

TERNA: 2024-2028 INDUSTRIAL PLAN APPROVED

TOTAL CAPEX OF €16.5 BILLION, THE HIGHEST IN THE GROUP'S HISTORY, TO ACCELERATE THE COUNTRY'S DECARBONISATION

99% OF TERNA'S INVESTMENTS UNDER THE PLAN CLASSIFIED AS SUSTAINABLE IN ACCORDANCE WITH EU TAXONOMY CRITERIA

REVENUES FORECAST TO GROW TO €4.60 BILLION IN 2028

EBITDA OF €3.25 BILLION AND EARNINGS PER SHARE (EPS) OF 55 EUROCENTS IN 2028

APPROXIMATELY €2 BILLION TO BE INVESTED IN INNOVATION AND DIGITALISATION TO ENABLE THE TWIN TRANSITION, ENERGY AND DIGITAL

FOR THE FIRST TIME THE SUSTAINABILITY PLAN HAS BEEN INTEGRATED INTO THE INDUSTRIAL PLAN: FOCUS ON THE JUST TRANSITION, CREATION OF THE TERNA FOUNDATION

RESULTS AS OF 31 DECEMBER 2023 APPROVED

IMPROVEMENTS ACROSS ALL FINANCIAL INDICATORS

REVENUES EXCEED €3 BILLION

NEW RECORD SET FOR CAPITAL EXPENDITURE IN 2023: OVER €2.2 BILLION, SHARPLY UP ON PREVIOUS YEAR (+30.4%)

VALUE OF PROJECTS AUTHORIZED DURING THE YEAR EXCEEDS €3 BILLION (+20% ON 2022), SUPPORTING THE COUNTRY'S ENERGY TRANSITION AND SECURITY

- **Revenues** €3,186.7 million (€2,964.5 million in 2022, +7.5%)
- **EBITDA** €2,168.6 million (€2,059.2 million in 2022, +5.3%)
- **Group net profit for the year** €885.4 million (€857.0 million in 2022, +3.3%)
- **Capex** €2,290.0 million (€1,756.8 million in 2022, +30.4%)
- **Net debt** €10,494.3 million (€8,576.3 million at 31 December 2022)
- **Dividend** of 33.96 euro cents per share for 2023, up 8% on 2022, in line with dividend policy

Rome, 19 March 2024 - Today's meeting of the Board of Directors of Terna S.p.A. ("Terna"), chaired by Igor De Biasio, has examined and approved the Group's 2024-2028 Industrial Plan and the results for the year ended 31 December 2023, presented by the Chief Executive Officer and General Manager, Giuseppina Di Foggia.

"I am proud to present the Industrial Plan with the highest level of investments in Terna's history: €16.5 billion over five years, with around 80% of projects already authorized and more than 70% covered by existing procurement contracts. Grid development must inevitably be accompanied by significant growth in the use of digital technologies to support and accelerate the country's energy transition: a Twin Transition, energy and digital, will ensure a faster, sustainable, just and inclusive transition for all our stakeholders," said **Giuseppina Di Foggia, Terna's Chief Executive Officer and General Manager**. *"The results achieved in 2023 are also proof of the excellent work carried*

out by all those who are part of Terna and their excellent contribution in delivering on the Group's objectives, generating further shareholder value and contributing to the country's growth. We are faced with a challenge for everyone's future, requiring of Terna a wider vision and a commitment to reach new levels of excellence," concluded Giuseppina Di Foggia.

2024-2028 INDUSTRIAL PLAN

Group's main strategic guidelines

Terna's new Industrial Plan aims to consolidate the company's strategic role in enabling the Italian electricity system and, more generally, strengthen the commitment to driving the country's energy transition. To achieve the decarbonisation goals set in the European Green Deal and the National Integrated Energy and Climate Plan ("PNIEC"), which aim to cut greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels, Terna plans to significantly increase its **investments** over the life of the Plan to **€16.5 billion, the highest level ever in the Group's history**, 65% up on the last Industrial Plan. €2.6 billion will be invested in 2024.

The key driver in the Industrial Plan is the **sustainability of investments**, a concept embedded in the company's value creation process and in the benefits for the system and the environment. In fact, **99%** of Terna's capex is classified as sustainable based on **EU Taxonomy criteria**.

To fulfil its role as Transmission System Operator and enabler of the transition, Terna has set a series of key objectives. Firstly, the investment provided for in the Plan will enable the Group to continue to **guarantee energy continuity** in the country, ensuring high service quality and adequacy in a fast-moving scenario. We are shifting from a traditional system based on centralised power generation facilities to a complex, decentralised system, characterised by the growing integration of renewable sources that are by their nature non-programmable and intermittent and will require, in order to be managed, a change of paradigm.

There cannot, however, be an energy transition without an accompanying digital transition to support the necessary transformation. For this reason, the concept of the **Twin Transition** is the foundation of Terna's new Industrial Plan, which has earmarked approximately €2 billion for **digitalisation and innovation**, an amount that is significantly up (+60%) compared to the previous

Plan. This investment in digital technologies and tools, such as Artificial Intelligence and robotics, will enable the grid to be increasingly connected, smart and secure. This digital transformation will also involve the systems needed to manage the grid, as well as the control of the supply chain and the efficiency of the Group's people.

The Twin Transition, in fact, cannot be delivered without a solid, appropriate organisation of the workforce, to be based in part on new skills and capabilities. These will be developed internally or sought outside the Group, with the aim of being able to count on professionals more suited to managing the development of the electricity system.

Investments will also be needed to boost the grid's **resilience**, enabling it to withstand the increased intensity of extreme weather events by introducing new digital and technological solutions to **efficiently** and rapidly manage the system, whilst ensuring quality and continuity of supply at the lowest possible cost for end users.

One of Terna's key tasks will also be to ensure a high level of grid **security**, to address new challenges coming from an increasingly decentralised and complex system, in terms of the security of physical assets and **cybersecurity**.

The success of Italy's decarbonisation process will depend on developments in the following areas: growth in generation capacity from renewable energy sources, development of the grid's transmission and storage capacity and, lastly, increased adequacy of the electricity system. In this scenario, as Transmission System Operator, Terna will play an increasingly important role in driving and enabling the country's sustainable and carbon-free future.

The Plan focuses on two strategic areas: Regulated Activities in Italy and Non-regulated Activities.

Regulated Activities in Italy: significant acceleration in terms of project delivery and authorizations

Regulated Activities in Italy will continue to represent the Group's core business. Terna plans to deliver record levels of capex, amounting to **€15.5 billion**, including approximately €1.1 billion to be funded by non-repayable public grants. This amount will be invested in strengthening and expanding the transmission grid and developing cross-border interconnection capacity, in order to

guarantee increased security, resilience and efficiency of the system enabling it to handle the growing integration of renewable sources. Investment in Regulated Activities in Italy will, over the life of the Plan, contribute to resolving the so-called “energy trilemma”, delivering over 30% increase in interzonal capacity, enabling the connection of the renewable sources to the high voltage grid in line with the Fit-for-55 objectives and facilitating a considerable increase in the system’s reactive capacity.

The Plan targets not only a sharp acceleration in the delivery of projects, but also in terms of authorisations and supply chain. Indeed, of the 2024-2028 capex plan, about 80% has been already authorized, and more than 70% is covered by existing procurement contracts.

Under the 2024-2028 Plan, Terna intends to boost investment in **developing the national power grid**, with expenditure due to total €10.8 billion. Projects are linked to the construction of direct current power lines and of submarine cables, with the goal of easing grid congestion, boosting transmission capacity between the different market areas, integrating renewable sources and improving quality of service. Cross-border interconnections will also increasingly reinforce the role of Italy as the Mediterranean electricity transmission hub, boosting the system’s reliability and security.

The most important projects in the 2024-2028 Industrial Plan include the **Tyrrhenian Link**, the power line that will connect Sardinia, Sicily and Campania and that will contribute to the best utilization of renewable energy production and to the phase-out of the most polluting coal- and oil-fired power stations; the **Adriatic Link**, the submarine connection between the Marche and Abruzzo regions; **Sa.Co.I.3**, the interconnection between Sardinia, Corsica and the Italian mainland; and the 380kV **Chiaramonte-Gulfi-Ciminna** power line in Sicily. Cross-border interconnections will also play a major role, above all the invisible energy bridge **Elmed**, a submarine interconnection between Italy and Tunisia that will optimise exchanges between Europe and North Africa.

Investments in grid development will also include innovative projects such as, for example, the “**Milan-Montalto**” connection, that will use direct current transmission technology, and the “**Central Link**”, aimed at achieving the energy transition and security goals. These projects will be implemented following a modular approach to planning based on shifts in demand and generation capacity.

Approximately €1.7 billion will be invested in the **Defence Plan**, with the aim of boosting the system's technical and technological capabilities. This involves projects designed to improve voltage regulation and the dynamic stability of the system, including the installation of synchronous compensators and STATCOM devices to manage energy flows.

Finally, approximately €2.9 billion will be spent on the **asset renewal and efficiency**, primarily for the rationalisation of existing infrastructure and the replacement of obsolete components.

As a consequence of the ambitious investment plan, the value of the regulatory asset base (RAB) will increase to €30.6 billion in 2028, with a Compound Annual Growth Rate (CAGR) of 8% over the life of the Plan. At the end of 2024, the value of the RAB will be €22.5 billion, compared to €20.4 billion at the end of 2023.

Non-regulated Activities: supporting the energy transition in synergy with the Group's core business

In line with previous years, under the 2024-2028 Industrial Plan, Non-regulated Activities will focus on developing innovative, digital technological solutions in keeping with the Terna Group's public service role, helping to generate new business opportunities. The markets in which the non-regulated businesses operate are undergoing rapid expansion, driven for the most part by trends linked to the energy transition: increased demand for renewable generation plants, the renewal of grids and the growth of new industrial sub-sectors such as data centres and other large power consumers. In particular, Terna's main Non-regulated Activities include: businesses focused on guaranteeing supplies of essential components for development of the grid, such as transformers (Tamini) and cables (Brugg Cables); activities in markets adjacent to the core business, such as operation and development services for high, medium and low voltage grids and electricity substations for third parties (Terna Energy Solutions and Terna Rete Italia), energy efficiency consulting services (Avvenia) and Operation & Maintenance services for photovoltaic plants (LT); connectivity offerings for telecommunications providers through the supply of dark fibre and housing services and, lastly, the installation and operation of interconnecting lines.

The Plan includes a series of initiatives designed to fully exploit the portfolio of businesses, introducing optimisation measures to strengthen financial performance and consolidate market

leadership. These actions will aim to maintain the Group's competitiveness with respect to competitors in the Equipment sector (transformers and cables) and further reinforce its leadership in Energy Services. Terna foresees that Non-regulated Activities will account for about €600 million in terms of cumulated EBITDA over the Plan period, in return for limited investment and risk exposure.

Innovation and digital transition: key pillars to achieve the energy transition goals

To achieve the goals of the Twin Transition, energy and digital, within an increasingly complex and decentralised scenario, Terna has planned to invest **approximately €2 billion**, which represent about 12% of the total capex plan. The investments, growing in absolute terms, will focus on digitalisation and innovation, in line with the historical approach and consistent with planned spending on digital technology by the main European competitors and with the International Energy Agency's global projections. The investments will impact a series of ambitious initiatives throughout the value chain also involving the Group's organisation. The most important initiatives will regard **grid engineering**, introducing software to digitalise the planning of worksites (BIM - Building Information Modelling) and optimise the management of contracts, ensuring the on-time delivery of projects. **Dispatching** will increase the algorithmic capacity of its systems, harnessing artificial intelligence to boost transmission capacity. In response to the expected increase in complexities involved in managing the grid, **asset management** will continue to use digital technologies such as Digital Twins, Internet of Things (IoT) and predictive tools. Finally, digitalisation will also involve **human resource** management processes.

The Plan will introduce new digital tools and solutions, with a strong commitment to increasing the adoption and utilization rate, in line with the objective of a transformation, even cultural, of the way people work and for boosting the efficiency and effectiveness of decision-making processes.

Terna's Sustainability Plan for a Just Transition covering all ESG aspects

Sustainability will have an increasingly central role to play in Terna's strategies. This is confirmed by the fact that, for the first time in the Group's history, **the Sustainability Plan has been embedded in the Industrial Plan**. The activities envisaged by the Sustainability Plan include projects and actions confirming Terna's commitment to delivering a **Just Transition**: a fair, inclusive process that takes into account the potential impacts on all stakeholders, including workers, local communities and suppliers.

In line with its role in enabling the transition, Terna has adopted a Science Based Target committing the Company to **reducing its CO₂ emissions by 46% by 2030 compared to 2019**. In addition, with the aim of positioning Terna among the companies most committed to the protection of ecosystems and biodiversity at global level, Terna has begun the preliminary activities involved in adopting a new **Science Based Target for Nature**.

Given Terna's crucial role in the realisation of the energy transition, sustainability is part of the very nature of the Group ("**Green By Nature**"), especially for the way it chooses to conduct its activities ("**Social by Purpose**"). In fact, Terna's business is focused on meeting the needs of its stakeholders, on ensuring the utmost safety of people during work activities and on promoting recruitment programmes guaranteeing inclusion and respect for diversity.

The Group's targets are also consistent with the Company's **circular economy roadmap** established by the Company: an ambitious plan that aims to embed circularity in the business model, involving suppliers, and that commits the Group to reduce the environmental impact of its value chain.

To deliver an inclusive transition, one of the key innovations in the Group's Sustainability Plan is the establishment of the **Terna Foundation**, whose activities will focus on three areas: the spread of an energy culture, also through educational initiatives involving younger generations; efforts to tackle energy poverty; the adoption of programmes facilitating access to the labour market and providing job opportunities in the energy sector.

Terna's people: more skills for the Twin Transition

Among the pillars essential for achieving the goals set in the Industrial Plan are the people of Terna, with their excellent and distinctive technical expertise. The Plan envisages a significant increase in the workforce to handle the growth in the Group's business and the increasing need for new skills to manage the energy and digital transition in the coming years: over the life of the Plan, the number of employees is due to rise to over 7,000 by 2028. The Group aims to be people-centric, promoting the development and wellbeing of employees by giving them greater responsibility and through mutual engagement benefitting all parties involved. Work experience will be improved by anticipating the upcoming changes, investing in emerging skills and enabling more effective ways of working, in part by harnessing technology. Finally, merit will be rewarded to accelerate the organisation's growth and achieve excellent results.

Performance outlook in the 2024-2028 Industrial Plan and dividend policy

Conservation of a strong capital structure through robust cash generation will help the growth of investment and will support an attractive dividend policy. Proof of the Terna Group's constant commitment to implementing the activities provided for in the Industrial Plan and achieving the related financial targets is provided by the fact that the Group has achieved and exceeded the **guidance** for 2022 and 2023, offering a solid base from which to achieve the new targets set in the 2024-2028 Industrial Plan.

The Group's **revenues** are expected to rise to €4.60 billion in 2028, whilst **EBITDA** is expected to be €3.25 billion, based on a CAGR over the life of the Plan of approximately 8% for revenues and over 8% for EBITDA.

In 2024, **revenues** are expected at €3.55 billion and **EBITDA** of €2.42 billion.

Compared to the figure of 2023, **the Group's net profit** is also expected to improve, increasing **earnings per share (EPS)** to 49 euro cents in 2024 and to 55 euro cents in 2028, with an average annual growth rate of about 5% over the life of the Plan.

The new dividend policy guarantees a constant and predictable growth, as well as full visibility. In detail, over the Plan period, the new dividend policy foresees a dividend per share (DPS) 4% minimum annual growth, taking 2023 as the reference year.

For 2024, dividend per share (DPS) will be equal to the higher of 4% growth versus 2023, and 75% payout ratio. Any greater distribution in 2024 will not impact dividends from 2025 onwards.

Despite the acceleration in capex, Terna aims to preserve a solid and sustainable capital structure, also through the issue of further hybrid instruments, with the goal of maintaining current ratings and having a ratio of FFO to Net Debt of around 11% towards the end of the Plan. The cost of net debt under the Plan is approximately 3.3%.

CONSOLIDATED FINANCIAL RESULTS FOR 2023

The macroeconomic environment continued to be highly volatile in 2023, with commodity prices remaining high in response to ongoing global tensions. The market disruption caused by the war in Ukraine and the crisis in the Middle East, together with the restrictive monetary policy introduced in response to high levels of inflation, led to a slowdown in economic growth, which was uneven across different countries.

The Italian energy market, significantly influenced by international events, showed however an improvement with respect to 2022, thanks to generally mild temperatures and the country's success in diversifying its sources of natural gas, with the progressive replacement of Russian gas with imports of gas from other countries. Natural gas consumption in Italy in 2023 was down 10.1% on the previous year. Given that fossil fuel price trends, and above all the price of gas, have a significant impact on the electricity market, the average Single National Price (SNP) fell to €127 per MWh in 2023 from €304 per MWh in 2022. This was in any event still higher than the €30-50 per MWh seen before the crisis. Italian electricity consumption also fell to 306.1 billion kWh in 2023, decreasing by 2.8% compared to 2022.

Against this highly challenging backdrop, it is clear that it is more than ever essential for Italy to commit to reducing its dependence on fossil fuels and boosting national energy security, in line with the decarbonisation targets set by the European Union. Terna has thus reinforced its commitment to improving the country's energy security, significantly increasing capital expenditures which, in 2023, amounted to **€2,290.0 million, marking a sharp rise compared to the previous year (+30.4%)**.

The last year also saw the Ministry of the Environment and Energy Security and regional authorities give authorization for 23 grid development projects, amounting to investment of more than €3 billion. This was a new record for Terna: up 20% on 2022 and figure tripled versus 2021.

In a difficult scenario, Terna thus recorded **significant improvements across all its financial indicators**, with a particularly strong performance from **revenues, which exceeded €3 billion**.

€m	2023*	2022*	% change
Revenues	3,186.7	2,964.5	+7.5%
EBITDA (gross operating profit)	2,168.6	2,059.2	+5.3%
EBIT (operating profit)	1,362.3	1,333.5	+2.2%
Group net profit for the period	885.4	857.0	+3.3%
Capital expenditure	2,290.0	1,756.8	+30.4%

** Given that the requirements of IFRS 5 have been met, the total results for 2023 and 2022 attributable to the South American subsidiaries included in the planned sale of assets have been classified in the item "Profit/(Loss) for the year a from discontinued operations and assets held for sale" in the Group's reclassified income statement.*

Revenues for 2023, amounting to €3,186.7 million, are up €222.2 million (+7.5%) compared to 2022. The result primarily reflects an improvement in revenues from Regulated Activities, mainly thanks to the increase in the regulatory asset base (RAB) during the period after the volume effect and the increase in output-based incentives. Revenues from Non-regulated Activities also recorded significant growth, primarily reflecting increased contributions from the LT Group and the Brugg Cables Group.

EBITDA (gross operating profit) for 2023 amounts to €2,168.6 million, up €109.4 million (+5.3%) compared to 2022 due to the improved result from Regulated Activities.

EBIT (operating profit) for the year, after amortisation, depreciation and impairments equal to €806.3 million, amounts to €1,362.3 million compared to €1,333.5 million in 2022 (an increase of 2.2%).

Net financial expenses for 2023 amount to €117.7 million, with an increase of €17.6 million compared to the €100.1 million of 2022. This is due to the rise in interest rates on financings, partially offset by greater income from the investment of liquidity and from other financial assets, falling inflation and an increase in capitalised financial expenses.

Profit before tax of €1,244.6 million is up €11.2 million compared to 2022 (+0.9%).

Income tax expense for the year totals €364.3 million, up €8.9 million compared to 2022 (+2.5%). This essentially reflects the increase in pre-tax profit and the greater amount of contingent tax assets recognised in the previous year. The resulting tax rate of 29.3% compared to 2022 of 28.8%.

Group net profit for the year of €885.4 million is up €28.4 million (+3.3%) compared to the €857.0 million of 2022.

The **consolidated statement of financial position** shows **equity attributable to owners of the Parent** of €6,324.4 million, compared to €6,142.0 million at 31 December 2022.

The Terna Group's **total capex** during the year amounts to €2,290.0 million, with a significant increase (+30.4%) on the €1,756.8 million of 2022. The most important projects that progressed during the year include the Tyrrhenian Link, regarding both the "East Branch" between Campania and Sicily and the "West Branch" between Sicily and Sardinia, and the Adriatic Link, the new submarine power line that will connect the Abruzzo and Marche regions, which received authorization from the Ministry of the Environment and Energy Security at the beginning of 2024. Work also progressed on the connection between the island of Elba and Italian mainland, which entered into service in July 2023, and on works for boosting the security and efficiency of the high voltage and very high voltage grids in the areas due to host the Milan-Cortina Winter Olympics and

Paralympics in 2026. Work proceeded on increasing exchange capacity between different areas of the electricity market in Sicily (the “Paternò-Pantano-Priolo” connection) and between Sicily and Calabria (the “Sorgente-Rizziconi” connection), as well as on construction of the “Colunga-Calenzano” connection (between Emilia-Romagna and Tuscany) and on the electricity substations at Cerignola (FG) and Magenta (MI). In addition, progress was also made on the plan to install STATCOM devices, reactors and synchronous compensators to improve grid security.

To finance the major increase in capex needed to drive Terna’s growth and provide an increasingly efficient electricity system, capable of guaranteeing the country’s energy security, **net debt** at 31 December 2023 amounted to €10,494.3 million, compared to €8,576.3 million at the end of 2022.

The Group’s **workforce** at the end of 2023 totals 5,927, up 430 compared to 31 December 2022. The increase is linked to the need to strengthen the pool of expertise and growth across all the Group’s operations.

OPERATING RESULTS OF REGULATED ACTIVITIES

Primary as a result of increased investment in the RAB, **revenues** from **Regulated Activities** rose to €2,669.8 million in 2023 (€2,542.3 million in 2022, +5.0%).

EBITDA is thus €2,085.6 million, with an increase of €78.6 million compared to the previous year.

OPERATING RESULTS OF NON-REGULATED ACTIVITIES

In 2023, **revenues** from **Non-regulated Activities** rose significantly to €516.8 million, marking an increase of 22.6% compared to the €421.4 million of 2022. This reflects increased contributions from the LT Group and the Brugg Cables Group.

EBITDA from Non-regulated Activities in 2023, amounting to €86.9 million, is up €29.4 million compared to the previous year. This primarily reflects increased contributions from the LT Group, the Brugg Cables Group and the Tamini Group, in addition to an increased contribution from private interconnectors.

RESULTS FOR 2023 FOR THE PARENT COMPANY, TERNA S.p.A.

The Parent Company, Terna S.p.A., ended 2023 with revenues at €2,634.8 million (€2,520.5 million in 2022). EBITDA (gross operating profit) is €1,980.2 million (€1,906.9 million in 2022). EBIT (operating profit), after amortisation, depreciation and impairments of €719.3 million, amounts to €1,260.9 million (€1,256.6 million in 2022). Net profit for the year thus totals €834.8 million (€834.1 million in 2022).

The statement of financial position shows equity of €5,871.0 million (compared to €5,746.1 million at 31 December 2022) and net debt of €10,364.7 million (compared to €8,446.0 million at 31 December 2022).

KEY EVENTS IN 2023 AND SUBSEQUENT TO THE END OF THE YEAR

Business

Terna continued with **development of the national grid** in 2023, making progress on all the major investment projects supporting the energy transition. Thanks to investment in the main projects referred to above, 307 km of new power lines and six new substations entered into service on the national transmission grid (NTG) during the year.

Terna also acquired and integrated a 100% stake in Edyna Transmission S.r.l. (renamed Rete Nord S.r.l.) in 2023. The acquired company owns two electricity substations and approximately 70 km of power lines in Alto Adige that were already part of the NTG. This is a strategic transaction that will unify Italy's electricity transmission infrastructure.

With regard to the **Tyrrhenian Link**, during the year, the Ministry of the Environment and Energy Security gave its authorization for the "West Branch" between Sicily and Sardinia, following on from authorization for the "East Branch", which will link Sicily with Campania, in late 2022.

The investments in STATCOM devices, reactors and synchronous compensators that will benefit grid security amounted to €86.6 million. The renewal of overhead lines and substation equipment also continued, with the replacement of approximately 1,816 km of lines and 20 items of substation equipment, including transformer and reactors.

Terna won the **International Edison Award**, the most important award in the electricity sector given each year by the Edison Electric Institute, the US electricity industry association. The Company was given the award for the project of the new electricity interconnector between Italy and France, linking the substations of Piosasco (in the province of Turin) and Grand-Île (in France), crossing the Alps through the Frejus Tunnel.

Terna also became the first Italian company to obtain **“UNI Pdr 104 2021” certification** for the management and internal control of administrative and accounting processes at the Parent Company, Terna S.p.A., and its subsidiaries.

Furthermore, Terna was the first company in Italy to obtain the **"ISO 37301:2021" certification**, extended to all the relevant "compliance obligations" of the main Group companies (Terna Rete Italia, Terna Energy Solutions and Terna Plus). The ISO 37301:2021 regulation is a recent international standard that specifies requirements and provides guidelines for developing, maintaining and improving the compliance management system.

Sustainable finance

In terms of financing for construction projects, the European Investment Bank (“EIB”) has allocated a total of €1.9 billion to Terna for financing the Tyrrhenian Link project.

This loan was disbursed in full via the following tranches:

- a first tranche, signed on 8 November 2022, amounting to €500 million;
- second and third tranches, signed on 30 March 2023, totalling €900 million;
- the final tranche, signed on 7 February 2024, amounting to €500 million.

With terms of approximately 22 years from each drawdown, all the above loans will be directed to the construction and commissioning of the of the East and West sections of the Tyrrhenian Link.

In terms of capital market transactions, on 17 July 2023, a single tranche, euro-denominated fixed rate green bond issue amounting to a total of €650 million was successfully launched, under the Terna’s Euro Medium Term Notes (EMTN) programme. The green bond has a duration of 10 years, will pay an annual coupon of 3.875% and was issued with a spread of 90 basis points over the midswap. In line with previous Terna’s green bond issues, the bond was listed on the ExtraMOT PRO professional segment of the Italian Stock Exchange, part of the Euronext Group.

On 28 November 2023, on the occasion of the fourth edition of PCI Energy Days, Brussels hosted the ceremony for the signature of the Grant Agreement between Terna, STEG (the Tunisian electricity and gas company) and the European Commission for financing of €307 million for the **Elmed** electrical interconnection project, the invisible energy bridge that will connect Europe with North Africa at a total cost of approximately €850 million. Of this amount, €307 million has been funded by the European Commission through the Connecting Europe Facility (“CEF”), the EU funding programme for the development of key projects boosting European energy infrastructure. For the first time in history, CEF funding will be used to finance a project being carried out by a Member State and a Non-Member State.

In line with Terna’s strategy, which aims to combine investment and sustainability to drive growth and value creation, Terna again confirmed its **leading role in the sustainable finance market** in 2023.

The senior green bonds issued by Terna as of 31 December 2023, under its Euro Medium Term Notes (EMTN) programme, amount to €2.25 billion, in addition to the first perpetual, subordinated green bond issued on a standalone basis in February 2022, amounting to €1 billion.

Sustainability and ESG

In 2023, Terna confirmed its leadership in the field of sustainability, being rated as a top performer by leading ESG rating agencies. The Company was included in **S&P Global’s “Dow Jones Sustainability” index** for the fifteenth year running, in **FTSE Russell’s “FTSE4Good” index** and in the **“Euronext Vigeo”** index, based on the score given by Moody’s ESG Solutions (formerly Vigeo Eiris). Terna was also recognised as a global leader for efforts against climate change by **CDP (formerly the Carbon Disclosure Project)**, receiving an upgraded rating of ‘A-’ compared to the previous ‘B’.

Furthermore, the non-financial rating agency, Sustainalytics, confirmed Terna’s award of the best possible rating, ranking the Group among the leading electricity companies in the world. Terna also received the **“Best ESG Rating Award 2023”**, based on assessments carried out by Standard Ethics, a leading non-financial rating agency. This rewards for excellent performance in the ESG aspects rated and, in particular, as regards the Environment, for efforts to protect biodiversity.

OUTLOOK

The Global economy is expected to record moderate growth in 2024, with ongoing trade tensions between the world's major economies and the risk of new protectionist measures. Geopolitical tensions may well persist or even worsen, with negative effects on political and economic stability.

In this scenario, the Terna Group will continue to focus on delivering on the 2024-2028 Industrial Plan.

The sharp acceleration in capital expenditure on **Regulated Activities** will continue with the goal of achieving the targets set in the EU's Fit for 55 package, facilitating the integration of renewable sources, developing cross-border interconnections, boosting the level of security and resilience of the electricity system and investing in grid digitalisation.

In terms of the Group's most important projects, work is progressing on the Tyrrhenian Link, with construction of the civil works for the converter stations on the "West Branch" due to start, whilst the installation of underground cables for the "East Branch" will also begin. Following the award of key contracts, work on the detailed design for the Adriatic Link will also begin. The principal National Transmission Grid assets due to enter into service by the end of the year include the Monte Malo (VI) and Ponte Caffaro (BS) substations.

Work on the new electricity grid for the "Milan-Cortina 2026" Olympic and Paralympic Games will continue during the year with the aim of increasing the reliability of energy supply in the locations hosting the event, with infrastructure having a reduced impact on the landscape.

Finally, the Group will continue to make progress towards achieving the objectives foreseen by output-based incentive mechanisms introduced by ARERA, above all with regard to reducing dispatching costs (Dispatching Service Market incentives). The Group will also continue to be engaged during the year in the consultation process with ARERA regarding its update of the regulations underlying the WACC ("Weighted Average Cost of Capital"), valid for the regulatory period 2025-2027, and finalisation of the criteria for applying the Totex/Output-based approach to the transmission service.

With regard to **Non-regulated Activities**, the Terna Group will continue to consolidate its role as a provider of both Connectivity (activities relating to the fibre optic network) and Energy Solutions, developing high value-added services for corporate customers and exploiting market opportunities using the LT Group's know-how and investing in the development of technical and digital skills. In the Equipment segment, the aim is to build on the Tamini Group's performance and, with regard to the Brugg Cables Group, take full advantage of its distinctive expertise in underground cables and of synergies with the Terna Group's other businesses.

In terms of international activities, the process of selling the assets in Peru and Linha Verde I in Brazil will continue, with the sales expected to be completed by the end of the year. The strategic assessment of further opportunities in overseas markets, involving the careful selection of projects with a view to ensuring a low risk profile and limited capital absorption, will also continue.

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

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

Also thanks to the above initiatives, including those designed to further increase the efficiency of the electricity system, for 2024 Terna expects **revenues at €3.55 billion, EBITDA of €2.42 billion and an EPS of €0.49.**

Regarding **Capex**, for the next year the Group expects a figure of **approximately €2.6 billion in 2024**. The above objectives will be pursued whilst maintaining a commitment to maximising the cash generation, necessary to ensure a sound and balanced financial structure.

Furthermore, it is expected that the Terna Foundation will be created by 2024.

INTEGRATED REPORT 2023

The Terna Group's 2023 Annual Report, approved by the Board of Directors, contains the Integrated Report which includes, in a single document, the Report on Operations, the Sustainability Report

and the Consolidated Non-financial Statement (prepared in accordance with the GRI standards and also meeting the non-financial disclosure requirements in Legislative Decree 254/2016, as amended), in addition to the consolidated financial statements, the Parent Company's separate financial statements and, finally, the Green Bond Report. Publication of a single document containing all the Group's disclosures meets the need to provide all the Group's stakeholders with clear, complete and balanced reporting on the Group's business and value creation process.

CORPORATE GOVERNANCE, ANNUAL GENERAL MEETING AND DIVIDEND

The Board of Directors has approved the Report on Corporate Governance and Ownership Structures for 2023, with the approval of the Nominations, Governance and Scenarios Committee. The Report contains the results of the reviews conducted of the Board of Directors, Board Committees and the Board of Statutory Auditors, presented during today's Board of Directors' meeting.

The Board of Directors has also resolved, giving mandate to the Chairman, regarding the convocation of the **Annual General Meeting of shareholders** ("AGM"), which will be held, in accordance with the timing announced to the market on 29 January 2024, on **10 May 2024**. The Meeting, to be held in single call, will be invited, during the ordinary session, to deliberate on the following agenda:

1. **2023 Annual Report: Approval of the financial statements for the year ended 31 December 2023. Reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditor. Presentation of the consolidated financial statements for the year ended 31 December 2023. Presentation of the consolidated non-financial statement for the year ended 31 December 2023.**
2. **The proposed allocation of profit for the year**

The Board of Directors will propose that the AGM of shareholders approve a total dividend for 2023 of €682,593,283.20, equal to 33.96 euro cents per share, and payment - after taking into account the ordinary interim dividend for 2023 of 11.46 euro cents per share previously paid from 22 November 2023 - of a final dividend of 22.50 euro cents per share, before any withholdings required by law. The final dividend will be payable from 26 June 2024, with an ex-dividend date for coupon

40 of 24 June 2024 (record date, as defined by art.83-*terdecies* of Legislative Decree 58 of 24 February 1998, the Consolidated Law on Finance: 25 June 2024). The treasury shares held as of the above record date will not participate in the distribution. The final dividend for 2023 attributable to the treasury shares held by the company at the record date will be taken to retained earnings.

3. Long-term incentive plan based on Performance Shares for the period 2024-2028 for the management of Terna S.p.A. and/or its subsidiaries, as defined by art. 2359 of the Italian Civil Code

This is an equity-based Plan, involving the grant of the right to receive a certain number of Terna S.p.A.'s shares (the Performance Shares) free of charge if, at the end of the vesting period, the performance targets to which the Plan is linked have been met.

The targets break down as follows:

Operating performance:

- cumulative EBITDA in the three-year period 2024-2026 (weighting 20%)
- average FFO over Net Debt in the three-year period 2024-2026 (weighting 30%).

Market performance:

- relative Total Shareholder Return (weighting 20%).

Sustainability performance:

- Overgeneration: reduced use of modulated production from non-programmable renewable sources at Terna's request to meet the security needs of the national electricity system (weighting 30%).

At the end of the vesting period, 30% of the shares awarded will be subject to a further two-year lock-up period, during which time the shares are non-transferable (meaning that they cannot be transferred and/or sold for a period of 24 months).

Clawback provisions also apply to the Plan, as required by the Corporate Governance Code and best market practices.

The beneficiaries of the Plan are the General Manager, who is also the Chief Executive Officer, key management personnel and other senior and middle managers of the Company and/or its subsidiaries, pursuant to art. 2359 of the Italian Civil Code.

In consideration of its features, its structure, and the performance objectives identified, the Plan is designed to ensure the alignment of management's interests with the priority objective of creating value for shareholders over the medium to long term.

For a full description of the plan, please see the Information Document prepared pursuant to Article 114-*bis* of the Consolidated Law on Finance, which will be made accessible to the public within the deadline required by law.

4. Authority to buy back and dispose of the Company's own shares, subject to revocation of the authority granted by the AGM held on 9 May 2023

The Board of Directors has decided to request the ordinary session of the AGM of 10 May to approve the proposed authority to buy back and subsequently dispose of, in one or more transactions, the Company's own shares at a total cost of up to €8 million and involving up to a maximum of 1.6 million ordinary shares, representing approximately 0,08% of Terna's share capital.

This request aims to grant the Company's Board of Directors the option of purchasing and disposing of own shares, in compliance with the current regulations and procedures indicated below, to service the Performance Share Plan and/or any other share-based incentive plans for the Directors and/or employees of the Company and/or its subsidiaries and/or associates.

The authority to buy back own shares is requested for the maximum period permitted by art. 2357, paragraph 2 of the Italian Civil Code, and therefore for eighteen months from the date of the General Meeting granting the authority. There is no time limit for the subsequent disposal of the shares.

The request for the authority provides that purchases can be made at a price that must not be more than 10% higher or lower than the price of the shares on the Euronext Milan market organised and managed by Borsa Italiana S.p.A. as recorded during the previous day's session for each individual transaction. Additionally, market purchases of own shares shall be carried out in accordance with the terms, conditions and requirements established by current regulations and, where applicable, with the market practices from time to time prevailing.

The sale or other use of the resulting treasury shares will be made to service the Performance Share Plan and/or any other share-based incentive plans for the Directors and/or employees of the

Company and/or its subsidiaries and/or associates, in accordance with the terms and conditions indicated in the applicable rules, without prejudice to current regulations, and, where applicable, the market practices from time to time prevailing. Buybacks will be carried out in compliance with the provisions of art. 132 of the Consolidated Law on Finance and art. 144-*bis* of the Regulations for Issuers and all other applicable regulations and, where applicable, with the market practices from time to time prevailing.

More specifically, pursuant to art. 132.1 of the Consolidated Law on Finance, share buybacks must be made in a way that ensures the equal treatment of all shareholders, according to the procedures established by the CONSOB. In this latter regard, among the procedures provided for in art. 144-*bis* of the Regulations for Issuers, Terna's share buybacks may also be carried out under the conditions indicated in art. 5 of Regulation (EU) 596/2014, except for the procedures provided for in letters d and d-*bis* of art. 144-*bis*.

It should be noted that, in cases where the option referred to in art. 144-*bis*, section 1(c) of the Regulations for Issuers is to be exercised, purchases and sales of derivative instruments must be carried out through authorised financial intermediaries, specially appointed for this purpose.

In conclusion, it should be noted that, in implementation of the share buyback programme launched on 19 June 2023, and concluded on 10 July 2023, to service the Performance Share Plan 2023-2027, Terna has purchased 917,611 own shares (equal to 0.046% of the share capital) at a total cost of €6,999,997.07. The total number of shares purchased is in addition to the 3,296,049 own shares already purchased by the company in 2020, 2021 and 2022, after deducting the 1,079,860 own shares allotted in 2023 in execution of the Performance Share Plan 2020-2023. To date, therefore, Terna holds a total of 4,213,660 treasury shares (equal to 0.210% of the share capital). The Company does not hold any additional treasury shares with respect to those purchased under the above programmes, including through subsidiaries.

5. Report on the Remuneration Policy and Remuneration Paid

The AGM will be invited to hold:

- a binding vote on the first section of the Report, which explains the policy on remuneration of the members of Terna S.p.A.'s Board of Directors and the Board of Statutory Auditors,

the General Manager and key management personnel, as well as the procedures used in adopting and implementing the Policy;

- a non-binding vote on the second section of the Report, which explains the remuneration paid to the members of the Board of Directors and the Board of Statutory Auditors, the General Manager and, on an aggregate basis, key management personnel.

A detailed description of the Remuneration Policy and remuneration paid is provided in the relevant document, prepared in accordance with art. 123-ter of the Consolidated Law on Finance, which will be made available to the public within the deadline required by law.

With regard to the AGM, the Company intends to take advantage of the option provided for in art. 106, paragraph 4 of Law Decree 18/2020, converted into Law 27/2020, as latterly amended by Law 21/2024. This means that attendance at the AGM may only take place through the representative designated by the Company pursuant to art. 135-undecies of Legislative Decree 58 of 24 February 1998 (the “CLF”). The Company has selected Computershare S.p.A., with its registered office in Milan at Via Lorenzo Mascheroni n. 19 (the “Designated Representative”) for this purpose.

The notice of call will be published according to the procedures and the deadline required by law, as will the documentation relating to agenda items.

BOND ISSUES AND BONDS NEARING MATURITY

Issues in 2023:

- on 14 April 2023, a single tranche, euro-denominated fixed rate bond issue amounting to a total of €750 million was successfully launched, as part of Terna’s €9,000,000,000 Euro Medium Term Notes (EMTN) programme (rated BBB+ / (P)Baa2). The bond, issued at a price of 99.281%, with a spread of 70 basis points with respect to the midswap rate, has a term of 6 years and will mature on 21 April 2029. The bonds pay annual coupon interest of 3.625%;
- on 17 July 2023, a single tranche, euro-denominated fixed rate green bond issue amounting to a total of €650 million was successfully launched, as part of Terna’s €9,000,000,000 Euro

Medium Term Notes (EMTN) programme. The green bond, issued at a price of 99.107%, with a spread of 90 basis points over the midswap rate, has a term of 10 years, will mature on 24 July 2033 and will pay annual coupon interest of 3.875%.

Finally, regarding financial transactions after the end of 2023 and debt maturing between **1 January 2024 and 30 June 2025, the following should be noted:**

- on 10 January 2024, Terna launched a euro-denominated fixed rate bond issue, under its Euro Medium Term Notes (EMTN) programme and amounting to €850 million. The bond has a term of 7 years, pays annual coupon interest of 3.500% and features a spread of 100 basis points above the midswap rate;
- in October 2024, a standalone bond amounting to €800 million, issued in October 2004, will reach its maturity.

ALTERNATIVE PERFORMANCE MEASURES

This release includes a number of "alternative performance measures" (EBITDA, the tax rate and net debt) not required by IAS/IFRS. A description of these measures is provided below in accordance with the ESMA/2015/1415 guidelines published on 3 December 2015:

- EBITDA (Gross Operating Profit): an indicator of operating performance, representing "Profit for the year" before "Income tax expense for the year", "Net financial income/(expenses)" and "Amortisation, depreciation and impairment losses";
- EBIT (Operating Profit): an indicator of operating performance, representing the sum of "Profit/(Loss) before tax" and "Net financial income/(expenses)";
- Tax rate: the amount of tax paid as a proportion of pre-tax profit, based on the ratio of "Income tax expense" to "Profit/(Loss) before tax";
- Net debt: an indicator of the financial structure, calculated by deducting "Cash and cash equivalents", "Current financial assets" and "Non-current financial assets", as they relate to the value of the derivatives hedging bond issues and bank borrowings, from short-term financial liabilities ("Short-term borrowings", the "Current portion of long-term borrowings" and "Current financial liabilities") and long-term financial liabilities ("Long-term borrowings") and the related derivative instruments ("Non-current financial liabilities"). The net debt of the Terna Group and of

Terna S.p.A. complies with the requirements of ESMA Recommendation 32-382-1138 of 2021 with regard to the definition of net debt or funds.

The following changes in the structure of the Terna Group have taken place with respect to 31 December 2022:

- On 7 February 2023, the acquisition of shares in SEleNe CC S.A. was completed following the withdrawal of the Romanian TSO, National Power Grid Company Transeletrica S.A., from the company's shareholder base. The Company's stake has thus increased from 25% to 33.33%.
- On 5 October 2023, the merger of Omnia S.r.l. with LT S.r.l. was completed. On 29 March 2023, through its subsidiary LT S.r.l., Terna completed the acquisition of a 100% stake in Omnia S.r.l., a company providing O&M services for photovoltaic plants. The acquisition helps to consolidate the LT Group's position as an Italian market leader in the construction and operation of photovoltaic plants.
- On 21 December 2023, the merger of Rete Nord S.r.l. (formerly Edyna Transmission S.r.l.) with Rete S.r.l. was completed. On 22 June 2023, Terna completed the acquisition of a 100% stake in Edyna Transmission S.r.l., at the same time renamed Rete Nord S.r.l., a company that owns two electricity substations and approximately 70 km of circuits (equal to approximately 36 km of power lines) in Alto Adige already forming part of the National Transmission Grid. The transaction is part of the Group's strategy of unifying Italy's electricity transmission infrastructure with the aim of further boosting grid efficiency and reliability.

A meeting will be held at 6.00pm today to present the Company's strategies and results for the year ended 31 December 2023 to financial analysts and investors. Back-up material for the event will be made available in the Investors section of the Company's website (www.terna.it) as the meeting starts. The presentation will also be made available via "eMarket SDIR", on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it) and through the authorised storage service "1Info" (www.1info.it). Journalists will have the opportunity to follow the meeting by telephone without any right to speak. It will also be possible to follow the presentation by connecting to the audio webcast on the Company's website (www.terna.it): following the live broadcast, the file will be available in the Investors section of the website.

The Manager Responsible for Financial Reporting, Francesco Beccali, declares that, pursuant to section two of article 154-bis of the Consolidated Law on Finance, the information contained in this release is consistent with the underlying accounting records.

The Annual Report for 2023, including Terna S.p.A.'s separate financial statements and the Terna Group's consolidated financial statements for the year ended 31 December 2023, accompanied by the report on operations on Terna S.p.A.'s separate financial statements and the consolidated financial statements, and by the attestation issued by the Manager Responsible for Financial Reporting and the Chief Executive Officer under the terms of paragraph 5 of art. 154-bis of the Consolidated Law on Finance, together with the additional documents required by the law, the Consolidated Non-Financial Statement and the Annual Report on Corporate Governance and Ownership Structures, will, by the deadline set out by law, be made available to

the public at the Company's registered office, and published on the Company's website (www.terna.it) and on the website of the authorised storage service "1Info" (www.1info.it). The documents will also be filed at the stock exchange management company, Borsa Italiana S.p.A. (www.borsaitalian.it). The required announcement of the filing will also be published.

The Annual Report for 2023 has been submitted to the Board of Statutory Auditors and to the Independent Auditors to enable them to carry out the procedures they are responsible for.

The report of the Board of Statutory Auditors and the report of the Independent Auditors will be made available to the public as soon as they are available according to the terms established by the law.

The reclassified income statement and statement of financial position and the statement of cash flows of the Terna Group and of Terna S.p.A. are attached. It should be noted that, pursuant to CONSOB Statement DME/9081707 of 16 September 2009, the reclassified statements presented below are those included in the Report on Operations (included in the Annual Report for 2023), for which the Independent Auditors, in compliance with art. 14 of Legislative Decree 39 dated 27 January 2010, will verify consistency with the financial statements.

The Terna Group's reclassified income statement

(€m)

	2023*	2022*	Change	% change
TOTAL REVENUE	3,186.7	2,964.5	222.2	7.5%
- Regulated revenue	2,669.8	2,542.3	127.5	5.0%
<i>of which Revenue from construction services performed under concession</i>	80.6	67.4	13.2	19.6%
- Non-Regulated revenue	516.8	421.4	95.4	22.6%
- International revenue	0.1	0.8	(0.7)	(87.5%)
TOTAL OPERATING COSTS	1,018.1	905.3	112.8	12.5%
- Personnel expenses	368.0	341.5	26.5	7.8%
- Cost of services, leases and rentals	249.8	222.6	27.2	12.2%
- Materials	276.1	241.3	34.8	14.4%
- Other costs	38.3	30.6	7.7	25.2%
- Quality of service	5.3	1.9	3.4	178.9%
- Cost of construction services performed under concession	80.6	67.4	13.2	19.6%
GROSS OPERATING PROFIT (EBITDA)	2,168.6	2,059.2	109.4	5.3%
- Amortisation, depreciation and impairment losses	806.3	725.7	80.6	11.1%
OPERATING PROFIT (EBIT)	1,362.3	1,333.5	28.8	2.2%
- Net financial income/(expenses)	(117.7)	(100.1)	(17.6)	17.6%
PROFIT/(LOSS) BEFORE TAX	1,244.6	1,233.4	11.2	0.9%
- Income tax expense for the year	364.3	355.4	8.9	2.5%
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	880.3	878.0	2.3	0.3%
- Profit/(Loss) for the year from discontinued operations and assets held for sale	2.5	(20.3)	22.8	112.3%
PROFIT FOR THE YEAR	882.8	857.7	25.1	2.9%
- Profit/(Loss) attributable to non-controlling interests	(2.6)	0.7	(3.3)	-
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	885.4	857.0	28.4	3.3%

* Given that the requirements of IFRS 5 have been met, the total results for 2023 and 2022 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.

The Terna Group's reclassified statement of financial position

(€m)

	at 31 December 2023	at 31 December 2022	Change
Total net non-current assets	18,964.7	17,485.3	1,479.4
- Intangible assets and goodwill	867.2	775.8	91.4
- Property, plant and equipment	17,596.7	16,200.9	1,395.8
- Financial assets	500.8	508.6	(7.8)
Total net working capital	(2,174.6)	(2,732.8)	558.2
- Net energy-related pass-through payables	(912.0)	(1,332.6)	420.6
- Net receivables resulting from Regulated Activities	1,107.6	778.7	328.9
- Net trade payables	(937.1)	(775.5)	(161.6)
- Net tax assets	25.7	(50.5)	76.2
- Other net liabilities	(1,458.8)	(1,352.9)	(105.9)
Gross invested capital	16,790.1	14,752.5	2,037.6
Sundry provisions	(32.9)	(68.2)	35.3
Net invested capital	16,757.2	14,684.3	2,072.9
Net assets held for sale	80.4	61.1	19.3
TOTAL NET INVESTED CAPITAL	16,837.6	14,745.4	2,092.2
Equity attributable to owners of the Parent	6,324.4	6,142.0	182.4
Equity attributable to non-controlling interests	18.9	27.1	(8.2)
Net debt	10,494.3	8,576.3	1,918.0
TOTAL	16,837.6	14,745.4	2,092.2

The Terna Group's cash flow

(€m)

	Cash flow 2023	Cash flow 2022
- Profit for the year	882.8	857.7
- Amortisation, depreciation and impairment losses	806.3	725.7
- Net change in provisions	(35.3)	19.8
- Net losses/(gains) on sale of assets	(18.0)	(6.9)
Operating cash flow	1,635.8	1,596.3
- Change in net working capital	(558.8)	1,024.8
- Other changes in property, plant and equipment and intangible assets	15.1	35.7
- Change in investments	(2.9)	2.4
- Change in financial assets	10.7	(131.2)
Cash flow from operating activities	1,099.9	2,528.0
- Total capex	(2,290.0)	(1,756.8)
Free cash flow	(1,190.1)	771.2
Net assets held for sale	(19.3)	56.6
- Dividends paid to the Parent Company's shareholders	(649.0)	(601.0)
- Reserve for equity instruments, cash flow hedge reserve after taxation and other movements in equity attributable to owners of the Parent	(54.0)	1,204.1
- Other movements in equity attributable to non-controlling interests	(5.6)	(4.7)
Change in net debt	(1,918.0)	1,426.2

Terna S.p.A.'s reclassified income statement

(€m)

	2023	2022	Change	% change
TOTAL REVENUE	2,634.8	2,520.5	114.3	4.5%
- Tariff revenue	2,386.5	2,273.8	112.7	5.0%
<i>of which transmission revenue</i>	1,955.6	1,823.8	131.8	7.2%
<i>of which dispatching, metering and other revenue</i>	430.9	450.0	(19.1)	(4.2%)
- Other operating income	167.7	179.3	(11.6)	(6.5%)
- Revenue from construction services performed under concession*	80.6	67.4	13.2	19.6%
TOTAL OPERATING COSTS	654.6	613.6	41.0	6.7%
- Personnel expenses	118.6	101.6	17.0	16.7%
- Cost of services, leases and rentals	422.7	421.0	1.7	0.4%
- Materials	2.6	1.7	0.9	52.9%
- Other costs	24.8	20.0	4.8	24.0%
- Quality of service	5.3	1.9	3.4	178.9%
- Cost of construction services performed under Concession*	80.6	67.4	13.2	19.6%
GROSS OPERATING PROFIT (EBITDA)	1,980.2	1,906.9	73.3	3.8%
- Amortisation, depreciation and impairment losses	719.3	650.3	69.0	10.6%
OPERATING PROFIT/(LOSS) (EBIT)	1,260.9	1,256.6	4.3	0.3%
- Net financial income/(expenses)	(90.8)	(87.1)	(3.7)	4.2%
PROFIT/(LOSS) BEFORE TAX	1,170.1	1,169.5	0.6	0.1%
- Income tax expense	335.4	334.8	0.6	0.2%
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	834.7	834.7	-	0.0%
- Profit/(Loss) for the year from discontinued operations and assets held for sale	0.1	(0.6)	0.7	116.7%
PROFIT FOR THE YEAR	834.8	834.1	0.7	0.1%

* Recognised in application of interpretation IFRIC 12 – Service Concession Arrangements.

Terna S.p.A.'s reclassified statement of financial position

(€m)

	at 31 December 2023	at 31 December 2022	Change
Total net non-current assets	17,951.3	16,487.9	1,463.4
- Intangible assets and goodwill	763.5	668.7	94.8
- Property, plant and equipment	15,612.5	14,252.9	1,359.6
- Financial assets	1,575.3	1,566.3	9.0
Total net current liabilities	(1,708.9)	(2,258.0)	549.1
- Net energy-related pass-through payables	(938.4)	(1,356.4)	418.0
- Net receivables resulting from regulated activities	1,107.6	778.7	328.9
- Net trade payables	(910.1)	(758.8)	(151.3)
- Net tax assets	(33.5)	(103.3)	69.8
- Other liabilities net	(934.5)	(818.2)	(116.3)
Gross invested capital	16,242.4	14,229.9	2,012.5
Sundry provisions	(6.7)	(37.8)	31.1
NET INVESTED CAPITAL	16,235.7	14,192.1	2,043.6
Equity	5,871.0	5,746.1	124.9
Net debt	10,364.7	8,446.0	1,918.7
TOTAL	16,235.7	14,192.1	2,043.6

Terna S.p.A.'s cash flow

(€m)

	Cash flow 2023	Cash flow 2022
- Profit for the year	834.8	834.1
- Amortisation, depreciation and impairment losses	719.3	650.3
- Net change in provisions	(31.1)	30.2
- Net losses/(gains) on sale of assets	(15.7)	(5.9)
Operating cash flow	1,507.3	1,508.7
- Change in net working capital	(549.2)	1,056.1
- Change in investments	(23.3)	6.5
- Other movements in property, plant and equipment and intangible assets	21.7	12.2
- Change in financial assets	14.3	(154.3)
Cash flow from operating activities	970.8	2,429.2
- Total capex	(2,179.6)	(1,586.9)
Free cash flow	(1,208.8)	842.3
Net assets held for sale	-	23.0
- Dividends paid to shareholders	(649.0)	(601.0)
- Reserve for equity instruments, cash flow hedge reserve after taxation and other movements in equity attributable to owners of the Parent	(60.9)	1,183.5
Change in net debt	(1,918.7)	1,447.8