1 2025 overview

In March, 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 revision follows the upgrade assigned to the Italian Republic (from BBB to BBB+).

In June, **Moody's** confirmed Terna's long-term rating at Baa2, one notch above that of the Italian Republic. At the same time, the agency revised Terna's **outlook** from stable to **positive**, confirming the Company's financial soundness. This decision by Moody's follows the recent upgrade of the Italian Republic's rating by the agency.

Also in June, the **€12 billion "Euro Medium Term Note Programme" (EMTN)**, listed on the Luxembourg Stock Exchange and authorised by the Commission de Surveillance du Secteur Financier (CSSF), was renewed. On the same date, a new **€4 billion "Euro Medium Term Note Programme" (EMTN)** was established, listed on the electronic bond market (MOT) managed by Borsa Italiana and approved by CONSOB.

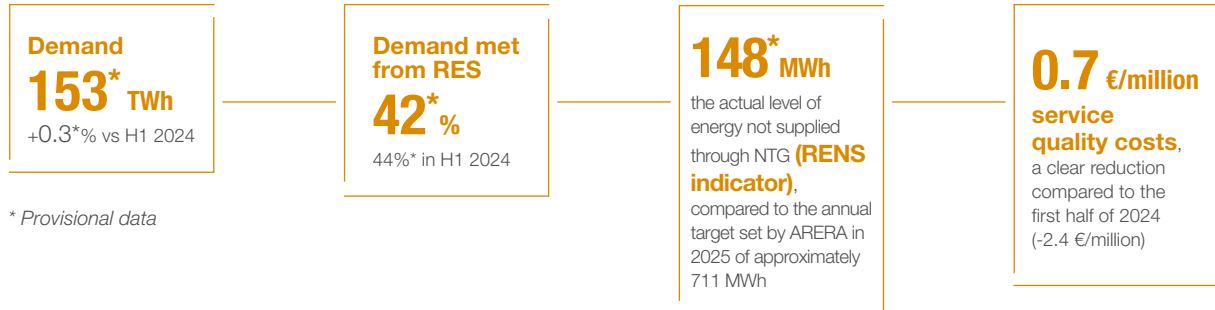
Furthermore, the following should also be noted.

In July, the European Investment Bank (EIB), Terna, Intesa Sanpaolo (IMI CIB Division) and SACE entered into **financing arrangements** totalling **€1.5 billion** in order to support the development and construction of the **Adriatic Link**, Terna's submarine power line that will connect Marche and Abruzzo.

In July, under the €4,000,000,000 Euro Medium Term Note Programme (EMTN), the **first European Green Bond** was launched: a fixed-rate, single-tranche issue for a total of **€750 million** with a term of six years.

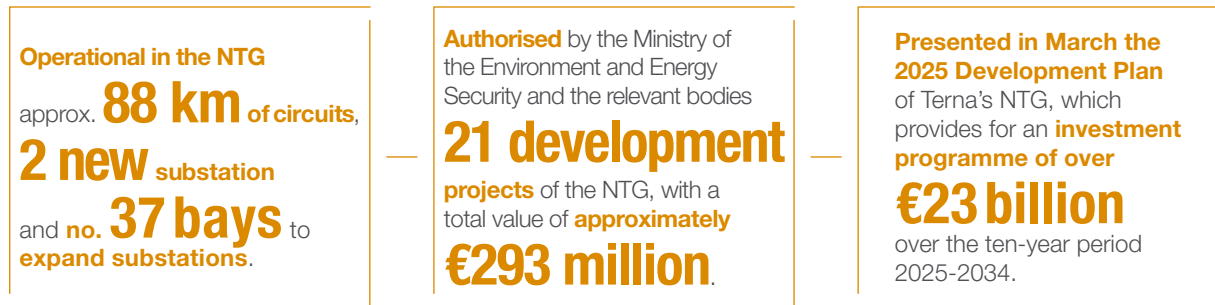


OPERATIONAL Electricity system



* Provisional data

Infrastructure



ENVIRONMENTAL

In the 2024-2028 Industrial Plan Update, Terna has formally committed to setting a net zero target for 2050 within two years, in accordance with the Science Based Targets Initiative framework, the leading global benchmark in this area, and in line with the Science-based Target of reducing CO₂ emissions by 2030 to limit global warming to within 1.5°C.

In addition to its commitment to combating climate change, Terna has embarked on the path towards a Science-Based Target for Nature, to be certified by the Science Based Targets Network, for the protection of nature and biodiversity.



SOCIAL

+345 new personnel

added in the first half of 2025, in line with the recruitment plan set out in the 2024-2028 Industrial Plan Update.

+24,000 hours of training

compared with the first half of 2024: approximately 157,000 hours of training delivered in the first half of 2025 (equivalent to 29 hours of training per capita), compared with over 133,000 hours provided in the first half of 2024 (equivalent to 27 hours of training per capita).

In the first half of the year, Terna obtained the **Top Employer 2025** and **Best HR Team 2025 certifications** both prestigious awards recognising excellence in people management practices and policies. Terna was also **named "Women Empowerment Company 2025"**, an award promoted by Fondazione Bellisario in collaboration with Confindustria.

As part of the **High Competence Polytechnic Network (PolitechLab)**, launched in April and promoted by Terna in partnership with Polytechnic Universities of Torino, Milano and Bari, the call for applications was published for the **first edition of the Master's Degree Course in "Innovation in Electrical Systems for Energy"**. PolitechLab is dedicated to research, innovation and advanced training, aimed at enhancing the security and resilience of the grid and the electricity system.

As part of the consultation process conducted by Terna, in compliance with Regulation (EU) no. 869/2022, with the authorities and local communities affected by the works set out in the 2025 Development Plan, **nine "Terna Incontra"** events were held in the first half of the year, focusing on the new electricity connection between Milan and Montalto di Castro.



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.

In June, Terna launched the **Terna Innovation Zone Adriatic**, in the Marche region, with the aim of creating a centre of excellence to accelerate innovation and the development of new technologies in support of the energy transition and the growth of the Adriatic entrepreneurial ecosystem.



International indices and ESG Ratings

Thanks to its commitment to combating climate change, in the first half 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 rewarded Italian companies that have reduced the ratio between their CO₂ emissions and turnover the most.

In June, the Company was once again included in the **“World’s Most Sustainable Companies 2025”** ranking published by TIME.

In the first half of the year, **Terna** was **confirmed** in all the main **ESG indices** in which it was already included, among them: the STOxx Global ESG Leaders Index, of which Terna has been included since 2011; the FTSE4Good Index, since 2005; the Euronext Sustainable indices (formerly Euronext Vigeo Eiris), since their inception in 2012, and the MIB ESG Index, Italy’s first blue-chip index dedicated to environmental, social and governance best practices (in which Terna was included in 2021, the year the index was launched).

Other events during the period

In May, **Terna and IPTO**, the Greek Transmission System Operator (TSO), signed a **Memorandum of Understanding (MoU)** during the intergovernmental summit between Italy and Greece. The agreement sets out the key terms and conditions for the design and construction of a new electricity interconnection between the two countries. The new submarine connection will complement the existing interconnection, which has been in operation since 2002.

In June, **Terna and Microsoft** signed a **Memorandum of Understanding** for the development of strategic initiatives to support the Company’s digital transformation.

Furthermore, the following should also be noted.

In July, during the Ukraine Recovery Conference 2025, **Terna and NPC Ukrenergo**, the Ukrainian Transmission System Operator, signed a three-year **MoU**, to foster the exchange of experience and advanced technologies in the management of electricity transmission systems.

Also in July, the **TSO Innovation Alliance** was established following the signing of a Memorandum of Understanding (MoU) by eight European Transmission System Operators (TSO). The alliance aims to accelerate the adoption of innovative solutions to enhance the resilience and efficiency of the continent’s electricity grid and facilitate the integration of weather-dependent energy sources. The signatories include: Terna (Italy), RTE (France), Swissgrid (Switzerland), Elia Group (Belgium and Germany), TenneT (Netherlands), Red Eléctrica (Spain) and Amprion (Germany).

Terna's role in the just transition

The national electricity system is made up of several segments: production, transmission, distribution and the sale of electricity. Tasked with **transmission** and **dispatching**, Terna is responsible for the key transmission segment. This is a complex task, requiring an independent central coordinator capable of having an overall view of a high number of actors involved in both production and consumption.

In this scenario, Terna **is driving the complex transition** towards a new carbon-free model, aware of the fact that the task of meeting ambitious national and international targets over the coming years must be addressed by taking into account not only the environmental aspects, but also the social dimension, in order to deliver a **just transition** that is as fair and inclusive as possible. In this sense, it is of fundamental importance to involve all the players affected by the transition (including, for example, trade bodies, civil society and the authorities), through partnerships, public debate and engagement initiatives.

To be truly just, this transformation process must embrace not only **energy-related** and **digital** aspects, but also **social** considerations. This means achieving energy equality, under an approach that has the human dimension at its heart with a view to reducing inequalities and avoiding new forms of energy poverty. With this in mind, for the first time in the Group's history the 2024-2028 Sustainability Plan is fully integrated into the Industrial Plan presented in March 2024. Sustainability is inherent in Terna's very nature, precisely because of its crucial role in bringing about the energy transition ("Green by Nature"). But what most qualifies the Group as sustainable is the way it chooses to carry out its business ("Social by Purpose"). In order to support this inclusive approach to the transition, one of the key new features of the Sustainability Plan is the establishment of the **Terna Foundation**, which has been fully operational since January 2025. The Foundation has launched its first initiatives focused on tackling absolute, energy and educational poverty, co-designed with leading partners in these fields. In managing the transmission grid and the system, new technologies and digitalisation thus play and will continue to play an ever more important role in enabling the energy transition. This will benefit the electricity system as a whole and further boost the security, resilience and flexibility of Italy's transmission infrastructure, supporting progressive decarbonisation and the growing integration of renewables.

The transition to a distributed production system based on green sources is, therefore, rapidly altering the electricity system, resulting in exponential growth in active resources connected to the grid. The management of high-voltage connection requests submitted by developers of renewable energy projects enables Terna to maintain a systemic view of the current situation and future scenarios. As the Transmission System Operator (TSO), Terna is able to **monitor the system's ability to meet electricity demand** while ensuring compliance with **security** and **quality of service** requirements - in a word, ensuring the system's adequacy.

The actions included in Terna's 2025 Development Plan for the national transmission grid will make a significant contribution to achieving the targets set at European level in the Fit for 55 package of measures set out in Italy by the 2024 National Integrated Energy and Climate Plan (NECP) which aims to **cut CO₂ emissions by at least 55% by 2030** compared with 1990 levels. In Italy, **energy from renewable sources will have to cover at least 65% of final consumption in the electricity sector by 2030 for a total of more than 57 GW of additional power (wind and solar)** compared to 2024.



Market operators are responding to the challenge with major investment programmes: the level of renewable energy plant development projects being put forward by private investors is extremely encouraging. At **30 June 2025** Terna received requests for connection to the National Transmission Grid (NTG) for **over 350 GW of new renewable capacity**, of which 44.3% related to solar and 54.8% to wind (onshore and offshore). It is possible to continuously monitor these initiatives through the new digital platform called **Econnexion¹**, launched by Terna in 2023 in collaboration with the Ministry of the Environment and Energy Security. The platform provides centralised information on requests for the connection of renewable energy sources to the HV grid in Italy. This dashboard has been enriched with additional data on **all green sources** and also with **information on storage systems**. An important new tool for the benefit of sector operators, with which Terna shares information on the **regional and local distribution** of renewable connection requests broken down by sources (solar, onshore wind, offshore wind, hydroelectric, geothermal, biomass) and storage systems (pure pumping, mixed pumping, standalone storage, integrated storage on solar plant, integrated storage on wind plant).

The data on **applications for the connection of new renewable energy plants to the electricity grid** reveal that we are on the right track: it would be sufficient to complete approximately 20% of the currently proposed initiatives to reach the targets set. Considering all renewable sources, according to Terna's data, the increase in capacity in Italy as at 30 June 2025 amounted to approximately 3.1 GW. This points to an acceleration in the development of renewables, with new activations rising from 1 GW in 2021, 3 GW in 2022, 5.8 GW in 2023 to around 7.5 GW in 2024. As at 30 June 2025, Italy had 79.7 GW of installed power from renewable sources, broken down by source as follows: solar 39.9 GW, hydro renewable 21.58 GW, wind 13.29 GW, biomass 3.98 GW and geothermal 0.95 GW². In addition, according to the latest figures from Terna at 30 June 2025, 9 GW qualified for the Detailed Minimum Technical Solution as part of the process for connection to the national grid³.

Differences in the geographical distribution and technology mix compared with earlier forecasts make this a very tough challenge: **from the point of view of transmission**, to achieve this fresh injection of renewable energy into the grid will require a major effort to plan, approve and carry out investment projects on a scale not seen in recent decades in Italy. In the **2025 Development Plan** Terna presented an investment programme of **more than €23 billion** for the period 2025-2034, with a total value beyond the 10-year horizon of **up to about €40 billion**. Actions are planned over the ten-year horizon 2025-2034 to ensure the **efficiency** and the **resilience** of the grid, the **sustainability**, the **security** and the **quality** of the service, as well as the integration of production from **renewable sources**. Also at the centre of the 2025 Development Plan is the **efficient territorial planning** of the country's energy infrastructure as a new model to ensure efficiency in the realisation of grid works enabling the connection and integration of new resources, minimising costs for the system, as well as the impact of infrastructure on the local regions. Furthermore, a **total reduction in CO₂ emissions** of almost 2,000 kt/year is expected by 2030, which in the long term (by 2040) will tend to almost 12,100 kt/year.

The definitive text of the NECP for 2024 confirms the **decarbonisation targets** for the electricity system and the related steps needed, as set out in Terna's 2024 Scenario Description Document and in the Development Plans: to integrate growing volumes of non-programmable renewable energy production to replace generation using fossil fuels, it will be necessary to develop storage capacity and grid infrastructure, to be managed using increasingly digital and smart systems.

The energy transition path requires a common commitment at the national level to achieve the challenging decarbonisation objectives set out in Italy by the National Integrated Energy and Climate Plan: to this end, the Energy Decree entrusted Terna with the task of creating a new digital portal. The **TE.R.R.A. digital platform**, developed by Terna to enable and promote efficient territorial planning of the country's energy infrastructure, is available to national and local administrators, legislators, and proposing parties to consult strategic and relevant information on Territory, Networks, Renewables, and Storage.

¹ <https://www.terna.it/it/sistema-elettrico/rete/econnexion>

² <https://www.terna.it/it/sistema-elettrico/dispacciamento/fonti-rinnovabili>

³ <https://www.terna.it/it/sistema-elettrico/rete/connessione-rete/procedura-connessione>

A cutting-edge institutional communication tool, designed to facilitate the full transparency of data and information, to encourage action for the rationalisation and optimisation of electrical infrastructure planning and, finally, to support the stakeholders involved through regular monitoring and progress reports from Terna on the grid and the electricity system. The platform contains a huge wealth of information on the status of connection requests (around 8,000 renewable energy plants, storage systems and consumer users with a connection solution accepted by the proposers), and on the geographical location of more than 43,000 VHV/HV and MV plants in operation, confirming constant work on data quality and the digitalisation of processes and systems. It is possible to navigate multilayer maps to observe necessary development work, planned development work and existing power lines, the registry of plants already in operation and the progress of new connection initiatives.

Terna has, and will increasingly have, a key role to play in enabling the electricity system's transition towards renewable sources and in centrally coordinating this major energy and digital transformation. **The electricity grid is in fact the main enabling factor** in achieving the **global goal of decarbonisation**.

What does this mean? Achieving the ambitious European and international goals will obviously require the participation of all members of society, but the energy sector must take the lead, given that it is by a long way the biggest producer of emissions at global level.

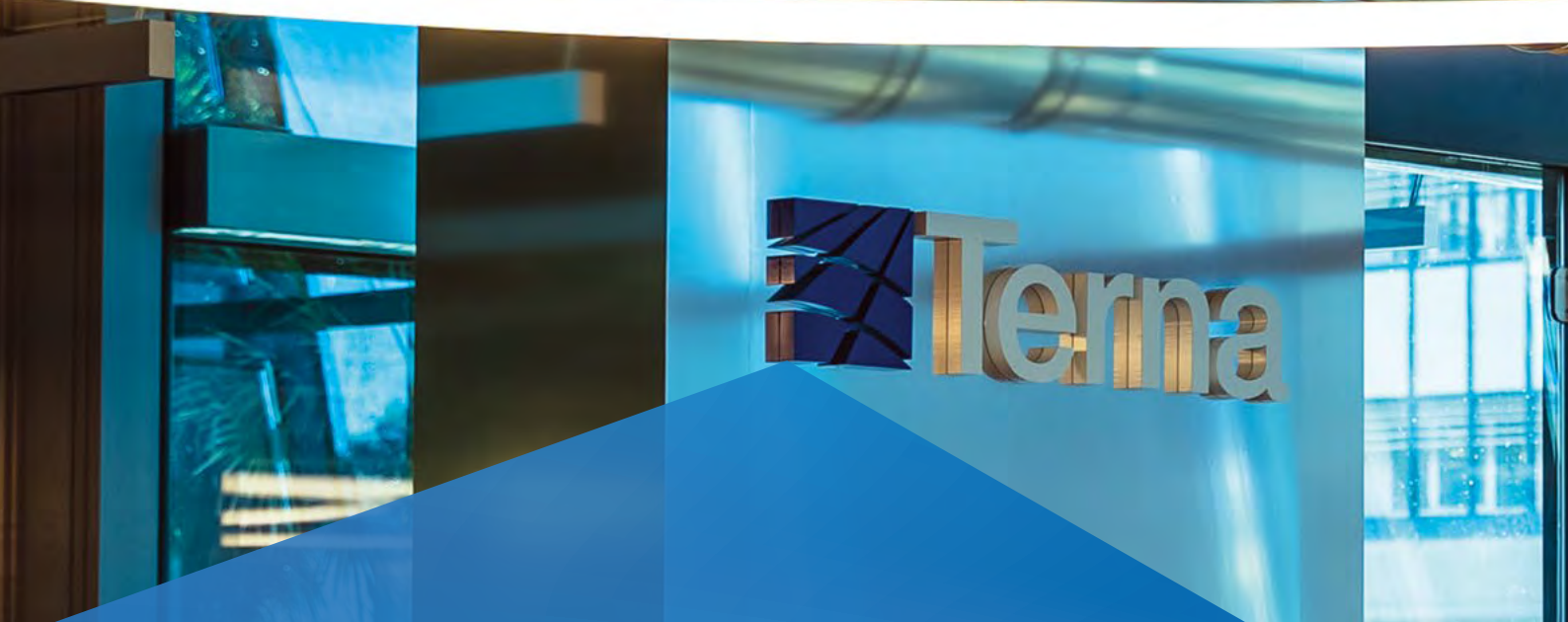
Under the European Green Deal, the net zero emissions target is to be achieved in two main ways: by increasing use of renewables and through growing electrification of consumption. In this sense, an essential role in all the various scenarios designed to arrive at carbon neutrality is played by the **key tool of energy efficiency**.

Introducing the energy efficiency first principle, the European Commission invited member states to take energy efficiency into account in all their policy, planning and investment decisions. In this way, in keeping with the EU's long-term strategy, final energy consumption in Europe is expected to fall by (at least) 35% by 2050 compared with 2019 levels.

The key consideration, in this sense, is represented by the fact that electricity will be the main energy carrier and the electricity grid will operate as the backbone for decarbonisation for all the other energy sectors. This reflects the carrier's intrinsic efficiency and the technological maturity of renewable energy sources (RES).

Climate targets also play a key role in the **United Nations 2030 Agenda for Sustainable Development**, not only because SDG 13 - Climate Action focuses explicitly on the climate, but above all because dealing with the climate crisis and guaranteeing, therefore, a healthier planet for the future, is key to enabling the world to achieve all the other goals contained in the Agenda. This means delivering truly prosperous, long-lasting development as part of a just transition.

Awareness of the Company's key role in the current transition coincides with Terna's wish to further strengthen its environmental strategy. Adoption of a Science Based Target (SBT) with the aim of cutting its CO₂ emissions based on measurement of the existing situation and the planning of concrete actions, validated by a third-party entity, turns a good intention into a real, tangible contribution to containing the rise in the global temperature, in line with the Paris Climate Accords of 2015. Terna has thus committed to cutting its CO₂ emissions by 46% by 2030 compared with 2019. In addition, with the aim of positioning Terna among the companies most committed to the protection of ecosystems and biodiversity at global level, Terna has begun the preliminary activities involved in adopting a new Science Based Target for Nature.



Corporate bodies	16
Ownership structure	18
Structure of the Group	20

A modern interior space, possibly a transit hub or office lobby, featuring large windows and blue lighting accents. The scene is captured from a low angle, looking up at the ceiling and windows. The lighting is a mix of cool blue tones and warm, golden-yellow tones, creating a dynamic and contemporary atmosphere. The background is blurred, emphasizing the architectural details and the lighting.

1

**The Terna
Group**



Corporate bodies

Composition of the corporate bodies at the date of approval of this document.

Board of Directors⁴	<p>Chair Igor De Biasio</p> <p>Chief Executive Officer Giuseppina Di Foggia</p>	<p>Directors Marco Giorgino Karina Audrey Litvack Jean-Michel Aubertin Anna Chiara Svelto Stefano Cappiello⁵ Qinjing Shen</p>	<p>Regina Corradini D'Arienzo Angelica Krystle Donati Enrico Tommaso Cucchiani⁴ Gian Luca Gregori Simona Signoracci</p>
Board of Statutory Auditors	<p>Chair Mario Matteo Busso</p>	<p>Standing Auditors Lorenzo Pozza Antonella Tomei</p>	<p>Alternate Auditors Lucrezia Iuliano Antonello Lillo Barbara Zanardi</p>
Independent Auditors	Deloitte & Touche S.p.A.		
Manager Responsible for Financial Reporting	Francesco Beccali		
Board committees			
Audit and Risk Committee⁶	<p>Chair Marco Giorgino (independent)</p>	<p>Independent members Enrico Tommaso Cucchiani⁷ Karina Audrey Litvack Jean-Michel Aubertin</p>	
Sustainability, Governance and Scenarios Committee	<p>Chair Igor De Biasio (independent)</p>	<p>Independent members Jean-Michel Aubertin Simona Signoracci Anna Chiara Svelto</p>	<p>Non-independent members Qinjing Shen</p>

⁴ On 29 July 2025, Director Paolo Damilano was appointed by co-optation to replace Director Enrico Tommaso Cucchiani, who had tendered his resignation on 28 May 2025, effective upon the appointment of his replacement.

⁵ The non-executive and independent Director, Stefano Cappiello, was appointed by co-optation by the Board of Directors on 24 June 2025, following the resignation of Director Francesco Renato Mele, submitted on 27 May 2025 and effective upon the appointment of his replacement.

⁶ Until 24 June 2025, Director Francesco Renato Mele was a non-independent member of the Audit and Risk Committee.

⁷ Member of the Committee until 29 July 2025.

Remuneration and Nominations Committee**Chair**

Enrico Tommaso Cucchiani⁸
(independent)

Independent members

Gian Luca Gregori⁸
Karina Audrey Litvack
Simona Signoracci

Non-independent members

Regina Corradini D'Arienzo

Related-party Transactions Committee**Chair**

Anna Chiara Svelto
(independent)

Independent members

Angelica Krystle Donati
Marco Giorgino
Gian Luca Gregori
Simona Signoracci (as from 8 May 2024)

Further information on Terna's corporate governance may be found in the "Report on Corporate Governance and Ownership Structures", approved by the Board of Directors on 25 March 2025 and available in the "**System of Corporate Governance – Governance Report**" section of Terna's website, and in the "Remuneration Report", also available on Terna's website.

⁸ Chair until 29 July 2025. On the same date, the Board of Directors appointed Gian Luca Gregori as Chairman of the Remuneration and Appointments Committee.



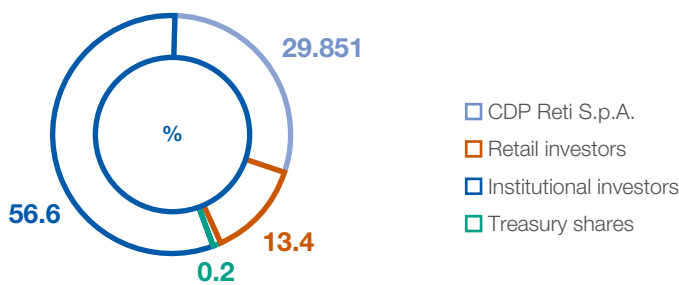
Ownership structure

At the date of preparation of this Report, **Terna's share capital amounts to €442,198,240**, comprising 2,009,992,000 fully paid-up ordinary shares with a par value of €0.22 each.

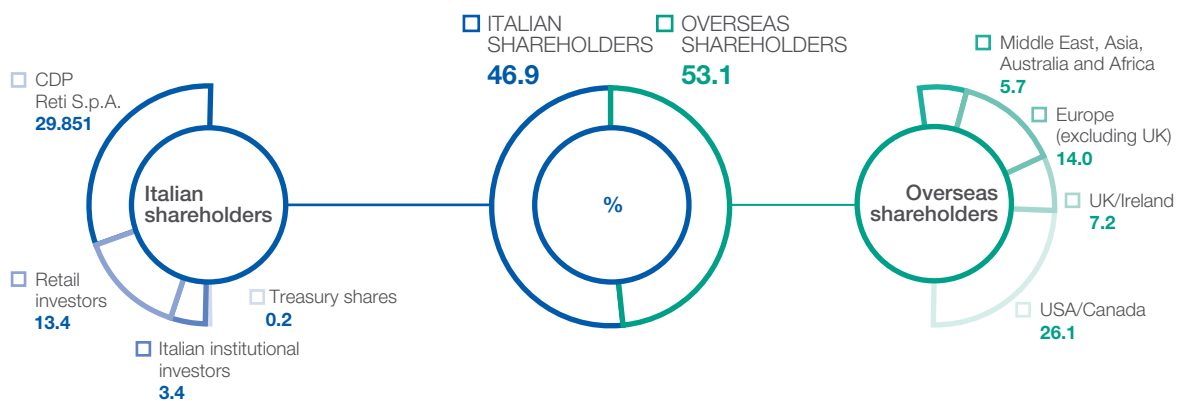
Based on periodic surveys carried out by the Company, it is estimated that 46.9% of Terna's shares are held by Italian shareholders, with the remaining 53.1% held by overseas institutional investors, primarily from Europe (not UK) and the USA/Canada.

Based on information from the shareholder register and other data collected in June 2025, Terna's shareholder structure breaks down as follows.

Shareholders by category



Shareholders by geographical area and category



Major shareholders⁹

CDP RETI S.p.A.¹⁰ 29.851%

(a company controlled by Cassa Depositi e Prestiti S.p.A.).

Blackrock Inc.: 5.014%

(investment management company headquartered in New York. Significant shareholder as of July 2025¹¹).

Information on the ownership structure, restrictions on the transfer of shares, securities that grant special rights, and restrictions on voting rights, as well as on shareholders' agreements, is provided in the "Report on Corporate Governance and Ownership Structures" for 2024. This is published together with the Annual Report of the Terna Group and is available in the "[System of Corporate Governance – Governance Report](#)" section of Terna's website.

⁹ Shareholders who, based on the available information and notifications received from the CONSOB, own interests in Terna S.p.A. that are above the notifiable threshold established by CONSOB Resolution no. 11971/99 and Legislative Decree 58/98, as amended.

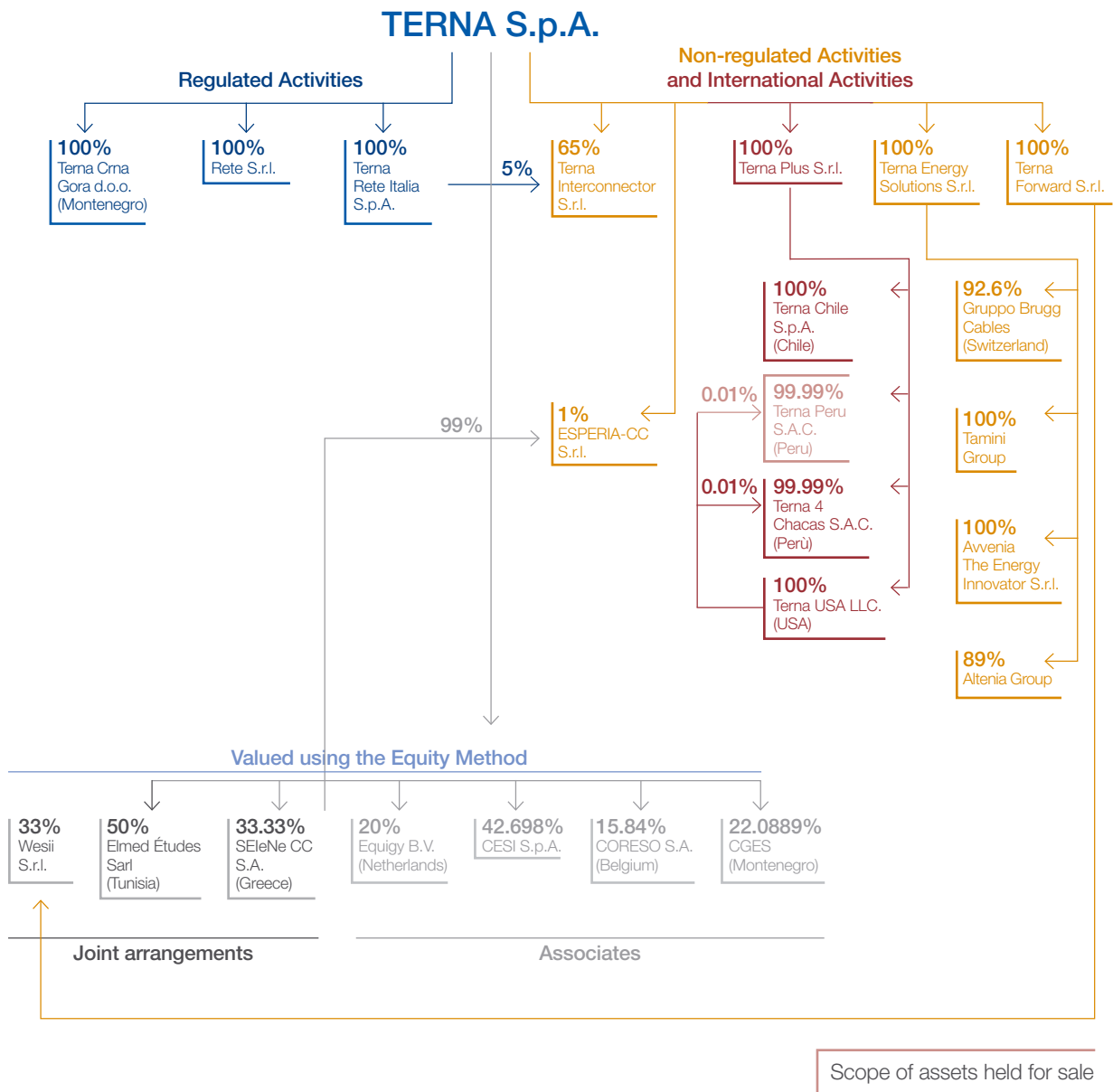
¹⁰ On 27 November 2014 a shareholders' agreement was entered into between Cassa Depositi e Prestiti S.p.A. (CDP), on the one hand, and State Grid Europe Limited (SGEL) and State Grid International Development Limited (SGID), on the other, in relation to CDP Reti S.p.A., SNAM S.p.A. and Terna S.p.A.. This was later amended and supplemented to extend the scope of the agreement to include Italgas S.p.A..

¹¹ Consob Communication dated 10/07/2025.



Structure of the Group

In line with the role and the objectives of enabler of the current energy and digital transition, below is the structure of the Terna Group as of 30 June 2025.



As at 31 December 2024, the following developments are noted:

- On **4 March 2025**, following the reorganisation of the Non-Regulated Activities area, the company LT S.r.l. changed its company name to Altenia S.r.l., **as of 1 April 2025**, through a business unit contribution, it took over management of the Energy Services business, previously carried out by Terna Energy Solutions S.r.l. and the LT Group, which specialises in the design, construction and maintenance of high-voltage electrical systems and renewable energy installations, particularly photovoltaic systems, as well as energy efficiency solutions. As a result of this transaction, Terna Energy Solutions S.r.l.'s equity interest in Altenia S.r.l. in April increased from 87.5% to 89%;
- on **29 May 2025**, the subsidiary Altenia S.r.l. completed the acquisition of 100% of the share capital of the Italian company Ste Energy S.r.l., which operates in the design, construction and maintenance of renewable energy plants and electrical infrastructure;
- on **30 May 2025**, the subsidiary Terna USA LLC completed the sale of its entire 40% interest in the jointly controlled US-based company BMT Energy Transmission Development LLC to Meridiam Transmission Development LLC, a Delaware limited liability company.

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.





Reference scenarios	24
2024-2028 Industrial Plan Update	34
The value creation process	40



2

The value
creation
strategy



Reference scenarios

Macroeconomic environment

The current **macroeconomic landscape** presents several elements of uncertainty that could affect global economic growth. These include geopolitical tensions, trade frictions, and the increasingly likely introduction of further protectionist measures.

Globally, GDP growth for 2025 is forecast at +2.8% (source: International Monetary Fund, IMF), slightly lower than the +3.3% recorded in 2024. Uncertainty remains high due to the unpredictable evolution of geopolitical tensions affecting the entire world, particularly Europe and the Middle East.

As for **Italy** specifically, **GDP is expected to grow by 0.4% in 2025** (source: IMF), compared to the growth of 0.7% in 2024. GDP growth continues to be driven primarily by domestic demand, with investments playing a key role. In this respect, it is worth highlighting **the investments made by Terna**, which saw strong acceleration in 2024, reaching approximately €2.7 billion, the highest value in the Group's history (up 17.6% vs 2023).

For the euro area countries, early 2025 data confirm a steady decline in inflation indicators, which, after peaking at around 11% in October 2022, **progressively fell to 1.9% in May 2025** (source: European Central Bank, ECB). **The European restrictive monetary policy contributed to the reduction in inflation indicators**. Starting in July 2022, the European Central Bank significantly raised its key policy rates in an effort to combat inflation: the deposit rate rose from -0.5% in June 2022 to 4% in October 2023, marking a sharp reversal after nearly a decade of near-zero rates. The deposit rate was then gradually lowered by the European Central Bank, reaching 2% in June 2025.

The average gas price recorded in the first six months of 2025 on the Title Transfer Facility (TTF), one of Europe's largest wholesale natural gas markets, **stood at approximately €44/MWh**, up from around €32/MWh in the same period of 2024. This increase was mainly driven by geopolitical tensions and colder weather conditions: in January 2025, natural gas supplies were reduced following the interruption of Russian gas transit through Ukraine. This was compounded by a return to average winter conditions after two unusually mild winters, resulting in increased withdrawals from storage facilities.

Forecasts for the coming winter remain uncertain. The forward gas price, calculated in early July 2025 for the first quarter of 2026, is €40/MWh, therefore lower than the €49/MWh recorded in the first quarter of 2025.

The performance of fossil fuel prices, above all the price of gas, has a major impact on the electricity market due to the system marginal price, based on all the offer prices accepted at the system marginal price (normally determined by gas-powered plants). As a result, wholesale electricity prices also increased in the first half of 2025 compared to the same period the previous year. In fact, the **SNP recorded an average spot price of €119/MWh in the first six months of 2025**, compared to €94/MWh in the same period of 2024.

Energy price pressures could, moreover, last for several years given the factors at play, leaving Italy exposed to the risk that the resulting inflation will impact consumption. There is also an issue of energy security and independence, given that almost all the gas consumed in Italy is imported from third countries.

The market environment

According to the IEA¹², **the energy sector is largely responsible for the greater part of emissions** produced by human activity and its decarbonisation is thus key to avoiding the potential effects of climate change. Under the net-zero pathway developed by the IEA, by 2030 the global economy will have grown by 40% but must use 7% less energy than today. **Energy efficiency and the electrification of final consumption** (given that, as an energy carrier, electricity is intrinsically efficient) will be the key drivers of decarbonisation. The real enabler of this transformation is **electricity as an energy carrier**, given the high level of intrinsic efficiency of final uses based on this carrier (resulting from thermodynamic laws and thus independent of any effective technological development): an electric vehicle is from 3 to 5 times more efficient than any technology based on the use of liquid or gaseous fuels, whilst a heat pump is 5-6 times more efficient than any fuel-based alternative.

The European and Italian response

At the end of 2019 the European Green Deal was published, which aims to transform the European Union into a net-zero economy by 2050 and achieve an intermediate goal of cutting greenhouse gas emissions (GHG) by at least 55% by 2030 compared with 1990 levels. A key part of the Green Deal is the European Climate Law (Regulation (EU) 2021/1119), formally adopted by the Council of the European Union on 28 June 2021 and that came into effect on 29 July 2021.

In July 2021, the European Commission also presented a package of legislative proposals named **Fit for 55 (FF55)**, setting out how Europe intends to achieve the EU's decarbonisation targets, cutting greenhouse gas emissions by 55% by 2030 compared with 1990 levels and achieving climate neutrality by 2050.

All the legislative proposals contained in the FF55 package – with the sole exception of the energy taxation directive – have now been definitively approved. Of particular relevance to the energy sector are the Renewable Energy Directive, which came into force on 20 November 2023, and the EU Energy Efficiency Directive, which came into force on 10 October 2023. Indeed, the first stipulates that the share of energy from renewable sources in the EU's gross final energy consumption by 2030 must be at least 42.5%, while the second requires a reduction in energy consumption of 11.7% by 2030¹³.

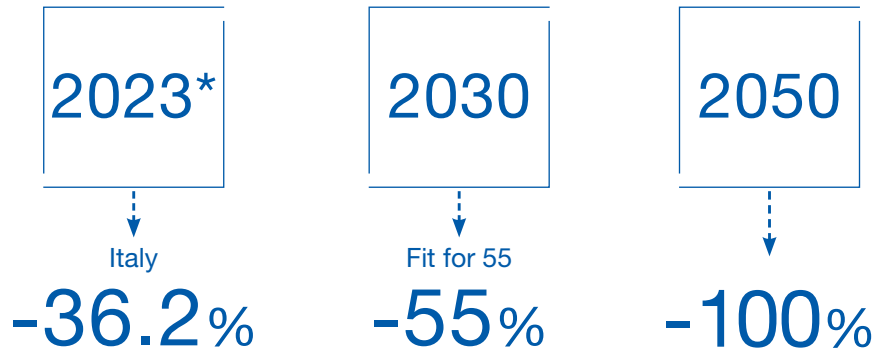
¹² IEA: International Energy Agency. "Net Zero by 2050" report.

¹³ According to Article 1 of Directive EU no. 2023/1791, Member States shall collectively ensure a reduction in energy consumption of at least 11.7% in 2030 compared to the projections of the EU 2020 reference scenario, so that the final energy consumption of the Union does not exceed 763 Mtoe.



In addition, the European Commission allocated “effort sharing” quotas between EU Member States. For Italy, the emission reduction target for the residential and transport sector (so-called non-ETS¹⁴) in 2030 compared to 2005 is 43.7%. For ETS sectors (mainly industry and thermoelectric power), the target remains exclusively European, leaving it up to the ETS market to decide in which country and to what extent to reduce emissions associated with these activities.

Net total CO_{2eq} emission reduction compared to 1990 levels



* Actual reduction of net total emissions (UNFCCC) of all greenhouse gas emissions by 2023 (latest available data for Italy) vs 1990. Net emissions refer to total emissions net of removals (LULUCF).
Source: European Environment Agency.

At the national level, in order to reflect the new objectives defined at the European level, in July 2024 the Ministry of the Environment and Energy Security (MASE) published and transmitted to the European Commission **the National Integrated Energy and Climate Plan (NECP)**, which offers a fundamental orientation on the development policies of the National Energy System. The NECP sets out the national targets through to 2030 for energy efficiency, the use of renewable sources, cuts in CO₂ emissions, energy security, interconnections, the single energy market, competition, and the development of sustainability of mobility.

Enabling factors for the energy transition

Delivery of the infrastructure necessary to achieve the energy policy goals within the set timetable inevitably requires a significant acceleration of investment in the energy sector and, even more so, in the electricity sector. This investment must, to a large extent, be directed towards the development of new renewable energy capacity, storage systems and transmission and distribution networks, to be carried out in a coordinated manner to make the system more efficient as a whole.

The energy transition is needed not only to combat climate change and boost environmental sustainability, but also to reduce the country's energy dependence, limit energy price pressures due to commodity costs (gas and CO₂), and to drive the country's economic growth and technological research and innovation.

¹⁴ ETS: Emissions Trading System.

What is needed

<p>GRID DEVELOPMENT</p> 	<p>Strengthen the grid and cross-border interconnections. Investment to offset the loss of inertia and in voltage regulation and grid resilience.</p>	<p>Terna develops infrastructure to enable the integration of RES. Terna engages with government institutions with the aim of speeding up consents processes that today represent the main obstacle to achieving decarbonisation targets.</p>
<p>MARKET DESIGN</p> 	<p>Identify a correct market design mix to achieve an optimal combination of forward markets (RES auctions, storage auctions, the Capacity Market) and spot markets, for both energy and services markets. Broaden the participation of new resources (RES, EVs, DSR) in the provision of flexibility services.</p>	<p>Terna is opening up the dispatching services market (DSM) to resources that are currently not enabled.</p>
<p>DEVELOPMENT OF RES</p> 	<p>Increase the pace of deployment. Ensure adequate security of supply, leveraging the range of technologies available. Give priority at administrative level to the deployment of RES and run more effective campaigns to raise awareness and improve public acceptance.</p>	<p>Terna guides the correct choice of technology mix and location for plants, diversifying sources of supply.</p>
<p>STORAGE SYSTEMS</p> 	<p>Deploy new hydroelectric and electrochemical storage systems to manage overgeneration and residual load ramping events, and provide high-quality services to the system.</p>	<p>Terna identifies the need for new storage capacity, taking into account expected growth in RES plants.</p>

Under Terna's direct responsibility

Source: Terna data.

The effort to be made is challenging and will take time. It will require a **coordinated approach to timing and geographical location to channel the massive investment being undertaken by operators in a way that is in keeping with the related plans**. Work is currently taking place on finalising the steps needed to guarantee the development of RES and of storage capacity. As far as RES are concerned, the Ministerial Decree on Suitable Areas was signed in June 2024, which defines the distribution among regions and autonomous provinces of the national 2030 target for additional power from renewable sources and establishes criteria for identifying suitable areas. In addition, the draft **RES X decree¹⁵ envisages financing 67.15 GW of new RES capacity by 2030**, of which 57.15 GW through competitive procedures and 10 GW with direct access to the incentive for plants below 1 MW. Pending its final approval, in December 2024 the European Commission approved the Transitional RES X Decree to support the construction of 17.65 GW of new renewable capacity by 31 December 2025¹⁶. The first transitional RES X auction will be held in the second half of 2025 and will include a quota of over 11 GW, of which 8 GW will be allocated to solar power. With regard to storage, with Ministerial Decree no. 346 of 10 October 2024 the Ministry of the Environment and Energy Security officially approved the **MACSE** (Mechanism for the Provisioning of Electric Storage Capacity) which **will allow the system to acquire new electric storage capacity**. The auctions held to procure this capacity will be carried out by Terna, as required by Legislative Decree no. 210/2021. The first auction is scheduled for 30 September 2025, with delivery in 2028. The national demand for this first auction is 10 GWh.

This transformation is a major opportunity to boost Italy's competitiveness: the country's lack of energy resources has historically meant that energy costs were higher than the European average and that the country is highly dependent on imported energy. In this new scenario, Italy will see a reduction in its energy dependence.

The investment planned for the coming years will determine Italy's strategic position in the global economic system of the future. The commitment of Terna within the decarbonisation of the Italian system also takes the shape of efforts to promote ever **closer strategic cooperation with other players in the sector**, including through the membership of various European bodies (e.g., ENTSO-E) and partnerships with other European TSOs (e.g., the Equigy initiative, whose partners, in addition to Terna, include the TSOs TenneT, TransnetBW, Swissgrid and APG).

¹⁵ Source: Ministry of the Environment and Energy Security.

¹⁶ Source: Ministry of the Environment and Energy Security.

<https://www.mase.gov.it/portale/-/energia-pichetto-ok-commissione-europea-a-fer-x-transitorio-passo-verso-innovazione-e-sicurezza>



Electricity demand and production in Italy

Electricity demand

In the first half of 2025, electricity demand in Italy amounted to 152,562 GWh, **remaining essentially stable compared to the same period in 2024 (up 0.3%)**.

ELECTRICITY BALANCE IN ITALY (GWH)*	H1 2025**	H1 2024**	CHANGE	CHANGE %
Net production	130,829	126,224	4,605	3.6%
From overseas suppliers (imports)	26,123	29,108	(2,985)	(10.3%)
Sold to overseas customers	(2,504)	(1,996)	(508)	(25.5%)
For use in pumping***	(1,318)	(1,203)	(115)	(9.6%)
Standalone storage intake****	(568)	(25)	(543)	-
Total demand in Italy	152,562	152,108	454	0.3%

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

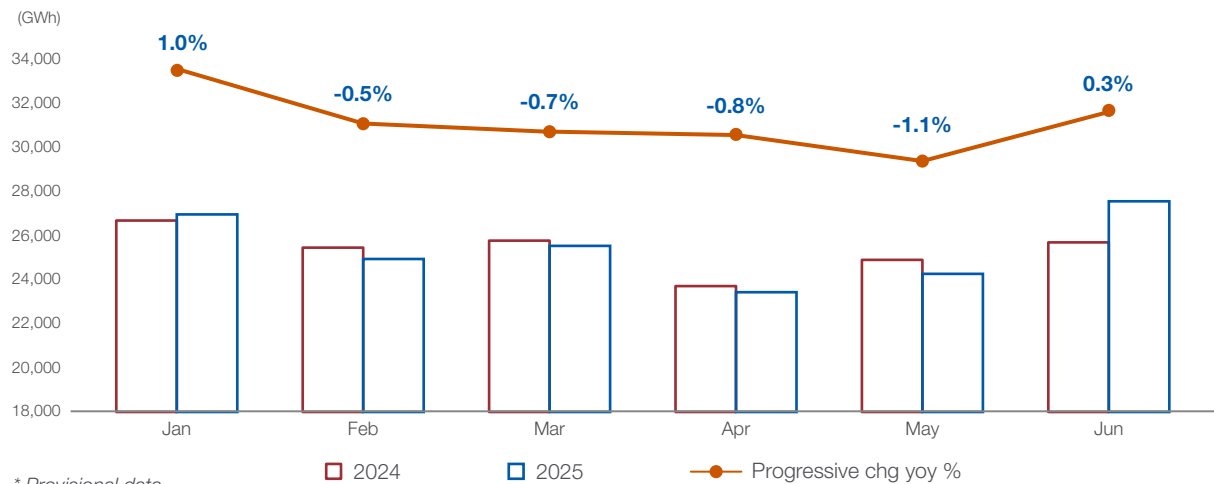
** Provisional data.

*** 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 half of 2024 has been restated.

The trend in electricity demand in Italy in the first half of 2025 is broadly in line with the same period of 2024 (up 0.3%), mainly reflecting the comparison with a leap year.

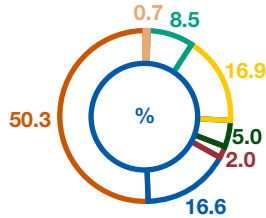
Monthly demand for electricity*



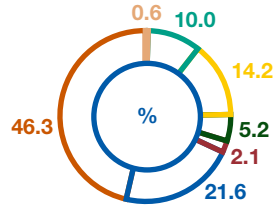
Meeting demand and energy production

Net electricity production by source

H1 2025*
130.8 TWh



H1 2024*
126.2 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 half of 2025 recorded an increase of 3.6% compared with to the same period of 2024, mainly attributable to fossil sources.

In the first half of 2025, approximately **42%** (provisional data) **of total electricity demand was met from renewable sources**, a slight decrease compared to the same period in 2024 (44% provisional data), and analysing individual sources shows: a decline in wind production (down 11.9%, due to low wind levels), hydro production (down 20.3%, essentially due to the fact that the previous year recorded exceptional output), geothermal production (down 1.2%), biomass production (down 0.6%), and an increase in photovoltaic production (up 23.1%, mainly due to the expansion of installed solar capacity).





Regulatory framework

Terna operates as a natural monopoly and within a market regulated by the **Regulatory Authority for Energy, Networks and the Environment (ARERA, or the Autorità di Regolazione per Energia, Reti e Ambiente)**, which determines the level of regulated revenue for transmission and dispatching activities, currently representing approximately 84.2% of the Group's total revenue.

In Resolution no. 615/2023/R/eel, ARERA established the criteria for setting tariffs for the transmission and dispatching service for the fourth regulatory period (2024-2027). The new regime reflects the application of the new totex/output-based regulation for the period 2024-2031 and introduced in Resolutions no. 163/2023/R/com and no. 497/2023/R/com, which envisage the gradual switch to an approach based on the recognition of costs based on total expenditure incurred (operating and capital expenditure) and that focuses more on outputs and the levels of service provided.

With Resolution no. 556/2023/R/com, ARERA set the **Weighted Average Cost of Capital (WACC)** for the Transmission service at 5.8% for 2024, following the activation of the trigger mechanism.

Finally, with Resolution no. 513/2024/R/com, ARERA updated the WACC recognised for electricity and gas infrastructure services for the second three-year period of 2025-2027, setting a value of 5.5% for the Transmission service and confirmed the application of the trigger mechanism also for the new three-year period, reducing the trigger threshold from 50 bps to 30 bps.

With Resolution no. 130/2025/R/com, issued in March 2025, ARERA amended the criteria for the revaluation of capital costs, establishing a change in the revaluation index of recognised net invested capital for tariff purposes from the ISTAT



deflator of gross fixed investment to the ISTAT Harmonised Index of Consumer Prices for Italy (IPCA Italy), starting from the 2024 calendar year (with effect from the 2025 tariff). For investments made up to and including 2023, the use of the deflator remains confirmed.

ARERA published the Consultation Paper 210/2025, proposing adjustments to the implementation criteria of certain elements of the ROSS-base regulation, regarding the recognition in tariff for capex and opex. Furthermore, the document provided the first logics for the implementation of Ross-Integrale mechanism, regarding the presentation by the companies of a four-year business plan and new incentive schemes two of which applicable from 2026 and one postponed later-on.

A number of key aspects of regulation in the sixth regulatory period are described below, with regard to the remuneration for transmission and dispatching services.

Transmission revenue makes up the most significant portion of regulated revenue and is generated from application of the related **transmission charge**, billed by Terna to distributors connected to the National Transmission Grid. This charge remunerates transmission services and is divided into two components: a capacity component (equal to 93% of revenue, expressed in euro cents/kW/year) and an energy component (7% of revenue, expressed in euro cents/kWh).

Transmission revenue makes up the most significant portion of regulated revenue

The **dispatching service charge** aims to recompense Terna for carrying out the activities relating to the dispatching service and is billed by Terna to users of the dispatching service in proportion to the quantity of energy dispatched.

The recognised costs can be broken down into the main categories summarised below.





The main recognised cost items and output-based incentive mechanisms

1. Return on capital (RAB)	<p>Determined on the basis of the Regulated Asset Base (RAB) and the Weighted Average Cost of Capital (WACC). The RAB represents the net regulatory invested capital; it is revalued annually based on the HICP Italy inflation index for investments made from 2024 onwards and based on changes in the gross fixed investment deflator for investments made prior to 2024. It is also updated to reflect the dynamics of investment and disposals. The WACC represents the weighted average cost of equity and debt.</p> <p>The methods of determining and revising the WACC are established by the regulator.</p>
2. Depreciation	<p>Allowed depreciation (calculated on the basis of an asset's useful life for regulatory purposes) is revalued annually based on the IPCA Italy inflation index for investments made from 2024 onwards, and on changes in the gross fixed investment deflator for investments made prior to 2024.</p>
3. Operating costs	<p>The recognised operating costs are determined by the Authority at the beginning of each regulatory period on the basis of the operating costs recorded in the year in question, adjusted if necessary on the basis of the z-factor (to cover costs related to the development of new investments for the energy transition or changes in the scope of activities) and y-factor (to cover costs arising from unforeseeable and exceptional events and changes in the regulatory framework).</p> <p>The recognised costs are revalued annually to take account of inflation (Italy's rate of consumer inflation for blue- and white-collar households, excluding tobacco products) and reduced by a percentage factor designed to pass on to end users part of the extra efficiencies also realised during the previous regulatory period.</p>
4. Output-based incentives	<p>In addition to the above items, a portion of the remuneration of transmission and dispatching services derives from regulatory incentives linked to the achievement of specific objectives, as described below:</p> <ul style="list-style-type: none">• incentive system for the development of projects aimed at increasing inter-zonal transport capacity: it provides for bonuses proportional to the ratio between realised capacity and a target capacity, with the addition of other bonuses in the case of the development of capacity with efficient solutions, including capital light. This mechanism, initially envisaged for the five-year period 2019-2023 (Resolution no. 567/2019/R/eel), was extended until 2024 by Resolution no. 55/2024/R/eel, which raised the cap to €180 million from the previous €150 million. The clause of possible reduction was confirmed in cases where the ratio between the average transmission capacity made available for the day-ahead market and winter peak transmission capacity is significantly below historical levels of this ratio, in one or more of the three years following the entry into service of the investment that made available the additional transmission capacity. <p>Resolution no. 55/2024/R/eel also provides for an update of the main parameters for determining the incentive for the development of incremental capacity for the period 2025-2027 by setting the maximum value of the bonus at €90 million.</p> <p>With regard to the bonuses linked to the efficiency of projects for the construction of new capacity, the ARERA measure extended the current incentive mechanism for the two years of 2024 and 2025, setting a cap of €60 million.</p> <p>In addition to the bonus of €143.6 million recognised by ARERA with Resolution no. 23/2022/R/eel for incremental capacity developed in 2020 and the bonus recognised with Resolution no. 473/2023/R/eel in the amount of €36.5 million for projects put into operation in 2022, Resolution no. 445/2024/R/eel awarded Terna a further bonus totalling €21.6 million for projects carried out in 2023. This premium, paid by CSEA in November 2024 out of the "Quality of Electricity Services" account, refers for €14.4 million to the development of additional inter-zonal transmission capacity, and for €7.2 million to the efficiency in investment costs of the same projects;</p>

- an incentive mechanism, with a three-year duration (2022-2024), aimed at rewarding the efficiency of dispatching activities and, as a result, reducing DSM costs and the cost relating to the shortfall in wind production and essential plants (Resolution no. 597/2021/R/eel and Resolution no. 132/2022/R/eel). Terna's performance is assessed by comparing effective dispatching costs in the incentive year with costs in the year in question, suitably corrected to take into account commodity price movements and other factors outside of Terna's control. For each year of the relevant period, the incentive is calculated based on the performance achieved and, on a three-year basis, the reward due to Terna amounts to 12% of the total savings made in the three years. Rewards (penalties), calculated on an annual basis, are included in the uplift payment defined in article 44 of Annex A to Resolution no. 111/06 and paid from 2024 according to the procedure described in Resolution no. 132/2022. In addition to the premium of €795.6 million recognised with Resolution no. 367/2023/R/eel (to be recovered through the Uplift fee in equal instalments over three years and on a quarterly basis starting from 2024) for activities carried out during 2022 for the purpose of reducing dispatching costs, with Resolution no. 327/2024/R/eel, ARERA awarded Terna an additional bonus of €117.7 million for activities carried out in 2023 to be recovered through the Uplift fee in equal instalments over two years and on a quarterly basis starting in 2025. With Resolution no. 326/2024/R/eel, ARERA introduced a similar mechanism even for the three-year periods of 2025-2027 and 2028-2030, for each year of the 2025-2030 period providing for the payment to Terna of an annual bonus equal to 12% of the reduction in the costs of the DSM with respect to the expenditures incurred in the relevant year of the three-year period in question, or the payment of a penalty of 6% in the event of an increase in costs with respect to the same year;
- improvements in quality of service in the 2016-2023 period through an incentive mechanism based on rewards/penalties calculated on the basis of the difference between the effective annual level of energy not supplied through the NTG (the NTG RENS indicator) and the target level set by ARERA, with the annual reward capped at €30 million and the annual penalty at €12 million (Resolution no. 653/2015/R/eel). Resolution no. 55/2024/R/eel extended the current mechanism for the 2024-2025 period with certain changes to provide for an annual bonus of up to €20 million and a penalty of up to €8 million and a reduction of the parameter for the calculation of the bonuses/penalties. With regard to 2023, in Resolution no. 444/2024/R/eel ARERA awarded Terna a bonus of €15.3 million, recognised by CSEA at the end of November 2024 and payable from the "Quality of electricity services" account.



2024-2028 Industrial Plan Update

Faced with the growing complexity of the energy system, which in recent years has posed new and important challenges to all operators in the chain, the Terna Group strengthened its role in the transition process by updating its 2024-2028 Industrial Plan - Empowering Tomorrow. While keeping the basic strategic lines unchanged, the update to the **Industrial Plan**, approved by the Board of Directors on 25 March 2025, reinforces the **Twin Transition: Energy and Digital** concept, deemed crucial for ensuring a fair and inclusive Just Transition for all stakeholders.

The **2024-2028 Industrial Plan Update** provides for **total capital expenditure of €17.7 billion**, through which Terna will accelerate its commitment to the country's energy transition, energy independence and decarbonisation, in keeping with the challenging objectives set in the National Integrated Energy and Climate Plan (NECP) and the targets in the EU's Green Deal, which aim to cut greenhouse gas emissions by at least 55% by 2030, compared with 1990 levels.

At the heart of the 2024-2028 Industrial Plan update is the **sustainability of investments**, which is essential for the creation of value for the Company and the system as a whole. Terna's capital expenditure, classified as **entirely sustainable** based on the **EU Taxonomy**, targets the development of renewable sources. The transmission backbones that transport energy from points of production, which are increasingly located in Italy's southern regions, to where demand is highest in the north of the country, will be boosted by resolving existing issues caused by grid congestion and further development of cross-border interconnections. This will allow Italy to solidify its **role as the electricity hub of Europe and the Mediterranean area**.

The Terna Group's development initiatives will continue to focus on two strategic areas: **Regulated Activities in Italy** and **Non-regulated Activities**.

The **Regulated Activities in Italy** will be the Terna Group's core business, which with a total capital expenditure of **€16.6 billion** intends to pursue the development and strengthening of the National Electricity Transmission Grid. The aforementioned target represents the largest Investment Plan ever, an increase of +7% compared to the previous 2024-2028 Industrial Plan, mainly due to increased investment in system security equipment, enhanced cyber security initiatives and the digitalisation of assets and processes. The high coverage both in terms of authorisations, where about 90% of the investments have already been authorised, and in terms of procurement, where about 80% of the requirements have already been covered by contract, ensures the overall sustainability of the Investment Plan.

As a result of the planned investment, the **value of the RAB** will reach about **€32 billion in 2028**, with a CAGR of 9% over the life of the Plan.

In the 2024-2028 Industrial Plan Update, Terna confirmed the **investments for the development of the National Transmission Grid** for a total of **€10.8 billion**, mainly related to the construction of high-voltage direct current lines – to resolve grid congestion, increase transport capacity between different market zones, fully integrate renewable sources, and improve service quality – and the construction of submarine cable connections. The most important project is the Tyrrhenian Link, the power line that will connect Sardinia, Sicily and Campania and that will contribute to the development of renewable energy production and the phase-out of the most polluting coal- and oil-fired power stations. The other projects include: the Adriatic Link (the submarine power line between the Marche and Abruzzo regions), Sa.Co.I.3 (the interconnector linking Sardinia with Corsica and Tuscany), Elmed (the Italy-Tunisia interconnector), and the 380 kV Chiaramonte Gulfi-Ciminna power line in Sicily.

With regard to ordinary investments primarily aimed at **asset renewal and efficiency** to rationalise existing infrastructure and replace obsolete components, Terna expects an increase in capital expenditure that will total **€3.6 billion**, compared to approximately €2.9 billion under the previous Plan.

Finally, an increase in investment is also planned for the **Security Plan** aimed at strengthening and boosting the technical and technological capabilities of the electricity system, where the Group will invest a total of **€2.3 billion** compared to approximately €1.7 billion in the previous Plan.

The **Non-regulated Activities** will continue to generate new business opportunities through the development of innovative and digital technology solutions consistent with Terna's institutional role.

The markets of reference are undergoing rapid expansion, driven for the most part by trends linked to the energy transition: increased demand for renewable generation plants, the renewal of grids and the growth of new industrial sub-sectors such as data centres and large power consumers.

The Group's Non-regulated Activities include:

- *Equipment*: businesses focused on guaranteeing supplies of essential components for development of the grid, such as transformers (Tamini Group) and cables (Brugg Cables Group);
- *Energy Services*: market activities complementary and adjacent to the core business. These include all system integrator activities with specialised and diversified expertise in the design, construction, maintenance and efficiency of medium- and high-voltage electrical systems, renewables and storage systems (Altenia);
- *Connectivity*: connectivity offerings for telecommunications providers through the supply of dark fibre and housing services;
- *Interconnector*: the installation and operation of interconnecting lines.



The Plan includes a series of initiatives designed to fully exploit the portfolio of businesses, introducing optimisation measures to strengthen financial performance and consolidate market leadership. These actions are aimed at keeping the business competitive with its competitors in the Equipment sector and further strengthening its leadership in Energy Services, considering that **Non-regulated Activities** will account for about **€730 million** in terms of cumulated **EBITDA** over the Plan period, in return for limited investment and risk exposure.

For Terna, **digitalisation and innovation** remain fundamental pillars for the achievement of national energy transition goals. In line with this orientation, the 2024-2028 Industrial Plan Update plans to spend **€2.4 billion** for digital technology, amounting to approximately 15% of investments in Regulated Activities in Italy, in line with international forecasts and the ambitions of major European competitors.

The digital plan aims to further consolidate the importance of digitalisation in supporting the Development Plan, with a series of ambitious initiatives throughout the value chain. These include:

- engineering will introduce software to digitalise the planning of worksites (Building Information Modelling) and optimise the management of contracts, ensuring the on-time delivery of projects;
- dispatching will renew station ICT architecture through the adoption of Substation Automation System (SAS) solutions and develop advanced network forecasting and optimisation models for the safe and economical operation of the National Electricity System;
- asset management will maintain current quality standards by digitising the O&M process using technologies such as digital twin, Internet of Things (IoT) and predictive tools.

In conclusion, advanced digital solutions will be used to constantly guarantee safety, drive innovation and improve worker efficiency.

Terna's people, with their world-leading technical expertise, are a key asset in enabling the Group to achieve the challenging goals the Group has set itself. The people strategy is based on three key pillars: empowerment, experience and excellence. The Group aims to be people-centric, promoting the development and wellbeing of employees by giving them greater responsibility and through mutual engagement benefitting all parties. Working life will be improved by anticipating change, investing in emerging skills and enabling more effective ways of working, in part by harnessing technology. Furthermore, rewards will be provided for merit to accelerate the organisation's growth and achieve excellent results. The Terna Group's focus on people is confirmed by the important acceleration in job creation, the 2024-2028 Industrial Plan update confirming the estimates of the previous Plan that forecast an increase of more than 7,000 employees.

Furthermore, maintaining a solid capital structure supported by robust cash generation will continue to ensure an attractive dividend policy.

2024-2028 Sustainability Plan Update

The Terna Group's strategy for the five-year period from 2024 to 2028, updated at March 2025, is based on a unified vision of its role in serving the country and means that the new Industrial Plan is fully integrated with the Sustainability Plan, with ESG objectives being given the same priority as industrial and financial objectives.

The structure of the Sustainability Plan, unchanged by the update, promotes all ESG objectives in line with the goals of the Industrial Plan.

The two common threads running through both the Sustainability Plan and the Industrial Plan are linked to environmental and social considerations, shaped by the Group's material topics. These concepts express two of Terna's key characteristics: on the one hand, given its role as a TSO with a vital part to play in delivering the energy transition, thus leaving future generations with a carbon-free environment, sustainability is inherent in the very nature of Terna, making it **"Green by Nature"**. On the other hand, Terna's business activities are carried out within the framework of a solid structure of protections and safeguards aimed at the maximum protection of its stakeholders' rights and demands, with a constant commitment to listening to local communities. As a result, the Group is sustainable by choice and therefore **"Social by Purpose"**. The elements that make up the two threads - Green by Nature and Social by Purpose - thus indicate that, in delivering on its priority goal of achieving a combined energy and digital transition (the **Twin Transition**), the Company must also take into account the social impacts, raising the Group's ambition and delivering a **Just Transition**.

Achieving an energy and digital transition that is both fair and inclusive is thus, at the same time, the priority goal of the 2024-2028 Sustainability Plan and the Plan's contribution to the Industrial Plan, providing further impetus towards the objective of delivering long-term value and sustainable success.





The architecture of the Sustainability Plan, which also takes into account the results of the Double Materiality Assessment, the guidance provided by science and developments in the regulatory framework, organises the content into:

- pillars;
- strategic areas;
- topics;
- areas of action;
- key activities.

2024-2028 Sustainability Plan: pillars and strategic areas

JUST TRANSITION

ENERGY
TRANSITION

SUSTAINABLE
VALUE CHAIN

CREATION
OF SHARED
VALUE

SUSTAINABLE
GROWTH

Interdependence between strategic areas of action and the related themes



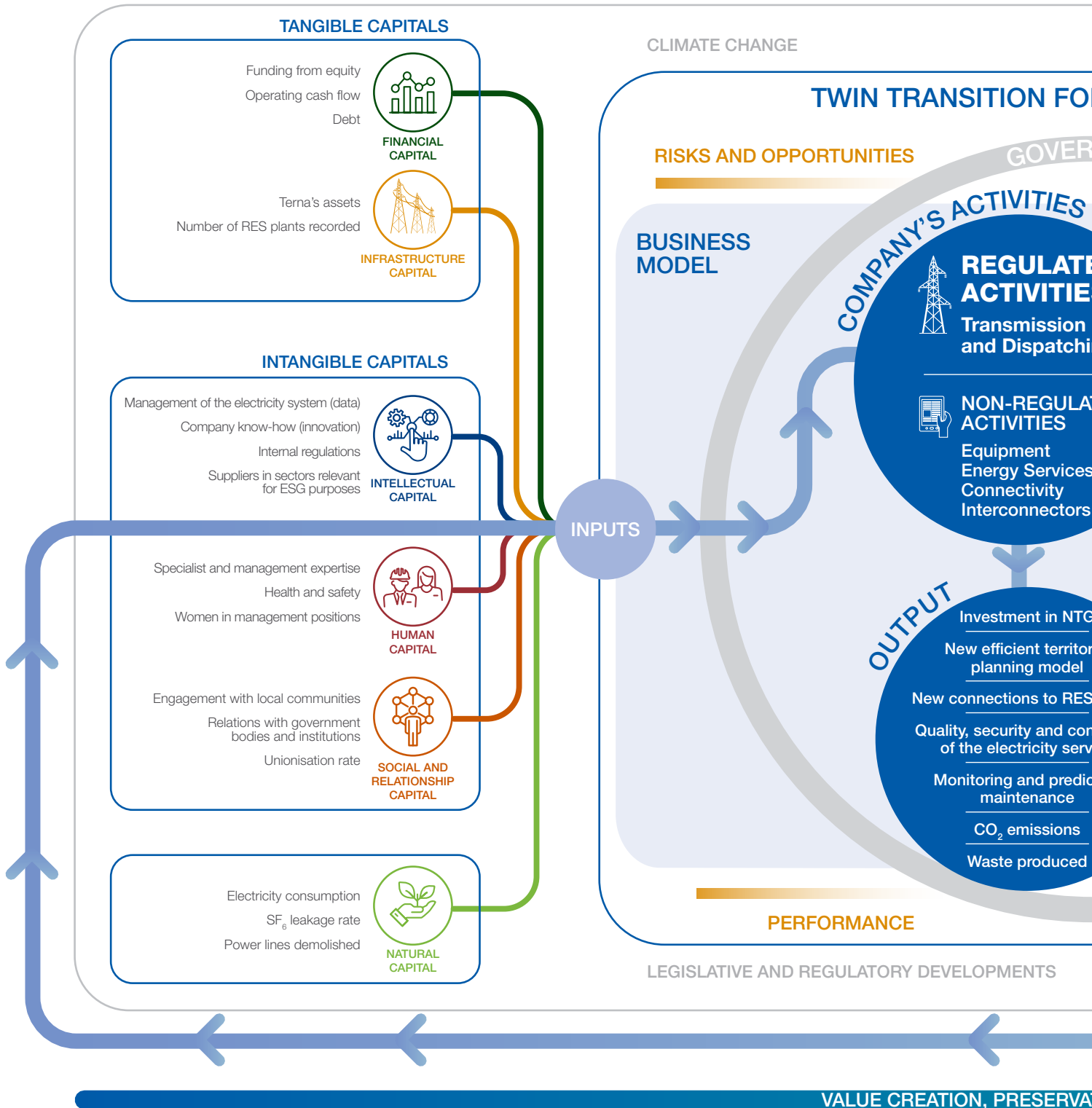
The Plan is based on four pillars, all defined with a view to delivering the priority goal of a Just Transition and whose content is firmly anchored to the Company's Purpose and the way in which Terna intends to fulfil its role in leading the country's fair and inclusive energy transition. The pillars are as follows:

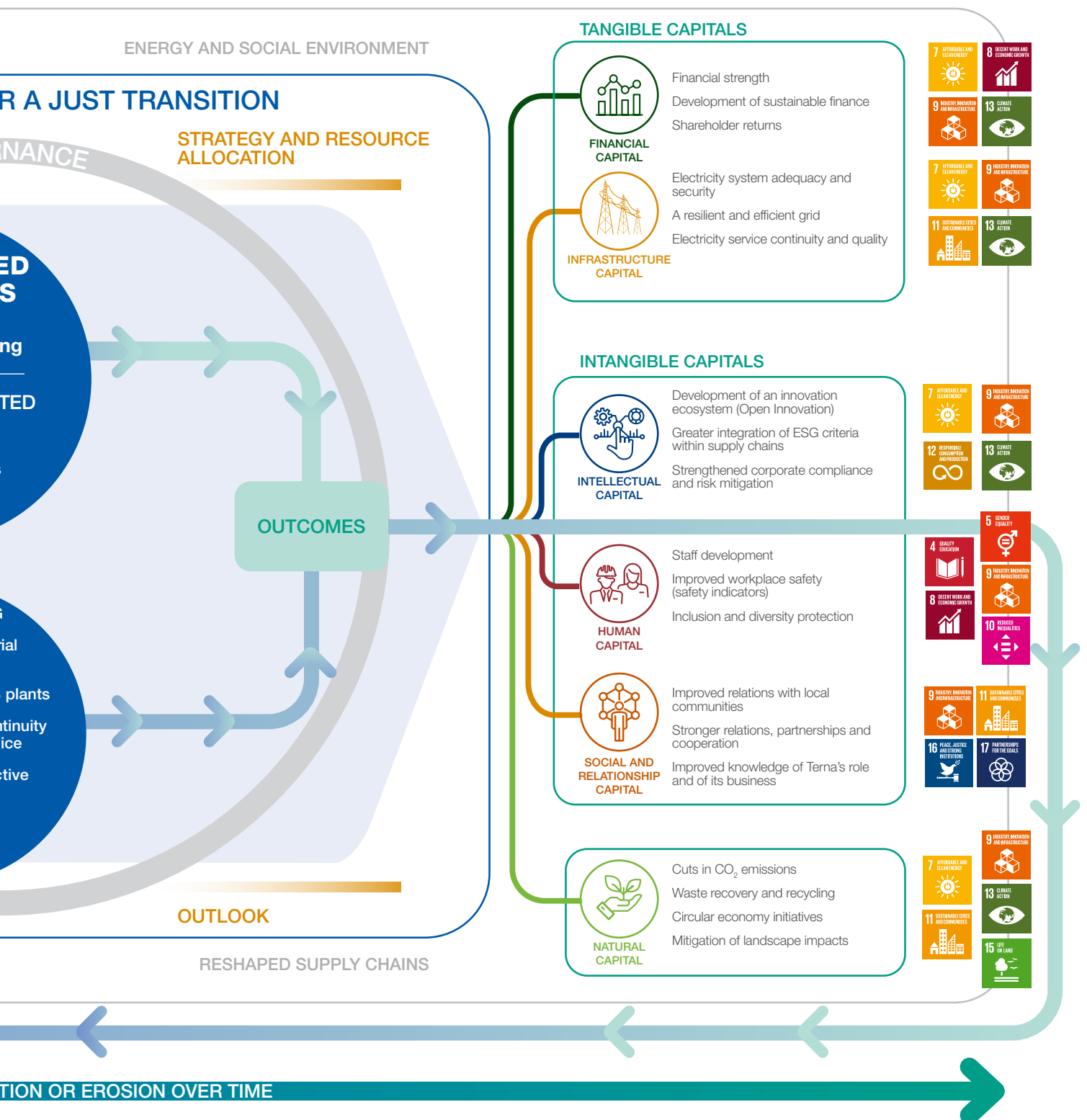
- **Energy Transition:** this pillar focuses on the delivery of a transition to a new, more sustainable energy paradigm, based on the use of energy from renewable sources. In addition to a progressive reduction in the carbon footprint and in the related CO₂ emissions – needed to limit global warming – this pillar also involves concerns regarding the security and resilience of the National Electricity System and, therefore, the country's productive and social system;
- **Sustainable value chain:** this pillar aims to establish a new, increasingly inclusive and sustainable value chain through the adoption of new development models that promote sustainable supply chain management, internal stakeholder value creation, transparency in customer relations and the development of circularity in business practices;
- **Creation of share value:** the aim is to strengthen the business model in terms of sustainability, achieving a balance between profit, safeguards for natural capital and the social licence, based around engagement with and support for the communities affected by Terna's presence and activities;
- **Sustainable growth:** this pillar aims to guarantee sustainable long-term growth. This involves innovation and digitalisation focused on the energy transition, the development of an ecosystem and new businesses to support growth and a commitment to financing for a just transition.





The value creation process







The Terna Group embodies the ability to create long-term value through a **Sustainable business model** based on the interaction between the tangible and intangible capitals available to the organisation. Its proper functioning is constantly monitored, metered and reported through specific financial, operational, social and environmental indicators.

The Terna Group's process for creating value over time¹⁷ is guided by a **Governance** oriented towards sustainable success that aims to define and implement a clear medium- and long-term **strategy**. Based on the guidelines contained within the **2025 Development Plan** and the **2024-2028 Industrial Plan** Update, this strategy aims to foster and realise an energy and digital transition that also takes into account social impacts (a so-called **Just Transition**). Crucial to the achievement of this strategic objective is the correct **allocation of resources**, undertaking investments that aim to enhance and improve the efficiency and resilience of the National Transmission Grid (NTG) while ensuring an adequate assessment and management of economic and financial **risks**, including those of an ESG nature connected to the business, and of the possible **opportunities** related to them. In presenting its business model and any updates, among other things the Terna Group takes into account the impacts, risks and opportunities associated with significant areas of activity that could potentially occur in its own operations or those related to the value chain, in order to make it more resilient and adaptable to changes in the external context.

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 and Non-regulated Activities) that correspond to the core business (Electricity Transmission and Dispatching) and the complementary strand, respectively, that operates in the free market, with a new structure for the Terna Group's market subsidiary that integrates diversified skills along the entire energy value chain for the design, engineering, operation and maintenance of solutions for the energy market.

The **capitals** represent the essential resources at the Terna Group's disposal to create and preserve value over time through their continual combination and interaction, both within the Company and with the outside world, including in the latter the legitimate needs and expectations of stakeholders. Capital plays a fundamental role within the value creation process since it is an **input** of the process, measurable from one year to the next (on the left side of the infographic), an **output**, to be understood as the set of products, services, by-products and waste of an organisation¹⁸ (in the central part of the infographic), and an **outcome**, to be understood as the process's ability to increase new resources and ensure their transformation in line with the objectives set by the Terna Group (on the right). As mentioned above, the capital that the Terna Group considers creating value and achieve its corporate objectives is both tangible – specifically, financial capital and infrastructure capital, represented by all of Terna's assets – and intangible – specifically, intellectual capital, human capital and social-relational capital.

¹⁷ Terna has adopted the principle-based framework proposed by the International Integrated Reporting Council (IIRC), the guiding principles of which are: (1) Strategic focus and future orientation, (2) Connectivity of information, (3) Stakeholder relationships, (4) Materiality, (5) Conciseness, (6) Reliability and completeness, and (7) Consistency and comparability.

¹⁸ https://www.integratedreporting.org/wp-content/uploads/2021/09/IRFRAMEWORK_ITALIANO.pdf

The representation of the business model by capital allows the Terna Group to emphasise the outputs and related outcomes generated, highlighting the benefits that its stakeholders enjoy both from a financial point of view, in terms of economic returns linked to the investments made, and from the point of view of the social-relational and environmental impacts produced. In this regard, and more generally in making strategic and operational decisions, the Terna Group uses knowledge and data such as:

- market data, such as analyses of demand and industry trends;
- legislative requirements and industry standards;
- internal company performance reports/operational KPIs.





Regulated Activities	46
Non-regulated Activities	65
International activities	71
Innovation and digitalisation	72
People	76



3 The Terna Group's business





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.

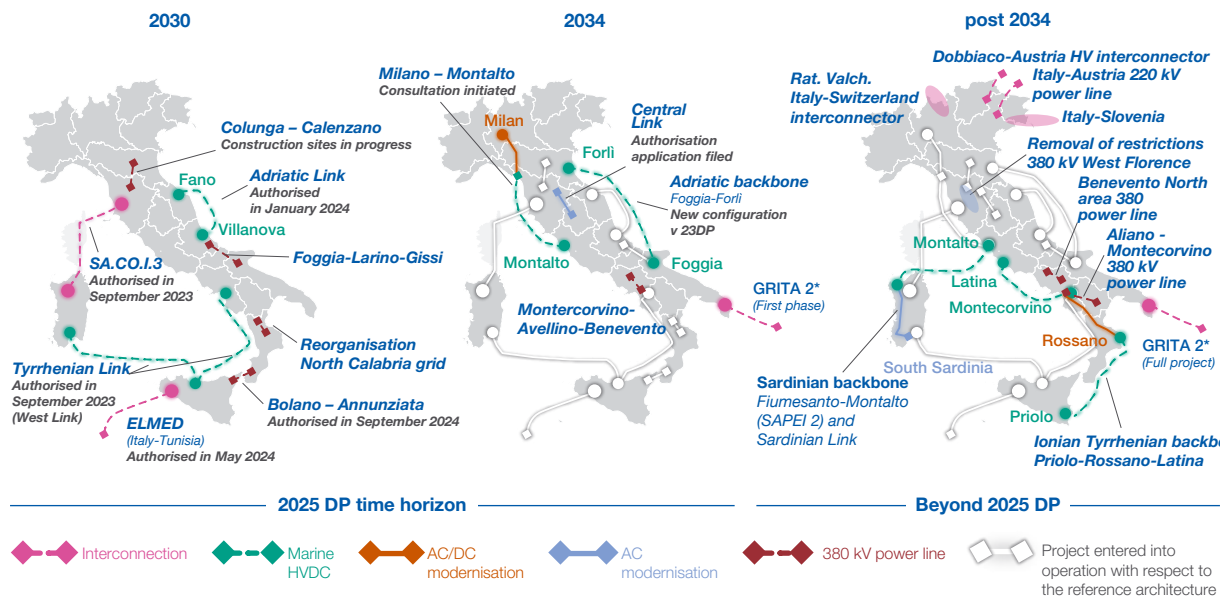
As a **Transmission System Operator (TSO)**, Terna not only has to design a grid capable of dealing with the progressive decarbonisation and the ever-growing integration of renewable sources (transmission operator), but also ensure that, moment by moment, consumer demand for energy is constantly balanced 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.

Main projects in the Development Plan

The projects of the Development Plan 2025 pursue the objective of **creating synergy with the development works already planned** (in the 2023 Development Plan and earlier) **and with the existing infrastructure**, in order to ensure maximum safety and flexibility of operation.

The grid architecture as at 2034 and post-2034 takes into account the synergy between the Hypergrid project and the VHV grid projects already planned, with **planned investments of more than €23 billion over the ten-year horizon of 2025-2034**.

Following are the main development projects planned for the years 2030, 2034 and post-2034.



* Considerations are being made as to whether the complete project can be brought forward to the 2025-2034 plan time horizon.

It is a very challenging Development Plan but at the same time characterised by **solid elements**:

- the projects planned for 2030 have already been authorised and some of them are already under construction;
- projects for 2034 have already started authorisation processes;
- those planned for after 2034 are in the works budget conciliation phase.

Confirming the benefits of projects that contribute most to achieving decarbonisation targets and the energy transition, **the cost-benefit analysis also demonstrated their full sustainability** through robust system utility indices (SU) notwithstanding a challenging environment of rising costs.

In the 2025 Development Plan for the National Transmission Grid, Terna aims to extract more value from existing assets through **capital light** projects based on innovative, low-capital-intensive instruments and solutions, which flank traditional infrastructure initiatives, making it possible to pursue benefits for the grid in terms of:

- increased transit limits between Market Zones;
- mitigation of intra-zonal congestion;
- maximisation of RES production and reduction of curtailment;
- maximisation and anticipation of the benefits expected from the entry into service of the individual works of the Development projects, including during the intermediate phases.

The Hypergrid project, together with all the projects planned for the VHV grid and the capital light works included in the 2025 Development Plan, in continuity with the 2023 Development Plan, will make it possible to achieve the EU decarbonisation targets, favouring the connection of the expected renewable energy plants.



Progress of the main projects

INTERCONNECTORS AND LINES	STATUS	PURPOSE			
Italy-France interconnection	●	○	☁️	👉	⚙️
Italy-Austria interconnection	●	○	☁️		⚙️
Elba-Mainland 132 kV power line ✓	●	○		👉	⚙️
Sardinia-Corsica-Italy interconnector (Sa.Co.I.3)	○	○	☁️	👉	⚙️
HVDC Centre South - Centre North	○	○	☁️	👉	⚙️
HVDC Italy-Tunisia	○	○	☁️	👉	⚙️
HVDC Mainland-Sicily-Sardinia (West Link/East Link)	○	○	☁️	👉	⚙️
Chiaromonte-Gulfi-Ciminna 380 kV power line	○	○	☁️	👉	⚙️
Colunga-Calenzano 380 kV power line ✓	○	○	☁️	👉	⚙️
Cassano-Chiari (380 kV power line between Milan and Brescia)	○	○		👉	
Paternò-Pantano-Priolo 380 kV power line	○	○	☁️	👉	⚙️
Italy-Slovenia interconnection	○	○	☁️		⚙️
Upgrade in the Mid Piave Valley	○		☁️	👉	⚙️
Gissi-Foggia (power line Foggia-Villanova 380 kV)	○	○	☁️	👉	⚙️
North-Calabria Grid reorganisation	○	○	☁️	👉	⚙️
HVDC Milan-Montalto	●	○	☁️		
Central Link	○	○	☁️		
HVDC Fiumesanto-Montalto (Sapei 2) and Sardinian Link	● ○	○	☁️		
HVDC Priolo-Rossano-Montecorvino-Latina e HVDC Ionian	●	○	☁️		
HVDC Foggia-Villanova-Fano-Forlì	●	○	☁️		
Restructuring metropolitan areas ¹⁹	● ○ ○			👉	⚙️
Italy-Switzerland Interconnector	○	○	☁️	👉	⚙️
SUBSTATIONS					
Vizzini substation	●		☁️	👉	⚙️
Pantano substation	●	○	☁️	👉	⚙️
Agnosine substation	○		☁️	👉	⚙️
Cerignola substation	●				
Ariano Irpino substation	○	○	☁️	👉	⚙️
Torremaggiore substation	●				

Legend Resilience and Status

✓ Resilience plan ● Completed ○ Under construction ○ Awaiting consents ○ Study ○ Consultation ● Under design ● Planned

Legenda Driver

☁️ De-carbonisation ○ Market efficiency 👉 Security of supply ⚙️ Systemic sustainability

Security and Resilience Plan

The National Electricity System Security Protection Plan, also known as the Security Plan, is a four-year programme of interventions to protect the security of the electricity system. Prepared by Terna pursuant to Law 290 of 27 October 2003, the Plan is submitted to the Ministry of the Environment and Energy Security for approval by 31 May of each year.

With the 2024-2028 Industrial Plan Update, the **2025 Security Plan** consists of €2.3 billion to enable the energy and digital transition of the grid, accelerating and enhancing priority initiatives for advanced and evolved management of the electricity system.

¹⁹ The overall project refers to projects 6-P, 10-P, 115-P, 317-P, 326-P, 404-P, 514-P of the 2025 Development Plan, published on the Company's website at the following link: <https://www.terna.it/it/sistema-elettrico/programmazione-territoriale-efficiente/piano-sviluppo-rete>.

The 2025 Security Plan is the 22nd edition and identifies and updates the initiatives to protect the security of the electricity system envisaged for the four-year period 2025-2028 based on the following three strategic guidelines:

- **technology and innovation to support the system's security**, essential to deal with the evolution of the energy sector (increase in renewables, decommissioning of thermoelectric plants) with increasingly complex and critical management of the electricity system, while maintaining its high standards of safety, efficiency and reliability. In particular, the adoption of innovative technological solutions is a key tool to enable the infrastructure to self-regulate and improve stability, optimising operation and flexibility;
- **digitalisation to improve grid operation**, i.e. a digital transformation of the electricity system that involves every area of its management, from supervision to control and defence of the grid to impacting its infrastructure and assets. The digitalisation of the electricity system, which is necessary for an effective energy transition, cannot be separated from a major evolution and increasing integration between OT (Operational Technology) and IT (Information Technology) areas, i.e., between machinery control and data management, which offers great advantages and opportunities, but brings with it inevitable new cyber security risks. In this respect, the concept of cyber resilience is becoming increasingly important, identifying solutions which, also thanks to AI techniques, can prevent, detect, resist and respond to cyber-attacks or digital security incidents, while guaranteeing grid business continuity;
- **increasing the resilience of infrastructures with respect to severe weather events** by addressing a climatic transformation characterised by severe and increasingly intense and frequent weather events, both by building a robust and resilient grid and by harnessing the potential offered by infrastructure digitalisation to ensure safe, efficient operation of the electricity system following severe weather events.

The Security Plan also includes initiatives designed to upgrade management, control and defence systems for the grid, innovating operating logistics, digitising its infrastructure, installing system control devices and implementing solutions for the physical and cyber security of the grid assets.

Attached to the Security Plan is the **Resilience Plan**, a cross-cutting plan that establishes all the initiatives required to prevent and/or reduce damage to the electricity grid caused by increasingly severe and frequent weather events. The plan includes infrastructure work, assessed using the **Resilience Methodology** for snow and wind, as well as capital light initiatives which, thanks also to technology innovation, mitigate the effects and/or reduce outages following a severe weather event.

The 2025 edition of the Resilience Plan also presents the progress of work on developing and refining the Resilience Methodology for modelling weather and climate-related events linked to hydrogeological instability, with a first pilot case for the assessment of river flooding risk in the portion of the Po River Basin in Emilia-Romagna, a region historically exposed to flooding events.

PROJECTS	STATUS		DRIVER	
Digitalisation of grid infrastructure				
Work on withstanding snow, wind and other weather events ✓				
Voltage regulation and dynamic stability devices				
Cyber Security and physical security of the network assets				
Dispatching, control and protection of the NTG				

Legenda Resilience and Status

✓ Resilience plan Completed Under construction Awaiting consents Study Consultation Under design Planned

Legenda Driver

De-carbonisation Market efficiency Security of supply Systemic sustainability



Infrastructure maintenance

The maintenance of NTG plants is an essential activity to guarantee the quality of service, the safety of managed assets (electrical lines and substations) and the maintenance of their performance during their life cycle, and is carried out continuously during and throughout the years, and follows a mainly condition-based approach. However, a number of projects are under way to move a portion of activities towards a predictive and risk-based maintenance model. **The IT and digital tools used today to support maintenance activities** primarily include:

- the **MBI (Monitoring and Business Intelligence)** decision-support system, which suggests maintenance activities to be carried out and indicates whether or not they can be postponed;
- the **WFM (Work Force Management)** software, which manages the workforce by planning and scheduling MBI maintenance activities.

At the same time, in a context of great digital change and transformation, a new platform is being developed, **Enterprise Asset Management (EAM)**, which will improve the management of NTG assets throughout their entire life cycle, optimising the management of:

- registry of assets;
- activity and anomaly catalogues;
- policies (including diagnostic models and eligibility index calculation models²⁰);
- catalogue of working methods in line with Asset Management (AM) processes;

while enabling efficient planning and technical-economic reporting of the Asset Management Plan and AM Programmes.

From January 2025, the new asset registry model was introduced into the Enterprise Asset Management platform, which is more closely aligned with the actual physical structure of the network: the robustness of this model has increased the quality of the data and enabled the introduction of new advanced data registry processing functions.

In addition, Terna has participated for many years in international benchmarking activities aimed at sharing O&M and renewal best practices, consistently ranking among the best TSOs in terms of asset management process efficiency and optimal service provision quality²¹.

Monitoring the grid

Monitoring initiatives, which take place periodically throughout the year, are designed to assess the condition of a specific high-voltage power line or substation component during its life cycle, by measuring, observing or testing its functionality. For overhead and cable lines, monitoring is carried out by means of visual inspections from the ground and from a helicopter (visual, using IR²² and Lidar²³). Similarly, substations are subject to periodic surveillance checks, technical checks of entire functional units and Command and Control Protection Systems, thermo-visual technical checks of station equipment and checks of auxiliary services²⁴.

Routine maintenance

Repairs are carried out during the year when signs of deterioration are identified as a result of the on-site monitoring process or through the analysis of on-line sensor data. These indications and any problems identified are processed by the asset engineering models included in MBI (Monitoring and Business Intelligence) and developed by the Asset Management department in agreement with other departments within the Company. The outcome of the engineering models is used to draw up the maintenance plan designed to ensure that assets continue to be fit for purpose over time.

²⁰ Parameters through which asset work timeframes are established.

²¹ As certified by the ITAMS 2022 report, Terna was confirmed among the top performers in Asset Management processes and operational performance. This is confirmed by the ITAMS 2024 report, made available in June 2025.

²² Infrared light.

²³ Lidar is a remote sensing technology that allows the user to determine the distance between trees and overhead lines.

²⁴ Ancillary services are the group of electrical components that distribute electricity to electrical equipment at substations (relay, motors, electronic components) in the primary system and the Command & Control Protection System (SPCC). Ancillary services include batteries.

Renewal Plan

The Renewal Plan (RMP), developed on a five-year basis and referring to the years 2024-2028, is based on an analytical method that, starting from consistent, objective technical criteria, identifies and evaluates **extraordinary maintenance works** (renewal), assessing the state of repair and technical status of line components and substation equipment, compared with the effective operating conditions they have to deal with and prioritising components and infrastructure of greater importance for operation of the electricity grid.

The objective of the condition-based plant renewal process is to focus only on those parts of the plant that actually require attention, to maximise plant use at a minimum cost (keeping each individual component in service and efficient for as long as possible), and to implement a long-term plan based on the priority of the works needed.

The Renewal Plan is divided into the following categories of benefit, which include the “Renewal Objectives”:

- **Sustainability:**
 - **Environmental quality:** the introduction of more environmentally friendly and sustainable assets, such as vegetable oil transformers, fluid oil cables and certain types of cable terminals, or the technical adaptation of lines/underground cables and the replacement of current and voltage transformers;
 - **Service quality:** implementation of solutions to improve the reliability of assets, based on asset management analysis (designed to assess the asset's technical conditions). By improving their reliability, the works reduce the Health Index score and the risk of outages. These include, for example, investments in the renewal of lines, the RIGEL (Reduction of Power Line Failures) programme and substation renewal (equipment and machinery).
- **Innovation and digitalisation:**
 - **O&M process quality:** introduction of new solutions and technologies to improve the effectiveness of the operation and maintenance process, such as investments in the new digital station control system, online diagnostics of substation equipment and overhead lines, cable monitoring and functional separations.
- **Resilience:**
 - Strengthening the grid's ability to withstand the effects of the snow risk, the exposure of lines to hydrogeological risk and substation exposure to seismic risk. This family includes, for example, investments in increasing the resilience of lines and substations in the event of snow, and the installation of hydrogeological monitoring devices and seismic dampers.

Asset digitalisation programmes

In order to improve and digitalise the Asset Management process (power lines and substations), the following digitalisation programmes were implemented some time ago:

- **DigiS (Digitalisation of substation):** aims to upgrade the functions provided by the Substation Automation Systems (SAS or SPCC), facilitating Terna's process of transitioning towards an increasingly efficient, innovative and smart digital asset management approach. These activities are designed to optimise the performance of the Substation Automation Systems for the safety and reliability of the grid, and provide a monitoring system that is increasingly focused on the state of function/disrepair of the systems, equipment and substation machinery;
- **DigiC (Digitalisation of cables):** initiated in 2018, the plan includes the installation of monitoring systems on existing connections already in operation. In addition, the plan requires for all new cable connections to be planned and installed with an integrated monitoring system. The data collected, regarding the cable's technical condition, will be used to implement a predictive, preventive maintenance system, designed to establish the time remaining before a fault occurs and subsequently take preventive action;
- **DigiL (Digitalisation of power line):** the plan aims to create an integrated system to measure, collect and process data in real time, with regard to the environmental and operating conditions of overhead power lines. The spans involved in these initiatives are appropriately identified between the critical high-voltage lines, in order to optimise their operation;
- **Private mobile network:** the initiative promoted by Terna in collaboration with WindTre and launched in 2023 made it possible to develop a **monitoring platform** for the national grid, a private network infrastructure with radiofrequency, which allows Terna to improve the operating efficiency and increase the effectiveness of its infrastructure management



through asset digitalisation. In particular, Terna benefits from increased data from the sensors spread across its power lines, developing an increasingly digital, efficient and proactive management model. WindTre developed mobile access solutions tailored to Terna's specific needs with 4G and 5G networks and provided the most advanced mobile technology to remotely and promptly manage a growing number of assets, collecting and processing data to support grid management and maintenance. Terna will continue to develop its own radio-frequency grid infrastructure with the aim of integrating further solutions capable of ensuring optimal management and monitoring of the NTG, taking advantage of the most advanced and modern technologies available on the market.

The Group's capital expenditure

The Terna Group's **total capital expenditure** in the first half of 2025 amounts to **€1,319.3 million**, an increase compared with €1,042.4 million of the first six months of the previous year (**up 26.6%**).

(€m)

	H1 2025	H1 2024	CHANGE	Δ% CHANGE
Development Plan ⁽¹⁾	669.4	613.0	56.4	9.2%
Security Plan ⁽¹⁾	181.5	100.7	80.8	80.2%
Projects to renew electricity assets ⁽¹⁾	265.0	212.3	52.7	24.8%
Other capital expenditure	127.5	69.5	58.0	83.5%
Total Regulated Assets	1,243.4	995.5	247.9	24.9%
Non-regulated Assets⁽²⁾	19.8	15.1	4.7	0.3%
Capitalised financial expenses	56.1	31.8	24.3	76.4%
Total capital expenditure	1,319.3	1,042.4	276.9	26.6%

⁽¹⁾ The figures for the first six months of 2024 have been restated due to changes in the investment purpose, without modifying the overall value of capital expenditure in regulated assets.

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

The following **main** regulated assets **entered service** in the first half of 2025:

Lines and cables:

- 380 kV Colunga-S.Benedetto Querceto cable (+14.3 km) (BO);
- 150 kV PS lettere-PS Agerola power line (+13.1 km) (NA);
- 132 kV Trento Sud-Cirè cable (+10.9 km) (TN);
- 132 kV XXV Aprile-Brescia Ric.Nord cable (+4.2 km) (BS);
- 150 kV Substation Industrial Zone Catania-Cabina Utente STMicronics cable (+3.0 km) (CT);
- 150 kV Villa Borghese-Nomentano cable (+2.9 km) (RM).

Substation:

- Extension of substation of Premadio (+2 bays) (SO);
- Cirè (+4 bays) (TN);
- Ponte Caffaro (+7 bays) (BS).

Compensators:

- Aurelia (RM).

Reactors:

- Nogarole (VC);
- Chiari (BS).

Main regulated works carried out during the period

DEVELOPMENT PLAN – €669.4 million

East Link:

Tyrrhenian Link
(€235.2 million)

Cable Connections: construction of the terrestrial cable ducts under way in Sicily and Campania, with civil engineering works approximately 77% complete; the submarine laying the cable for the first pole has been completed.

Converter Substations: work is in progress on the station plan and structural components of the main buildings; assembly of the control building, valve rooms and data centre at Eboli and Termini Imerese has started.

West Link:

Cable Connections: production of the first pole's marine cable and terrestrial cables has been completed, for the laying of which work is in progress to construct the terrestrial cable trenches in Sicily and Sardinia with progress currently at around 13%.

Converter Substations: production of equipment and main prefabricated buildings under way. In Termini Imerese, at the substation site, activities for the removal of interferences (archaeological sites and 150 kV lines) and the construction of civil containment works are proceeding, while in Selargius the substation plan is being prepared.

Cable Connections: the first phase of construction work on the marine cable landing points has been completed in Tuscany and Sardinia, as planned; the executive design for civil works and cable overland routes, terrestrial surveys in Corsica and production of the overland cable is in the finalisation phase.

Sa.Co.I.3
(€85.1 million)

Converter Substations: preparatory work in the SA.CO.I.3 area of the Suvereto substation has been completed. Following the change between the authorised and executive project, ministerial DIA (Declaration of commencement of activities) were filed for the Suvereto and Codrongianos converter substations. Production of electrical equipment is under way.

Overhead line in Corsica: access tracks are currently being prepared, foundation reinforcement work is under way and supports are being erected for the first phase of the works with SA.CO.I.2 out of service.

Livigno Link: excavation and laying carried out for approximately 99% and 86%, respectively, of the total of approximately 20 km of the connection; approximately 64% of the total 74 joints/terminals completed.

Olympics Projects
(€39.3 million)

Primary Substation Laion – Primary Substation Corvara and Corvara Reactor excavation and laying of the total 22.9 km and approximately 89% of the total 35 joints/terminals completed. Construction sites at the Corvara primary substation opened and work on the access ramp and reactor foundation started.

Primary Substation Brunico – Substation Vandoies: excavation and cable laying for approximately 71% and 47% respectively of the total 21.5 km connection under way; jointing started, with around 32% of the 31 total joints/terminals completed. Work on the Vandoies substation site has been completed, the foundations and building structure have been completed, and the assembly of the Gas Insulated Switthgear (GIS) is in progress.

Substation Moena – Primary Substation Campitello: excavation and laying activities for approximately 86% and 84% of the total 19.5 km, respectively, under way and approximately 73% of the total 26 joints/terminals completed. Civil works are being completed to allow delivery of the equipment and reactor.



Colunga-Calenzano power line (€29.3 million)	380 kV Colunga-Calenzano power line: approximately 70% of the foundations have been completed, around 41% of the pylons are currently being assembled, and about 30% of the conductors have been strung. A first section of the Colunga-S. Benedetto Querceto line, covering 14.3 km, was put into operation in April.
Adriatic Link (€24.7 million)	Cable connections: 2.2 km of civil works of the terrestrial cable in the Marche region have been developed; the detailed marine survey and qualification tests of the marine cable are ongoing. The production of the HVDC marine cable was started in April. Converter Substations: the construction site in Fano was opened in July, preparatory activities for the opening of the Cepagatti are under way, and the supply of the main equipment has started.
Bolano-Annunziata (€23.3 million)	380 kV Bolano-Annunziata Cable Variant and Substation Annunziata: excavation of the total 3.3 km connection continues. The Annunziata substation construction site has been opened. The executive design of the Bolano substation has been completed. Messina and Bolano pumping chamber orders have been issued. 380 kV Bolano-Annunziata doubling: marine survey completed in March and terrestrial cable supplied in April. Production of the marine cable is under way.
Chiamonte Gulfi-Ciminna (€21.5 million)	Executive design of 4 sections and preliminary activities completed, 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. The main supply orders were issued.
Cassano-Chiari power line (€10.5 million)	380 kV Cassano-Chiari Power Line: construction of approximately 75% of the foundations and erection of approximately 61% of the supports out of a total of 70 completed; stringing of approximately 51% of the cables on a total of 35.3 km of connection completed.
Paternò-Pantano-Priolo (€8.5 million)	380 kV Pantano-Priolo power line: approximately 99% of the foundations and approximately 96% of the supports have been completed out of a total of 116, together with the stringing of approximately 87% of the conductors out of a total of 45 km. 380/220/150 kV Pantano Substation: finishing and planning of the activities for the assembly of an additional 2 ATR 380/150 kV in progress.

> SECURITY PLAN²⁵ – €181.5 million

Aurelia compensator: entered operation in April. Synchronous compensators (€48.2 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 and functional and communications test nearing completion for entry into service in the coming months. Stabilising resistors²⁶ (€11.1 million)

Scandale: major civil works being completed and shelters and transformer delivered to site.

Feroleto: construction sites opened and civil works started.

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

Nogarole and Chiari: entered service in April. Reactors (€9.4 million)
Sandrigo and Cirè: activities for the planned commissioning in the second half of the year are under way.

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 (€3.9 million)

In the first half of 2025, 9 substations were connected via proprietary fibre, adding to a total of 580 remotely operated substations.

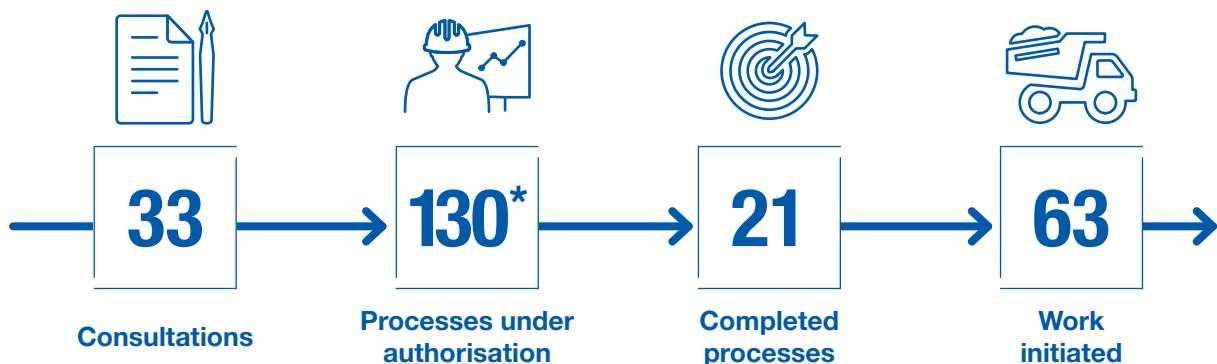
> PROJECTS TO RENEW ELECTRICITY ASSETS – €265.0 million

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 substation machinery renewal, around 506 km of circuits and 6 machines (2 autotransformers, 4 reactors) were replaced as at 30 June 2025.

Consent processes in the first half of 2025

During the first half of 2025, **21 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 €293 million.



* It should be noted that the figure relates to pending processes as at 30 June 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.

²⁵ Synchronous compensators devices and reactors are grid components that carry out reactive compensation.

²⁶ 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.



FOCUS

Major Projects

1 HVDC connection Sardinia – Corsica – Italian mainland (SA.CO.I.3)

The new tri-terminal high-voltage direct current (HVDC) connection consists of **renovation** and **modernisation** of the existing electricity connection between Sardinia, Corsica and the Italian mainland. It will enable the use of total transport capacity of up to **400 MW**.

The connection between Tuscany, Corsica and Sardinia will have a length of approximately **380 km** per pole (including approximately 140 km of marine and terrestrial cables and approximately 240 km of overhead lines).

STATE OF PROGRESS



Preparatory work in the SA.CO.I.3 area of the Suvereto substation has been completed.

Ministerial DIA (Declaration of commencement of activities) have been filed for the Suvereto and Codrongianos converter substations.

The first phase of construction sites at the landing sites of marine cables in Sardinia and Tuscany has been completed.

WORK IN PROGRESS



Converter Substations: system studies and executive design are in progress.

Terrestrial and marine cables: executive design of the connection, production of the terrestrial cable and land surveys in Corsica are under way.

Corsica overhead line: preparation of the access tracks, foundation reinforcement works and the assembly of supports for the first phase of works with SA.CO.I.2 out of service in 2025 are under way.

BENEFITS OF THE PROJECT

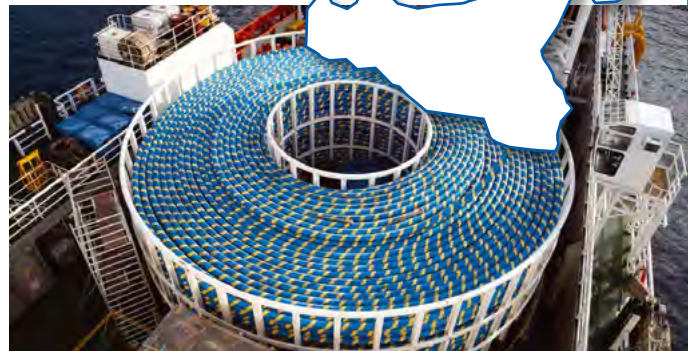
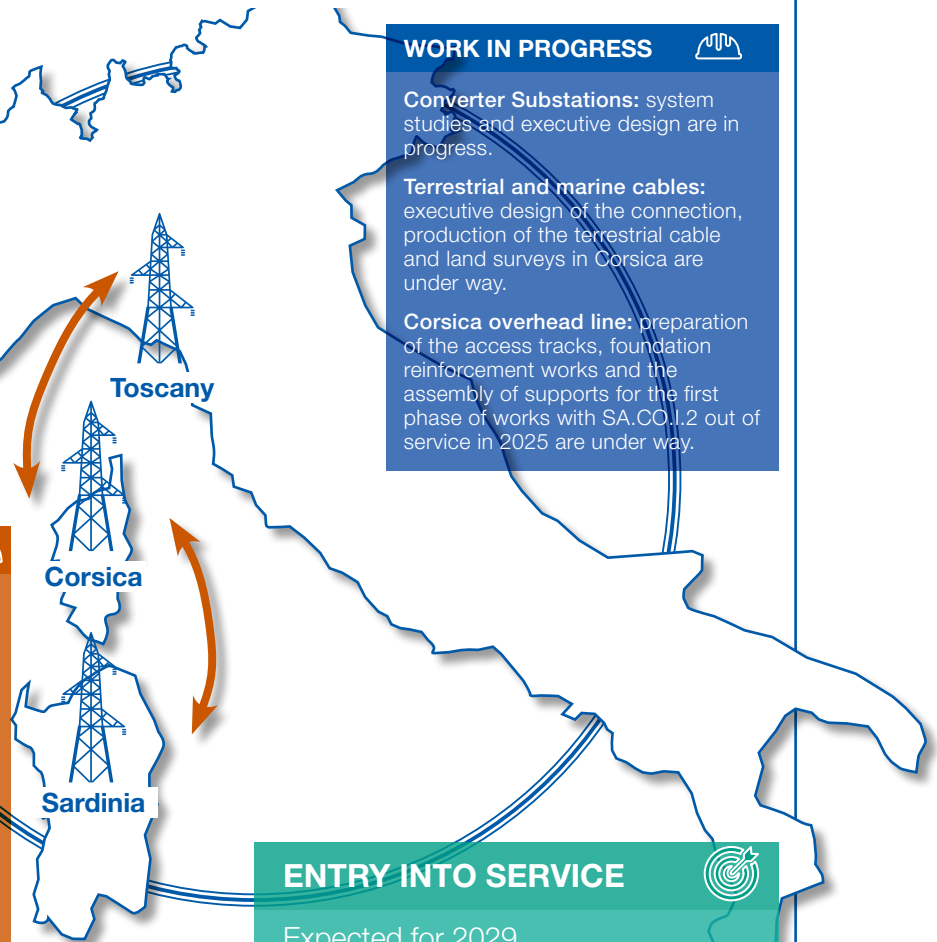


- **Reduced costs** for procurement of resources for the Dispatching Services Market (DSM);
- **Increased fitness** for purpose of the electricity system in Sardinia;
- Greater contribution to Sardinia's **reserve requirements**;
- Greater **benefits in terms of energy not supplied**, especially taking into account the scenarios envisaged for the evolution of the electricity system according to the National Integrated Energy and Climate Plan (NEPC).

ENTRY INTO SERVICE



Expected for 2029



>> continued MAJOR PROJECTS FOCUS

2

HVDC connection

Mainland – Sicily – Sardinia (Tyrrhenian Link)

The new submarine interconnection is a state-of-the-art project that will connect **Campania – Sicily – Sardinia** via two submarine, **1,000 MW**, direct current power lines. The project has been subdivided into an East Link (Campania – Sicily) and a West Link (Sicily – Sardinia). The connection has a **submarine section** that is approximately **1,000 km long**, including in very deep waters, which means it is one of the new global benchmarks for this type of highly complex infrastructure.

STATE OF PROGRESS



East Link:

Cables: the laying of the marine cable of pole 1 has been completed; civil terrestrial works have been completed for approximately 36.4 km out of a total of approximately 47.0 km (pole 1 and pole 2).

Converter Substations: the removal of interfering works has been completed; the supply of prefabricated control buildings at Eboli and Termini Imerese has been completed.

West Link:

Cables: the production of the marine cable and terrestrial cables of pole 1 has been completed; civil terrestrial works of approximately 9.1 km out of a total of approximately 71.6 km (pole 1 and pole 2) have been completed.

Converter Substations: construction site activities have been started in Selargius. The first preparatory drilling for the relocation of the 150 kV lines in Termini Imerese has been completed.

WORK IN PROGRESS



East Link:

Cables: continuation of civil works in Campania and Sicily.

Converter Substations: production of the electromechanical equipment and the remaining prefabricated buildings is under way; the foundations of the buildings and the assembly of the prefabricated buildings, in Eboli and Termini Imerese are being built.

West Link:

Cables: continuation of civil works in Sicily and Sardinia.

Converter Substations: production of electromechanical equipment and prefabricated buildings is ongoing. Ongoing construction activities at the Selargius and Termini Imerese sites.

Sardinia

Campania

Sicily

BENEFITS OF THE PROJECT

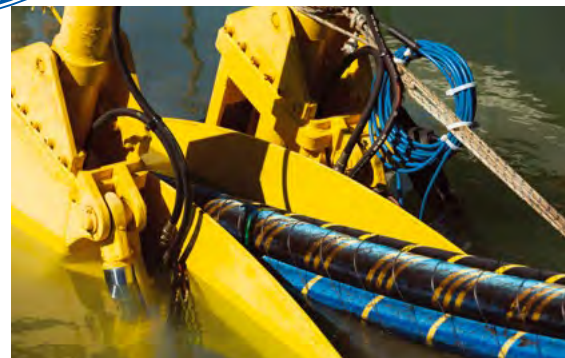


- Increased **stability and security** of the grid;
- Full **integration of existing and scheduled renewable power** generation on the island;
- Greater **fitness** for purpose of the island's **electricity system**, partly in anticipation of the phase-out of coal.

ENTRY INTO SERVICE



Given that the infrastructure consists of two sections with a dual connection, it is due to enter service progressively and its completion is expected by 2028.





>> continued MAJOR PROJECTS FOCUS

3

HVDC link

Centre South – Centre North (Adriatic Link)

The **Adriatic Link** is the new **1,000 MW** marine connection that will connect the regions of **Marche** and **Abruzzo**. The project will strengthen energy exchange in central Italy, responding to the need for security and flexibility of the national electricity system and the goal of increasing renewable energy use. The project, which will be **approximately 250 km** long, 210 km of which will be underwater cable, is part of the NTG Development Plan and is included in the works provided for in the NECP (National Integrated Energy and Climate Plan), which aims to decarbonise the energy system by 2030.

STATE OF PROGRESS



Production of the HVDC marine cable started in April 2025.

The burying of the alternating current lines in the area of the new converter substation in Fano has been completed.

The site investigations and ordinance clearance investigations on both sites of the converter substations have been completed; some strategic supplies for the work have been started.

Terrestrial civil works have been carried out for approximately 2.2 km out of a total of 82 km (pole 1 and pole 2).

The new Terna Innovation Zone Adriatic hub was inaugurated in June 2025 in the Marche region.

The construction site of the conversion station in Fano opened in July.

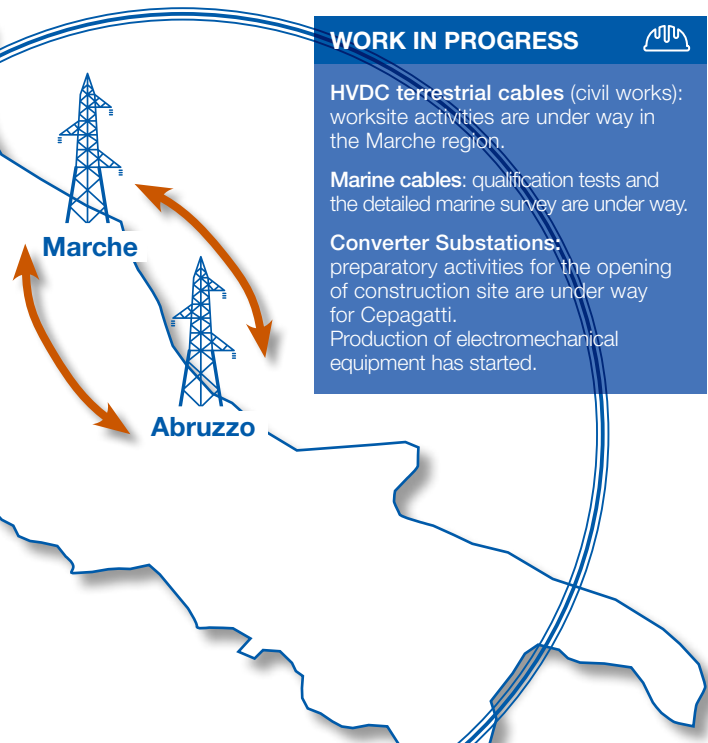
WORK IN PROGRESS



HVDC terrestrial cables (civil works): worksite activities are under way in the Marche region.

Marine cables: qualification tests and the detailed marine survey are under way.

Converter Substations: preparatory activities for the opening of construction site are under way for Cepagatti. Production of electromechanical equipment has started.



BENEFITS OF THE PROJECT

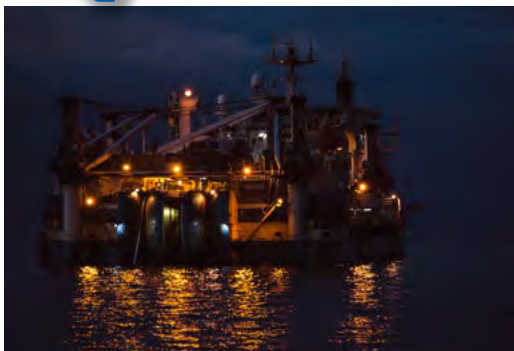


- **Market efficiency and integration of renewable sources** with reduction of grid congestion between Southern and Northern Italy, providing 1,000 MW of power transmission capacity;
- **Quality, Security and Resilience**, improving the performance of the system in terms of stability in the event of failures.

ENTRY INTO SERVICE




Expected for 2029



>> continued MAJOR PROJECTS FOCUS

4 HVDC Connection
Italy – Tunisia (ELMED Project)

The new 500 kV direct current connection (HVDC) will connect Sicily with the Capo Bon peninsula in Tunisia, enabling the exchange of up to 600 MW of power. The project will be approximately 224 km long (of which 200 km in marine cable).

STATE OF PROGRESS 


On 30 April 2025, the replanting in the area of the Libera Terra - Rita Atria cooperative of more than 1,700 olive trees explanted from the site of the future converter substation in Sicily was completed.

All archaeological investigation activities required by the Trapani superintendency for the area of the future converter substation and the joint pit have been completed.


The Innovation Zone in Tunisia was inaugurated on 29 January 2025.

WORK IN PROGRESS 

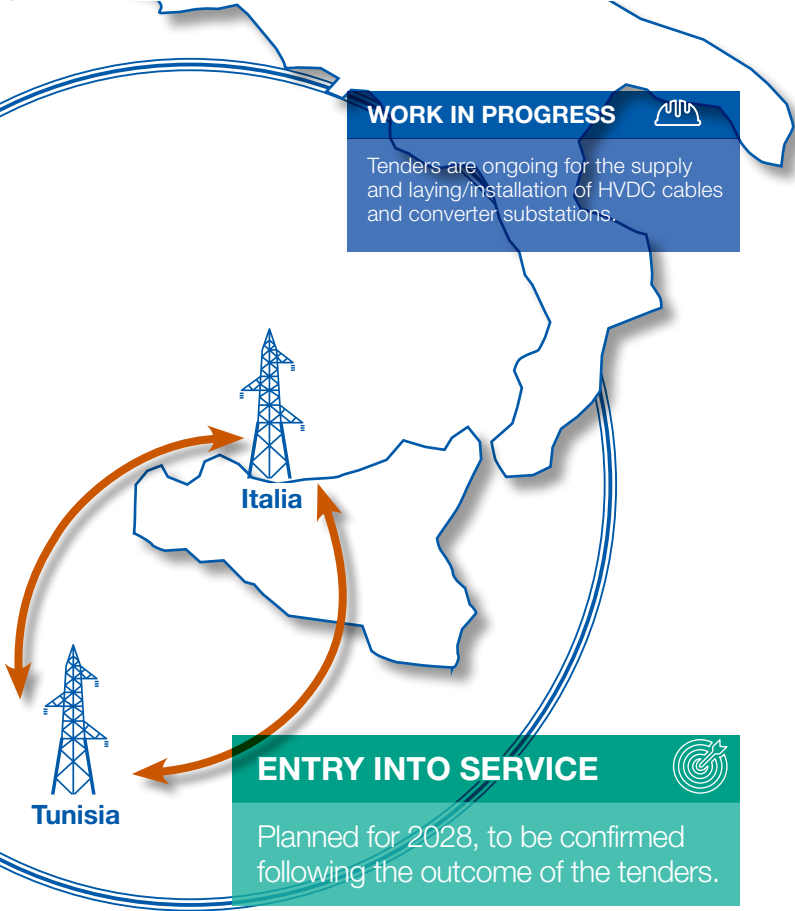
Tenders are ongoing for the supply and laying/installation of HVDC cables and converter substations.

BENEFITS OF THE PROJECT 

- Increased **stability and security** of the grid;
- Greater **efficiency of the electricity** market for the benefit of users;
- Greater **integration of renewable sources**;
- **Reduction of greenhouse gas emissions** from CO₂ and other pollutants.

ENTRY INTO SERVICE 

Planned for 2028, to be confirmed following the outcome of the tenders.





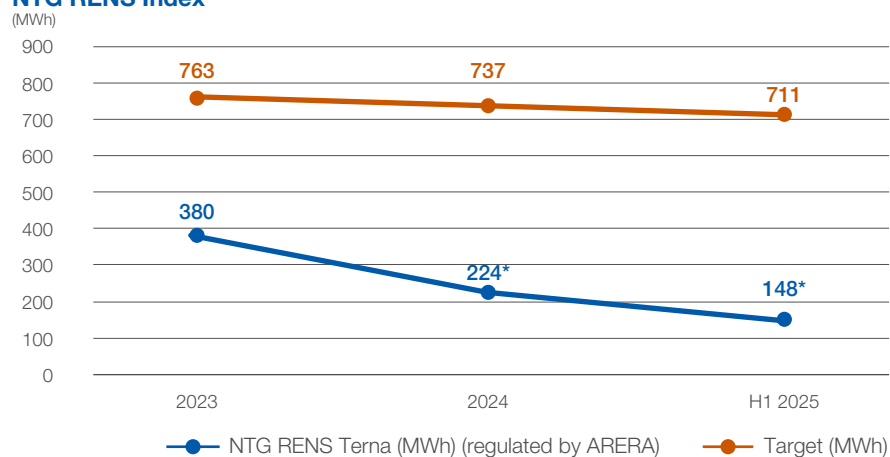
Continuity and quality of service

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 Index²⁷



* Provisional data.

The **NTG RENS** indicator, based on the related preliminary data for the period from January to June 2025, amounts to 148 MWh (provisional data and annual target of approximately 711 MWh set by ARERA).

As regards the **ASA** indicator, availability was 99.99991% (provisional data) in the first half 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 €0.7 million in the first half of 2025, compared to €3.1 million in the first half 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.

²⁷ 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

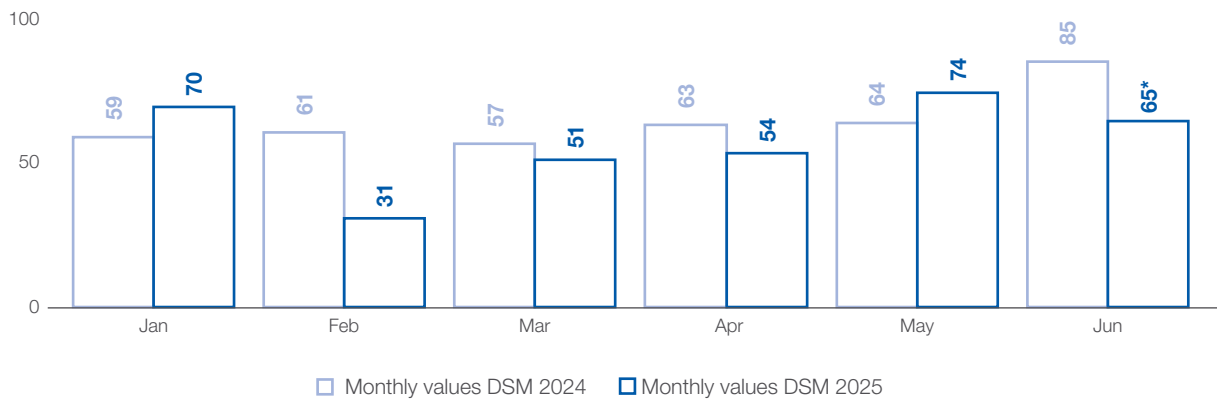
Terna procures dispatching resources to ensure the security and adequacy of the electricity system on the Dispatching Services Market (DSM).

Dispatching Services Market (DSM)

The net charge for using the DSM was approximately €345 million in the first half of 2025 (provisional data), down 12% compared to the first half of 2024 (approximately €390 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.

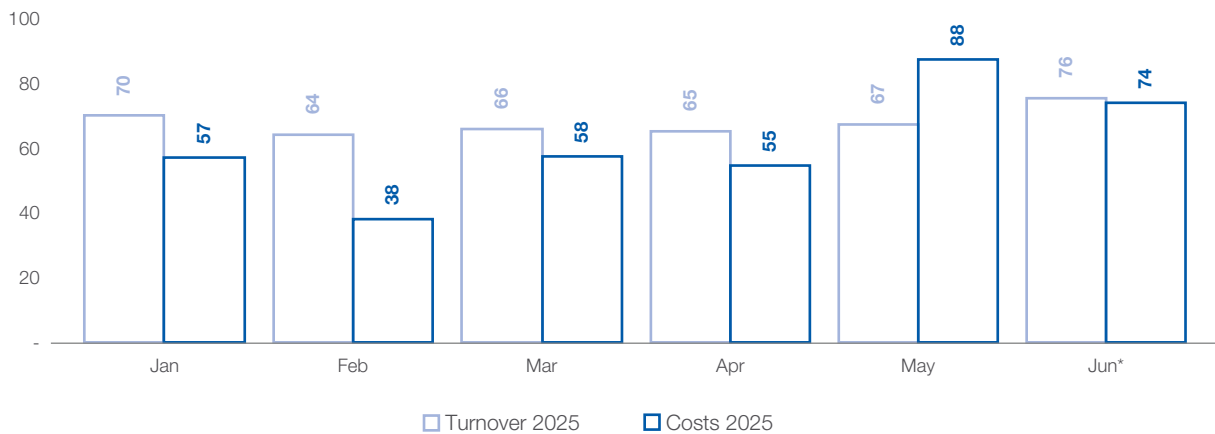
The TIDE streamlines all fees under Dispatching regulations. In this context, ARERA established that the Uplift Fee would retain only those components strictly related to Dispatching activities, while a new fee (the “Fee to cover additional items relating to the dispatching service”) would incorporate 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 half of 2025, the total cost of the Uplift Fee amounted to approximately €369 million (provisional data).

Monthly trends in turnover and Uplift costs

(€m)



* Provisional data.

Local communities

Discussion with local communities promotes a favourable social environment for the timely implementation of the investments envisaged in the Development Plan. The communities that live in the territories designated to host new electricity infrastructures are stakeholders that Terna involves with multiple initiatives aimed at conveying correct and complete information about the reasons behind the identification of the planned interventions and the subsequent systemic benefits expected from their implementation.

In particular, sharing grid development needs with local institutions and listening to citizens are voluntary actions that Terna takes in order to identify the best possible location for new works.

The guidelines for establishing, maintaining and increasing quality relations are defined in the “Stakeholder management model” in which the tools and operating methods for involving and monitoring opinions are identified, aimed at increasing the Group’s social and relationship capital.

As far as relations with local communities are concerned, in addition to the periodic institutional meetings that make up the main part of the engagement activity, Terna has for some time now activated the “Terna incontra” events, a method of dialogue aimed at achieving participatory planning through the direct and unmediated involvement of citizens. During these events, all the information needed to better understand the planned intervention is provided and, at the end of these meetings, participants are given a questionnaire to measure their degree of satisfaction with the initiative and their level of acceptance of the project.

It should be noted that in the first half of 2025 Terna carried out a total of **nine “Terna incontra”** events dedicated to the new electricity connection between Milan and Montalto di Castro as part of the public consultation conducted in accordance with European Regulation no. 869/2022. The first, introductory event involved 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 with the active participation of all the stakeholders.

Terna’s attention to the legitimate needs of local communities also extends to landscape and environmental aspects and the protection of biodiversity, and has taken the form, since 2009, of partnership agreements with leading environmental associations, aimed at finding shared solutions to increase the environmental sustainability of the NTG. In 2023, Terna renewed its three-year partnerships with Greenpeace Italia to further increase the sustainability of the Development Plan, and with Legambiente and WWF Italia to share a planning strategy for the NTG that also evaluates the integration of electricity works in the territory and their compatibility with biodiversity.

Operating results of Regulated Activities

The following table shows a breakdown of the results from the Terna Group’s Regulated Activities in the first half of 2025 and 2024²⁸. This information is in line with that disclosed in the consolidated financial statements, in accordance with the provisions of IFRS 8, in note “C. Operating segments”.

(€m)

	H1 2025	H1 2024	CHANGE
Total revenue from Regulated Activities	1,594.1	1,472.5	121.6
Tariff revenue and incentives	1,512.4	1,416.0	96.4
- <i>Transmission revenue</i>	1,417.7	1,214.1	203.6
- <i>Dispatching, metering and other revenue</i>	94.7	201.9	(107.2)
Other regulated revenue	27.7	22.7	5.0
Revenue from construction services performed under concession in Italy	54.0	33.8	20.2
Total cost of Regulated Activities	292.6	260.2	32.4
Personnel expenses	145.5	126.9	18.6
External resources	84.2	86.9	(2.7)
Other costs	8.9	12.6	(3.7)
Cost construction services performed under concession in Italy	54.0	33.8	20.2
EBITDA from Regulated Activities	1,301.5	1,212.3	89.2

EBITDA from Regulated Activities for the first half of 2025 amounted to €1,301.5 million, up €89.2 million compared to the balance for the first half of 2024, mainly as a result of the impact on tariff revenue.

²⁸ The Terna Group’s operating segments are consistent with the internal control system adopted by the Parent Company, in line with the 2024-2028 Industrial Plan Update.



After excluding revenue from construction services performed under concession (up €20.2 million), **revenue from Regulated Activities** is up €101.4 million, primarily reflecting:

- the impact on the Transmission and dispatching charge (up €212.4 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 the increase in the RAB following the inclusion of 2024 capital expenditure and the effects of the updating of capital cost revaluation parameters (Resolution no. 130/2025), which offsets the reduction in WACC (from 5.8% in 2024 to 5.5% in 2025);
- the lower output-based incentives recognised in the first half of 2025, amounting to €116.0 million, relating to the three-year (2022-2024) incentive mechanism recorded in the comparative period and aimed at increasing the efficiency of dispatching activities (Resolutions no. 597/2021 and 132/2022), amounting to €124.2 million, partially offset by the higher premiums recognised in the current period, in connection with the incentive system for the development of incremental capacity between different zones, amounting to €8.2 million;
- the higher revenue related to the RENS (Reference Energy Non-Supplied) incentive mechanism, as set out in Resolution no. 653/2015/r/eel, up €4.7 million on the same period of the previous year, following the linearisation of the overall performance for 2024 and previous years, taking into account the extension of the mechanism to 2025 (Resolution no. 55/2024);
- smaller gains on the sale of assets (down €1.0 million, essentially scrap, transformers and motor vehicles);
- higher insurance compensation (up €1.3 million).

After excluding the cost of construction services performed under concession (up €20.2 million), the **cost of Regulated Activities** is up €12.2 million, primarily reflecting:

- the impact on personnel expenses (up €18.6 million) resulting from the higher expenses due to the increase in salaries and average workforce, partly offset by higher capitalisation;
- lower costs for external resources (down €2.7 million) mainly due to the reduction in travel expenses and fewer professional services;
- lower charges related to service quality (down €2.4 million), mainly attributable to higher charges incurred for outages that occurred in the first half of 2024 (Udine, Acciaiole and Asiago substations).

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 interconnector pursuant to Law 99/2009**

FOCUS

Reorganisation of Non-regulated Activities

Consistent with the strategy to support the twin transition set forth in the 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. Altenia S.r.l., Avenia 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; iii) cables, for the supply of plant components; 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 S.r.l. and the LT Group, 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. in April increased from 87.5% to 89%.

With the aim of further expanding Altenia's expertise and geographic footprint, the acquisition of 100% of STE Energy S.r.l., a company that has gained 30 years of experience in the design, construction and maintenance of renewable energy plants and electrical infrastructure, was finalised in May 2025.



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, the Brugg Group is based in Switzerland and has several overseas subsidiaries.

Transformers – Tamini Group

Order book Orders for acquired transformers are up compared to the same period of the previous year (up 73%), particularly in the Power segment (including an order of about €34 million for a major player in the energy sector in Europe), while in the Industrial segment orders are in line with those of the first half of 2024.

Service orders are higher compared with the same period of the previous year (up 37%).

In line with the indications above, the value of factory backlogs is increasing sharply compared to the end of 2024 (up 39%).

Results Revenue in the first half of 2025 are up sharply compared to the same period of 2024 (up around 27%), mainly due to the higher value of transformer production.

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

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

Vegetable oil transformers In recent years the Tamini Group has been specialised in planning and producing high-voltage Green Transformers, offering major advantages, such as:

- 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 half 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

In the first six months of 2025, orders grew by 4% in the market component compared to the same period in 2024, confirming the strength of demand. The contribution of the High Voltage System segment is particularly significant. [Order book](#)

In the first six months of 2025, high-voltage cable production prioritised more complex products compared to the same period in 2024, with a focus on products that, despite a 16% reduction in terms of kilometres produced, reflect a significant increase in technical content and added value per kilometre. At the same time, low and medium-voltage cable production decreased by 11% compared to the first half of 2024, reflecting the strategic decision to allocate production capacity to the high-voltage segment, consistently with the objective of maximising margins.

Revenue for the first six months of 2025 were higher compared to the same period in 2024 (up around 15%). Margins remained positive, thanks to significant cost efficiency measures, rigorous order selection, and improvements in pricing strategies. [Results](#)

The High Voltage Accessories segment recorded a decidedly positive performance with an increase in volumes, an improvement over the same period last year. [Operating activities](#)

For high and extra high voltage systems, the first six months of 2025 saw a positive trend in order acquisition, with significant increases in both sales volumes and margins compared with the previous year, 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

The Terna Group provides its customers with a newly constructed fibre-optic infrastructure, installed within the ground wires of the power lines of the National Electricity Grid. This solution ensures superior performance compared to traditional terrestrial cables, both in terms of reliability (due to a significantly lower number of failures per kilometre per year) and signal quality, thanks to low attenuation. In addition, the fact that the ground wires follow the direct tracks of the National Electricity Grid allows considerable savings in terms of route length, with a reduction of more than 20% compared to terrestrial connections over long distances.

To date, around 44,900 km of fibre pairs have been granted IRU (Indefeasible Right of Use), for which the Terna Group provides both maintenance and housing services for optical signal regeneration.

Work continues on the agreement with E-Distribuzione for the granting of IRU on fibre pairs (with a minimum term of 20 years and a maximum term of 24 years) and maintenance service. Under this agreement, signed in 2023, approximately 41,100 km of fibre pairs will be made available to customers, connecting 1,867 Primary Distribution Installations through 153 rings, with delivery scheduled between 2023 and 2028. To date, almost 10,000 km of fibre optics have been delivered and some 626 installations connected, of which 2,245 km and 123 installations in the first half of 2025.



Energy Services

Altenia Group

The Altenia Group, which, from 1 April 2025, took over the management of the Energy Services business as described above, is active in the O&M sector of photovoltaic plants, 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.

Results and PV Operations

Revenue in the first half of the year were down compared to the same period in 2024, mainly due to the slower progress of ongoing photovoltaic EPC contracts.

During the first half of 2025, 14 plants with a total capacity of 78 MWp were completed (Ready for Start Up), of which approximately 50.5 MWp in EPC form, approximately 17 MWp in repowering form and approximately 10.5 MWp in revamping form; in addition, construction work continues on a further 28 plants with a total peak capacity of 400 MWp in EPC form and approximately 40 MWp in revamping and/or repowering form.

Commercial activities include new EPC projects acquired for about 190 MWp mainly in southern Italy.

Results and High Voltage Operations

Revenue in the first half of the year were down compared to the same period in 2024, mainly due to the slower progress of ongoing photovoltaic EPC contracts.

During the first half of 2025, activities continued for the activation and construction of the substation in Sardinia, which is intended for the connection of the Utility Scale photovoltaic plant; for the Utility Scale photovoltaic plant in Sicily, which is currently connected to the NTG in provisional mode using an SCRI module, the activation of the final connection plant was completed. For the Lazio plant, testing and subsequent commissioning were carried out in February.

The design of the new HV/MV connection to the NTG for the datacenter in the east of the province of Milan is nearing completion.

A turnkey construction project is ongoing for an NTG connection (substation and HV cable²⁹) 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 system³⁰) 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 BESS³¹ plant in Sardinia, 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.

²⁹ High voltage.

³⁰ Command and Control Protection System.

³¹ Battery Energy Storage System.

Other activities

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 half of 2025, 28 installations had been completed, with a total of 129 systems installed, in line with existing application contracts.

Private Interconnector 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 by the Terna Group 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 by the Terna Group 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.

Preparatory activities for the development of two further interconnectors are also ongoing, 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/Beričevno (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.



Operating results of Non-regulated Activities

The following table shows a breakdown of the results from the Terna Group's Non-regulated Activities in the first half of 2025 and 2024³². This information is in line with that disclosed in the consolidated financial statements, in accordance with the provisions of IFRS 8, in note "C. Operating segments".

	(€m)		
	H1 2025	H1 2024	CHANGE
Revenue from Non-regulated Activities	300.1	281.8	18.3
Equipment	201.1	165.4	35.7
- Brugg Cables Group	96.2	78.6	17.6
- Tamini Group	104.9	86.8	18.1
Connectivity	21.4	18.9	2.5
Energy Services	63.9	85.2	(21.3)
Private interconnectors	11.4	10.3	1.1
Other	2.3	2.0	0.3
Cost of Non-regulated Activities	241.2	235.1	6.1
EBITDA from Non-regulated Activities	58.9	46.7	12.2

EBITDA related to Non-regulated Activities in the first half of 2025 totalled €58.9 million, increased by €12.2 million compared to the same period of the previous year. This improvement was mainly due to the increased contribution of the Equipment segment attributable to the Tamini Group (up €8.8 million) and the Brugg Cables Group (up €6.6 million), as well as to private interconnectors, which grew by €1.1 million. This was partially offset by a decrease in the contribution from Energy Services (down €4.6 million), mainly due to the performance of orders in the high-voltage and photovoltaic sectors.

³² The Terna Group's operating segments are consistent with the internal control system adopted by the Parent Company, in line with the 2024-2028 Industrial Plan Update.

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 sale transaction in Peru. In parallel, market monitoring activities have been launched in the Mediterranean and Balkan areas, 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 30 May 2025, the subsidiary Terna USA LLC completed the sale of its entire 40% interest in the joint arrangement under US law BMT Energy Transmission Development LLC to Meridiam Transmission Development LLC, a Delaware limited liability company;
- on 17 December 2024, the liquidation of the company Terna Chile S.p.A. formally began. The process is expected to be completed during the course of 2025.

Operating results of International Activities

The following table shows a breakdown of the results from the Terna Group's International Activities in the first half of 2025 and 2024³³. This information is in line with that disclosed in the Consolidated financial statements, in accordance with the provisions of IFRS 8, in note "C. Operating segments".

EBITDA from International Activities for the first half of 2025 and the corresponding period of the previous year does not include the results generated by the Latin American initiatives involved in the above sale process. As required by IFRS 5, these initiatives are classified under "Profit/(Loss) for the period from assets held for sale" in the reclassified Income Statement in the paragraph entitled "Financial review for the first half of 2025".

EBITDA from International Activities in the first half of 2025 amounted to -€0.6 million, chiefly relates to costs incurred by the central departments to support international endeavours. This figure has improved by €1.2 million compared to the same period of the previous year.

The **Profit/(Loss) for the period from assets held for sale amounted to €0.9 million** and showed an increase of €1.5 million compared to the first half of 2024, essentially due to lower operating losses incurred in the period, also considering the different scope of consolidation.

³³ The Terna Group's operating segments are consistent with the internal control system adopted by the Parent Company, in line with the 2024-2028 Industrial Plan Update.



Innovation and digitalisation

The **Twin Transition**, or the **dual transition** involving both **digital and energy**, is at the heart of Terna's strategy to build an increasingly sustainable, efficient, reliable and affordable electricity system. This is an ambitious and complex goal that requires a **constant commitment to innovation and cutting-edge technology**.

For this reason, **Terna is experimenting, validating, adopting and investing** in the **most advanced technologies** and **collaborating** with various **players in the innovation ecosystem** (universities, research centres, large industrial companies, start-ups and small and medium-sized enterprises) pursuing the **Open Innovation approach**.

For more information on the "Innovation Strategy", please refer to the specific paragraph in the Terna Group's 2024 Annual Report.

Corporate Venture Capital

The Terna Group supports promising start-ups with Terna Forward S.r.l., a company established on 11 November 2022, which through strategic investments, promotes the development of technologies capable of improving the efficiency and resilience of electricity infrastructures.

In the corporate venture capital area, Terna Forward is a Limited Partner of the Energy Tech and Infra Tech sub-funds of the CDP Venture Capital SGR's Corporate Partners I Fund, in which it has invested about €9 million up to the first half of 2025, out of a total planned investment of €30 million.

To date, the company also holds the following four direct investments in start-ups: Wesii S.r.l. (inspection and remote sensing services in the energy sector, for a 33% share), Melaworks (digitalisation and construction management), D-orbit (space logistics and orbital transport) and Unusuals World (automatic failure detection using artificial intelligence algorithms).

Terna Innovation Zones

Terna Innovation Zones ("TIZ") aim to be a catalyst for innovation in the energy sector capable of accelerating technology adoption by identifying, testing and validating innovative solutions that will impact the future of the electricity system. These hubs are designed to foster Terna's active collaboration with key partners in the global innovation ecosystem and facilitate the exchange of ideas, skills and know-how to meet the challenges of sustainable and digitised energy in the future.

In 2024, Terna opened the **TIZ Silicon Valley** in the USA with the aim of identifying key technology trends and seizing opportunities that could have a significant impact on the energy sector. In June 2025, the San Francisco headquarters hosted the Innovation Bootcamp "Underwater Grid Tech", an in-depth programme dedicated to exploring emerging technologies in the submarine infrastructure sector.

In January 2025, **TIZ Tunisia**, the first innovation hub in Africa managed by Terna, was inaugurated in Tunis. The initiative includes actions to support the local start-up ecosystem, university training and professional skills development in the energy sector. In line with the objectives of the so-called “Mattei Plan for Africa”, TIZ Tunisia will also contribute to strengthening relations between Italy and Tunisia by complementing, supporting and integrating the activities of the Elmed project.

June 2025 saw the opening of the **TIZ Adriatic** with the aim of creating a centre of excellence to accelerate innovation and the development of new energy transition technologies. It will be a hub dedicated to research, experimentation and collaboration between start-ups, innovative SMEs, universities and institutions, in favour of the territory's entrepreneurial growth in an inclusive and sustainable manner.

Intellectual Property Protection

Intellectual property (IP) management in Terna aims to promote innovation and protect the technological value generated. During the first half of 2025, new patent applications were filed for:

- a salt sensor for monitoring electrical towers;
- an innovative construction system for retaining piles, of the type fitted with manoeuvring devices;
- an advanced cybernetic solution to protect substations;
- an overhead line maintenance robot.

Main innovation projects of the period

For innovation projects, Terna uses a Stage & Gate model, which, through three separate Gate Review stages, allows risks to be minimised by reducing the time and costs of testing activities.

Among the main projects in progress during the period are:

Automatic Failure Detection (AFD)

The project involves the development of an artificial intelligence predictive algorithm which, in the context of helicopter inspections, allows the automatic detection of any anomalies on HV overhead lines.

Related to AFD is also the Smart Image Database initiative, which aims to develop a database shared between several European TSOs to optimise the automatic detection of anomalies that are difficult to detect from helicopter inspection images, enabling the generation of synthetic images.



Conductor Maintenance Robots

The project involves the creation of a prototype robot to perform maintenance activities along conductors, maximising safety and efficiency. During the first half of 2025, specific tests were carried out on the prototype and a further patent application was filed for the robot's drive system.

The development and improvement of the complete robotic system and all tools is under way, as is the drafting of functional specifications for the subsequent industrialisation phase and the preparation of additional patent applications.

SF₆ leakage containment systems

The project stems from the need to limit climate-changing gas emissions related to Terna's core activities, with particular reference to using sulphur hexafluoride (SF₆) in GIS stations.

The solution proposed by French supplier Mastergrid consists of a custom-made metal cover, created following a 3D survey of the plant. Already used by the French TSO RTE (TRL 9), the solution was applied for the first time at Terna in May 2025, on the flange of the Latina L2 380 kV overhead line at the Ceprano substation (UI Lazio Centro-Sud).

Effectiveness will be verified in the coming months through sniffers and comparison of pre and post intervention top ups.

Construction site monitoring with AI

The project aims to simplify and optimise the monitoring of the progress of construction sites, also remotely, by adopting innovative digital tools.

Due to the development of machine learning algorithms, the system is able to automatically detect the main assets present on Terna's construction sites, processing images acquired by fixed video cameras and autonomous-flying drones provided by Wesii S.r.l.. The data thus generated is integrated into an interactive dashboard, which facilitates reporting and improves the efficiency of the supervision process. Two pilot projects are planned in 2025.

Energy System Innovation (ESI) Programme

A framework created to enable a new model of collaboration between Terna and all stakeholders in the electricity supply chain in a transparent and participatory manner, promoting the energy transition.

The first ESI projects focus on distributed energy technologies (e-mobility, thermal comfort, distributed storage) as possible flexibility resources for the electricity system and involve experimental initiatives carried out, initially, at the individual resource level, to assess their potential and limitations.

On 30 May 2025, the public consultation launched in April 2025 on the third initiative of the ESI Resource Aggregation project, aimed at assessing the performance and reliability of resources distributed in aggregated form, was completed. Feedback was collected from 11 different stakeholders, who actively provided opinions and comments in order to better align the project design with market expectations.

Grid Forming

Grid Forming (GFM) Control represents one of the most promising technological solutions as it could contribute to the decarbonisation and safe management of the electricity grids of the future with high penetration of energy production from non-programmable renewable sources.

In order to better understand the benefits and limitations of this GFM technology, Terna has started a field trial at the Storage Lab in Codrongianos. In addition, Terna carried out a market survey targeting industrial producers in the BESS (storage systems) and RES (renewable energy sources) sectors, to which numerous operators responded, covering more than half of the market's presence.

Main digitalisation projects of the period

Among the main projects under way during the period in the area of digitalisation, we highlight those that improve the management of NTG assets, as well as their maintenance and monitoring activities. For details, please refer to the paragraph "Infrastructure maintenance" in the "Terna Group's business" section and the following:

Digitalisation of Corporate Processes

In line with the strategic roadmap for corporate digitalisation, the digital transformation process continued in response to corporate needs, promoting the **adoption of best practices** and the **standardisation of processes** with the aim of **streamlining operations** and **improving the User Experience**.

The process digitalisation programme in the corporate area in the first half of 2025 focused on the processes of the Administration, Finance and Control area and the Human Resources area.

Data driven company

Finance

In the first half of 2025, Terna continued the **Terna Data Sense** an initiative aimed at enhancing the company's information assets through advanced analytics tools and digital platforms. In parallel, the AI/ML Centre of Excellence within the Terna Group started work on predictive tools for whole-life cost estimation and payment flows, as well as a roadmap of generative AI applications for business processes.

Procurement and Legal

The **Control Tower Digital Supply Chain** aims, by collecting data from a number of external data providers, to monitor and manage external risks in Terna's supply chain.

AI Strategy and Adoption

The project represents a fundamental pillar in support of Terna's industrial plan, with the primary objective of defining a strategy to adopt artificial intelligence within the organisation, aligned with business objectives. This activity is considered crucial in response to the increasing complexity of global energy scenarios and managed infrastructure as well as the exponential increase in data to be analysed.

Various use-cases applied to both personal productivity (e.g. copilots, chatbots, virtual agents) and business processes are being studied and tested, with the aim of enhancing decision-making capabilities, automating complex processes and improving industrial data management. Particular attention is paid to the regulatory framework, IT security and training of people, with initiatives to raise awareness of the risks and opportunities of AI. The use of these solutions contributes to making the organisation more agile, resilient and innovative.

Building Information Modeling (BIM)

The adoption of Building Information Modeling (BIM), considered in a broader scenario of digitalisation of processes, projects and construction sites, to enable an increasingly efficient and interoperable management of the design and construction process. The information modelling strategy represents one of the pillars of BIM on which Terna has already started, also by involving the main players concerned, a process of constructing data models representative of the different types of plants and the main phases of the life cycle of the work. The BIM models of the works will be structured to ensure digital reconstruction of the asset throughout its entire life cycle. They will contain useful information for design, construction, management and maintenance, ensuring easy access to technical data relating to the systems, thus guaranteeing higher quality standards for the final project and reducing the risk of unforeseen events during construction that could lead to cost increases and delays.



People

People are the Terna Group's most important asset and one of the main key enablers of the 2024–2028 Industrial Plan Update. In line with the objectives of the Plan, the first half of 2025 confirmed the Group's commitment to and the continued investment in the development of new skills and the enhancement of the experience of the people who collectively contribute to growing the value of the Company.

	(unit)		
THE WORKFORCE	AT 30 JUNE 2025	AT 31 DECEMBER 2024	CHANGE
Senior managers	96	99	(3)
Middle managers	966	951	15
Office staff*	4,026	3,735	291
Blue-collar workers*	1,677	1,635	42
Total	6,765	6,420	345

* The figures as at 31 December 2024 have been restated to reflect the correct allocation by category, without changing the overall value of the workforce.

The increase in the workforce at 30 June 2025 (up 345 employees compared to 31 December 2024) is directly attributable to the coverage of staffing needs required to implement the ambitious investment plan envisaged in the 2024-2028 Industrial Plan Update, as well as the acquisition in May 2025 of the company Ste Energy S.r.l., which brought an increase of 140 employees, as well as to the overall strengthening of the Group's distinctive expertise.

Main initiatives of the period

Attraction & Employer Branding

During the first half of 2025, Terna obtained two certifications in the area of human resources, as recognitions of excellence for its people management practices and policies:

- **Top Employers 2025** issued by the **Top Employers Institute**, an independent body that evaluates and certifies companies on the basis of the quality of their HR policies and practices;
- **#BestHRTeam 2025**, promoted by **HRC Community - MyHRGoal**, which organises a certification process for the best HR teams in Italy by analysing their projects in various fields and categories.

As part of the attraction initiatives, **more than 20 Career Days, recruiting events and meetings with universities** were held. **“Transversal Skills and Orientation Pathways”** (so-called PCTOs) were also implemented with 26 schools and technical institutes.

In May, Terna announced the opening of the call for applications for the **fourth edition of the Master's Degree Course “Digitalisation of the electricity system for energy transition”** promoted by the company in collaboration with the Universities of Cagliari, Palermo and Salerno as part of the **Tyrrhenian Lab** project that aims to create new professionals with managerial, engineering, IT and statistical skills.

The **“High Competence Polytechnic Network”** promoted by Terna in collaboration with Polytechnic Universities of Torino, Milano, and Bari was presented in April. It is aimed at fostering research, innovation and high-level training to strengthen the security and resilience of the grid and electricity system. As part of the agreement, the Master's Degree Course **“PoliTech Lab: Innovation in Electrical Systems for Energy”** was created, with call for admission published in June. It aims to integrate high-value strategic competences, promoting the exchange of scientific and technological knowledge, especially engineering, with the objective of training professionals with experience in plants and technologies, asset management, electrical power systems, and the energy market and regulation.



Training

In the first half of the year, about **157,000 hours** of training (29 hours per capita) were **delivered** compared to more than 133,000 hours provided in the first half of 2024 (27 hours per capita).

The training hours and courses are divided between the macro-areas: Transversal Skills for Innovation, Safety, Compliance D&I and Organisational Culture and Technical and Professional Skills for Energy Transition.

Compensation and Welfare

The Ordinary Annual General Meeting of shareholders of the Company of 21 May 2025 **approved the long-term Incentive Plan** based on the Company's ordinary shares and named "Performance Share 2025-2029" under the terms and conditions described in the related Information Document, published on the Company's website (www.terna.it).

With a view to improving the **people's wellbeing** and in line with what was defined in the agreement between Terna and the trade unions, a **Personal Wellbeing Support Programme** was launched in June **for all Terna employees and their families**. Thanks to this service, users can access sessions with certified professionals for emotional, physical and practical support as well as managers' development.

Diversity and Inclusion

In March 2024, Terna obtained the **Gender Equality Certification** according to UNI/PdR 125:2022 Practice.

Confirming its commitment to issues of equity and inclusion, in June Terna was awarded the **women Empowerment Company 2025 award, assigned by Fondazione Marisa Bellisario** to companies that distinguish themselves in the field of gender equality and in enhancing the role of women in the company and the economy by implementing tangible and innovative policies.



In June, the training course **“Breaking stereotypes: acting with respect and responsibility”** was launched, focusing on the value of respect, a pillar of the People Strategy. In addition, the **“Inclusive Mindset”** course was held, with the aim of strengthening skills in inclusive recruitment, with a focus on people with disabilities.

The activities and initiatives of the **Terna Ability** programme continue, promoting the inclusion of people with disabilities and enabling them to participate fully in working life.

Talent Management

During the first half of 2025, Terna strengthened actions to support skills development, introducing innovations and broadening the scope of existing processes:

- **P4P performance management system**: a tool that integrates the assessment of performance with that of potential, in order to obtain a clear and structured framework for enhancing the merit and development of people working at Terna;
- **360° Feedback assessment**: this tool was extended from the managerial to the professional population;
- **development programme**: a process involving the design and implementation of customised development paths to identify and enhance people's potential;
- **leadership development paths** during the six months, an extensive and structured leadership development programme was launched, involving the entire management.

Finally, in June, the **Human Resources Roadshow** was launched, arranged into **8 stages at the main regional offices**, with face-to-face and online events. The aim is to improve employee engagement, collect feedback and stimulate continuous dialogue.





Financial review for the first half of 2025

82

Share price performance


94

Outlook

97

Main risks and uncertainties

99

A modern office interior with glass walls and blue lighting. The scene is viewed through a glass partition, showing a person working at a desk in the background. The foreground is a blue-tinted area with a large white number '4' and text.

4

Remarks on the results and other information



Financial review for the first half of 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 Annual Report; for further details, reference should be made to the Annex "Alternative Performance Measures (APMs)".

Basis of presentation

The accounting standards and the measurement and recognition criteria applied in this Half-year report are consistent with those adopted in the consolidated financial statements at 31 December 2024.

Given that the requirements of IFRS 5 have been met, the total results for the first half 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 30 June 2025 have been reclassified to the item "Net assets held for sale" in the Group's reclassified statement of financial position, consistent with the comparative figure.



The Group's reclassified income statement

The Terna Group's economic results for the first half of 2025, compared with those for the same period of the previous year, and for the second quarters of 2025 and 2024, are summarised in the following reclassified income statement, obtained by reclassifying amounts in the consolidated income statement.

Q2					(€m)			
2025	2024	CHANGE	CHANGE %		H1 2025	H1 2024	CHANGE	CHANGE %
992.4	896.3	96.1	10.7%	TOTAL REVENUE	1,894.2	1,754.4	139.8	8.0%
838.9	742.4	96.5	13.0%	- Revenue from Regulated Activities	1,594.1	1,472.5	121.6	8.3%
37.4	23.4	14.0	59.8%	of which Revenue from construction services performed under concession	54.0	33.8	20.2	59.8%
153.5	153.8	(0.3)	(0.2%)	- Revenue from Non-regulated Activities	300.1	281.8	18.3	6.5%
-	0.1	(0.1)	(100.0%)	- Revenue from International Activities	-	0.1	(0.1)	(100.0%)
284.6	267.0	17.6	6.6%	TOTAL OPERATING COSTS	534.4	497.2	37.2	7.5%
101.7	87.6	14.1	16.1%	- Personnel expenses	199.2	175.3	23.9	13.6%
71.8	80.0	(8.2)	(10.3%)	- Cost of services, leases and rentals	135.2	136.8	(1.6)	(1.2%)
59.9	66.5	(6.6)	(9.9%)	- Materials	125.9	130.7	(4.8)	(3.7%)
13.3	9.3	4.0	43.0%	- Other costs	19.4	17.5	1.9	10.9%
0.5	0.2	0.3	150.0%	- Quality of service	0.7	3.1	(2.4)	(77.4%)
37.4	23.4	14.0	59.8%	- Cost of construction services performed under concession	54.0	33.8	20.2	59.8%
707.8	629.3	78.5	12.5%	GROSS OPERATING PROFIT (EBITDA)	1,359.8	1,257.2	102.6	8.2%
227.6	211.9	15.7	7.4%	- Amortisation, depreciation and impairment losses	446.8	421.1	25.7	6.1%
480.2	417.4	62.8	15.0%	OPERATING PROFIT/LOSS (EBIT)	913.0	836.1	76.9	9.2%
(37.6)	(26.9)	(10.7)	39.8%	- Net financial income/(expenses)	(76.4)	(63.4)	(13.0)	20.5%
442.6	390.5	52.1	13.3%	PROFIT BEFORE TAX	836.6	772.7	63.9	8.3%
130.5	115.6	14.9	12.9%	- Income tax expense for the period	249.1	227.2	21.9	9.6%
312.1	274.9	37.2	13.5%	PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	587.5	545.5	42.0	7.7%
0.6	2.4	(1.8)	(75.0%)	- Profit/(Loss) for the period from assets held for sale	0.9	(0.6)	1.5	250.0%
312.7	277.3	35.4	12.8%	PROFIT FOR THE PERIOD	588.4	544.9	43.5	8.0%
0.3	0.7	(0.4)	(57.1%)	- Profit/(Loss) for the period attributable to non-controlling interests	0.7	0.1	0.6	600.0%
312.4	276.6	35.8	12.9%	PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT	587.7	544.8	42.9	7.9%

				(€m)		
EBITDA BY OPERATING SEGMENT				H1 2025	H1 2024	CHANGE
Regulated Activities				1,301.5	1,212.3	89.2
Non-regulated Activities				58.9	46.7	12.2
International Activities				(0.6)	(1.8)	1.2
EBITDA				1,359.8	1,257.2	102.6

Gross operating profit (EBITDA) for the first half of 2025 amounts to **€1,359.8 million**, an increase of €102.6 million compared with €1,257.2 million in the first half of 2024, driven by the improved performance of Regulated Activities.



Revenue

	(€m)		
	H1 2025	H1 2024	CHANGE
REGULATED ACTIVITIES			
Tariff revenue and incentives	1,512.4	1,416.0	96.4
Other regulated revenue	27.7	22.7	5.0
Revenue from construction services performed under concession in Italy	54.0	33.8	20.2
TOTAL	1,594.1	1,472.5	121.6

Revenue from **Regulated Activities** grew by €121.6 million. This growth, excluding revenue from construction services performed under concession (up €20.2 million), is mainly attributable to an increase in tariff revenue (up €212.4 million), partially offset by a decrease in output-based incentives (down €116.0 million).

The increase in tariff revenue is mainly due to:

- the fast money component determined on the basis of the conventional capitalisation rate set out in the ROSS application;
- the 2025 tariff recognition of depreciation related to 2024 capital expenditure (one year earlier than under the previous regulatory period);
- an increase in the Regulatory Asset Base (RAB) as a result of the inclusion of the 2024 capital expenditure and the effects of the update of the capital cost revaluation parameters set forth in Resolution no. 130/2025. These components offset the reduction in tariff revenue linked to the decrease in the WACC from 5.8% in 2024 to 5.5% in 2025.

The output-based incentives recognised in the first half of 2024 include the accrued portion of the DSM mechanism (€124.2 million). The impact of Resolution no. 326/2024, as amended from time to time, on the DSM mechanism planned for 2025 have not yet been recognised pending the assessment of the actual DSM cost effectiveness (2025-2030 period).

	(€m)		
	H1 2025	H1 2024	CHANGE
NON-REGULATED ACTIVITIES			
Equipment (Tamini Group and Brugg Cables Group)	201.1	165.4	35.7
Services for third parties (Connectivity, Energy Services, other)	87.6	106.1	(18.5)
Private interconnectors	11.4	10.3	1.1
TOTAL	300.1	281.8	18.3

The increase in revenue from **Non-regulated Activities**, amounting to €18.3 million, mainly reflects the rise in the revenue earned by the Tamini Group (up €18.1 million) and the Brugg Cables Group (up €17.6 million) driven for the major orders, partially offset by the reduction in revenue from Energy Services (down €21.3 million).

Revenue from **International Activities**, specifically in relation to the initiatives in Latin America that are currently being sold, is included in "Profit/(Loss) for the period from assets held for sale", in accordance with IFRS 5.

In the second quarter of 2025, revenue rose by €96.1 million compared to the same period of the previous year, in line with the above-mentioned trends.

Costs

In the first half of 2025, operating costs, excluding the cost of construction services performed under concession (€20.2 million), are up €17.0 million compared with the first half of the previous year. This increase primarily reflects the rise in personnel expenses (up €23.9 million), due to both the increase in salaries and the rise in the average number of employees. This effect was partially mitigated by higher capitalisation.

At the same time:

- in the Energy Services sector, costs for services and materials dropped (down €15.9 million) due to the progress of contracts;
- in the Equipment sector, costs for services and materials rose for the Brugg Cables Group (up €7.9 million) due to the rise in contracts.

In the second quarter of 2025, operating costs rose by €17.6 million compared to the same period in 2024, in line with the trends already described for the entire six-month period.

Amortisation, depreciation and impairment losses amount to €446.8 million, up €25.7 million compared to the first half of 2024, mainly as a result of the entry into service of new plants.

Operating profit (**EBIT**), net of amortisation, depreciation and impairment losses, amounts to €913.0 million, up from €836.1 million in the first half of 2024 (up 9.2%).

Net financial expenses for the period total €76.4 million and mainly relate to the Parent Company. They increased by €13.0 million compared to €63.4 million in the first half of 2024. The increase is mainly due to the disbursement of new loans and the reduction in the financial income recognised during the period, partially offset by higher capitalised expenses.

After net financial expenses, the **profit before tax** amounts to **€836.6 million**, growing €63.9 million (up 8.3%) on the same period of 2024.

The **income taxes** for the period amount to €249.1 million, an increase of €21.9 million (up 9.6%) compared to the first half of 2024, mainly due to the rise in the profit before tax. The tax rate of 29.8% shows a slight increase compared with 29.4% in the first half of 2024.

The **profit for the period from continuing operations** amounts to **€587.5 million**, up €42.0 million (up 7.7%) compared to €545.5 million in the first half of 2024.

The **profit/(loss) for the period from assets held for sale** totalled €0.9 million, showing an increase of €1.5 million over the same period of the previous year, mainly due to lower operating losses and the different scope of consolidation which, in June 2024, also included Linea Verde I, sold in November 2024.

The **profit for the period** amounts to **€588.4 million**, an increase of €43.5 million (up 8.0%) compared with €544.9 million in the first half of 2024.

The **profit for the period attributable to owners of the Parent** (excluding the share attributable to non-controlling interests) amounts to **€587.7 million**, up €42.9 million (up 7.9%) compared with €544.8 million in the first half of 2024.



Cash flow

Cash flow from operating activities and the change in net debt covered the cash needs linked to capital expenditure during the period and payment of the final dividend to shareholders.

(€m)

	CASH FLOW H1 2025	CASH FLOW H1 2024
- Profit for the period	588.4	544.9
- Amortisation, depreciation and impairment losses	446.8	421.1
- Net change in provisions	(23.7)	(30.9)
- Net losses/(gains) on sale of assets	(2.2)	(4.3)
Operating cash flow	1,009.3	930.8
- Change in net working capital	170.3	(284.9)
- Other changes in property, plant and equipment and intangible assets	(7.7)	39.8
- Change in investments	(1.9)	(3.8)
- Change in financial assets	(57.9)	120.5
Cash flow from operating activities	1,112.1	802.4
- Total capital expenditure	(1,319.3)	(1,042.4)
Free cash flow	(207.2)	(240.0)
Net assets held for sale	1.7	5.9
- Dividends paid to the Parent Company's shareholders	(556.8)	(452.3)
- Reserve for equity instruments, cash flow hedge reserve after taxation and other movements in equity attributable to owners of the Parent	(47.1)	847.2
- Other movements in equity attributable to non-controlling interests	-	4.7
Change in net debt	(809.4)	165.5

The Group's reclassified statement of financial position

The Terna Group's financial position at 30 June 2025 and 31 December 2024 is summarised below in the reclassified statement of financial position, obtained by reclassifying amounts in the consolidated statement of financial position.

(€m)

	AT 30 JUNE 2025	AT 31 DECEMBER 2024	CHANGE
Total net non-current assets	21,645.9	20,704.0	941.9
- Intangible assets and goodwill	1,075.5	982.2	93.3
- Property, plant and equipment	20,025.9	19,237.1	788.8
- Financial assets	544.5	484.7	59.8
Total net working capital	(2,195.2)	(2,025.2)	(170.0)
- Net energy-related pass-through payables	(628.6)	(624.4)	(4.2)
- Net receivables resulting from regulated activities	1,268.2	1,324.2	(56.0)
- Net trade payables	(1,028.3)	(1,072.7)	44.4
- Net tax liabilities	(99.1)	(74.5)	(24.6)
- Other net liabilities	(1,707.4)	(1,577.8)	(129.6)
Gross invested capital	19,450.7	18,678.8	771.9
Sundry provisions	34.1	10.4	23.7
Net invested capital	19,484.8	18,689.2	795.6
Net assets held for sale	13.5	15.2	(1.7)
TOTAL NET INVESTED CAPITAL	19,498.3	18,704.4	793.9
Equity attributable to owners of the Parent	7,508.0	7,524.2	(16.2)
Equity attributable to non-controlling interests	20.5	19.8	0.7
Net debt	11,969.8	11,160.4	809.4
TOTAL	19,498.3	18,704.4	793.9

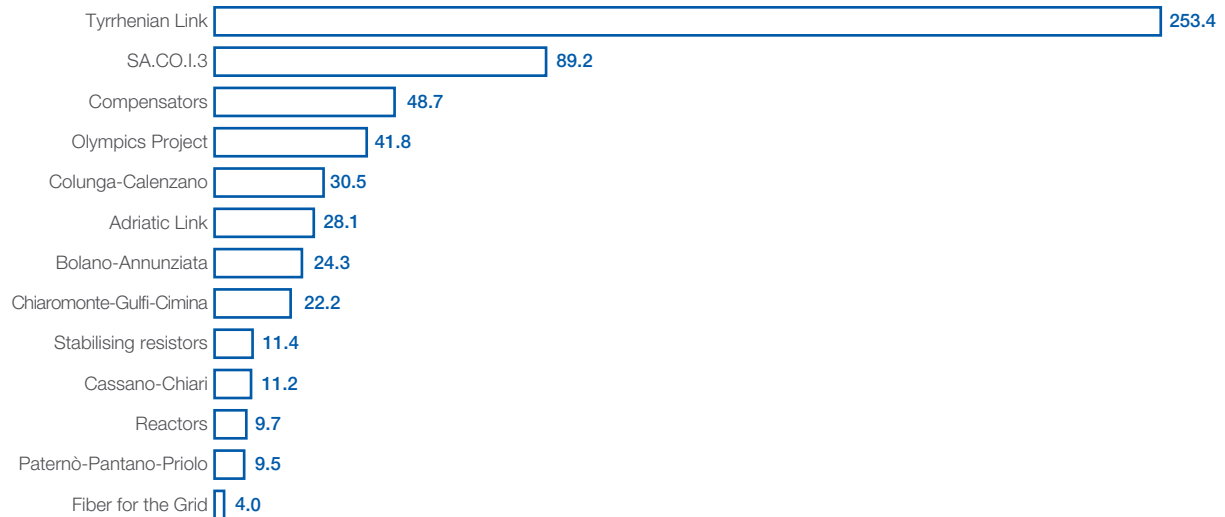
The €941.9 million increase in **net non-current assets** compared with 31 December 2024 primarily reflects a combination of the following factors:

- total capital expenditure of €1,319.3 million, with the main items summarised below and discussed in the section "Regulated Activities";
- depreciation and amortisation for the period of €447.1 million;
- increase in goodwill (€11.7 million) arising from the acquisition, in May 2025, of Ste Energy S.r.l. (Altenia Group) recognised based on the provisional measurement of the business combination;
- other movements during the period in "Property, plant and equipment" and "Intangible assets", which overall fell €0.7 million reflecting, in particular, grants related to assets (down €2.5 million, primarily for projects financed by the Ministry of Enterprises and Made in Italy and the EU) and disposals and impairment losses resulting in a reduction of €1.1 million;
- an increase of €59.8 million in financial assets, mainly due to the rise in the guarantee deposits received from operators participating in the capacity market in accordance with Resolution no. 98/2011/R/eel as amended (up €45.5 million), the increase in the Interconnector Guarantee Fund set up to fund investment in interconnections by art. 32 of Law no. 99/09 (up €13.7 million) and the increase in the investment by the subsidiary Terna Forward S.r.l. in the Infra Tech and Energy Tech segments of CDP Venture Capital's Corporate Partner I Fund (up €0.6 million), net of the assets supporting the Brugg Cables Group's employee benefit plan (down €1.8 million).



The Terna Group's **total capital expenditure** in the first half of 2025, equal to **€1,319.3 million**, is up by **26.6%** compared with €1,042.4 million in the corresponding period of 2024.

Main capital expenditure in the NTG* (€m)



* Amounts include financial expenses.

Net Working Capital of -€2,195.2 million and generated cash of €170.0 million during the period compared with 31 December 2024, mainly due to the combined effect of:

Cash outflows

- decrease of €44.4 million in net trade payables, mainly due to the major investments activities in the last few months of the previous year;

Cash inflows

- increase in **net energy related pass-through payables** of €4.2 million, mainly due to the combined effect of the following factors:
 - higher net liabilities related to the units essential for the security of the electricity system (UESS), amounting to €208.3 million, arising from the collection items net of payments made during the first six months of 2025 to the owners of the plant³⁴;
 - decrease in debt exposure related to the Capacity Market of €54 million due to lower receivables collected during the period;
 - lower net payables related to the extraordinary modulation service of €61.9 million as a result of the update of the related coverage fee;
 - increase in Terna's net receivables for the provision of dispatching services of €74.2 million, mainly attributable to the Uplift Fee³⁵, as a result of the higher costs recognised and the estimated upward trend in costs to be recovered;

³⁴ ARERA ordered payments to Essential Unit owners through Resolutions no. 17-36-49-84-96-108-135-208-230/2025.

³⁵ Resolution no. 345/2023/R/eel - The Integrated Electricity Dispatching Act (Testo Integrato del Dispacciamento Elettrico - TIDE) came into force on 1 January 2025. The TIDE streamlines all fees under Dispatching regulations. 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.

- decrease in **net receivables resulting from regulated activities** of €56.0 million mainly attributable to the combined effect of:
 - decrease in receivables of €121.6 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 half of 2025 in line with the applicable regulations;
 - increase in net payables of €36.1 million due to charges from the Inter-TSO Compensation (ITC) mechanism³⁶;
 - increase in transmission charge receivables of €106.0 million related to the tariff update pursuant to ARERA Resolution no. 579/2024 and the effects of Resolution no. 130/2025 on the revision of capital cost revaluation criteria;
- increase in net tax payables of €24.6 million, mainly due to the rise in net VAT payables (up €52.3 million) and the reduction in receivables for withholding taxes (down €18.2 million), offset by a decrease in net tax payables (down €45.9 million). The decrease reflects the settlement of the 2024 income taxes (€112.3 million) and the advance payments made in the first half of 2025 on the income for 2025 of €195.8 million, net of the taxes for the period of €262.2 million;
- increase of €129.6 million in other net liabilities, mainly due to the rise in guarantee deposits received from operators participating in the capacity market and from electricity market operators to guarantee the obligations undertaken regarding dispatching and virtual interconnection contracts (up by a total of €60.2 million), as well as increase in grants related to assets received from third parties (up €53.8 million) and the higher balance of the Interconnector Guarantee Fund (up €13.7 million).

Gross Invested Capital at 30 June 2025 amounted to €19,450.7 million, up €771.9 million compared to 31 December 2024.

Sundry provisions are up €23.7 million, mainly due to net deferred tax assets (€22.8 million), chiefly attributable to the tax effect of changes in the derivatives in portfolio and amortisation/depreciation.

Net assets held for sale amounted to €13.5 million at 30 June 2025 and are essentially stable compared to the balance of €15.2 million at 31 December 2024.

Total Net Invested Capital, including net assets held for sale, amounts to €19,498.3 million, up €793.9 million compared to 31 December 2024. It is financed by equity attributable to owners of the parent of €7,508.0 million (a slight decrease of €16.2 million compared to €7,524.2 million at 31 December 2024), equity attributable to non-controlling interests of €20.5 million (€19.8 million at 31 December 2024) and net financial debt of €11,969.8 million, up €809.4 million compared to €11,160.4 million at 31 December 2024.

³⁶ 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.

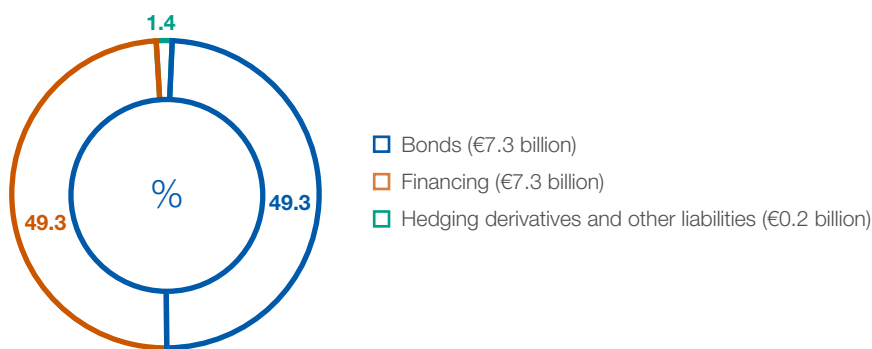


Net debt

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 30 June 2025 amounted to approximately **€14.8 billion** and consists of approximately €7.3 billion in the form of bond issues, roughly €5.5 billion in medium/long-term bank loans and about €1.8 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 of €12 billion under the EMTN Bond Issue Programme. Focused specifically on qualified investors, Terna's bonds have a very diverse investor base, in terms of both sector and geographical profile. Most issues are listed on the Luxembourg Stock Exchange and some of the most recent ones are also listed 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 notional amount of outstanding debt with the EIB at 30 June 2025 was approximately €4.0 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 half of 2025.

At 30 June 2025, the **senior green bonds issued by Terna** under its €12,000,000,000 Euro Medium Term Notes (EMTN) programme, renewed on 25 June and listed on the Luxembourg Stock Exchange and authorised by the Commission de Surveillance du Secteur Financier (CSSF), and yet to reach maturity, amount to **€3 billion**, in addition to the **two perpetual, subordinated hybrid 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%. On 15 July 2025, Terna launched **the first European Green Bond**, single tranche, as part of the €4,000,000,000 EMTN Programme, listed on the electronic bond market

(MOT) managed by Borsa Italiana and approved by the Commissione Nazionale per le Società e la Borsa (CONSOB) in June 2025, for a total nominal amount of **€750 million**, a 6-year duration with a maturity date of 22 July 2031. The bond was issued at a price of 99.589%, with a spread of 70 basis points above the midswap rate and has an annual coupon interest of 3.00%.

Green bond issues are used to finance or refinance **Eligible Green Projects**. These are projects producing environmental benefits that meet the criteria listed in the **Green Bond Framework**, updated by Terna in July 2025, and drafted in compliance with the Green Bond Principles updated by ICMA (International Capital Market Association) in June 2025, the requirements introduced by the new EU Regulation 2023/2631 (EU Green Bond Standard), and the European Union Taxonomy. Terna's Green Bond Framework was assessed by a Second Party Opinion provider, S&P Global Ratings, which assigned an overall rating of Dark Green, i.e., the highest level on the Shades of Green scale under S&P methodology.

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 CO₂ 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.

At 30 June 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 on 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



Further financial resources

On 10 July 2025, the European Investment Bank (EIB), Terna, Intesa Sanpaolo (IMI CIB Division) and SACE **entered into financing arrangements totalling €1.5 billion** in order to support the development and construction of the **Adriatic Link**, Terna's submarine power line that will connect Marche and Abruzzo.

Specifically, the financial structure of the arrangement is divided into the following three tranches, all guaranteed by SACE for over €1 billion under the Archimede Guarantee:

- a €750 million loan granted to Terna by the EIB, with a term of 22 years (from the first disbursement date);
- a €500 million seven-year credit facility provided to Terna by Intesa Sanpaolo;
- an additional €250 million seven-year loan given by Intesa Sanpaolo, with funds provided by the EIB, to support the project.

Net debt

The Group's net debt at 30 June 2025 amounts to €11,969.8 million, up €809.4 million compared with 31 December 2024.

	AT 30 JUNE 2025	AT 31 DECEMBER 2024	CHANGE
			(€m)
NET DEBT (BY TERM TO MATURITY)			
Total medium/long-term debt	11,578.0	11,469.2	108.8
- Bond issues	6,233.6	6,048.3	185.3
- Borrowings	5,289.8	5,362.1	(72.3)
- Derivative financial instruments	54.6	58.8	(4.2)
Total short-term debt/ (funds)	391.8	(308.8)	700.6
- Bond issues (current portions)	1,079.5	499.5	580.0
- Short-term borrowings	1,855.5	1,657.1	198.4
- Borrowings (current portions)	185.7	181.5	4.2
- Other financial liabilities net	102.7	109.0	(6.3)
- Derivative financial instruments	(1.8)	1.7	(3.5)
- Financial assets	(431.7)	(446.1)	14.4
- Cash and cash equivalents	(2,398.1)	(2,311.5)	(86.6)
Total net debt	11,969.8	11,160.4	809.4
NET DEBT (BY TYPE OF INSTRUMENT)			
- Bond issues	7,313.1	6,547.8	765.3
- Borrowings	5,475.5	5,543.6	(68.1)
- Short-term borrowings	1,855.5	1,657.1	198.4
- Derivative financial instruments	52.8	60.5	(7.7)
- Other financial liabilities net	102.7	109.0	(6.3)
GROSS DEBT	14,799.6	13,918.0	881.6
- Financial assets	(431.7)	(446.1)	14.4
- Cash and cash equivalents	(2,398.1)	(2,311.5)	(86.6)
Total net debt	11,969.8	11,160.4	809.4
Net debt attributable to assets held for sale	(2.2)	(1.9)	(0.3)

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

- increase in bond loans of €765.3 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 €68.1 million, mainly due to repayments of instalments on existing EIB loans;
- increase in short-term borrowings (€198.4 million) essentially due to more issues of commercial papers by the Parent Company;
- decrease in the negative fair value of the portfolio of derivative financial instruments (€7.7 million), mainly due to changes in the derivatives portfolio and changes in the market interest rate curve;
- decrease in other net financial liabilities (€6.3 million) mainly due to the payment of interest accrued in previous periods;
- decrease in financial assets of €14.4 million following the maturity of Italian government securities in portfolio, partly offset by the additional investments of the period;
- increase in cash and cash equivalents of €86.6 million. Cash amounts to €2,398.1 million at 30 June 2025, including €1,958.2 million invested in short-term, readily convertible deposits and €439.9 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 -€2.2 million at 30 June 2025 and consists of cash and cash equivalents of Terna Peru S.A.C..

Reconciliation of the Group's profit for the period and equity with the corresponding amounts for the Parent Company

The reconciliation of consolidated equity and consolidated profit and the corresponding amounts for the Parent Company is shown below.

	NET PROFIT H1 2025	EQUITY AT 30 JUNE 2025
		(€m)
Financial statements of Terna S.p.A.	527.1	6,902.6
Difference between equity in the financial statements, including profit/(loss) for the year, and the carrying amounts of investments in consolidated companies	60.8	1,980.6
Consolidation adjustments:		
- Intragroup dividends:	(1.1)	(230.5)
- Elimination of unrealised intragroup profits net of the related taxation and other minor adjustments	(1.4)	(1,170.4)
- Foreign currency translation reserve	-	11.7
- Measurement of companies using the equity method	3.0	34.5
Total consolidated financial statements	588.4	7,528.5
Non-controlling interests	0.7	20.5
Terna Group's consolidated financial statements	587.7	7,508.0



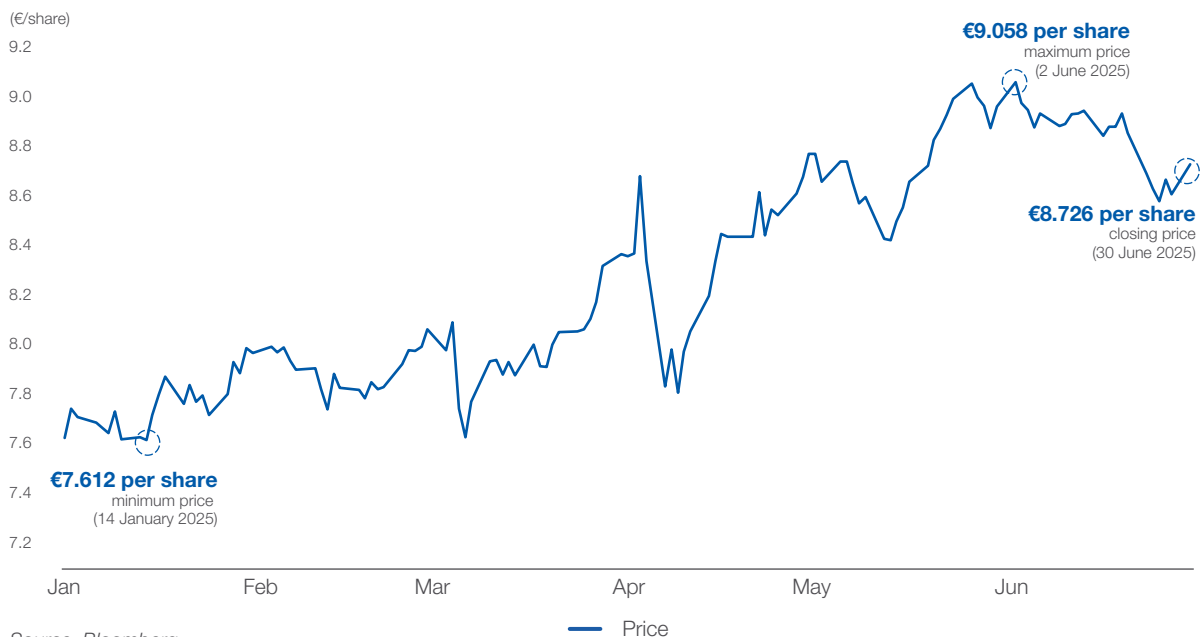
Share price performance

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 flotation to the end of June 2025, the share price has risen 413% (capital gain)**, providing a Total Shareholder Return (TSR³⁷) of 1,440%, ahead of both the Italian market (the FTSE MIB, up 216%) and the relevant European sector index (DJ Stoxx Utilities), which is up 454%.

The main European stock exchanges closed the first half of 2025 with positive performances. Milan gained 16.4%, Madrid and Frankfurt were up 20.7% and up 17.1% respectively, and Paris and London closed at up 3.9% and 7.2%, respectively.

Terna's share closed the first half of 2025 at €8.726 per share, up 14.5% compared with 31 December 2024 and in line with the sector benchmark index (DJ Stoxx Utilities), which was up 17.3%. The daily average volume traded during the period amounted to approximately 4.6 million. The ex-dividend date for the dividend for 2024, amounting to 27.70 eurocents per share, was 23 June 2025. Moreover, on 2 June 2025, the share hit a new all-time high, closing at €9.058 per share.

Performance of Terna's share (price trend from 1 January to 30 June 2025)



³⁷ 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.

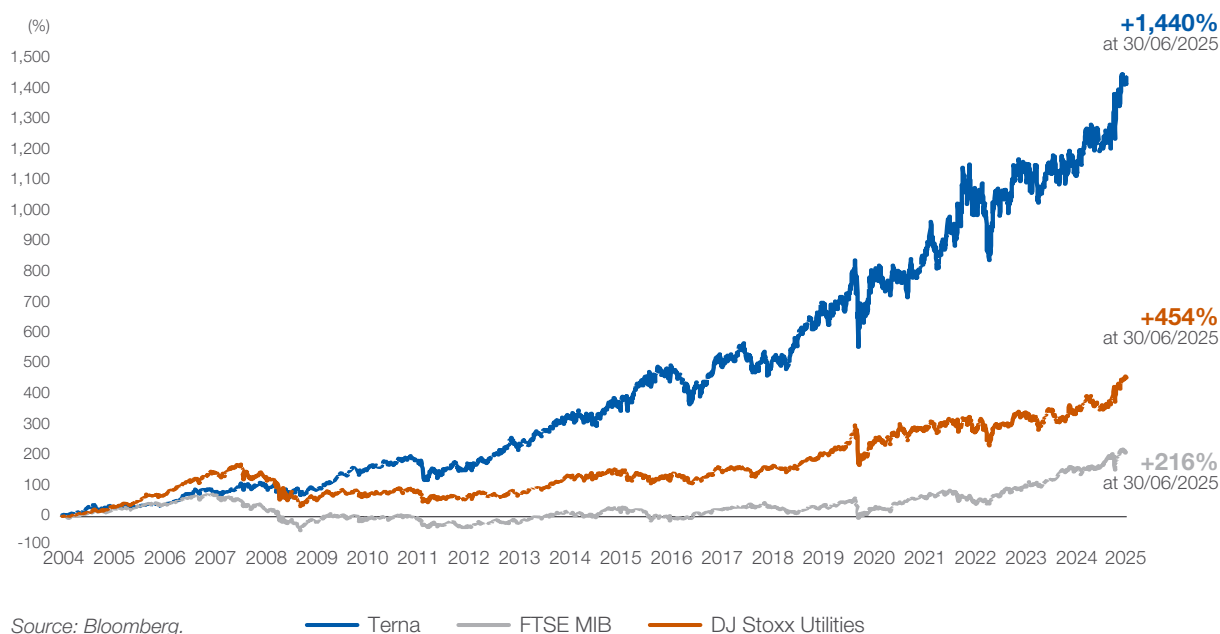
Terna's share, FTSE MIB and DJ Stoxx Utilities (Price from 1 January to 30 June 2025)



Source: Bloomberg.

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

(From the date of floatation to the end of June 2025)



Source: Bloomberg.

Weighting of Terna's shares

	H1 2025	H1 2024
> on the FTSE MIB index	2.2%	2.1%

Source: Bloomberg.



Ratings

Below are Terna's ratings at 30 June 2025.

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

In March, following the presentation of the 2024-2028 Industrial Plan Update, 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+").

In June, Moody's confirmed Terna's long-term rating at Baa2, one notch above that of the Italian Republic, revising the company's outlook from stable to positive. The rating agency's decision reflects the revision of Italy's outlook (from stable to positive).

Outlook

In 2025, global economic growth is expected to be moderate, with some signs of a slowdown in the second half of the year in the world's major economies. The economic growth is made even more uncertain by unresolved trade tensions which, exacerbated by the increasingly likely introduction of further protectionist measures, could generate new inflationary pressures.

Moreover, the gradual escalation of the ongoing geopolitical tensions, caused by continuing regional conflicts, strategic rivalries between sovereign states and growing global security challenges, are likely to significantly exacerbate international uncertainty, generating negative impacts on global political and economic stability.

In the aforementioned scenario, the Terna Group will be focused on implementing the 2024-2028 Industrial Plan Update 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 European Fit-for-55 objectives, as set out in Italy's 2024 Integrated National Energy and Climate Plan (NECP). 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, the progress of the Tyrrhenian Link should be noted, notably the completion of the submarine laying of the entire pole 1 in the East Link. Furthermore, protection activities are underway. For the Western link, the supply of the marine cable of pole 1 was completed and the preparatory activities for the start of laying are underway. For both links, civil works are in progress for the laying of terrestrial cables.

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 overhead lines in Corsica, execution activities continued following the opening of construction sites.

As to the Adriatic Link project, the civil works for the laying of the terrestrial cable in the Marche region are underway, while the civil works for the terrestrial cables in Abruzzo is scheduled to start; in addition, work on the converter substations will start in the second half of the year. Production of the marine HVDC cable began in April.

With regard to the main infrastructure of the NTG, the Pantano-Priolo and the Foiano-Ginestra-Ariano power lines are scheduled for commissioning, together with the Foiano substation and a number of facilities to improve the flexibility of the system (reactors and stabilising resistors).

Work to complete the new electricity grid for the "Milan-Cortina 2026" Olympic and Paralympic Games will continue in the second half of 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 Srl 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.

With respect to **International Activities**, the Group will continue the process of enhancing the asset portfolio in the United States and Latin America, taking all the actions that may be required to finalise the non-recurring transaction in Peru. In addition, monitoring of the foreign market will continue, with a special focus on the Mediterranean and balkan areas, with a view to gaining insights into changes in the backdrop and context with reference to private and institutional interconnection lines not directly linked to Italy.

In the second half of 2025, 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, 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.

Main risks and uncertainties

Business objectives and risk management

The Risk Management System has the ultimate purpose of supporting decision-making processes and developing awareness across the organisation of the level of risk assumed and its compatibility with the Company's objectives. The System also aims to spread and reinforce the risk culture at all levels of the organisation.

With regard to coordinated risk management, carried out by management in the various areas, for some time the Terna Group's Risk Management Framework has provided for adoption of a common reference framework that sets out objectives to enable the creation and maintenance of Group value. The target framework was updated in 2024 in order to align it with changes in the internal environment and/or the objectives of the Industrial Plan.

The framework of **corporate objectives**, divided into **Strategic** (linked to the Industrial Plan) and **Recurring** (continuous risks linked to the activities carried out under concession, the corporate mission and the codes of conduct adopted), is used annually by management as the main reference for the **identification** of risk events, including emerging ones.



On the basis of the objectives framework, each identified risk event is **assessed** in terms of the combination between Impact (divided into four types: financial, reputational, operational and HSE & Sustainability) and Likelihood of occurrence over the life of the Plan. The assessment also takes into account the Level of Maturity of existing risk management systems. Based on the outcomes, risk **treatment** priorities and appropriate responses are chosen through the selection of mitigation or corrective actions.



A business's risk profile is not static, but dynamic and may alter due to changes in the external environment and/or as a result of internal organisational and business decisions. Therefore, **monitoring** is carried out with the aim of verifying the evolution of the Group's risk profile, the exposure to the main risks, the trend of the defined risk indicators (KRIs), together with the progress of the mitigation actions defined.

The above phases of the risk management process are regularly repeated (at least once a year).

In particular, in November 2024 an update of the Risk Assessment was initiated, which, in line with previous years, was carried out according to a Top-Down approach and with the involvement of Middle and Top Management.

For additional information on the reference framework, the risk management process and the main corporate risks identified, please refer to the section "Main risks and uncertainties - Business objectives and risk management" of the Terna Group's 2024 Annual Report, published on the Company's website (www.terna.it).

The risks associated with climate change represent risks that are closely related to the Group's operational and strategic environment, therefore the process leading to the identification, assessment and management of these risks is integrated into the general corporate risk management process and into the current management of the undertaking's activities. For more details, please refer to the section "The Double Materiality process" of the Terna Group's 2024 Annual Report, published on the Company's website (www.terna.it).



Tax Control Framework

Terna S.p.A.'s tax risk management

On 14 December 2023, Terna S.p.A. accessed the Cooperative Compliance regime governed by Legislative Decree no. 128 of 5 August 2015 and subsequent provisions. In this respect, the adoption of the **Tax Control Framework** (TCF) - an organisational model aimed at managing tax risk - was a preparatory step to accessing the scheme, with a view to strengthening Terna Group's Internal Risk Control System.

The Cooperative Compliance regime aims to increase the level of certainty on important tax issues thanks to constant and preventive discussions with the tax authority based on actual circumstances, aimed at a common assessment of situations likely to generate relevant risks. Terna S.p.A.'s admission to the Cooperative Compliance regime – an acknowledgement awarded after a positive assessment conducted by the Revenue Agency on the tax risk detection, management, control and mitigation system – substantially attests to the reliability of Terna S.p.A.'s procedures and control systems and qualifies the company as a “privileged” interlocutor in relations with the tax authorities.

With a Resolution passed on 14 December 2022, the Terna S.p.A. Board of Directors approved the Group's **Tax Strategy**, defining the objectives and principles underlying the management of relations with tax authorities, with a commitment to promoting a culture of tax compliance among employees. In keeping with the Code of Ethics, the



Terna Group's Tax Strategy pursues the goal of ensuring tax compliance in accordance with the spirit and letter of the tax laws of the domestic system and of the countries where the Terna Group companies operate.

Conduct characterised by cooperation and transparency towards the tax authorities and third parties is promoted within the Terna Group in order to minimise any substantial impact in terms of risk, be it fiscal or reputational, in order to protect and distribute value to all stakeholders in the medium-long term.

From an operational point of view, Terna S.p.A. has adopted its own tax risk management and control system called the "Tax Compliance Model", establishing a set of rules, procedures, organisational structures and controls aimed at enabling the detection, measurement, management, control and monitoring of tax risk.

Terna Group risk analysis and prevention with respect to the macroeconomic scenario

The Terna Group constantly monitors the possible risks associated with the current macroeconomic environment and the recent international political events, particularly focusing on geopolitical developments, linked above all to the ongoing conflict in Ukraine and heightened tensions in the Middle East, and the relevant legislation.

To this end, the sanctions regime is constantly monitored, and due diligence and ordinary controls have been strengthened. The main potential areas of concern to be monitored continuously by the task forces are: **cyber security, economic and financial, the electricity system** and the impact on **procurement**.

The ongoing conflict between Russia and Ukraine and the crisis in the Middle East have led to an increase in **cyber-attacks** on Italian government and corporate websites. These shows of force have not led to major upheaval or data breaches, with disruption being short-term in nature.

Thanks to the continuous sharing of information with government bodies and priority access to information from cyber threat intelligence, a series of specific rules and policies have been implemented as part of Terna's cyber protection systems with the aim of preventing any malicious acts. Checks confirmed that Terna does not use any cyber security products or services for its IT infrastructure that are connected to the Russian Federation. Analysis was also carried out to determine the presence of Israeli (or related) technologies on Terna's digital infrastructure, especially in the field of cybersecurity, in order to monitor risk exposure and proactively deploy any necessary measures to reduce the impacts on Terna.

On the **financial front**, following the overall update of the values of the parameters used to calculate the WACC, pursuant to the resolution published by ARERA at the end of 2024 (Resolution no. 513/2024), the regulatory WACC for the 2025-2027 three-year period is set at 5.5%. Furthermore, the regulator confirmed a revision mechanism for the WACC in 2026-2027 if, following the update of certain parameters, the WACC rises or falls by more than 30 bps.

In addition, in the first half of 2025, the European Central Bank continued the process of interest rate cuts undertaken in 2024. In particular, between June 2024 and June 2025, interest rates were cut eight times for a total of more than 2%. Given the current scenario, characterised by exceptional uncertainty, the monetary policy stance in the next few months will be defined based on a data-driven approach, taking decisions at each meeting.

In general, the ECB's decisions will gradually be reflected in Terna's cost of debt over the next few years, given the average duration of existing debt and the high percentage of financing currently at a fixed rate (88%). In addition to the risks discussed earlier, the main risks that could potentially increase financial market volatility in the coming months include the trade policies of the Trump administration and the global extension of tariffs and duties.

Based on Terna's current regulation, which provides for indexing of the operating costs recognised in the tariff and the RAB, no significant negative economic impact is expected from the increase in the price index.

Finally, it should be noted that the Terna Group currently has access to funding represented by liquidity and committed lines of credit (thus immediately available). This, together with the ability to generate cash, will enable the Group to meet its funding requirements for the next 18-24 months and respond to any further capital market tensions.

For 2025, evidence to date shows no impact on the adequacy of the **electricity system** due to a combination of factors, including demand still below the peaks values achieved and the increase in installed generation capacity, mainly related to renewable sources and storage and the path of diversification of natural gas import sources, undertaken in 2022.


The average gas price recorded in the first six months of 2025 on the Title Transfer Facility (TTF), one of Europe's largest wholesale natural gas markets, **stood at approximately €44/MWh, up from around €32/MWh in the same period of 2024**. This increase was mainly driven by geopolitical tensions and colder weather conditions: in January 2025, natural gas supplies were reduced following the interruption of Russian gas transit through Ukraine. This was compounded by a return to average winter conditions after two unusually mild winters, resulting in increased withdrawals from storage facilities. Similar to the gas sector, wholesale electricity prices also increased in the first six months of 2025 compared to the same period in the previous year. Indeed, **the SNP recorded an average spot price of €119/MWh in the first six months of 2025**, compared to €94/MWh in the same period of 2024. Despite the diversification of supply sources, an energy security issue remains given that almost all the gas consumed in Italy is imported from third countries.

In terms of **procurement**, all qualified suppliers are subject to due diligence with regard to international sanctions, and Terna no longer uses any Russian qualified suppliers.

Despite continuous disruptions on the supply side (component availability and price excursions, extended delivery times), the negative impacts are mitigated with active management of the demand-supply balance for key line and substation equipment supplies.

On the price variability front, the legislative provision making their revision mandatory is currently mitigated by the current regulatory framework.

With regard to large projects (e.g. Tyrrhenian Link, Adriatic Link, Sa.Co.I.3 and Elmed), whose station supply contracts are subject to ongoing tenders or in execution, an impact resulting from possible changes in the economic balance of the suppliers cannot be excluded, which translates into requests for increases in the contractual fees or, in the case of their indexing, increases linked to predetermined formulas. These risks are mitigated by targeted management of contracts with suppliers.



Regulatory framework and other information	106
Changes to the dimensions of the NTG	113
Alternative Performance Measures (APMs)	116



5

Annexes



Regulatory framework and other information

Summary of the principal legislative measures

A brief description is provided below of the principal legislation of interest to the Group issued during 2025 and, subsequently, up to the date of preparation of this Annual Report.

- **Decree-Law no. 202 of 27 December 2024 (DL Milleproroghe [Thousand-Extensions Decree]) converted by Law No. 15 of 21 February 2025 published in the Official Gazette (Gazzetta Ufficiale) of 24 February 2025.**

The decree-law provides for the possibility to continue applying (until 31 December 2025) the execution modalities for the **company annual general meetings** that were envisaged during the COVID emergency, using telecommunication means for holding and attending the Annual General Meeting and the expression of voting by electronic means or by correspondence; it provides for **simplifications regarding Landscape Authorisation**, setting a new deadline (27 August 2026) for the revision of the regulation (Presidential Decree No. 31/2017) on the identification of interventions excluded from landscape authorisation or subject to simplified landscape authorisation procedures. It also calls for the adoption of a special decree by the MASE [Italian Ministry of Environment and Energy Security] to extend until 14 April 2025 the deadline for **registration to the National Electronic Register for Waste Traceability (RENTRI)** by producers of hazardous and non-hazardous special waste with more than 50 employees. It provides for the extension until 31 March 2025 of the deadline originally set for 31 December 2024 by which companies with registered offices in Italy or abroad, but with a permanent establishment in Italy, are required to take out **insurance contracts** to cover damage to land and buildings, plant and machinery, industrial and commercial equipment, directly caused by natural disasters and catastrophic events occurring in Italy.

- **Decree-Law no. 208 of 31 December 2024 on urgent organisational measures to deal with situations of particular emergency, as well as for the implementation of the National Recovery and Resilience Plan (Decreto-Legge Emergenze [Emergency Decree-Law]) converted by Law No. 20 of 28 February 2025, published in the Official Gazette of 1 March 2025.**

The decree-law provides for a **new role for the GSE** establishing that the decree by the MASE [Italian Ministry of Environment and Energy Security] will set out the terms and conditions under which the GSE will assume the role of guarantor of last resort for the mitigation of counterparty default risks in long-term contracts [for energy] from renewable sources.

- **Decree-Law no. 19 of 28 February 2025 introduces Urgent Measures to support businesses with respect to their purchases of electricity and natural gas as well as for the transparency of retail offers and the strengthening of sanctions by Supervisory Authorities (Decreto-Legge Bollette [Bill Decree-law]), converted into Law no. 60 of 24 April 2025, published in the Official Gazette on 29 April 2025.**

The decree-law provides for an **extraordinary contribution to support households** for 2025 on the supply of electricity for domestic customers with an ISEE [Indicator of equivalent economic situation] up to €25,000. It redefines the role of the **company “Acquirente Unico (AU-Single Buyer)”** by stipulating that it also performs the function of centralised electricity procurement for vulnerable wholesale customers for subsequent sale to operators providing the vulnerability service. With regard to fringe benefits on company vehicles, continuity is confirmed in the taxation of vehicles made available for both business and private use by employees (pursuant to Article 51 of the Italian Income Tax Code – TUIR). In particular, the tax rules in force until 31 December 2024 will continue to apply to: vehicles already assigned for mixed use between 1 July 2020 and 31 December 2024, and vehicles ordered by employers by 31 December 2024 and assigned for mixed use from 1 January 2025 to 30 June 2025.

- **Law no. 35 of 14 March 2025, known as the Law on the Liability of the Board of Statutory Auditors, published in the Official Gazette on 28 March 2025.**

The law amends Article 2407 of the Italian Civil Code concerning the liability of members of the board of statutory auditors and provides that, except in cases of wilful misconduct, including where statutory auditing is performed by the board itself, auditors who breach their duties are liable for damages caused to the company that appointed them, to its shareholders, creditors, and third parties, up to a multiple of the annual remuneration received, according to defined thresholds. Furthermore, liability actions against auditors become time-barred five years after the financial statements report is filed.

- **Legislative Decree no. 43 of 28 March 2025, introducing a revision of excise duty provisions, published in the Official Gazette on 4 April 2025 (Decreto Legislativo Accise [Excise Duties Decree]).**

This legislative decree amends the Consolidated Excise Act (Legislative Decree no. 504/1995) to introduce new taxation mechanisms and revise certain duty amounts. Notably, it introduces a provision requiring entities that engage in electricity transmission and distribution to notify the Customs and Monopolies Agency upon commencement of activity.

- **Decree-Law no. 73 of 21 May 2025, containing urgent measures to ensure continuity in the development of strategic infrastructure and the management of public contracts, the proper functioning of rail and road transport systems, the orderly administration of port and maritime state property, and the implementation of essential obligations related to the National Recovery and Resilience Plan (NRRP) and Italy's participation in EU infrastructure and transport policies (DL Infrastrutture in Italian) [Infrastructure Decree], converted into Law no. 105 of 18 July 2025, published in the Official Gazette on 19 July 2025.**

The decree-law provides that Regional Plans for the identification of onshore acceleration zones for RES plants are to be adopted based on areas deemed eligible by law, rather than on areas identified through specific regional provisions. Regions must identify acceleration zones for renewable energy plants in a Plan to be submitted for Strategic Environmental Assessment (SEA) by 31 August 2025, pending the final identification of suitable areas. Furthermore, industrial areas, as defined by regional, supra-municipal or municipal planning instruments, however named, falling within the areas mapped by GSE, to be published by 21 May 2025, are automatically considered acceleration zones. The decree also stipulates that acceleration zones will benefit from simplified administrative procedures for project authorisation.

- **Decree-Law no. 39 of 31 March 2025, containing urgent measures on catastrophe risk insurance (DL Polizze rischi catastrofali [Catastrophe Risk Insurance Decree-Law]), converted into Law no. 78 of 27 May 2025, published in the Official Gazette on 30 May 2025.**

The decree-law establishes that catastrophe insurance policies may include a deductible or excess of no more than 15% of the damage. However, this limit does not apply to large enterprises (and their subsidiaries and associates) provided they adopt a group-wide global insurance programme and, as at the reporting date, jointly meet the revenue and employee thresholds identified in the implementing decree issued by the Ministry of the Economy and Finance (MEF).



- **Decree-Law no. 25 of 14 March 2025, containing urgent provisions on the recruitment and operation of public administrations (DL PA in Italian) [Public Administration Decree], converted into Law no. 69 of 13 May 2025, published in the Official Gazette on 13 May 2025.**

The decree-law provides that until 31 December 2026, the decision-making conference of services under Article 14, paragraph 2, of Law no. 241/1990 will be conducted through the simplified and asynchronous conference mechanism provided for in Article 14-bis of the same law. It also establishes a new TUF Control Room, chaired by the MEF and composed of representatives from other ministries as well as IVASS, the Bank of Italy, CONSOB, and the Finance Police. Among its responsibilities is the exercise of the delegated authority for the comprehensive reform of capital market regulations under the Consolidated Law on Finance (TUF).

- **Law no. 40 of 18 March 2025 (Framework Law on Post-Disaster Reconstruction), published in the Official Gazette on 1 April 2025.**

The law governs the coordination of procedures and activities related to reconstruction in areas affected by natural or man-made disasters for which a national state of emergency has ended or been revoked, and where the conditions exist for the declaration of a national-level reconstruction phase.

- **Decree-Law no. 48 of 11 April 2025, containing urgent provisions on public security, the protection of service personnel, victims of usury, and the prison system (DL Sicurezza in Italian) [Security Decree], converted into Law no. 80 of 9 June 2025, published in the Official Gazette on 9 June 2025.**

The decree establishes that in the implementation of works on the National Electricity Transmission Grid, particular importance is attached to measures to counter violent actions aimed at obstructing Terna personnel working on construction sites, as such actions may have a deterrent effect on project progress. The Criminal Code is amended to introduce aggravating circumstances for offences involving violence or threats against public officials, where such acts are committed to prevent the construction of energy infrastructure. A new criminal offence is also introduced for individuals who procure or possess materials containing instructions on how to sabotage essential public services for terrorist purposes (including when such acts are aimed at a foreign state, institution, or international organisation).

- **Legislative Decree no. 81 of 12 June 2025 containing supplementary and corrective provisions on tax compliance, two-year composition agreement, tax justice and tax penalties, published in the Official Gazette of 12 June 2025 (D.Lgs. Adempimenti tributari [Tax Compliance Decree]).**

The decree introduces amendments to the rules on **tax litigation**, particularly regarding the conduct of hearings before the tax justice courts. With regard to the **charging of electric vehicles** via charging stations, the decree provides that within 180 days of its entry into force, the Director of the Revenue Agency shall issue a measure specifying the information to be submitted, the technical rules, and the deadlines for electronic storage and transmission of daily transaction data, as well as the methods to ensure data security and immutability. In the area of **State aid**, the decree includes a provision stating that recovery notices and tax assessments concerning the recovery of *“Amounts related to tax measures constituting State aid and de minimis aid not subject to the issuance of a formal granting decision, or subject to the issuance of a granting or authorisation decision, however named, whose amount cannot be determined in those decisions but only following the submission of the relevant tax return in which they are declared (...), must be notified, under penalty of expiry, by 31 December of the eighth year following the year in which they were received, used or misused.”*

- **Decree-Law no. 55 of 23 April, containing urgent provisions on IRPEF advance payments due for 2025 (DL Acconti [IRPEF Advance Payment Decree]), converted into Law no. 86 of 19 June 2025, published in the Official Gazette on 21 June 2025.**

The decree confirms that employees and pensioners without additional income will not be required to pay any IRPEF advance for 2025. It also introduces coordination provisions between Legislative Decree 216/2023, which implemented the tax reform mandate and reduced IRPEF brackets from four to three for 2024 only, and the 2025 Budget Law, which made this reduction permanent.

- **Decree-Law no. 84 of 17 June 2025, containing urgent tax measures (DL Fiscale [Tax Decree]), published in the Official Gazette on 17 June 2025.**

The decree introduces several simplification measures for calculating self-employment income, including the deductibility of travel, meal and accommodation expenses incurred abroad, even when paid using non-traceable methods. As with companies, the deductibility of representation expenses remains conditional on payment via traceable means, both in Italy and abroad. The decree also provides for the end of the split payment mechanism for listed companies starting 1 July 2025. For the 2025 tax year, the payment deadlines for the first IRPEF advance (2025) and the 2024 balance are postponed from 30 June to 21 July 2025, and to 20 August 2025, with a 0.4% surcharge, for ISA and flat-rate taxpayers.

- **Law no. 91 of 13 June 2025, delegating powers to the Government for the transposition of EU directives and the implementation of other EU acts (2024 European Delegation Law), published in the Official Gazette on 25 June 2025.**

The law grants the Government the power to transpose, by means of legislative decree, a number of directives, including Directive (EU) 2023/1791 on energy efficiency, which amends Regulation (EU) 2023/955; Directive (EU) 2023/2413, which amends Directive (EU) 2018/2001 with regard to the promotion of energy from renewable sources (RED III); Directive (EU) 2024/1711, which amends Directives (EU) 2018/2001 and 2019/944 with regard to the improvement of the EU electricity market design (Market Design Directive). In addition, for Regulation (EU) 2023/2631 on European Green Bonds (EU GBS), the Government must adopt, within eight months of its entry into force, one or more legislative decrees to adapt national legislation on green bonds and voluntary disclosures for sustainability-linked bonds. CONSOB is designated as the national competent authority for supervising the new European green bond framework.

- **Decree-Law no. 95 of 30 June 2025, containing urgent measures for financing economic activities and businesses, as well as social measures and provisions on infrastructure, transport and local authorities (DL Economic in Italian) [Economy Decree], published in the Official Gazette on 30 June 2025.**

The decree introduces provisions to allow the use of the Fund for the Launch of Non-Deferrable Projects for interventions which, according to the competent authorities, are no longer financed under the NRRP. It also provides for incentives for working mothers and measures to support institutional investments in venture capital.



Resolutions of the Italian Regulatory Authority for Energy, Networks and the Environment

A list is provided below of the principal resolutions adopted by Italy's Regulatory Authority for Energy, Networks and the Environment (ARERA) during 2025 and, subsequently, up to the date of preparation of this Half-Year Report.

ARERA determinations on the remuneration of transmission and dispatching services

- **Resolution 128/2025/R/eel** – Provisions relating to the lack of electricity generation from non-programmable renewable source plants due to extraordinary downward modulation measures implemented by Terna S.p.A. Initial provisions regarding the calculation of producibility for the purposes of implementing the Ministerial Decree of 30 December 2024;
- **Resolution 130/2025/R/com** – Revision of the capital cost revaluation criteria for infrastructure services in the electricity and gas sectors. Definition of common parameters for services subject to ROSS regulation;
- **DCO 210/2025/R/com** – Guidelines for the adjustment of specific instruments under the base ROSS regulation and proposals for the introduction of regulatory tools preparatory to the full ROSS experimentation;
- **Resolution 313/2025/R/eel** – Recognition of incentives to Terna S.p.A. pursuant to the resolution of the Authority 597/2021/R/eel.

ARERA determinations on the provision of transmission and dispatching services

- **Opinion 4/2025/I/eel** – Assessment of the outline of the 2023 10-year national transmission grid development plan;
- **Resolution 35/2025/R/eel** – Approval of the probabilistic dimensioning methodology for the Frequency Containment Reserve (FCR) for the Continental Europe synchronous area, pursuant to Article 153 of Regulation (EU) 2017/1485;
- **Resolution 40/2025/R/eel** – Functional provisions for the initial implementation within the Integrated Information System (SII) of the new electricity settlement regulation, as set out in ARERA Resolution no. 325/2024/R/eel;
- **Resolution 121/2025/R/eel** – Instructions to Terna S.p.A. regarding the execution procedures for foreign procurement contracts, pursuant to Article 32, paragraph 6 of Law no. 99/2009;
- **Resolution 166/2025/R/eel** – Compliance review of proposed amendments to Annexes A.7 and A.73 of the Grid Transmission, Dispatching, Development and Security Code regarding the remuneration of electricity supplied as Frequency Containment Reserve;
- **Resolution 209/2025/R/eel** – Compliance review of proposed updates to Terna S.p.A.'s Grid Transmission, Dispatching, Development and Security Code regarding the technical connection rules to the National Transmission Grid;
- **Resolution 227/2025/R/eel** – Amendments to the Integrated Electricity Dispatching Act (TIDE) to support the launch of the consolidation phase and implementation of the transitional RES X decree;
- **Resolution 242/2025/R/eel** – Compliance review of the proposed new Annex A.81 to the Grid Transmission, Dispatching, Development and Security Code on technical requirements for frequency regulation and redispatching by enabled virtual units;
- **Resolution 314/2025/R/eel** – Compliance check of the proposed amendments to the Transmission, Dispatching, Development, and Network Security Code regarding guarantees;
- **Resolution 315/2025/R/eel** – Compliance check of the proposed amendments to the Transmission, Dispatching, Development, and Network Security Code regarding dispatching contracts.

For more information on the aforementioned resolutions as well as on other resolutions adopted by ARERA see the website www.arera.it.

Other information

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

Treasury shares

At 30 June 2025, the Parent Company holds a total of 3,234,128 treasury shares (equal to 0.16% 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;
- (v) 2024-2028 Performance Share Plan, in the period between 4 September 2024 and 20 September 2024³⁸,

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 3 June 2024 to the beneficiaries of the 2021-2025 Performance Share Plan and (c) 917,720 treasury shares allocated by the Company between 21 May 2025 and 3 June 2025 to the beneficiaries of the 2022-2026 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 six months of 2025.

Related party transactions

Given that Terna S.p.A. is subject to the de facto control of Cassa Depositi e Prestiti S.p.A., a situation ascertained in 2007, related party transactions entered into by Terna during the first half of 2025 include transactions with associates and employee pension funds (FondeneI and Fopen), as well as transactions with Cassa Depositi e Prestiti itself, with CDP Reti S.p.A. and with the companies directly or indirectly controlled by the Ministry of the Economy and Finance.

Transactions carried out with related parties during the first half of 2025 substantially consisted of services in the ordinary course of business and settled on market terms, as set out in the Consolidated Financial Statements as at 30 June 2025³⁹.

³⁸ 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 links:

https://download.terna.it/terna/2020.08.10_CS%20TERNA%20operazioni%20su%20azioni%20proprie%20CHIUSURA%20ITA__8d83d42cfd43cb6.pdf

https://download.terna.it/terna/Terna_operazioni_su_azioni_proprie_conclusione_programma_8d93a651f5f9ffb.pdf

https://download.terna.it/terna/Terna_concluso_programma_acquisto_azioni_proprie_8da4d5856032b0b.pdf

https://download.terna.it/terna/Terna_concluso_programma_acquisto_azioni_proprie_8db81764c5a475a.pdf

https://download.terna.it/terna/Terna_conclusione_programma_acquisto_azioni_proprie_2024_8dc01fddc499d.pdf

³⁹ Note that relations with the members of the Parent Company's Board of Statutory Auditors, with particular reference to their 2024 remuneration, are reported in the Note to the item "Services" in the Notes to the Consolidated and Separate Financial Statements as at 31 December 2024, to which reference should be made. Moreover, in implementation of the applicable regulations in force (see Consob Resolutions no. 18049 of 23 December 2011 and no. 21623 of 10 December 2020), the information on the remuneration of the "members of the governing and control bodies, general managers", as well as on the investments held by them, as well as of the other persons envisaged by law, is included in the Report on the Remuneration Policy and Remuneration Paid published within the terms of the law.



The procedural rules adopted by the Parent Company ensure that such transactions are carried out in compliance with the criteria of procedural and substantive propriety and under the same conditions that would apply to independent counterparties and in accordance with the rules on transparency of information to the market and in implementation of Consob's regulatory provisions⁴⁰.

Note that during the first half of 2025 there were no transactions of major significance⁴¹, nor were there any transactions subject to the disclosure requirements because they fell within the cases of exclusion envisaged in the Regulation itself⁴².

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

Pursuant to art. 3 of CONSOB Resolution no. 18079 of 20 January 2012, Terna has elected to adopt the simplified regime provided for in articles 70, paragraph 8, and 71, paragraph 1-bis of CONSOB Regulation 11971 of 14 May 1999, as amended (the CONSOB Issuers' Regulation). As a result, Terna exercises the exemption from disclosure requirements provided for in the above Regulations in respect of transactions of a significant nature involving mergers, spin-offs, capital increases involving contributions in kind, acquisitions and disposals.

⁴⁰ See the Regulation containing provisions on transactions with related parties adopted by Consob Resolution no. 17221 of 12 March 2010, as amended.

⁴¹ That is, transactions with related parties identified in accordance with the provisions of Appendix 3 of the "Regulation containing provisions on related party transactions".

⁴² As "transactions falling within the ordinary course of the Company's or its subsidiaries' or associated companies' operating activities or financial activities related thereto, provided that they are concluded on terms equivalent to market or standard terms". In this respect, after 30 June 2025, the Company entered into three loan agreements guaranteed by SACE under the Archimede Guarantee worth more than €1 billion on 10 July 2025 (see Terna S.p.A. press release of 10 July 2025). As disclosed in Terna's press release dated 12 July 2025, the guarantees, when considered cumulatively, qualify as of greater importance, and were deemed excluded from the related parties procedure as they are ordinary transactions carried out at market or standard conditions pursuant to art. 13 of Consob Regulation.

Changes to the dimensions of the NTG

Details of substations owned by the Terna Group*

	UNIT OF MEASUREMENT	AT 30 JUNE 2025	AT 31 DECEMBER 2024	CHANGE	CHANGE %
380 kV					
Substations	no.	172	172	-	-
Power transformed	MVA	131,157	129,547	1,610	1.24%
220 kV					
Substations	no.	151	151	-	-
Power transformed	MVA	35,666	35,576	90	0.25%
Lower voltages (≤ 150 kV)					
Substations	no.	594	592	2	0.34%
Power transformed	MVA	4,658	4,633	25	0.54%
Total					
Substations	no.	917	915	2	0.22%
Power transformed	MVA	171,481	169,756	1,725	1.02%

* MVA calculated to three decimal places and rounded to the nearest integer. Percentages calculated to the fifth decimal place and rounded to the second decimal place.



Details of power lines owned by the Terna Group*

	UNIT OF MEASUREMENT	AT 30 JUNE 2025	AT 31 DECEMBER 2024	CHANGE	CHANGE %
380 kV					
Length of circuits	km	13,101	13,101	-	-
Length of lines	km	11,895	11,895	-	-
220 kV					
Length of circuits	km	11,898	11,898	-	-
Length of lines	km	9,495	9,495	-	-
Lower voltages (≤ 150 kV)					
Length of circuits	km	50,252	50,237	15	0.03%
Length of lines	km	47,013	46,984	29	0.06%
Total					
Length of circuits	km	75,251	75,236	15	0.02%
overhead	km	70,860	70,862	(2)	-
underground cables	km	2,595	2,577	18	0.70%
submarine cables	km	1,796	1,796	-	-
Length of lines	km	68,403	68,374	29	0.04%
overhead	km	64,012	64,001	11	0.02%
underground cables	km	2,595	2,577	18	0.70%
submarine cables	km	1,796	1,796	-	-
Impact of direct current connections (200 - 380 - 500 kV)					
Circuits	km	2,573	2,573		
% of total		3.42%	3.42%		
Lines	km	2,253	2,253		
% of total		3.30%	3.30%		

* Km calculated to three decimal places and rounded to the nearest integer. Percentages calculated to the fifth decimal place and rounded to the second decimal place. It should be noted that the figures only include assets that entered service for which the physical census has been completed.

Main changes in the Terna Group's plant stock

Substations

New infrastructure:

The following **new activations** were reported:

- construction of the Ponte Caffaro substation with 7 bays and 150 kV section.
- construction of the Cirè substation with 4 bays and 150 kV section.

Existing plants:

- activation of 20 new line bays at the following substations: Vobarno (1 x 150 kV bay), Tuscania (1 x 150 kV bay previously available), Montecorvino (1 x 150 kV bay previously available), Portella Pero (1 x 150 kV bay), Paternò (1 x 150 kV bay previously available), Lacchiarella (1 x 150 kV bay), Premadio (1 x 220 kV bay), Sandrigo (1 x 150 kV bay), Trento Sud (2 x 150 kV bays previously available), Tuscania (5 x 150 kV bays), Sambuca (1 x 220 kV bay), Populonia (1 x 150 kV bay), Arquata RT (2 x 132 kV bays), Ospiate (1 x 150 kV bay).
- activation of 8 new machine bays at the following substations: Sandrigo (2 x 380/150 kV bays), Rizziconi (1 x 150 kV bay), Cislago (2 x 220/150 kV bays previously available), Tuscania (2 x 380/150 kV bays), Aurelia (1 x 380 kV bay).
- activation of 1 parallel bay at the Savona RT substation (1 x 66 kV bay).
- activation of 3 power factor correction bays at the Chiari (1 x 380 kV bay), Nogarole Rocca (1 x 380 kV bay) substations, respectively and Aurelia (1 x 380 kV bay).
- activation of 2 220 kV coupling bays at the Premadio substation.
- demolition of 3 bays at the Premadio and Castegnero substations.

Transformers

The following **new activations** were reported:

- activation of 1 x 380/132 kV 250 MVA autotransformer at the Sandrigo substation.
- activation of 1 x 380/150 kV 250 MVA autotransformer at the Tuscania substation.

and the following **other variations**:

- replacement of 1 x 380/220 kV 400 MVA autotransformer with 1 x 600 MVA autotransformer at the Montecorvino substation.

Power lines

- **construction** of a new mixed overhead/underground connection between the S.T. Catania substation and the ST M5 switching substation (2.99 km).
- **construction** of a new mixed overhead/underground connection between the PS Lettere and PS Agerola (13.10 km).
- **acquisition** of 0.25 km line from producer Wood, Porto Torres 2 - Connection Porto Torres.
- construction of 6 **inlet-outlet shunts** with an overall increase of 21.29 km and 5 new sites (whose names originate from the following shunts: Carpani Substation, Foggia Onoranza Primary Substation, Nicolosi Primary Substation, Antoniana Primary Substation, Cuneo Nord Primary Substation and Tuscania Substation).
- implementation of **rerouting, rigid shunts, and route or grid layout modifications**, with a net change of 8 new sites and a decrease of 1.3 km about circuits.

Variations related to value updating and minor variations are not detailed in the report for any cluster.



Alternative Performance Measures (APMs)

In line with the ESMA/2015/1415 guideline, the Alternative performance measures used in this Half-year report are outlined below.

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

Reconciliations

In accordance with the guidelines in ESMA/2015/1415, reconciliations of the reclassified income statement and statement of financial position and of net debt and cash flow of the Terna Group with the related statutory income statement and statement of financial position are shown below.

Reconciliation of the Terna Group's reclassified Income Statement and Statement of Financial Position and Net Debt

THE GROUP'S RECLASSIFIED INCOME STATEMENT	€M	CONSOLIDATED INCOME STATEMENT
Revenue from Regulated Activities	1,594.1	
Revenue from Non-regulated Activities	300.1	"Revenue from sales and services" totalling €1,854.3 million, "Other revenue and income" totalling €39.9 million
Revenue from International Activities	-	
Personnel expenses	199.2	"Personnel expenses" after the costs of construction services performed under concessions in Italy in accordance with IFRIC 12 (€10.7 million)
Cost of services, leases and rentals	135.2	"Services" after the costs of construction services performed under concessions in Italy in accordance with IFRIC 12 (€24.3 million)
Materials	125.9	"Raw and consumable materials used" after the costs of construction services performed under concessions in Italy in accordance with IFRIC 12 (€19 million)
Other costs	19.4	
Quality of service	0.7	"Other operating costs"
Cost of construction services performed under concession	10.7	"Personnel expenses"
	24.3	"Services"
	19.0	"Raw and consumable materials used"
Net financial income/ (expenses)	(76.4)	Points 1, 2 and 3 of letter C- "Financial income and expenses"



THE GROUP'S RECLASSIFIED STATEMENT OF FINANCIAL POSITION	€M	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Financial assets	544,5	"Investments accounted for using the equity method", "Other non-current assets" and "Non-current financial assets"
Net energy-related pass-through payables	(628,6)	"Trade receivables" relating to the value of energy-related pass-through receivables (€1,327.2 million) and "Trade payables" relating to the value of energy-related pass-through payables (€1,955.8 million)
Net receivables resulting from Regulated Activities	1.268,2	"Trade receivables" relating to the value of receivables resulting from Regulated Activities (€1,364.5 million) and "Trade payables" relating to the value of payables resulting from Regulated Activities (€96.3 million)
Net trade payables	(1.028,3)	"Trade payables" after the value of energy-related pass-through payables (€1,955.8 million) and payables resulting from Regulated Activities (€96.3 million) and "Trade receivables" after the value of energy-related pass-through receivables (€1,327.2 million) and the value of receivables resulting from Regulated Activities (€1,364.5 million)
Net tax liabilities	(99,1)	"Income tax assets", "Other current assets" relating to the value of other tax assets (€23.9 million), "Other current liabilities" relating to the value of other tax liabilities (€65.3 million) and "Tax liabilities"
Other net liabilities	(1.707,4)	"Other non-current liabilities", "Other current liabilities" after other tax liabilities (€65.3 million), "Inventories", "Other current assets" after other tax assets (€23.9 million)
Sundry provisions	34,1	"Employee benefits", "Provisions for future risks and charges" and "Deferred tax assets"
Net assets held for sale	13,5	"Operating assets held for sale" and "Operating liabilities related to assets held for sale"
Net debt	11.969,8	"Long-term borrowings", "Current portion of long-term borrowings", "Non-current financial liabilities", "Short-term borrowings", "Cash and cash equivalents", "Current financial assets", "Current financial liabilities" and "Non-current financial assets"

THE GROUP'S ANALYSIS OF NET DEBT	€M	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
"Bond issues" and "Borrowings"	12,788.6	Corresponds with "Long-term borrowings" and "Current portions of long-term borrowings"
"Derivative financial instruments" - short- and medium/long-term	52.8	Corresponds to "Non-current financial liabilities" and "Current financial assets" for the value of CFH foreign exchange derivatives (€1.8 million)
Other financial liabilities, net	102.7	Corresponds to "Current financial assets" for the value of financial accrued income on derivatives (€0.4 million) and "Current financial liabilities"
Financial assets	(431.7)	Corresponds to "Current financial assets" net of the value of financial accrued income on derivatives (€0.4 million) and the value of CFH foreign exchange derivatives (€1.8 million)
Net debt attributable to net assets held for sale	(2.2)	Corresponds to "Operating assets held for sale" in the amount of €2.2 million

Reconciliation of the Terna Group's cash flow

(€m)


	CASH FLOW H1 2025	RECONCILIATION WITH FINANCIAL STATEMENTS	CASH FLOW H1 2024	RECONCILIATION WITH FINANCIAL STATEMENTS
- Profit for the period	588.4		544.9	
- Amortisation, depreciation and impairment losses	446.8		421.1	
- Net change in provisions	(23.7)		(30.9)	
<i>Employee benefits</i>		(0.1)		(1.6)
<i>Provisions for future risks and charges</i>		(0.8)		(10.7)
<i>Deferred tax assets</i>		(22.8)		(18.6)
- Net losses/(gains) on sale of assets ⁽¹⁾	(2.2)		(4.3)	
Operating cash flow	1,009.3		930.8	
- Change in net working capital:	170.3		(284.9)	
<i>Inventories</i>		(19.8)		(48.7)
<i>Trade receivables</i>		162.1		(154.1)
<i>Income tax assets</i>		0.6		(1.7)
<i>Other current assets</i>		0.4		68.3
<i>Trade payables</i>		(102.8)		(166.1)
<i>Tax liabilities</i>		(46.5)		85.3
<i>Other liabilities</i>		176.3		(67.9)
- Other changes in non-current assets	(67.5)		156.5	
<i>Goodwill</i>		(11.7)		1.3
<i>Intangible assets</i> ⁽²⁾		(0.8)		(12.9)
<i>Property, plant and equipment</i> ⁽³⁾		4.8		51.4
<i>Non-current financial assets</i>		(57.9)		120.1
<i>Other non-current assets</i>		-		0.2
<i>Investments accounted for using the equity method</i>		(1.9)		(3.6)
Cash Flow from Operating Activities	1,112.1		802.4	
Capital expenditure				
- Total capital expenditure	(1,319.3)		(1,042.4)	
<i>Property, plant and equipment</i> ⁽³⁾		(1,151.2)		(958.5)
<i>Intangible assets</i> ⁽²⁾		(168.1)		(83.9)
Total cash flow from (for) investing activities	(1,319.3)		(1,042.4)	
Free cash flow	(207.2)		(240.0)	
Net assets held for sale	1.7		5.9	
- Reserve for equity instruments, cash flow hedge reserve after taxation and other movements in equity attributable to owners of the Parent (4)	(47.1)		847.2	
- Other movements in equity attributable to non-controlling interests	-		4.7	
- Dividends paid to the Parent Company's shareholders (4)	(556.8)		(452.3)	
Change in net debt	(809.4)		165.5	
- Change in borrowings	896.0		200.9	
<i>Non-current financial assets</i>		-		(7.1)
<i>Current financial assets</i>		13.4		(409.6)
<i>Non-current financial liabilities</i>		(4.2)		(99.1)
<i>Long-term borrowings</i>		113.0		1,394.9
<i>Short-term borrowings</i>		198.4		(317.3)
<i>Current portion of long-term borrowings</i>		584.2		(405.2)
<i>Current financial liabilities</i>		(8.8)		44.3
CHANGE IN CASH AND CASH EQUIVALENTS	86.6		366.4	

(1) Included in the respective balances of "Other revenue and income" and "Other operating costs" of the financial statements.

(2) See note 15 to the financial statements.

(3) See note 13 to the financial statements.

(4) See the consolidated statement of changes in equity.

The background of the cover page is a photograph of a modern building with a glass facade and a prominent white structural frame. The building is viewed from a low angle, looking up. To the left, there are green trees. A large, semi-transparent blue geometric shape, resembling a triangle or a trapezoid, is overlaid on the lower half of the image. The text is centered within this blue area.

**CONDENSED
CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
AT AND FOR THE
SIX MONTHS ENDED
30 JUNE 2025**





Contents

Consolidated financial statements	124
Consolidated income statement	124
Consolidated statement of comprehensive income	125
Consolidated statement of financial position	126
Consolidated statement of changes in equity	128
Consolidated statement of cash flows	130
Notes	132
A. Material accounting policies and measurement criteria	132
B. Notes to the consolidated income statement	143
C. Operating segments	150
D. Notes to the consolidated statement of financial position	152
E. Commitments and risks	171
F. Business combinations	175
G. Related party transactions	176
H. Significant non-recurring, atypical or unusual events and transactions	179
I. Notes to the statement of cash flows	179
L. Events after at 30 June 2025	180
Attestation of the Group's Half-year Report pursuant to art. 81-ter of CONSOB Regulation 11971 of 14 May 1999, as amended	186
Independent Auditor's review report on the condensed consolidated interim financial statements at and for the six months ended 30 June 2025	188



Consolidated financial statements

Consolidated income statement

(€m)

	NOTES	H1 2025	H1 2024
A - REVENUE			
1. Revenue from sales and services	1	1,854.3	1,728.3
<i>of which: related parties</i>		1,232.8	1,105.7
2. Other revenue and income	2	39.9	26.1
<i>of which: related parties</i>		0.1	0.2
Total revenue		1,894.2	1,754.4
B - OPERATING COSTS			
1. Raw and consumable materials used	3	144.9	138.0
2. Services	4	159.5	155.4
<i>of which: related parties</i>		4.9	6.5
3. Personnel expenses	5	209.9	183.2
- gross personnel expenses		297.8	259.5
- capitalised personnel expenses		(87.9)	(76.3)
<i>of which: related parties</i>		2.6	4.8
4. Amortisation, depreciation and impairment losses	6	446.8	421.1
5. Other operating costs	7	20.1	20.6
<i>of which: related parties</i>		0.2	2.4
Total operating costs		981.2	918.3
A-B OPERATING PROFIT/(LOSS)		913.0	836.1
C - FINANCIAL INCOME/(EXPENSES)			
1. Financial income	8	58.5	71.4
2. Financial expenses	8	(137.9)	(135.3)
3. Share of profit/(loss) of equity investments accounted for using the equity method	9	3.0	0.5
D - PROFIT BEFORE TAX		836.6	772.7
E - INCOME TAX EXPENSE	10	249.1	227.2
F - PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		587.5	545.5
G - PROFIT/(LOSS) FOR THE PERIOD FROM ASSETS HELD FOR SALE	11	0.9	(0.6)
H - PROFIT FOR THE PERIOD		588.4	544.9
Profit for the period attributable to owners of the parent		587.7	544.8
Profit attributable to non-controlling interests		0.7	0.1
Earnings per share*	12		
Basic earnings per share		0.269	0.265
Diluted earnings per share		0.269	0.265
Earnings per share from continuing operations*			
Basic earnings per share	12	0.268	0.265
Diluted earnings per share		0.268	0.265

* Earnings per share take into account the effect of the interest paid to holders of the subordinated perpetual hybrid bonds and the related tax effect.

Consolidated statement of comprehensive income*

(€m)

	NOTES	H1 2025	H1 2024
PROFIT FOR THE PERIOD		588.4	544.9
<i>Other comprehensive income for the period reclassifiable to profit or loss</i>			
- Cash flow hedges	24	1.9	1.5
- Financial assets at fair value through other comprehensive income	24	0.9	0.8
- Gains/(Losses) from translation of financial statements in currencies other than the euro	24	(0.1)	(10.5)
- Cost of hedges	24	(0.4)	(0.2)
<i>Other comprehensive income for the period not reclassifiable to profit or loss</i>			
- Actuarial gains/(losses) on provisions for employee benefits	24	(1.3)	1.4
Total other comprehensive income		1.0	(7.0)
COMPREHENSIVE INCOME FOR THE PERIOD		589.4	537.9
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO			
<i>Owners of the Parent Company</i>		588.7	538.1
<i>Non-controlling interests</i>		0.7	(0.2)

* Amounts are shown net of tax, where applicable.



Consolidated statement of financial position

(€m)

	NOTES	AT 30 JUNE 2025	AT 31 DECEMBER 2024
A – NON-CURRENT ASSETS			
1. Property, plant and equipment	13	20,025.9	19,237.1
<i>of which: related parties</i>		21.7	61.0
2. Goodwill	14	262.6	250.9
3. Intangible assets	15	812.9	731.3
4. Deferred tax assets	16	251.2	228.4
5. Investments accounted for using the equity method	17	83.5	81.6
6. Non-current financial assets	18	446.1	388.2
7. Other non-current assets	19	14.9	14.9
Total non-current assets		21,897.1	20,932.4
B – CURRENT ASSETS			
1. Inventories	20	128.0	108.2
2. Trade receivables	21	3,033.0	3,194.8
<i>of which: related parties</i>		477.2	264.6
3. Current financial assets	18	433.9	447.3
4. Cash and cash equivalents	22	2,398.1	2,311.5
<i>of which: related parties</i>		3.1	-
5. Income tax assets	23	8.1	8.7
6. Other current assets	19	167.9	168.3
Total current assets		6,169.0	6,238.8
C - Discontinued operations and assets held for sale	30	13.6	15.4
TOTAL ASSETS		28,079.7	27,186.6

(€m)

	NOTES	AT 30 JUNE 2025	AT 31 DECEMBER 2024
D - EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
1. Share capital		442.2	442.2
2. Other reserves		2,675.3	2,669.9
3. Retained earnings/(accumulated losses)		3,802.8	3,589.8
4. Interim dividend		-	(239.6)
5. Profit for the period attributable to owners of the parent		587.7	1,061.9
Total equity attributable to owners of the Parent	24	7,508.0	7,524.2
E - EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS			
Total equity attributable to owners of the Parent and non-controlling interests		7,528.5	7,544.0
F - NON-CURRENT LIABILITIES			
1. Long-term borrowings	25	11,523.4	11,410.4
2. Employee benefits	26	48.1	48.2
3. Provisions for risks and charges	27	169.0	169.8
4. Non-current financial liabilities	25	54.6	58.8
5. Other non-current liabilities	28	1,145.5	1,091.5
Total non-current liabilities		12,940.6	12,778.7
G - CURRENT LIABILITIES			
1. Short-term borrowings	25	1,855.5	1,657.1
2. Current portion of long-term borrowings	25	1,265.2	681.0
3. Trade payables	29	3,421.7	3,524.5
<i>of which: related parties</i>		53.1	48.5
4. Tax liabilities	29	65.8	112.3
5. Current financial liabilities	25	103.1	111.9
6. Other current liabilities	29	899.2	776.9
<i>of which: related parties</i>		58.8	55.7
Total current liabilities		7,610.5	6,863.7
H - Liabilities related to discontinued operations and assets held for sale	30	0.1	0.2
TOTAL LIABILITIES AND EQUITY		28,079.7	27,186.6



Consolidated statement of changes in equity

31 December 2024 - 30 June 2025

Group's Share Capital and Reserves

(€m)

	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	CASH FLOW HEDGE RESERVE	OWN SHARES	RESERVE FOR EQUITY INSTRUMENTS - PERPETUAL HYBRID BONDS	OTHER RESERVES	RETAINED EARNINGS/ (ACCUMULATED LOSSES)	INTERIM DIVIDEND	PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	EQUITY ATTRIBUTABLE TO NON- CONTROLLING INTERESTS	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND NON- CONTROLLING INTERESTS
EQUITY AT 31 DECEMBER 2024	442.2	88.4	20.0	13.6	(31.4)	1,835.6	743.7	3,589.8	(239.6)	1,061.9	7,524.2	19.8	7,544.0
PROFIT FOR THE PERIOD										587.7	587.7	0.7	588.4
OTHER COMPREHENSIVE INCOME:													
- Change in fair value of cash flow hedges				1.9							1.9		1.9
- Actuarial gains/(losses) on employee benefits							(1.3)				(1.3)		(1.3)
- Gains/(Losses) from translation of financial statements in currencies other than the euro								(0.1)			(0.1)		(0.1)
- Financial assets at fair value through other comprehensive income							0.9				0.9		0.9
- Cost of hedges				(0.4)							(0.4)		(0.4)
Total other comprehensive income	-	-	-	1.5	-	-	(0.4)	(0.1)	-	-	1.0	-	1.0
COMPREHENSIVE INCOME	-	-	-	1.5	-	-	(0.4)	(0.1)	-	587.7	588.7	0.7	589.4
TRANSACTIONS WITH SHAREHOLDERS:													
- Appropriation of profit for 2024:													
<i>Retained earnings</i>								265.5		(265.5)	-		-
<i>Dividends</i>									239.6	(796.4)	(556.8)		(556.8)
- Purchase of own shares					6.1						6.1		6.1
Total transactions with shareholders	-	-	-	-	6.1	-	-	265.5	239.6	(1,061.9)	(550.7)	-	(550.7)
Reserve for share-based payments							(1.8)				(1.8)		(1.8)
Coupons payable to holders of hybrid bonds								(48.7)			(48.7)		(48.7)
Other changes								(3.7)			(3.7)		(3.7)
Total other changes	-	-	-	-	-	-	(1.8)	(52.4)	-	-	(54.2)	-	(54.2)
SHAREHOLDERS' EQUITY AT 30 JUNE 2025	442.2	88.4	20.0	15.1	(25.3)	1,835.6	741.5	3,802.8	-	587.7	7,508.0	20.5	7,528.5

31 December 2023 - 30 June 2024
Group's Share Capital and Reserves

(€m)

	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	CASH FLOW HEDGE RESERVE	OWN SHARES	RESERVE FOR EQUITY INSTRUMENTS - PERPETUAL HYBRID BONDS	OTHER RESERVES	RETAINED EARNINGS/ (ACCUMULATED LOSSES)	INTERIM DIVIDEND	PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	EQUITY ATTRIBUTABLE TO NON- CONTROLLING INTERESTS	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND NON- CONTROLLING INTERESTS
EQUITY AT 31 DECEMBER 2023	442.2	88.4	20.0	43.7	(29.8)	989.0	725.3	3,390.5	(230.3)	885.4	6,324.4	18.9	6,343.3
PROFIT FOR THE PERIOD										544.8	544.8	0.1	544.9
OTHER COMPREHENSIVE INCOME:													
- Change in fair value of cash flow hedges				1.5							1.5		1.5
- Actuarial gains/(losses) on employee benefits							1.4				1.4		1.4
- Gains/(Losses) from translation of financial statements in currencies other than the euro								(10.2)			(10.2)	(0.3)	(10.5)
- Financial assets at fair value through other comprehensive income							0.8				0.8		0.8
- Cost of hedges				(0.2)							(0.2)		(0.2)
Total other comprehensive income	-	-	-	1.3	-	-	2.2	(10.2)	-	-	(6.7)	(0.3)	(7.0)
COMPREHENSIVE INCOME	-	-	-	1.3	-	-	2.2	(10.2)	-	544.8	538.1	(0.2)	537.9
TRANSACTIONS WITH SHAREHOLDERS:													-
- Appropriation of profit for 2023:													-
<i>Retained earnings</i>								202.8		(202.8)	-		-
<i>Dividends</i>									230.3	(682.6)	(452.3)	(2.0)	(454.3)
- Purchase of own shares					6.4						6.4		6.4
Total transactions with shareholders	-	-	-	-	6.4	-	-	202.8	230.3	(885.4)	(445.9)	(2.0)	(447.9)
Change in scope of consolidation								(7.0)			(7.0)	7.0	-
Equity instruments – Perpetual hybrid bonds						842.0					842.0		842.0
Reserve for share-based payments							(2.1)				(2.1)		(2.1)
Coupons payable to holders of hybrid bonds								(2.6)			(2.6)		(2.6)
Other changes						4.6	2.6	10.0			17.2		17.2
Total other changes	-	-	-	-	-	846.6	0.5	0.4	-	-	847.5	7.0	854.5
SHAREHOLDERS' EQUITY AT 30 JUNE 2024	442.2	88.4	20.0	45.0	(23.4)	1,835.6	728.0	3,583.5	-	544.8	7,264.1	23.7	7,287.8



Consolidated statement of cash flows

(€m)

	NOTES	H1 2025	H1 2024
PROFIT FOR THE PERIOD		588.4	544.9
ADJUSTED BY:			
Amortisation, depreciation, grants and impairment losses / (reversals of impairment losses) on non-current property, plant and equipment and intangible assets*	6	441.3	416.4
Accruals to provisions (including provisions for employee benefits) and impairment losses		15.4	6.9
(Gains)/Losses on sale of property, plant and equipment		(2.2)	(4.3)
Financial (income)/expense	8	78.5	64.0
Income taxes		249.1	227.7
Other non-cash movements		3.5	3.3
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN NET WORKING CAPITAL		1,374.0	1,258.9
Increase/(decrease) in provisions (including provisions for employee benefits and taxation)		(23.0)	(17.9)
(Increase)/decrease in inventories		(19.7)	(48.7)
(Increase)/decrease in trade receivables and other current assets		209.5	(67.0)
Increase/(decrease) in trade payables and other current liabilities		(93.9)	(296.5)
Increase/(decrease) in other non-current liabilities		55.4	(89.7)
(Increase)/decrease in other non-current assets		(48.7)	3.9
Interest income and other financial income received		53.7	79.3
Interest expenses and other financial expenses paid		(184.8)	(158.6)
Income tax paid		(279.9)	(135.7)
CASH FLOW FROM OPERATING ACTIVITIES [A]		1,042.6	528.0
- of which: related parties		(208.0)	(96.3)
Capital expenditure in non-current property, plant and equipment after grants received	13	(1,129.2)	(920.1)
Revenue from sale of non-current property, plant and equipment and intangible assets and other movements		(7.4)	7.4
Capitalised financial expenses		56.1	31.8
Capital expenditure in non-current intangible assets after grants received	15	(168.1)	(83.9)
(Increase)/decrease in investments in associates and joint arrangements and in other investments	17	(1.9)	(3.8)
Movements in short- and medium/long-term financial investments		9.6	(281.0)
Consideration paid for new acquisitions net of cash		(8.4)	-
CASH FLOW FOR INVESTING ACTIVITIES [B]		(1,249.3)	(1,249.6)
- of which: related parties		39.3	40.1
Movement in the reserve for equity instruments	24	-	842.0
Dividends paid		(549.0)	(445.6)
Movements in short- and medium/long-term financial liabilities (including short-term portion)**		842.6	691.6
CASH FLOW FROM/(FOR) FINANCING ACTIVITIES [C]		293.6	1,088.0
INCREASE/(DECREASE) IN CASH AND EQUIVALENTS [A+B+C]		86.9	366.4
Cash and cash equivalents at beginning of year		2,313.4	1,381.8
Cash and cash equivalents at end of period***		2,400.3	1,748.2
- of which cash and cash equivalents from acquisitions		6.9	-

* After grants related to assets recognised in the income statement for the period.

** After derivatives and impact of fair value adjustments, including cash movements in right-of-use assets.

*** Of which, at 30 June 2025, "Cash and cash equivalents" of €2,398.1 million and "Cash and cash equivalents attributable to assets held for sale" of €2.2 million and, at 31 December 2024, "Cash and cash equivalents" of €2,311.5 million and "Cash and cash equivalents attributable to assets held for sale" of €1.9 million.





Notes

A. Material accounting standards and measurement criteria

Introduction

Terna S.p.A.'s registered office is at Viale Egidio Galbani 70, Rome, Italy. The Company's condensed interim consolidated financial statements for the first half of 2025 include the financial statements of the Company and its subsidiaries ("the Group") and the Group's interest in associates and joint ventures. The subsidiaries included within the scope of consolidation are listed below.

The consolidated financial statements for the year ended 31 December 2024 may be viewed on request at Terna S.p.A.'s registered office at Viale Egidio Galbani 70, Rome, or on the Company's website at www.terna.it.

Compliance with IAS/IFRS

The condensed interim consolidated financial statements for the year ended 30 June 2025 were prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), as endorsed by the European Commission ("IFRS") as at that date and used in the consolidated financial statements for the year ended 31 December 2024, without prejudice to the new standards and amendments that came into effect on 1 January 2025.

This document has also been prepared taking into account the provisions of Legislative Decree 38 of 28 February 2005, of the Italian Civil Code and CONSOB Resolutions no. 15519 ("Provisions governing financial statements in implementation of art. 9, paragraph 3 of Legislative Decree 38/2005") and no. 15520 ("Amendments and additions to the implementing rules for Legislative Decree 58/1998"), as well as CONSOB Communication DEM/6064293 ("Disclosure requirements for listed issuers and issuers of financial instruments that are widely held among the public pursuant to art. 116 of the Consolidated Law on Finance").

More specifically, the Group's condensed interim consolidated financial statements for the first half of 2025, which were prepared in accordance with IAS 34, do not include all the information required for the annual financial statements and must be read together with the consolidated financial statements for the year ended 31 December 2024. In this respect, the condensed interim consolidated financial statements under review include summary disclosures, while the individual statements are consistent with those forming the annual financial statements.

Given that the requirements of IFRS 5 were met, the total results for H1 2025 and 2024 attributable to the South American subsidiaries included in the planned sale of assets, which was launched at the end of 2021, were held under "Profit/(Loss) for the period from discontinued operations and assets held for sale" in the Group's consolidated income statement. Likewise, the attributable assets and liabilities at 30 June 2025 were restated under "Discontinued operations and assets held for sale" and "Liabilities related to discontinued operations and assets held for sale" in the Group's consolidated statement of financial position, consistent with the comparative figure.

Use of estimates

Preparation of the condensed interim consolidated financial statements for the year ended 30 June 2025 requires the Group to use estimates and assumptions that affect the carrying amounts of assets and liabilities and the related disclosures, in addition to contingent assets and liabilities at the reporting date. These estimates are based on the information available to management at the date of preparation of the financial statements. These estimates and the associated assumptions are based on previous experience and various factors that are believed to be reasonable under the circumstances. The

resulting estimates form the basis for making the judgements about the carrying amounts of assets and liabilities that are not readily apparent from other objective sources. Actual results may differ from these estimates.

Furthermore, it should be noted that certain valuation processes, particularly the more complex ones such as the determination of any impairment of non-current assets, are usually only carried out in full at the time the annual financial statements are prepared, i.e. when all the necessary information is available, except in cases where impairment indicators require an immediate assessment of any impairment to be conducted. Similarly, the actuarial valuations required to determine provisions for employee benefits are normally prepared when the annual financial statements are prepared.

The estimates and underlying assumptions are reviewed periodically and the effects of any changes are recognised in the income statement for the year, if they relate solely to that period. If the revision affects both the reporting period in which the estimate is revised and future reporting periods, then the change will be recognised as of the accounting period in which the revision is made and in future accounting periods.

Macroeconomic environment

The Terna Group closely monitors the current macroeconomic environment and the recent international political events, paying special attention to the evolution of geopolitical tensions, especially those related to the ongoing war in Ukraine, which are heightened by the situation in the Middle East and US trade policies.

The current macroeconomic backdrop shows a number of uncertainties that could impact the growth of the Terna Group. These include the geopolitical situation, trade tensions and the implementation of an expansive fiscal policy (particularly in the United States and some European nations), which could trigger a new inflationary upsurge, potentially affecting the monetary policies of central banks. The main risks that could potentially increase financial market volatility in the coming months include, in particular, the trade policies of the new US administration and the global extension of tariffs and duties. Against this backdrop, the Group continues to focus on capex delivery as planned. To date, we are not aware of any circumstances requiring an in-depth assessment to be conducted in order to establish the Company's ability to continue as a going concern.

The ability to meet the aforesaid principle rests on the fact that the most significant portion of the Group's revenues is related to the conduct of Regulated Activities in Italy, which involve remuneration of both operating costs and invested capital, based on a WACC reviewed by ARERA on a regular basis to reflect the Company's cost of capital. According to current legislation, operating costs reflected in the tariff and the RAB must also be indexed so that any inflationary trends may be captured.

In addition, the assessment of the impact of the current macroeconomic environment and the ongoing conflicts did not result in such trigger events as to require the conduct of an impairment test of the value of the property, plant and equipment owned by the Group or of intangible assets with finite service lives.

It should also be noted that the impact of the changed macroeconomic environment and the geopolitical crises did not result in an increase in credit risk and did not affect the outcome of the measurement of expected credit losses. The Group's trade receivables fall within the hold to collect business model, primarily fall due within 12 months and do not include a significant financial component. They also relate to customers (holders of withdrawal or feed-in dispatching contracts and distributors) who are considered solvent by the market and have a high credit standing.

As described in more detail in the section, "Credit risk", management of this risk is also driven by the provisions of ARERA Resolution no. 111/06, which introduced instruments designed to limit the risks related to the insolvency of dispatching customers, both on a preventive basis and in the event of an actual insolvency. The analysis also revealed no need for changes in the business model used.



The increase in material prices, resulting from the changed macroeconomic backdrop, is not a significant risk for the Group, as statutory price revisions are fully reflected in the RAB for the purpose of calculating the return on investments made.

Furthermore, Terna S.p.A. and its subsidiaries do not have offices or significant operations in the regions affected by the conflicts and no significant business relations are in place with the US.

Climate change

The growing awareness of climate change and its effects results in a greater need for disclosure in the Report on Operations. Although there is no international accounting standard governing how the impact of climate change should be taken into account in the preparation of financial statements, the IASB has issued certain documents providing support for IFRS-adopters seeking to satisfy the demand for disclosure from interested parties. Similarly, ESMA, in its European Common Enforcement Priorities of 24 October 2024, emphasised that issuers should consider climate risks to the extent that they are material when preparing financial statements in accordance with international accounting standards, regardless of whether such risks are explicitly covered under the relevant accounting standards.

The Terna Group has shared its considerations regarding actions aimed at mitigating the effects of climate change mainly in the section addressing Climate Change in the Consolidated Sustainability Statement as part of the Terna Group's 2024 Annual Report. In this connection, in its capacity as a TSO operating in transmission and dispatching services, the Terna Group undoubtedly plays a key role in supporting the energy system in the pursuit of the ambitious CO₂ reduction targets. More specifically, in addition to direct emissions related to electricity consumption, the most significant component of Terna's indirect emissions is related to grid losses, which have an indirect impact due to the need to generate additional energy. Although the direct emissions of a TSO (Scope 1 and 2 of the GHG emission protocol) are quite low, they are deemed significant in relation to the potential system-wide reduction resulting from the integration of renewable sources and electrification processes.

The Group has chosen to report its considerations on climate change in a single note. Below is an overview of Management's considerations on aspects deemed material.

IAS 1 – Presentation of Financial Statements

Where uncertainty factors are identified, IAS 1 requires entities to analyse their potential impacts on the entity's ability to continue as a going concern. With reference to the assumptions and estimates adopted for the preparation of the interim report, entities are also expected to disclose any forward-looking assumptions that could result in a significant risk of material adjustment within the next financial year.

Consistent with the guidance provided by ESMA, which, as noted above, emphasises the need to incorporate climate risks when preparing financial statements, relevant information is provided. Although not mandatory under IFRS standards, this information is crucial for a comprehensive interpretation of the financial statements.

Over the short term, Management did not identify any specific effects of climate-related risks to be considered when applying the accounting standards.

With reference to the medium/long term, the Company's Management identified potential risks primarily related to its role as Transmission System Operator (TSO). These risks arise from the adaptation of the electricity grid through actions aimed at increasing its resilience and facilitating the adaptation to the new profile and mix of energy sources fed into the grid. However, as outlined in the following sections, the actions planned to mitigate these risks do not require further evaluation in the context of the application of the accounting standards adopted in the preparation of this document.

It should also be emphasised that the assessment and, in particular, the quantification of climate risks generally involves reliance on assumptions regarding highly uncertain future developments, such as technological advances, policy developments and governmental interventions.

IAS 16 – Property, Plant and Equipment

With specific reference to the grid and the related transmission service, the actions defined require an articulated process of planning, authorisation and implementation of investments, aimed at carrying out works to meet the current and future needs of integrating renewable sources, while guaranteeing the reliability, security, adequacy and efficiency of the electricity system. This includes, for example, interconnections with foreign countries and the development of the necessary infrastructure to facilitate the increasing integration of renewable energy sources.

Furthermore, as defined in the Group's Risk Framework, the Group is exposed to the risk of increased severity of atmospheric events (such as tornadoes, heavy snowfall, ice formation, floods and fires) that may impact the continuity and quality of the service delivered and/or cause damage to equipment, machinery and network capabilities. In response to these events, the Group continues to make new investments with a view to increasing the grid resilience and identifying the most effective tools to mitigate these risks.

In line with its pivotal role in the national energy transition, Terna has included a number of actions in its strategic plans in order to respond to the challenges posed by climate change. These plans are detailed in "The value creation strategy" section of the 2025 Interim Financial Report, and the following actions were identified:

- Ten-year Development Plan: actions needed to develop and strengthen the electricity grid, including overseas interconnections, to ensure the integration of renewable sources;
- Security Plan: the tools needed to guarantee the security and reliability of the electricity system, in a context of increasing reliance on renewable sources and decommissioning of thermoelectric plants, resulting in critical issues relating to system inertia and voltage regulation;
- Maintenance and Renewal Plan for Electricity Assets: actions aimed at improving the reliability of electricity assets by pre-emptively identifying and addressing initial signs of an issue that could lead to malfunction.

The Resilience Plan, attached to the Security Plan, is also linked to these plans. It includes all initiatives aimed at increasing the grid resilience with respect to severe weather events, which occur with increasing intensity and frequency, causing damage to infrastructure and interruptions in the supply of power to plants connected to the NTG. The Resilience Plan includes, in particular, preventive actions of an infrastructural nature, as well as capital-light technological solutions for the mitigation of risks on the grid, together with measures for the restoration and monitoring of the electricity system.

This also involves the development of innovative technologies through structured collaborations with start-ups ("Open Innovation"), designed to monitor weather events and increase NTG resilience.

Mitigating climate-related risk also involves the need to plan maintenance of NTG infrastructure to ensure quality of service, the security of the assets operated (power lines and electricity substations) and their ability to remain fully operational.

In this connection, in addition to the actions included in the Group's standard maintenance campaign, Terna is increasingly called upon to have the grid undergo targeted replacement works that, regardless of the age of the assets, make it possible to mitigate the risk deriving from the greater intensity and frequency of adverse weather events. Management considers that this investment does not reduce or modify the expected economic benefits deriving from use of the existing grid accounted for in property, plant and equipment. In the light of the above, it has not been necessary to conduct a critical review of the useful lives of the fixed assets recognised in the financial statements.

The Group also considers that there may be a supply chain risk arising from potential significant changes in the strategy of key suppliers, heightened by the global crisis in supply chains resulting from conflicts, tariffs, supply restrictions and the ongoing energy transition process in many countries. This risk could have potential impacts on construction and maintenance work, with possible consequences on the continuity and quality of service and the timing of completion. The Group constantly monitors the development of the supply chain and, at the time of writing this report, no critical issues were identified.

IAS 38 – Intangible Assets

With regard to non-regulated activities, the Group is committed to developing innovative, digital technological solutions to support the ecological transition. In particular, these activities include the offerings of the Tamini Group and the Brugg Cables Group, which engage in power transformers and terrestrial cables, respectively, as well as energy services and connectivity offerings.



Furthermore, the Group continues to invest in digitalisation and innovation, improving remote control of electricity substations and key infrastructure through the installation of advanced sensor, monitoring and predictive diagnostic systems. This is done with a view to ensuring the security of the network and of the region. Tools have also been developed for analysing and defining new measures aimed at mitigating the critical issues associated with climate change.

In particular, Terna makes reliance on the Resilience Methodology - Annex A76 of the Grid Code - an innovative and probabilistic tool that enables the Group to rank among the leading players in climate-change assessment at a national and European level. This methodology makes it possible to plan actions designed to increase the resilience of the National Transmission Grid (NTG), quantifying the expected benefits in terms of reducing the amount of energy not supplied, especially in relation to adverse climatic events such as frost, snow and high winds.

Since 2021, the Company has developed a new app dedicated to the Development Plan and the Terna4Green digital platform. The app is intended to promote an energy-conscious culture and spread greater awareness of issues in the electricity sector. It also allows progress in the national decarbonisation process to be monitored. These initiatives are additional tools through which Terna reinforces its commitment to increasing transparency and disclosure of information, expertise and in-depth knowledge about the national electricity system.

In the light of the heightened risk associated with the increase in the intensity and frequency of extreme weather events (e.g. tornadoes, heavy snowfall, ice formation, floods, fires), the Group stands to benefit from the “patentability” of the innovative solutions outlined above, thereby generating potential development opportunities within the non-regulated business sector.

Investments in research endeavours are reflected in the income statement, while development costs that meet specific requirements may be capitalised as intangible assets. For further details on the criteria for recognising intangible assets arising from development activities, reference should be made to “Intangible Assets” under “Material Accounting Standards and Measurement Criteria” in the 2025 Interim Financial Report.

IAS 36 – Impairment of Assets

As noted in the previous section on property, plant and equipment, Management did not identify any factors that would warrant a critical review of the service life of these assets. In addition, with regard to the potential for impairment risks on property, plant and equipment, Management determined that while climate risk mitigation actions require maintenance to be scheduled on the NTG in order to ensure service quality, the security of assets under management and the maintenance of performance level, they do not have a negative impact in terms of establishing the fair value net of disposal costs.

Indeed, a market participant would consider such investment as part of the fair value measurement process.

IFRS 9 – Financial Instruments

With regard to borrowings and bond issues, the Group has obtained certain bank borrowings containing ESG-linked conditions, entered into a commercial paper programme (short-term notes issued to qualified investors), enabling Terna to issue conventional short-term bonds as well as “ESG Notes”. In addition, a number of Green bonds were issued, as described in greater detail in the “Sustainable Finance” section of the Interim Report on Operations. The ESG-linked bank borrowings (different from the Green Bond issues) include a step-up / step-down mechanism, applicable to the payment of interest accruing as of a certain date under contract provisions, such payment being linked to the achievement of specific environmental, social and governance (ESG) objectives. As a result of the above, the Group believes that there may be a risk, albeit not significant, connected with the achievement of such objectives. Failure to meet these objectives within the agreed date would result in a slight increase in the cost of debt. Nevertheless, the impact of this risk on financial expenses is entirely negligible. The Group constantly monitors activities relating to climate change and, at the time of writing this report, no critical issues were identified.

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

Recent legislation adopted in response to the challenges posed by climate change has introduced new legal obligations. In this context, the Terna Group has formally adopted an environmental policy that demonstrates a voluntary and proactive commitment to limiting and mitigating the environmental impact of its activities, exceeding legal requirements without, however, harming other general interests set out in the licence agreement. This policy is implemented through initiatives designed to reduce CO₂ emissions, contain SF₆ gas leaks, improve energy efficiency and protect biodiversity. We are committed to environmental protection at every stage of the supply chain and in relation to local communities

involved in the development of the national transmission grid. To this end, we adopt compensatory measures that are increasingly geared towards eco-sustainability principles.

The Group has also defined a Circular Economy Strategy, which has led to the development of a Roadmap of actions up to 2030, with a view to an effective implementation of a circular economy model.

In the light of the current regulatory framework, Management has concluded that the adoption of these policies does not require new liabilities to be booked. A similar consideration applies to the risk arising from potential changes in supply chain strategies. Therefore, no critical review of the provisions already allocated was necessary.

IFRS 15 – Revenue from Contracts with Customers

As part of Regulated Activities, a portion of the remuneration deriving from transmission and dispatching services is subject to regulatory incentive mechanisms based on specific objectives. The achievement of these objectives may be affected by risks related to climate change, such as an increase in extreme weather events, with potential repercussions on the continuity and quality of the service provided by Terna. The Group constantly monitors these risks and, to date, has not deemed it necessary to revise the estimates related to these incentives.

With regard to Non-Regulated Activities, particularly in the Energy Services sector, in the light of the portfolio of products and services aimed at promoting the development of renewable energy in Italy, including the construction and management of photovoltaic plants, grid connection capabilities and services for industrial customers - as well as in the area of cable and transformer production - the Group has not identified any new uncertainties that could affect the current revenue recognition model, nor any need to have existing contracts undergo a critical review.

Finally, it should be noted that climate change, together with the adoption of policies aimed at reducing CO₂ emissions and the achievement of Net Zero Emissions targets by most industrial customers, could represent a growth opportunity for the company business.

IFRS 2 – Share-based Payments

The long-term incentive plans currently adopted (aka Performance Share Plans) are linked to ESG indicators, the percentage weight of which has progressively increased over time.

The 2022-2026 plan, which was finalised in the first half of 2025, includes among its indicators, with a weight of 25%, the inclusion of a selected basket of ESG indices representing the Group's ability to ensure an all-round sustainability performance. These indices include the Dow Jones Sustainability Index World, the Stoxx ESG Leaders and the MIB 40 ESG; inclusion is subject to ratings by three different rating agencies, namely S&P Global, Sustainalytics and Moody's ESG. A significant part of these assessments is dedicated to the issue of climate change, with the aim of maintaining annual inclusion and for the duration of the Performance Share Plan within the aforementioned ESG indices. The Group's performance and positioning on aspects such as climate strategy, climate risk assessment and management, greenhouse gas emission reduction targets and public reporting of related metrics are key factors in this regard.

The 2023-2027 Performance Share Plan is linked to ESG indicators with an overall weight of 30%, of which 15% refers to the KPI linked to inclusion in the ESG basket described above, while the remaining 15% is intended to reward the maximisation of production from non-programmable renewable sources by favouring integration into the National Electricity System, thereby minimising Overgeneration. The underlying goal is therefore to ensure the efficient integration of non-programmable renewable sources into the energy mix fed into the grid.

The 2024-2028 Performance Share Plan remains consistent with the previous plan, with the Overgeneration indicator maintaining a weighting of 30%. Indeed, given the expected growth of renewable generation capacity in the coming years, without adequate mitigation actions in place, the reduction of production from Non-Programmable Renewable Sources ("Overgeneration") could increase significantly in the coming years. This would partially frustrate the expected benefits of the energy transition.

The 2025-2029 Performance Share Plan, which was approved by the Shareholders' Meeting on 21 May 2025 through a specific Information Document, confirms the presence of the Overgeneration indicator with a weight of 30% and introduces a new ESG KPI called "Connections", with a weight of 10%. The latter measures Terna's efficiency in meeting average connection times, bringing the overall weight of ESG indicators to 40%. The objective of the "Connections" KPI is to facilitate the entry into operation of new generation capacity from renewable sources, which is crucial for supporting the energy transition, optimising connection times.



Subsidiaries and scope of consolidation

The scope of consolidation includes the Parent Company, Terna S.p.A., and the companies over which it has the power to exercise control directly or indirectly, as defined by IFRS 10. Control exists when the Parent Company has the power or the ability to influence the relevant activities (having a substantial impact on the Parent Company's results), and is exposed to or has the right to variable returns from its involvement with the investee, and the ability to use its power over the subsidiaries to affect the amount of the investor's returns. The financial statements of subsidiaries are consolidated on a line-by-line basis from the date when the Parent Company gains control until the date when such control ceases. The companies included within the scope of consolidation are listed below:

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	% INTEREST	METHOD OF CONSOLIDATION
SUBSIDIARIES CONTROLLED DIRECTLY BY TERNA S.P.A.					
Terna Rete Italia S.p.A.	Rome	Euro	300,000	100%	Line-by-line
Assets	Design, construction, management, development, operation and maintenance of power lines and network infrastructure and other grid-related infrastructure, plant and equipment used in the above electricity transmission and dispatching activities and in similar, related and connected sectors.				
Terna Crna Gora d.o.o.	Podgorica (Montenegro)	Euro	208,000,000	100%	Line-by-line
Assets	Authorisation, construction and operation of the transmission infrastructure forming the Italy-Montenegro interconnector on Montenegrin territory.				
Terna Plus S.r.l.	Rome	Euro	16,050,000	100%	Line-by-line
Assets	Design, construction, management, development, operation and maintenance of plant, equipment and infrastructure for grids and systems, including distributed storage and pumping and/or storage systems.				
Terna Interconnector S.r.l.	Rome	Euro	10,000	65%*	Line-by-line
Assets	Responsible for construction and operation of the private section of the Italy-France interconnector and civil works on the public section.				
Rete S.r.l.	Rome	Euro	387,267,082	100%	Line-by-line
Assets	Design, construction, management, development, operation and maintenance of high-voltage power lines.				
Terna Energy Solutions S.r.l.	Rome	Euro	2,000,000	100%	Line-by-line
Assets	Design, construction, management, development, operation and maintenance of distributed energy storage systems, pumping and/or storage systems, plant, equipment and infrastructure, including grids; research, consultancy and assistance in matters relating to the core business; any other activity capable of improving the use and development of plant, resources and expertise.				
ESPERIA-CC S.r.l.	Rome	Euro	10,000	1%**	Line-by-line
Assets	A technical centre owned by a number of transmission system operators, which acts as the regional security coordinator for the TSOs, with the aim of improving and upgrading the security and coordination of the electricity system in south-eastern Europe.				
Terna Forward S.r.l.	Rome	Euro	10,000	100%	Line-by-line
Assets	Development of new technological solutions for the Terna Group, investing in start-ups and small, medium and large enterprises with high innovation and technological potential.				

* 5% is held by Terna Rete Italia S.p.A. and 30% by Transenergia S.r.l..

** 99% is held by Selene CC S.A.

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	% INTEREST	METHOD OF CONSOLIDATION
SUBSIDIARIES CONTROLLED THROUGH TERNA PLUS S.R.L.					
Terna Chile S.p.A.*	Santiago de Chile (Chile)	Chilean peso	2,716,837,700	100%	Line-by-line
Assets	Design, construction, administration, development, operation and maintenance of any type of electricity system, plant, equipment and infrastructure, including interconnectors; provision of all types of products and service, construction, electrical and civil engineering work; research, consultancy and assistance in matters relating to the core business; any other activity capable of improving the use and development of plant, resources and expertise.				
Terna Peru S.A.C.	Lima (Peru)	Nuevo sol	116,813,900	99.99%**	Line-by-line
Assets	Design, construction, administration, development, operation and maintenance of any type of electricity system, plant, equipment and infrastructure, including interconnectors; provision of all types of products and service, construction, electrical and civil engineering work; research, consultancy and assistance in matters relating to the core business; any other activity capable of improving the use and development of plant, resources and expertise.				
Terna 4 Chacas S.A.C.	Lima (Peru)	Nuevo sol	13,734,560	99.99%**	Line-by-line
Assets	Responsible for construction of a new 16 km power line in Peru.				
Terna USA L.L.C.	New York (USA)	US dollar	10,001	100%	Line-by-line
Assets	Acquisition, development and construction of major infrastructure projects regarding onshore and offshore electricity transmission in the United States.				

* 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 the course of 2025

** 0.01% TERNA USA LLC.

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	% INTEREST	METHOD OF CONSOLIDATION
SUBSIDIARIES CONTROLLED THROUGH TERNA ENERGY SOLUTIONS S.R.L.					
Tamini Trasformatori S.r.l.	Legnano (MI)	Euro	4,285,714	100%	Line-by-line
Assets	Construction, repair and trading in electrical equipment.				
Avvenia The Energy Innovator S.r.l.	Rome	Euro	10,000	100%	Line-by-line
Assets	Provision of energy efficiency, energy consulting and process engineering services to companies and public and private entities; the application of technology to increase energy end-use efficiency; the design, construction, development and maintenance of plant, equipment and infrastructure for networks and other uses.				
Brugg Kabel Services AG	Brugg (Switzerland)	Swiss franc	1,000,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Altenia S.r.l.	Rome	Euro	455,585	89%*	Line-by-line
Assets	Design, construction and maintenance of renewable sources.				
SUBSIDIARIES CONTROLLED THROUGH TAMINI TRASFORMATORI S.R.L.					
Tamini Transformers USA LLC	Sewickley - Pennsylvania	US dollar	52,089	100%	Line-by-line
Assets	Commercialisation of industrial-grade and high-power electricity transformers.				
Tamini Trasformatori India Private Limited	Magarpatta City (India)	Indian rupee	13,175,000	100%	Line-by-line
Assets	Commercialisation of industrial-grade and high-power electricity transformers.				
SUBSIDIARIES CONTROLLED THROUGH BRUGG KABEL SERVICES AG					
Brugg Kabel Manufacturing AG	Brugg (Switzerland)	Swiss franc	7,000,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Brugg Kabel AG	Brugg (Switzerland)	Swiss franc	22,000,000	90%**	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
SUBSIDIARIES CONTROLLED THROUGH BRUGG KABEL MANUFACTURING AG					
Brugg Cables Italia S.r.l.	Milan	Euro	10,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
SUBSIDIARIES CONTROLLED THROUGH BRUGG KABEL AG					
Brugg Kabel GmbH	Schwieberdingen (Germany)	Euro	103,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Brugg Cables (Shanghai) Co. Ltd	Shanghai (China)	US dollar	1,600,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Brugg Cables (India) Pvt. Ltd	Haryana (India)	Indian rupee	47,000,000	99.74%***	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Brugg Cables Middles East Contracting LLC	Dubai (UAE)	Dirham	200,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Brugg Cables Inc USA	Chicago (USA)	US dollar	50,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Brugg Cables Company Saudi Arabia	Riyadh (Saudi Arabia)	Saudi Riyal	50,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
SUBSIDIARIES CONTROLLED THROUGH BRUGG CABLES (SHANGHAI) CO. LTD					
Brugg Cables (Suzhou) Co. Ltd	Suzhou (China)	Chinese renminbi	32,000,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
SUBSIDIARIES CONTROLLED THROUGH ALTENIA S.R.L.					
Halfbridge Automation S.r.l.	Rome	Euro	10,000	70%****	Line-by-line
Assets	Research, design and production of electronic circuit boards for innovative energy efficiency systems.				
STE Energy S.r.l.	Rome	Euro	2,000,000	100%	Line-by-line
Assets	Design, construction and maintenance of electrical infrastructure and renewable energy plants.				

* 11% Solaris S.r.l.

** 10% BRUGG GROUP AG.

*** 0,26% Brugg Kabel GmbH.

**** 30% Vima Technologies S.r.l.



The following changes were made compared to the situation as at 31 December 2024:

- On 4 March 2025, following the reorganisation of the Non-Regulated Activities area, the company LT S.r.l. changed its company name to Altenia S.r.l. As of 1 April 2025, through a business unit contribution, it took over management of the Energy Services business, previously carried out by Terna Energy Solutions S.r.l. and the LT Group, which specialises in the design, construction and maintenance of high-voltage electrical systems and renewable energy installations, particularly photovoltaic systems, as well as energy efficiency solutions. As a result of this transaction, Terna Energy Solutions S.r.l.'s equity interest in Altenia S.r.l. in April increased from 87.5% to 89%;
- On 29 May 2025, subsidiary Altenia S.r.l. completed the acquisition of 100% of the share capital of the Italian company "Ste Energy S.r.l."⁴³, which operates in the field of design, construction and maintenance of renewable energy plants and electrical infrastructure.

Associates

Associates are investees over which the Terna Group exercises significant influence, i.e. the ability to participate in establishing the financial and operating policies of these companies without having control or joint control over them. For the purpose of establishing whether such significant influence exists, potential voting rights that can actually be exercised or converted are also taken into account.

These investments are initially recognised at cost and subsequently measured using the equity method. Gains or losses attributable to the Group are recognised in the consolidated financial statements from the date of acquisition of significant influence until such influence ceases.

In accordance with the equity method, if there are indications of an impairment in the value of an investment, the Group determines any such impairment as the difference between the recoverable amount and the carrying amount of the investment. If the Group's loss exceeds the carrying value of the investment, the latter will be reduced to zero and any excess will be reflected in special provisions in the event that the Group is required to meet legal or constructive obligations of the investee company, or in any event to cover its losses.

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL*	PROFIT FOR THE YEAR*	% INTEREST	METHOD OF CONSOLIDATION	CARRYING AMOUNT AT 30 JUNE 2025 (€M)
ASSOCIATES							
Cesi S.p.A.	Milan	Euro	8,550,000	2,275,318	42.698%	Equity Method	49.4
Assets	Experimental research and provision of services related to electro-technology.						
Coreso S.A.	Brussels (Belgium)	Euro	1,000,000	1,202,790	15.84%	Equity Method	1.2
Assets	Technical centre owned by several electricity transmission operators, responsible for coordinating joint operations of TSOs, in order to improve and upgrade the security and coordination of the electricity system in central and western Europe.						
CGES A.D.	Podgorica (Montenegro)	Euro	155,108,283	24,834,632	22.0889%	Equity Method	26.7
Assets	Provision of transmission and dispatching services in Montenegro.						
Equigy B.V.	Arnhem (Netherlands)	Euro	50,000	520,000	20%	Equity Method	0.7
Assets	Provision of support for electricity balancing by TSOs through the development and implementation of blockchain technology.						

* Figures taken from the latest approved financial statements at the date of preparation of this document.

Joint arrangements

Investments in joint arrangements, in which the Group exercises joint control with other entities, are recognised initially at cost and subsequently measured using the equity method. The profits or losses attributable to the Group are recognised in the consolidated financial statements when joint control begins and until that control ceases. The Group recognises its share of the assets and liabilities attributable to joint arrangements in accordance with IFRS 11.

⁴³ See section "F. Business combinations"

In assessing the existence of joint control, it is ascertained whether the parties are bound by a contractual agreement and whether this agreement attributes to the parties the joint control of the agreement itself. Joint control exists when an entity has control over an arrangement on a contractual basis, and only when decisions relating to the relevant activities require the unanimous consent of all parties that jointly control the arrangement.

The list of joint arrangements is shown below:

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL*	PROFIT FOR THE YEAR*	% INTEREST	METHOD OF CONSOLIDATION	CARRYING AMOUNT AT 30 JUNE 2024 (€M)
JOINT ARRANGEMENTS							
ELMED Etudes S.a.r.l.	Tunis (Tunisia)	Tunisian dinar	2,016,120	(198,147)	50%	Equity Method	0.2
Assets	Conduct of preparatory studies for construction of the infrastructure required to connect the Tunisian and Italian electricity systems.						
SEleNe CC S.A.	Thessaloniki (Greece)	Euro	6,210,000	433,816	33.33%	Equity Method	2.4
Assets	A technical centre owned by a number of transmission system operators, which acts as the regional security coordinator for the TSOs, with the aim of improving and upgrading the security and coordination of the electricity system in south-eastern Europe.						
Wesii S.r.l.	Chiavari	Euro	29,536	(307,276)	33%	Equity Method	2.9
Assets	Operator in the market for inspection and remote sensing services in the renewable energy sector						

* Figures taken from the latest approved financial statements at the date of preparation of this document.

As compared to 31 December 2024, it should be noted that on 30 May 2025 subsidiary Terna USA LLC completed the sale of its entire 40% interest in BMT Energy Transmission Development LLC, a joint arrangement under US law, to Meridiam Transmission Development LLC, a Delaware limited liability company. The investment in BMT Energy Transmission Development LLC was written off in the previous year.

New accounting standards

International accounting standards effective as of 1 January 2025

A number of new amendments to standards already applied, none of which have had a significant impact, came into effect from 1 January 2025. The relevant standards are as follows:

Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

On 15 August 2023, the IASB published an amendment entitled "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document clarifies the criteria for assessing when one currency is not convertible into another, defines how to estimate the exchange rate, and sets out the disclosure requirements to be provided in the notes to the financial statements. The document requires an entity to consistently apply a methodology to determine currency convertibility and, in the case of non-exchangeability, to estimate the exchange rate and provide relevant disclosures. The amendment is effective from 1 January 2025, although early adoption is permitted. The changes have not had a significant impact on the Group's consolidated financial statements.

International accounting standards, amendments and interpretations endorsed but yet to come into effect at the reporting date (i.e. 30 June 2025)

Amendment to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity

This amendment, published on 18 December 2024, aims to help companies provide a better disclosure of the financial effects of contracts structured as Power Purchase Agreements (PPAs). The amendments will apply to financial statements for financial years beginning on or after 1 January 2026, although early adoption is permitted.



Amendment to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments

The amendment, published on 30 May 2024, clarifies a number of problematic issues arising from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary when ESG objectives are met (e.g. green bonds). The amendments will apply to financial statements for financial years beginning on or after 1 January 2026.

International Accounting Standards, amendments or interpretations in the process of being endorsed at 30 June 2025

For newly issued amendments, standards and interpretations that have not yet been endorsed by the EU, but which address issues that affect or could affect the Terna Group, assessments are currently being conducted of the possible impact of their application on the financial statements, taking into account the date on which they will take effect. In particular:

IFRS 19 Subsidiaries without Public Accountability: Disclosures

The standard, published on 9 May 2024, aims to simplify the requirements in terms of disclosures in the notes to the financial statements for companies without public accountability controlled by groups applying international accounting standards. The amendment sets out simplifications designed to reduce the costs of preparing the financial statements of subsidiaries, while maintaining the usefulness of the information for users of financial statements. The amendment is effective from 1 January 2027, although early adoption is permitted.

IFRS 18 Presentation and Disclosure in Financial Statements

The standard, published on 9 April 2024, aims to improve the disclosure of corporate performance in terms of comparability, transparency and usefulness of the information published through the financial statements, and introduces significant changes in its structure, with special reference to the income statement. The amendment is effective from 1 January 2027, although early adoption is permitted.

Annual Improvements Volume 11

On 18 July 2024, the IASB published Annual Improvements to IFRS Accounting Standards - Volume 11, which contains clarifications, simplifications, corrections and amendments to IFRS accounting policies aimed at improving their consistency. The accounting standards affected are: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash Flows. The amendments will become effective from 1 January 2026, although early adoption is permitted.

B. Notes to the consolidated income statement

Revenue

1. Revenue from sales and services - €1,854.3 million

(€m)

	H1 2025	H1 2024	CHANGE
Transmission charges billed to grid users and incentives	1,417.7	1,214.1	203.6
Dispatching and metering fees and other energy-related revenue	94.7	77.7	17.0
Incentives for dispatching activities	-	124.2	(124.2)
Revenue from services performed under concession	54.0	33.8	20.2
Quality of service	10.3	5.6	4.7
Other sales and services	277.6	272.9	4.7
TOTAL	1,854.3	1,728.3	126.0

Transmission charges billed to grid users and incentives

The grid utilisation fee — relating to the remuneration of the ownership and management of the National Transmission Grid (NTG) pertaining to the Parent Company and the subsidiaries Rete S.r.l. and Terna Crna Gora d.o.o. — was up €195.4 million. This increase was chiefly due to:

- Depreciation relating to investments made in 2024 was recognised in the 2025 tariff, such investments being brought forward by one year compared to the previous regulatory period;
- The fast money component determined on the basis of the conventional capitalisation rate set out in the ROSS application;
- An increase in the Regulatory Asset Base (RAB) resulting from the inclusion of investments in 2024 and the effects of updating the capital cost revaluation parameters as set out in no. Resolution 130/2025, which offset the reduction in the Weighted Average Cost of Capital (WACC), which fell from 5.8% in 2024 to 5.5% in 2025.

In addition, higher incentives are reported to the tune of €8.2 million attributable to the increase in transport capacity between market zones, as under Resolution no. 567/2019

Dispatching and metering fees and other energy-related revenue

This item refers to the consideration recognised for dispatching, metering and other energy revenues. It increased by €17.0 million compared with the first half of 2024, broadly due to the increase in dispatching fees under Resolution no. 579/2024.

Incentives for dispatching activities

This item represents the output-based incentives for dispatching activities. The output-based incentives recognised in the first half of 2024 amount to €124.2 million and refer to the portion pertaining to the period of the incentive mechanism envisaged by Resolutions nos. 597/2021 and 132/2022 which are aimed at reducing DSM costs, the shortfall in wind production and the essential plants in the three-year period 2022-2024. The effects of Resolution no. 326/2024, as amended from time to time, on the DSM mechanism expected for 2025 have not yet been recognised as permitted by IFRS 15. Indeed, they include variable components which are estimated based on annual parameters that could not yet be determined at the reporting date. Therefore, revenue recognition is postponed until such variable components can be measured with sufficient reliability.

Revenue from services performed under concession

This item includes revenue from infrastructure construction and upgrade services performed under concession, recognised in application of IFRIC 12, amounting to €54.0 million. The change over the first half of 2024, €20.2 million, relates to greater investment in dispatching infrastructure during the period.



Quality of service

This item includes recognition of the RENS (Reference Energy Non-Supplied) incentive mechanism, as set out in Resolution no. 653/2015/r/eel. Compared to the same period of the previous financial year, it was up €4.7 million, following the linearisation of overall performance for the 2024 financial year and previous years, taking into account the extension of the mechanism to 2025 (Resolution no. 55/2024).

Other energy-related items - Pass-through revenue/expenses

This item regards “pass-through” revenue and expenses (the balance of which amounts to zero) attributable solely to the Parent Company. These items result from daily purchases and sales of electricity from electricity market operators. Measurements for each point of injection and withdrawal are taken and the differences, with respect to energy market schedules are calculated. These differences, known as imbalances, are then measured using algorithms established by the regulatory framework. The net charge resulting from calculation of the imbalances and the purchases and sales, carried out by the Parent Company Terna on the DSM, is billed on a pro rata basis to each end consumer via a specific uplift⁴⁴ payment. This item also reflects the portion of the transmission charge that the Parent Company passes on to other grid owners, not included in the scope of consolidation.

The components of these transactions are shown in greater detail below:

	H1 2025	H1 2024	CHANGE
In-scope Power Exchange revenues	2,268.4	1,601.1	667.3
Out-of-scope Power Exchange revenues	1,715.9	1,773.3	(57.4)
TOTAL PASS-THROUGH REVENUE	3,984.3	3,374.4	609.9
In-scope Power Exchange costs	2,268.4	1,601.1	667.3
Out-of-scope Power Exchange costs	1,715.9	1,773.3	(57.4)
TOTAL PASS-THROUGH COSTS	3,984.3	3,374.4	609.9

(€m)

Other sales and services

“Other sales and services” totalled €277.6 million and increased by €4.7 million compared with the first half of 2024, mainly due to the performance of the Tamini Group’s contracts with third parties (up €17.9 million) and Brugg Group’s (up 16.7 million), net of the lower contribution of Terna Energy Solutions S.r.l. (down €17.3 million), the Altenia Group (down €4.2 million) and lower revenues for connection services to the NTG (down €1.6 million).

2. Other revenue and income – €39.9 million

	H1 2025	H1 2024	CHANGE
Rental income	9.5	1.3	8.2
Sales to third parties	6.1	5.3	0.8
Sundry grants	5.8	4.0	1.8
Private Italy-France interconnector	4.1	4.1	-
Insurance proceeds as compensation for damages	4.0	1.7	2.3
Private Italy-Montenegro interconnector	3.2	3.2	-
Revenue from IRU contracts for fibre	3.1	1.1	2.0
Gains on sale of infrastructure components	2.2	3.2	(1.0)
Private Italy-Austria interconnector	0.8	0.8	-
Other revenues	1.1	1.4	(0.3)
TOTAL	39.9	26.1	13.8

(€m)

⁴⁴ See the section “Electricity market and cost trends” in the Report on Operations.

This item stood at €39.9 million, showing an increase of €13.8 million over the previous period, mainly due to the combined effect of:

- Higher rental income (up €8.2 million, mainly related to the support of third-party fibre optics on owned assets);
- Increased activities related to the re-routing of power lines requested by third parties (up €1.8 million);
- Higher revenues from insurance reimbursements for damage to plants (up €2.3 million, mainly related to the parent company);
- Increased transactions for the sale of rights to use optical fibre carried out as part of the Connectivity business (up €2.0 million);
- Smaller gains on the sale of plant parts (down €1.0 million, essentially scrap, transformers and motor vehicles).

Operating costs

3. Raw and consumable materials used – €144.9 million

This item includes the value of the various materials and equipment used in the ordinary operation and maintenance of the plant belonging to the Group and third parties, and the materials consumed primarily in relation to the Equipment and Energy Services businesses.

The increase over the first half of the previous period (up €6.9 million) essentially related to higher costs for materials of Terna Rete Italia S.p.a. and the Brugg Cables Group (up €7.8 million and up €7.5 million, respectively), net of lower costs for materials incurred by the Tamini Group (down €3.7 million) and the Altenia Group (down €2.4 million). These changes are related to the performance of contracts with third parties.

4. Services – €159.5 million

	H1 2025	H1 2024	CHANGE
Maintenance and sundry services	68.0	64.6	3.4
Tender costs for plant	42.1	49.0	(6.9)
IT services	26.6	21.2	5.4
Insurance	10.9	9.7	1.2
Lease expense	7.8	7.1	0.7
Remote transmission and telecommunications	4.1	3.8	0.3
TOTAL	159.5	155.4	4.1

(€m)

This item, standing at €159.5 million, increased by €4.1 million compared with the first half of 2024 (€155.4 million), mainly as a result of higher costs related to the construction and development of infrastructure under concession recognised in connection with the application of IFRIC 12 (up €7.8 million, mainly due to higher IT service costs amounting to €7.5 million).

5. Personnel expenses – €209.9 million

	H1 2025	H1 2024	CHANGE
Salaries, wages and other short-term benefits	281.9	245.4	36.5
Directors' remuneration	1.4	1.2	0.2
Termination benefits (TFR), energy discounts and other employee benefits	14.5	12.8	1.7
Early retirement incentives	-	0.1	(0.1)
Gross personnel expenses	297.8	259.5	38.3
Capitalised personnel expenses	(87.9)	(76.3)	(11.6)
TOTAL	209.9	183.2	26.7

(€m)



Coming in at €209.9 million, personnel expenses for the first half of 2025 showed an increase of €26.7 million compared with the same period of the previous year (€183.2 million), mainly due to an increase in salaries and an increase in the average headcount. This effect was partially mitigated by higher capitalisation.

The following table shows the Group's average headcount by category for the first half of 2025 and 2024.

(unit)

	AVERAGE WORKFORCE		WORKFORCE AT	
	H1 2025	H1 2024	30.06.2025	30.06.2024
Senior managers	97	103	96	104
Middle managers	954	904	966	912
Office staff	3,858	3,421	4,026	3,507
Blue-collar workers	1,654	1,592	1,677	1,593
TOTAL	6,563	6,020	6,765	6,116

In the first half of the period under review, the Group's average headcount increased by 543 employees. This is essentially linked to the requirements relating to delivery of the investment programme included in the updated 2024-2028 Industrial Plan.

6. Amortisation, depreciation and impairment losses – €446.8 million

(€m)

	H1 2025	H1 2024	CHANGE
Amortisation of intangible assets	87.3	72.9	14.4
- of which rights on infrastructure	24.5	21.2	3.3
Depreciation of property, plant and equipment	359.8	346.1	13.7
Impairment losses on property, plant and equipment and intangible assets	-	1.4	(1.4)
Impairment losses on trade receivables	(0.3)	0.7	(1.0)
TOTAL	446.8	421.1	25.7

This item stood at €446.8 million (including €11.1 million recognised in application of IFRS 16). It was up €25.7 million compared with the first half of 2024. The increase was primarily related to the Parent Company (up €26.0 million) following the commissioning of new plants and application software for the Remote Management System for Dispatching..

7. Other operating costs - €20.1 million

(€m)

	H1 2025	H1 2024	CHANGE
Indirect taxes and local taxes and levies	5.8	6.0	(0.2)
Fees paid to regulators and membership dues	4.3	6.0	(1.7)
Quality of service costs	0.7	3.1	(2.4)
of which mitigation and sharing mechanisms	0.7	3.1	(2.4)
Adjustment of provisions for litigation and disputes	(1.3)	(1.6)	0.3
Net contingent assets	0.8	0.8	-
Losses on sales/disposal of plant	0.1	0.1	-
Other operating costs	9.7	6.2	3.5
TOTAL	20.1	20.6	(0.5)

This item came in at €20.1 million and was essentially in line with the previous period (€20.6 million).

8. Financial income/(expenses) – (€79.4) million

(€m)

	H1 2025	H1 2024	CHANGE
FINANCIAL EXPENSES			
Interest expense on borrowings and related hedges	(186.2)	(158.7)	(27.5)
Adjustment of borrowings and related hedges	(0.1)	-	(0.1)
Discounting of receivables, employee benefits, operating leases and other liabilities	(5.1)	(5.2)	0.1
Capitalised financial expenses	56.1	31.8	24.3
Foreign exchange losses	(0.9)	-	(0.9)
Other financial expenses	(1.7)	(3.2)	1.5
Total expenses	(137.9)	(135.3)	(2.6)
FINANCIAL INCOME			
Interest income and other financial income	47.1	57.3	(10.2)
Adjustment of borrowings and related hedges	-	0.2	(0.2)
Implementation of output-based incentives	11.4	13.6	(2.2)
Foreign exchange gains	-	0.3	(0.3)
Total income	58.5	71.4	(12.9)
TOTAL	(79.4)	(63.9)	(15.5)

Interest income/(expense) for the period stood at €79.4 million, with financial expenses and financial income totalling €137.9 million and €58.5 million, respectively. The increase in this item compared with the same period of 2024 (€15.5 million) was mainly due to the following factors:

- Higher financial expenses to the extent of €27.5 million related to borrowings as a result of new debt subscribed in the period;
- Higher capitalised financial expenses to the extent of €24.3 million attributable to higher investments made in the half-year period;
- Lower interest income and other financial income to the extent of €10.2 million, mainly due to a decrease in short-term interest rates affecting the profitability of cash, cash equivalents and other financial assets.

9. Share of profit/(loss) of investments accounted for using the equity method – 3.0 million

This item, standing at €3.0 million, reflects an increase of €2.5 million compared with the previous year (€0.5 million), broadly due to an adjustment of the value of the investment in the associate CESI.

10. Taxes for the period - €249.1 million

Income taxes for the period stood at €249.1 million, showing an increase of €21.9 million compared with the first half of 2024 mainly due to higher pre-tax income. The tax rate for the period was 29.8%, compared to 29.4% in the first half of 2024.

(€m)

	H1 2025	H1 2024	CHANGE
Taxes for the period			
<i>Current tax expense:</i>			
- IRES (CORPORATE INCOME TAX)	226.1	198.7	27.4
- IRAP (REGIONAL TAX ON PRODUCTIVE ACTIVITIES)	49.4	46.7	2.7
Total current tax expense	275.5	245.4	30.1
<i>Temporary differences:</i>			
- deferred tax assets	(21.5)	(18.4)	(3.1)
- deferred tax liabilities	(1.3)	(1.4)	0.1
Total deferred tax (income)/expense	(22.8)	(19.8)	(3.0)
Adjustments of taxes for previous years	(3.6)	1.6	(5.2)
TOTAL	249.1	227.2	21.9

Current taxes (€275.5 million) increased by €30.1 million compared to the balance for the first half of 2024, mainly due to the higher profit before tax.



Net deferred taxes, down €22.8 million, showed a decrease of €3.0 million. They reflect the tax effect from changes in derivative instruments in the portfolio and depreciation and amortisation.

Tax adjustments referring to previous years, €3.6 million, mainly relate to the Parent Company and subsidiary Terna Rete Italia S.p.A. and include net contingent assets arising from the recalculation of taxes upon liquidation.

11. Net result for the period from assets held for sale - €0.9 million

This item includes the net result of assets included as part of the agreement signed by the Terna Group on 29 April 2022 with CDPQ - a global investment group - for the sale of the entire portfolio of electrical infrastructure held in Brazil, Peru and Uruguay.

In this context:

- The **first closing**, relating to the Brazilian companies SPE Santa Maria Transmissora de Energia S.A., SPE Santa Lucia Transmissora de Energia S.A. and SPE Transmissora de Energia Linha Verde II S.A., was finalised on **7 November 2022**;
- The **second closing**, referring to the Uruguayan company Difebal S.A., owner of a power line in Uruguay, was finalised on **22 December 2022**;
- The **third closing** was finalised on **18 November 2024** and concerned the sale to CDPQ of the company SPE Transmissora de Energia Linha Verde I S.A., owner of a power line of about 150 km in Brazil.

With regard to the project in Peru, following the announcement of the Ministry of Energy and Mines (MINEM) that the buyer had failed to qualify, the sale to CDPQ was halted. Consequently, the Group started negotiations with other operators in order to complete the divestment of the project within a time horizon of 12 months.

A breakdown of the items that generated the net profit for the year from assets held for sale in Peru (€0.9 million) is provided below:

	H1 2025	H1 2024	CHANGE
Total revenue	0.8	9.2	(8.4)
Total operating costs	0.2	9.4	(9.2)
OPERATING PROFIT	0.6	(0.2)	0.8
Net financial income/(expenses)	0.3	0.1	0.2
PROFIT BEFORE TAX	0.9	(0.1)	1.0
Income tax expense for the year	-	0.5	(0.5)
Profit/(Loss) for the period from discontinued operations and assets held for sale	0.9	(0.6)	1.5

The **Profit/(Loss) for the period from assets held for sale** totalled €0.9 million, showing an increase of €1.5 million over the same period of the previous year, mainly due to lower operating losses and the different scope of consolidation which, in June 2024, also included Linea Verde I, sold in November 2024.

The agreements signed with CDPQ, regarding the sale of the Brazilian companies, grant the purchaser a put option for the return of SPE Transmissora de Energia Linha Verde II S.A. to Terna Plus. This may be exercised, under determinate conditions, no sooner than 31 December 2025. At the date of preparation of these financial statements, the option is not exercisable and provides protection for the counterparty, which does not have a significant economic incentive to exercise it.

Moreover, at the date of preparation of this document, a number of disputes are in progress. The related outcomes have been classified as possible and therefore no provisions have been made in the financial statements:

- ongoing arbitration between SPE Santa Lucia Transmissora de Energia S.A. and Planova Planejamento e Construções S.A. and Krasis Participações S.A., regarding responsibility for postponement of the Commercial Operation Date (“COD”), as defined in the EPC contract;
- ongoing arbitration between SPE Transmissora de Energia Linha Verde I S.A. and Consórcio Construtor Linha Verde, regarding changes to the obligations provided for in the EPC contract.

12. Earnings per share

The amount of earnings per share (EPS), reflecting the diluted earnings per share, was €0.269. The index is calculated as follows: the numerator is equal to the Group's net profit for the year (€539.0 million), net of the interest paid to the holders of the subordinated perpetual hybrid bonds and the related tax effect (€48.7 million), while the denominator is equal to the weighted average number of shares outstanding during the period (2,005,993,105.3 shares).

EPS from continuing operations, reflecting the diluted EPS from continuing operations attributable to the Group, was €0.268. The index is calculated as follows: the numerator is equal to the Group's net profit for the year (€538.1 million), net of interest paid to the holders of the subordinated perpetual hybrid bonds and the related tax effect (€48.7 million), while the denominator is equal to the weighted average number of shares outstanding during the period (2,005,993,105.3 shares).



C. Operating segments

In line with the updated 2024–2028 Industrial Plan and in accordance with IFRS 8, below are the operating segments identified within the Terna Group:

- **Regulated Activities**
- **Non-regulated Activities**
- **International**

The Regulated segment includes the development, operation and maintenance of the National Transmission Grid, in addition to dispatching and metering, and the activities involved in the construction of storage systems. These activities have been included in one operating segment, as they are all regulated by ARERA and have similar characteristics, in terms of the remuneration model and the method for setting the related tariffs.

The Non-Regulated Activities segment includes deregulated activities and specific business initiatives, above all relating to the Industrial field, which includes the operating results of the Tamini Group, relating essentially to the construction and commercialisation of electrical equipment, above all power transformers, and the Brugg Cables Group, which operates in the terrestrial cable sector, specialising in the design, development, construction, installation and maintenance of electrical cables of all voltages and accessories for high-voltage cables. The Non-regulated segment also includes initiatives linked above all to the provision of services to third parties in the areas of Energy Services, consisting of the development of technical solutions and the supply of innovative services, including EPC (Engineering, Procurement and Construction) services, operation and maintenance of high-voltage and very high-voltage infrastructure, and the supply of energy efficiency services, broadly attributable to subsidiary Avenia The Energy Innovator S.r.l.. This segment also includes Connectivity operations (support and housing services for fibre networks and IRU contracts for fibre). This segment includes the activities carried out in relation to the private interconnectors launched under Law no. 99/2009, whereby Terna was assigned the task of selecting undertakings (the “selected undertakings”), on the basis of public tenders, willing to finance specific cross-border interconnectors in exchange for the benefits resulting from a decree granting a third-party access exemption with regard to the transmission capacity provided by the new infrastructure. Scope of Energy services activities also includes the results of the Altenia Group, a leading provider of O&M services for photovoltaic plants.

On the other hand, the International segment includes the results deriving from opportunities for international expansion, which the Group aims to exploit by leveraging its core competencies developed in Italy as a TSO, where such competencies are of significant importance in its home country. Overseas investment focuses on countries with stable political and regulatory regimes and a need to develop their electricity infrastructure. This segment includes the results of the subsidiary Terna Plus S.r.l., the Peruvian company, Terna 4 Chacas S.A.C. (a charitable project), the Chilean company, Terna Chile S.p.A. and the US subsidiary, Terna USA LLC.

The result of the Peruvian company Terna Peru S.A.C. was restated under net result from assets held for sale.

(€m)

	H1 2025	H1 2024	CHANGE	CHANGE %
REVENUE FROM REGULATED ACTIVITIES	1,594.1	1,472.5	121.6	8.3%
REVENUE FROM NON-REGULATED ACTIVITIES	300.1	281.8	18.3	6.5%
REVENUE FROM INTERNATIONAL ACTIVITIES	-	0.1	(0.1)	100.0%
TOTAL REVENUE	1,894.2	1,754.4	139.8	8.0%
GROSS OPERATING PROFIT (EBITDA)*	1,359.8	1,257.2	102.6	8.2%
of which EBITDA for regulated activities**	1,301.5	1,212.3	89.2	7.4%
of which non-regulated activities EBITDA	58.9	46.7	12.2	26.1%
of which International EBITDA	(0.6)	(1.8)	1.2	(66.7%)
Reconciliation of segment result with the Company's profit before tax				
GROSS OPERATING PROFIT (EBITDA)	1,359.8	1,257.2		
Amortisation, depreciation and impairment losses	446.8	421.1		
OPERATING PROFIT/LOSS (EBIT)	913.0	836.1		
Financial income/(expenses)	(79.4)	(63.9)		
Share of profit/(loss) of investments accounted for using the equity method	3.0	0.5		
Profit before tax	836.6	772.7		

* Gross operating profit (EBITDA) is an indicator of operating performance, obtained by adding Amortisation, depreciation and impairment losses to Operating profit/(loss) (EBIT).

** EBITDA including indirect costs.

The Group's revenue for H1 2025 stood at €1,894.2 million, showing an increase of €139.8 million (up 8.0%) over the previous period.

EBITDA stood at €1,359.8 million, showing an increase of €102.6 million (up 8.2%) over H1 2024 (€1,257.2 million).

EBITDA related to Regulated Activities amounted to €1,301.5 million, showing an increase of €89.2 million compared to the figure posted in the first half of 2024, mainly due to the impact on tariff revenues.

EBITDA related to Non-regulated Activities in the first half of 2025 (€58.9 million), increased by €12.2 million compared to the same period of the previous year. This improvement was mainly due to the increased contribution of the Equipment segment attributable to the Tamini Group (up €8.8 million) and the Brugg Cables Group (up €6.6 million), as well as to private interconnectors, which grew by €1.1 million. This was partially offset by a decrease in the contribution from Energy Services (down €4.6 million), mainly due to the performance of orders in the high-voltage and connectivity sectors.

EBITDA from International Activities in the first half of 2025 (down €0.6 million) chiefly relates to costs incurred by the central departments to support international endeavours. This figure was up €1.2 million compared to the same period of the previous year.

The **Profit/(Loss) for the period from assets held for sale amounted to €0.9 million** and showed an increase of €1.5 million compared to the first half of 2024, essentially due to lower operating losses incurred in the period, also considering the different scope of consolidation.

Financial information periodically provided to senior Management does not refer directly to individual segment assets, but to the overall valuation and representation of gross invested capital given the non-material contribution of Non-Regulated Activities and International Activities. Information regarding this indicator at 30 June 2025 and at 31 December 2024 is provided below.

	(€m)	
	30.06.2025	31.12.2024
Net non-current assets*	21,645.9	20,704.0
<i>of which investments in associates and joint arrangements</i>	83.5	81.6
Net working capital **	(2,195.2)	(2,025.2)
Gross invested capital***	19,450.7	18,678.8

* Net non-current assets include the value of "Property, plant and equipment", "Goodwill", "Intangible assets", "Investments accounted for using the equity method", "Other non-current assets" and "Non-current financial assets".

** Net working capital is the difference between total current assets less cash and the items, "Current financial assets" and total current liabilities, less the short-term portion of long-term borrowings and the items, "Short-term borrowings" and "Current financial liabilities", and the item, "Other non-current liabilities".

*** Gross invested capital is the sum of net non-current assets and net working capital.



D. Notes to the consolidated statement of financial position

Assets

13. Property, plant and equipment – €20,025.9 million

(€m)

	LAND	BUILDINGS	PLANT AND EQUIPMENT	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION AND PREPAYMENTS	TOTAL
COST AT 31 DECEMBER 2024	242.8	2,714.9	23,562.3	264.4	310.3	3,755.0	30,849.7
Capital expenditure	1.3	8.9	0.4	4.7	10.3	1,125.6	1,151.2
<i>of which right-of-use assets</i>	<i>0.9</i>	<i>8.4</i>	<i>-</i>	<i>-</i>	<i>10.1</i>	<i>0.1</i>	<i>19.5</i>
Assets entering service	4.0	36.9	372.3	1.2	2.3	(416.7)	-
Contribution from business combinations	-	-	0.2	0.1	0.1	-	0.4
Translation differences	-	0.1	-	0.3	(0.1)	-	0.3
<i>of which right-of-use assets</i>	<i>-</i>	<i>(0.2)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(0.2)</i>
Disposals and impairments	-	(0.7)	(13.9)	(0.3)	(1.8)	-	(16.7)
<i>of which right-of-use assets</i>	<i>-</i>	<i>(0.4)</i>	<i>-</i>	<i>-</i>	<i>(1.7)</i>	<i>-</i>	<i>(2.1)</i>
Other changes	-	33.9	(34.4)	0.4	-	(2.3)	(2.4)
COST AT 30 JUNE 2025	248.1	2,794.0	23,886.9	270.8	321.1	4,461.6	31,982.5
ACCUMULATED DEPRECIATION AND IMPAIRMENT AT 31 DECEMBER 2024	(3.6)	(923.9)	(10,271.6)	(204.0)	(209.5)	-	(11,612.6)
Depreciation	(0.2)	(37.4)	(299.7)	(6.0)	(16.5)	-	(359.8)
<i>of which right-of-use assets</i>	<i>(0.2)</i>	<i>(4.7)</i>	<i>-</i>	<i>(0.1)</i>	<i>(6.1)</i>	<i>-</i>	<i>(11.1)</i>
Translation differences	-	-	-	(0.3)	-	-	(0.3)
Disposals	-	0.5	13.2	0.3	1.6	-	15.6
<i>of which right-of-use assets</i>	<i>-</i>	<i>0.4</i>	<i>-</i>	<i>-</i>	<i>1.5</i>	<i>-</i>	<i>1.9</i>
Other changes	-	(4.1)	4.6	(0.2)	0.2	-	0.5
ACCUMULATED DEPRECIATION AND IMPAIRMENT AT 30 JUNE 2025	(3.8)	(964.9)	(10,553.5)	(210.2)	(224.2)	-	(11,956.6)
Carrying amount							
AT 30 JUNE 2025	244.3	1,829.1	13,333.4	60.6	96.9	4,461.6	20,025.9
<i>of which right-of-use assets</i>	<i>5.6</i>	<i>36.1</i>	<i>19.4</i>	<i>(0.1)</i>	<i>39.7</i>	<i>0.1</i>	<i>100.8</i>
AT 31 DECEMBER 2024	239.2	1,791.0	13,290.7	60.4	100.8	3,755.0	19,237.1
<i>of which right-of-use assets</i>	<i>4.9</i>	<i>32.6</i>	<i>19.4</i>	<i>-</i>	<i>35.9</i>	<i>-</i>	<i>92.8</i>
CHANGE	5.1	38.1	42.7	0.2	(3.9)	706.6	788.8

“Plant and equipment” at 30 June 2025 include in particular the electricity transmission grid and transformer substations in Italy.

“Property, plant and equipment” was up €788.8 million compared 31 December 2024, broadly due to the following changes occurred during the period relating to:

- Investment for the period was up €1,151.2 million, including €1,130.4 million in the Group’s Regulated Activities and €20.8 million in Non-regulated Activities, primarily pertaining to the re-routing of power lines requested by third parties;
- Depreciation for the period (down €359.8 million);
- Other changes during the period include a decrease of €1.9 million, mainly pertaining to grants for equipment and plants (primarily for projects financed by the MASE/EU) and an increase of €0.4 million attributable to the contribution from the acquisition of 100% of Ste Energy S.r.l. by the Altenia Group completed in May 2025;
- Disposals and impairments were down €1.1 million.

An overview of changes in property, plant and equipment during the period is shown below.

	(€m)
Capital expenditure	
- Transmission lines	604.5
- Transformer substations	458.7
- Other	88.0
Total investment in property, plant and equipment	1,151.2
Depreciation	(359.8)
Contribution from business combinations	0.4
Other changes	(1.9)
Disposals and impairments	(1.1)
TOTAL	788.8

With reference to the main projects completed during the period in the Regulated Activities segment, special emphasis is placed on the following endeavours:

- Continuation of work for the completion of the Tyrrhenian Link (€253.4 million);
- Progress of design activities related to the Adriatic Link (€28.1 million) and SA.CO.I.3 (€85.1 million) projects;
- Continuation of construction work on the following power lines: Progetti Olimpiadi (€39.3 million), Bolano-Annunziata (€23.3 million), Colunga-Calenzano (€29.3 million), Paternò-Pantano-Priolo (€8.5 million), Cassano-Chiari (€10.5 million) and Chiaramonte Gulfi-Ciminna (€21.5 million);
- Installation of synchronous compensators (€48.2 million);
- Deployment of reactors (€9.4 million) and stabilising resistors (€11.1 million);
- Expansion of the fibre optic network as part of the Fiber for the Grid project (€3.9 million).

14. Goodwill – €262.6 Million

Goodwill, amounting to €262.6 million at 30 June 2025, refers to the Parent Company's acquisition of (i) Terna Rete Italia S.r.l., reflected in the financial statements at a carrying amount of €101.6 million, (ii) RTL S.p.A. reflected in the financial statements at a carrying amount of €88.6 million, and (iii) Rete S.r.l. amounting to €26.3 million, as well as the acquisition of TES - Transformer Electro Services by the Tamini Group, with a carrying amount of €13.6 million, and the acquisitions carried out by the Parent Company, through its subsidiary Terna Energy Solutions S.r.l., of a 75% interest in Altenia S.r.l. (Altenia Group) reflected in the financial statements at a carrying amount of €19.4 million and, through the Brugg Cables Group, a 100% interest in Laser TLC S.r.l., reflected in the financial statements at a carrying amount of €1.5 million. This item also includes the goodwill recognised on the basis of the provisional accounting of the acquisition of Ste Energy S.r.l., which took place in May 2025 through the Altenia Group, reflected in the financial statements at a carrying amount of €11.7 million and representing the increase in the item itself.

It should be noted that, as at 30 June 2025, there were no indicators of impairment such as to make it necessary to proceed with an impairment test.



15. Intangible assets – €812.9 Million

(€m)

	INFRASTRUCTURE RIGHTS	CONCESSIONS	OTHER ASSETS	ASSETS UNDER CONSTRUCTION AND PREPAYMENTS	TOTAL
Cost	741.3	135.4	969.7	194.0	2,040.4
Accumulated amortisation	(506.0)	(107.4)	(695.7)	-	(1,309.1)
BALANCE AT 31 DECEMBER 2024	235.3	28.0	274.0	194.0	731.3
Capital expenditure	-	-	0.4	167.7	168.1
Assets entering service	20.0	-	33.6	(53.6)	-
Contribution from business combinations	-	-	0.8	-	0.8
Amortisation	(24.5)	(2.8)	(60.0)	-	(87.3)
BALANCE AT 30 JUNE 2025	230.8	25.2	248.8	308.1	812.9
Cost	761.3	135.4	1,007.0	308.0	2,211.7
Accumulated amortisation	(530.5)	(110.2)	(758.1)	-	(1,398.8)
BALANCE AT 30 JUNE 2025	230.8	25.2	248.9	308.0	812.9
CHANGE	(4.5)	(2.8)	(25.2)	114.1	81.6

At 30 June 2025, intangible assets stood at €812.9 million, up from €731.3 million at 31 December 2024. The difference, i.e. an increase of €81.6 million, was essentially due to the combined effect of the investments made in the period, totalling €168.1 million (of which €54.5 million referred to infrastructure rights), the contribution deriving from the acquisition, finalised in May 2025, of 100% of the share capital of Ste Energy S.r.l. by the Altenia Group, totalling €0.8 million, as well as depreciation and amortisation for the period, which amounted to €87.3 million.

Investments in intangible assets, which are almost entirely attributable to the Parent company and are related to regulated activities, mainly concerned the development and evolution of application software for the Remote Management System for Dispatching (€23.5 million), the Power Exchange (€9.3 million), the Metering System (€1.2 million) and the Defence of the Electricity System (€2.3 million), in addition to investments in software applications and generic user licences, totalling €104.8 million.

16. Deferred tax assets – €251.2 million

(€/million)

	31.12.2024	EFFECTS RECOGNISED IN COMPREHENSIVE INCOME AND OTHER CHANGES	OTHER MOVEMENTS	EFFECTS RECOGNISED IN COMPREHENSIVE INCOME	30.06.2025	CHANGE
Deferred tax assets	252.9	21.5	0.3	-	274.7	21.8
Deferred tax liabilities	(24.5)	1.3	-	(0.3)	(23.5)	1.0
NET DEFERRED TAX ASSETS	228.4	22.8	0.3	(0.3)	251.2	22.8

The total balance of this item, amounting to €251.2 million, reflects the net impact of changes in the Group's deferred tax assets and liabilities.

Deferred tax assets (€274.7 million) showed a net increase of €21.8 million in the half year, compared to the balance at 31 December 2024 (€252.9 million), attributable mainly to:

- Provisions referring to the portion of statutory depreciation and amortisation recognised by the Group that is not deductible for tax purposes (up €20.1 million);
- Utilisation of the accrued portion of deferred tax assets previously allocated in relation to the redemption of goodwill recognised following the merger of companies owning portions of the NTG (down €0.6 million);
- Net utilisations with no impact on comprehensive income (down €0.3 million), mainly related to changes in cash flow hedge financial instruments and provisions for employee benefits.

Deferred tax liabilities (€23.5 million) showed a decrease of €1.0 million, mainly due to utilisations and other net changes in Group companies in the half year.

17. Investments accounted for using the equity method – €83.5 million

(€m)

	30.06.2025	31.12.2024	CHANGE
Cesi S.p.A.	49.4	47.8	1.6
CGES A.D.	26.7	26.7	-
Coreso S.A.	1.2	1.1	0.1
Equigy B.V.	0.7	0.6	0.1
TOTAL ASSOCIATES	78.0	76.2	1.8
Wesii S.r.l.	2.9	2.9	-
SEleNe CC S.A.	2.4	2.3	0.1
ELMED Etudes S.a.r.l.	0.2	0.2	-
JOINT ARRANGEMENTS	5.5	5.4	0.1
TOTAL INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	83.5	81.6	1.9

“Investments accounted for using the equity method” showed a change of up €1.9 million compared to 31 December 2024. This was mainly due to adjustments to the equity share of the interest held at 30 June 2025 in associates CESI S.p.A. (up €1.6 million), Coreso S.A. (up €0.1 million) and Equigy B.V. (up €0.1 million).

18. Financial assets

(€m)

	MEASUREMENT	30.06.2025	31.12.2024	CHANGE
Guarantee deposits	Amortised cost	431.5	372.4	59.1
<i>Financial assets servicing employee plan</i>	FVTOCI	5.2	7.00	(1.8)
Other non-current financial assets	FVTPL - Amortised cost	7.7	7.1	0.6
Other investments	FVTOCI	1.7	1.7	-
NON-CURRENT FINANCIAL ASSETS		446.1	388.2	57.9
Government securities	FVTOCI	61.7	121.9	(60.2)
Other securities	FVTPL-FVTOCI	106.1	104.6	1.5
Time deposits	Amortised cost	250.0	200.0	50.0
Deferred assets on derivatives		0.4	1.2	(0.8)
<i>Cash flow hedges</i>	FVTOCI	1.8	-	1.8
Other current financial assets		13.9	19.6	(5.7)
CURRENT FINANCIAL ASSETS		433.9	447.3	(13.4)

“Non-current financial assets” were up €57.9 million compared with 31 December 2024, chiefly reflecting:

- An increase of €45.4 million relating to the increase in security deposits received from operators participating in the capacity market (pursuant to Resolution no. 98/2011/R/eel, as amended from time to time);
- An increase of €13.7 million relating to the increase in the Interconnector Guarantee Fund, established for the completion of interconnection works pursuant to Article 32 of Law no. 99/2009;
- A decrease of €1.8 million relating to the reduction of assets underpinning the Brugg Cables employee benefit plan;
- An increase of €0.6 million relating to investments by Terna Forward in the Infra Tech and Energy Tech segments of CDP Venture Capital SGR's Corporate Partners I Fund.

“Current financial assets” showed a drop of €13.4 million compared to 31 December 2024 due to:

- A decrease of €58.7 million relating to the change in Italian government securities and other securities holdings that had reached their expected maturity;
- A decrease of €5.7 million relating to a decrease in interest accrued but not yet paid on financial investments;
- An increase of €50.0 million relating to an increase in short-term time deposits made during the period.



19. Other assets

(€m)

	30.06.2025	31.12.2024	CHANGE
Loans and advances to employees	9.7	10.0	(0.3)
Deposits with third parties	5.2	4.9	0.3
OTHER NON-CURRENT ASSETS	14.9	14.9	-
Other tax credits	24.0	67.1	(43.1)
Other receivables from affiliates	1.1	-	1.1
Prepayments to suppliers	10.8	12.5	(1.7)
Prepayments of operating expenses and accrued operating income	41.0	26.7	14.3
Amounts due from partners selected for Interconnector projects	3.6	3.4	0.2
Amounts due from others	87.4	58.6	28.8
OTHER CURRENT ASSETS	167.9	168.3	(0.4)

“Other non-current assets” (€14.9 million) were in line with the figure posted at 31 December 2024.

“Other current assets” (€167.9 million) showed a decrease of €0.4 million compared to the balance as at 31 December 2024. This was chiefly due to other tax assets (down €43.1 million), essentially resulting from a change in the Group’s position with the tax authorities for VAT (down €35.7 million), partially offset by higher receivables from others (up €28.8 million), in line with the increase in Revenues recorded in the first half of 2025, and Operating Prepayments and Accrued Income (up €14.3 million).

20. Inventories – €128.0 million

This item totalled €128.0 million, up of €19.8 million over the previous year. This increase was primarily due to the Brugg Group and the Tamini Group purchasing more materials for use in their contract work (up €15.0 million and €4.4 million, respectively).

21. Trade receivables – €3,033.0 million

(€m)

	30.06.2025	31.12.2024	CHANGE
Energy-related receivables	1,999.2	2,186.9	(187.7)
Transmission charges receivables	692.5	682.1	10.4
Other trade receivables	341.3	325.8	15.5
TOTAL	3,033.0	3,194.8	(161.8)

Trade receivables at 30 June 2025 amounted to €3,033.0 million and were accounted for less any losses recognised in the allowance for doubtful accounts (€70.6 million for energy-related receivables, of which €73.6 million pertained to non-recoverable dispatching receivables in respect of which an application for compensation was submitted pursuant to ARERA Resolution no. 5/2024⁴⁵, and €20.8 million pertained to other receivables related to the first half of 2025, compared to €70.6 million for energy-related receivables and €23.5 million for other receivables related to 2024. More details available in section “E. Commitments and Risks”. The carrying amount shown broadly approximates to fair value.

Receivables from energy-related/regulated items - €1,999.2 million

This item includes so-called “pass-through items” relating to the dispatching activities carried out by the Parent Company (€1,327.3 million) and receivables due from the users of dispatching services forming part of Regulated Activities (€598.2 million). It also includes the amount due from the Fund for Energy and Environmental Services (Cassa per i Servizi Energetici e Ambientali - CSEA) (€73.8 million), relating to quality of service (€30.8 million) and the management of differences arising from tariff decoupling (€43 million).

⁴⁵ 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).

These receivables were down €187.7 million compared to 2024 year-end, primarily reflecting:

- A decrease in receivables (€121.6 million) relating to the DSM incentive (Resolutions no. 597/2021 and no. 132/2022) and intra-zonal incentives pursuant to Resolution no. 699/2018 collected in accordance with the procedures set forth in the applicable regulations;
- A decrease in Terna's receivables for procurement of dispatching resources (€ 118.3 million) mainly attributable to imbalances;
- Lower receivables related to the extraordinary modulation service (€38.3 million) as a result of the update of the related coverage fee;
- A decrease in receivables relating to the recovery of impaired receivables as per ARERA Resolution no. 5/2024 (€36.3 million), following the amounts collected in the period;

partially offset by:

- An increase in credit claims related to the Capacity Market (€131.8 million) for charges to be recovered by the end of the year from dispatching users through the specific tariff update mechanism.

Transmission charges receivable – €692.5 million

Transmission charges receivable, amounting to €692.5 million, represent the amount due to the Parent Company and other grid owners from electricity distributors for use of the National Transmission Grid. These receivables increased were up €10.4 million compared to 31 December 2024 as a result of the combined effect of:

- Tariff update under Resolution no. 579/2024⁴⁶ (€41.5 million);
- The recognition of the accrued portion of the remuneration of digital substation systems under Resolution no. 565/2020 (€8.3 million);

Net of a reduction of the credit exposure related to the Inter-TSO Compensation (ITC) mechanism⁴⁷ following the recovery of higher charges incurred in previous years (€39.4 million).

Other trade receivables – €341.3 million

Other trade receivables primarily regard amounts receivable from customers of the non-regulated business. These amounts derive from the provision of specialist services to third parties, primarily in relation to plant engineering services, the operation and maintenance of high-voltage and very high-voltage infrastructure, and the housing of telecommunications equipment and maintenance services for fibre networks, as well as in relation to contract work carried out by the Tamini Group, the Brugg Cables Group and the Altenia Group.

Compared with the previous year, this item showed an increase of €15.5 million, mainly due to an increase in contracts for the Altenia Group (up €42.6 million) and the Brugg Cables Group (up €5.6 million). This increase is partially offset by lower receivables from Terna Energy Solutions (down €18.5 million), the Parent Company (down €5.3 million), Terna Rete Italia S.p.A. (down €3.6 million), and the Tamini Group (down €3.5 million).

⁴⁶ "Determination of the reference revenue from the transmission and dispatching service and of the electricity transmission tariffs for 2025" whereby the reference revenue from the transmission and dispatching service and the electricity transmission tariffs for 2025 are determined.

⁴⁷ 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 are allocated to "Energy-related non pass-through payables".



The following table shows receivables resulting from contract work in progress (€129.9 million), being carried out by the Group under multi-year contracts with third parties:

(€m)

	PREPAYMENTS	VALUE OF CONTRACT	BALANCE AT 30 JUNE 2025	PREPAYMENTS	VALUE OF CONTRACT	BALANCE AT 31 DECEMBER 2024
Contract work in progress	(557.4)	687.3	129.9	(342.4)	470.1	127.7

The value of work in progress on orders received by the Group increased by €2.2 million compared with the previous year, primarily due to a higher volume of orders received by the Brugg Group (up €15.2 million). This increase was partially offset by the progress of the orders received by Terna Energy Solutions S.r.l. (down 4,7 milioni di euro) and the Tamini Group (down €3.1 million).

22. Cash and cash equivalents – €2,398.1 million

Liquid assets stood at €2,398.1 million at 30 June 2025, including €1,958.2 million invested in short-term readily convertible deposits and €439.9 million deposited in bank current accounts and cash in hand.

23. Income tax assets – €8.1 million

Income tax assets, standing at €8.1 million, decreased by €0.6 million as compared to 31 December 2024, essentially due to the utilisation of the IRAP (regional tax on business concerns) credit by the Parent Company Terna S.p.A. following the settlement of taxes for the previous year.

Equity and liabilities

24. Equity attributable to owners of the Parent and non-controlling interests

Equity attributable to owners of the Parent – €7,508.0 million

Share capital – €442.2 million

The Parent Company's share capital consists of 2,009,992,000 ordinary shares with a par value of €0.22 per share.

Legal reserve – €88.4 million

The legal reserve accounts for 20% of the Parent Company's share capital.

Reserve for treasury shares - (€25.3) million

The Reserve for treasury shares at 30 June 2025 stood at €25.3 million (reducing other reserves) and showed a change of €6.1 million compared to 31 December 2024 (amounting to €31.4 million), due to the allocation of 917,720 own shares to the beneficiaries of the 2022-2026 Performance Share Plan, which was made between 21 May 2025 and 3 June 2025.

Therefore, at 30 June 2025, Terna S.p.A. held a total of 3,234,128 own shares (equal to 0.16% of the share capital).

Reserve for equity instruments – €1,835.6 million

The value of this reserve reflects non-convertible hybrid perpetual subordinated green and fixed-rate bonds ("hybrid green bonds") issued by the Parent Company:

- Bond issued on 2 February 2022, for a face amount of €1 billion (€989.0 million net of ancillary costs). This bond, which is non-callable for six years, will pay coupon interest of 2.375% until 9 February 2028, the first reset date. After this date, the bonds will pay annual interest equal to the 5-year Euro Mid-Swap rate plus a spread of 212.1 basis points. This will be increased by a further spread of 25 basis points from 9 February 2033 and by an additional 75 basis points from 9 February 2048.
- Bond issued on 4 April 2024, for a total face amount of €850 million (€842.0 million net of related ancillary costs). This bond, which is non-callable for six years, has an issue price set at 99.745%, with a spread of 214.2 basis points over the Mid-Swap rate. It features a fixed annual coupon of 4.750%, which will be paid until the first reset date (not included) on 11 April 2030 and will have an effective rate of 4.800%. From this date, unless the bond has been redeemed early, the hybrid bond will pay interest at the 5-year Euro Mid-Swap rate, increased by an initial spread of 214.2 basis points, rising by a further 25 basis points from 11 April 2035 and by another 75 basis points from 11 April 2050.

Share premium reserve, Cash flow hedge reserve and Other reserves – €776.6 million

The "Share premium reserve", "Cash flow hedge reserve" and "Other reserves" at 30 June 2025 totalled €776.6 million, and were down €0.7 million compared with 31 December 2024, broadly as a result of other comprehensive income. This was mainly due to:

- Fair value adjustments to the Parent Company's cash flow hedges (up €1.5 million, including the related hedging costs, down €0.4 million, after the related taxation);
- A change in actuarial gains and losses on provisions for employee benefits (down €1.3 million, after the related taxation);
- Fair value adjustments to the value of financial assets represented by securities (up €0.9 million, after the related taxation);

They also include the change in the reserve for share-based payments (down €1.8 million) related to the incentive plans for Group employees.



Retained earnings and accumulated losses – €3,802.8 million

The increase in “Retained earnings and accumulated losses” compared to 31 December 2024, totalling €213.0 million, primarily pertains to the remaining portion of the Group’s profit for 2024 (up €265.5 million), following the Parent Company’s payment of the dividend for 2024 (totalling €796.4 million). This item also includes the change in interest accrued to holders of the hybrid green bond (down €48.7 million, considering the related tax effect, which was up €15.4 million).

Dividend balance distribution

The Annual General Meeting of shareholders held on 21 May 2025 approved payment of a dividend for full-year 2024 of 39.62 eurocents per share, and the payment – before any withholdings required by law – of a final dividend of 27.70 eurocents per share (payable from 25 June 2025, with an ex-dividend date for coupon 42 of 23 June 2025), of which 11.92 eurocents paid in the form of an interim dividend payable from 20 November 2024.

Equity attributable to non-controlling interests – €20.5 million

Equity attributable to non-controlling interests, relating to the non-controlling shareholders of Terna Interconnector S.r.l., the Brugg Cables Group, the Altenia Group and ESPERIA-CC S.r.l. totalled €20.5 million, showing an increase of €0.7 million compared to 31 December 2024.

This change mainly resulted from the Brugg Cables Group’s share of the profit from third parties (up €0.6 million).

25. Borrowings and financial liabilities

	30.06.2025	31.12.2024	CHANGE
Bond issues	6,233.6	6,048.3	185.3
Bank borrowings	5,289.8	5,362.1	(72.3)
LONG-TERM BORROWINGS	11,523.4	11,410.4	113.0
Cash flow hedges	11.0	11.8	(0.8)
Fair value hedges	43.6	47.0	(3.4)
NON-CURRENT FINANCIAL LIABILITIES	54.6	58.8	(4.2)
SHORT-TERM BORROWINGS	1,855.5	1,657.1	198.4
Bond issues	1,079.5	499.5	580.0
Bank borrowings	185.7	181.5	4.2
CURRENT PORTION OF LONG-TERM BORROWINGS	1,265.2	681.0	584.2
CURRENT FINANCIAL LIABILITIES	103.1	111.9	(8.8)
TOTAL	14,801.8	13,919.2	882.6

Borrowings and financial liabilities have increased by €882.6 million compared with the previous year to €14,801.8 million. The change primarily reflects:

- An increase in bonds to the extent of €765.3 million, mainly as a result of the €750 million bond issue launched by Terna in February 2025. The change also reflects amortised cost and fair value adjustments of these financial instruments;
- An increase in short-term borrowings (€198.4 million) due to the issue of commercial papers by the Parent Company;
- A €68.1 million decrease in loans from banks, mainly due to repayments of instalments on existing EIB loans. The change also reflects fair value adjustments of these financial instruments;
- A decrease in the fair value of derivative financial instruments (€4.2 million) due to a change in the related portfolio and market interest rate curve;
- A decrease in current financial liabilities (€8.8 million) mainly due to the payment of interest accrued in previous periods;

The latest official prices at 30 June 2025 and 31 December 2024 for the bonds listed on the Luxembourg Stock Exchange are detailed below

(€m)

	ISIN	PRICE AT 30 JUNE 2025	PRICE AT 31 DECEMBER 2024
Bond maturity 2025:	XS2033351995	99.87	98.53
Bond maturity 2026:	XS1371569978	99.08	98.14
Bond maturity 2026:	XS1980270810	99.03	97.99
Bond maturity 2027:	XS1652866002	98.03	96.81
Bond maturity 2027:	XS2536846236	102.11	101.19
Bond maturity 2028:	XS1503131713	94.90	94.02
Bond maturity 2029:	XS2357205587	90.81	89.43
Bond maturity 2029:	XS2607193435	103.01	102.57
Bond maturity 2030:	XS2237901355	87.40	85.82
Bond maturity 2031:	XS2748847204	102.04	101.66
Bond maturity 2032:	XS2209023402	84.70	83.82
Bond maturity 2032:	XS3003427872	99.64	-
Bond maturity 2033:	XS2655852726	103.44	103.41

External sources from BNP Paribas, Bloomberg and Morgan Stanley.

Long-term borrowings

The table below shows movements in long-term debt during the year, including also the nominal amount:

(€m)

	31.12.2024			REIMBURSED AND CAPITALISED	DRAWDOWNS	OTHER	CHANGE CARRYING AMOUNT	30.06.2025		
	NOTIONAL DEBT	CARRYING AMOUNT	FAIR VALUE					NOTIONAL DEBT	CARRYING AMOUNT	FAIR VALUE
Bond maturing 2025	500.0	499.5	492.6	-	-	0.4	0.4	500.0	499.9	499.3
Private Placement 2026	80.0	79.8	78.5	-	-	0.1	0.1	80.0	79.9	79.3
Bond maturing 2026	500.0	499.5	489.9	-	-	0.2	0.2	500.0	499.7	495.2
Private Placement 2027	1,000.0	991.3	968.1	-	-	1.6	1.6	1,000.0	992.9	980.3
Bond maturing 2027	100.0	99.9	101.2	-	-	-	-	100.0	99.9	102.1
Bond maturing 2028	750.0	720.5	705.2	-	-	3.7	3.7	750.0	724.2	711.7
Bond maturing 750_2029	750.0	744.0	769.3	-	-	0.6	0.6	750.0	744.6	772.6
Bond maturing 2029	600.0	598.0	536.6	-	-	0.3	0.3	600.0	598.3	544.9
Bond maturing 2030	500.0	450.0	429.1	-	-	4.1	4.1	500.0	454.1	437.0
Bond maturing 2031	850.0	842.6	864.1	-	-	0.6	0.6	850.0	843.2	867.3
Bond maturing 2032	500.0	379.5	419.1	-	-	6.7	6.7	500.0	386.2	423.5
Bond maturing 2032	-	-	-	-	750.0	(3.2)	746.8	750.0	746.8	747.3
Bond maturing 2033	650.0	643.2	672.2	-	-	0.2	0.2	650.0	643.4	672.3
Total bond issues	6,780.0	6,547.8	6,525.9	-	750.0	15.3	765.3	7,530.0	7,313.1	7,332.8
Borrowings	5,609.5	5,484.8	5,484.8	(76.6)	-	(0.3)	(76.9)	5,528.0	5,407.9	5,407.9
Lease liabilities	58.8	58.8	58.8	(10.8)	-	19.6	8.8	67.6	67.6	67.6
Total borrowings	5,668.3	5,543.6	5,543.6	(87.4)	-	19.3	(68.1)	5,595.6	5,475.5	5,475.5
Total debt	12,448.3	12,091.4	12,069.5	(87.4)	750.0	34.6	697.2	13,125.6	12,788.6	12,808.3



At 30 June 2025, the Group had access to additional financing of €4,055.0 million, consisting of two fully-available revolving credit facilities.

The table also shows the fair value of borrowings. In the case of bonds issues, the fair value is represented by their market value based on prices at the reporting date, while variable-rate loans are shown at their nominal value.

The following table shows an analysis of bond issues and other borrowings by maturity, showing the related short-term portions.

(€m)

	Maturity	31.12.2024*	30.06.2025*	PORTION FALLING DUE WITHIN 12 MONTHS	PORTION FALLING DUE AFTER 12 MONTHS	H2 2026	2027	2028	2029	2030	AFTER	OTHER**	AVERAGE INTEREST RATE AT 30 JUNE 2025	AVERAGE INTEREST RATE AFTER HEDGES AT 30 JUNE 2025
	2025	499.5	499.9	500.0	-	-	-	-	-	-	-	(0.1)	0.13%	0.32%
	2026	499.5	499.8	500.0	-	-	-	-	-	-	-	(0.2)	1.00%	1.28%
	2026	79.8	79.9	80.0	-	-	-	-	-	-	-	(0.1)	1.60%	1.80%
	2027	991.3	992.9	-	1,000.0	-1,000.0	-	-	-	-	-	(7.1)	1.38%	1.91%
	2027	99.9	99.9	-	100.0	-100.0	-	-	-	-	-	(0.1)	3.44%	2.77%
	2028	720.5	724.2	-	750.0	-	-	750.0	-	-	-	(25.8)	1.00%	1.30%
BONDS	2029	598.0	598.3	-	600.0	-	-	-	600.0	-	-	(1.7)	0.38%	1.71%
	2029	744.0	744.6	-	750.0	-	-	-	750.0	-	-	(5.4)	3.63%	3.70%
	2030	450.0	454.1	-	500.0	-	-	-	-	500.0	-	(45.9)	0.38%	2.60%
	2031	842.6	843.2	-	850.0	-	-	-	-	-	850.0	(6.8)	3.50%	3.64%
	2032	379.5	386.2	-	500.0	-	-	-	-	-	500.0	(113.8)	0.75%	3.15%
	2032	-	746.8	-	750.0	-	-	-	-	-	750.0	(3.2)	3.13%	1.63%
	2033	643.2	643.4	-	650.0	-	-	-	-	-	650.0	(6.6)	3.88%	3.78%
EIB	2046	3,270.4	3,252.8	50.0	3,314.5	32.2	117.1	156.0	192.1	192.1	2,625.0	(111.7)	2.65%	2.63%
Total fixed rate		9,818.2	10,566.0	1,130.0	9,764.5	32.2	117.1	156.0	192.1	192.1	5,375.0	(328.5)		
EIB	2041	721.0	663.4	115.3	548.1	57.7	115.3	115.3	96.0	103.3	60.5	-	3.27%***	2.98%
Terna's borrowing	2029	1,498.5	1,498.4	-	1,500.0	-	-	-	1,500.0	-	-	(1.6)	3.31%***	2.83%
Total variable rate		2,219.5	2,161.8	115.3	2,048.1	57.7	115.3	115.3	1,596.0	103.3	60.5	(1.6)		
TOTAL		12,037.7	12,727.8	1,245.3	11,812.6	89.9	1,332.4	1,021.3	3,138.1	795.4	5,435.5	(330.1)		

* The balance does not include prepaid fees amounting to €6.7 million at 30 June 2025 and €5.1 million at 31 December 2024.

** Includes portions measured at amortised cost and fair value adjustments at 30 June 2025.

*** this is the average of the rates fixed in the sub-periods.

(€m)

	31.12.2024	30.06.2025	PORTION FALLING DUE WITHIN 12 MONTHS	PORTION FALLING DUE AFTER 12 MONTHS
Operating leases	58.8	67.6	20.1	47.5
TOTAL	58.8	67.6	20.1	47.5

At 30 June 2025, payments on operating leases recognised in accordance with IFRS 16 stood at €10.6 million.

Terna Group's long-term borrowings at 30 June 2025 totalled €12,727.7 million (€1,245.5 million falling due within 12 months and €11,812.5 million falling due after 12 months net of portions measured at amortised cost and fair value adjustments), of which €5,435.3 million maturing after five years.

The following table shows the reconciliation of net changes deriving from financing activities:

(€m)

	31.12.2024	CF CHANGES FOR FINANCING ACTIVITIES	CHANGE HAVING NO IMPACT ON CASH FLOW		30.06.2025
			IFRS 9 EFFECT	EFFECT OF THE CHANGE IN THE SCOPE OF CONSOLIDATION	
Short-term financial liabilities	1,767.3	180.0	5.5	5.4	1,958.3
Long-term financial liabilities	12,032.6	673.4	15.0	-	12,721.0
Financial liabilities on leased assets	58.8	(10.8)	19.6	-	67.6
Current and non-current derivatives	59.4	10.8	(17.4)	-	52.7
Gross debt	13,918.0	853.4	22.6	5.6	14,799.6

Non-current financial liabilities – €54.6 million

(€m)

	30.06.2025	31.12.2024	CHANGE
Cash flow hedges	11.0	11.8	(0.8)
Fair value hedges	43.6	47.0	(3.4)
TOTAL	54.6	58.8	(4.2)

“Non-current financial liabilities”, amounting to €54.6 million at 30 June 2025, reflect the fair value measurement of fair value hedges and cash flow hedges.

Fair value was measured by discounting the expected cash flows using the market yield curve at the reporting date. The decreases of €4.2 million, compared to 31 December 2024 reflects the change in the derivatives held.

Short-term borrowings – €1,855.5 million

“Short-term borrowings”, amounting to €1,855.5 million at 30 June 2025, increased €198.4 million compared with the previous year, essentially due to the issue of commercial papers by the Parent Company.

Current financial liabilities – €103.1 million

(€m)

	30.06.2025	31.12.2024	CHANGE
Foreign exchange derivatives	-	1.7	(1.7)
DEFERRED LIABILITIES ON:			
Hedging derivatives	0.3	-	0.3
Bond issues	78.5	75.2	3.3
Borrowings	24.3	35	(10.7)
TOTAL	103.1	111.9	(8.8)

Current financial liabilities at 30 June 2025, amounting to €103.1 million, showed a €8.8 million decrease compared to 31 December 2024, essentially due to the amount of net financial expenses accrued on bonds and loans and not yet settled (€7.4 million).



Net debt

Pursuant to the CONSOB Communication of 28 July 2006 and in compliance with Recommendation ESMA n. 32-382-1138 of 2021, the Group's net debt is as follows:

	(€m)
	30.06.2025
A. Cash	439.9
B. Cash and cash equivalents*	1,958.2
C. Other current financial assets**	431.7
D. Liquidity (A) + (B) + (C)	2,829.8
E. Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial liabilities)	1,855.5
F. Current portion of non-current debt***	1,366.1
G. Current debt (E+F)	3,221.6
H. Net current debt (G) - (D)	391.8
I. Non-current financial liabilities (excluding the current portion and debt instruments)****	5,300.8
J. Debt instruments*****	6,277.2
K. Non-current net debt (I) + (J)	11,578.0
L. Net debt (H) + (K)	11,969.8

* This corresponds to the item 'Cash and cash equivalents' with regard to the value of short-term deposits.

** Corresponds with the item, "Current financial assets" relating to the value of government securities (€167.8 million), time deposits (€250.0 million) and accrued interest income (€13.9 million).

*** Corresponds with the item, "Current portion of long-term borrowings" relating to the short-term portion of long-term borrowings (€165.6 million), the short-term portion of bond issues (€1079.5 million) and the short-term portion of liabilities on leased assets (€20.1 million), "Current financial liabilities" and "Current financial assets" relating to the amount of derivative assets and accrued financial income on derivatives (down €2.2 million).

**** Corresponds with the item, "Long-term borrowings" relating to the value of borrowings (€5,242.2 million) and the long-term portion of lease liabilities (€47.5 million) and "Non-current financial liabilities" relating to the value of derivative liabilities (€11.0 million).

***** Corresponds with the item 'Long-term borrowings' relating to the value of bond issues (€6,233.6 million) and the item 'Non-current financial liabilities' relating to the value of derivative liabilities on bonds (€43.6 million).

Default risk and debt covenants

This risk is associated with the possibility that the loan agreements or bond terms and conditions to which the Group is a party may contain provisions that, if certain events occur, authorise counterparties to call in such loans immediately, thereby generating liquidity risk.

Certain long-term loans obtained by the Parent Company, Terna S.p.A., contain covenants of a non-financial nature that are typical of international practice. The principal covenants relate to:

- the Company's bond debt, which consists of two hybrid, perpetual and green bond issues totalling €1,850,000,000 and thirteen issues under its EMTN Programme ("€12,000,000,000 Euro Medium Term Notes Programme"); bank borrowings, which consist of revolving credit lines and bilateral credit lines ("bank borrowings");
- a series of loans to the Company from the European Investment Bank (EIB), amounting to a total of approximately €4.0 billion.

The main covenants relating to bond issues and the €12,000,000,000 EMTN Programme and €4,000,000,000 EMTN Programme include clauses regarding (i) "negative pledges", on the basis of which the Issuer or its Relevant Subsidiaries undertake not to create or maintain mortgages, pledges or other encumbrances on their assets or revenue to guarantee specific financial debt, unless the encumbrances are extended on an equal or pro rata basis to the bond issues in question (with the exception of certain "permitted guarantees"); (ii) "pari passu", on the basis of which the securities constitute a direct, unconditional and unsecured obligation by the Issuer, ranking equally among them and

with at least the same level of seniority as other present and future unsecured and non- subordinated borrowings of the Issuer; (iii) “event of default”, on the basis of which if certain predetermined events occur (e.g., failure to make a repayment, the liquidation of the Issuer, the breach of contractual obligations, a cross-default, etc.) a situation of default is established and the loan is immediately called in.

The main covenants relating to bank borrowings involve clauses related to i) negative pledges, on the basis of which the Issuer or the Relevant Subsidiaries undertake not to create or maintain guarantees on their assets to secure borrowings, with the exception of “permitted guarantees”; ii) *pari passu* on the basis of which the Borrower’s payment obligations in relation to the loan agreements in question are not subordinated to any obligation related to other unsecured and non-subordinated creditors, without prejudice to privileges under the law; iii) “event of default”, on the basis of which if certain predetermined events occur (e.g. failure to make a repayment, serious inaccuracies in documents and/or declarations, insolvency, business discontinuation, substantially prejudicial effects, the breach of contractual obligations, including *pari passu* conditions, a cross-default, etc.) a situation of default is established and the loan is immediately called in; iv) “ratings”, which involve accelerated repayment should the rating fall below investment grade for the majority of rating agencies or should the Borrower cease to be rated by at least one agency.

The main covenants related to the EIB loans involve clauses related to i) negative pledges, on the basis of which the Company cannot create personal or real guarantees or, more generally, encumbrances, with the exception of encumbrances granted in relation to borrowings below given amounts and under contractually specified circumstances; ii) the provision to the Bank, at its request, of new guarantees should the ratings assigned by the rating agencies fall below the level indicated in the respective contracts agreed or should the Company cease to be rated by the rating agencies; iii) *pari passu*, on the basis of which the Company ensures that payment obligations rank equally with those related to all other unsecured, non-subordinated creditors, without prejudice to privileges under the law; iv) cases of contract termination/application of the call provision/withdrawal (e.g. failure to make a repayment, serious inaccuracies in documents and/or declarations, insolvency, events that have a negative impact on financial commitments made by the Company, extraordinary administration, liquidation, substantial prejudicial changes, the breach of contractual commitments, etc.); v) accelerated loan payment following the occurrence of given events (e.g. change of control over the Company, loss of the concession, extraordinary corporate events, etc.).

26. Employee benefits – €48.1 million

(€m)

	31.12.2024	PROVISIONS	INTEREST COST	USES AND OTHER MOVEMENTS	ACTUARIAL GAINS/(LOSSES)	30.06.2025
Benefits during the period of employment						
Loyalty bonuses and other incentives	4.5	0.1	0.1	-	(0.1)	4.6
Total	4.5	0.1	0.1	-	(0.1)	4.6
Termination benefits						
Deferred compensation benefits (TFR)	26.6	0.3	0.4	(0.6)	(0.1)	26.6
Energy discounts	2.1	-	-	(0.2)	-	1.9
ADDITIONAL MONTHS' PAY	4.7	0.1	0.1	0.6	-	5.5
Other similar benefits	0.8	-	-	(0.8)	-	-
Total	34.2	0.4	0.5	(1.0)	(0.1)	34.0
Post-employment benefits						
ASEM HEALTH PLAN	9.5	0.2	0.2	-	(0.4)	9.5
Total	9.5	0.2	0.2	-	(0.4)	9.5
TOTAL	48.2	0.7	0.8	(1.0)	(0.6)	48.1

At 30 June 2025, this item stood at €48.1 million, which was virtually in line with the figure posted at 31 December 2024 (down €0.1 million).



27. Provisions for risks and charges – €169.0 million

(€m)

	PROVISIONS FOR LITIGATION AND DISPUTES	SUNDRY PROVISIONS FOR RISKS AND CHARGES	PROVISIONS FOR EARLY RETIREMENT INCENTIVES	TOTAL
Amount at 31 December 2024	11,1	118,9	39,8	169,8
Provisions	1,4	12,1	0,7	14,2
Uses and releases	(3,8)	(8,0)	(3,2)	(15,0)
Amount at 30 June 2025	8,7	123,0	37,3	169,0

Provisions for litigation and disputes – €8.7 million

These provisions, set aside to cover outstanding liabilities that, at the end of the year, could result from court judgements and out-of-court settlements regarding the activities of Group companies, have been assessed partly on the basis of recommendations from internal and external legal advisors. The balance at 30 December 2025, amounting to €8.7 million, primarily reflects disputes involving the Parent Company in relation to settlement of damages relating to operation and maintenance, requests for compensation for easements and labour and social security disputes. It showed a net decrease of €2.4 million over the previous year as a result of lower releases during the period.

Provisions for sundry risks and charges – €123.0 million

These provisions stood at €123.0 million at 30 June 2025 and essentially reflect liabilities associated with urban and environmental restoration projects, regulation of the quality of the electricity service, staff incentive plans, right-of-way fees and tax-related aspects.

This item showed a net increase of €4.1 million over the previous year, mainly reflecting:

- Net use (€0.7 million) of provisions for urban and environmental restoration schemes;
- Net use (€2.5 million) of provisions related to regulation of the quality of the electricity service (the mitigation and sharing mechanism introduced by ARERA Resolution no. 653/2015/R/eel). After accounting for estimated penalties related to outages during the year, this reflects payments to distribution companies and releases following final determination of penalties for previous years;
- Net uses related to other provisions (€0.9 million).

Provisions for early retirement incentives – €37.3 million

Provisions for early retirement incentives reflects the estimated extraordinary expenses to be incurred in relation to the cost of the scheme for the year, linked to the early retirement of Group employees who have reached pensionable age and where the Group has an obligation. This item showed a net decrease of €2.5 million, due to disbursements for the period.

28. Other non-current liabilities – €1,145.5 million

This item stood at €1,145.5 million at 30 June 2025. It reflects accruals related to grants for equipment and plants receivable by the Parent Company (€109.5 million), in addition to payments on account received in relation to construction of the private Italy-Montenegro, Italy-France and Italy-Austria Interconnectors (totalling €600.9 million).

This item also includes the security deposits received from operators participating in the capacity market in accordance with Resolution no. 98/2011/R/eel (€238.4 million), as well as the Interconnector Guarantee Fund set up by Terna S.p.A. under the 2016 Stability Law (€196.7 million) for the completion of the interconnection projects under Article 32 of Law no. 99/09.

A €54,0 million increase compared with 31 December 2024, essentially due to higher security deposits received from operators participating in the capacity market pursuant to Resolution no. 98/2011/R/eel, as amended from time to time (up €49.3 million), and an increase in the Interconnector Guarantee Fund (up €13.9 million).

29. Current liabilities

(€m)

	30.06.2025	31.12.2024	CHANGE
Short-term borrowings *	1,855.5	1,657.1	198.4
Current portion of long-term borrowings *	1,265.2	681.0	584.2
Trade payables	3,421.7	3,524.5	(102.8)
Tax liabilities	65.8	112.3	(46.5)
Current financial liabilities*	103.1	111.9	(8.8)
Other current liabilities	899.2	776.9	122.3
TOTAL	7,610.5	6,863.7	746.8

* Information on these items is provided in note 25. Borrowings and financial liabilities.

Trade payables – €3,421.7 million

(€m)

	30.06.2025	31.12.2024	CHANGE
Trade payables:			
- Energy-related payables	2,052.1	2,169.2	(117.1)
- Non-energy-related payables	1,262.2	1,273.5	(11.3)
Amounts due to associates	3.7	0.7	3.0
Contract work in progress payables	103.7	81.1	22.6
TOTAL	3,421.7	3,524.5	(102.8)

Trade payables**Energy-related/regulated payables - €2,052.1 million**

The €117.1 million decrease in this item compared to the year-end figure posted in 2024 was essentially due to energy-related pass-through payables (€84.4 million), such change reflecting mainly:

- A decrease in payables (€192.5 million) related to costs for procurement of dispatching resources;
- A decrease in payables related to the extraordinary modulation service (€100.2 million) as a result of charges related to adjustment items recognised in December 2024 and settled during the half year;

partially offset by:

- An increase in payables relating to the Essential Units ensuring the security of the electricity system - UESS (€139 million) due to lower payments in the period under review to reimburse the costs decided by ARERA to the owners of the plants⁴⁸;
- An increase in debt exposure related to the Capacity Market (€77.7 million) due to higher costs incurred during the period.

Non-energy related payables

The exposure to suppliers regards invoices received and to be received for contract work, services and purchases of materials and equipment.

The balance at 30 June 2025 (€1,262.2 million) showed a decrease of €11.3 million over the previous year, largely due to an increase in capital expenditure towards the end of the previous financial year, mainly by subsidiary Terna Rete Italia S.p.A. (down €14.7 million), partially offset by an increase in Altenia Group's payables (up €2.0 million).

⁴⁸ ARERA ordered payments to Essential Unit owners through Resolutions nos. 17-36-49-84-96-108-135-208-230/2025.



Amounts due to associates

This item stood at €3.7 million at 30 June 2025, showing a decrease of €3.0 million compared to 31 December 2024. It essentially reflects amounts due to associate CESI S.p.A. (€2.6 million) for services received mainly from subsidiary Terna Rete Italia S.p.A. (€2.0 million) relating to studies and research endeavours in the field of electrotechnology, and to associate CORESO SA (€1.1 million) for services received with a view to coordinating the forecasting and operation of electricity flows.

Contract work in progress

Contract work in progress, totalling €103.7 million at 30 June 2025, increased by €22.6 million compared to the figure posted at 31 December 2024 (€81.1 million), mainly due to orders from the Altenia Group (up €10.1 million) and the Tamini Group. (up €5.9 million).

This item breaks down as follows.

(€m)

	PREPAYMENTS	VALUE OF CONTRACT	BALANCE AT 30 JUNE 2025	PREPAYMENTS	VALUE OF CONTRACT	BALANCE AT 31 DECEMBER 2024
Contract work in progress	233.4	(129.7)	103.7	193.9	(112.8)	81.1

The carrying amount of trade payables broadly approximates to fair value.

The commitments assumed by the Group towards suppliers amount to approximately €8,628.3 million and regard purchase commitments linked to the normal “operating cycle” projected for the period 2024-2028.

Tax liabilities – €65.8 million

At 30 June 2025, this item stood at €65.8 million, showing a decrease of €46.5 million compared to the zero balance recognised at 31 December 2024. This decrease was due to the recognition of income taxes for the period after the settlement of taxes for the previous financial year and advance payments made in the first half of the year.

Other current liabilities – €899.2 million

(€m)

	30.06.2025	31.12.2024	CHANGE
Prepayments	387.1	332.6	54.5
Other tax liabilities	65.4	38.0	27.4
Social security payables	40.1	37.1	3.0
Amounts due to personnel	103.5	84.5	19.0
Other payables due to third parties	303.1	284.7	18.4
TOTAL	899.2	776.9	122.3

Prepayments

This item (€387.1 million) includes grants for equipment and plants received by the Group (€379.6 million related to the Parent Company, €4.8 million related to Rete S.r.l. and €2.6 million related to Terna Rete Italia S.p.A.) in respect of assets still under construction at 30 June 2025.

Compared to the balance for the year ended 31 December 2024 (€332.6 million), this item showed an increase of €54.5 million, which was essentially due to higher grants for equipment and plants received by the Parent Company (up €52.5 million).

Other tax liabilities

Other tax payables, amounting to €65.4 million, increased by €27.4 million over the previous year, mainly due to an increase in the amount due by the Group to the tax authorities for VAT (up €17.9 million) and higher withholding taxes on employees (up €10.2 million).

Social security payables

Social security payables, essentially relating to contributions payable to INPS (the National Institute of Social Security) by the Parent Company and subsidiary Terna Rete Italia S.p.A., totalled €40.1 million. The figure was up €3.0 million compared with the previous year, essentially due to an increase in social security contributions payable. This item also included the amount payable to the *Fondo Previdenza Elettrici* – F.P.E. (the Electricity Industry Pension Fund), amounting to €2.5 million (€2.2 million at 31 December 2024).

Amounts due to personnel

Amounts due to personnel totalled €103.5 million, showing an increase of €19.0 million compared to the balance at 31 December 2024. These payables mainly relate to the Parent Company and subsidiary Terna Rete Italia S.p.A., and primarily reflect:

- staff incentives payable in the following year (€54.2 million);
- amounts due to employees for accrued and unused annual leave and bank holiday entitlements to be settled (€22.9 million) and deferred remuneration accruals (€11.7 million).

Other payables due to third parties

Other payables to third parties (€303.1 million) increased by €18.4 million compared to 31 December 2024, mainly due to higher security deposits received from electricity market operators to guarantee their contractual obligations under dispatching and virtual interconnection contracts (€10.9 million) and higher deferred income (€6.5 million) related to transactions with EDF (Électricité de France S.A.) for the start-up of the Sa.Co.I.3 project.

30. Assets and liabilities related to operations/assets held for sale

“Discontinued operations and assets held for sale” and “Liabilities related to discontinued operations and assets held for sale” include the carrying amounts of the assets covered by the agreement signed with CDPQ (a global investment group) on 29 April 2022 for the sale of the entire portfolio of electricity infrastructure assets in Brazil, Peru and Uruguay.

In this context:

- The **first closing**, relating to the Brazilian companies SPE Santa Maria Transmissora de Energia S.A., SPE Santa Lucia Transmissora de Energia S.A. and SPE Transmissora de Energia Linha Verde II S.A., was finalised on **7 November 2022**;
- The **second closing**, referring to the Uruguayan company Difebal S.A., owner of a power line in Uruguay, was finalised on **22 December 2022**;
- The **third closing** was finalised on **18 November 2024** and concerned the sale to CDPQ of the company SPE Transmissora de Energia Linha Verde I S.A., owner of a power line of about 150 km in Brazil.

With regard to the project in Peru, following the announcement of the Ministry of Energy and Mines (MINEM) that the buyer had failed to qualify, the sale to CDPQ was halted. Consequently, the Group started negotiations with other operators in order to complete the divestment of the project within a time horizon of 12 months.

Specifically, this item reflects the reclassification pursuant to IFRS 5 of net assets attributable to the Peruvian company Terna Peru S.A.C..



(€m)

ASSETS	30.06.2025	31.12.2024	CHANGE
Property, plant and equipment	1.4	1.4	-
Intangible assets	19.6	21.2	(1.6)
Deferred tax assets	2.0	2.2	(0.2)
Non-current financial assets	2.4	2.4	-
Inventories	0.3	0.4	(0.1)
Trade receivables	0.1	0.1	-
Cash and cash equivalents	2.2	1.9	0.3
Income tax assets	0.3	0.3	-
Other current assets	1.2	1.4	(0.2)
Total assets	29.5	31.3	(1.8)
Accumulated impairment recognised on remeasurement of fair value less costs to sell	(15.9)	(15.9)	-
TOTAL ASSETS RELATED TO ASSETS HELD FOR SALE	13.6	15.4	(1.8)
LIABILITIES			
Trade payables	0.1	0.2	(0.1)
TOTAL LIABILITIES RELATED TO ASSETS HELD FOR SALE	0.1	0.2	(0.1)
TOTAL NET ASSETS RELATED TO ASSETS HELD FOR SALE	13.5	15.2	(1.7)
<i>Amounts included in OCI:</i>			
Foreign currency translation reserve	0.2	2.5	(2.3)
Total reserves related to assets classified as held for sale	0.2	2.5	(2.3)

Net assets held for sale amounted to €13.5 million at 30 June 2025, and mainly reflect investments on infrastructure under concession in Peru related to subsidiary Terna Peru S.A.C..

This item was virtually in line with the figure posted at 31 December 2024.

Cash flow

The following statement of cash flows shows cash flows attributable to the Latin American assets held for sale:

(€m)

	CASH FLOW H1 2025	CASH FLOW H1 2024
Operating Cash Flow	(1.3)	0.5
Cash flow for investing activities	1.6	(0.5)
Cash flow for the year attributable to discontinued operations and assets held for sale	0.3	-

Outflow from current operations in Latin America totalled €1.3 million. This amount was offset by a decrease in investment activities related to infrastructure concessions in Peru (down €1.6 million), resulting in a change in cash and cash equivalents of €0.3 million.

E. Commitments and risks

Risk management

In the conduct of its business, the Terna Group is exposed to different financial risks: market risk (interest rate, exchange rate and inflation risk), liquidity risk and credit risk.

The Group's risk management policies are designed to (i) identify and analyse risks to which Group companies are exposed, (ii) establish appropriate limits and controls, and (iii) monitor risks and compliance with these limits. These policies and the related systems are reviewed on a regular basis, in order to take account of any changes in market conditions or in the Group's operations.

As part of the financial risk management policies approved by the Board of Directors, Terna has established the responsibilities and operating procedures for financial risk management, with specific reference to the instruments to be used and the precise operating limits to apply in managing them.

The Terna Group's exposure to the above risks is chiefly related to the exposure of the Parent company. Information is provided below on the Group's exposure to each of the above risks, including the objectives, policies and processes for managing these risks, the methods used to assess them and additional quantitative information on the Parent Company's balances at 30 June 2025.

The fair value of financial instruments is determined in accordance with the fair value hierarchy under IFRS 7 (Level 2), by means of appropriate valuation techniques for each category of financial instrument, using market data at the closing date and discounting projected cash flows on the basis of the market yield curve at the reporting date.

Financial assets and liabilities related to derivative instruments held by the Terna Group during the period consisted of:

- Cash flow hedge derivatives, mainly related to hedging the risk of changes in cash flows associated with long-term variable-rate borrowings;
- Fair value hedge derivatives related to hedging the risk of changes in the fair value of financial liabilities related to interest rate fluctuations (fixed-rate bonds).

For more information, reference should be made to the relevant "Risk management" section in the Notes to the Annual Report of the Terna Group for the year ended 31 December 2024.

Updated information on interest rate risk, exchange rate risk, credit risk and liquidity risk is provided below. With regard to market and inflation risk, reference should be made to the relevant "Risk management" section in the Notes to the Annual Report for the year ended 31 December 2024.



Sensitivity to interest rate risk

The table below shows the amounts reflected in “Other comprehensive income” for positions sensitive to interest rate changes, along with the theoretical values of these positions following a positive or negative shift in the market interest rate curve and the differential impacts of these changes recognised in Comprehensive income. A 10% (up/down) change in interest rates as compared to market interest rates at the reporting date was assumed:

(€m)

	PROFIT OR LOSS			COMPREHENSIVE INCOME		
	CURRENT RATES +10%	CURRENT AMOUNTS	CURRENT RATES -10%	CURRENT RATES +10%	CURRENT AMOUNTS	CURRENT RATES -10%
30.06.2025						
Positions sensitive to interest rate variations (FVHs, bond issues, CFHs)	0.2	(0.1)	(0.4)	12.6	1.7	(9.3)
<i>Hypothetical change</i>	<i>0.3</i>	-	<i>(0.3)</i>	<i>10.9</i>	-	<i>(11.0)</i>
31.12.2024						
Positions sensitive to interest rate variations (FVHs, bond issues, CFHs)	(0.2)	(0.6)	(1.0)	(4.8)	(29.1)	(53.8)
<i>Hypothetical change</i>	<i>0.4</i>	-	<i>(0.4)</i>	<i>24.3</i>	-	<i>(24.8)</i>

Credit risk

Credit risk is the risk a customer or one of the counterparties to a transaction in financial instruments could cause a financial loss by failing to discharge an obligation. It is mainly generated by the Group’s trade receivables and financial investments.

The credit risk originated by open positions on transactions in derivatives is considered to be marginal since the counterparties, in compliance with the financial risk management policies adopted, are leading international banks with high ratings.

Terna provides its services essentially to counterparties considered solvent by the market, and therefore with a high credit standing, and does not have high concentrations of credit risk.

Credit risk management is driven by the provisions of ARERA Resolution no. 111/06, which, in art. 49, introduced instruments designed to limit the risks related to the insolvency of dispatching customers, both on a preventive basis and in the event of an actual insolvency. In particular, the Resolution establishes three instruments to safeguard the electricity market: a guarantee system (bank guarantees provided by individual dispatching customers, based on their turnover); the option of terminating dispatching contracts (in the event of insolvency or failure to replace enforced guarantees); and, finally, the possibility of recovering uncollected debts, after having taken all other possible collection actions, through a specific fee to be fixed by ARERA.

The following table summarises the exposure to such risk at the reporting date:

(€m)

	30.06.2025	31.12.2024	CHANGE
Derivative financial instruments	1.8	-	1.8
Cash on hand, securities and deposits	2,815.9	2,738.0	77.9
Trade receivables	3,033.0	3,194.8	(161.8)
TOTAL	5,850.7	5,932.8	(82.1)

The following tables provide qualitative information on trade receivables regarding the geographical distribution and type of customer.

Geographical distribution

(€m)

	30.06.2025	31.12.2024
Italy	2,725.1	2,795.0
Euro-area countries	254.6	346.9
Other countries	53.3	52.9
Total	3,033.0	3,194.8

Customer type

(€m)

	30.06.2025	31.12.2024
Distributors	692.5	682.0
CSEA	87.4	34.5
Dispatching customers for injections	639.3	465.9
Dispatching customers for withdrawals (non-distributors)	1,263.3	1,673.5
Parties which have signed virtual import contracts and virtual import services (interconnectors and shippers)	8.5	12.2
Sundry receivables	342.0	326.7
Total	3,033.0	3,194.8

The following table breaks down customer receivables by due date, reporting any potential impairment.

(€m)

	30.06.2025		31.12.2024	
	IMPAIRMENT	GROSS	IMPAIRMENT	GROSS
Current	(0.5)	2,877.7	(3.7)	3,023.0
0-30 Days past due	(0.7)	39.7	(0.8)	20.7
31-120 Days past due	(0.1)	14.0	(3.2)	19.6
Over 120 days past due	(90.1)	193.0	(86.4)	225.6
Total	(91.4)	3,124.4	(94.1)	3,288.9

Movements in the allowance for doubtful accounts in the course of the year were as follows.

(€m)

	30.06.2025	31.12.2024
Balance at 1 st January	(94.1)	(34.2)
Release of provisions	3.0	19.4
Provisions pursuant to Resolution no. 5/2024	-	(73.6)
Impairments for the period	(0.5)	(5.7)
Balance	(91.6)	(94.1)

The value of guarantees received from eligible electricity market operators is illustrated below.

(€m)

	30.06.2025	31.12.2024
Dispatching - injections	236.2	230.1
Dispatching - withdrawals	1,731.8	1,735.8
Transmission charges due from distributors	430.6	426.8
Virtual imports	175.4	125.4
Capacity market (*)	197.1	197.1
Balance	2,771.1	2,715.2

(*) Guarantees relating to Capacity Market contracts to be executed from 2025.

It should be noted that Non-regulated Activities are exposed to “counterparty risk”, in particular in relation to the entities with which sales contracts are entered into, in consideration of the credibility and solvency of the parties in question and the impact that their possible insolvency could have on the financial strength of the business. Counterparty risk is mitigated by implementing special procedures to assess counterparties.



Default risk and debt covenants

This risk is associated with the possibility that the loan agreements or bond terms and conditions to which the Parent Company is a party may contain provisions authorising counterparties to call in such loans immediately upon the occurrence of certain events, thereby generating liquidity risk. More information on the contract provisions governing outstanding borrowings at 30 June 2025 is provided in the “Borrowings and financial liabilities” section in the notes to the financial statements of the Terna Group.

Bank and insurance guarantees

Bank and insurance issued to third parties on behalf of Group companies at 30 June 2025 stood at €439.3 million, broken down as follows: €67.8 million on behalf of Terna S.p.A.; €137 million on behalf of Tamini Trasformatori S.r.l.; €52.9 million on behalf of Terna Rete Italia S.p.A.; €19.9 million on behalf of Terna Interconnector S.r.l.; €68.3 million on behalf of companies in the Brugg Group; and €0.1 million on behalf of Terna Plus S.r.l., €4.3 million on behalf of Terna Perù SAC, €0.8 million on behalf of Terna Energy Solutions S.r.l., €58.4 million on behalf of Altenia S.r.l., €0.1 million on behalf of Rete S.r.l. and €27.7 million on behalf of Ste Energy S.r.l.

Litigation

Below is a description of the main commitments and risks that were not disclosed in the statement of financial position at 30 June 2025 relating to the Parent Company Terna S.p.A. (“Terna” or the “Parent Company” or the “Company”) and its subsidiary Terna Rete Italia S.p.A., as there were no significant commitments or risks for the other subsidiaries on that date.

Litigation concerning the authorisation, construction and operation of plants owned by the Parent Company

This pending litigation partly stems from the filing of lawsuits to obtain the annulment of orders authorising the construction and operation of plants owned by the Parent Company, or to seek compensation for damages caused by the operation of these plants. In general, the Parent Company is a necessary party to this dispute in its capacity as owner of the plants at issue. However, it cannot be ruled out that the parties involved may also bring legal action against Terna Rete Italia S.p.A., i.e. the subsidiary responsible for operating the plant, as such alleged damages may be attributed not only to ownership but also to operation of the plant.

Some of these judgements may result in unfavourable outcomes, which could lead to liabilities of an extremely uncertain value. These liabilities would be covered by the Parent company or Terna Rete Italia S.p.A.

Litigation relating to activities carried out under concession

In its capacity as operator of transmission and dispatching activities since 1 November 2005, the Parent Company is a party to several legal proceedings brought before the courts of law for the annulment of measures taken by the Regulatory Authority for Energy, Networks and the Environment (ARERA), the Ministry of Economic Development and Terna itself in relation to these activities. In particular, the Company has filed an entry of appearance in cases where the plaintiffs allege defects in the contested measures and an alleged violation by Terna of the regulations laid down by the aforementioned public authorities, or where the measure has an impact on Terna. Within the scope of such litigation – even though some cases have been concluded, at first and/or second instance, with the annulment of ARERA’s resolutions and, when applicable, of the consequent determinations adopted by Terna – any negative outcomes for the Company itself may be deemed unlikely, as these disputes normally relate to pass-through items.

F. Business combinations

Acquisition of Ste Energy S.r.l.

On 29 May 2025, Altenia S.r.l. (89% owned by Terna Energy Solutions S.r.l., which is itself owned by Terna S.p.A.) acquired Ste Energy S.r.l. in its entirety. Ste Energy S.r.l. is a company that operates in the design, construction, and maintenance of renewable energy plants and electrical infrastructure. The acquisition is intended to consolidate Altenia S.r.l.'s position as a national market leader in the construction and operation of photovoltaic plants.

The accounting effects of the business combination, provisionally recognised in accordance with IFRS 3 "Business Combinations", are summarised in the table below. Specifically, the consideration paid for the acquisition of Ste Energy S.r.l., along with the value of the assets acquired and the liabilities assumed at the time of acquisition, is summarised below:

Amount of assets acquired and liabilities assumed as at 29 May 2025		(€/000)
		FAIR VALUE
ASSETS		
Fixed assets		
Property, plant and equipment		364
Goodwill		3,324
Intangible assets		768
Financial fixed assets		6
Deferred tax assets		267
Other assets		64
Total fixed assets		4,729
Current assets		
Trade receivables		27,729
Warehouse		24
Income tax assets		186
Other assets		1,660
Liquid assets		6,904
Total Current Assets		36,503
TOTAL ASSETS		41,232
LIABILITIES		
Non-current liabilities		
Employee benefits		148
Provisions for risks and charges		3,303
Total non-current liabilities		3,451
Current liabilities		
Short-term borrowings		5,633
Trade payables		19,785
Tax liabilities		1,942
Other liabilities		3,606
Total current liabilities		30,966
TOTAL LIABILITIES		34,417
NET ASSETS ACQUIRED*		6,879
Initial Shareholders' Equity		6,879
CONSIDERATION		15,271
GOODWILL		8,392

According to IFRS 3, the acquirer must allocate the cost of the business combination by recognising all assets, liabilities and contingent liabilities that meet the relevant recognition criteria, as measured at their fair value on the acquisition date. In this case, the cost of acquiring 100% of the company's capital was €15.3 million.

The amount of the expected consideration was higher than the value of the net assets at the acquisition date, resulting in the recognition of goodwill of approximately €8.4 million.



G. Related party transactions

Given that Terna S.p.A. is subject to the de facto control of Cassa Depositi e Prestiti S.p.A. (registered office at Via Goito 4, 00185 Rome, Italy and consolidated financial statements available on the website at www.cdp.it), a situation ascertained in 2007, related party transactions entered into by Terna during the period include transactions with the associates (Cesi S.p.A., Coreso S.A. and CGES) and employee pension funds (Fondenel and Fopen), as well as transactions with Cassa Depositi e Prestiti itself, with CDP Reti S.p.A. and with the companies directly or indirectly controlled by the Ministry of the Economy and Finance (“MEF”).

Given that Terna Group companies and the companies directly or indirectly controlled by the Ministry of the Economy and Finance meet the definition for classification as “government-related entities”, in accordance with IAS 24 – *Related Party Disclosures*, the Group has elected to adopt the partial exemption – permitted by the standard – from the disclosure requirements in respect of other companies controlled, influenced or jointly controlled by the same government entity. The remainder of this section provides qualitative and quantitative disclosures on transactions with government-related entities having a significant impact on the Group’s results. Amounts relating to pass-through items are not included in these disclosures.

Related party transactions in the first half of 2025 are largely related to services supplied in the course of ordinary activities and conducted on an arm’s length basis⁴⁹.

The nature of sales to and purchases from related parties by the Terna Group is shown below, followed by details of the revenue and costs resulting from such transactions during the period and the related assets and liabilities outstanding at 30 June 2025.

RELATED PARTY	REVENUE-GENERATING TRANSACTIONS	COST-GENERATING TRANSACTIONS
Parent		
Cassa Depositi e Prestiti S.p.A.		Credit facilities.
Associates		
Cesi S.p.A.	Rental income on laboratories and other similar facilities for specific uses, dividends.	Technical studies and consultancy, research, design and experimentation.
CGES	Sundry services.	
CORESO S.A.		Technical coordination service for the TSO.
Other related parties		
GSE Group	Metering charge, dispatching charge.	Rental of spaces and workstations.
Webuild S.p.A.	Infrastructure maintenance.	
Sogin	Sundry services.	
Enel Group	Transmission charge and aggregation of meter readings, dispatching charge, leases and rentals, power line maintenance, movement /re-routing of power lines, housing of fibre cable and maintenance of communications carried over proprietary power lines.	Recovery of energy discount, building services, MV power to new substations, specialist services for connection to Terna’s control and protection systems.
Ferrovie Group	Dispatching charge, movement of power lines.	Right-of-way fees.
ENI Group	Dispatching charge.	Contributions for NTG connections, sundry services.
Snam Rete Gas S.p.A.	Movement /re-routing of power lines.	
ANAS S.p.A.	Movement /re-routing of power lines.	Right-of-way fees.
Open Fiber S.p.A.	IRU agreements for fibre.	Provision of services for the rental of fibre.
Fondenel and Fopen		Pension contributions payable by the Terna Group.
Other related parties of the MEF	Sundry services.	
Gestore dei Mercati Energetici S.p.A.	Buying and selling Energy Efficiency Certificates.	
Ansaldo Energia S.p.A.	Infrastructure maintenance.	

⁴⁹ In this respect, after 30 June 2025, the Company entered into three loan agreements guaranteed by SACE under the Archimede Guarantee worth more than €1 billion on 10 July 2025 (see Terna S.p.A. press release of 10 July 2025). As disclosed in Terna’s press release dated 12 July 2025, the guarantees, when considered cumulatively, qualify as of greater importance, and were deemed excluded from the related parties procedure as they are ordinary transactions carried out at market or standard conditions pursuant to art. 13 of Consob Regulation.

Revenue and costs

(€m)

	REVENUE COMPONENTS		COST COMPONENTS
	TRANSMISSION CHARGE AND OTHER REVENUE FROM REGULATED ACTIVITIES	NON-ENERGY-RELATED ITEMS	
De facto parent			
Cassa Depositi e Prestiti S.p.A.	-	-	0.4
Total de facto parent	-	-	0.4
Associates:			
Cesi S.p.A.	-	-	0.4
CGES	-	-	-
CORESIO SA	-	-	3.5
Total associates	-	-	3.9
Other related parties:			
GSE Group	1.9	0.5	0.1
Enel Group	1,211.9	4.8	0.3
Eni Group	5.7	4.1	0.1
Ferrovie Group	2.0	1.0	-
Fincantieri	-	0.1	-
SNAM Group	-	0.1	-
Anas S.p.A.	-	-	0.3
Sogin	-	0.1	-
Open Fiber S.p.A.	-	0.6	-
Total other related parties	1,221.5	11.3	0.8
Pension funds:			
Fondenel	-	-	0.5
Fopen	-	-	2.1
Total pension funds	-	-	2.6
TOTAL	1,221.5	11.3	7.7

Assets and liabilities

(€m)

	PROPERTY, PLANT AND EQUIPMENT	RECEIVABLES AND OTHER ASSETS	PAYABLES AND OTHER LIABILITIES	CASH	GUARANTEES*
	CAPITALISED COSTS	OTHER	OTHER		
De facto parent					
Cassa Depositi e Prestiti S.p.A.	3.0	-	10.7	-	(229.5)
Total de facto parent	3.0	-	10.7	-	(229.5)
Associates:					
Cesi S.p.A.	3.3	-	2.6	-	4.8
CGES	-	1.1	-	-	-
CORESIO SA	-	-	1.1	-	-
Total associates	3.3	1.1	3.7	-	4.8
Other related parties:					
GSE Group	-	0.4	0.2	-	-
Enel Group	9.5	459.8	41.8	-	787.8
Eni Group	0.1	4.4	14.8	-	80.5
Ferrovie Group	0.2	7.7	15.5	-	22.2
ANAS S.p.A.	0.1	2.7	3.7	-	-
Snam Rete Gas S.p.A.	-	0.1	4.0	-	-
Fincantieri S.p.A.	1.3	0.1	-	-	-
Ansaldo Energia S.p.A.	-	-	1.6	-	2.3
Open Fiber S.p.A.	-	0.8	0.1	-	(0.5)
Sogin	-	0.1	-	-	-
Webuild S.p.A.	-	-	12.7	-	(0.8)
Other related parties of the MEF	4.2	-	0.1	3.1	9.6
Total other related parties	15.4	476.1	94.5	3.1	901.1
Pension funds:					
Fopen	-	-	3.0	-	-
Total pension funds	-	-	3.0	-	-
TOTAL	21.7	477.2	111.9	3.1	676.4

* Guarantees regard surety bonds received from contractors, with the exception of the amount relating to Cassa Depositi e Prestiti S.p.A. regarding a Revolving Credit Facility.



The impact of related-party transactions or positions on the statement of financial position and the income statement is summarised below:

Statement of financial position

(€m)

	30.06.2025			31.12.2024		
	TOTAL	RELATED PARTIES	% SHARE	TOTAL	RELATED PARTIES	% SHARE
Property, plant and equipment	20,025.9	21.7	0.1%	19,237.1	61.0	0.3%
Trade receivables	3,033.0	477.2	15.7%	3,194.8	264.6	8.4%
Cash and cash equivalents	2,398.1	3.1	0.1%	2,311.5	-	-
Trade payables	3,421.7	53.1	1.6%	3,524.5	48.5	1.4%
Other current liabilities	899.2	58.8	6.5%	776.9	55.7	7.2%

Income statement

(€m)

	H1 2025			H1 2024		
	TOTAL	RELATED PARTIES	% SHARE	TOTAL	RELATED PARTIES	% SHARE
Revenue from sales and services	1,854.3	1,232.8	66.5%	1,728.3	1,105.7	64.0%
Other revenue and income	39.9	0.1	0.3%	26.1	0.2	0.8%
Raw and consumable materials used	144.9	-	-	138.0	-	-
Services	159.5	4.9	3.1%	155.4	6.5	4.2%
Personnel expenses	209.9	2.6	1.2%	183.2	4.8	2.6%
Other operating costs	20.1	0.2	1.0%	20.6	2.4	11.7%
Financial expenses	(332.1)	-	-	(227.7)	-	-

The impact of related party cash flows is shown below:

Statement of cash flows

(€m)

	H1 2025			H1 2024		
	TOTAL	RELATED PARTIES	% SHARE	TOTAL	RELATED PARTIES	% SHARE
Cash flow from operating activities	1,042.6	(208.0)	(20.0%)	528.0	(96.3)	(18.2%)
Cash flow from investing activities	(1,249.3)	39.3	(3.1%)	(1,249.6)	40.1	(3.2%)
Cash flow from financing activities	293.6	-	-	1,088.0	-	-

H. Significant non-recurring, atypical or unusual events and transactions

No significant non-recurring, atypical or unusual events or transactions, involving either third or related parties, took place in the first half of 2025.

I. Notes to the statement of cash flows

Cash flow from **continuing operations** during the period under review stood at €1,042.6 million, with approximately €1,374.0 million in operating cash flow and an outflow of approximately €331.4 million generated by changes in net working capital.

Net outflow from investing activities totalled €1,249.3 million and related mainly to investment in property, plant and equipment (€1,129.2 million) net of contributions on collections (excluding right-of-use assets recognised in accordance with IFRS 16), investment in intangible assets (€168.1 million), net of capitalised financial expenses (€56.1 million).

The net change in **shareholders' equity** showed a decrease of €549.0 million due to the payment of the balance of the 2024 dividend (down €549.0 million). More details are provided in Note "24. Equity attributable to owners of the Parent and non-controlling interests".

As a result, net cash used in investing activities led to a total outflow of €1,249.3 million, covered partly by cash flow from continuing operations to the extent of €1,042.6 million and partly by an increase in net debt.

The following table shows the reconciliation of net changes deriving from financing activities in the statement of cash flows:

(€m)

	31.12.2024	CASH FLOW FROM FINANCING ACTIVITIES	CHANGE IN FV AND OTHER	30.06.2025
- Long-term borrowings (including current portion)	12,091.4	662.6	34.6	12,788.6
- Short-term borrowings	1,657.1	180.0	18.4	1,855.5
Net change deriving from financing activities	13,748.5	842.6	53.0	14,644.1



L. Significant events after 30 June 2025

Terna and Politecnico di Milano presented the 2nd Level Master's Degree Course in "Innovation in Electrical Energy Systems"

On **1 July 2025**, Politecnico di Milano hosted the presentation event of the **first edition of the 2nd Level Master's Degree Course in "Innovation in Electrical Energy Systems"** promoted by Terna together with the Polytechnics of Milan, Bari and Turin as part of the PoliTech Lab, the new "High Competence Polytechnic Network". The strategic partnership between the Group led by Giuseppina Di Foggia and the Polytechnics was launched in April to promote research, innovation, advanced training and social impact for the benefit of the electricity system and the country. The Master's programme will train professionals who will be responsible for building and managing the National Electricity Grid over the coming decades. This will create highly specialised profiles, such as experts in plants and technologies, asset management, electrical power systems, and markets and regulation. At the end of the training course, participants will receive a Master's degree jointly issued by the Polytechnics of Milan, Bari and Turin.

The TSO Innovation Alliance was launched, bringing together leading European transmission system operators to drive innovation and the energy transition

On **2 July 2025**, the **TSO Innovation Alliance** was launched. It is a new collaboration platform joined by eight of Europe's largest electricity grid operators, with the **main objective of accelerating the adoption of innovative solutions designed to increase the resilience and efficiency of Europe's electricity grid while driving the integration of weather-dependent energy sources**. The TSO Innovation Alliance was established through a Memorandum of Understanding (MoU) signed by eight European Transmission System Operators (TSOs): **Terna** (Italy), **RTE** (France), **Swissgrid** (Switzerland), **Elia Group** (Belgium and Germany), **TenneT** (Netherlands), **Red Eléctrica** (Spain) and **Amprion** (Germany).

The topic to be addressed by the Alliance in its first open call is "Climate Change and Network Resilience", which combines the effects of climate change and the increasing frequency of extreme weather events with the technological solutions needed to ensure the operational security of networks.

Each year, an innovation programme will be launched focusing on identifying common challenges, finding innovative solutions, comparing technologies and innovation models and tools while promoting new ways of collaboration between TSOs. One of the main activities will be the launch of open calls for European start-ups to identify, test and validate innovative solutions through jointly conducted proof-of-concepts.

Terna and Politecnico di Torino presented the 2nd Level Master's Degree Course in "Innovation in Electrical Energy Systems"

On **2 July 2025**, Terna, in collaboration with the Polytechnics of Turin, Bari and Milan, presented the **first edition of the 2nd Level Master's Degree Course in "Innovation in Electrical Energy Systems"**. The training course, which is fully funded by Terna, sets out to train professionals specialising in the management and development of the national electricity grid. The annual programme runs for 1,500 hours, with a maximum of 45 students being admitted. The Master's programme, which includes face-to-face teaching activities, workshops and practical experience in companies, is a strategic initiative to promote research, innovation and advanced training in the energy industry. Registration is open until 12 September 2025.

Terna launches staff well-being programme

On **4 July 2025**, Terna launched a new programme concerning staff well-being. Accessible 24/7, it offers emotional, physical and practical support services provided by certified professionals. These services are also available to employees' family members. In line with the corporate-wide People Strategy, the initiative has been implemented in collaboration with an international partner. It includes psychological support sessions, physical wellness coaching, and advice on legal, financial and caregiving matters, with a special focus on management training. At the same time, Terna signed an agreement with the trade unions to improve work-life balance policies. This included extending paid leave for parents, increasing allowances for parental leave and covering childcare costs. These initiatives further bear out Terna's commitment to promoting an inclusive working environment, valuing diversity, fairness and the well-being of its employees.

BEI, SACE and Intesa Sanpaolo providing €1.5 billion to fund the construction of Terna's Adriatic Link

On **10 July 2025**, Terna obtained **funding totalling €1.5 billion from the European Investment Bank (EIB), SACE and Intesa Sanpaolo for the construction of the Adriatic Link**, a strategic submarine power line that will connect the Marche and Abruzzo regions. The financial transaction consists of three credit lines. The first is a €750 million loan from the EIB over 22 years. The second is a €500 million loan from Intesa Sanpaolo over seven years. The third is a further €250 million loan from Intesa Sanpaolo with indirect EIB funding over seven years. All of these credit lines are guaranteed by SACE through the Archimede Guarantee, providing coverage of over €1 billion.

The Adriatic Link, included in the National Integrated Energy and Climate Plan, is a 251 km long high-voltage direct current (HVDC) line (210 km in submarine cable), with a transmission capacity of 1,000 MW. The new infrastructure, which is to be completely buried or laid under the seabed, will connect the electricity substations in Fano (Pesaro) and Cepagatti (Pescara). This will enhance energy exchange in Central Italy, drive the integration of renewable energy sources and guarantee the security and flexibility of the national electricity system. Groundworks have been authorised by the Ministry of the Environment and Energy Security and is well underway.

This project will also have a positive impact on the economic development of the regions involved, contributing to local growth. The institutions and companies involved emphasised the importance of this agreement with a view to strengthening the Italian energy market, supporting the energy transition and promoting public-private collaboration for the development of sustainable and innovative infrastructure.

Terna and Politecnico di Bari presented the 2nd Level Master's Degree Course in "Innovation in Electrical Energy Systems"

On **10 July 2025**, Politecnico di Bari hosted the presentation event of the first edition of the **2nd Level Master's Degree Course in "Innovation in Electrical Systems for Energy"** promoted by Terna together with the Polytechnics of Bari, Milan and Turin as part of the PoliTech Lab. The Master's course, entirely financed by Terna, aims to train highly specialised professionals for the management and development of the national electricity grid.

Applications may be submitted until 12 September 2025. The Master's programme is intended for graduates in engineering and runs for 1,500 hours, with a maximum of 45 students being admitted. Upon completion, 60 course credits will be awarded, while scholarships will be available to cover full costs. The course will include lectures, workshops, seminars, plant visits and in-company practical experience, with activities held at the three universities and the Terna Academy Campus in Rome.



Terna: signed Memorandum of Understanding with NPC Ukrenergo

On **10 July 2025** on the occasion of the Ukraine Recovery Conference 2025 held in Rome, **Terna and NPC Ukrenergo**, the Ukrainian Transmission System Operator, **signed a three-year Memorandum of Understanding to promote technical and regulatory cooperation in the management of electric transmission systems.**

The agreement promotes the exchange of knowledge in areas such as energy security, technological innovation, and sustainability. It features joint training programmes, research and development endeavours, and the sharing of best practices in the industry. The partnership also sets out to consolidate Ukraine's integration into the pan-European electricity system.

Both companies are members of ENTSO-E and will also cooperate within the association to help define the rules and development plans of the European network. The understanding reached is a strategic step towards ensuring Ukraine's energy security while facilitating its full integration into the European energy market, enhancing their respective competencies in digitalisation, crisis management and system restoration.

Terna and the Sicilian Region presented the 2025-2034 National Electricity Grid Development Plan

On **11 July 2025**, in Palermo, Terna presented its National Electricity Grid Development Plan for the period 2025–2034 to the Sicilian Regional Government, with investments of around €3.5 billion, the highest amount ever allocated to any Italian region. The Plan aims to improve the efficiency, resilience and sustainability of the regional electricity system through integrated and coordinated planning. The key objective is to increase capacity from renewable sources by about 10.5 GW by 2030, with more than 130 GW of connection requests between renewable energy plants and storage systems.

The main projects include the Tyrrhenian Link, two 500 kV submarine lines connecting Sicily with Campania and Sardinia, with the eastern section already completed in 2025 at record depth.

In order to support the energy transition, Terna has launched a university Master's degree programme in Digitalisation of the Electricity System, developed together with the universities of Palermo, Cagliari and Salerno. The programme has been extended until 2027.

The plan also includes the Elmed project, an underwater interconnection between Italy and Tunisia that will promote renewable energy integration and energy security.

New 380 kV power lines are planned to improve the island's internal connectivity and reduce congestion, as well as the upgrading of the 220 kV network and strategic connections such as Paternò-Pantano-Priolo and Messina Riviera-Messina Nord. Emphasis should also be placed on the Bolano-Annunziata submarine link (380 kV), which will increase the interconnection capacity between Sicily and Calabria to 2,000 MW, expanding the network in southern Italy.

Terna manages more than 4,500 km of high-voltage lines and 81 electricity substations in Sicily, with about 330 employees, underlining the key role played by the island in the national electricity system.

Terna enters into agreements to provide guarantees for funding the rollout of the Adriatic Link

With reference to the transaction covered in the joint press release of 10 July 2025 between the EIB, Terna, SACE and Intesa Sanpaolo regarding the execution of agreements for the disbursement of funding guaranteed by SACE S.p.A. to the extent of approximately €1 billion, **Terna S.p.A.**, pursuant to Article 6 of Consob Regulations on related party transactions, **announced that**:

- **The guarantees will be provided by a related party of Terna S.p.A.**, as **SACE** is included in Terna S.p.A.'s Related Parties Register;
- **The transactions** as a whole **are of greater magnitude** as the aggregate value of the guarantees exceeds the materiality threshold set forth in the regulations in force.

Examined by the Advisory Board and the Company's Related-Party Transactions Committee, the transactions were deemed to be excluded from the applicable related party procedure, as they were ordinary transactions concluded at market or standard conditions, as set out in Article 13 of Consob Regulations.

Terna successfully launched the first European Green Bond, worth €750 million and with a six-year maturity

On **15 July 2025**, Terna successfully **launched the first European Green Bond** worth **€750 million**, with a six-year maturity and a fixed coupon of 3%. The inaugural issue was well received by the market, with total demand almost five times higher than the initial offer. This ensured full alignment with the European Taxonomy.

Terna filed corporate records

On **15 July 2025**, notice was given that **the resolution of the Board of Directors** of 15 May 2025 regarding the bond issue and Liability Management programme had been filed with the Company's registered office and published on the Company's website (www.terna.it), as well as on the website of the authorised storage mechanism "1Info" (www.1info.it).



Terna and the Apulia Region presented the 2025-2034 Development Plan for the national electricity grid

On **16 July 2025**, notice was given that **Terna and the Apulia Region** presented the **2025-2034 Development Plan** for the national electricity grid. Under this Plan, **investments of €3.2 billion** are to be made over a ten-year time horizon **with a view to increasing the efficiency, resilience and sustainability of the regional electricity system**.

The meeting was held in Bari and was attended by the Vice-President of the Regional Council and Councillor for the Budget, Raffaele Piemontese, the Councillor for the Environment, Serena Triggiani, and the heads of the Economic Development and Environment departments. On that occasion, the strategic measures planned for Apulia were outlined, the region ranking second in Italy in terms of investment made in the electricity grid.

One of the main innovations is “Efficient Territorial Planning”, an integrated and shared framework that coordinates and manages connection requests in a sustainable way, driving a joint-effort development of generation and consumption plants and related infrastructure. The aim is to minimise costs and the impact on the area.

The Plan also includes key projects geared towards increasing safety and transport capacity, integrating renewable sources and reducing congestion, while supporting decarbonisation objectives. In addition, innovative capabilities are to be deployed as part of the plan to increase transit capacity between different market areas and enhance international interconnections.

More specifically, the electricity system in Apulia is based on two 380 kV backbones between Foggia and Galatina, as well as power lines connecting with neighbouring regions and the Greek grid via the Gr.Ita connection. One of the main projects is the Adriatic Backbone, which will rely on HVDC technology to connect Foggia to Forlì, significantly increasing exchange capacity and the integration of renewable sources to ensure a more stable and sustainable network.

With regard to interconnections, in 2023 Terna started a public consultation exercise for the GR.ITA.2 project, a new direct current power line connecting Italy and Greece. The link, comprising approximately 240 km of submarine cables and 50 km of land power lines, will provide a capacity of up to 1,000 MW between Melendugno (Apulia) and Thesprotia (Greece). This will improve grid security in Southern Italy while promoting an efficient and integrated energy supply between the two countries.

Terna manages over 4,000 km of high-voltage and extra-high-voltage power lines and 61 electricity substations in the region.

Terna, high temperatures drive consumption in June: up 7.4%

Electricity demand in **June 2025** in Italy reached 27.6 billion kWh, an increase of 7.4% compared to the same month in 2024. This increase was attributable to exceptionally high temperatures. This trend was positive across the country, with the largest increases in the North (up 8.9%).

Electricity demand was stable in the first half of the year (up 0.3%). National electricity demand was met 84.5% by domestic production. Cross-border exchange amounted to 4.3 TWh, up 44.5% year-on-year.

Renewable sources covered 48.5% of demand in June and photovoltaic generation hit a new record production (up 36.7%). In the first six months, installed renewable capacity grew by more than 3,000 MW, mainly with respect to photovoltaic systems (up 2,809 MW), bringing total installed solar and wind capacity to more than 53 GW. Finally, the storage capacity rose by 69.3% compared to June 2024, to 16,411 MWh.

Terna - Underground cable connection authorised in the municipality of Naples

On **25 July 2025**, the Ministry of the Environment and Energy Security authorised Terna's project for the **construction of a new underground power line in the municipality of Naples**. The project, worth in the region of **€13 million euro**, involves the laying of a 220 kV power line, approximately 5 km long, **to connect the 'Doganella' and 'Poggioreale' primary substations** to the national power grid, both substations being owned by the local distributor.

The route will primarily impact existing roads in IV and VI Municipalities, as well as the industrial area of Poggioreale. The connection will be made using underground XLPE-insulated cables, a state-of-the-art technology that ensures high reliability and sustainability standards. The project will upgrade the power grid in the eastern part of the city, thereby improving the safety and efficiency of the transmission system. Operations are expected to reach completion within 24 months, including the design, procurement, construction, and commissioning phases. The project is part of the plan to restructure the power grid in the Naples metropolitan area. This plan was set out as part of the Cooperation Agreement entered into by Terna and the Municipality of Naples in 2020. The Municipal Permanent Technical Committee will coordinate its rollout. With over 3,800 kilometres of lines and 63 substations deployed in Campania, Terna solidifies its role as a key player in developing a modern, safe, and sustainable electricity system.

Terna - Work gets underway on a new power line between western and eastern Sicily

On **25 July 2025**, Terna **started work on the construction of the new "Chiaramonte Gulfi - Ciminna" power line**, a key infrastructure for the Sicilian power grid, which **will connect the eastern and western parts of the island**. Construction work began on 14 May. The project is the first ultra-high-voltage power line that Terna has built in western Sicily, which currently relies on a 220 and 150 kV grid. The project aims to improve the quality and reliability of the island's electricity service and will require an **investment of approximately € 440 million**. The new 380-kV power line is approximately 170 kilometres long and will connect the existing substations in Chiaramonte Gulfi (Ragusa) and Ciminna (Palermo), crossing as many as six provinces (Agrigento, Caltanissetta, Catania, Enna, Palermo, and Ragusa) and 24 municipalities. **The project will increase energy exchange capacity while ensuring safer, more stable grid management**. At the same time, it will promote a more efficient use of energy from renewable sources in line with the country's energy transition objectives. The project builds on consultations with local authorities, which culminated in a Memorandum of Understanding being signed between Terna, the Sicilian regional government, and the relevant provinces and municipalities. The agreement includes a plan to streamline the 150 and 70 kV networks. This plan involves demolishing approximately 20 km of existing power lines in densely populated urban areas. The project is expected to take approximately 48 months to complete and will involve many specialised firms, including civil and electrical engineering firms, high-tech component suppliers, construction companies, and local operators. The project will generate significant economic and employment benefits for the local area both directly, through the use of local labour and resources, and indirectly, through the knock-on effect in the service, logistics, and materials supply sectors. Terna employs approximately 330 people and manages over 4,500 kilometres of high- and ultra-high-voltage lines and 81 substations across Sicily. With €3.5 billion in planned investments over the next ten years, the region boasts the highest volume of projects to be deployed in any area as part of the 2025–2034 Development Plan. Thanks to its strategic location, Sicily is poised to play a pivotal role in establishing Italy as a major energy hub in the Mediterranean. This will be achieved through initiatives like Elmed, the inaugural electricity interconnection between Europe and Africa, as well as the Tyrrhenian Link, which will link Sicily with Campania and Sardinia.



Attestation

of the Group's Half-year Report pursuant to Art. 81-ter of CONSOB
Regulation 11971 of 14 May 1999, as amended

Attestation of the Group's Half-year report pursuant to art. 81-ter of CONSOB Regulation 11971 of 14 May 1999, as amended

“Half-year attestation”

The undersigned, Giuseppina Di Foggia, as Chief Executive Officer, and Francesco Beccali, as Manager responsible for Terna SpA's financial reporting, having also taken account of the provisions of art.154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, attest to:

- the adequacy with regard to the nature of the Company, and
- the effective application of the administrative and accounting procedures adopted in preparation of the condensed consolidated interim financial statements during the six months ended 30 June 2025.

In this regard, no material aspects have emerged.

We also attest that the condensed consolidated interim financial statements:

- a. have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by the Council on 19 July 2002;
- b. are consistent with the underlying accounting books and records;
- c. provide a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.

The interim report on operations includes a reliable analysis of key events during the first six months of the year and of their impact on the condensed consolidated interim financial statements, as well as a description of the main risks and uncertainties to which the issuer is exposed in the remaining six months of the year.

The interim report on operations also includes a reliable analysis of related party disclosures.

Rome, 29 July 2025

Chief Executive Officer

Giuseppina Di Foggia

(original signed)

Manager responsible for financial reporting

Francesco Beccali

(original signed)

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Independent Auditor's

review report on the condensed consolidated interim financial
statements at and for the six months ended 30 June 2025

REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Terna S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Terna S.p.A. and subsidiaries (the "Terna Group") as of June 30, 2025, which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Terna Group as at June 30, 2025 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Maria Ginevra De Romanis
Partner

Rome, Italy
July 30, 2025

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

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Milan

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Creative concept
Graphic design
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