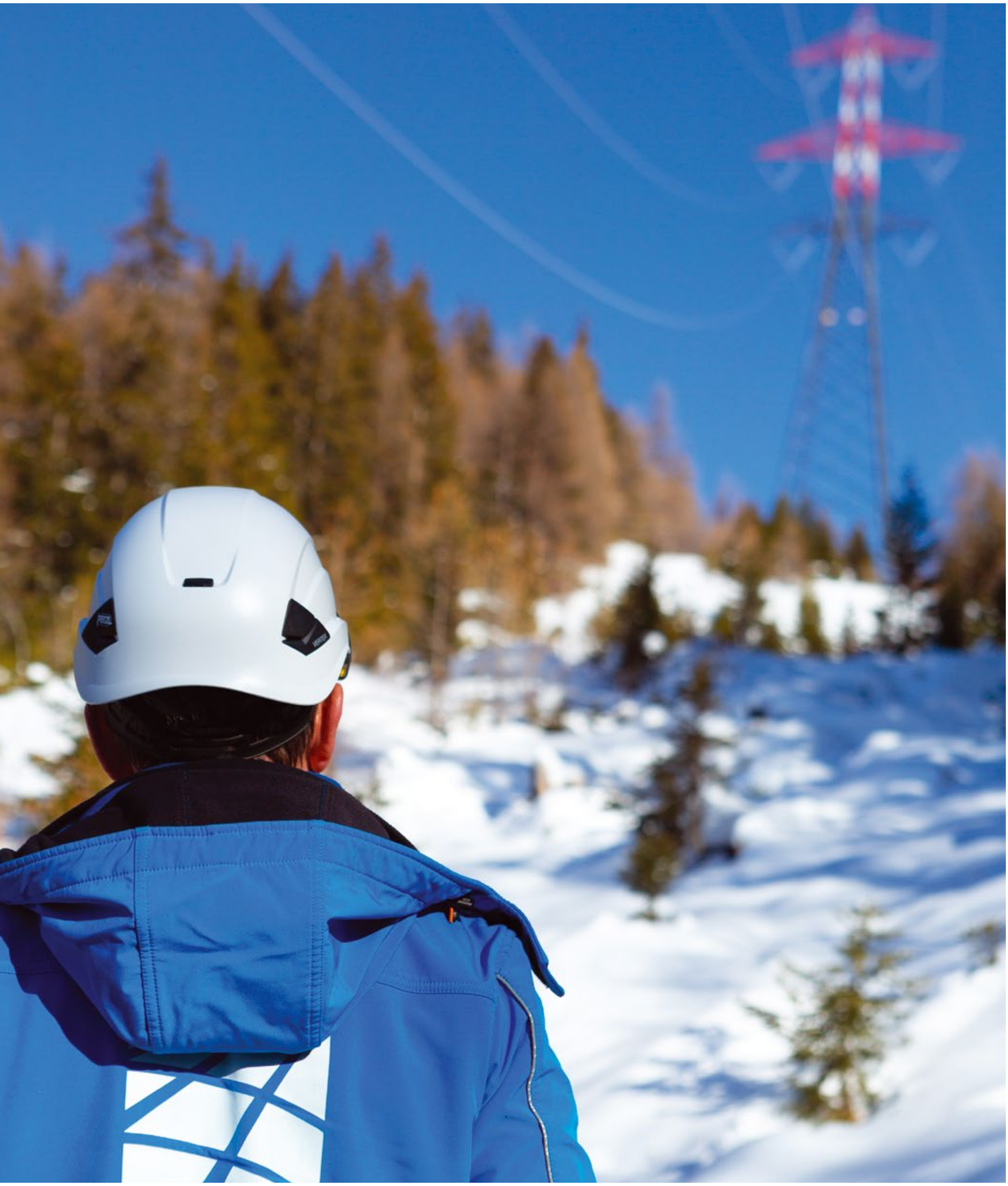
CONSOLIDATED FINANCIAL STATEMENTS


Terna



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Consolidated income statement

(€m)

	NOTES	2024	2023
A - REVENUE			
1. Revenue from sales and services	1	3,616.2	3,122.8
of which: related parties		*2,210.3*	*1,805.9*
2. Other revenue and income	2	64.0	63.9
of which: related parties		*0.6*	*0.4*
Total revenue		**3,680.2**	**3,186.7**
B - OPERATING COSTS			
1. Raw and consumable materials used	3	305.2	285.4
of which: related parties		*1.4*	*0.1*
2. Services	4	354.4	312.3
of which: related parties		*12.0*	*10.1*
3. Personnel expenses	5	409.3	377.2
- gross personnel expenses		*569.9*	*513.6*
- capitalised personnel expenses		*(160.6)*	*(136.4)*
of which: related parties		*5.1*	*4.4*
4. Amortisation, depreciation and impairment losses	6	889.0	806.3
5. Other operating costs	7	44.9	43.2
of which: related parties		*2.5*	*0.2*
Total operating costs		**2,002.8**	**1,824.4**
A-B OPERATING PROFIT/(LOSS)		**1,677.4**	**1,362.3**
C - FINANCIAL INCOME/(EXPENSES)			
1. Financial income	8	156.7	115.5
2. Financial expenses	8	(332.1)	(235.8)
3. Share of profit/(loss) of equity investments accounted for using the equity method	9	3.9	2.6
D - PROFIT/(LOSS) BEFORE TAX		**1,505.9**	**1,244.6**
E - INCOME TAX EXPENSE	10	**455.0**	**364.3**
F - PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**1,050.9**	**880.3**
G - PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE	11	**11.6**	**2.5**
H - PROFIT FOR THE YEAR		**1,062.5**	**882.8**
Profit attributable to owners of the Parent		**1,061.9**	**885.4**
Profit attributable to non-controlling interests		**0.6**	**(2.6)**
Earnings per share*	12		
Basic earnings per share		0.523	0.428
Diluted earnings per share		0.523	0.428
Earnings per share from continuing operations*			
Basic earnings per share	12	0.517	0.426
Diluted earnings per share		0.517	0.426

* *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	2024	2023
PROFIT FOR THE YEAR		**1,062.5**	**882.8**
Other comprehensive income for the year reclassifiable to profit or loss			
- Cash flow hedges	24	(30.2)	(37.6)
- Financial assets at fair value through other comprehensive income	24	2.3	1.0
- Gains/(Losses) from translation of financial statements in currencies other than the euro	24	(2.7)	11.7
- Cost of hedges	24	0.1	0.2
Other comprehensive income for the year not reclassifiable to profit or loss			
- Actuarial gains/(losses) on provisions for employee benefits	24	6.0	(3.5)
Total other income statement for the year		**(24.5)**	**(28.2)**
COMPREHENSIVE INCOME FOR THE YEAR		**1,038.0**	**854.6**
COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Parent Company		*1,037.3*	*857.0*
Non-controlling interests		*0.7*	*(2.4)*

* *Amounts are shown net of tax, where applicable.*

Consolidated statement of financial position

(€m)

	NOTES	AT 31 DECEMBER 2024	AT 31 DECEMBER 2023
A – NON-CURRENT ASSETS			
1. Property, plant and equipment	13	19,237.1	17,596.7
of which: related parties		*61.0*	*59.3*
2. Goodwill	14	250.9	252.3
3. Intangible assets	15	731.3	614.9
4. Deferred tax assets	16	228.4	168.7
5. Investments accounted for using the equity method	17	81.6	76.7
6. Non-current financial assets	18	388.2	425.8
7. Other non-current assets	19	14.9	15.5
Total non-current assets		**20,932.4**	**19,150.6**
B – CURRENT ASSETS			
1. Inventories	20	108.2	75.0
2. Trade receivables	21	3,194.8	2,154.8
of which: related parties		*264.6*	*344.4*
3. Current financial assets	18	447.3	384.1
4. Cash and cash equivalents	22	2,311.5	1,378.2
of which: related parties		-	*0.2*
5. Income tax assets	23	8.7	4.8
6. Other current assets	19	168.3	160.9
Total current assets		**6,238.8**	**4,157.8**
C - Discontinued operations and assets held for sale	30	**15.4**	**85.0**
TOTAL ASSETS		**27,186.6**	**23,393.4**

(€m)

	NOTES	AT 31 DECEMBER 2024	AT 31 DECEMBER 2023
D - EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
1. Share capital		442.2	442.2
2. Other reserves		2,669.9	1,836.6
3. Retained earnings/(accumulated losses)		3,589.8	3,390.5
4. Interim dividend		(239.6)	(230.3)
5. Profit attributable to owners of the Parent		1,061.9	885.4
Total equity attributable to owners of the Parent	24	**7,524.2**	**6,324.4**
E - EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	24	**19.8**	**18.9**
Total equity attributable to owners of the Parent and non-controlling interests		**7,544.0**	**6,343.3**
F - NON-CURRENT LIABILITIES			
1. Long-term borrowings	25	11,410.4	9,409.2
2. Employee benefits	26	48.2	49.8
3. Provisions for risks and charges	27	169.8	151.8
4. Non-current financial liabilities	25	58.8	164.5
5. Other non-current liabilities	28	1,091.5	948.3
Total non-current liabilities		**12,778.7**	**10,723.6**
G - CURRENT LIABILITIES			
1. Short-term borrowings	25	1,657.1	1,201.7
2. Current portion of long-term borrowings	25	681.0	1,384.6
3. Trade payables	29	3,524.5	2,864.9
of which: related parties		*48.5*	*66.5*
4. Tax liabilities	29	112.3	-
5. Current financial liabilities	25	111.9	113.8
of which: related parties		-	*0.1*
6. Other current liabilities	29	776.9	756.9
of which: related parties		*55.7*	*34.3*
Total current liabilities		**6,863.7**	**6,321.9**
H - Liabilities related to discontinued operations and assets held for sale	30	**0.2**	**4.6**
TOTAL LIABILITIES AND EQUITY		**27,186.6**	**23,393.4**

Consolidated statement of changes in equity

31 December 2023 - 31 December 2024

Group's Share Capital and Reserves

(€m)

	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	CASH FLOW HEDGE RESERVE	TREASURY 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 YEAR										**1,061.9**	**1,061.9**	**0.6**	**1,062.5**
OTHER COMPREHENSIVE INCOME:													
- Change in fair value of cash flow hedges				(30.2)							(30.2)		(30.2)
- Actuarial gains/(losses) on employee benefits							6.0				6.0		6.0
- Gains/(Losses) from translation of financial statements in currencies other than the euro								(2.8)			(2.8)	0.1	(2.7)
- Financial assets at fair value through other comprehensive income							2.3				2.3		2.3
- Cost of hedges				0.1							0.1		0.1
Total other comprehensive income	**-**	**-**	**-**	**(30.1)**	**-**	**-**	**8.3**	**(2.8)**	**-**	**-**	**(24.6)**	**0.1**	**(24.5)**
COMPREHENSIVE INCOME	**-**	**-**	**-**	**(30.1)**	**-**	**-**	**8.3**	**(2.8)**	**-**	**1,061.9**	**1,037.3**	**0.7**	**1,038.0**
TRANSACTIONS WITH SHAREHOLDERS:													**-**
- Appropriation of profit for 2023:													-
Retained earnings								*202.8*		*(202.8)*	*-*		*-*
Dividends									*230.3*	*(682.6)*	*(452.3)*	*(2.0)*	*(454.3)*
- Interim dividend 2024									(239.6)		(239.6)		(239.6)
- Purchase of treasury shares					(1.6)						(1.6)		(1.6)
Total transactions with shareholders	**-**	**-**	**-**	**-**	**(1.6)**	**-**	**-**	**202.8**	**(9.3)**	**(885.4)**	**(693.5)**	**(2.0)**	**(695.5)**
Change in scope of consolidation							7.2	(8.6)			(1.4)	2.2	0.8
Equity instruments – Perpetual hybrid bonds						842.1					842.1		842.1
Share option reserve							0.3				0.3		0.3
Coupons payable to holders of hybrid bonds								(2.6)			(2.6)		(2.6)
Other changes						4.5	2.6	10.5			17.6		17.6
Total other changes	**-**	**-**	**-**	**-**	**-**	**846.6**	**10.1**	**(0.7)**	**-**	**-**	**856.0**	**2.2**	**858.2**
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**

31 December 2022 - 31 December 2023
Group's Share Capital and Reserves

(€m)

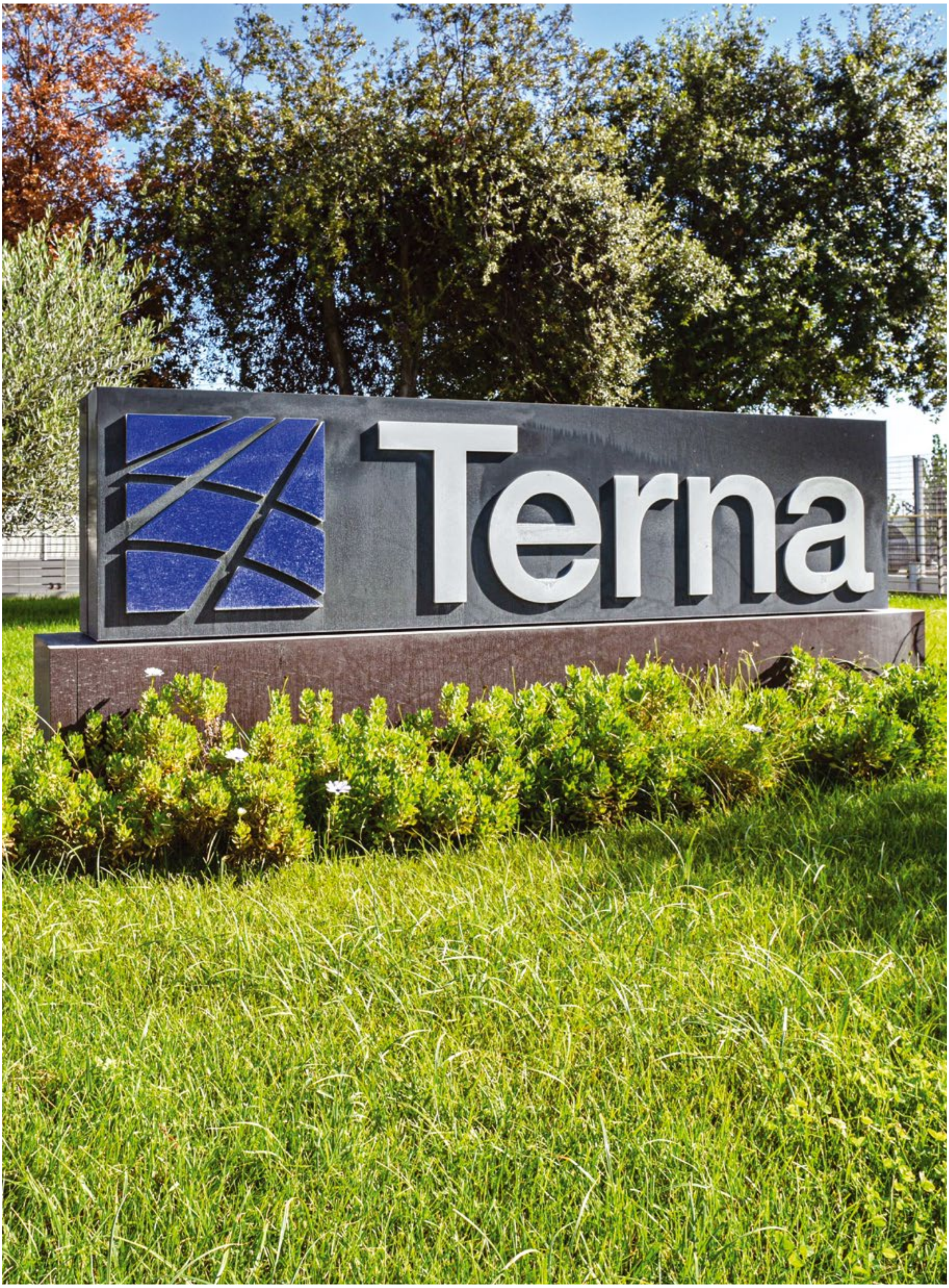
	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	CASH FLOW HEDGE RESERVE	RESERVE FOR TREASURY SHARES	RESERVE FOR EQUITY INSTRUMENTS - PERPETUAL HYBRID BONDS	OTHER RESERVES	RETAINED EARNINGS/ (ACCUMULATED LOSSES)	INTERIM DIVIDEND	PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	EQUITY ATTRIBUTABLE 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 2022	442.2	88.4	20.0	81.1	(29.5)	989.0	726.2	3,180.9	(213.3)	857.0	6,142.0	27.1	6,169.1
PROFIT FOR THE YEAR										885.4	885.4	(2.6)	882.8
OTHER COMPREHENSIVE INCOME:													
- Change in fair value of cash flow hedges				(37.6)							(37.6)		(37.6)
- Actuarial gains/(losses) on employee benefits							(3.5)				(3.5)		(3.5)
- Gains/(Losses) from translation of financial statements in currencies other than the euro								11.5			11.5	0.2	11.7
- Financial assets at fair value through other comprehensive income							1.0				1.0		1.0
- Cost of hedges				0.2							0.2		0.2
Total other comprehensive income	-	-	-	(37.4)	-	-	(2.5)	11.5	-	-	(28.4)	0.2	(28.2)
COMPREHENSIVE INCOME	-	-	-	(37.4)	-	-	(2.5)	11.5	-	885.4	857.0	(2.4)	854.6
TRANSACTIONS WITH SHAREHOLDERS:													-
- Appropriation of profit for 2022:													-
Retained earnings								*225.0*		*(225.0)*	-		-
Dividends									*213.3*	*(632.0)*	*(418.7)*	*(5.8)*	*(424.5)*
- Interim dividend 2023									(230.3)		(230.3)		(230.3)
- Purchase of treasury shares					(0.3)						(0.3)		(0.3)
Total transactions with shareholders	-	-	-	-	(0.3)	-	-	225.0	(17.0)	(857.0)	(649.3)	(5.8)	(655.1)
Share option reserve							0.2				0.2		0.2
Coupons payable to holders of hybrid bonds								(23.8)			(23.8)		(23.8)
Other changes							1.4	(3.1)			(1.7)		(1.7)
Total other changes	-	-	-	-	-	-	1.6	(26.9)	-	-	(25.3)	-	(25.3)
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

Consolidated statement of cash flows

(€m)

	NOTES	2024	2023
PROFIT FOR THE YEAR		**1,062.5**	**882.8**
ADJUSTED BY:			
Amortisation: depreciation and impairment losses / (reversals of impairment losses) on non-current property, plant and equipment and intangible assets*	6	876.4	775.7
Accruals to provisions (including provisions for employee benefits) and impairment losses		56.9	53.7
(Gains)/Losses on sale of property, plant and equipment		(12.6)	(18.0)
Financial (income)/expense	8	175.3	118.8
Income tax expense		456.0	366.0
Other non-cash movements		(15.4)	5.2
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN NET WORKING CAPITAL		**2,599.1**	**2,184.2**
Increase/(decrease) in provisions (including provisions for employee benefits and taxation)		(24.9)	(44.2)
(Increase)/decrease in inventories		(33.2)	22.5
(Increase)/decrease in trade receivables and other current assets		(1,038.7)	259.6
Increase/(decrease) in trade payables and other current liabilities		621.3	(716.4)
Increase/(decrease) in other non-current liabilities		15.6	(25.7)
(Increase)/decrease in other non-current assets		(85.0)	(6.4)
Interest income and other financial income received		157.0	107.2
Interest expenses and other financial charges paid		(370.9)	(261.9)
Income tax paid		(371.6)	(434.0)
CASH FLOW FROM OPERATING ACTIVITIES [A]		**1,468.7**	**1,084.9**
- of which: related parties		*83.3*	*6.0*
Capital expenditure in non-current property, plant and equipment after grants received	13	(2,357.9)	(2,048.8)
Revenue from sale of non-current property, plant and equipment and intangible assets and other movements		12.7	19.4
Capitalised financial expenses		74.2	48.3
Capital expenditure in non-current intangible assets after grants received	15	(266.5)	(216.2)
(Increase)/decrease in investments in associates and joint arrangements and in other investments	17	(6.5)	(2.9)
Movements in short- and medium/long-term financial investments		60.6	(118.4)
Consideration paid for new acquisitions net of cash		-	(15.8)
Proceeds from sale of companies		79.3	-
CASH FLOW FOR INVESTING ACTIVITIES [B]		**(2,404.1)**	**(2,334.4)**
- of which: related parties		*(1.7)*	*(18.2)*
Movement in the reserve for treasury shares	24	(8.0)	(7.0)
Movement in the reserve for equity instruments	24	842.1	-
Dividends paid		(690.6)	(671.5)
Movements in short- and medium/long-term financial liabilities (including short-term portion)**		1,723.5	1,142.8
CASH FLOW FROM/(FOR) FINANCING ACTIVITIES [C]		**1,867.0**	**464.3**
INCREASE/(DECREASE) IN CASH AND EQUIVALENTS [A+B+C]		**931.6**	**(785.2)**
Cash and cash equivalents at beginning of year		1,381.8	2,167.0
Cash and cash equivalents at end of year***		2,313.4	1,381.8
- of which cash and cash equivalents from acquisitions		-	*0.3*

* *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 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 and, at 31 December 2023, "Cash and cash equivalents" of €1,378.2 million and "Cash and cash equivalents attributable to assets held for sale" of €3.6 million.*


Terna

Notes

A. Material accounting policies and measurement criteria

Introduction

Terna S.p.A.'s registered office is at Viale Egidio Galbani 70, Rome, Italy. The consolidated financial statements at and for the year ended 31 December 2024 include the Company's financial statements and those of its subsidiaries (the "Group"). The subsidiaries included within the scope of consolidation are listed below.
These Consolidated Financial Statements were authorised for publication by the Board of Directors convened on 25 March 2025.

The consolidated financial statements at and for the year ended 31 December 2024 are available for inspection 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.
In addition, the Board of Directors authorised the Chairman and Chief Executive Officer to make any formal amendments to the Consolidated Financial Statements that may be necessary in the drafting of the final text to be submitted to the Annual General Meeting for approval, as well as additions and adjustments to the sections concerning significant events after the reporting date.

The Terna Group is the largest independent transmission system operator in Europe and one of the leading operators in the world in terms of kilometres of line managed (more than 75 thousand kilometres).

It is responsible for the transmission and management of power flows on the high-voltage (HV) and very high-voltage (VHV) grid throughout Italy, in order to guarantee a balance between demand and supply for energy (dispatching). It is also responsible for the planning, construction and maintenance of the grid.

It acts as the Italian TSO (Transmission System Operator), having been granted a monopoly under a government concession, and is subject to regulation by Italy's Regulatory Authority for Energy, Networks and the Environment (ARERA) and the guidelines established by the Ministry of Enterprises and Made in Italy. It ensures the security, quality and cost-effectiveness of the national electricity system and has the task of developing the grid and integrating it with the European grid. It ensures equal access for all grid users.

As of the financial statements for the year ended 31 December 2021, the Terna Group has complied with the requirement introduced by the European Transparency Directive and publishes its Annual Report using the European single electronic format (ESEF), tagging all the numbers in the consolidated financial statements and the issuer's basic financial information using the iXBRL format. In addition, as of 31 December 2022, all the notes to the consolidated financial statements have been block tagged.

Compliance with IAS/IFRS

The consolidated financial statements at and for the year ended 31 December 2024 have been 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 ("EU-IFRS").
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 15519 ("Provisions governing financial statements in implementation of art. 9, paragraph 3 of Legislative Decree 38/2005") and 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").

Basis of presentation

The consolidated financial statements consist of the statement of financial position, the income statement, and the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the notes thereto.
In the statement of financial position, assets and liabilities are classified on a “current/non-current” basis, with separate reporting of assets and liabilities held for sale. Current assets, which include cash and cash equivalents, are those held for realisation, sale or consumption in the Group’s normal operating cycle; current liabilities are those expected to be settled in the Group’s normal operating cycle or within one year of the end of the financial year.
The income statement is classified on the basis of the nature of costs. The income statement is presented as two statements, the first of which (the income statement) presents revenue and expense items for the year; the second (the statement of comprehensive income) starts with the result for the year and then presents the revenue and expense items that are recognised in equity rather than profit or loss for the year.
The statement of cash flows has been prepared using the indirect method.

The consolidated financial statements are accompanied by the Report on Operations for Terna S.p.A. and the Group, which as from financial year 2008 has been prepared as a single document, exercising the option granted by Legislative Decree 32 of 2 February 2007, which amended art. 40 (Report on Operations) of Legislative Decree 127 of 9 April 1991. From 2024, the Terna Group’s Annual Report contains the Report on Operations, which by virtue of recent regulatory obligations in the area of reporting information of an ESG nature includes the Consolidated Sustainability Statement in a separate section, as well as the Consolidated Financial Statements, the Parent Company’s separate financial statements. The Consolidated Sustainability Statement is prepared in accordance with the provisions of Legislative Decree No. 125 of 6 September 2024, which transposes into Italian law the provisions of the (EU) 2022/2464 Corporate Sustainability Reporting Directive (“CSRD”), replacing the previous non-financial reporting requirements. In 2023, the Terna Group prepared the Integrated Report, which coincided with the Report on Operations, the Sustainability Statement and the Consolidated Non-financial Statement.

These consolidated financial statements are presented in millions of euros and all amounts are shown in millions of euros to the first decimal place, unless otherwise indicated.

Given that the requirements of IFRS 5 have been met, the total results for 2024 and 2023 attributable to the South American subsidiaries included in the planned sale of assets have been classified in the item “Profit/(Loss) from discontinued operations and assets held for sale” in the Group’s reclassified income statement. Likewise, the attributable assets and liabilities at 31 December 2024 and 2023 have been classified in the item “Discontinued operations and assets held for sale” and “Liabilities related to discontinued operations and assets held for sale” in the Group’s reclassified statement of financial position. Please refer to notes 11. and 30. for details on the transaction.

Certain amounts in the financial statements at and for the year ended 31 December 2023 have been restated to provide an improved basis of comparison, without however modifying the amount of equity at 31 December 2023 or amounts in the income statement and statement of comprehensive income for 2023.

Use of estimates

Preparation of the consolidated financial statements 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.

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. In the case that the revision affects both current and future years, the change is recorded in the year in which the estimate is reviewed as well as in the relevant future years.

The assets and liabilities subject to estimates and key assumptions used by the Group in applying the IFRS endorsed by the European Commission, and that could have a significant impact on the consolidated financial statements, or that could give rise to risks that would entail significant adjustments to the carrying amounts of assets and liabilities in subsequent years, are summarised below.

Revenue related to incentives

Recognition in the financial statements of output-based incentives may require management to use estimates and assumptions based on judgements made using actual data and estimates of the quantity and likelihood of future events. In the case of incentive mechanisms where the performance obligation is satisfied over a period of time, the Group estimates how to allocate the reward in the period, estimating the potential for the return of all or part of the accrued amounts. The amount recognised as revenue in the accounting period is the amount that is most likely not to be returned in the future. For the purpose of recognition, the Group also evaluates, for each incentive mechanism, whether or not the right (or obligation) is subject to confirmation or verification by the regulator, ARERA.
If the mechanism includes a significant financial component, the Group determines a discount rate that takes into account the credit risk associated with the asset which, given the way in which the mechanisms work and the guarantees provided to Terna under the regulatory framework, broadly coincides with the electricity system.
Certain incentive mechanisms may result in penalties for underperformance.

Impairment losses

Property, plant and equipment and intangible assets with finite useful lives are tested at least once a year to check for evidence of impairment. If there is evidence that an asset may be impaired, its recoverable amount is estimated.
The recoverable amount of goodwill is estimated at least annually. The recoverable amount is equal to the greater of the fair value less costs to sell and value in use. Value in use is measured by discounting estimated future cash flows considering information available at the time of estimate and on the basis of estimates of the performance of future variables, such as prices, costs, demand growth rates, production profiles, and discounted at a pre-tax rate that reflects current market assessments of the time value of money for the investment period and risks specific to the asset.
If the intangible asset does not generate cash inflows that are largely independent, the asset's recoverable amount is calculated as part of the Cash Generating Unit ("CGU") to which it belongs.
An impairment loss is recognised in the income statement when the asset's carrying amount, or the net invested capital of the CGU to which it belongs, is greater than its recoverable amount.
Impairment losses on CGUs are first taken as a reduction in the carrying amount of any allocated goodwill and then as a reduction in other assets allocated to the CGU on a pro rata basis. Except for goodwill, impairment losses may be reversed up to the recoverable amount or the original cost of the asset if there is an indication that the impairment loss no longer exists or when there is a change in the methods used to measure the recoverable amount.

Allowance for doubtful accounts

Trade receivables are initially recognised at fair value net of any losses relating to sums considered non-recoverable, for which specific provisions have been made in the allowance for doubtful accounts. Credit losses are determined in application of IFRS 9 (a model based on expected credit losses). This requires the Group to assess expected credit losses, and the related changes, at each reporting date.
Specifically, the Group has applied the simplified approach permitted by IFRS 9 to trade receivables in order to measure the allowance for doubtful accounts based on expected losses over the life of the receivable. The Group has thus determined the amount of expected credit losses using a provisioning matrix, based on information regarding historical credit losses for similar past due exposures, adjusted to take into account current conditions and forward-looking elements.

Provisions for risks and charges

Provisions for risks and charges are allocated when a disbursement of cash, for an amount which can be reliably estimated, will be necessary to fulfil a legal or constructive obligation arising as a result of a past event. Where the time value of money is significant, provisions are discounted using a rate that the Group believes to be appropriate (a rate is used that reflects current market conditions and the specific risks connected with the liability). After initial recognition, the value of the provisions for risks and charges is updated to reflect the passage of time and any changes in the estimate changes in the estimate that result from alterations to the forecasted amounts, timing, and discount rates used. Any increase in provisions associated with the passage of time is recognised in the income statement under “Financial expenses”.
Liabilities that can be associated with legal and tax disputes, early retirement incentives, urban and environmental restoration projects and other sundry charges are estimated by the Group. The measurement of provisions for legal disputes is based on the probability of incurring an expense, including through the use of external legal advisors supporting the Group companies; the estimate of provisions to be set aside for urban and environmental restoration projects which are the “offsets” aimed at compensating for the environmental impact of the construction of new plant, is based on an analysis of the agreements entered into with the local authorities concerned and the progress of work on construction of the new infrastructure.

Employee benefits

Post-employment benefits are defined on the basis of plans, even if not formalised, that are classified as either “defined benefit” plans or “defined contribution” plans depending on their nature.
The liability for employee benefits paid upon or following termination of employment in relation to defined benefit plans or other long-term benefits is recognised net of any plan assets and is measured on the basis of actuarial assumptions, estimating the amount of future benefits that employees have vested at the reporting date and is recognised on an accruals basis in line with the period of service necessary to obtain the benefit.
Changes in the value of the net liabilities (revaluations) deriving from actuarial gains or losses, resulting from changes in the actuarial assumptions used or adjustments based on experience, are recognised in other comprehensive income in the year in which they occur. If a plan is modified, curtailed or extinguished, the related effects are recognised in profit or loss.
Net financial expenses include the component of the return on plan assets and the interest cost to be recognised in profit or loss and are measured by multiplying the liabilities, net of any plan assets, by the discount rate applied to the liabilities; net interest on defined benefit plans is recognised in “Financial income/(expenses)”.
The actuarial valuations used to quantify employee benefits (of all plans except termination benefits or *TFR*) were based on “vested benefits”, applying the projected unit credit method. These valuations are based on the following economic and demographic assumptions: the discount rate (used to determine the present value of the obligation, determined considering returns on high quality bonds in line with the duration of the group of workers measured), the inflation rate, the rate at which future salary levels are expected to rise, the rate of increase for average health reimbursements, rate of increase for electricity prices and demographic factors, such as mortality and invalidity, retirement, resignation, advances and household composition. The method of calculation used for *TFR* consists of discounting to present value, at the measurement date, each estimated payment due to every employee, projected through to the estimated period in which the *TFR* will be paid.

The obligation under defined contribution plans, limited to the payment of contributions to the state or to a legally separate entity (a fund), is measured on the basis of the contributions payable. The cost of such plans is recognised in profit or loss based on the contribution paid during the period.

Income taxes

Legislative Decree No. 209 of 27 December 2023, concerning the “Implementation of the tax reform on international taxation”, published in the Official Gazette No. 301 of 28 December 2023, transposes into Italian law the EU Council Directive No. 2022/2523 of 15 December 2022, aimed at ensuring a global minimum level of taxation (known as Global Minimum Tax) for multinational groups of companies and large-scale domestic groups in the Union, based on the Global anti-base erosion rules (GloBE rules) developed within the OECD (known as Pillar II). The new rules on Pillar II apply from the financial years starting on or after 31 December 2023 (see Article 60 of Legislative Decree No. 209/2023). Therefore, for the Group, the legislation in question has been applied since 1 January 2024. As known, according to Pillar II, a system of compensatory taxation at the parent entity level (known as Income Inclusion Rule or IIR) applies to enterprises of a multinational group that have an effective tax rate of less than 15%. This is to the extent necessary to reach the aforementioned 15% threshold.

In agreement with the parent company Cassa Depositi e Prestiti S.p.A., the Terna Group carried out an initial assessment related to the Subgroup’s potential exposure to the “Global Minimum Tax” in relation to the 2024 financial year.

It should be noted that, pursuant to Article 38 of Legislative Decree No. 209/2023, the Terna Group should be qualified as a “minority subgroup”; it should be considered as a separate group for the purposes of calculating the effective tax rate and the supplementary tax rate.

In this respect, based on the analyses carried out together with Cassa Depositi e Prestiti S.p.A., the possibility of relying on the simplified regimes under Article 39 of Legislative Decree No. 209/2023 (so-called “transitional safe harbours” within the meaning of EU Directive 2022/2523) was positively assessed for all the jurisdictions in which the Group is present.

It should be noted that, where applicable, according to the simplified regimes no supplementary tax is payable by a group in a given State where at least one of the three tests (de minimis test, simplified effective tax rate test or ordinary profits test) set forth in EU Directive No. 2022/2523 is successful. Specifically, the simplified regimes were applied to the Group’s overall data collected for each individual country in which the entire group operates, in accordance with the method of data presentation also required by the Country-by-Country Report.

Macroeconomic environment

The Terna Group closely monitors 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.
The progressive fall in inflation and reduced commodity price volatility, compared with the peaks seen in 2022, brought a certain degree of stability to a macroeconomic backdrop that, however, remains uncertain. Moreover, economic growth slowed down, with the geopolitical situation and trade tensions making it more uncertain, as they could cause new inflationary pressure, potentially affecting the monetary policies of central banks. The main risks that could potentially increase financial market volatility in the coming months include 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 and implementing its Industrial Plan. To date, we are not aware of any circumstances requiring an in-depth assessment of the validity of application of the going concern basis.
This assumption is based on the fact that (i) revenue generated by our Regulated Activities in Italy accounts for the largest part of the Group’s income and (ii) this revenue consists of remuneration to cover both operating and capital expenditure, with both components revised annually based on the indexing rates established by the regulator. In addition, the return on invested capital is based on a WACC that is periodically revised by ARERA to enable the parameters used in calculating the cost of equity and debt to be updated.

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 useful lives.
More specifically, with regard to the recoverable amount of property, plant and equipment and intangible assets with finite useful lives forming part of the RAB (Regulated Asset Base), the assessment of expected future cash flows generated by these assets showed that the macroeconomic effects, including those resulting from the above conflicts, did not give rise to impacts constituting trigger events requiring the conduct of an impairment test.
In addition, neither the impact of the changed macroeconomic environment, nor of the geopolitical crises, has resulted in an increase in credit risk and has not affected 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. The effect of these events has not, therefore, had any impact, including with regard to the identified business model for financial instruments, thus avoiding any changes to the chosen classification.
In addition, fair value measurement of the financial assets and liabilities held by the Group has not undergone changes in terms of an increase in the related risks (market, liquidity and credit). Similarly, movements in the underlying assumptions have not altered the sensitivity analyses linked to their measurement.
In terms of recoverable amount, it should be noted that there has not been any deterioration in 2024 in the receivables due from the Group's main counterparties (dispatching customers for injections or for withdrawals and distributors), considered solvent by the market and therefore assigned high credit ratings.
As described in more detail in the section, "Credit risk", management of this risk is also driven by the provisions of ARERA Resolution 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 assessment conducted has, moreover, not provided evidence of the need to modify the model used following an evaluation of the impact of the conflicts.
Terna is not exposed to any risk of greater contract expenses due to rising inflation or increased costs incurred as a result of rising commodity and energy prices and salaries, or to the possibility that, as an issuer of financial instruments, it is unable to pass such increases on by raising the prices of its own services or goods. This is because any price increases agreed by law are covered by tariff revisions, which envisage adjustments for inflation, and its capex is recognised in full in the RAB.
It should, moreover, be noted that Terna S.p.A. and its subsidiaries do not have offices or significant operations in the regions affected by the conflicts.

Climate change

Awareness of the progress of climate change and its effects has led to a growing need to provide disclosure in 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, in its European Common Enforcement Priorities of 24 October 2024, ESMA recalled that the priorities of previous years in relation to climate-related issues remain relevant for the 2024 financial statements, and emphasised the need for issuers to consider climate changes when preparing their IFRS financial statements to the extent that such risks are material, whether or not this is explicitly required by the relevant accounting policies.
The Terna Group describes the climate scenarios and its considerations regarding actions to mitigate the effects of climate change mainly in the Climate Change section as part of the Consolidated Sustainability Statement of the Report on Operations. In this context, as a TSO providing transmission and dispatching services, the Terna Group undoubtedly plays an active role in supporting the system in achieving the challenging targets linked to efforts to reduce CO_2 emissions. Indeed, in addition to the emissions connected with electricity consumption, the most significant component relating to Terna's indirect emissions is linked to grid losses, which can also be associated with the indirect impact of the need to produce more energy. In themselves, a TSO's emissions (scopes 1 and 2 in the 'GHG emission protocol') are extremely modest when compared with the potential system-level reduction resulting from the integration of renewable sources and electrification.
The Group has chosen to report its considerations on climate change in a single note. The following is a summary of management's considerations on aspects deemed material.

IAS 1 – Presentation of Financial Statements

In the event of uncertainties, IAS 1 requires entities to analyse potential impacts in terms of the entity's ability to continue as a going concern and, with regard to the assumptions and estimates made in preparing the Annual Report. Entities are required to provide disclosure of the forward-looking estimates used and that have a significant risk of resulting in a material adjustment within the next financial year. As recommended by ESMA, which, as mentioned above, requires entities to take into account climate risks when preparing financial statements, disclosures are provided that, despite not being specifically required by IFRS, are relevant to an understanding of the financial statements.
In terms of the short term, management has not identified any specific effects of climate-related risks to be considered when applying the accounting policies.
With regard to the medium to long term, management has identified potential risks primarily linked to the Company's role as a TSO, deriving from the need to adapt the electricity grid in the form of work designed to boost resilience and allow it to handle the new profile and mix of the energy injected into the grid. However, as described in greater detail in the specific sections that follow, the steps planned with the aim of mitigating such risks do not require further consideration during application of the accounting policies used in preparation of these financial statements.
It should be noted, however, that assessment and, more specifically, quantification of climate-related risks generally requires the use of highly uncertain future-oriented assumptions, such as future technological and policy developments and Government measures.

IAS 16 – Property, Plant and Equipment

With specific regard to the grid and the related transmission service, the action plan requires a commitment to the planning, approval and delivery of investment projects related to work in response to current and future needs to integrate renewable sources, guarantee the reliability, security, adequacy and efficiency of the electricity system, such as, for example, cross-border interconnections and the development of infrastructure to enable the growing integration of renewable energy sources.
In addition, as described in the Group's Risk Framework, the Group is exposed to the risks linked to the increased intensity of weather events (tornados, heavy snowfall, ice, flooding) with a resulting impact on the continuity and quality of the service provided by Terna and/or damage to equipment, machinery, infrastructure and the grid. In response, the Group continues to carry out new investment designed to increase the grid resilience of the electricity grid and identify mitigation strategies.
In line with our role in driving the country's energy transition, Terna's strategic plans, further described in the section covering the value creation strategy in the Report on Operations, include action to tackle climate change, identifying:

- the works needed to develop and strengthen the electricity grid in the ten-year Development Plan, including overseas interconnections, to ensure the integration of renewable sources;
- tools to ensure the security and reliability of the electricity system in the Security Plan, in a scenario where renewable sources are increasingly more widespread and thermoelectric plants are decommissioned, resulting in issues relating to system inertia and voltage regulation;
- the works needed to improve the reliability of electricity assets in the Maintenance and Renewal Plan for electricity assets, which involves the preventive identification and resolution of initial signs of an issue that could lead to a malfunction.

Common to all these plans is the Resilience Plan, annexed to the Security Plan, which includes all the initiatives designed to increase grid resilience to enable it to withstand increasingly intense and frequent severe weather events, damaging infrastructure and resulting in outages at plants connected to the NTG. The Resilience Plan involves a preventive approach to managing infrastructure, using capital light technological solutions to mitigate the risks to which the grid is exposed and solutions for repairing and monitoring 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 addition to initiatives falling within the scope of the Group's routine maintenance programmes, in this regard, Terna is increasingly required to carry out work on the grid that calls for the maintenance of specific components. Aside from renewing grid infrastructure, this enables the Company to mitigate the risk arising from the increased intensity and frequency of disruptive 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 risk connected with the supply chain due to significant changes in the strategies of key suppliers. This risk is heightened by the (i) crisis in the global supply chain following the conflicts, duties, drop in supply and (ii) energy transition launched in many countries, with a potential impact on construction and maintenance projects, and a resulting impact on the continuity and quality of service and on the time needed to complete infrastructure. The Group constantly monitors developments in the supply chain and has not so far identified any critical issues.

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. These activities include the offerings of the Tamini Group and Brugg Cables Group, the subsidiaries that produce power transformers and terrestrial cables, respectively (Equipment activities), involving the development of expertise throughout the value chain, and the offer of Energy Services and Connectivity. In addition, the Group is also committed to investing in digitalisation and innovation, involving the development of solutions for the remote control of electricity substations and key infrastructure. This involves the installation of sensor, monitoring and diagnostic systems, including predictive solutions, improving the security of the grid and the surrounding area.
The Group has also developed tools for studying and planning new works designed to respond to issues relating to climate change. Through its Resilience Methodology, as set out in Annex A76 to the Grid Code, Terna has equipped itself with a tool that makes the Group a leader in the conduct of climate-change assessments in Italy and Europe. This innovative and probabilistic tool for planning work will increase the resilience of the NTG. This involves measuring the related benefit in terms of reducing expected energy not supplied, above all due to ice, snow and strong winds.
To promote the spread of a well-informed energy culture and facilitate broad awareness of the issues faced by the electricity sector, in 2021, the Group developed a new Development Plan application and the digital platform called Terna4Green with a view to monitoring the progress made towards Italy's decarbonisation. Via these two new initiatives, Terna continues and strengthens its commitment to ever greater transparency and the spread of information and data, specific expertise and in-depth knowledge of the national electricity system.
In response to the risk linked to the greater intensity and frequency of extreme weather events (tornados, heavy snowfall, ice, flooding), the Group could also benefit from the "Patentability" of the above innovative solutions, with resulting non-regulated business opportunities.
Investment in research is expensed as incurred, whilst development costs that meet certain requirements may be recognised as intangible assets. For more information regarding the criteria for recognising a non-current asset arising from development, please refer to the section 'Intangible Assets', while for more details on the possible impacts of the initiatives implemented, please refer to the section 'Climate Change' in the 'Environmental information' section of the Report on Operations.

IAS 36 – Impairment of Assets

As indicated above with regard to tangible and intangible assets, management did not identify factors requiring a critical review of useful lives. Similarly, with regard to the risk of impairment losses on property, plant and equipment, management considers that, whilst the steps taken to mitigate climate-related risk involve the need to plan maintenance work on NTG infrastructure, in keeping with the past, so as to ensure quality of service, the security of the assets operated (power lines and electricity substations) and their ability to remain fully operational, these activities do not, in any event, have a negative impact on the measurement of fair value less costs of disposal. This is because a market operator would take this investment into account 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 “Sustainable finance”. The ESG-linked bank borrowings (different from the Green Bond issues) include a bonus/penalty mechanism, applicable to the payment of accrued interest, 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 achieve the objectives within a contractually 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 has not so far identified any critical issues.

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

The legislation introduced in response to climate change may give rise to new obligations that did not previously exist. To this end, the Terna Group has adopted an Integrated Management System Policy following Terna S.p.A.’s Board of directors’ desire to rely on a tool that would help them define strategic objectives, in line with the principles of the Code of Ethics and the Sustainable Development Goals (“SDGs”) promoted by the United Nations, the requirements of the ISO Standards and the organisation’s context.
With reference to the issue of Climate Change, the Integrated Management System Policy also reflects Terna’s commitments with respect to UNI EN ISO 14001:2015 “Environmental Management Systems” and UNI CEI EN ISO 50001:2018 “Energy Management Systems”, describing its adherence to practices aimed at limiting and reducing environmental impact even beyond legal limits, without compromising the protection of other general interests set out in the concession. Full implementation of this policy, which also covers efforts to reduce greenhouse CO_2 emissions, also involved energy efficiency initiatives and the adoption of measures designed to protect biodiversity. Terna also extends the issue of environmental protection to both its supply chain and local stakeholders directly affected by NTG development projects, through increasingly eco-sustainable offsets.
Finally, Terna has adopted a Circular Economy Strategy that has led to the definition of a Roadmap of actions to 2030 with a view to implementing a circular economy model.
Given the regulatory framework, management does not believe that such policies give rise to the need to recognise liabilities not previous accounted for. The same conclusion has also been reached with regard to the previously mentioned risk linked to the supply chain due to significant changes in the strategies of key suppliers. As a result, it has not been necessary to carry out a critical review of provisions in the financial statements.

IFRS 15 – Revenue from Contracts with Customers

In terms of Regulated Activities, part of the remuneration for transmission and dispatching services derives from regulatory incentive mechanisms linked to specific targets. The achievement of these targets may be influenced by climate change risks, as for example the intensification of extreme weather events could have an impact on the continuity and quality of the service offered by Terna. The Group monitors these risks, which did not have an impact on the accrued portion of these incentives during the year.

With regard to Non-regulated Activities, above all Energy Solutions, given the portfolio of products and services offered to promote the development of renewable energy in Italy, for example through the construction and operation of photovoltaic plants, infrastructure connecting the photovoltaic plants to the grid and services offered to industrial clients, and with regard to the production of cables and transformers, the Group is not exposed to new uncertainties having an impact on the current revenue recognition model. In addition, the Group did not deem it necessary to conduct a review of existing contracts.

Climate change and the subsequent adoption of policies designed to reduce CO_2 emissions and achieve Net Zero Emissions targets by most industrial clients could result in increased business opportunities.

IFRS 2 – Share-based Payments

The current long-term incentive plans, so called Performance Share Plans, are linked to a series of ESG indicators with a percentage weighting that rises over time.
The 2021-2025 plan consists of an indicator linked to Terna's annual inclusion and ranking in the Dow Jones Sustainability Index (DJSI-World) with a weighting of 20%.
The ESG indicators for the 2022-2026 plan, with a higher 25% weighting than in the previous plan, include KPIs referring to inclusion in a basket of ESG indexes selected to represent the Group's ability to guarantee an all-round sustainability performance, including the Dow Jones Sustainability Index World, Stoxx ESG Leaders and the MIB 40 ESG. An important part of these three assessments is explicitly linked to climate-related issues: specifically, to be included in the selected ESG indexes every year, and for the whole duration of the Performance Share Plan, performance and positioning in terms of, for example, climate strategy, the assessment and management of climate risks, cuts in greenhouse gas emissions and public disclosures on relevant metrics, are of great importance.
The Performance Share Plan 2023-2027 is linked to ESG indicators with an overall weighting of 30%, of which 15% relates to KPIs linked to inclusion in the above ESG basket and the remaining 15% to Overgeneration, representing the reduction in the modulation of generation from Non-Programmable Renewable Sources requested by Terna, due to the security requirements of the National Electricity System.
Finally, the Performance Share Plan 2024-2028 - includes, consistent with the 2023-2027 Plan, the Overgeneration indicator with a weight of 30%.
Bearing in mind the expected development of renewable generation capacity in the coming years, absent appropriate mitigation initiatives, overgeneration will become a growing issue, cancelling out (at least in part) the benefits of the energy transition.

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.
Therefore, whether control exists does not depend solely on the possession of a majority of voting rights, but rather on the substantial rights of each investor over the subsidiary.
For the purpose of assessing control requirements, all facts and circumstances are analysed, including any agreements with other investors, rights under other contractual arrangements and potential voting rights. These other facts and circumstances may prove particularly significant in the assessment process, especially in cases where the Group holds less than a majority of the voting rights, or similar rights, of the subsidiary, resulting in de facto control situations. The existence of control over a subsidiary will be re-examined when facts and circumstances indicate that there has been a change in one or more of the factors considered in assessing whether control exists.
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.
With specific reference to ESPERIA-CC S.r.l., it should be noted that the assessment carried out on the contractual agreements, shareholders' agreements, governance structure and facts and circumstances that impact the control and management of strategic decisions confirmed that the Terna Group has control.

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 grid 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 del Cile (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 LLC.	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 December 17, 2024, the liquidation process of the company Terna Chile S.p.A. was formally initiated. This procedure 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.				
LT S.r.l.	Rome	Euro	400,000	87.5%*	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 Transformatori 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 LT 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.				

* *12.5% Solaris S.r.l.*
** *10% BRUGG GROUP AG.*
*** *0.26% Brugg Kabel GmbH.*
**** *30% Vima Technologies S.r.l.*

The following changes in the structure of the Group have taken place with respect to 31 December 2023:

- On 18 November 2024, the third closing for the sale of SPE Transmissora de Energia Linha Verde I S.A. to CDPQ was finalised. As of that date, the company is no longer part of the Terna Group. It should also be noted that on 7 February 2024, the subsidiary Terna Plus S.r.l. completed the acquisition of the remaining 25% minority interest in the company, fully controlling it;
- On 4 December 2024, Terna Chile S.p.A. sold to Terna USA LLC its equity investments in the two subsidiaries Terna Peru S.A.C. and Terna 4 Chacas S.A.C., both accounting for 0.01% of the share capital. Following the transaction, Terna Peru S.A.C. and Terna 4 Chacas S.A.C. are therefore 99.9% controlled by Terna Plus S.r.l. and 0.01% by Terna USA LLC;
- On 20 December 2024, the subsidiary Terna Energy Solutions S.r.l. finalised the purchase of a share (12.5%) of the minority interest held by Solaris S.r.l. in LT S.r.l.. The Company's stake has thus increased from 75% to 87.5%.

Associates

Associates are investees over which the Terna Group exercises significant influence, being the ability to participate in the determination of these companies' financial and operating policies, without having control or joint control. In assessing whether or not Terna has significant influence, potential voting rights that are exercisable or convertible are also taken into account.

To determine whether significant influence exists, management's judgement is required to assess all facts and circumstances. The existence of significant influence is re-examined when the facts and circumstances indicate that there has been a change in one or more of the factors considered to establish whether significant influence exists.
The Terna Group exercises significant influence over the companies Cesi S.p.A., Coreso S.A., CGES A.D. and Equigy B.V., as it is able to participate in financial and management decisions, but does not have control or joint control. This assessment is based on the analysis of contractual agreements, shareholders' agreements, the governance structure and the facts and circumstances that could influence the control and management of strategic decisions.

These investments are initially recognised 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 significant influence begins and until that influence ceases. Based on application of the equity method, if there is evidence that the investment has been impaired, the Group determines the amount of the impairment based on the difference between the recoverable amount and the carrying amount of the investment in question. In the event that the loss attributable to the Group exceeds the carrying amount of the equity interest, the latter is written off and any excess is recognised in a specific provision, if the Parent Company is required to meet the legal or constructive obligations of the investee or, in any case, to cover its losses.

The list of associates and joint arrangements is shown below:

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL*	PROFIT FOR THE YEAR*	% INTEREST	METHOD OF CONSOLIDATION	CARRYING AMOUNT AT 31 DECEMBER 2024 (€M)
ASSOCIATES							
Cesi S.p.A.	Milan	Euro	8,550,000	(3,919,758)	42.698%	Equity Method	47.8
Assets	Experimental research and provision of services related to electro-technology.						
Coreso S.A.	Brussels (Belgium)	Euro	1,000,000	722,909	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	35,717,703	22.0889%	Equity Method	26.7
Assets	Provision of transmission and dispatching services in Montenegro.						
Equigy B.V.	Arnhem (Netherlands)	Euro	50,000	59,000	20%	Equity Method	0.5
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.
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.
To determine whether joint control exists and the type of jointly controlled arrangement, management's judgment is required to assess the rights and obligations under the arrangement.
To this end, management considers the structure and legal form of the agreement, the terms agreed between the parties to the agreement and, if significant, other facts and circumstances. The existence of joint control is re-examined when the facts and circumstances indicate that there has been a change in one or more of the factors considered to establish whether joint control exists and the type of jointly controlled arrangement.

The Terna Group exercises joint control over the companies ELMED Etudes S.a.r.l., SEleNe CC S.A., Wesii S.p.A. and BMT Energy Transmission Development LLC in as much as, together with other entities, it has the power to make significant operating and financial decisions based on a contractual agreement that establishes shared voting rights and joint management of the company. This assessment is based on the analysis of contractual agreements, shareholders' agreements, the governance structure and the facts and circumstances that reflect the power to influence strategic decisions on an equal basis.

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 31 DECEMBER 2024 (€M)
JOINT ARRANGEMENTS							
ELMED Etudes S.a.r.l.	Tunis (Tunisia)	Tunisian dinar	2,016,120	(184,817)	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	159,608	33.33%	Equity Method	2.3
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.						
BMT Energy Transmission Development LLC	Wilmington (USA)	US dollar	603,333	20,829	40%	Equity Method	-
Assets	Acquisition, development and construction of major infrastructure projects regarding onshore and offshore electricity transmission in the United States.						
Wesii S.r.l.	Chiavari (GE)	Euro	19,752	(518,713)	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.*

The following changes in the structure of the Group have taken place with respect to 31 December 2023:

- On 7 March 2024, Terna's subsidiary Terna Forward S.r.l. finalised the acquisition of a 33% share in the share capital of Wesii S.r.l., an Italian company and market leader in inspection and remote sensing services in the renewable energy sector with registered office in Chiavari (Genoa).

Basis of consolidation

All the separate financial statements of the investees used to prepare the consolidated financial statements were drafted as of 31 December 2024 and have been approved by their respective Boards of Directors and, for the most part, by shareholders; they have been adjusted, where necessary, to align them with the Parent Company's accounting policies.
During preparation of the consolidated financial statements, intercompany balances, transactions, revenues and costs are fully eliminated, net of the related tax effect, where material ("consolidation on a line-by-line basis").
Unrealised gains and losses on transactions with associates and joint arrangements are eliminated in proportion to the Group's interest therein. In both cases, unrealised losses are eliminated, unless they represent an impairment.

Translation of foreign currency items

In the Group's financial statements, all transactions in currencies other than the functional currency are recognised at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in currencies other than the functional currency are subsequently adjusted at the exchange rate prevailing at year end. Any translation differences are taken to the income statement.
Non-monetary assets and liabilities in foreign currency stated at historical cost are converted at the exchange rate prevailing when the transaction was initially recognised. Non-monetary assets and liabilities in foreign currency stated at fair value are converted at the exchange rate prevailing when fair value was measured.

Property, plant and equipment

Property, plant and equipment is recognised at historical cost, including costs directly attributable to preparing the asset for its intended use. In the event of legal or constructive obligations, cost also includes the present value of the estimated cost of dismantling or removing the asset. The corresponding liability is recognised in provisions for risks and charges.
Penalties receivable from suppliers relating to the purchase or construction of an asset are accounted for as a direct reduction in the cost of the asset, unless the penalty is accounted for as a refund, or when the refunded costs are clearly identifiable and have been incurred due to a delay incurred by the purchaser, the compensation is payable regardless of delivery or otherwise of the asset and the agreement expressly provides for settlement of the claim to compensate for the loss of earnings resulting from the contract delays.
Borrowing costs directly attributable to the purchase, construction or production of an asset that qualify for capitalisation pursuant to IAS 23 are capitalised as part of the cost of the asset. Costs incurred after purchase are recognised as an increase in the carrying amount of the asset to which they relate if it is probable that the future benefits of that cost will flow to the Group, and if the cost can be reliably measured. All other costs are expensed as incurred.
Each element of an item of property, plant and equipment of material value, with respect to the total value of the item to which it belongs, is recognised and depreciated separately.
Property, plant and equipment is shown net of accumulated depreciation and any impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful economic life of the asset, which is reviewed annually, with revisions applied on a prospective basis. Depreciation of an asset begins when the asset becomes available for use.
Liabilities associated with items of property, plant and equipment are taken to a specific provision as a contra account of the related asset. The amount is taken to the income statement through the depreciation of the asset.
Property, plant and equipment is written off either at the time of disposal or when no future economic benefit is expected from their use or disposal. Any profit or loss, recognised in the income statement, is determined as the difference between the net proceeds deriving from disposal and the net carrying amount of the assets eliminated.

The main rates of depreciation, calculated on the basis of the useful lives of the relevant assets, are as follows

RATES OF DEPRECIATION

Buildings - Civil and industrial buildings	2.50%
Plant and equipment - Transmission lines	2.22%
Plant and equipment - Transformer substations:	
- Electrical machinery	2.38%
- Electrical devices and equipment	3.13%
- Automation and control systems	6.70%
Plant and equipment - Central systems for remote management and control:	
- Devices, electrical equipment and ancillary plant	5.00%
- Computers	10.00%

Land, regardless of whether it is free of constructions or related to civil and industrial buildings, is not depreciated, since it has an indefinite useful life.

This asset class also includes right-of-use assets, recognised under IFRS 16, arising from lease arrangements where the Company is lessee and relating to the use of property, plant and equipment. A lease arrangement is, or contains, a lease, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Applying this standard, the lessee recognises: (i) a right-of-use asset in its statement of financial position and a liability representing its obligation to make the payments provided for under the arrangement, for all leases with terms in excess of twelve months where the asset cannot be considered of low value (the Group has elected to apply the practical expedient provided for in the standard, recognising payments relating to arrangements that do not fall within the scope of this type of lease in the income statement); (ii) depreciation of the recognised assets and interest expense on the lease liability separately in the income statement.
In determining the lease term, the Group considers the non-cancellable period of the lease and the additional periods resulting from any options to extend the lease, or from the decision not to exercise the option to terminate the lease early (where there is reasonable certainty that such options will be exercised).
The lease liability is initially recognised at the present value of the remaining lease payments at the commencement date: (i) fixed payments; (ii) variable lease payments that depend on an index or a rate; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and finally (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The present value of the payments is determined using a discount rate equal to the Group's incremental borrowing rate, bearing in mind the frequency and duration of the payments provided for in the lease contract.

Following initial recognition, the lease liability is accounted for at amortised cost and remeasured, with a matching change in the value of the related right-of-use asset, when there is a change in future lease payments as a result of: (i) a renegotiation of the contract; (ii) changes in the index or rate; or (iii) changes in the assessment of whether or not the options contained in the contract will be exercised (e.g., the purchase of the leased asset, extension or termination of the lease). The right-of-use asset is initially recognised at cost, measured as the sun of the following components: (i) the amount of the initial measurement of the lease liability; (ii) any initial direct costs incurred by the lessee; (iii) any lease payments made at or before the commencement date, less any lease incentives received; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located (or restoring the underlying asset to the condition required by the terms and conditions of the lease). Following initial recognition, the right-of-use asset is adjusted to take into account (i) any accumulated depreciation, (ii) any accumulated impairment losses, and (iii) the effects of any remeasurement of the lease liability.

The Group's property, plant and equipment also includes the assets relating the private interconnectors pursuant to Law 99/2009. The legislation assigns the Group responsibility for building and operating the infrastructure on behalf of selected parties willing to finance specific interconnections in return for the benefits for them deriving from receipt of an exemption from third-party access to the transmission capacity that the related infrastructure makes available. The law also establishes that, at the end of the exemption period, generally ten years from the date of entry into service, Terna will assume ownership of the interconnections in return for payment of a fee to be set by the regulator. The existence of a binding commitment to purchase the asset means that the property, plant and equipment relating to the interconnectors are recognised as Group property. The fee agreed with the selected parties for construction and operation of the interconnector is thus accounted for as revenue for the Group's effort in arranging the transaction and for granting the right to use the asset during the exemption period.

Intangible assets

Intangible assets, which all have finite useful lives, are recognised at cost, and shown net of accumulated amortisation and any impairment losses. Amortisation begins when the asset becomes available for use and is calculated on a straight-line basis over the estimated useful life of the related asset, which is reviewed annually. Any revisions to estimated figures are applied on a prospective basis.
Intangible assets essentially consist of the concession to exclusively provide electricity transmission and dispatching services, granted to the Parent Company Terna S.p.A., on 1 November 2005, with the acquisition of the TSO business unit. As established in the Decree issued by the Ministry of Productive Activities on 20 April 2005, this concession has a 25-year term, renewable for another 25 years, from the date of effective transfer of the activities, functions, assets and legal arrangements of the concession from GSE (formerly GRTN) to Terna S.p.A.. This intangible asset was initially recognised at cost, which reflected fair value.
Other intangible assets essentially refer to software developments and upgrades.
Development costs are capitalised by the Terna Group only if they can be reliably estimated and there is the technical possibility and intention to complete the intangible asset so that it will be available for use, and the asset can be used and it is possible to demonstrate that it will generate probable future economic benefits.
Financial expenses directly attributable to the acquisition, design or production of a non-current asset which justifies capitalisation pursuant to IAS 23 are capitalised to the asset as part of its cost.
All other development costs and research expenses are recognised in the income statement when incurred. These intangible assets are amortised over their estimated residual useful life, which is normally three years, given their rapid obsolescence.

Infrastructure rights

Infrastructure includes the property, plant and equipment and intangible assets employed in dispatching activities in Italy and in the operations in Peru. These activities are carried out under concession arrangements, which fall within the scope of application of IFRIC 12, since the services provided are regulated and control exists over the residual interest. More specifically, infrastructure rights have been recognised as an intangible assets, as valued on the basis of the Intangible Asset model, given the return generated by dispatching activities thanks to the charges paid by users. These assets have a useful life of three years.
The revenue and costs relating to investment in dispatching activities are recognised with reference to the contracts concerned on a stage-of-completion basis; revenue recognised during the construction phase is limited to the amount of the internal and external construction costs incurred, considering that the fair value of the construction services is equivalent to the construction cost paid to third-party contractors plus the internal cost of the technical personnel employed on such construction activities. The assets continue to be amortised and depreciated in accordance with the initial schedule.
By contrast, dispatching revenue continues to be recognised in accordance with IFRS 15 and financial expenses continue to be capitalised pursuant to IAS 23.
IFRIC 12, instead, is not applicable to the part of the Parent Company's concession arrangement relating to transmission activities, since neither the concession nor the related legislation envisages that ownership of the NTG is to be restored to the public grantor, even for a consideration.

Goodwill

Goodwill, deriving from the acquisition of subsidiaries, is allocated to each of the cash generating units (CGU) identified, coinciding with Group companies that own electricity transmission grids and with the Tamini Group, relating to the production and commercialisation of transformers. Goodwill is not amortised after initial recognition but is adjusted to reflect impairment losses, measured as described above. Goodwill relating to investments in associates and joint arrangements is included in the carrying amount of those companies. Where negative goodwill arises, it is recognised in the income statement at the time of acquisition.

Inventories

Inventories are recognised and measured at the lower of purchase cost and net estimated realisable value. Cost is calculated as the weighted average, including accrued ancillary expenses. Net estimated realisable value means the estimated sale price under normal conditions net of completion costs and the estimated costs to sell.

Financial instruments

Financial assets

The new standard, IFRS 9 – Financial Instruments, effective from 1 January 2018, is divided into the following phases: classification and measurement, derecognition, impairment and hedge accounting.
In order to classify and measure financial instruments, the Group recognises financial assets at fair value inclusive of transaction costs.
Financial assets represented by debt instruments and falling within the scope of application of the standard, may be measured at amortised cost, at fair value through other comprehensive income or at fair value through the income statement of comprehensive income, depending on the business model adopted to manage the financial assets and the characteristics of the contractual cash flows.
In accordance with the provisions of IFRS 9, the Group correctly classifies these assets based on the results of so-called SSPI ("solely payments of principal and interest") tests. Under this test, assets may be recognised at amortised cost or fair value through other comprehensive income if the generate cash flows that are solely payments of principal and interest on the principal amount outstanding. This measurement is applied at the level of each individual instrument.
Specifically, the Group measures financial assets:

- at amortised cost, if the financial asset is held with the aim of collecting the contractual cash flows that meet the SPPI test, as the cash flows represent solely payments of principal and interest;
- at fair value through other comprehensive income ("FVOCI"), if the financial asset is held within a business model whose objective is achieved by collecting the contractual cash flows and by selling the financial asset, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Changes in fair value after initial recognition are recognised in other comprehensive income and recycled through profit or loss on derecognition. The government securities held by the Parent Company are included in this category;
- at fair value through profit or loss ("FVTPL"), of the asset is not held in one of the above business models. This category primarily includes derivative financial instruments held for trading and debt instruments with contractual cash flows that are not solely payments of capital and interest.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method. Receivables with due dates that reflect normal commercial terms are not discounted.
In accordance with the provisions of IFRS 9, the Group's trade receivables fall within the hold to collect business model, as these assets are held with the objective of collecting the cash flows primarily by collecting the contractual cash flows, the receivables primarily fall due within 12 months and do not include a significant financial component, and the Group does not intend to sell such receivables.
Trade receivables are recognised net of any losses recognised in a specific allowance for doubtful accounts (identified on the basis described in the paragraph, "Allowance for doubtful accounts"). IFRS 9 has introduced application of a model based on expected credit losses. This requires the Group to assess expected credit losses, and the related changes, at each reporting date. Specifically, the Group has applied the simplified approach permitted by IFRS 9 to trade receivables, finance lease receivables and assets deriving from contracts with customers, in order to measure the allowance for doubtful accounts based on expected losses over the life of the receivable. The Group has thus determined the amount of

expected credit losses using a provisioning matrix, based on information regarding historical credit losses for similar past due exposures, adjusted to take into account current conditions and forward-looking elements.

Cash and cash equivalents

Cash and cash equivalents are recognised at nominal value and include amounts that are available on demand or can be readily converted into a known amount of cash and are subject to an insignificant risk of changes in value.

Trade payables

Trade payables are initially recognised at fair value and subsequently stated at amortised cost. If their due dates reflect normal commercial terms, they are not discounted.

Financial liabilities

Financial liabilities are recognised at the settlement date and measured at fair value, net of directly related transaction costs. Subsequently, financial liabilities are measured at amortised cost, using the original effective interest method. If the liabilities are covered by fair value hedges, they are adjusted to reflect changes in fair value with respect to the hedged risk.
Subsequent measurement of financial liabilities depends on their classification as financial liabilities at amortised cost or at fair value through profit or loss.

Derivative financial instruments

Derivatives are recognised at fair value at the trade date.
The qualifying criteria applied in classifying derivatives as eligible for hedge accounting are as follows:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio);
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. For this purpose, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such a replacement or rollover is part of, and consistent with, the entity's documented risk management objective.

For hedge accounting purposes, there are three types of hedge:

- fair value hedges when the hedge regards the exposure to changes in the fair value of the recognised asset or liability or there is an unrecognised firm commitment;
- cash flow hedges when the hedge regards the exposure to variability in cash flows that is attributable to a particular risk associated with all of the recognised asset or liability or a highly probable forecast transaction or the exchange rate risk on an unrecognised firm commitment;
- the hedge of a net investment in a foreign operation.

When derivatives cover the risk of changes in the cash flows of the hedged instruments (cash flow hedges), the portion of changes in the fair value qualifying as effective is initially recognised in “Other comprehensive income” (accumulated in equity) and subsequently in profit or loss, as the cash flows from the hedged item affects the income statement. The portion of the fair value of the hedging instrument that does not qualify as effective is recognised in profit or loss.
When hedging derivatives cover the risk of changes in the fair value of hedged instruments (fair value hedges), they are recognised at fair value in profit or loss. Accordingly, the hedged items are adjusted to reflect changes in the fair value associated with the hedged risk.
Changes in the fair value of derivatives that do not meet hedge accounting requirements in accordance with the IFRS are recognised in profit or loss.
Fair value is measured on the basis of official quotations for instruments traded in regulated markets. The fair value of instruments not traded in regulated markets is measured by discounting projected cash flows along a yield curve prevailing in the market at the reporting date, and by translating amounts in currencies other than the euro at closing exchange rates.
Financial and non- financial contracts (which are not already measured at fair value) are also analysed to identify any embedded derivatives, which must be separated and measured at fair value.
This analysis is conducted at the time the entity becomes party to the contract or when the contract is renegotiated in a manner that produces a material change in the original associated cash flows.

Hybrid bonds

Issues of non-convertible, perpetual hybrid bonds are classified as equity instruments. These are in fact instruments that allow Terna to defer coupon payments over time and whose early redemption is permitted on the occurrence of certain events or at the reset date. These instruments cannot be converted into shares and, in the event of the Company’s liquidation, winding up or insolvency, interest payments are subordinated to all the issuer’s other payment obligations.

The proceeds received from the sale of the instruments and subsequent returns of capital are accounted for as an increase or a reduction in equity, respectively, in compliance with the requirements applicable to equity instruments in IAS 32. Interest expense, at the time the payment obligation arises, is recognised as a reduction in equity.

Non-current assets held for sale

Non-current assets and current and non-current assets included in disposal groups are classified as held for sale if their carrying amount is to be recovered primarily through sale rather than through continued use. This classification only applies if the non-current assets (or disposal groups) are available for immediate sale in their present condition and the sale is highly probable. An entity that is committed to a sale plan involving loss of control of a subsidiary must classify all the assets and liabilities of that subsidiary as held for sale, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale. The assessment of whether or not the conditions have been met for classification of an asset as held for sale requires management to make a subjective judgement, using reasonable and realistic assumptions based on the available information.
Non-current assets held for sale, current and non-current assets included in disposal groups and the directly attributable liabilities are recognised in the statement of financial position separately from the entity’s other assets and liabilities. Before their classification as held for sale, the assets and liabilities included in a disposal group are measured in accordance with the applicable accounting policies. Subsequently, the non-current assets held for sale are no longer subject to depreciation or amortisation and are measured at the lower of carrying amount and fair value less costs to sell.
If the carrying amount of the non-current assets is lower than fair value less costs to sell, the entity must recognise an impairment loss. The entity must recognise a gain for any subsequent increase in fair value less costs to sell of the assets, but not in excess of the cumulative impairment loss previously recognised, including those recognised prior to the assets’ classification as held for sale.

Non-current assets and disposal groups classified as held for sale constitute a discontinued operation if they: i) represent a major line of business or geographical area of operations; ii) are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or iii) relate to a subsidiary acquired exclusively with a view to resale.
Profits and losses from discontinued operations, and any gains or losses realised following the sale, are shown in a separate line item in the income statement, net of any tax, with amounts for comparative periods also shown.
When events no longer permit the entity to classify the non-current assets or disposal groups as held for sale, the assets or disposal groups must be reclassified to the respective items in the statement of financial position and recognised at the lower of: (i) their carrying amount at the date of classification as held for sale; and (ii) the recoverable amount at the date of reclassification.

On 29 April 2022, Terna S.p.A., Terna Plus S.r.l. and Terna Chile S.p.A. signed an agreement with CDPQ, a global investment group, for the sale of all the Group's power line assets, approximately 1,200 km, in Brazil, Peru and Uruguay. On 7 November 2022, the first transaction closing for 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.", owners of three power lines in Brazil, totalling 670 km, was completed. The value of the assets being sold (the equity value) is more than €145 million. On 22 December 2022, the transaction closing for Difebal S.A., the owner of a power line in Uruguay, totalling 214 km, was completed. The value of the assets being sold (the equity value) is more than €27 million.

In accordance with the agreement entered into on 29 April 2022, and following the fulfilment of the conditions set forth therein, on 18 November 2024 the third closing was finalised for the sale to CDPQ of SPE Transmissora de Energia Linha Verde I S.A., the owner of a power line in Brazil totalling approximately 150 km.

With regard to the sale of the project in Peru, given the impossibility of proceeding with the sale of the company to CDPQ following the buyer's failure to qualify as per announcement by the relevant authority (MINEM), the Group reached out to other operators to start the process aimed at the sale of the project in Peru, which it believes can be completed within 12 months.

Following the above transaction, in accordance with IFRS 5- Non-current Assets Held for Sale and Discontinued Operations, the consolidated assets and liabilities of the companies for which the sale process has yet to complete are included in "Assets held for sale" and in "Liabilities related to assets held for sale" in the consolidated statement of financial position for 2024 and 2023. In the consolidated income statement, the consolidated profit/(loss) of the companies included in the transaction, for the years ended 31 December 2024 and 31 December 2023, is presented as "Net profit/(loss) for the year from assets held for sale".

Employee benefits

The liability associated with employee benefits payable on or after termination of employment relate to defined benefit plans (deferred compensation benefits, additional months' pay[1], payment in lieu of notice[2], energy discounts, ASEM health cover and other benefits) or with other long-term employee benefits (loyalty bonuses) is recognised net of any plan assets. The liability is measured separately for each plan on the basis of actuarial calculations that estimate the amount of vested future benefits that employees have accrued at the reporting date. The liability is recognised on an accruals basis over the vesting period. The valuation of the liability is performed by independent actuaries.

[1] Additional months' pay.
[2] Payment in lieu of notice.

Share-based payments

Given that they are substantially a form of remuneration, personnel expenses include the cost of share-based incentive plans. The cost of the incentive is measured on the basis of the fair value of the equity instruments granted and the expected number of shares to be effectively awarded. The accrued amount for the period is determined on a straight-line basis over the vesting period, being the period between the grant date and the date of the award. The fair value of the shares underlying the incentive plan is measured at the grant date, based on the expected satisfaction of the performance conditions associated with market conditions and is not subject to adjustment in future periods. When receipt of the benefit is linked to non-market conditions, the estimate relating to these conditions is reflected and the accrual's number of shares expected to be awarded is adjusted over the vesting period. If, at the end of the vesting period, the plan does not result in the award of any shares to beneficiaries due to the failure to satisfy the performance conditions, the portion of the cost linked to market conditions is not reversed through the income statement.

Provisions for risks and charges

Provisions set aside for risks and charges are recognised when, at the reporting date, the Company has a legal or constructive obligation as the result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the disbursement. Where the effect is material, provisions are made by discounting estimated future cash flows using a discount rate that reflects current market rates and the specific risk applicable to the obligation, if any. Where discounting is used, the increase in the provisions due to the passage of time is recognised in the income statement as a financial expense. If it relates to property, plant and equipment (site disposal and restoration, for example), the provision is recognised as a contra entry to the asset to which it relates. The expense is recognised in the income statement through depreciation of the item of property, plant and equipment to which it relates.
Changes in the estimates are recognised in the income statement for the year in which the change occurs, except for the expected costs of dismantling, removal and restoration resulting from changes in the timing and use of the economic resources necessary to extinguish the obligation or are attributable to a material change in the discount rate. These costs are recognised as an increase or reduction in the related assets and recognised in the income statement through depreciation.

Government grants

Government grants are recognised when there is a reasonable certainty that they will be received and that the Group will comply with all the conditions required for disbursement. Grants received in relation to specific assets whose value is recognised under non-current assets are recognised, in the case of plant already in operation at 31 December 2002, among other liabilities and taken to the income statement over the depreciation period for the assets in question. As of the 2003 financial year, grants related to new plant entering service are recognised as a direct reduction in the non-current asset concerned.
Grants related to income are recognised in the income statement when the conditions for recognition are met.

Revenue

The Group's revenue can be categorised as follows:

- **Revenue from sales and services**, including revenue from contracts with customers and therefore falling within the scope of IFRS 15.

  In accordance with the provisions of IFRS 15, revenue from contracts with customers is recognised when the performance obligations identified in the contract are satisfied and control over the goods or services is transferred to the customer for an amount that reflects the consideration that the Group expects to receive in exchange for the goods or services.

  The standard envisages two methods for identifying the correct time at which to recognise the revenue attributable to each performance obligation: at contract inception, the Group determines if the goods or services covered by the performance obligation will be transferred to the customer over a period of time or at a point in time:

- Revenue from the sale of goods is recognised when control of the goods is transferred to the customer (at a point in time). The Group determines if there are other promises in the contract representing a performance obligation to which a part of the transaction consideration must be allocated. In determining the sale price, the Group takes into account the effects of a variable consideration, significant financial components, non-monetary components and amounts to be paid to the customer (if present);
- Revenue from services is recognised with reference to the stage of completion of the activity, in accordance with the provisions of IFRS 15 (over a period of time).

Revenue from sales and services also includes "pass-through" revenue and expenses originating from the purchase and sale of energy from and to electricity market operators. The regulatory framework requires that such expenses and revenue must always amount to zero, via a pro rata charge to each consumer for the net cost resulting from the measurement of imbalances and purchase and sale transactions, carried out by Terna on the Dispatching Services Market, through a specific fee known as an uplift payment. Terna receives compensation for this activity through specific revenue for providing the dispatching service. Given that Terna does not have the power to set the prices of DSM transactions, this revenue is presented net of the related costs.

Revenue from sales and services also includes output-based incentives, as defined by ARERA, for both transmission and dispatching activities. The incentive mechanisms fall within the scope of application of IFRS 15. If the counterparties through which Terna collects an incentive are not active in the market in the year in which achievement of the targets underlying the incentive scheme is confirmed, IFRS 15 is applied in accordance with the analogy-based approach provided for in IAS 8, as confirmed with reference to the Conceptual Framework for Financial Reporting.

If the mechanism includes a significant financial component, the amounts recognised in the financial statements are discounted to present value. Based on the specific nature of each mechanism, the Group assesses whether the performance obligation is satisfied over a period of time or at a point in time, also taking into account whether or not the right is subject to confirmation or verification by the regulator, ARERA.

- **Other revenue and income**, which includes revenue from lease arrangements and other residual forms of revenue, included within the scope of application of IFRS 15, deriving from sales of goods not forming part of the Group's ordinary activities.

Costs

Costs are recognised on an accruals basis. They are recognised in the accounting period when they relate to goods and services sold or consumed in the same period or are allocated in a systematic way when it is not possible to identify a future use for them.

Financial income and expenses

Financial expenses directly attributable to the acquisition, construction or production of an asset that qualify for capitalisation are capitalised as part of the cost of the asset. The property, plant and equipment and intangible assets involved are those that require at least one year in order to prepare them for use. The directly attributable financial expenses are expenses that would not have been incurred had the expenditure for the asset not been incurred.
Where funds are borrowed specifically, the costs eligible for capitalisation are the actual costs incurred less any income earned on the temporary investment of such borrowings. Where loans are obtained for general purposes, the eligible amount is determined by applying a capitalisation rate to the expenditure on that asset equal to the weighted average of the financial expenses applicable to the borrowings outstanding for the year, excluding any specifically borrowed funds. The amount of capitalised financial expenses during a year will in any case not exceed the amount of financial expenses incurred during that year.
Capitalisation commences as from the date all the following conditions are first met: (a) expenditure has been incurred for the asset; (b) financial expenses have been incurred; and (c) the activities involved in preparing the asset for its intended use or sale are in progress.

Capitalisation ceases when the activities involved in preparing the asset for its intended use or sale are substantially complete. The average capitalisation rate used for 2024 is approximately 2.6% (2.0% for 2023).
Financial income and expenses other than capitalised amounts are recognised on an accruals basis in respect of the interest on the net value of the related financial assets and liabilities, using the effective interest rate.

Treasury shares

Treasury shares, including those held to service share-based incentive plans, are recognised at cost and accounted for as a reduction in equity. Any gains or losses resulting from the later sale of such shares are recognised in equity.

Dividends

Dividends from investees are recognised when the shareholders' right to receive payment is established. Dividends and interim dividends payable to shareholders are shown as changes in equity at the date in which they are approved by the General Meeting of shareholders and the Board of Directors, respectively.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss for the year attributable to holders of the ordinary shares by the weighted average of ordinary shares outstanding during the year, excluding treasury shares.
Diluted earnings per share is determined by dividing profit for the period by the weighted average of ordinary shares outstanding during the period, excluding treasury shares, increased by the number of shares that could potentially result from the conversion of any convertible securities.

Income taxes

Current income taxes are recognised as "Tax liabilities", net of advances paid, or "Income tax assets" where the net balance of the items is positive. They are based on the estimated taxable income and in accordance with current legislation, taking account of applicable exemptions.
Deferred tax assets and liabilities are calculated on temporary differences between the carrying amounts of assets and liabilities recognised in the financial statements and the corresponding amounts recognised for tax purposes, using current tax rates or the rates expected to be in effect when the temporary differences reverse, based on rates approved at the reporting date.
Deferred tax assets are recognised when their recovery is considered probable, i.e. when future taxable income will be available against which the asset can be used. The recoverability of deferred tax assets is reviewed at the end of each year.
Deferred tax liabilities are recognised in any case if they exist. Taxes relating to items recognised directly in the statement of comprehensive income are also allocated to the statement of comprehensive income.

New accounting policies

International accounting policies effective as of 1 January 2024

A number of new amendments to standards already applied, none of which have had a significant impact, came into effect from 1 January 2024. The relevant standards are as follows:

Amendment to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

The amendment, endorsed by Regulation 2024/1317 of the European Commission, adds new disclosure requirements and guidance within existing disclosure obligations, requiring entities to provide qualitative and quantitative information on supplier financing arrangements. The document requires an entity to provide additional disclosures on any reverse factoring agreements to enable users of financial statements to assess how supplier finance arrangements affect an entity's liabilities and cash flows and understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk. The amendments are effective from 1 January 2024, although early adoption is permitted.
The changes have not had a significant impact on the Group's consolidated financial statements.

Amendment to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Noncurrent - Deferral of Effective Date e Non-current Liabilities with Covenants

The amendment, approved by Regulation 2023/2822 of the European Commission, aims to clarify how payables and other short- or long-term liabilities should be stated. In addition, the amendments also improve the disclosures that an entity must provide when its right to defer the settlement of a liability for at least twelve months is subject to compliance with specified conditions (i.e., covenants). The amendments are effective from 1 January 2024, although early adoption is permitted.
The changes have not had a significant impact on the Group's consolidated financial statements.

Amendment to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

The amendment, approved by Regulation 2023/2579 of the European Commission, requires the seller-lessee to measure the lease liability resulting from a sale and leaseback transaction so that any gain or loss relating to the right of use retained is not recognised.
The changes have not had a significant impact on the Group's consolidated financial statements.

International accounting policies, amendments and interpretations endorsed but yet to come into effect

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 when a currency is exchangeable, how to estimate the exchange rate and the disclosure to provide in the notes to financial statements. The document requires an entity to apply a method on a consistent basis to determine if a currency is exchangeable and, when this is not possible, specifies how to determine the exchange rate to use and the disclosure to provide in the notes to the financial statements. The amendment is effective from 1 January 2025, although early adoption is permitted. The Group is currently assessing the potential impact of the introduction of these amendments on the consolidated financial statements.

International accounting policies, amendments and interpretations awaiting endorsement

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 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 policies. 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 policies 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.

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.

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.

B. Notes to the consolidated income statement

Revenue

1. Revenue from sales and services - €3,616.2 million

(€m)

	2024	2023	CHANGE
Transmission charges billed to grid users and incentives	2,423.8	2,107.6	316.2
Dispatching and metering fees and other energy-related revenue	153.8	127.1	26.7
Incentives for dispatching activities	345.9	303.8	42.1
Revenue from services performed under concession	112.9	80.6	32.3
Quality of service	20.5	11.2	9.3
Other sales and services	559.3	492.5	66.8
TOTAL	**3,616.2**	**3,122.8**	**493.4**

Transmission charges billed to grid users and incentives

The grid utilisation fee refers to the remuneration for the ownership and operation of the National Transmission Grid pertaining to the Parent Company (€2,242.3 million) and the subsidiaries Rete S.r.l. (€163.5 million) and Terna Crna Gora d.o.o. (€18.0 million).
The increase in this item (up €316.2 million) is mainly related to the increase in the WACC recognised for 2024 (pursuant to Resolution 556/2023, from 5% in 2023 to 5.8% in 2024), the expansion of the Regulated Asset Base (RAB) and the related depreciation recognised, in view of the new 2024-2027 Tariff Regulation criteria introduced by ARERA Resolution 615/2023 (up €383.0 million), net of the lower incentives related to the increase in transportation capacity between market zones as pursuant to Resolution 567/2019, totalling down €66.8 million.

Dispatching and metering fees and other energy-related revenue

This item regards fees received in return for providing dispatching and metering services (the dispatching component, amounting to €149.4 million, and the metering component, amounting to €2.6 million) and other energy-related revenue of €1.8 million.
The item is up €26.7 million compared with the previous year, broadly due to the increase in dispatching fees introduced by Resolution 632/2023.

Incentives for dispatching activities

This item represents the output-based incentives for dispatching activities, amounting to €345.9 million.
These incentives essentially consist of the mechanisms introduced by Resolutions 597/2021 and 132/2022, designed to cut DSM costs, the shortfall in wind production and essential plants (€345.9 million), representing the accrued present value of the incentive for the period 2022-2024, which takes into account the final figure of the 2024 performance and the adjustment of the estimated present value of the incentive in the three-year period carried out in the financial years 2022 and 2023 (amounting to €924.7 million before the effect of discounting given the timing of payment).
This item shows a year-over-year increase of €42.1 million, due to the recognition of the share pertaining to the period, recognised taking into account the final figure of the 2024 performance (the last year of the 2022-2024 period) and the adjustment of the estimated present value of the incentive in the three-year period carried out in the two previous financial years.

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 €112.9 million.
The increase compared with the previous year, amounting to €32.3 million, regards greater investment in dispatching infrastructure during the period.

Quality of service

This item, amounting to €20.5 million, regards the RENS (Regulated Energy Not Supplied) incentive mechanism introduced by Resolution 653/2015/r/eel, calculated on a pro rata basis taking into account the estimated overall results expected in the 2020-2025 regulatory period.
This item showed an increase of €9.3 million compared to the previous year, due to the 2024 performance (€6.8 million) and contingencies for the requalification of certain events that occurred in the FY2023 and identified as force majeure events (€2.5 million).

Other sales and services

The item, "Other sales and services", amounting to €559.3 million, mainly regards revenue from Non-regulated Activities, regarding:

- the sale of transformers by the subsidiary, Tamini (€163.9 million);
- revenue contributed by Brugg Cables, essentially relating to contracts with third parties for the supply of cables and accessories (€166.2 million);
- Energy Services (€169.7 million) above all HV services, totalling €48.3 million and Smart Grids, totalling €121.4 million, including the contribution from the LT Group, which specialises in O&M services for photovoltaic plants (€108.7 million) and the energy efficiency services provided by the subsidiary, Avvenia The Energy Innovator S.r.l. amounting to €0.2 million;
- Connectivity (€35.0 million) with specific regard to support and housing services for fibre networks (€29.1 million) and fibre maintenance (€5.9 million);
- revenue for connection services to the National Transmission Grid (€15.9 million).

This item showed an increase of €66.8 million compared to 2023, mainly due to the higher contribution from the Tamini Group (up €27.9 million), the Brugg Group (up €6.7 million) and higher revenue from Energy Services operations (up €26.8 million). Higher revenue was also posted for connection services to the National Transmission Grid (up €5.1 million).

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 uplift 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:

(€m)

	2024	2023	CHANGE
Power Exchange-related revenue items	**4,914.1**	**5,244.2**	**(330.1)**
- Uplift	468.4	479.3	(10.9)
- Electricity sales	396.0	442.6	(46.6)
- Imbalances	1,573.0	1,673.9	(100.9)
- Congestion revenue	235.9	355.4	(119.5)
- Charges for right to use transmission capacity and market coupling	1,384.3	1,209.8	174.5
- Interconnectors/shippers	50.5	57.6	(7.1)
- Load Profiling for public lighting	324.0	348.0	(24.0)
- Other Power Exchange-related pass-through revenue items	482.0	677.6	(195.6)
Total over-the-counter revenue items	**3,646.7**	**3,591.0**	**55.7**
- Transmission and dispatching service Penalties from auxiliary service providers	-	0.1	(0.1)
- Capacity market	1,651.8	1,470.4	181.4
- Coverage of wind farm costs	22.1	20.6	1.5
- Transmission revenue passed on to other NTG owners	0.3	1.1	(0.8)
- Charge to cover cost of essential plants	1,176.2	1,019.6	156.6
- Consumption reduction service	2.0	-	2.0
- Charge to cover cost of interruptibility service	453.7	329.3	124.4
- Charge to cover cost of LV capacity and protection service	208.2	328.6	(120.4)
- Other pass-through revenue for over-the-counter trades	132.4	421.3	(288.9)
TOTAL PASS-THROUGH REVENUE	**8,560.8**	**8.835.2**	**(274.4)**
Total Power Exchange-related cost items	**4,914.1**	**5,244.2**	**(330.1)**
- Electricity purchases	1,147.9	1,185.1	(37.2)
- Imbalances	1,757.7	1,624.6	133.1
- Congestion revenue	136.0	170.1	(34.1)
- Charges for right to use transmission capacity and market coupling	759.4	559.0	200.4
- Interconnectors/Shippers	305.7	599.7	(294.0)
- Load Profiling for public lighting	344.5	447.3	(102.8)
- Other Power Exchange-related pass-through cost items	462.9	658.4	(195.5)
Total over-the-counter cost items	**3,646.7**	**3,591.0**	**55.7**
- Transmission and dispatching service Penalties from auxiliary service providers	-	0.1	(0.1)
- Capacity market	1,651.8	1,470.4	181.4
- Shortfall in wind production	22.1	20.6	1.5
- Transmission costs passed on to other NTG owners	0.3	1.1	(0.8)
- Fees paid for essential units	1,176.2	1,019.6	156.6
- Consumption reduction service	2.0	-	2.0
- Fees paid for interruptibility service	453.7	329.3	124.4
- Fees paid for LV capacity and protection service	208.2	328.6	(120.4)
- Other pass-through costs for over-the-counter trades	132.4	421.3	(288.9)
TOTAL PASS-THROUGH COSTS	**8,560.8**	**8,835.2**	**(274.4)**

In 2024, the uplift cost totalled approximately at €445 million (provisional data), showing a slight increase compared to on the previous year (€401 million). This increase is due to a reduction in revenue generated by congestion revenue within the Italian and foreign market zones[3], an increase in the countervalue associated with the cost of Start-up Fees and Set-up Change Fees[4] partly offset by the reduction in the cost for the Dispatching Services Market and the cost for the virtual interconnection service.

[3] Congestion income is revenue and is generated when different equilibrium prices are formed in different market zones in Energy Markets.
[4] Start-up Fees and Set-up Change Fees are payments made to production plants who have the right to receive them when Terna requests them to fire up the plant or change their structure.

2. Other revenue and income – €64.0 million

(€m)

	2024	2023	CHANGE
Sales to third parties	12.0	10.9	1.1
Private Italy-France interconnector	8.3	8.3	-
Sundry grants	7.8	8.8	(1.0)
Revenue from IRU contracts for fibre	7.5	4.3	3.2
Private Italy-Montenegro interconnector	6.4	6.4	-
Gains on sale of infrastructure components	5.8	14.8	(9.0)
Contingent assets	5.6	0.9	4.7
Insurance proceeds as compensation for damages	3.5	5.7	(2.2)
Rental income	2.6	2.2	0.4
Private Italy-Austria interconnector	1.6	-	1.6
Penalties receivables from suppliers	-	0.3	(0.3)
Other revenues	2.9	1.3	1.6
TOTAL	**64.0**	**63.9**	**0.1**

"Other revenue and income" include in particular revenue relating to the private Italy-France Interconnector (€8.3 million), the private Italy-Montenegro Interconnector (€6.4 million) and the private Italy-Austria Interconnector (€1.6 million), as well as other significant items relating to sales to third parties (€12.0 million), capital gains from the sale of plant parts (€5.8 million), sundry contributions (€7.8 million), insurance proceeds (€3.5 million) and revenue from Connectivity linked to IRU contracts for fibre (€7.5 million).
Standing at €64.0 million, this item was in line with the previous year.

Operating costs

3. Raw and consumable materials used – €305.2 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 from the previous year (up €19.8 million) essentially relates to higher costs (up €32.6 million) related to the construction and development of infrastructure under concession recognised in connection with the application of IFRIC 12 and higher material costs of the Tamini Group (up €10.9 million), partly offset by lower material costs of the Brugg Cables Group and the LT Group (down €10.3 million and down €9.4 million, respectively).

4. Services – €354.4 million

(€m)

	2024	2023	CHANGE
Maintenance and sundry services	145.9	139.0	6.9
Tender costs for plant	105.1	77.7	27.4
IT services	48.3	46.4	1.9
Insurance	21.4	19.6	1.8
Lease expense	25.2	20.5	4.7
Remote transmission and telecommunications	8.5	9.1	(0.6)
TOTAL	**354.4**	**312.3**	**42.1**

This item, totalling €354.4 million, showed an increase of €42.1 million compared to 2023 (€312.3 million), mainly due to increased activities and new initiatives carried out by the Group, with special reference to the LT Group (up €23.1 million), Terna Rete Italia S.p.A. (up €12.1 million), Terna Energy Solutions S.r.l. (up €8.1 million), the Brugg Group

(up €3.2 million) and the Tamini Group (up €1.4 million), partially offset by lower costs related to the construction and development of infrastructures under concession recognised in accordance with IFRIC 12 (down €7.4 million), in particular due to lower costs for tenders on plants (down €7.3 million) and for maintenance (down €1.8 million), partially offset by higher costs for IT services (€1.7 million) and lower advertising costs (down €8.4 million), mainly related to the *"noi siamo energia"* advertising campaign launched in the previous financial year.
Fees payable to members of the Board of Statutory Auditors amount to €0.7 million whilst those payable to members of the Supervisory Board set up in compliance with Legislative Decree 231/2001 amount to €0.7 million.

5. Personnel expenses – €409.3 million

(€m)

	2024	2023	CHANGE
Salaries, wages and other short-term benefits	525.5	461.7	63.8
Directors' remuneration	2.5	2.6	(0.1)
Termination benefits (*TFR*), energy discounts and other employee benefits	27.1	32.1	(5.0)
Early retirement incentives	14.8	17.2	(2.4)
Gross personnel expenses	***569.9***	***513.6***	***56.3***
Capitalised personnel expenses	(160.6)	(136.4)	(24.2)
TOTAL	**409.3**	**377.2**	**32.1**

Personnel expenses stood at €409.3 million in 2024. They essentially refer to costs for wages, salaries and other short-term benefits (€525.5 million), post-employment benefits (€27.1 million), leaving incentives (€14.8 million), directors' emoluments (€2.5 million) and capitalised personnel expenses (down €160.6 million).

This item showed an increase of €32.1 million compared to the previous year (€377.2 million), mainly due to the increase in the average value, higher accrued incentives, extraordinary incentives paid out in 2024, and higher capitalisations.
The following table shows the Group's workforce by category at the end of the year and the average for the year.

(unit)

	AVERAGE WORKFORCE			WORKFORCE AT	
	2024	2023	DELTA	31.12.2024	31.12.2023
Senior managers	103	107	(4)	99	102
Middle managers	928	887	41	951	896
Office staff	3,512	3,205	307	3,734	3,349
Blue-collar workers	1,604	1,523	81	1,636	1,580
TOTAL	**6,147**	**5,722**	**425**	**6,420**	**5,927**

The net increase in the average workforce compared with 2023 is 425. This is essentially linked to the requirements relating to delivery of the investment programme included in the 2024-2028 Industrial Plan.

At 31 December 2024, the Terna Group's workforce breaks down as follows:

	TERNA S.P.A.	TERNA RETE ITALIA S.P.A.	TERNA ENERGY SOLUTIONS S.R.L.	TAMINI GROUP	LT GROUP	BRUGG GROUP	TERNA CRNA GORA D.O.O.	OTHER
Unit	1,352	3,877	76	394	234	464	12	11

6. Amortisation, depreciation and impairment losses – €889.0 million

(€m)

	2024	2023	CHANGE
Amortisation of intangible assets	163.0	126.4	36.6
- of which rights on infrastructure	*45.6*	*34.8*	*10.8*
Depreciation of property, plant and equipment	706.5	670.6	35.9
Impairment losses on property, plant and equipment and intangible assets	14.7	8.7	6.0
Impairment losses on trade receivables	4.8	0.6	4.2
TOTAL	**889.0**	**806.3**	**82.7**

Amortisation, depreciation and impairment losses, amounting to €889.0 million (including €19.2 million recognised in application of IFRS 16), are up €82.7 million compared with 2023. This reflects the entry into service of new infrastructure, primarily at the Parent Company (up €75.3 million), in addition to an increase in impairment losses on assets and receivables recognised during the year (up €10.2 million).

7. Other operating costs - €44.9 million

(€m)

	2024	2023	CHANGE
Indirect taxes and local taxes and levies	11.2	10.7	0.5
Fees paid to regulators and membership dues	9.8	9.9	(0.1)
Quality of service costs	2.5	5.3	(2.8)
of which mitigation and sharing mechanisms	*4.3*	*2.3*	*2.0*
of which Fund for Exceptional Events	*(1.6)*	*2.8*	*(4.4)*
of which compensation mechanisms for HV users	*(0.2)*	*0.2*	*(0.4)*
Adjustment of provisions for litigation and disputes	(1.1)	(0.9)	(0.2)
Net contingent assets	(0.7)	1.2	(1.9)
Losses on sales/disposal of plant	0.7	1.1	(0.4)
Other operating costs	22.5	15.9	6.6
TOTAL	**44.9**	**43.2**	**1.7**

The Group's other operating costs, totalling €44.9 million, include, in particular, local taxes, duties and fees (€11.2 million), membership fees and contributions to authorities, organisations and associations related to the Group's activities (€9.8 million), and electricity service quality charges (€2.5 million). In addition, other operating costs (€22.5 million) include provisions for risks and charges related to the operations of the subsidiary Tamini (€8.7 million, mainly for the product warranty reserve and customer penalty reserve) and other operating costs attributable to the Brugg Group, mainly related to scrapping costs for discarded material, as well as donations and other charges.

The €1.7 million increase in this item was mainly due to higher other charges (up €6.6 million) with particular reference to the Tamini Group for the provisions for risks and charges for the year related to the product warranty reserve and the customer penalty reserve (up €5.6 million), partially offset by lower charges related to service quality (down €2.8 million. mainly related to higher charges incurred for outages that occurred in the first half of 2023) and higher net contingent assets (down €1.9 million).

8. Financial income/(expenses) – (€175.4) million

(€m)

	2024	2023	CHANGE
FINANCIAL EXPENSES			
Interest expense on borrowings and related hedges	(348.6)	(235.5)	(113.1)
Adjustment of borrowings and related hedges	(0.5)	(2.8)	2.3
Discounting of receivables, termination benefits (*TFR*), operating leases and other liabilities	(11.2)	(8.1)	(3.1)
Capitalised financial expenses	74.2	48.3	25.9
Foreign exchange losses	-	(0.4)	0.4
Other financial expenses	(46.0)	(37.3)	(8.7)
Total expenses	**(332.1)**	**(235.8)**	**(96.3)**
FINANCIAL INCOME			
Interest income and other financial income	125.6	84.6	41.0
Implementation of output-based incentives	31.0	30.9	0.1
Foreign exchange gains	0.1	-	0.1
Total income	**156.7**	**115.5**	**41.2**
TOTAL	**(175.4)**	**(120.3)**	**(55.1)**

Net financial expenses for the year stood at €175.4 million, mainly attributable to the parent company (€137.5 million). The increase in net financial expenses compared to 2023, amounting to €55.1 million, primarily reflects:

- higher financial expenses (€113.1 million) related to borrowings following the new debt incurred in the period and the increase in interest rates on these new transactions and on existing variable-rate loans, partially offset by lower inflation related to the inflation-linked bond (maturing in September 2023);
- an increase in other financial expenses (€8.7 million), mainly due to the adjustment of the contingent liability for the purchase of the 12.5% minority interest in the subsidiary LT S.r.l. (up €31.6 million, related to the change in fair value of instruments measured at Fair Value Through Profit or Loss), partially offset by lower charges related to the uplift mechanism component (down €27.0 million);
- a €41.0 million increase in financial income on cash and other financial assets in view of higher liquid assets invested under improved market conditions;
- an increase in capitalised expenses (up €25.9 million) due to increased investment during the period;

9. Share of profit/(loss) of investments accounted for using the equity method – €3.9 million

This item, standing at €3.9 million, reflects an increase of €1.3 million compared with the previous year (€2.6 million), broadly due to an adjustment of the value of the investment in the associate, CESI.

10. Income tax for the year – €455.0 million

Income tax expense for the year totals €455.0 million, showing an increase of €90.7 million on the previous year, essentially due to the increase in pre-tax profit and higher non-deductible costs recognised during the year. The tax rate stood at 30.2% compared to 29.3% in 2023. The increase was mainly due to the repeal of the benefits arising from the Economic Growth Aid (locally known as ACE - Law Decree No. 50/2017) initiative as of the 2024 tax period.

(€m)

	2024	2023	CHANGE
Income tax for the year			
Current tax expense:			
- IRES (corporate income tax)	410.9	326.3	84.6
- IRAP (regional tax on productive activities)	94.6	72.7	21.9
Total current tax expense	**505.5**	**399.0**	**106.5**
Temporary differences:			
- deferred tax assets	(57.3)	(50.8)	(6.5)
Reversal of temporary differences:			
- deferred tax assets	8.3	17.3	(9.0)
- deferred tax liabilities	(3.0)	(1.9)	(1.1)
Total deferred tax (income)/expense	**(52.0)**	**(35.4)**	**(16.6)**
Adjustments to taxes for previous years and other one-off changes	1.5	0.7	0.8
TOTAL	**455.0**	**364.3**	**90.7**

Current taxes (€505.5 million) increased over the previous year, due to higher pre-tax profit and higher non-deductible costs.
Deferred tax assets and liabilities (down €52.0 million) were down €16.6 million compared to the figure posted in the previous year (down €35.4 million). They reflects the impact of taxation on depreciation and amortisation, changes in provisions for risks and charges and for employee benefits recognised by the Group during the year.
Adjustments to taxes for previous years, amounting to €1.5 million, primarily pertain to subsidiaries and include contingent assets resulting from recognition of the effective amount payable when filing annual tax returns, compared to the estimate made during the previous y ear.

For a clearer presentation of the differences between the theoretical and effective tax rates, the table below reconciles the profit before taxes with taxable income.

	2024	2023
Profit/(Loss) before tax	1,505.9	1,244.6
STATUTORY TAX RATE	**361.4**	**298.7**
IRAP	94.6	72.7
Permanent differences	(2.5)	(7.8)
TAX (after adjustment for previous years and one-off changes)	**453.5**	**363.6**
TAX RATE	**30.1%**	**29.2%**
Adjustments of taxes for previous years	1.5	0.7
INCOME TAX EXPENSE FOR THE YEAR	**455.0**	**364.3**
EFFECTIVE TAX RATE	**30.2%**	**29.3%**

11. Profit/(Loss) from discontinued operations and assets held for sale – €11.6 million

This item reflects the net result from the assets included in the agreement signed by the Terna Group and CDPQ, a global investment group, on 29 April 2022 for the sale of all the Group's power line assets in Brazil, Peru and Uruguay. The first transaction closing for the sale of the Brazilian companies, SPE Transmissora de Energia Linha Verde II S.A., SPE Santa Lucia Transmissora de Energia S.A. and SPE Santa Maria Transmissora de Energia S.A., was completed on 7 November 2022. The transaction closing for the sale of Difebal S.A., which operates a power line in Uruguay, was completed on 22 December 2022.

In accordance with the agreement entered into on 29 April 2022, and following the fulfilment of the conditions set forth therein, on 18 November 2024 the third closing was finalised for the sale to CDPQ of SPE Transmissora de Energia Linha Verde I S.A., the owner of a power line in Brazil totalling approximately 150 km.
With regard to the sale of the project in Peru, given the impossibility of proceeding with the sale of the company to CDPQ following the buyer's failure to qualify as per announcement by the relevant authority (MINEM), the Group reached out to other operators to start the process aimed at the sale of the project in Peru, which it believes can be completed within 12 months.

Below is a breakdown of the items that generated the net profit for the year from assets held for sale, totalling €11.6 million:

(€m)

	2024	2023	CHANGE
Total revenue	11.3	35.8	(24.5)
Total operating costs	12.7	53.9	(41.2)
OPERATING PROFIT	**(1.4)**	**(18.1)**	**16.7**
Net financial income/(expenses)	0.2	1.2	(1.0)
Impairment loss recognised on remeasurement of the fair value less costs to sell	-	21.2	(21.2)
PROFIT/(LOSS) BEFORE TAX	**(1.2)**	**4.3**	**(5.5)**
Income tax expense for the year	1.0	1.8	(0.8)
Profit/(Loss) for the year attributable to owners of the Parent	**(2.2)**	**2.5**	**(4.7)**
Net gains on disposals	19.7	-	19.7
Reserve for translation differences	(5.9)	-	(5.9)
Profit/(Loss) for the year from discontinued operations and assets held for sale	**11.6**	**2.5**	**9.1**

Revenue

This item broadly consists of revenue from construction and development of infrastructure operated under concession, above all the discontinued operations and assets held for sale located in Brazil (€9.8 million) and Peru (€1.5 million).

Operating costs

Operating costs essentially regard the costs incurred in application of IFRIC 12 for the construction project being carried out in Brazil, which became operational in February 2024 (€11.0 million), as well as operating costs incurred in Peru.

Net gains on disposals

This item includes the capital gain from the sale of the net assets measured at fair value of SPE Transmissora de Energia Linha Verde I S.A. (€19.7 million), net of sales costs.

Reserve for translation differences

The items include the differences deriving from the translation of financial statements denominated in foreign currency and is reclassified to profit or loss following the deconsolidation of companies from which it originates (down €5.9 million).

The gain from discontinued operations and assets held for sale stood at €11.6 million, showing an increase of €9.1 million compared to the previous year. This essentially reflects the net capital gain on the sale (up €19.7 million) and the lower operating losses incurred by the companies (up €16.7 million), net of the adjustment of the value of net assets held for sale recognised in accordance with IFRS 5, in the same period of the previous year (down €21.2 million) and the release of the translation reserve (down €5.9 million).

Basic and diluted earnings per share from discontinued operations and assets held for sale, amounting to a gain of €0.006 per share (the numerator of €11.6 million represents the net gain from assets held for sale, whilst the denominator of 2,006,064,004 shares is the weighted average number of shares outstanding during the year).

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 basic earnings per share, corresponding to diluted earnings per share, totalled €0.523 (numerator totalling €1,049.6 million — corresponding to the group-wide net profit for the year, net of the effect of interest paid to the holders of perpetual subordinated hybrid bonds and the related tax effect (down €12.4 million) — and denominator being 2,006,064,004.0 shares, equal to the weighted average number of shares outstanding during the year). The amount of basic earnings per share from continuing operations, corresponding to the diluted earnings per share from continuing operations pertaining to the Group, totalled €0.517 (numerator totalling €1,037.4 million — corresponding to the net profit for the year from continuing operations pertaining to the Group, net of the effect of interest paid to holders of perpetual subordinated hybrid bonds and the related tax effect (down €12.4 million) — and denominator being 2,006,064,004.0 shares, equal to the weighted average number of shares outstanding during the year).
If the effect of the perpetual hybrid subordinated bonds and the related tax effect is taken into account, the amount of basic earnings per share, corresponding to diluted earnings per share, totalled €0.529 (numerator totalling €1,061.9 million — corresponding to the group-wide net profit for the year, and denominator equal to 2,006,064,004.0 shares, equal to the weighted average number of shares outstanding during the year). The amount of basic earnings per share of continuing operations, corresponding to the diluted earnings per share of continuing operations attributable to the Group, is €0.523 (numerator equal to €1,049.7 million corresponding to the Group-wide profit for the year, and denominator equal to 2,006,064,004.0 shares, corresponding to the weighted average number of shares outstanding during the year).

C. Operating segments

In line with the latest Industrial Plan, and in compliance with IFRS 8, the Terna Group's identified operating segments are described below:

- **Regulated**
- **Non-regulated**
- **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 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 the subsidiary, Avvenia The Energy Innovator S.r.l.). This segment also includes Connectivity (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 by Law 99/2009, legislation that assigned Terna responsibility for 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. The Non-regulated Activities segment also includes the results of the LT 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 results of the Brazilian company, Linha Verde I S.A., and of the Peruvian company, Terna Peru S.A.C., were restated under "Profit/(Loss) from discontinued operations and assets held for sale".

(€m)

	2024	2023	CHANGE	% CHANGE
REVENUE FROM REGULATED ACTIVITIES	3,096.2	2,669.8	426.4	16.0%
REVENUE FROM NON-REGULATED ACTIVITIES	584.0	516.8	67.2	13.0%
INTERNATIONAL REVENUE*	-	0.1	(0.1)	(100.0%)
TOTAL REVENUE	**3,680.2**	**3,186.7**	**493.5**	**15.5%**
GROSS OPERATING PROFIT (EBITDA)**	**2,566.4**	**2,168.6**	**397.8**	**18.3%**
of which regulated EBITDA ***	2,461.5	2,085.6	375.9	18.0%
of which non-regulated activities EBITDA	107.8	86.9	20.9	24.0%
of which International EBITDA	(2.9)	(3.9)	1.0	(25.6%)
Reconciliation of segment result with the Company's profit before tax				
GROSS OPERATING PROFIT (EBITDA)	**2,566.4**	**2,168.6**		
Amortisation, depreciation and impairment losses	889.0	806.3		
OPERATING PROFIT/(LOSS) (EBIT)	**1,677.4**	**1,362.3**		
Financial income/(expenses)	(175.4)	(120.3)		
Share of profit/(loss) of investments accounted for using the equity method	3.9	2.6		
Profit/(Loss) before tax	**1,505.9**	**1,244.6**		

* *Relating directly to the margin earned on overseas concessions.*
** *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 2024 amounts to €3,680.2 million, an increase of €493.5 million (up 15.5%) compared to the previous year.

Gross operating profit (EBITDA) of €2,566.4 million is up €397.8 million (up 18.3%) on the €2,168.6 million of 2023.

EBITDA related to Regulated Activities stood at €2,461.5 million, showing an increase of €375.9 million compared to the previous year's figure, mainly due to the impact on tariff revenue and incentives (up €385.0 million) from the WACC re-estimation recognised for 2024 and the expansion of the Regulated Asset Base (RAB).

EBITDA from Non-regulated Activities in 2024 totalled €107.8 million, showing an increase of €20.9 million compared to the previous year. This primarily reflects the increased contribution from Equipment (up €9.1 million from the Brugg Cables Group and up €9.5 million from the Tamini Group), Energy Services and Connectivity (up €2.1 million) as well as private interconnectors (up €0.2 million).

EBITDA from International Activities in 2024 (down €2.9 million) chiefly relates to costs incurred by the central departments to support international endeavours. This figure is in line with the same period of the previous year.

The **profit from discontinued operations and assets held for sale amounted to €11.6 million**, showing an increase of €9.1 million compared to the previous year. The rise was mainly due to the capital gain from the third closing for the sale of SPE Transmissora de Energia Linha Verde I S.A. to CDPQ, which was finalised in November 2024.

Further information is provided in the related paragraph in note 11 in the consolidated financial statements.

(€m)

	31.12.2024	31.12.2023
Net non-current assets*	20,704.0	18,964.7
of which investments in associates and joint arrangements	*81.6*	*76.7*
Net working capital **	(2,025.2)	(2,174.6)
Gross invested capital***	18,678.8	16,790.1

* *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 – €19,237.1 Million

(€m)

	LAND	BUILDINGS	PLANT AND EQUIPMENT	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION AND PREPAYMENTS	TOTAL
COST AT 31 DECEMBER 2023	**232.5**	**2,587.5**	**22,391.2**	**251.3**	**289.0**	**2,885.3**	**28,636.8**
Investments	0.8	12.8	0.6	8.6	8.1	2,394.0	2,424.9
of which right-of-use assets	-	*6.5*	-	*0.7*	*6.2*	*2.8*	*16.2*
Assets entering service	6.6	132.1	1,314.9	7.5	34.0	(1,495.1)	-
Translation differences	-	(0.7)	-	(1.2)	(0.1)	-	(2.0)
of which right-of-use assets	-	*0.1*	-	-	-	-	*0.1*
Disposals and impairments	-	(8.7)	(117.5)	(1.8)	(2.6)	(14.0)	(144.6)
of which right-of-use assets	-	*(8.4)*	-	-	*(2.2)*	-	*(10.6)*
Other movements	2.9	(8.1)	(26.9)	-	(18.1)	(15.2)	(65.4)
COST AT 31 DECEMBER 2024	**242.8**	**2,714.9**	**23,562.3**	**264.4**	**310.3**	**3,755.0**	**30,849.7**
ACCUMULATED DEPRECIATION AND IMPAIRMENT AT 31 DECEMBER 2023	**(2.9)**	**(863.0)**	**(9,790.1)**	**(196.3)**	**(187.8)**	**-**	**(11,040.1)**
Depreciation	(0.7)	(69.6)	(594.6)	(10.7)	(30.9)	-	(706.5)
of which right-of-use assets	*(0.7)*	*(7.3)*	-	-	*(11.2)*	-	*(19.2)*
Translation differences	-	0.2	-	1.2	0.1	-	1.5
Disposals	-	8.5	112.7	1.9	2.5	-	125.6
of which right-of-use assets	-	*8.3*	-	-	*2.0*	-	*10.3*
Other movements	-	-	0.4	(0.1)	6.6	-	6.9
ACCUMULATED DEPRECIATION AND IMPAIRMENT AT 31 DECEMBER 2024	**(3.6)**	**(923.9)**	**(10,271.6)**	**(204.0)**	**(209.5)**	**-**	**(11,612.6)**
Carrying amount							
AT 31 DECEMBER 2024	**239.2**	**1,791.0**	**13,290.7**	**60.4**	**100.8**	**3,755.0**	**19,237.1**
of which right-of-use assets	*4.2*	*31.8*	*19.4*	*0.7*	*30.7*	*2.8*	*89.6*
AT 31 DECEMBER 2023	**229.6**	**1,724.5**	**12,601.1**	**55.0**	**101.2**	**2,885.3**	**17,596.7**
of which right-of-use assets	*4.9*	*32.6*	*19.4*	-	*35.9*	-	*92.8*
CHANGE	**9.6**	**66.5**	**689.6**	**5.4**	**(0.4)**	**869.7**	**1,640.4**

The category, "Plant and equipment," at 31 December 2024 includes the electricity transmission grid and transformer substations in Italy.

"Property, plant and equipment" is up €1,640.4 million compared with 31 December 2023, reflecting ordinary movements during the year as a result of:

- investment of €2,424.9 million during the year, including €2,378.5 million in the Group's Regulated Activities and €46.4 million in Non-regulated Activities, primarily with regard to the re-routing of power lines requested by third parties;
- depreciation for the year (€706.5 million);
- other changes during the year (down €59.0 million) included in particular contributions for plant and equipment (down €50.8 million mainly for re-routing of power lines to third parties and for projects financed by the Ministry of Economic Development/EU) and exchange rate differences;
- disposals and impairments were down €19.0 million.

A summary of movements in property, plant and equipment during the year is shown below.

	(€m)
Investments	
- Transmission lines	1,333.0
- Transformer substations	876.9
- Other	215.0
Total investment in property, plant and equipment	**2,424.9**
Depreciation	(706.5)
Other movements	(58.5)
Disposals and impairments	(19.0)
Translation differences	(0.5)
TOTAL	**1,640.4**

With reference to the main projects undertaken during the year in the area of Regulated Activities, it should be noted that activities for the construction of the Tyrrhenian Link (€654.7 million) continued, while executive design activities related to the construction of the Adriatic Link (€118.5 million) and to the construction of the SA.CO.I.3 (€83.4 million), progress in the construction of the Paternò-Pantano-Priolo power line (€22.5 million), Olympic Projects (€99.4 million), Colunga-Calenzano (€38.6 million), Bolano-Annunziata (€31.3 million), Cassano-Chiari (€27.3 million), construction of the reactors and stabilising resistors (€16.2 million and €9.4 million, respectively), installation of the synchronous compensators (€21.8 million) and expansion of the "'Fiber for the Grid" project (€9.6 million).

14. Goodwill – €250.9 Million

Goodwill, amounting to €250.9 million at 31 December 2024, 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 acquisition carried out by the Parent Company, through its subsidiary Terna Energy Solutions S.r.l., of an 87.5% interest in LT S.r.l. (LT Group), accounted for at a carrying amount of €19.3 million and through the Brugg Group, a 100% interest in Laser TLC S.r.l., accounted for at a carrying amount of €1.5 million.
The €1.4 million drop compared to 31 December 2023 is due to the final allocation of the value arising from the acquisition of Omnia S.r.l., which took place in March 2023 by the LT Group, later merged into LT S.r.l. on 5 October.

Impairment testing

For the purposes of impairment testing, goodwill has been allocated to three cash generating units (CGUs): the first consisting of "Transmission activities" within the Group's Regulated Activities, amounting to €216.5 million, and the second relating to the "Production and commercialisation of transformers", forming part of the Group's Non-regulated Activities, totalling €13.6 million. The third relates to the design, construction, operation and maintenance of renewable sources, amounting to €19.3 million.
Disclosures regarding the impairment testing of the goodwill allocated to the Group's "Transmission" CGU are provided below. Measurement of the recoverable amount of the goodwill allocated to the transmission activities was based on fair value less costs of disposal. Determination of the carrying amount of the CGU represented by the NTG was based on Terna S.p.A.'s net invested capital at 31 December 2024, appropriately adjusted for the assets and liabilities not falling within the scope of Transmission activities (e.g., Dispatching, Non-regulated and International activities). The recoverable amount was based on fair value after applying an EBITDA multiple to the operating profit of the CGU represented by the NTG. This multiple was calculated at the level of the Company, as the ratio between the enterprise value (the sum of the stock market capitalization and net debt) and the Company's EBITDA. The result obtained is significantly higher than the carrying amount recognised in the financial statements inclusive of goodwill.

The impairment test of the CGU represented by the production and commercialisation of transformers was based on fair value less costs of disposal, determined on the basis of the average EBITDA multiple for the sector. Measurement of the recoverable amount was based on estimated fair value applying the EBITDA multiple for 2025. This multiple was approximately 17.4, the average for a sample of companies operating in the sector. The resulting fair value was then appropriately discounted to present value at the end of 2024. The result was higher than the carrying amount inclusive of goodwill.
With regard to the CGU related to the design, construction, operation and maintenance of renewable sources, the impairment test was carried out using the fair value less cost of disposal, determined on the basis of a multiple of the average EBITDA for the sector. Measurement of the recoverable amount was based on estimated fair value applying the EBITDA multiple for 2025. This multiple was approximately 10.5, the average for a sample of companies operating in the sector. The resulting fair value was then appropriately discounted to present value at the end of 2024. The result was higher than the carrying amount inclusive of goodwill.

15. Intangible assets – €731.3 Million

(€m)

	INFRASTRUCTURE RIGHTS	CONCESSIONS	OTHER ASSETS	ASSETS UNDER CONSTRUCTION AND PREPAYMENTS	TOTAL
Cost	665.1	135.4	825.0	129.8	1,755.3
Accumulated amortisation	(456.4)	(101.7)	(582.3)	-	(1,140.4)
BALANCE AT 31 DECEMBER 2023	**208.7**	**33.7**	**242.7**	**129.8**	**614.9**
Investments	-	-	3.1	264.1	267.2
Assets entering service	61.9	-	138.5	(200.4)	-
Disposals and impairments	-	-	-	(0.7)	(0.7)
Depreciation	(45.6)	(5.7)	(111.7)	-	(163.0)
Other movements	10.3	-	1.4	1.2	12.9
BALANCE AT 31 DECEMBER 2024	**235.3**	**28.0**	**274.0**	**194.0**	**731.3**
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**
CHANGE	**26.6**	**(5.7)**	**31.3**	**64.2**	**116.4**

Intangible assets amount to €731.3 million (€614.9 million at 31 December 2023); this item includes:

- the infrastructure used in provision of the dispatching service in Italy accounted for in accordance with “IFRIC 12 – Service Concession Arrangements”, with the carrying amount, at 31 December 2024 of infrastructure entering service during the year amounting to €235.3 million and of those under construction, included in the category “Assets under development and prepayments”, amounting to €76.2 million (at 31 December 2023, the matching figures were €208.7 million and €41.7 million, respectively);
- the concession for electricity transmission and dispatching activities in Italy (with a carrying amount of €28.0 million at 31 December 2024). This 25-year concession was recognised in 2005, initially at fair value and subsequently at cost.

Other intangible assets primarily include software applications, either produced internally or purchased as part of systems development programmes, and the contract to provide support services for fibre networks acquired with Rete S.r.l. in 2015 (measured as part of the process of allocating the goodwill acquired by the Terna Group). Investment in these assets during the year, primarily attributable to the Parent Company (€167.7 million), essentially regard internal development programmes.

The increase compared with the previous year (up €116.4 million) broadly reflects the net effect of investment (up €267.2 million, including €96.4 million in infrastructure rights) and amortisation (down €163.0 million).

Investment in intangible assets during the year (€267.2 million, including €264.3 million attributable to the Parent Company's Regulated Activities), included expenditure on the development of software applications for the Remote Management System for Dispatching (€47.1 million), the Power Exchange (€15.3 million), the Metering System (€2.8 million) and for protection of the electricity system (€4.6 million), as well as software applications and generic licences (€154.9 million).

16. Deferred tax assets – €228.4 million

(€m)

	31.12.2023	PROVISIONS	WITHDRAWALS AND OTHER CHANGES	IMPACTS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME	31.12.2024
DEFERRED TAX ASSETS					
Property, plant and equipment	89.2	32.9	-	-	122.1
Provisions for risks and charges	21.7	6.5	(4.6)	-	23.6
Employee benefits	13.8	3.9	(2.2)	(1.3)	14.2
Cash flow hedges and financial assets	(12.3)	-	-	8.9	(3.4)
Tax relief on goodwill	11.8	-	(3.0)	-	8.8
Other	70.5	14.0	3.2	(0.1)	87.6
Total deferred tax assets	**194.7**	**57.3**	**(6.6)**	**7.5**	**252.9**
DEFERRED TAX LIABILITIES					
Property, plant and equipment	(8.3)	-	0.9	-	(7.4)
Other	(14.8)	-	0.5	-	(14.3)
Employee benefits and financial instruments	(2.9)	-	0.1	-	(2.8)
Total deferred tax liabilities	**(26.0)**	**-**	**1.5**	**-**	**(24.5)**
DEFERRED TAX ASSETS	**168.7**	**57.3**	**(5.1)**	**7.5**	**228.4**

The balance of this item, amounting to €228.4 million, includes the net impact of changes in the Group's deferred tax assets and liabilities.

Deferred tax assets (€252.9 million) are up by a net amount compared with the amount at 31 December 2023 (€194.7 million). These assets underwent the following movements during the year:

- net provisions recognised through comprehensive income, totalling €8.9 million, primarily due to the tax effect of changes in cash flow hedges and employee benefits;
- provisions recognised by Terna S.p.A. for the non-deductible portion of book depreciation (€32.9 million);
- use of the accrued portion recognised in relation to tax relief on the goodwill resulting from the merger of Terna Rete Italia S.r.l. and attributable to the Parent Company (€3.0 million);
- net provisions and other changes, totalling €17.1 million, primarily regarding the recognition of deferred tax assets revaluations of properties and on other items recognised by the overseas companies and the Tamini Group. Note should also be taken of the tax effect related to the adjustment of the contingent liability relating to the purchase of the 12.5% minority interest in the subsidiary LT S.r.l. (€9.2 million).

Deferred tax liabilities (€24.5 million) are down by a net amount of €1.5 million essentially due to net provisions and other movements of €1.0 million, primarily following the recognition of deferred tax liabilities on other provisions made by the subsidiary, Rete S.r.l..

17. Investments accounted for using the equity method – €81.6 million

(€m)

	31.12.2024	31.12.2023	CHANGE
Cesi S.p.A.	47.8	46.1	1.7
CGES A.D.	26.7	26.7	-
Coreso S.A.	1.2	1.0	0.2
Equigy B.V.	0.5	0.4	0.1
TOTAL ASSOCIATES	**76.2**	**74.2**	**2.0**
Wesii S.r.l.	2.9	-	2.9
SEleNe CC S.A.	2.3	2.1	0.2
ELMED Etudes S.a.r.l.	0.2	0.2	-
BMT Energy Transmission Development LLC	-	0.2	(0.2)
JOINT ARRANGEMENTS	**5.4**	**2.5**	**2.9**
TOTAL INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	**81.6**	**76.7**	**4.9**

This item stood at €81.6 million and refers to the equity investments of the Parent Company Terna S.p.A. in the associate CESI S.p.A. (€47.8 million), in the associate CORESO S.A. (€1.2 million), in the associate CGES - CrnoGorski Elektroprenosni Sistem AD (€26.7 million), in the associate Equigy B.V. (€0.5 million) and in joint arrangements SEleNe CC S.A. (€2.3 million), ELMED Etudes S.a.r.l. (€0.2 million) and Wesii S.r.l. (€2.9 million), an Italian company acquired on 7 March 2024, with 33% of its capital being held by the subsidiary Terna Forward S.r.l. and the remainder by third parties.
The increase compared to the previous year, totalling €4.9 million, essentially reflects the recognition of the equity interest in the new joint arrangement Wesii S.r.l. (up €2.9 million), the adjustment of the Group's share of equity at 31 December 2024 held in associates CESI S.p.A. (up €1.7 million), CORESO S.A. (up €0.2 million) and Equigy B.V. (up €0.1 million) and in joint arrangement SEleNe CC S.A. (up €0.1 million).
Financial information pre-closing for 2024 for the Terna Group's main associates is provided below:

(€m)

	AT 31 DECEMBER 2024				
	NON-CURRENT ASSETS	CURRENT ASSETS	NON-CURRENT LIABILITIES	CURRENT LIABILITIES	EQUITY
CESI S.p.A.	179	95	19	(*)	101
CORESO S.A.	28	5	-	26	7
CGES A.D.	286	79	68	37	260
EQUIGY B.V.	2	1	1	-	2

(*) The pre-closing figure for 2024 does not include the allocation of working capital.

(€m)

	2024		
	REVENUE	PROFIT/(LOSS) BEFORE TAX	PROFIT/(LOSS) FOR THE YEAR
CESI S.p.A.	181	3	2
CORESO S.A.	42	2	1
CGES A.D.	101	30	25
EQUIGY B.V.	8	1	1

18. Financial assets

(€m)

	MEASUREMENT	31.12.2024	31.12.2023	CHANGE
Deposit in the Interconnector Guarantee Fund	Amortised cost	372.4	285.0	87.4
Cash flow hedges	FVTOCI	-	17.4	(17.4)
Government securities	FVTOCI	-	119.1	(119.1)
Financial assets servicing employee plan	FVTOCI	7.0	-	7.0
Other non-current financial assets	FVTPL - Amortised cost	7.1	4.2	2.9
Other investments	FVTOCI	1.7	0.1	1.6
NON-CURRENT FINANCIAL ASSETS		**388.2**	**425.8**	**(37.6)**
Government securities	FVTOCI	121.9	96.8	25.1
Other securities	FVTPL-FVTOCI	104.6	100.4	4.2
Time deposits	Amortised cost	200.0	165.0	35.0
Deferred assets on derivatives		1.2	7.3	(6.1)
Cash flow hedges	FVTOCI	-	0.4	(0.4)
Other current financial assets		19.6	14.2	5.4
CURRENT FINANCIAL ASSETS		**447.3**	**384.1**	**63.2**

"Non-current financial assets" are down €37.6 million, compared with 31 December 2023, reflecting:

- a €119.1 million decrease in government securities following reclassification to current financial assets;
- a €17.4 million reduction in cash flow hedges hedging borrowings due to market interest rate movements and the change in the derivatives held. The balance was measured by discounting expected cash flows using market interest rates at the measurement date;
- an increase in assets supporting the Brugg Cables employee benefit plan (up €7.0 million);
- an increase of €2.9 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;
- an increase of €1.6 million in other equity investments made by Terna Forward in three start-ups: Melaworks, D-Orbit and Unusuals World;
- an increase in security deposits provided by operators who participate in the capacity market pursuant to Resolution 98/2011/R/eel, as amended (up €68.3 million), and the Interconnector Guarantee Fund, established to fund investment in interconnections as under Article 32 of Law 99/09 (up €19.1 million).

"Current financial assets" increased by €63.2 million compared to the previous year, primarily due to an increase in short-term time deposits during the period (up €35.0 million), an increase in unpaid accrued interest on financial investments (up €5.4 million) and a change in Italian government securities and other securities holdings (totalling up €29.3 million), partially offset by recognition of interest accrued but not yet paid on derivative contracts (down €6.1 million).

19. Other assets

(€m)

	31.12.2024	31.12.2023	CHANGE
Loans and advances to employees	10.0	10.9	(0.9)
Deposits with third parties	4.9	4.9	-
Other non-current assets	-	(0.3)	0.3
OTHER NON-CURRENT ASSETS	**14.9**	**15.5**	**(0.6)**
Other tax credits	67.1	57.6	9.5
Prepayments to suppliers	12.5	11.1	1.4
Prepayments of operating expenses and accrued operating income	26.7	24.0	2.7
Amounts due from partners selected for Interconnector projects	3.4	2.9	0.5
Amounts due from others	58.6	65.3	(6.7)
OTHER CURRENT ASSETS	**168.3**	**160.9**	**7.4**

"Other non-current assets" (€14.9 million) showed a change essentially in line with the previous year.

"Other current assets", totalling €168.3 million, are up €7.4 million compared with 31 December 2023, primarily reflecting:

- other tax credits (up €9.5 million), mainly reflecting an increase in the Group's refundable VAT (up €13.5 million);
- higher advances to suppliers (up €1.4 million) mainly related to higher advances paid by the subsidiaries Brugg Cables Group (up €0.8 million) and Terna Rete Italia S.p.A. (up €0.2 million) following the start of new projects during the year;
- a reduction in amounts due from others (down €6.7 million), broadly attributable to the net decrease in subsidies (the so-called 110% grant) due to subsidiary Avvenia (€4.6 million).

20. Inventories – €108.2 million

This item, totalling €108.2 million, was up €33.2 million compared with the previous year. This primarily reflects materials to be used in contract work by the Brugg Cables Group (up €16.0 million), by the Tamini Group (up €15.7 million) and by the LT Group (up €0.3 million).

21. Trade receivables – €3,194.8 million

(€m)

	31.12.2024	31.12.2023	CHANGE
Energy-related receivables	2,186.9	1,268.5	918.4
Transmission charges receivables	682.1	576.2	105.9
Other trade receivables	325.8	310.1	15.7
TOTAL	**3,194.8**	**2,154.8**	**1,040.0**

Trade receivables at 31 December 2024 amounted to €3,194.8 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. 5/2024[5], and €23.5 million for other receivables related to 2024, compared to €13.3 million for energy-related receivables and €20.9 million for other receivables related to 2023. More details available in section "E". The carrying amount shown broadly approximates to fair value.

The measurement of expected credit losses is described in the section, "A. Accounting policies and measurement criteria".

Energy-related/regulated receivables – €2,186.9 million

This item includes so-called "pass-through items" relating to the dispatching activities carried out by the Parent Company (€1,415.9 million) and receivables due from the users of dispatching services forming part of Regulated Activities (€750.5 million). It also includes the amount due from the Fund for Energy and Environmental Services (Cassa per i Servizi Energetici e Ambientali - CSEA) (€20.5 million), relating to quality of service.

These receivables were up €918.4 million compared to 2023 year-end, primarily reflecting:

- an increase in receivables for the procurement of dispatching resources ("Power Exchange") to the extent of €718.2 million, essentially referring to the uplift fee, which was mainly affected by the recovery and ensuing transfer to the users of the credit balances accrued as a result of the cost reduction in the DSM area;
- an increase of €91 million in Capacity Market-related items due to higher receivables relating to hedging fees compared to the reference cost at the end of 2024;

[5] 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).

- an increase in receivables (€58.8 million) arising from incentive mechanisms aimed at reducing dispatching costs (DSM incentive, Resolutions 597/2021 and 132/2022) as a result of the recognition of the bonus accruing in 2024 (€374.1 million[6], gross of the effect of discounting) net of the collections for the year in accordance with the methods set forth in the applicable regulations (€315.3 million, of which €50 million referred to intra-zonal incentives pursuant to Resolution 699/2018);
- receivables recognised as a result of the compensation of stranded receivables resolved pursuant to ARERA Resolution No. 5/2024 (€36.3 million, net of collections for the period).

Transmission charges receivable – €682.1 million

Transmission charges receivable, amounting to €682.1 million, represent the amount due to the Parent Company and other grid owners from electricity distributors for use of the National Transmission Grid. This receivable is up €105.9 million compared with 31 December 2023, reflecting the revised tariff (Resolution 632/2023)[7], recognition of the accrued return on digital substation systems in accordance with ARERA Resolution 565/2020, and recognition of the amount due to cover the added costs incurred in 2024 that were not covered by the specific tariff component relating to the Inter-TSO Compensation (ITC) scheme[8], recognised from 2020 through the transmission charge.

Other trade receivables – €325.8 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 subsidiary, Brugg Cables and the LT Group.

This item showed a net increase of €15.7 million compared to the previous year, broadly due to increases in contract work at Terna Energy Solutions S.r.l. (up €9.2 million) and the LT Group (up €21.3 million), offset by a reduction in Terna Interconnector S.r.l.'s receivables (down €7.1 million) and those of the Brugg Cables Group (down €5.4 million)

The following table shows receivables resulting from contract work in progress (€84.5 million), being carried out by the Group under multi-year contracts with third parties:

(€m)

	PREPAYMENTS	VALUE OF CONTRACT	BALANCE AT 31 DECEMBER 2024	PREPAYMENTS	VALUE OF CONTRACT	BALANCE AT 31 DECEMBER 2023
Contract work in progress	(342.4)	470.1	**127.7**	(393.0)	542.5	**149.5**

The Group's contract work in progress showed a net decrease of €21.8 million compared to the previous year, essentially due to the timing advance related to contracts at the Brugg Cables Group (down €29.7 million), the Tamini Group (down €4.3 million) and Terna Energy Solutions S.r.l. (down €3.3 million), partially offset by an increase in contracts under management by the subsidiary Terna Rete Italia S.p.A. (up €3.6 million).

22. Cash and cash equivalents – €2,311.5 million

Cash amounts to €2,311.5 million at 31 December 2024, including €2,090.2 million invested short-term readily convertible deposits and €221.3 million deposited in bank current accounts and cash in hand.

23. Income tax assets – €8.7 million

Income tax assets (€8.7 million) increased by €3.9 million compared to the previous year, mainly due to the settlement of higher advance payments that resulted in the carry-over of higher credits usable in future years.

[6] Includes discount income totalling €28.2 million.
[7] "Determination of the reference revenue from the transmission and dispatching service and of the electricity transmission tariffs for 2024" whereby the reference revenue from the transmission and dispatching service and the electricity transmission tariffs for 2024 are determined, reflecting the adjustment set out in ARERA Resolutions 556/2023 and 615/2023.
[8] 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".

Equity and liabilities

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

Equity attributable to owners of the Parent – €7,524.2 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 - (€31.4) million

In implementation of the purchase of treasury shares programme linked to the new Performance Share Plan 2024-2028, approved by the Annual General Meeting of shareholders on 10 May 2024, in the period between 4 September 2024 and 4 October 2024, the Parent Company purchased 998,428 treasury shares (equal to 0.050% of the share capital), at a total cost of approximately €8.0 million. These are in addition to those purchased in previous years to service the Performance Share Plan 2020-2023, the Performance Share Plan 2021-2025, the Performance Share Plan 2022-2026 and the Performance Share Plan 2023-2027.

In addition, in the period between 10 May 2024 and 4 June 2024, the Parent Company allotted 1,060,240 treasury shares to the beneficiaries of the Performance Share Plan 2021-2025, amounting to a total of approximately €6.4 million.

As a result, at 31 December 2024, Terna S.p.A. now holds a total of 4,151,848 treasury shares (equal to 0.207% of the share capital), purchased at a cost of €31.4 million, thereby reducing other reserves by this amount.

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 (€842.1 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.

The tax effect on the ancillary costs of the aforementioned bonds was held under this item for a total amount of €4.5 million.

Share premium reserve, Cash flow hedge reserve and Other reserves – €777.3 million

The “Share premium reserve”, “Cash flow hedge reserve” and “Other reserves” at 31 December 2024 amount to €777.3 million, having fallen €11.7 million compared with 31 December 2023, broadly as a result of other comprehensive income. This reflects:

- fair value adjustments to the Parent Company’s cash flow hedges (down €30.1 million, including the related hedging costs of up €0.1 million, after the related taxation);
- the change in actuarial gains and losses on provisions for employee benefits (up €0.6 million, after the related taxation).
- fair value adjustments to the value of financial assets represented by securities (up €2.3 million, after the related taxation);

Retained earnings and accumulated losses – €3,589.8 million

The increase in “Retained earnings and accumulated losses”, amounting to €199.3 million, primarily regards the remaining portion of the Group’s profit for 2023 (up €202.8 million), following the Parent Company’s payment of the dividend for 2023 (totalling €682.6 million). This item also includes the change in the scope of consolidation as a result of the acquisition through the subsidiary Terna Plus S.r.l., in February 2024, of the remaining 25% non-controlling interest in the Brazilian company “SPE Transmissora de energia Linha Verde I S.A.” (down €7.0 million) subsequently sold on November 18, 2024, interest accrued to holders of the hybrid green bond (down €2.6 million), the recognition of the tax effect on this interest related to the hybrid bond issued on 2 February 2022 accrued until 31 December 2024 (up €11.4 million) and the change in foreign exchange differences on the translation of financial statements denominated in currencies other than the euro (down €2.8 million).

Interim dividend for 2024 and final dividend for 2023

On 6 November 2024, the Company’s Board of Directors, having obtained the Independent Auditor’s opinion required by article 2433-*bis* of the Italian Civil Code, decided to pay an interim dividend of 11.92 euro cents per share. The dividend was payable from 20 November 2024, with an ex-dividend date for coupon 41 on 18 November 2024. The dividend was paid to the holders of each ordinary share outstanding, with the exception of the amount payable on treasury shares held at the record date of 19 November 2024.
The Annual General Meeting of shareholders held on 10 May 2024 approved payment of a dividend for full-year 2023 of 33.96 eurocents per share, and the payment – before any withholdings required by law – of a final dividend of 22.50 eurocents per share (payable from 26 June 2024, with an ex-dividend date for coupon 40 of 24 June 2024), of which 11.46 eurocents paid in the form of an interim dividend payable from 22 November 2023.

Equity attributable to non-controlling interests – €19.8 million

Equity attributable to non-controlling interests, relating to the non-controlling shareholders of Terna Interconnector S.r.l., the Brugg Cables Group, the LT Group and ESPERIA-CC S.r.l. totalled €19.8 million, showing an increase of €0.9 million compared to 31 December 2023.

This change was mainly due to the acquisition through the subsidiary Terna Plus S.r.l., in February 2024, of the remaining 25% minority interest in the Brazilian company “SPE Transmissora de energia Linha Verde I S.A.” (up €7.0 million) subsequently sold on 18 November 2024, and the purchase by the subsidiary Terna Energy Solutions S.r.l., on 20 December 2024, of a 12.5% minority interest in LT S.r.l. (down €4.8 million).

Reference is also made to the distribution of the dividend resolved by the Annual General Meeting of shareholders of the subsidiary LT S.r.l. on 13 March 2024 for the portion due to the third-party shareholder Solaris S.r.l. (down €1.9 million).

25. Borrowings and financial liabilities

(€m)

	31.12.2024	31.12.2023	CHANGE
Bond issues	6,048.3	5,664.2	384.1
Bank borrowings	5,362.1	3,745.0	1,617.1
LONG-TERM BORROWINGS	**11,410.4**	**9,409.2**	**2,001.2**
Cash flow hedges	11.8	-	11.8
Fair value hedges	47.0	164.5	(117.5)
NON-CURRENT FINANCIAL LIABILITIES	**58.8**	**164.5**	**(105.7)**
SHORT-TERM BORROWINGS	**1,657.1**	**1,201.7**	**455.4**
Bond issues	499.5	826.4	(326.9)
Bank borrowings	181.5	558.2	(376.7)
CURRENT PORTION OF LONG-TERM BORROWINGS	**681.0**	**1,384.6**	**(703.6)**
CURRENT FINANCIAL LIABILITIES	**111.9**	**113.8**	**(1.9)**
TOTAL	**13,919.2**	**12,273.8**	**1,645.4**

Borrowings and financial liabilities have increased by €1,645.4 million compared with the previous year to €13,919.2 million. The change primarily reflects:

- an increase in bank borrowings, amounting to €1,240.4 million, following the drawdown of new loans, totalling €2,400 million, after repayments of bank loans amounting to €1,000.0 million and repayments falling due on existing EIB loans. The change also reflects fair value adjustments of these financial instruments;
- an increase in short-term borrowings (€455.4 million) due to the use of short-term facilities and the issue of commercial paper by the Parent Company;
- an increase in bonds to the extent of €57.2 million, mainly as a result of the €850 million bond issue launched by Terna in January 2024, partially offset by the repayment of an €800 million bond issue in October 2024. The change also reflects fair value adjustments of these financial instruments;
- a decrease in the fair value of derivative financial instruments (down €105.7 million) due to the change in the related portfolio and market interest rate curve.

The latest official prices at 31 December 2024 and 31 December 2023 for the bonds listed on the Luxembourg Stock Exchange are detailed below:

(€m)

	ISIN	PRICE AT 31 DECEMBER 2024	PRICE AT 31 DECEMBER 2023
Bond maturity 2024:	XS0203712939	-	100.92
Bond maturity 2025:	XS2033351995	98.53	94.95
Bond maturity 2026:	XS1371569978	98.14	95.96
Bond maturity 2026:	XS1980270810	97.99	95.51
Bond maturity 2027:	XS1652866002	96.81	94.40
Bond maturity 2027:	XS2536846236	101.19	100.33
Bond maturity 2029:	XS2357205587	89.43	86.53
Bond maturity 2029:	XS2607193435	102.57	102.26
Bond maturity 2030:	XS2237901355	85.82	82.94
Bond maturity 2031:	XS2748847204	101.66	-
Bond maturity 2032:	XS2209023402	83.82	81.82
Bond maturity 2033:	XS2655852726	103.41	103.26

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)

	31.12.2023			REPAYMENTS			CHANGE	31.12.2024		
	NOTIONAL DEBT	CARRYING AMOUNT	FAIR VALUE	CAPITALISATIONS	AND DRAWDOWNS	OTHER	CARRYING AMOUNT	NOTIONAL DEBT	CARRYING AMOUNT	FAIR VALUE
Bond maturing 2024	800.0	826.4	807.4	(800.0)	-	(26.4)	(826.4)	-	-	-
Bond maturing 2025	500.0	498.5	474.7	-	-	1.0	1.0	500.0	499.5	492.6
Private Placement 2026	80.0	79.7	76.8	-	-	0.1	0.1	80.0	79.8	78.5
Bond maturing 2026	500.0	499.2	477.6	-	-	0.3	0.3	500.0	499.5	489.9
Private Placement 2027	100.0	99.8	100.3	-	-	0.1	0.1	100.0	99.9	101.2
Bond maturing 2027	1,000.0	988.0	944.0	-	-	3.3	3.3	1,000.0	991.3	968.1
Bond maturing 2028	750.0	712.9	685.9	-	-	7.6	7.6	750.0	720.5	705.2
Bond maturing 750_2029	750.0	742.7	766.9	-	-	1.3	1.3	750.0	744.0	769.3
Bond maturing 2029	600.0	597.6	519.2	-	-	0.4	0.4	600.0	598.0	536.6
Bond maturing 2030	500.0	437.0	414.7	-	-	13.0	13.0	500.0	450.0	429.1
Bond maturing 2031	-	-	-	-	850.0	(7.4)	842.6	850.0	842.6	864.1
Bond maturing 2032	500.0	366.3	409.1	-	-	13.2	13.2	500.0	379.5	419.1
Bond maturing 2033	650.0	642.5	671.2	-	-	0.7	0.7	650.0	643.2	672.2
Total bond issues	**6,730.0**	**6,490.6**	**6,347.8**	**(800.0)**	**850.0**	**7.2**	**57.2**	**6,780.0**	**6,547.8**	**6,525.9**
Borrowings	3,799.4	4,237.6	4,237.6	(1,139.9)	2,400.0	(12.9)	1,247.2	5,609.5	5,484.8	5,484.8
Lease liabilities	65.6	65.6	65.6	(19.3)	-	12.5	(6.8)	58.8	58.8	58.8
Total borrowings	**3,865.0**	**4,303.2**	**4,303.2**	**(1,159.2)**	**2,400.0**	**(0.4)**	**1,240.4**	**5,668.3**	**5,543.6**	**5,543.6**
Total debt	**10,595.0**	**10,793.8**	**10,651.0**	**(1,959.2)**	**3,250.0**	**6.8**	**1,297.6**	**12,448.3**	**12,091.4**	**12,069.5**

At 31 December 2024, the Terna Group's had access to additional financing of €3,905.0 million, represented by two fully-available revolving credit facilities.

In addition, the table shows the fair value of borrowings and bond issues. In the case of bond issues, this is market value based on prices at the reporting date, whilst variable rate loans are measured by discounting expected cash flows based on the market interest rate curve at the reporting date.

The following table shows an analysis of bond issues and other borrowings by maturity, showing the related short-term portions.

(€m)

	MATURITY	31.12.2023*	31.12.2024*	PORTION FALLING DUE WITHIN 12 MONTHS	PORTION FALLING DUE AFTER 12 MONTHS	2026	2027	2028	2029	2030	AFTER	OTHER**	AVERAGE INTEREST RATE AT 31 DECEMBER 2024	AVERAGE INTEREST RATE AFTER HEDGES AT 31 DECEMBER 2024
Bonds	2024	826.4	-	-	-	-	-	-	-	-	-	-	4.90%	0.89%
	2025	498.5	499.5	500.0	-	-	-	-	-	-	-	(0.5)	0.13%	0.32%
	2026	499.2	499.5	-	500.0	500.0	-	-	-	-	-	(0.5)	1.00%	1.29%
	2026	79.7	79.8	-	80.0	80.0	-	-	-	-	-	(0.2)	1.60%	1.80%
	2027	988.0	991.3	-	1,000.0	-	1,000.0	-	-	-	-	(8.7)	1.38%	1.92%
	2027	99.8	99.9	-	100.0	-	100.0	-	-	-	-	(0.1)	3.44%	2.78%
	2028	712.9	720.5	-	750.0	-	-	750.0	-	-	-	(29.5)	1.00%	1.31%
	2029	597.6	598.0	-	600.0	-	-	-	600.0	-	-	(2.0)	0.38%	1.71%
	2029	742.7	744.0	-	750.0	-	-	-	750.0	-	-	(6.0)	3.63%	3.71%
	2030	437.0	450.0	-	500.0	-	-	-	-	500.0	-	(50.0)	0.38%	3.79%
	2031	-	842.6	-	850.0	-	-	-	-	-	850.0	(7.4)	3.50%	3.65%
	2032	366.3	379.5	-	500.0	-	-	-	-	-	500.0	(120.5)	0.75%	3.16%
	2033	642.5	643.2	-	650.0	-	-	-	-	-	650.0	(6.8)	3.88%	3.82%
EIB	2046	2,407.2	3,270.4	47.7	3,340.7	58.5	117.1	156.0	192.1	192.1	2,624.9	(118.0)	2.65%	2.63%
Terna's borrowing	2024	300.0	-	-	-	-	-	-	-	-	-	-	-	(1.25%)
Total fixed rate		**9,197.8**	**9,818.2**	**547.7**	**9,620.7**	**638.5**	**1,217.1**	**906.0**	**1,542.1**	**692.1**	**4,624.9**	**(350.2)**		
EIB	2041	836.3	721.0	115.3	605.7	115.3	115.3	115.3	96.0	103.3	60.5	-	4.31%***	2.16%
Terna's borrowing	2029	699.4	1,498.5	-	1,500.0	-	-	-	1,500.0	-	-	(1.5)	4.36%***	4.81%
Total variable rate		**1,535.7**	**2,219.5**	**115.3**	**2,105.7**	**115.3**	**115.3**	**115.3**	**1,596.0**	**103.3**	**60.5**	**(1.5)**		
TOTAL		**10,733.5**	**12,037.7**	**663.0**	**11,726.4**	**753.8**	**1,332.4**	**1,021.3**	**3,138.1**	**795.4**	**4,685.4**	**(351.7)**		

* *The balance does not include prepaid fees of €5.1 million at 31 December 2024 and of €5.3 million at 31 December 2023.*
** *Includes portions measured at amortised cost and fair value adjustments at 31 December 2024.*
*** *This is the average of the rates fixed in the sub-periods.*

(€m)

	31.12.2023	31.12.2024	PORTION FALLING DUE WITHIN 12 MONTHS	PORTION FALLING DUE AFTER 12 MONTHS
Finance leases	1.0	-	-	-
Operating leases	64.6	58.8	18.5	40.3
TOTAL	**65.6**	**58.8**	**18.5**	**40.3**

At 31 December 2024, payments on operating leases recognised in application of IFRS 16 amount to €19.3 million.

The total value of the Terna Group's long-term borrowings at 31 December 2024 is €12,037.7 million (€663.0 million falling due within 12 months and €11,726.4 million falling due after 12 months net of portions measured at amortised cost and fair value adjustments), of which €4,685.4 million maturing after five years.

Non-current financial liabilities – €58.8 million

(€m)

	31.12.2024	31.12.2023	CHANGE
Cash flow hedges	11.8	-	11.8
Fair value hedges	47.0	164.5	(117.5)
TOTAL	**58.8**	**164.5**	**(105.7)**

Non-current financial liabilities, amounting to €58.8 million at 31 December 2024, reflect the fair value 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 €105.7 million, compared to 31 December 2023 reflects the change in the derivatives held.

Short-term borrowings – €1,657.1 million

"Short-term borrowings", amounting to €1,657.1 million at 31 December 2024, have increased €455.4 million compared with the previous year, essentially due to the use of short-term credit facilities and the issue of commercial paper by the Parent Company.

Current financial liabilities – €111.9 million

(€m)

	31.12.2024	31.12.2023	CHANGE
Foreign exchange cash flow hedges	1.7	0.1	1.6
Other current financial liabilities	-	38.5	(38.5)
DEFERRED LIABILITIES ON:			
Hedging derivatives	-	1.3	(1.3)
Bond issues	75.2	53.5	21.7
Borrowings	35.0	20.4	14.6
TOTAL	**111.9**	**113.8**	**(1.9)**

Current financial liabilities at 31 December 2024, amounting to €111.9 million, showed a €1.9 million decrease compared to 31 December 2023 essentially due to the payment to the Tunisian operator STEG of the accrued portion of the advance on the Italy-Tunisia interconnection project (down €38.5 million), offset by the value of the net financial expenses accrued on bonds and loans and not yet settled (up €36.3 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)

	31.12.2024
A. Cash	221.3
B. Cash and cash equivalents*	2,090.2
C. Other current financial assets**	446.1
D. Liquidity (A) + (B) + (C)	**2,757.6**
E. Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial liabilities)	1,657.1
F. Current portion of non-current debt***	791.7
G. Current debt (E+F)	**2,448.8**
H. Net current debt (G) - (D)	**(308.8)**
I. Non-current financial liabilities (excluding the current portion and debt instruments)****	5,373.9
J. Debt instruments*****	6,095.3
K. Non-current net debt (I) + (J)	**11,469.2**
L. Net debt (H) + (K)	**11,160.4**

* *Corresponds with the item, "Cash and can equivalents" relating to the value of short-term deposits.*

** *Corresponds with the item, " Current financial assets" relating to the value of government securities (€226.5 million), time deposits (€200.0 million) and accrued interest income (€19.6 million).*

*** *Corresponds with the item, "Current portion of long-term borrowings" relating to the short-term portion of long-term borrowings (€163.0 million), the short-term portion of bond issues (€499.5 million) and the short-term portion of lease liabilities (€18.5 million), "Current financial liabilities" and "Current financial assets" relating to the value of derivative assets and accrued financial income on derivatives (down €1.2 million).*

**** *Corresponds with the item, "Long-term borrowings" relating to the value of borrowings (€5,321.8 million) and the long-term portion of lease liabilities (€40.3 million) and "Non-current financial liabilities" relating to the value of derivative liabilities (€11.8 million).*

***** *Corresponds with the item, "Long-term borrowings" relating to the value of bond issues (€6,048.3 million) and the item, "Non-current financial liabilities" relating to the value of derivative liabilities on bonds (€47.0 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 twelve issues under its EMTN Programme ("*€12,000,000,000 Euro Medium Term Notes Programme*"); bank debt, which consists of revolving credit lines and bilateral credit lines ("bank debt");
- a series of loans to the Company from the European Investment Bank (EIB), amounting to a total of approximately €4.1 billion.

The main covenants relating to bond issues and the EMTN Programme involve 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 – €48.2 million

The Group provides its employees with benefits during their period of employment (loyalty bonuses), on termination of employment (*TFR*, energy discounts, additional months' pay and payment in lieu of notice) and after termination in the form of post-employment benefits (ASEM health cover).
Loyalty bonuses are payable to the Group's employees and senior managers once certain requirements have been met regarding length of service (on completing 25 and 35 years of service).
Termination benefits (*TFR*) are payable to all employees, whilst employees hired by 30 June 1996 receive energy discounts, senior managers recruited or appointed before 28 February 1999 receive payment in lieu of notice and employees (blue-collar workers, office staff and middle managers) employed prior to 24 July 2001 are due additional months' pay on termination.
Post-employment benefits consist of a form of supplementary health cover in addition to that provided by the Italian national health service, as provided for in the national collective contract for industrial managers (the ASEM health plan).
The following table shows the composition of provisions for *TFR* and other employee benefits and movements during the year ended 31 December 2024:

(€m)

	31.12.2023	PROVISIONS	INTEREST COST	USES AND OTHER MOVEMENTS	ACTUARIAL GAINS/(LOSSES)	31.12.2024
Benefits during the period of employment						
Loyalty bonuses and other incentives	4.5	0.2	0.1	(0.3)	-	4.5
Total	**4.5**	**0.2**	**0.1**	**(0.3)**	**-**	**4.5**
Termination benefits						
Deferred compensation benefits (*TFR*)	28.4	0.6	0.7	(2.7)	(0.4)	26.6
Energy discounts	2.2	-	0.1	(0.3)	0.1	2.1
Additional months' pay	4.7	0.2	0.1	(0.4)	0.1	4.7
Other similar benefits	0.7	-	-	0.1	-	0.8
Total	**35.9**	**0.8**	**0.9**	**(3.3)**	**(0.2)**	**34.2**
Post-employment benefits						
ASEM health plan	9.4	0.4	0.3	(0.4)	(0.2)	9.5
Total	**9.4**	**0.4**	**0.3**	**(0.4)**	**(0.2)**	**9.5**
TOTAL	**49.8**	**1.4**	**1.3**	**(4.0)**	**(0.4)**	**48.2**

This item, amounting to €48.2 million at 31 December 2024, decreased by €1.6 million compared to 31 December 2023, mainly due to utilisation and other changes (down €4.0 million, notably in provisions for post-employment benefits and allowance for non-employment (IMA) substantially related to the generational change implemented by the Company in recent years), partly offset by higher provisions and interest costs for the period (up €2.7 million, mainly related to benefits due upon termination of employment).

The following table shows the current service cost and interest income and expense.

(€m)

	LOYALTY BONUSES AND OTHER INCENTIVES	TFR	ADDITIONAL MONTHS' PAY	ENERGY DISCOUNTS	ASEM HEALTH PLAN	TOTAL
Net impact recognised in profit or loss						
- current service cost	0.2	0.6	0.2	-	0.4	1.4
- interest income and expense	0.1	0.7	0.1	0.1	0.3	1.3
TOTAL RECOGNISED IN PROFIT OR LOSS	**0.3**	**1.3**	**0.3**	**0.1**	**0.7**	**2.7**

The revaluation of the net liability for employee benefits is shown in the following table, which provides details of the type of actuarial gain or loss recognised in other comprehensive income.

(€m)

	TFR	ADDITIONAL MONTHS' PAY	ENERGY DISCOUNTS	ASEM HEALTH PLAN	TOTAL
Actuarial gains/(losses)					
- based on past experience	-	0.1	0.2	0.1	0.4
- due to changes in discount rate	(0.4)	-	(0.1)	(0.3)	(0.8)
TOTAL IMPACT ON COMPREHENSIVE INCOME	**(0.4)**	**0.1**	**0.1**	**(0.2)**	**(0.4)**

Finally, the following tables show the main actuarial assumptions applied, a sensitivity analysis of movements in the assumptions and the payment schedule for the plan. In line with 2023, the interest rate used to determine the present value of the obligation was calculated on the basis of the yield on the Iboxx Eurozone Corporates AA index at 31 December 2024, matching the duration of the relevant group of plan participants.

	LOYALTY BONUSES AND OTHER INCENTIVES	TFR	ADDITIONAL MONTHS' PAY	ENERGY DISCOUNTS	ASEM HEALTH PLAN
Discount rate	3.17%	3.08%	2.95%	3.08%	3.17%
Inflation rate	2.00%	2.00%	-	-	2.70%
Duration (in years)	17-19	6-20	4-7	5-9	14-16

(€m)

	LOYALTY BONUSES AND OTHER INCENTIVES	TFR	ADDITIONAL MONTHS' PAY	ENERGY DISCOUNTS	ASEM HEALTH PLAN	TOTAL
Discount rate +0.25%	3.8	24.2	2.8	2.2	12.3	**45.3**
Discount rate -0.25%	3.8	24.9	2.8	2.2	13.1	**46.8**
Inflation rate +0.25%	3.9	24.8	-	-	-	**28.7**
Inflation rate -0.25%	3.8	24.3	-	-	-	**28.1**
Annual rate of increase in health costs +3%	-	-	-	-	12.9	**12.9**
Annual rate of increase in health costs -3%	-	-	-	-	12.5	**12.5**

(€m)

	LOYALTY BONUSES AND OTHER INCENTIVES	TFR	ADDITIONAL MONTHS' PAY	ENERGY DISCOUNTS	ASEM HEALTH PLAN	TOTAL
By the end of 2024	0.2	4.6	1.8	0.4	0.7	**7.7**
By the end of 2025	0.3	2.4	0.4	0.2	0.7	**4.0**
By the end of 2026	0.2	0.9	0.6	-	0.8	**2.5**
By the end of 2027	0.2	2.7	0.6	0.2	0.8	**4.5**
By the end of 2028	0.3	3.6	0.5	0.3	1.0	**5.7**
After 5 years	3.3	12.4	0.8	1.0	5.5	**23.8**
TOTAL	**4.5**	**26.6**	**4.7**	**2.1**	**9.5**	**48.2**

27. Provisions for risks and charges – €169.8 million

(€m)

	PROVISIONS FOR LITIGATION AND DISPUTES	SUNDRY PROVISIONS FOR RISKS AND CHARGES	PROVISIONS FOR EARLY RETIREMENT INCENTIVES	TOTAL
Amount at 31 December 2023	**12.9**	**105.3**	**33.6**	**151.8**
Provisions	2.6	36.8	12.3	51.7
Uses and other movements	(4.5)	(23.1)	(6.1)	(33.7)
Amount at 31 December 2024	**11.1**	**119.0**	**39.8**	**169.8**

Provisions for litigation and disputes – €11.1 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 31 December 2024, amounting to €11.1 million, primarily regards disputes involving the Parent Company in relation to the payment of damages relating to operation and maintenance, requests for compensation for easements and labour and social security disputes. This is down by a net €1.9 million compared with the previous year as a result of lower net provisions during the year.

Provisions for sundry risks and charges – €119.0 million

These provisions amount to €119.0 million at 31 December 2024 and essentially regard 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.

These provisions are up by a net €13.7 million, compared with the previous year reflecting:

- net provisions for right-of-way fees (€7.5 million);
- net provisions related to charges for deposit held in custody (€3.6 million);
- net provisions totalling €1.3 million linked to regulation of the quality of the electricity service (the mitigation and sharing mechanism introduced by ARERA Resolution 653/2015/R/eel) which, after uses for estimated penalties linked to outages during the year, reflects payments to distribution companies and releases following final determination of the penalties due to previous years.
- net use (€2.2 million) of provisions for urban and environmental restoration schemes.

Provisions for early retirement incentives – €39.8 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 has increased by a net €6.2 million, reflecting payments in coming years in relation to the existing plan for generational turnover.

28. Other non-current liabilities – €1,091.5 million

This item, amounting to €1,091.5 million 31 December 2024, regards accrued grants related to assets receivable by the Parent Company (€59.1 million), in addition to payments on account received in relation to construction of the private Italy-Montenegro, Italy-France and Italy-Austria Interconnectors (totalling €526.3 million).
This item also includes the security deposits received from operators participating in the capacity market in accordance with Resolution 98/2011/R/eel (€189.1 million), the Interconnector Guarantee Fund set up by Terna S.p.A. following the issue of the 2016 Stability Law (€182.8 million), in order to fund investment in interconnections as under by Article 32 of Law 99/09, as well as adjustment of the contingent liability relating to the purchase of a 12.5% minority interest in the subsidiary LT S.r.l. (€22.5 million).
This item increased by €143.2 million over the previous year, essentially due to higher security deposits provided by operators who participate in the capacity market pursuant to Resolution 98/2011/R/eel, as amended (up €68.4 million), an increase in the Interconnector Guarantee Fund (up €18.9 million), the adjustment of the contingent liability for the purchase of a minority interest in LT S.r.l. (up €15.3 million) and an increase in long-term debt following the entry into service of the Italy-France and Italy-Austria interconnections (up €62.1 million).

29. Current liabilities

(€m)

	31.12.2024	31.12.2023	CHANGE
Short-term borrowings *	1,657.1	1,201.7	455.4
Current portion of long-term borrowings *	681.0	1,384.6	(703.6)
Trade payables	3,524.5	2,864.9	659.6
Tax liabilities	112.3	-	112.3
Current financial liabilities *	111.9	113.8	(1.9)
Other current liabilities	776.9	756.9	20.0
TOTAL	**6,863.7**	**6,321.9**	**541.8**

** Information on these items is provided in note 25. Borrowings and financial liabilities*

Trade payables – €3,524.5 million

(€m)

	31.12.2024	31.12.2023	CHANGE
Trade payables:			
- Energy-related payables	2,169.1	1,649.1	520.0
- Non-energy-related payables	1,273.5	1,134.9	138.6
Amounts due to associates	0.7	6.7	(6.0)
Contract work in progress	81.1	74.2	6.9
TOTAL	**3,524.5**	**2,864.9**	**659.6**

Trade payables

Energy-related/regulated payables

The €520.0 million increase in this item compared to the year-end figure for 2023 was essentially due to energy-related pass-through payables (€525.7 million), such change reflecting mainly:

- an increase in payables relating to the Essential Units ensuring the security of the electricity system - UESS (€353.6 million) due to lower payments in 2024 to reimburse the costs decided by ARERA to the owners of the plants[9];
- higher payables related to the Interruptibility Service Fee (€96.9 million) as a result of charges related to adjustment transactions to be settled with service licensees;
- an increase in payables (€80.6 million) related to costs for procurement of dispatching resources.

[9] ARERA ordered payments to Essential Unit owners through Resolutions No. 32-44-65-166-293-308-399-440-460-461-469-470-471-485-486-487-502-503-519-520-537-541-542/2024.

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 31 December 2024 (€1,273.5 million) was up €138.6 million on the previous year, largely due to increased capital expenditure towards the end of the year, primarily by the subsidiary, Terna Rete Italia S.p.A. (up €101.6 million), an increase in payables at the Tamini Group (up €10.5 million) and an increase in payables at the Parent Company (up €11.4 million).

Amounts due to associates

This item stood at €0.7 million, showing a decrease of €6.0 million compared to the previous financial year, mainly due to lower payables to associate CESI S.p.A. for services received mainly from subsidiary Terna Rete Italia S.p.A. (€5.1 million) and the Parent Company (€2.0 million) relating to electrical engineering studies and research endeavours.

Contract work in progress

Contract work in progress payables, amounting to €81.1 million at 31 December 2024, were up €6.9 million on the figure for 31 December 2023 (€74.2 million), essentially reflecting contract work in progress at the Tamini Group (up €11.1 million), net of a decrease in contract work at Terna Energy Solutions S.r.l. (down €3.3 million) and the Bugg Cables Group (down €1.9 million).

This item breaks down as follows.

(€m)

	PREPAYMENTS	VALUE OF CONTRACT	BALANCE AT 31 DECEMBER 2024	PREPAYMENTS	VALUE OF CONTRACT	BALANCE AT 31 DECEMBER 2023
Contract work in progress	193.9	(112.8)	**81.1**	131.1	(56.9)	**74.2**

The carrying amount of trade payables broadly approximates to fair value.

The commitments assumed by the Group towards suppliers amount to approximately €8,199.2 million and regard purchase commitments linked to the normal “operating cycle” projected for the period 2024-2028.

Tax liabilities

At 31 December 2024, this item showed a balance of €112.3 million compared to a zero figure posted at 31 December 2023. The change was due to the recognition of accrued taxes arising from higher pre-tax profit net of advance payments made during the year.

Other current liabilities – €776.9 million

(€m)

	31.12.2024	31.12.2023	CHANGE
Prepayments	332.6	266.5	66.1
Other tax liabilities	38.0	36.7	1.3
Social security payables	37.1	31.6	5.5
Amounts due to personnel	84.5	62.7	21.8
Other payables due to third parties	284.7	359.4	(74.7)
TOTAL	**776.9**	**756.9**	**20.0**

Prepayments

This item amounts to €332.6 million at 31 December 2024 and regards grants related to assets collected by the Group (of which €128.8 million attributable to the Parent Company) to fund the construction of non-current assets in progress at 31 December 2024.

Compared with the balance at 31 December 2023 (€266.5 million) this item is up €66.1 million, essentially due to new prepayments received from third parties after grants deducted directly from the carrying amount of the related assets, totalling €50.8 million.

Other tax liabilities
Other tax payables, standing at €38.0 million, increased by €1.3 million compared to the previous year, mainly due to higher withholding taxes on salaries and wages recognised in the period (up €0.8 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 the subsidiary, Terna Rete Italia S.p.A., amount to €37.1 million. The figure is up €5.5 million compared with the previous year, due to an increase in contributions payable. This item also included the amount payable to the *Fondo Previdenza Elettrici – F.P.E.* (the Electricity Industry Pension Fund), amounting to €2.2 million (€2.3 million at 31 December 2023).

Amounts due to personnel
Amounts due to personnel, standing at €84.5 million, increased by €21.8 million compared to the previous year and essentially reflect:

- staff incentives payable in the following year (€46.1 million);
- amounts due to employees in the form of accrued and unused annual leave and bank holiday entitlements (€19.6 million);
- benefits payable to personnel leaving the Company by 31 December 2024 (€0.8 million).

Other payables due to third parties
Other payables due to third parties, amounting to €284.7 million, primarily regard guarantee deposits (€182.7 million) received from electricity market operators to guarantee their contractual obligations under dispatching and virtual interconnection contracts. This item also includes the potential liabilities attributable to the Brugg Cables Group, arising from the Purchase Price Allocation (€33.0 million, covered by an insurance policy) and resulting from ongoing litigation regarding a number of contracts with Colombian counterparties, and deferred income (€54.2 million, primarily attributable to the Group's non-regulated business).
This item showed a decrease totalling €74.7 million, mainly due to lower security deposits collected during the period (€75.7 million).

30. Discontinued operations and assets held for sale

The items, "Discontinued operations and assets held for sale" and "Liabilities related to discontinued operations and assets held for sale" included the assets and liabilities that make up the net assets attributable to the companies included in the agreement signed by the Terna Group and CDPQ, a global investment group, on 29 April 2022 for the sale of all the Group's power line assets in Brazil, Peru and Uruguay.
On 7 November 2022, the first transaction closing for 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.", owners of three power lines in Brazil, totalling 670 km, was completed. On 22 December 2022, the transaction closing for Difebal S.A., the owner of a power line in Uruguay, totalling 214 km, was completed.
In accordance with the agreement entered into on 29 April 2022, and following the fulfilment of the conditions set forth therein, on 18 November 2024 the third closing was finalised for the sale to CDPQ of SPE Transmissora de Energia Linha Verde I S.A., the owner of a power line in Brazil totalling approximately 150 km.
With regard to the sale of the project in Peru, given the impossibility of proceeding with the sale of the company to CDPQ following the buyer's failure to qualify as per announcement by the relevant authority (MINEM), the Group reached out to other operators to start the process aimed at the sale of the project in Peru, which it believes can be completed within 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	31.12.2024	31.12.2023	CHANGE
Property, plant and equipment	1.4	1.4	-
Intangible assets	21.2	20.3	0.9
Deferred tax assets	2.2	2.4	(0.2)
Non-current financial assets	2.4	59.0	(56.6)
Other non-current assets	-	0.3	(0.3)
Inventories	0.4	0.4	-
Trade receivables	0.1	0.1	-
Current financial assets	-	7.3	(7.3)
Cash and cash equivalents	1.9	3.6	(1.7)
Income tax assets	0.3	0.6	(0.3)
Other current assets	1.4	5.5	(4.1)
Total assets	**31.3**	**100.9**	**(69.6)**
Accumulated impairment recognised on remeasurement of fair value less costs to sell	(15.9)	(15.9)	-
TOTAL ASSETS HELD FOR SALE	**15.4**	**85.0**	**(69.6)**
LIABILITIES			
Deferred tax liabilities	-	4.1	(4.1)
Trade payables	0.2	0.3	(0.1)
Tax liabilities	-	0.1	(0.1)
Other current liabilities	-	0.1	(0.1)
TOTAL LIABILITIES RELATED TO ASSETS HELD FOR SALE	**0.2**	**4.6**	**(4.4)**
TOTAL NET ASSETS HELD FOR SALE	**15.2**	**80.4**	**(65.2)**
Amounts included in OCI:			
Foreign currency translation reserve	2.5	3.6	(1.1)
Total reserves related to assets classified as held for sale	**2.5**	**3.6**	**(1.1)**

Net assets held for sale amounted to €15.2 million at 31 December 2024, and mainly reflect investments on infrastructure under concession in Peru related to the subsidiary Terna Peru S.A.C..

This item showed a decrease of €65.2 million compared to 31 December 2023, mainly due to the sale transaction relating to the Brazilian company SPE Transmissora de Energia Linha Verde I S.A (down €66.5 million) recognised during the period.

Cash flow

The following statement of cash flows shows cash flows attributable to the Latin American assets held for sale:

(€m)

	CASH FLOW 2024	CASH FLOW 2023
Operating Cash Flow	(0.8)	(8.1)
Cash flow for investing activities	(0.9)	(0.2)
Cash flow for the year attributable to discontinued operations and assets held for sale	**(1.7)**	**(8.3)**

Net outflow from continuing operations in Latin America totalled €0.8 million, mainly due to the effect of the sale of the Brazilian company SPE Transmissora de Energia Linha Verde I. S.A. during the period. It was covered together with the overall cash requirement related to investment activities (€0.9 million, mainly pertaining to infrastructure under concession in Peru) through a change in cash and cash equivalents to the extent of €1.7 million.

E. Commitments and risks

Risk management

In the course of its operations, the Terna Group is exposed to different financial risks: market risk, liquidity risk and credit risk.

This section provides information regarding the Terna Group's exposure to all the above risks, along with a presentation of the objectives, policies and processes for managing those risks and the methods used to assess them, with further quantitative disclosures concerning the separate financial statements for 2024.

The Group's risk management policies seek to identify and analyse the risks that Group companies are exposed to, establishing appropriate limits and controls and monitoring the risks and compliance with such 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 companies' operations.

The Terna Group's exposure to the aforementioned risks is substantially represented by the exposure of the Parent Company.

As a 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, specifically as concerns the instruments to be used and the precise operating limits to apply in managing them.

The following table shows financial statement items exposed to the above risks.

(€m)

	31.12.2024			31.12.2023		
	RECEIVABLES AT AMORTISED COST	FAIR VALUE	TOTAL	RECEIVABLES AT AMORTISED COST	FAIR VALUE	TOTAL
Assets						
Derivative financial instruments	-	-	-	-	17.8	17.8
Cash on hand, securities and deposits	2,511.5	226.5	2,738.0	1,543.2	316.3	1,859.5
Trade receivables	3,194.8	-	3,194.8	2,154.8	-	2,154.8
TOTAL	**5,706.3**	**226.5**	**5,932.8**	**3,698.0**	**334.1**	**4,032.1**

(€m)

	31.12.2024			31.12.2023		
	RECEIVABLES AT AMORTISED COST	FAIR VALUE	TOTAL	RECEIVABLES AT AMORTISED COST	FAIR VALUE	TOTAL
Liabilities						
Long-term debt	13,748.5	-	13,748.5	11,995.5	-	11,995.5
Derivative financial instruments	-	60.5	60.5	-	164.6	164.6
Trade payables	3,524.5	-	3,524.5	2,864.9	-	2,864.9
TOTAL	**17,273.0**	**60.5**	**17,333.5**	**14,860.4**	**164.6**	**15,025.0**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in financial market conditions. Market risk includes exchange rate risk, interest rate risk and inflation risk.

Risk management must be performed with the objective of minimising the related risks by selecting counterparties and instruments compatible with the Company's Risk Management Policy. Speculative activity is not form part of the Company's activities.

The Terna Group seeks to adopt a dynamic approach to financial risk management. This approach is characterised by risk aversion, aimed at minimising risk through continuous monitoring of financial markets in order to obtain new financing and conclude hedging transactions in favourable market conditions. The dynamic approach enables the Group to intervene in order to improve existing hedges should there be a change in market conditions or changes in the hedged item, making the hedges inappropriate or excessively costly.

The fair value of financial instruments is determined in accordance with the fair value hierarchy envisaged under IFRS 7 (Level 2), by means of appropriate valuation techniques for each category of financial instrument, using market data at the closing date (such as interest rates, exchange rates and volatility) and discounting projected cash flows on the basis of the market yield curve at the reporting date.

Interest rate risk

Interest rate risk is represented by the uncertainty associated with interest rate fluctuations. This is the risk that a change in market interest rates may produce effects on the fair value or future cash flows of financial instruments.

In the course of its operations, the Group is exposed to the risk of fluctuations in interest rates. Its main source of interest rate risk is associated with its borrowings and the related hedges in the form of derivative instruments that generate financial expenses. The borrowing strategy generally focuses on long-term borrowings, whose term reflects the useful life of the Group's assets. It pursues an interest rate risk hedging policy that aims to guarantee that percentage of debt represented by fixed rate liabilities is at least 40%, as provided for in the relevant policies. At the end of 2024, 84% of the Group's is fixed rate.

At 31 December 2024, interest rate risk is hedged by cash flow hedges which hedge the risk connected with the fair value of borrowings and movements in interest rates relating to borrowings.

Below are the notional amounts and fair values of the derivative financial instruments entered into by the Terna Group:

(€m)

	31.12.2024		31.12.2023		CHANGE	
	NOTIONAL	FAIR VALUE	NOTIONAL	FAIR VALUE	NOTIONAL	FAIR VALUE
Fair value hedges	950.0	(47.0)	1,853.0	(164.5)	(903.0)	117.5
Cash flow hedges	1,886.6	(11.8)	2,362.8	17.2	(476.2)	(29.0)

The notional amount of outstanding cash flow hedges at 31 December 2024, amounting to €1,886.6 million, breaks down as follows:

- €436.6 million (fair value loss of €0.3 million) maturing 2027;
- €650.0 million (fair value loss of €11.6 million) maturing 2029;
- €200.0 million (fair value loss of €0.1 million) maturing 2033;
- €300.0 million (fair value loss of €0.2 million) maturing 2035;
- €300.0 million (fair value loss of €0.2 million) maturing 2036.

The notional amount of fair value hedges at 31 December 2024, amounting to €950.0 million, breaks down as follows:

- €950.0 million (fair value loss of €47.0 million) maturing 2030.

Sensitivity to interest rate risk

Terna has floating-to-fixed interest rate swaps in place to manage the risk of movements in interest rates.
Since the hedging relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, as verified initially and periodically over its life, is high, the Company has elected to use hedge accounting to ensure a perfect match between the maturities of the hedge and the hedged item. The aim of hedge accounting is to recognise the effects of the hedges and the hedged items in profit or loss at the same time. Accordingly, in the case of cash flow hedges, changes in the fair value of the derivative must be recognised in “Other comprehensive income” (recognising any ineffective portion immediately through profit or loss) and then recycled through the profit or loss in the same period in which the cash flows of the hedged instrument materialise. The characteristics of cash flow hedges mirror those of the underlyings, with the timing of the related cash flows matching the timing of interest payments on the debt, without changes in fair value having any impact on profit or loss.

The following table reports the amounts recognised through profit or loss and in “Other comprehensive income” for positions that are sensitive to changes in interest rates, in addition to the theoretical value of the positions following a positive or negative shift in the yield curve and the differential impact of such changes recognised through the income statement and in “Other Comprehensive Income”. A hypothetical 10% movement in interest rates with respect 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%
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)
Hypothetical change	*0.4*	-	*(0.4)*	*24.3*	-	*(24.8)*
31.12.2023						
Positions sensitive to interest rate variations (FVHs, bond issues, CFHs)	(0.7)	**(2.8)**	(4.9)	(48.5)	**(58.3)**	(68.2)
Hypothetical change	*2.1*	-	*(2.1)*	*9.8*	-	*(9.9)*

Regulators around the world have launched a reform of IBOR (Interbank Offered Rates), which are used as the benchmark for most financial instruments sold throughout the world, with the aim of restoring confidence in the benchmark. The transition from EONIA to ESTR took place in 2022 without any significant impact. The Group is continuing to closely monitor the market and the results produced by the various working groups overseeing the transition to the new benchmark rates for the other maturities (EURIBOR). Management is aware of the associated risks and, for this reason, the Group plans to complete the transition in step with the change in the related legislation. At the same time, all the new financial contracts contain fallback provisions governing the transition period.

Inflation risk

Regarding inflation risk, the rates established by the regulator to provide a return on Terna S.p.A.’s activities are determined so as to cover the allowed costs. Such cost components are updated on an annual basis to take into account the impact of inflation.

Exchange rate risk

The management of exchange rate risk must aim to protect a company’s earnings from the risk of currency fluctuations by keeping a close eye on market movements and constantly monitoring the existing exposures. In managing this risk, Terna from time to time selects hedging instruments with structures and durations matching the Group’s exchange rate exposure. The instruments used by Terna are of limited complexity, highly liquid and easy to price, such as forwards and options. Such contracts have a notional amount and maturity date less than or equal to that of the underlying financial liability, or the expected cash flows, so that any change in the fair value and/or estimated cash flows deriving from a rise

or fall in the euro against other currencies is fully offset by a corresponding change in the fair value and/or estimated cash flows of the underlying position.
At 31 December 2024, the Group's exposure to the impact of exchange rate risk on its income statement is residual and linked to foreign currency cash flows from the subsidiaries, Tamini and Brugg

Liquidity risk

Liquidity risk is the risk that the Terna Group might encounter difficulty in discharging its obligations in respect of its financial liabilities and operating cycle. Liquidity risk management seeks to ensure adequate coverage of borrowing requirements by obtaining adequate credit lines and appropriate management of any surplus liquidity. At 31 December 2024, the Terna Group has available short-term credit facilities of approximately €603.1 million (out of total facilities of approximately €1,094.1 million), and revolving credit facilities to the extent of €3,905 million (out of a total of €4,155 million). Finally, the Parent Company has launched a Euro Commercial Paper Programme (ECP), amounting to up to €2,000 million, including €830 million still available at 31 December 2024.

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 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)

	31.12.2024	31.12.2023	CHANGE
Derivative financial instruments	-	17.8	(17.8)
Cash on hand, securities and deposits	2,738.0	1,859.5	878.5
Trade receivables	3,194.8	2,154.8	1,040.0
TOTAL	**5,932.8**	**4,032.1**	**1,900.7**

The total value of the exposure to credit rate risk at 31 December 2024 is represented by the carrying amount of trade receivables, cash flows hedges, cash and cash equivalents, securities and deposits.

The following tables provide qualitative information on trade receivables regarding the geographical distribution and type of customer.

Geographical distribution

(€m)

	31.12.2024	31.12.2023
Italy	2,795.0	1,800.1
Euro-area countries	346.9	267.9
Other countries	52.9	86.8
Total	**3,194.8**	**2,154.8**

Customer type

(€m)

	31.12.2024	31.12.2023
Distributors	682.0	576.2
CSEA	34.5	72.2
Dispatching customers for injections	465.9	314.5
Dispatching customers for withdrawals (non distributors)	1,673.5	868.0
Parties which have signed virtual import contracts and virtual import services (interconnectors and shippers)	12.2	11.7
Sundry receivables	326.7	312.2
Total	**3,194.8**	**2,154.8**

The following table breaks down customer receivables by due date, reporting any potential impairment.

(€m)

	31.12.2024		31.12.2023	
	IMPAIRMENT	GROSS	IMPAIRMENT	GROSS
Current	(3.7)	3,023.0	(0.7)	1,870.2
0-30 days past due	(0.8)	20.7	(0.5)	30.3
31-120 days past due	(3.2)	19.6	(0.5)	18.4
Over 120 days past due	(86.4)	225.6	(32.5)	270.1
Total	**(94.1)**	**3,288.9**	**(34.2)**	**2,189.0**

Movements in the allowance for doubtful accounts in the course of the year were as follows.

(€m)

	31.12.2024	31.12.2023
Balance at 1st January	(34.2)	(37.0)
Release of provisions	19.4	6.4
Provisions pursuant to Resolution No. 5/2024	(73.6)	-
Impairments for the year	(5.7)	(3.6)
Balance	**(94.1)**	**(34.2)**

During the period, an impairment loss of €73.6 million was recognised in respect of dispatching receivables that could not be recovered and in respect of which an application for compensation was submitted, as pursuant to ARERA Resolution No. 5/2024[10].

The value of guarantees received from eligible electricity market operators is illustrated below.

(€m)

	31.12.2024	31.12.2023
Dispatching - injections	230.1	240.4
Dispatching – withdrawals	1,735.8	1,893.0
Transmission charges due from distributors	426.8	351.0
Virtual imports	125.4	273.4
Capacity market (*)	197.1	175.3
Balance	**2,715.2**	**2,933.1**

(*) Guarantees relating to Capacity Market contracts to be executed from 2025.

[10] 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).

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, measuring operating, financial and reputational aspects of the counterparties in question.

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 contractual provisions of outstanding borrowings at 31 December 2024 is provided in the section, "Borrowings and financial liabilities" in the notes to the Terna Group's consolidated financial statements.

Bank guarantees

Bank guarantees issued to third parties on behalf of Group companies at 31 December 2024 stood at €369.2 million, broken down as follows: €77.2 million on behalf of Terna S.p.A., €114.2 million on behalf of Tamini Trasformatori S.r. l., €46.7 million on behalf of Terna Rete Italia S.p.A., €19.9 million on behalf of Terna Interconnector S.r.l., €65.7 million on behalf of the Brugg Group, €0.1 million on behalf of Terna Plus S.r.l., €4.8 million on behalf of Terna Peru SAC, €15.8 million on behalf of Terna Energy Solutions S.r.l., €0.5 million on behalf of Rete S.r.l., €0.1 million on behalf of Terna Chile S.p.A. and €24.2 million on behalf of LT Group.

Litigation

Below is a description of the main commitments and risks not disclosed in the statement of financial position for the year ended 31 December 2024 — the outcomes of which were identified as possible — 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.

Litigation regarding the legitimacy of construction permits and plant operations

Litigation regarding the legitimacy of construction permits and plant operations. Another aspect of litigation connected with the plant owned by the Parent Company derives from legal actions brought before the competent administrative courts, aimed at obtaining the annulment of decisions granting consent for the construction and operation of infrastructure.

Litigation relating to activities carried out under concession

As the operator of transmission and dispatching activities since 1 November 2005, the Parent Company has been a party in several court cases, contesting determinations adopted by ARERA (Italy's Regulatory Authority for Energy, Networks and the Environment), and/or the Ministry of Enterprises and Made in Italy, and/or Terna itself, in relation to these activities. In cases in which the plaintiffs have, in addition to inherent defects in the contested determinations, alleged violation of the regulations laid down by the aforementioned authorities, or in cases in which the determination has had an impact on Terna, the Company has also taken action to defend its interests through the legal system. 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

There were no business combinations during the period.

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 year 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 2024 broadly regard the provision of services in the course of ordinary activities and conducted on an arm's length basis.

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 year and the related assets and liabilities outstanding at 31 December 2024.

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.
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.	Movement /re-routing of power lines.	Development and construction of infrastructure.
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.
Poste Italiane		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.	
Ansaldo Energia S.p.A.	Infrastructure maintenance.	

Revenue and costs

(€m)

	REVENUE COMPONENTS		
	TRANSMISSION CHARGE AND OTHER REVENUE FROM REGULATED ACTIVITIES	NON-ENERGY-RELATED ITEMS	COST COMPONENTS
De facto parent			
Cassa Depositi e Prestiti S.p.A.	-	0.1	4.3
Total de facto parent	**-**	**0.2**	**4.3**
Associates:			
Cesi S.p.A.	-	0.4	0.6
CORESO S.A.	-	-	6.4
Total associates	**-**	**0.4**	**7.0**
Other related parties:			
GSE Group	7.0	0.2	-
Enel Group	2,176.2	9.5	2.5
Eni Group	10.4	1.7	0.6
Ferrovie Group	3.3	0.3	0.4
Anas S.p.A.	-	-	0.7
Webuild S.p.A.	-	0.3	-
Ansaldo Energia S.p.A.	-	0.2	-
Snam Rete Gas S.p.A.	-	0.1	-
Open Fiber S.p.A.	-	1.2	-
Other related parties of the MEF	-	-	0.5
Total other related parties	**2,196.9**	**13.5**	**4.7**
Pension funds:			
Fondenel	-	-	1.0
Fopen	-	-	4.0
Total pension funds	**-**	**-**	**5.0**
TOTAL	**2,196.9**	**14.0**	**21.0**

Assets and liabilities

(€m)

	PROPERTY, PLANT AND EQUIPMENT	RECEIVABLES AND OTHER ASSETS	PAYABLES AND OTHER LIABILITIES	GUARANTEES*
	CAPITALISED COSTS	OTHER	OTHER	
De facto parent				
Cassa Depositi e Prestiti S.p.A.	12.0	-	12.2	(271.4)
Total de facto parent	**12.0**	**-**	**12.2**	**(271.4)**
Associates:				
Cesi S.p.A.	11.4	1.1	-	4.8
CORESO SA	-	-	0.7	-
Total associates	**11.4**	**1.1**	**0.7**	**4.8**
Other related parties:				
GSE Group	0.2	-	-	-
Enel Group	32.0	245.2	35.9	954.6
Eni Group	-	4.7	15.1	86.5
Ferrovie Group	1.3	10.2	19.9	24.5
ANAS S.p.A.	0.3	0.6	2.0	-
Snam Rete Gas S.p.A.	0.1	-	1.8	-
Webuild SpA	0.1	0.1	12.2	5.3
Ansaldo Energia S.p.A.	-	2.3	-	22.6
Open Fiber S.p.A.	-	0.1	0.3	-
Other related parties of the MEF	3.6	0.3	0.4	0.8
Total other related parties	**37.6**	**263.5**	**87.6**	**1,094.3**
Pension funds:				
Fopen	-	-	3.7	-
Total pension funds	**-**	**-**	**3.7**	**-**
TOTAL	**61.0**	**264.6**	**104.2**	**827.7**

** 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)

	31.12.2024			31.12.2023		
	TOTAL	RELATED PARTIES	% SHARE	TOTAL	RELATED PARTIES	% SHARE
Property, plant and equipment	19,237.1	61.0	0.3%	17,596.7	59.3	0.3%
Trade receivables	3,194.8	264.6	8.3%	2,154.8	344.4	16.0%
Cash and cash equivalents	2,311.5	-	-	1,378.2	0.2	-
Trade payables	3,524.5	48.5	1.4%	2,864.9	66.5	2.3%
Other current liabilities	776.9	55.7	7.2%	809.4	34.3	4.2%

Income statement

(€m)

	2024			2023		
	TOTAL	RELATED PARTIES	% SHARE	TOTAL	RELATED PARTIES	% SHARE
Revenue from sales and services	3,616.2	2,210.3	61.1%	3,122.8	1,805.9	57.8%
Other revenue and income	64.0	0.6	0.9%	63.9	0.4	0.6%
Raw and consumable materials used	305.2	1.4	0.5%	285.4	0.1	-
Services	354.4	12.0	3.4%	312.3	10.1	3.2%
Personnel expenses	409.3	5.1	1.2%	377.2	4.4	1.2%
Other operating costs	44.9	2.5	5.6%	43.2	0.2	0.5%
Financial expenses	(332.1)	-	-	(227.7)	-	-

The impact of related party cash flows is shown below:

Statement of cash flows

(€m)

	2024			2023		
	TOTAL	RELATED PARTIES	% SHARE	TOTAL	RELATED PARTIES	% SHARE
Cash flow from operating activities	1,468.7	83.3	5.7%	1,084.9	6.0	0.6%
Cash flow from investing activities	(2,404.1)	(1.7)	0.1%	(2,334.4)	(18.2)	0.8%
Cash flow from financing activities	1,867.0	-	-	464.3	-	-

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 2024.

I. Notes to the statement of cash flows

Cash flow from **continuing operations** amounts to €1,468.7 million, with approximately €2,599.1 million in operating cash flow and an outflow of approximately €1,130.4 million generated by changes in net working capital.

Net outflow from investing activities totalled €2,404.1 million and related mainly to investment in property, plant and equipment to the extent of €2,357.9 million (excluding right-of-use assets recognised in accordance with IFRS 16), investment in intangible assets (€266.5 million), net of €79.3 million relating to the amount received for the sale of SPE Transmissora de energia Linha Verde I S.A as described above and capitalised financial expenses totalling €74.2 million.

The net change in **equity** was down €143.5 million, due primarily to the recognition of the reserve of the hybrid green bond to the extent of €842.1 million, partly offset by payment of the final dividend for 2023 and of the interim dividend for 2024 to the Parent Company's shareholders and of dividends paid to non-controlling shareholders (down €690.6 million). The reduction also reflects the purchase of treasury shares to service the new Performance Share Plan 2024-2028 (down €8.0 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 €2,404.1 million, covered in part by cash flow from continuing operations to the extent of €1,468.7 million and in part 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)

	31.12.2023	CASH FLOW FROM FINANCING ACTIVITIES	CHANGE IN FV AND OTHER	31.12.2024
- Long-term borrowings (including current portion)	10,793.8	1,290.8	6.8	12,091.4
- Short-term borrowings	455.4	432.7	769.0	1,657.1
Net change deriving from financing activities	**11,249.2**	**1,723.5**	**775.8**	**13,748.5**

L. Government grants

Article 1, paragraphs 125 to 129, of Law 124 of 4 August 2017 (the annual markets and competition law) has introduced a number of measures designed to ensure the transparency of the government grants system. These measures, later amended by Law Decree 34 of 30 April 2019, include an obligation for companies to disclose amounts and information regarding assistance, subsidies, benefits, grants or aid, whether in cash or in kind, in the notes to the annual financial statements and, where applicable, in consolidated financial statements, where such amounts are not of a general nature and do not have the form of a fee, remuneration or compensation and have been received from a public body (paragraph 125-*bis*). The legislation also requires the disclosure of any grants disbursed (paragraph 126).

In accordance with Circular 5 of 22 February 2019 "Transparency in the government grants system: an assessment of the regulations and interpretation guidance" and Circular 32 of 23 December 2019 "Enterprise and competition", published by Assonime, the Terna Group has adopted the following basis of reporting for government grants:

- the regulations only apply to entities resident in Italy;
- grants have the nature of grants or donations, and represent incentives or subsidies designed to give beneficiaries a recognised economic advantage; the grants therefore take the form of donations or giving and public aid for specific purposes, and are not awarded under a general aid regime;
- the public resources used are exclusively "national";
- grants are reported on a cash basis and if the amount is not less than €10,000 (with reference to each individual beneficiary) in the reporting period.

In line with the above, the following table shows government grants collected/disbursed by the Group in 2024:

Grants received (paragraph 125-bis)

BENEFICIARY ENTITY	GRANTOR					
	NAME	TAX CODE	VAT NUMBER	TYPE OF TRANSACTION	AMOUNT (€)	NOTES
TERNA SPA	Ministry of Enterprises and Made in Italy		80230390587	State aid*	10,410,060	Grants collected on the basis of a report on the state of work in progress on projects carried out by Terna S.p.A. financed by government grants, with funding provided under the National Operational Programme (NOP) for Enterprises and Competitiveness 2014 - 2020 FESR - ASSE IV – Investment priority 4d - Action 4.3.1
TERNA SPA	Sicily Region		02711070827	State aid*	8,469,056	Contributions received in respect of the reporting of Terna S.p.A. projects financed through public funds from the resources of the Operational Programme (OP) ERDF Sicily 2014-2020 - Specific Objective 4 - Action 4.3.1
TAMINI TRASFORMATORI SRL	FONDIMPRESA	97278470584		GIVING	35,920	Training plan No. 343903 - safety refresher 2023
TOTAL					**18,915,036**	

** These grants are covered by the obligation to publish them in the national state aid register.*

Grants disbursed (paragraph 126)

GRANTOR	NAME	VAT NUMBER	TYPE OF TRANSACTION	AMOUNT (€)	NOTES
TERNA SPA	Fondazione Venezia Capitale Mondiale della Sostenibilità	94102820274	GIVING	33,000	Joining the foundation as co-founding member
TERNA SPA	Fondazione Accademia Naz. Santa Cecilia	05662271005	GIVING	160,000	Renewed participation as a founding partner
TERNA SPA	SUSAN G.KOMEN ITALIA ONLUS	06073831007	GIVING	15,000	Prevention day across the whole of Italy
TERNA SPA	Fond.Pol.Univ.A.GEMELLI IRCCS	13109681000	GIVING	65,000	Support for the purchase of equipment or for functional neurosurgery
TERNA SPA	Fondazione Accademica Musicale Chigiana	92035840526	GIVING	20,000	Summer Academy 2023
TERNA SPA	Sistech - Association loi 1901	FR83538232600022	GIVING	60,000	Funding for Programma Boost scholarships
TERNA SPA	ASSOCIAZIONE ITALIANA CONTRO LE LEUCEMIE	10823601009	GIVING	60,000	Support for a non-profit, public interest organisation
TERNA SPA	Fondazione Intercultura ETS	91016300526	GIVING	53,000	Protection and sustainability of the Marciglianа Park
TERNA SPA	Associazione FUKYO O.d.V.	97727100584	GIVING	36,000	Support for study trips abroad and multicultural exchange for sons/daughters
TERNA SPA	SOCIETÀ BOTANICA ITALIANA ONLUS	00464940485	GIVING	56,314	Tiny Forest project
TERNA SPA	Fondazione TERNA	96603750587	GIVING	200,000	Fondazione TERNA' initial funding for incorporation
Total				**758,314**	

M. Events after 31 December 2024

The project to modernise the 'Patria-Sant'Antimo' power line in the province of Naples has been authorised

On **13 January 2025**, a decree was issued by the Ministry of the Environment and Energy Security authorising **Terna's project to modernise the 220 kV "Patria - Sant'Antimo" power line in the province of Naples**. The project, in which the Company will invest over €20 million, involves the construction of a new 8.5 km line, of which 8 km will be underground. This endeavour will involve the municipalities of Naples, Marano di Napoli, Mugnano di Napoli, Melito di Napoli and Sant'Antimo. It will bring significant benefits: on the one hand, an increase in the quality and reliability of the local electricity service; on the other hand, a drastic reduction in the visual and landscape impact as the overhead infrastructure will be replaced with underground cables. Once completed, it will be possible to demolish over 6 km of existing lines and 18 pylons, clearing around 21 hectares of land in heavily urbanised areas. This project is part of a larger upgrading plan, which will also cover the 220 kV "Sant'Antimo - Fratta" power line. In this case, the new underground line, spanning about 8 km, will cross the municipalities of Sant'Antimo, Grumo Nevano, Frattamaggiore and Frattaminore (Province of Naples) and Sant'Arpino (Province of Caserta). Terna will invest around €18 million in this project, which will allow 5 km of overhead lines to be demolished and 17 pylons to be removed, clearing 17.5 hectares of land in the vicinity of built-up areas.

Terna ranked among the Top Employers 2025

On **16 January 2025**, the **Top Employers Institute** certification organisation, which rates companies based on their HR policies and strategies, **ranked Terna among the Top Employers 2025**. The survey confirmed Terna's high standards in 6 macro-areas in the area of Human Resources, examining 20 topics and best practices, including People Strategy, Work Environment, Talent Acquisition, Learning, Diversity, Equity & Inclusion and Well-being. The Best Employers certification bears the value of Terna's People Strategy, which was launched in 2024 with the aim of (i) consolidating an organisational culture focused on growth, change and performance while emphasising respect for people and diversity, and (ii) reviewing the company's HR processes with a view to enhancing people's value. The new model, focused on capacity and talent building, fosters individual and, therefore, organisation-wide performance, leveraging empowerment and merit to boost motivation, engagement and well-being.

2024: a record year in meeting demand from renewable sources

A note was published on **16 January 2025** informing that **in 2024 Italy's electricity consumption increased by 2.2% compared to 2023, while renewable sources recorded an all-time high in terms of demand coverage** (41.2% compared to 37.1% in 2023). The uptrend was driven mainly by the positive input from hydroelectric and photovoltaic production. Considering all renewable sources, the capacity increase in Italy in 2024 was 7,480 MW, up 29% compared to 2023. On the supply side, 2024 saw significant growth in renewable production (up 13.4%) and a slight decrease in the net foreign balance (down 0.5%), as a result of a strong increase in exports (up 47.9% compared to 2023) and a more moderate increase in imports (up 2.4%). In December, for the first time, Italian electricity exports exceeded 4,000 MW, bearing out the key role of interconnections.

Milan-Montalto connection: Terna's dialogue with the local area begins

A note was published on **20 January 2025** informing that Terna was launching **the public consultation process for the direct current connection between Milan and Montalto di Castro**. The new **Milan-Montalto** electricity backbone, spanning about 500 km, will optimise transit flows of electricity between central and northern Italy. This endeavour, which forms an integral part of the future **Hypergrid**, will use **HVDC** (High Voltage Direct Current) technology, enabling greater integration of renewable capacity. In addition to the **deployment of submarine cables** - up to 525 kV - between Montalto di Castro (Viterbo) and Avenza (Massa-Carrara), the existing **overhead lines** between Tuscany, Liguria, Emilia-Romagna and Lombardy will be to upgraded and converted into direct current.

Authorisation granted for the electricity grid rationalisation project in the provinces of Pescara and Chieti

A note was published on **23 January 2025** informing that the Ministry of the Environment and Energy Security had authorised Terna's project for the rationalisation of the electricity grid in the municipalities of Pescara and Cepagatti (Province of Pescara) and San Giovanni Teatino (Province of Chieti). The project, in which the Company will invest about €11 million, involves the partial burying of the 132 kV "FS Pescara-FS Roseto" power line. More specifically, a new underground cable connection of about 7 km will be built between Pescara and Cepagatti. This infrastructure will allow over 6 km of overhead lines to be demolished and 27 pylons, which currently run through densely populated areas, to be removed. The project will ensure a more efficient and safer operation of the local network and address existing interferences with the Pescara-Chieti railway line. This endeavour is part of the broader rationalisation plan associated with the commissioning of the Italy-Montenegro (Monita) submarine link. The close cooperation between Terna and the local authorities involved has made it possible to optimise the initial project to meet the needs of the local communities.

Terna inaugurates the Innovation Zone in Tunisia

On **29 January 2025**, the new **Terna Innovation Zone in Tunis**, the first innovation hub in Africa managed by our group, was inaugurated in the presence of CEO and President Giuseppina Di Foggia with a view to strengthening the strategic partnership between Italy and Tunisia. The Terna Innovation Zone, which qualifies as a corporate social responsibility project, **sets out to promote technological innovation and drive capacity building in Tunisia's energy sector**, further strengthening ties between the two countries while contributing to the achievement of the objectives outlined in the Mattei Plan for Africa.

Connection works authorised for the electrification of the port of La Spezia

On **4 February 2025**, the Regional Authorities of Liguria **authorised the connection works and the plants planned by Terna** - for a total capacity of 110 MW - for **the cold ironing of the port of La Spezia**, i.e. to reduce polluting emissions from ships while they are stationed. The investment, in the region of **€38 million**, includes the construction of a **new 132 kV "La Spezia Stagnoni" electricity substation** using compact armoured technology to reduce the impact on the local communities. The project also includes **two underground cable links**, spanning 2.5 km, which will connect the new infrastructure to the future "La Spezia - La Pianta" line and to the existing "La Spezia" electricity substation, from which the Port Authority (locally known as AdSP) facilities will be powered up to the docks.

Tyrrhenian Link: laying of submarine cable in Sicily got underway

On **7 February 2025**, work got underway in Fiumetorto, in the municipality of Termini Imerese (Palermo) for the laying of the submarine cable of the eastern branch of the Tyrrhenian Link, one of the country's major electricity infrastructures, which will connect Sicily and Campania. The project, which also includes the western branch between Sicily and Sardinia, requires a total investment in the region of €3.7 billion. The project plays a key role in the decarbonisation process set out in the National Integrated Energy and Climate Plan (locally known as PNIEC), increasing transport capacity and driving energy transition. It will also contribute to improving the security, adequacy and flexibility of the national electricity transmission grid. The Tyrrhenian Link involves the construction of two 500 kV direct current submarine power lines with a total of 970 km of cable and a transport capacity of 1,000 MW for each section.

Reorganisation of the electricity grid in the Novara area, work to begin by summer

A note was published on **10 February 2025** informing that, following the approval of the final project for the construction and operation of a 132 kV underground cable power line section of the existing "Mercallo - Cameri" line, Terna would publish a notice specifying the affected areas in the municipalities of Borgo Ticino, Varallo Pombia, Pombia, Marano Ticino, Oleggio, Bellinzago Novarese and Cameri, in the province of Novara. The project, in which the Company will invest around €50 million, will ensure a more efficient energy transmission service in the area, allowing the infrastructure to blend in the local area to a greater extent, while reducing its carbon footprint. Terna is completing the preliminary activities to enable the construction sites to get underway by the summer as planned. The work involves completing an underground cable bypass of about 22 km of the "Mercallo - Cameri" 132 kV overhead power line between Borgo Ticino and Cameri, followed by the demolition of an overhead section spanning about 21 km. In addition, a further 3 km of the 220 kV Magenta - Pallanzeno power line in the municipality of Borgo Ticino will be dismantled. In total, more than 100 electricity pylons will be decommissioned, including 28 within the Ticino Natural Park, where 5 km of overhead lines will be removed, clearing more than 60 hectares of land. The work will bring significant benefits in terms of security and reliability of the transmission grid, optimising the efficiency and sustainability of electricity supply in the area. In addition, upgrading the grid will make it possible to meet the growing demand for energy and support the transition of the national electricity system towards greater sustainability and resilience.

Successful launch of a new €750 million 7-year green bond

A note was published on **10 February 2025** informing that Terna S.p.A. had successfully launched a green, single tranche, fixed-rate bond issue in euros, intended for at institutional investors, for a face amount of €750 million. The issue, which saw extremely high demand, was almost 5 times oversubscribed and is characterised by high quality and broad geographical diversification of investors. The green bond was launched as part of Terna's €12,000,000,000 Euro Medium Term Notes (EMTN) Programme, which was rated "BBB+" by Standard and Poor's and "(P)Baa2" by Moody's. The green bond has a duration of 7 years and its maturity date was set on 17 January 2032. It will pay an annual coupon of 3.125% p.a. and was issued at a price of 99,975%, with a spread of 90 basis points over the Mid-Swap. The settlement date for the issue was set on 17 January 2025. It is expected that the net proceeds of the issue will be used to finance the Company's "eligible green projects", identified or to be identified on the basis of Terna's Green Bond Framework, which was drafted in compliance with the (i) "Green Bond Principles 2021" published by the International Capital Market Association, and (ii) European Union's Taxonomy with a view to encouraging sustainable investments. At the time of the issue, an application will be made for the bond to be listed on the Luxembourg Stock Exchange. The strategy of the Group led by Giuseppina Di Foggia thus confirms its focus on combining sustainability and growth, in order to foster the energy transition underway and generate ever greater benefits for the country and all its stakeholders. In this regard, Terna prepared and published a Green Bond Framework in order to facilitate the transparency and quality of the green bonds issued. This framework and the "second party opinion" were prepared by independent advisor Moody's. The transaction was supported by a syndicate of banks, under which the following banks acted as joint-bookrunners: Banca Akros, BNP Paribas, BofA Securities, Citi, Deutsche Bank, Goldman Sachs International, IMI-Intesa Sanpaolo, Mediobanca, Santander and UniCredit.

Terna, electricity consumption rose by 1% in January

A note was published on **17 February 2025** informing that the demand for electricity amounted to 26.9 billion kWh in January, showing a 1% increase compared to the same month in 2024. In detail, the previous month had one working day less (21 instead of 22) and an average monthly temperature almost unchanged compared to January 2024, albeit about 1.4°C higher than the average of the last ten years. Demand, seasonally adjusted for the combined effect of calendar and temperature, was up by 1.5%. The year-over-year change seen in January was on the upside across the board: up 0.9% in the North, up 0.8% in the Centre and up 1.3% in the South and Islands. The IMCEI index compiled by Terna, which examines the industrial consumption of "energy-intensive" companies, decreased by 2.4% compared to January 2024. More specifically, the mechanical engineering and foodstuffs sectors were up. Conversely, non-ferrous metals, transport equipment, chemicals, cement, lime and plaster, ceramics and glass, and papermaking were down. In cyclical terms, the value of demand for electricity, seasonally adjusted for calendar and temperature effects was virtually unchanged compared to December 2024 (up 0.2%).

Authorisation process underway for the Electricity Grid Resilience Plan in Fonzaso (Belluno)

On **20 February 2025**, Terna announced the start of the authorisation process, promoted by the Ministry of the Environment and Energy Security (MASE), for the plan of works to be carried out on the National Transmission Electricity Grid in the area of Fonzaso in the province of Belluno, and published a notice showing the parcels of land affected by such works. With an investment of approximately €6 million, the Company led by Giuseppina Di Foggia will bury a 2 km section of the 132 kV Moline-Arsiè power line, which powers the Pedesalto primary substation of the local distributor. Once completed, the new underground cable link will help to improve the reliability and operational safety of the electricity transmission service. In addition, it will be possible to demolish about 6 km of lines and remove 28 pylons, clearing about 18 hectares of land. The project also includes the construction of two overhead lines of approximately 400 metres each and the installation of two motorised switch-disconnectors, which can be controlled manually or remotely, to allow the network to be quickly re-powered in the event of a fault. Being part of Terna's "Resilience Plan" to mitigate the effects of climate change, the project will reduce the risk of local grid outages and damage caused by extreme weather events, such as strong winds, which are particularly frequent in the area due to the orographic conformation and dense vegetation.

Sa.Co.I.3: work gets underway for interconnection between Sardinia, Corsica and Tuscany

On **21 February 2025**, Terna started onshore works for the construction of the Sa.Co.I.3, the 200 kV direct current electricity interconnection that will connect Sardinia, Corsica and Tuscany, contributing to the strengthening of the European electricity market and fostering the integration of renewable sources. A total investment of approximately €1.35 billion is planned for the work pertaining to our Company. The project, which is expected to come on stream in 2029, was authorised by the Ministry of the Environment and Energy Security in 2023.

Elmed: work has begun on uprooting and replanting of over 1,700 olive trees in Partanna (Trapani)

On **24 February 2025**, Terna began work on the uprooting and replanting of over 1,700 olive trees in the municipality of Partanna, in the province of Trapani. The Group's activity is necessary to prepare the area that is to host Elmed converter station, the connection between Italy and Tunisia that is being built in cooperation with STEG, the Tunisian electricity grid operator. The infrastructure, spanning about 220 km, will be largely built using a submarine cable and will connect the Partanna electricity substation to the Capo Bon electricity substation in Tunisia via a 600 MW direct current power line. With the support of agricultural engineers, Terna has drawn up a two-year management plan to ensure constant care and monitoring of the plants, including specific actions intended to encourage their growth. Of the total investment for the electricity connection, €307 million was allocated by the European Commission through the Connecting Europe Facility ("CEF") programme. For the first time, the European Union has financed a project involving a non-member country, bearing out the significance of the interconnection project.

Change of subsidiary's company name: LT becomes Altenia

On **24 February 2025**, the notarial Shareholders' Meeting of the corporate vehicle formerly known as "LT S.r.l." resolved, *inter alia*, to amend its Articles of Association, changing the company name to "Altenia S.r.l." The effective date of the change of company name was set on 4 March 2025. Terna Energy Solutions, the Terna Group's market company, changed its organisational structure, becoming a sub-holding company that coordinates Altenia (formerly LT S.r.l.), Tamini Trasformatori S.r.l. and Brugg Cables, in addition to providing services and infrastructure for fibre optics. This reorganisation is part of the TernaPlan 2024-2028 strategy to accelerate the energy and digital transition, in synergy with Terna's core business, by integrating diversified expertise along the entire energy value chain. The goal is to multiply the value of market assets by 2028, reaching €600 million EBITDA over the plan period. With the production and sale of transformers and cables, a comprehensive portfolio of energy services, coupled with fibre-optic network enhancement, Terna Energy Solutions sets out to be the first Italian One Stop Shop (a single operator offering integrated solutions) for investors and companies operating in the energy and connectivity fields. Leading this corporate reorganisation is CEO Stefano Schiavoni.

Authorisation process underway for new works on the electricity grid in the Metropolitan City of Milan

A notice was published on **5 March 2025** informing that, following the start, by the Ministry of Environment and Energy Security, of the authorisation process for the completion of works on the National Transmission Grid in the area of Milan's Metropolitan City, Terna published a notice containing the list of cadastral parcels of land in the areas potentially affected by the project. To ensure a smoother and better coordinated management of the authorisation process, the individual works were submitted as part of a single procedure, since they both involve new infrastructure to be connected to Terna's existing "Novara RT - Rho RT" power line. The project, in which the Company will invest around €55 million, is designed to power the future data centres planned in the north-west of the region. The project plan was designed with the aim of preserving areas of natural and archaeological value and limiting the footprint of new installations in urbanised or expanding areas by encouraging solutions having a reduced environmental and landscape impact. In the municipality of Mesero, a new 132 kV electricity substation will be built. It will be connected to the "Novara RT - Rho RT" line and to the primary substation in Magenta, owned by the local distributor. To this end, new power lines will be used, one in underground cable 3.3 km long and one overhead of about 800 metres, which will also cross the municipality of Marcallo con Casone. The second infrastructure included in the project is the new Sedriano GIS electricity substation, built using compact armoured technology with reduced land use. It will be connected to the "CP Vittuone - CP Parabiago" and "Novara RT - Rho RT" lines via two cable connections, spanning 4 km, and an overhead connection. The project also includes the laying of an underground power line of about 1 km to connect the existing Terna electricity substation in Sedriano to the National Transmission Grid, which will also be upgraded to prepare it to accommodate the new connections. The municipalities involved will include Arluno and Vittuone. Upon completion of the project, 12 pylons will be removed, covering a total of about 3 km of overhead lines in the municipalities of Marcallo con Casone, Magenta, Arluno and Vittuone.

Terna: the new corporate structure of Terna Energy Solutions for non-regulated activities was presented

A note was published on **6 March 2025** informing that Terna Energy Solutions — the Terna Group company that manages non-regulated activities carried out in competitive markets — is undergoing a reorganising process by integrating diversified expertise along the entire energy value chain. Terna Energy Solutions sets out to act as a blueprint for businesses seeking strategic expertise in the field of energy and digital transition, providing them with technological, innovative and digital solutions in the energy and industrial sectors. This goal will be achieved through its network of subsidiaries: Tamini, the Italian leader in the transformer sector, Brugg, a reference company in the underground cable sector, and Altenia, formerly LT. Altenia brings together 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 (BESS), which until now were provided separately by LT, Terna Energy Solutions and Avvenia. With the aim of further expanding Altenia's expertise and geographic footprint, a preliminary agreement was entered into for the acquisition of 100% of STE Energy, a company that has gained 30 years of experience in the design, construction and maintenance of renewable energy plants and electrical infrastructure, with an estimated turnover in 2024 of approximately €85 million. The agreement remains subject to the fulfilment of certain conditions, such as authorisation by the Antitrust Authority and certain notices typically required in similar transactions.

Terna's commitment to the "Strategic Plan for Gender Equality"

On **7 March 2025**, on the occasion of International Women's Rights Day, Terna confirmed its commitment to equal opportunities by defining the objectives and specific organisational actions set out in the **"Strategic Plan for Gender Equality"**. By planning an integrated policy based on a holistic approach, in 2024 the Group was able to obtain the IMQ (Istituto Italiano del Marchio di Qualità) Certification on Gender Equality according to the UNI/PDR 125:2022 practice: an acknowledgement that attests to the effectiveness of the specific actions undertaken to reduce differences in the workplace and create a fairer and more inclusive environment that rewards merit and where each person is listened to, respected and valued for their uniqueness. To achieve this goal, Terna has set up a "Steering Committee for Gender Equality", which is responsible for ensuring the implementation of the policy on this matter and defining the Strategic Plan with the objectives to be achieved and monitored by 2026. In line with the Gender Equality Certification, the actions included in the Plan result from the identification of 12 objectives grouped into 6 macro-areas: Culture and Awareness, Research and Selection, Opportunities and Growth Pathways, Salary Equity, Family Support and Work-Life Balance. The objectives therefore define an all-round strategy for the business processes involved, which include in particular: setting up listening systems to gain insights into inclusiveness; diversity and equality training; updating the selection process; collaboration with schools, universities and associations to attract candidates and promote careers in STEM (Science, Technology, Engineering and Mathematics); training staff on inclusive recruitment; organising leadership courses; monitoring and mitigating the gender pay gap; supporting shared parenting and caring, promoting the use of available leave and benefits, launching a programme to improve parenting skills; promoting inclusive working hours and monitoring structural remote working. For each objective, strengths and weaknesses will then be identified analytically by engaging in specific assessment, auditing and monitoring activities; actions to close any gaps will be defined; and implementation timeframes for achieving the objectives being pursued will be set out. By adopting this Strategic Plan, Terna therefore intends to enable a process of cultural transformation for the promotion of equal opportunities and the enhancement of diversity, with the ultimate goal of encouraging responsible growth that generates a positive impact and contributes to reducing the gender gap, not only within the Company, but also in society at large.

Work for the construction of the underground cable power line in the province of Caserta got underway

On **10 March 2025** Terna began construction work on the 150 kV underground cable connection between the “Saint Gobain” primary substation and the “Santa Sofia” electricity substation in the province of Caserta. Work is underway on Via Antonio De Curtis in coordination with the Municipality of Maddaloni. To ensure effective management of operations, the Company has defined a detailed operational plan, adopting solutions designed to minimise the impact on the urban road system and facilitate the smooth flow of traffic. Upon construction work reaching completion, Terna will restore the road surface by asphalting the sections affected by the work. As a whole, the infrastructure, in which the Group will invest €11 million, comprises a 7 km underground power line built using state-of-the-art cables with XLPE (extruded cross-linked polyethylene insulation), a most reliable and sustainable technology. The route was identified on the basis of in-depth technical studies, assessing compatibility with the existing infrastructure and the characteristics of the roadway. This project will involve the municipalities of Caserta and Maddaloni and is considered necessary to cope with the increased energy loads expected in the area. Once completed, it will help strengthen the electricity grid mesh, improving its reliability and resilience, with a positive impact on the local electricity service.

Terna: 2025 Development Plan for the national electricity grid presented

On **14 March 2025** Terna’s 2025 Development Plan was presented in Rome in the presence of Terna’s Chairman, Igor De Biasio, the Minister of the Environment and Energy Security, Gilberto Pichetto Fratin, and the Chairman of ARERA, the Italian Regulatory Authority for Energy, Networks and the Environment, Stefano Besseghini. Terna’s Development Plan 2025-2034, with over €23 billion in investments over the next ten years (up 10% compared to the previous Plan), consolidates Terna’s role at the service of the country for a sustainable and carbon-free future. The 2025 Development Plan is consistent with the targets set out in the 2024 National Integrated Energy and Climate Plan, as detailed in the Terna-Snam Scenarios Description Document 2024, which foresees an increase in installed solar and wind capacity of over 65 GW by 2030 and 94 GW by 2035, both with reference to the installed capacity in 2023. Terna’s interventions included in the Development Plan 2025 are aimed at fostering the integration of renewable sources and increasing the grid’s transmission capacity. By 2030, the main electricity infrastructures supporting the Italy’s energy transition will be operational, including the Tyrrhenian Link, the Adriatic Link, the connection between Sardinia, Corsica and Tuscany, as well as the Italy-Tunisia energy bridge. In addition, the Efficient Regional Planning model was adopted to resolve the issue of virtual grid saturation, optimising the management of connections and the implementation of the necessary infrastructure.

Terna, February electricity consumption up 0.6%

On **19 March 2025** it was announced that electricity demand in February amounted to 24.9 billion kWh, a 2.1% decrease compared to the same period in 2024. The figure for demand, compared to the month of February of the year prior, which was a leap year, and adjusted for the effect of one less working day (20 instead of 21) and a lower average monthly temperature of 1.5°C, changes sign and is up 0.6%. The IMSER index prepared by Terna on the monthly electricity consumption data provided by a number of distribution network operators (E-Distribuzione, UNARETI, A-Reti, Edyna and Deval), and presented two months later than the electricity and industrial consumption data, showed a positive change of 4.6% in December 2024 compared to December 2023. Overall, in 2024 the change compared to 2023 was a 4% increase. More specifically, net national production amounted to 21 billion kWh. Renewable sources covered 29.1% of the electricity demand. The photovoltaic (up 10.4%) and thermal (up 21.3%) sources increased. Hydro (down 7.5%), wind (down 44.4%) and geothermal (down 6.2%) decreased. In detail, the decline in coal-fired production continued: down 42.3% compared to the same period last year.

Terna: approval process underway for the works to power the Bologna Tecnopolo

On **19 March 2025** the Italian Ministry of the Environment and Energy Security launched the process to approve Terna's plan to connect the systems of the Bologna Tecnopolo to the National Transmission Grid. The project, in which the company will invest around €14 million, involves the construction of a new 132 kV Electricity Substation called 'Bologna Tecnopolo', using compact gas-insulated technology with a minimal footprint in terms of land consumption. The infrastructure will be connected to the existing 'Battiferro - S. Donato Bolognese' overhead power line, belonging to Terna, via two underground cables. The cable will be produced with insulation in XLPE (extruded cross-linked polyethylene insulation), a latest-generation technology which guarantees absolute reliability and sustainability. The works, whose planning solutions have been identified in collaboration with the Emilia-Romagna Region, the Municipality of Bologna and all stakeholders involved, will contribute to the full development of the Bologna Tecnopolo and will satisfy the demand for energy of the users who submitted the request for connection to the National Transmission Grid. Terna's 2025-2034 Development Plan involves an investment of €2.3 billion for Emilia-Romagna over the next 10 years. The main works will include the Colunga-Calenzano power line, currently under construction, the HVDC Milan-Montalto connection, and the Adriatic Backbone. These projects will make it possible to optimise energy transit and increase energy exchange capacity, strengthen the meshing of the electricity grid, and improve the integration of the renewable capacity expected over the coming years. Terna manages 5,200 km of high-voltage and extra-high-voltage power lines and 65 electricity substations in the Emilia-Romagna region.

Terna: authorisation received for the work required to power the 'Palermo-Catania' rail line in the province of Enna

On **21 March 2025** the Region of Sicily authorised Terna's plans to carry out the necessary interventions on the National Transmission Grid to power the "Palermo-Catania" rail line in the province of Enna. The project, in which the company will invest around €38 million in total, involves a new 150 kV electricity substation called "Villarosa", to be connected to the systems of the Italian Railway Network, and a new underground cable power line of around 13.5 km in length. The latter will be produced with XLPE (extruded cross-linked polyethylene) insulation, a latest-generation technology which guarantees absolute reliability and sustainability. With a designated €3.5 billion in Terna's 2025-2034 Development Plan, Sicily is Italy's leading region in terms of investments in the electricity grid. The main projects include the Tyrrhenian Link, which involves the construction of two DC submarine power lines connecting Sicily with Campania and Sardinia; ELMED, one of the Mattei Plan projects for Africa consisting of an electrical interconnection between Italy and Tunisia; the Bolano-Annunziata power line between Sicily and Calabria; and the Chiaramonte Gulfi-Ciminna between the eastern and western areas of Sicily. These interventions are essential to the pursuit of national and European targets in terms of energy transition and the independence, resilience and efficiency of the electricity system. Terna manages over 4,500 km of high-voltage and extra-high-voltage power lines and 78 electricity substations in the region.

Terna: refinancing of an ESG-linked €1.8 billion revolving credit facility

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-linked revolving credit facility signed on 17 December 2021, for a total amount of €1.65 billion. The Revolving Credit Facility, which is structured in the form of a committed, revolving and ESG-linked facility, consists of the amendment to the previous revolving credit facility of 2021 in order to provide for the extension of its term for a further 5 years from today's date, an increase in the size of the amount and the amendment of the ESG indicators. The pool of banks taking part in the transaction consisted of the same credit institutions involved in the previous revolving facility as Joint Mandated Lead Arrangers: UniCredit, BNP Paribas, Banco BPM, Intesa San Paolo, Mediobanca, Banca Nazionale del Lavoro. Unicredit acted as agent bank, also acting as Sustainability Coordinator. The Revolving Credit Facility envisages the introduction of specific environmental, social and governance ("ESG") objectives, linked to a mechanism based on bonuses and penalties applied to the contractual provisions related to the so-called commitment fee and to the margin, further strengthening the integration of sustainability objectives into the Company's financial strategy. The transaction allows Terna to count on a liquidity appropriate to its current rating, further strengthening the Company's financial structure, and confirms the Group's strong commitment to the introduction of a model which aims to reinforce sustainability as a strategic lever for creating value for all its stakeholders.

Terna: 2024-2028 Industrial Plan update approved

On **25 March 2025** the meeting of the Board of Directors of Terna S.p.A. took place, chaired by Igor De Biasio, in which the Board examined and approved the Group's 2024-2028 Industrial Plan Update and the results for the year ended 31 December 2024, presented by the Chief Executive Officer and General Manager, Giuseppina Di Foggia. With a total of €17.7 billion of investments, Terna consolidates its role as a key enabler for the energy transition while providing significant momentum to the commitment to helping the country towards decarbonisation and reducing its dependence on foreign sources of supply. According to the update approved by the Board of Directors, in five years Terna will invest a total of €17.7 billion, with an increase of €1.2 billion (up 7%) over the same period of the previous Plan; at the heart of the strategy for energy transition and independence are: sustainable infrastructure development, integration of renewable sources and storage systems, interconnections with foreign countries; investments in regulated activities at the highest level in the Group's history: €16.6 billion (up 7% compared to the previous Plan) to make the national electricity grid more efficient, digital and resilient; progress in the execution of the Plan, with around 90% of the projects approved and around 80% covered by procurement contracts (compared to 79% and 70%, respectively, in the previous Plan); increased contribution from Non-regulated Activities and investments in digitalisation and innovation gain further momentum with a view to enabling the Twin Transition - Energy and Digital (over 20% more compared to approximately €2 billion of the previous Plan); all activities included in the Sustainability Plan are confirmed and a commitment made to a programme to reach the Net Zero Science Based target by 2050; new guidance: in 2028, EBITDA is expected to increase to €3.36 billion and Group net profit to €1.19 billion.

Moody's and S&P confirm Terna's rating: Baa2 and BBB+ respectively with stable outlooks

On **25 March 2025**, following the presentation of the 2024-2028 Industrial Plan Update, Moody's Investor Service (Moody's) and S&P Global Ratings (S&P) confirmed the long-term ratings assigned to Terna S.p.A. (Terna), Baa2 and BBB+ respectively, both with stable outlooks, with one notch above that of the Italian Republic. The Plan update calls for significant growth in investments, which set a new record for the Group (over the same period of time as the previous Plan), confirming Terna's increasingly central role as an enabler of the energy transition towards decarbonisation and the reduction of Italy's dependence on foreign sources of supply.

Disclosure

pursuant to art. 149-*duodecies* of the CONSOB Regulations for Issuers

The following table, prepared pursuant to art. 149-*duodecies* of the CONSOB Regulations for Issuers, shows the fees paid for audit and other services provided to the Terna Group by the Parent Company's independent auditors and the network of the Parent Company's independent auditors in 2024.

(euro)

	ENTITY PROVIDING SERVICE	FEES DUE FOR THE YEAR
Audit of the accounts and financial statements	Parent Company's auditor	600,061
Attestation and other services[12]	Parent Company's auditor	241,147
Audit of the accounts and financial statements	Network of the Parent Company's auditor	200,751
Attestation and other services	Network of the Parent Company's auditor	3,234
Total		**1,045,191**

[11] Attestation and Other Services include the services linked to the audit of the regulatory accounts, the opinion on the distribution of interim dividends, the limited review of the Consolidated Sustainability Statement and Comfort Letters for bonds.

Attestation

of the consolidated financial statements pursuant to art. 81-*ter* of CONSOB Regulation 11971 of 14 May 1999, as amended

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Cap. Soc. 442.198.240 Euro interamente versato

Attestation of the consolidated financial statements pursuant to 81-*ter* of CONSOB Regulation 11971 of 14 May 1999, as amended

"Terna Group"

1. 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 consolidated financial statements during the year ended 31 December 2024.

2. The administrative and accounting procedures adopted in preparation of the consolidated financial statements for the year ended 31 December 2024 were drawn up, and their adequacy assessed, on the basis of the regulations and methods adopted by Terna SpA in accordance with the Internal Control–Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission. This Commission has established a body of general principles providing a standard for internal control and risk management systems that is generally accepted at international level.

3. We also attest that:

3.1 the consolidated financial statements for the year ended 31 December 2024:

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 and the statutory requirements implementing the provisions of art. 9 of Legislative Decree 38/2005;
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.

3.2 the Directors' report on operations includes a reliable analysis of the operating and financial performance and situation of the issuer and the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

Rome, 25 March 2025

Chief Executive Officer	Manager responsible for financial reporting
(original signed)	*(original signed)*

Independent Auditor's Report

pursuant to articles 14 of Legislative Decree 39 of 27 January 2010 and article 10 of Regulation (EU) 537/2014 - Consolidated financial statements for the year ended 31 December 2024

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Terna S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Terna Group (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Terna S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investments for the operation and development of the electricity transmission grid, relevant for the purposes of determining the transmission and dispatching activities charges	
Description of the key audit matter	As of 31 December 2024, the Group accounts in “Property, plant, and equipment” and “Intangible assets”, respectively equal to Euro 19,237 million and Euro 731 million, the amounts mainly related to investments made for operation and development of the Italian national transmission grid (NTG) for high and extra-high voltage power. Investments made in the financial year relating to these items totaled Euro 2,692 million. The Group operates as a natural monopoly and within a market regulated by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, “ARERA”), which defines, among the others, the rules for the remuneration of the transmission and dispatching services. In particular, the regulated revenues for these services are determined annually by ARERA and provide for recognition of a predefined return on the regulatory net invested capital recognized (RAB – Regulated Asset Base), of the relative depreciation and of some operating expenses. The RAB value is determined by ARERA mainly through the revalued historical cost method. We believe that investments for the operation and development of the electricity transmission grid represent a key audit matter for the Group's consolidated financial statements as of 31 December 2024 due to: i) the relevance of the tangible and intangible assets related to operation and development of the electricity transmission grid compared to the Group’s total assets, ii) the relevance of the investments made during the year, iii) their impact in determining the fees for the transmission and dispatching services. Notes “13. Property, plant, and equipment “and “15. Intangible assets” of the consolidated financial statements include the disclosure on the investments for the operation and development of the electricity transmission grid.
Audit procedures performed	With reference to investments for the operation and development of the electricity transmission grid, our audit procedures included, among the others, the following: • understand the processes for recognition of such investments in the financial statements;

- understand the relevant controls implemented by the Group in relation to these processes and assessment of their operating effectiveness;

- comparative analysis of the items “Property, plant, and equipment” and “Intangible assets”, as well as critical analysis of the composition of investments made during the year related to these items, including the analysis of any unusual item;

- with reference to investments occurred during the year, selection of a sample of transactions and test of the compliance with the capitalization criteria provided by accounting standards;

- test the accurate start of depreciation when the asset is available for use for a sample of assets recorded within accounts in “Property, plant, and equipment” and “Intangible assets” entered into depreciation during the year, also through the analysis of their ageing;

- test the correct application of the depreciation rate with respect to the asset category and recalculation of the amortization and depreciation for the year.

Finally, we assessed the adequacy of the disclosure provided in the notes to the consolidated financial statements and its compliance with the accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Terna S.p.A. has appointed us on 8 May 2019 as auditors of the Company for the years from 31 December 2020 to 31 December 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Terna S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at 31 December 2024, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at 31 December 2024 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Deloitte.

Opinions and statement pursuant to art. 14 paragraph 2, sub-paragraphs e), e-bis) and e-ter) of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Terna S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Terna Group as at 31 December 2024, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the consolidated financial statements;

- express an opinion on compliance with the law of the report on operations, excluding the section related to the consolidated sustainability statement, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;

- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Terna Group as at 31 December 2024.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated sustainability statement, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated sustainability statement. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Maria Ginevra De Romanis
Partner

Rome, Italy
April 23, 2025

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