2026
Half-Year
report - 30 June

Terna
Driving Energy

Terna
Driving Energy

INTRODUCTION

The Terna Group’s Half-Year report for the six months ended 30 June 2026 has been prepared in accordance with the provisions of Article 154-ter of Legislative Decree no. 58/98, as amended by Legislative Decree no. 195 of 6 November 2007, and with Article 81 of the Issuers’ Regulation, as subsequently amended.

MISSION

Terna is investing in Italy's development

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

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

PURPOSE

We are behind the energy you use every day

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

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

VISION

We care about the future of energy

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

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

Contents

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

INTERIM REPORT ON OPERATIONS FOR THE SIX MONTHS ENDED 30 JUNE 2026

H1 2026 overview

ECONOMIC FINANCIAL
(€/million)

Revenue
2,113.6
+11.6% vs H1 2025

EBITDA
1,467.0
+7.9% vs H1 2025

Profit attributable to owners of the Parent
591.2
+0.6% vs H1 2025

Capital Expenditure
1,581.0
+19.8% vs H1 2025

Net Debt
12,625.9

Terna's share
10.240 €/share
at 30.06.2026

In January, Terna launched a **fixed rate, non convertible, hybrid, subordinated and perpetual European Green Bond issue**, non-callable for six years, **for €850 million** under the €4 billion Euro Medium Term Notes (EMTN) Programme, listed on the Mercato Obbligazionario Telematico (MOT) and renewed in June, increasing the maximum limit to €6 billion.

In March, a five-year **ESG-linked Credit Facility Agreement** was signed with **Banco BPM** for a total amount of **€100 million**.

OPERATIONAL
* Provisional data.

Electricity system

Demand
157* TWh
+2.5%* vs H1 2025

Demand met from RES
43%*
43%* in H1 2025

130* MWh
the actual level of energy not supplied through NTG **(RENS indicator)**, compared to the annual target of approximately 686 MWh set by ARERA in 2026

3.7 €/million
Service quality costs
+€3.0 million vs H1 2025

Infrastructure

Operational in the NTG approximately
76 km of circuits,

3 new substation

and 45 bays to expand substations, and acquired **1 substation e and its 5 associated bays for the NTG** from Brulli Energia S.r.l.

Completed at the beginning of January **of the laying of the first submarine cable of the west link** (Sicily-Sardinia), with a record depth of 2,150 metres, and in April **the laying of the pole 2 submarine cable of the east link,** marking **the completion of the marine works between Campania and Sicily**.

16 projects for the development of the NTG authorised by the Ministry of the Environment and Energy Security and the relevant bodies, for a total amount of approximately **€273 million.**

In June, **Terna and STEG**, the Tunisian electricity and gas grid operator, **awarded** to Hitachi Energy, a leading company in advanced electrical technologies, **a contract for the construction of the converter substations for the Elmed project**, the first electricity interconnection between Italy and Tunisia.

ENVIRONMENTAL

In the 2024-2028 Industrial Plan update of March 2025, Terna has formally committed to setting a net zero target for 2050 within two years, in accordance with the Science-Based Targets Initiative framework, the leading global benchmark in this area, and in line with the Science-Based target of reducing CO_2 emissions by 2030 to limit global warming to within 1.5°C.

In addition to its commitment to combating climate change, Terna has pledged to obtain Science-Based Target certified by the Science-Based Targets Network certification for its efforts to protect nature and biodiversity by 2026.

SOCIAL

+143 new personnel added in the first half of 2026, in line with the recruitment plan set out in the 2024-2028 Industrial Plan update

+45 thousand hours of training compared with the first half of 2025: over 215 thousand hours of training delivered in the first half of 2026 (approximately 30 hours of training per capita) compared with over 170 thousand hours provided in the first half of 2025 (about 25 hours of training per capita)

Top Employer 2026 Certification obtained in January, recognising excellence in people management practices and policies.

In May, the call for applications was published for the **fifth edition of the Master's degree course in "Digitalisation of the electricity system for the energy transition"** as part of the **Tyrrhenian Lab** project, in addition to the call for applications for the **second edition of the Master's degree course in "Innovation in Electricity Systems for Energy"** as part of the **"Rete Politecnica di Alta Competenza"**.

INNOVATION AND DIGITALISATION

In March, **Terna Forward S.r.l.** took part in a €4 million investment round in **Gyala S.r.l.**, an Italian cyber security company, as a follower investor. This transaction strengthens the company's portfolio of direct investments in technological innovation, confirming its commitment to supporting deep-tech solutions that contribute to the security of critical infrastructure and the country's digital and energy transitions.

During the period, the **Industrial IoT** project was completed with the installation of DigiL systems and the related sensors on over 1,800 pylons, a digital infrastructure for monitoring electricity assets.

NEW BOARD OF DIRECTORS 2026-2028

On 12 May 2026, the new board of directors of Terna S.p.A. was appointed, with Stefano Cuzzilla as Chairman and Pasqualino Monti as Chief Executive Officer.

International Indices and ESG Ratings

In the first half of 2026, Terna received the **"Top 1%"** award, the highest recognition within the **"Sustainability Yearbook 2026"**, the leading annual ESG publication edited by **S&P Global** based on the results of the "Corporate Sustainability Assessment 2025" in which Terna achieved the highest score (90/100) worldwide among the around 250 electric utilities analysed.

During the same period, Terna received the **highest "AAA"** rating from **Morgan Stanley Capital International (MSCI)**, one of the leading ESG rating agencies, for its management of the main sustainability-related risks and opportunities.

In early 2026 **Standard Ethics**, the leading international non-financial rating agency, confirmed Terna's Corporate Rating **"EE+"** (corresponding to a "Very Strong" rating) which places the Company in the top **"Sustainable"** band and among the top performers in the "Utilities" sector.

At the end of February, Terna was confirmed as one of the leading international companies engaging its suppliers in combating climate change, according to the assessment by **CDP** (formerly the Carbon Disclosure Project), which again awarded Terna a **score of "A-"** for its **Supplier Engagement Assessment**.

During the period, Terna obtained various **awards** as it was included among the following:

- **"Sustainability Leaders"**: an award curated by Il Sole 24 Ore, which recognises Italian companies with the best sustainability performance across the environmental, social and governance pillars;
- **"Europe's Climate Leaders"**: this Financial Times' ranking includes European companies that have achieved the most significant reductions in scope 1 and 2 emissions, improving their emissions intensity;
- **"World's Most Sustainable Companies"** and **"World's Most Impactful Companies"**: rankings published by TIME. These global rankings identify, respectively, 750 of the world's largest and most influential companies based on their transparency, accountability and environmental impact, and the 500 companies with the greatest positive impact on society and the economy, considering their alignment with the UN Sustainable Development Goals (SDGs);
- **"ESG Identity Corporate Index - Top 10":** a survey by EticaNews, a magazine specialising in sustainability topics, examines the positioning of the main Italian companies in relation to key sustainability aspects. Among the 109 companies included in the survey, Terna is ranked ninth.

Finally, **Terna** was **confirmed** within the main **ESG indices**, including the Dow Jones Best-in-Class Index (formerly Dow Jones Sustainability index), the Stoxx Global ESG Leaders Index, in which Terna has been included since 2011, the FTSE4Good indices (since 2005), the Euronext Sustainable Index and the MIB ESG Index, Italy's first blue-chip index dedicated to environmental, social and governance best practices.

Corporate bodies

Composition of the corporate bodies appointed by the Annual General Meeting of the shareholders of Terna S.p.A. held on 12 May 2026 and in office at the date of approval of this document.

BOARD OF DIRECTORS[1]

Chair
Stefano Cuzzilla*

Chief Executive Officer
Pasqualino Monti

Directors
Leopoldo Maria Attolico*
Jean-Michel Aubertin*
Elena Biffi*
Paolo Damilano*
Antonella Faggi*
Gian Luca Gregori*
Anna Lorusso*
Qinjing Shen**
Anna Chiara Svelto*
Silvia Tossini*
Elisabetta Tromellini*

	Audit and Risk Committee	Sustainability Committee	Remuneration and Nominations Committee	Governance and Scenarios Committee	Related-Party Transactions Committee
Stefano Cuzzilla*		M		C	
Pasqualino Monti					
Leopoldo Maria Attolico*	M		M		
Jean-Michel Aubertin*	C				M
Elena Biffi*			M	M	
Paolo Damilano*	M		M		
Antonella Faggi*			M		M
Gian Luca Gregori*			C		M
Anna Lorusso*	M				M
Qinjing Shen**		M			
Anna Chiara Svelto*				M	C
Silvia Tossini*		M		M	
Elisabetta Tromellini*	M	C			

BOARD OF STATUTORY AUDITORS

Chair
Mario Matteo Busso

Standing Auditors
Lorenzo Pozza
Lucia Foti Belligambi

Alternate Auditors
Lucrezia Iuliano
Antonello Lillo
Barbara Zanardi

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

MANAGER RESPONSIBLE FOR FINANCIAL REPORTING

Francesco Beccali

* *Independent members*
** *Non-independent members*
C *Chair committee*
M *Member committee*

[1] On 12 May 2026, the new Board of Directors established five Board committees, appointing their members in line with the recommendations of the Corporate Governance Code.

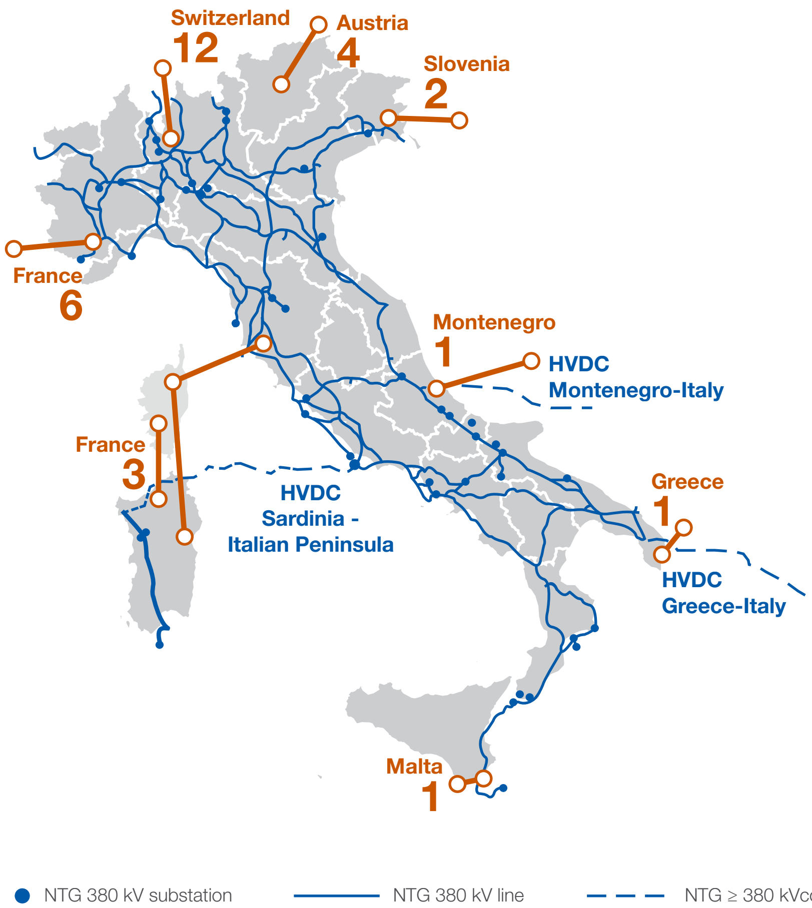
1

The Terna Group

The role of Terna

Terna owns and operates Italy's high- and very-high-voltage National Transmission Grid (NTG), **one of the most modern and technologically advanced in Europe**. The Group acts as an enabler of the electricity system in the context of the twin energy and digital transition towards environmentally sustainable sources, ensuring a secure and efficient supply for households and businesses.

Total managed power lines (380 kV) and interconnections



75,906 Km of circuits
owned managed

930 substations

4 control centres

157* TWh
demand for electricity
(* provisional data)

data at 30 June 2026

30 interconnections
with foreign countries

Interventions for the development of the capacity for interconnection towards a sustainable and integrated Europe

Terna, as the TSO (Transmission System Operator), carries out the activities of **transmission** and **electricity dispatching**.

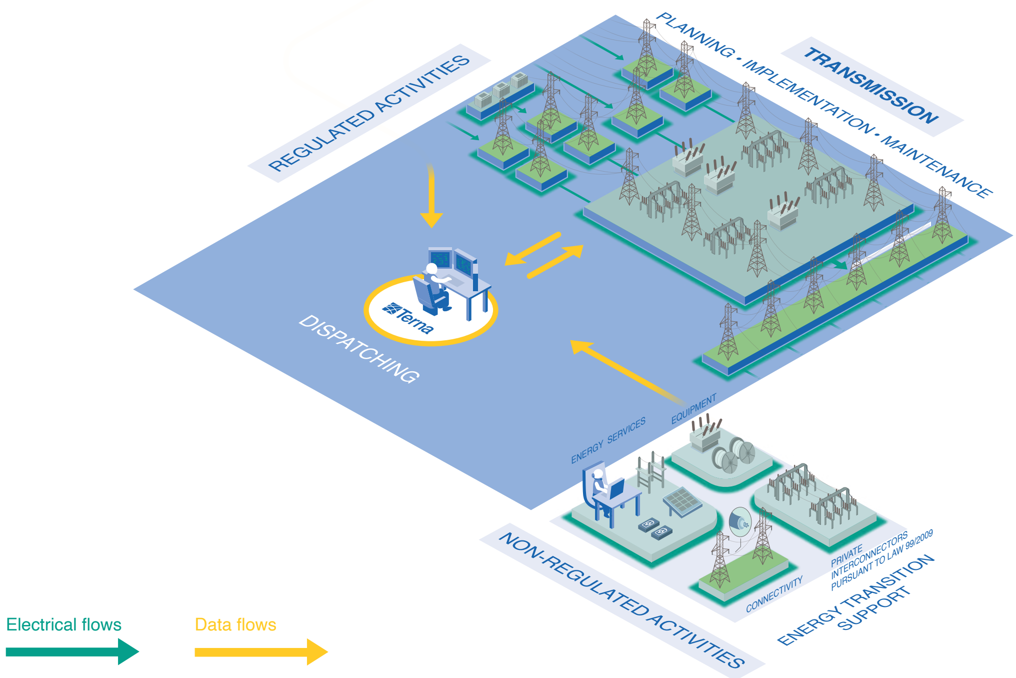
This is a complex task, requiring an independent central coordinator capable of having an overall view of a high number of actors involved in both production and consumption.

Terna therefore plays a **fundamental role in serving the country**, as set out in the Group's Purpose, Mission and Vision. Indeed, Terna:

- constantly ensures that the national electricity system is **stable**, **secure**, **sustainable**, **resilient**, **efficient**, and **accessible**, while maintaining **high standards of service quality**;
- **drives the complex energy transition** towards a new decarbonised model: a transition that is also fair and inclusive, taking into account environmental considerations, technological innovation and also social aspects;
- **works to promote Italy's energy independence**: the growing integration of renewable sources into the National electricity Grid will reduce the country's dependence on foreign sources of supply, a crucial factor in an increasingly uncertain global geopolitical context;
- **helps reduce price volatility for end users** through the greatest possible integration of renewables and the increasingly efficient management of energy flows.

The National Transmission Grid is the **main enabling factor in achieving the challenging decarbonisation targets** set at European and national level, which can only be met through greater electrification of consumption by households and businesses. The investment plan, the most significant in the Group's history, outlines the way Terna intends to address these challenges.

The Terna Group's business



The Terna Group's current **Business model** is structured around two areas of business.

The main one consists of **Regulated Activities**, in accordance with the obligations arising from the government concession.

Within the electricity supply chain (generation, transmission, distribution and sale of electricity), Terna operates in the central segment through its transmission and dispatching activities, which it carries out under a monopoly regime, in accordance with the rules laid down by the Regulatory Authority for Energy, Networks and the Environment (ARERA, or the Autorità di Regolazione per Energia, Reti e Ambiente) and in implementation of the guidelines issued by the Ministry of Economic Development.

More specifically, the Group's regulated activities are divided into:

- **Transmission:** Terna is Italy's Transmission System Operator (TSO). It manages NTG planning, development and maintenance activities;
- **Dispatching:** as System Operator, Terna ensures all the activities necessary to maintain the balance between electricity demand and supply in Italy, 365 days a year, 24 hours a day. Therefore, Terna has the key and delicate role of guaranteeing this balance through a high-technology system ensured by the **National Control Centre**, using the specific platform-based **Balancing and Redispatching Market (MBR)**, in which it makes daily purchases of the services necessary to constantly ensure the continuity and security of electricity supply.

The **sustainability approach** developed by Terna takes the form of transparent management of the Group's social and relational capital, involving all stakeholders affected by development measures, with a view to fostering ever greater awareness of the importance of the construction and management of electricity infrastructure.

Terna has also developed and carries out a series of **Non-Regulated Activities**, always geared towards supporting the energy transition and developed in line with its core business, making the Group's expertise and experience in the design, engineering, operation and maintenance of plants using complex, innovative and digital solutions in the energy sector available to businesses and commercial and industrial customers. These activities are structured into four macro-business areas, the first three of which fall within the scope of Terna Energy Solutions S.r.l.: Equipment, Connectivity, Energy Services and Private interconnectors.

FOCUS Major Projects 1

Sardinia – Corsica – Mainland Italy HVDC connection (SA.CO.I.3)

The new tri-terminal high-voltage direct current (HVDC) connection consists of **renovation** and **modernisation** of the existing electricity connection between Sardinia, Corsica and the Italian mainland.
It will enable the use of total transport capacity of up to **400 MW**.
The connection between Tuscany, Corsica and Sardinia will have a length of more than **380 km** per pole (including approximately 140 km of marine and terrestrial cables and approximately 240 km of overhead lines).

STATE OF PROGRESS

Project under construction.

Converter substations: the construction of the structural components of the pole 1 buildings has been completed.

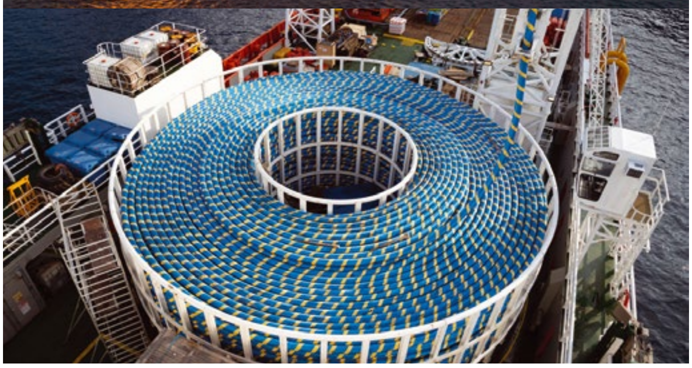
Cables: the installation of the first section of submarine cable between Santa Teresa Gallura and Bonifacio has been completed.

WORK IN PROGRESS

Converter substations: assembly of the supporting metal structures and production of the prefabricated infill panels are under way for both sites.

Cables: civil works for the land sections in Tuscany and Sardinia are under way. Marine laying operations in Tuscany are under way.

Corsica overhead line: preparatory activities for assembling and stringing the pylons are ongoing.



BENEFITS OF THE PROJECT

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

ENTRY INTO SERVICE

Expected for 2029.

FOCUS Major Projects 2

Campania - Sicily - Sardinia HVDC connection (Tyrrhenian Link)

The new submarine interconnection is a state-of-the-art project that will connect **Campania - Sicily - Sardinia** via two submarine, **1,000 MW** direct current power lines. The project has been subdivided into an East Link (Campania - Sicily) and a West Link (Sicily - Sardinia). The connection has a **submarine section** that is approximately **970 km**, including in very deep waters, which means it is one of the new global benchmarks for this type of highly complex infrastructure.

STATE OF PROGRESS

East Link:

Cables: laying of the pole 1 terrestrial cable and of the pole 2 submarine cable has been completed.

Converter substations: production of the main equipment has been completed. transport of the transformers to Termini Imerese has been completed.

Switching substations: entry into service of the Eboli substation.

West Link:

Cables: laying of the pole 1 submarine cable has been completed at the beginning of January 2026, with a record depth of 2,150 metres.

Converter substations: removal of the last interfering 150 kV line at the Termini Imerese site has been completed. production of the converters has been completed.

WORK IN PROGRESS

East Link:
Cables: civil works for the pole 2 terrestrial cable are under way in Campania and Sicily.

Converter substations: the assembly of prefabricated buildings and civil works at Eboli and Termini Imerese are in progress.

West Link:
Cables: civil works and the laying of terrestrial cables in Sicily and Sardinia are in ongoing.

Converter substations: civil works are ongoing at both sites.

BENEFITS OF THE PROJECT

- **Increased electricity exchange capacity** between Campania, Sicily and Sardinia;
- **Greater stability, adequacy and security for the National Electricity System**;
- **High flexibility and integration** of renewable generation across Italy.

ENTRY INTO SERVICE

The infrastructure consists of two links each with a dual connection. It is due to enter service progressively and its completion is expected by 2028.

FOCUS Major Projects 3

Centre South – Centre North HVDC connection (Adriatic Link)

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

WORK IN PROGRESS

Project under construction.

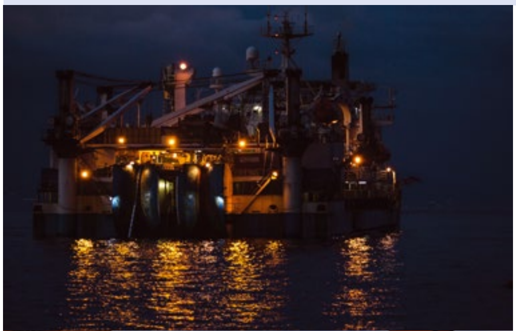
Converter substations: construction sites have been opened at both sites.

Cables: construction sites have been opened at both sites and production of the marine cable has started. The marine survey has been completed.

WORK IN PROGRESS

Converter substations: civil works are ongoing at both the Fano and Cepagatti sites. production of equipment is under way.

Cables: civil works are ongoing both in Marche and Abruzzo, as well as land-sea landing works in Abruzzo. Qualification tests and production of the marine cable are under way.



BENEFITS OF THE PROJECT

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

ENTRY INTO SERVICE

Expected for 2029.

FOCUS Major Projects 4

Italy – Tunisia HVDC connection (ELMED Project)

The new 500 kV HVDC direct current connection, the first between Europe and Africa, **will link Sicily with the Cap Bon peninsula in Tunisia**, enabling an exchange of up to 600 MW of power. The project will be approximately 224 km long (of which 200 km in marine cable).

WORK IN PROGRESS

Converter substations: the contract for the construction of the substations was signed in June with the Hitachi Energy, D'Agostino and Orascom consortium.

Cables: the production of the shallow-depth cable, terrestrial cable and land electrode cable prototypes has been completed.

Funding for the infrastructure: ARERA has set the conditions for ELMED's tariff recognition, establishing a spending cap to partially cover the project (Resolution no. 168/2026/R/eel of 12 May 2026) and the funding framework has been completed with confirmation of the Cabinet Office Decree under which the resources of the specific fund allocated to the Italian Presidency of the Council of Ministers were earmarked.

WORK IN PROGRESS

Converter substations: the first basic engineering activities are under way in view of the issue of specifications for critical supplies.

Preparatory activities are ongoing at the Partanna site.

Cables: production of the marine electrode cables is under way.

BENEFITS OF THE PROJECT

- Increased **stability and security** of the grid;
- Greater **efficiency of the electricity market** for the benefit of users;
- Greater **integration of renewable sources**;
- **Reduction of greenhouse gas emissions** from CO_2 and other pollutants.

ENTRY INTO SERVICE

Expected for 2031.

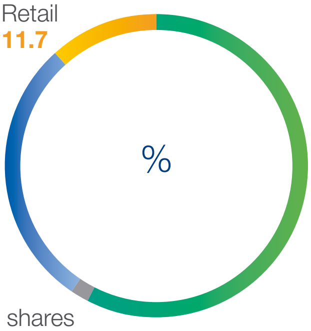
Ownership structure

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

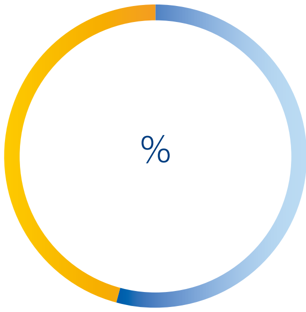
Based on periodic surveys carried out by the Company, it is estimated that 45.7% of Terna's shares are held by Italian shareholders, with the remaining 54.3% held by overseas institutional investors, primarily from Europe (not UK) and the USA.

Based on information from the shareholder register and other data collected in June 2026, Terna's shareholder structure breaks down as follows.

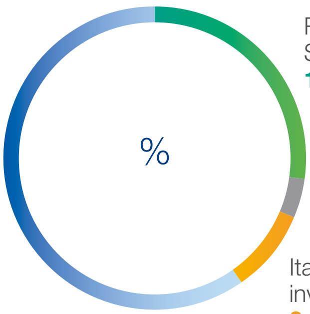
Shareholders by category



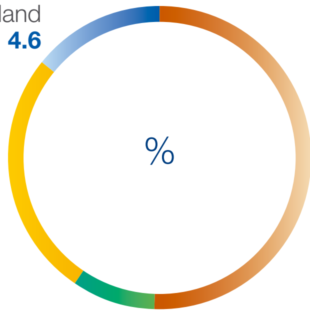
Shareholders by geographical area and category



Italian Shareholders by geographical area and category



Overseas Shareholders by geographical area and category



Major shareholders[2]

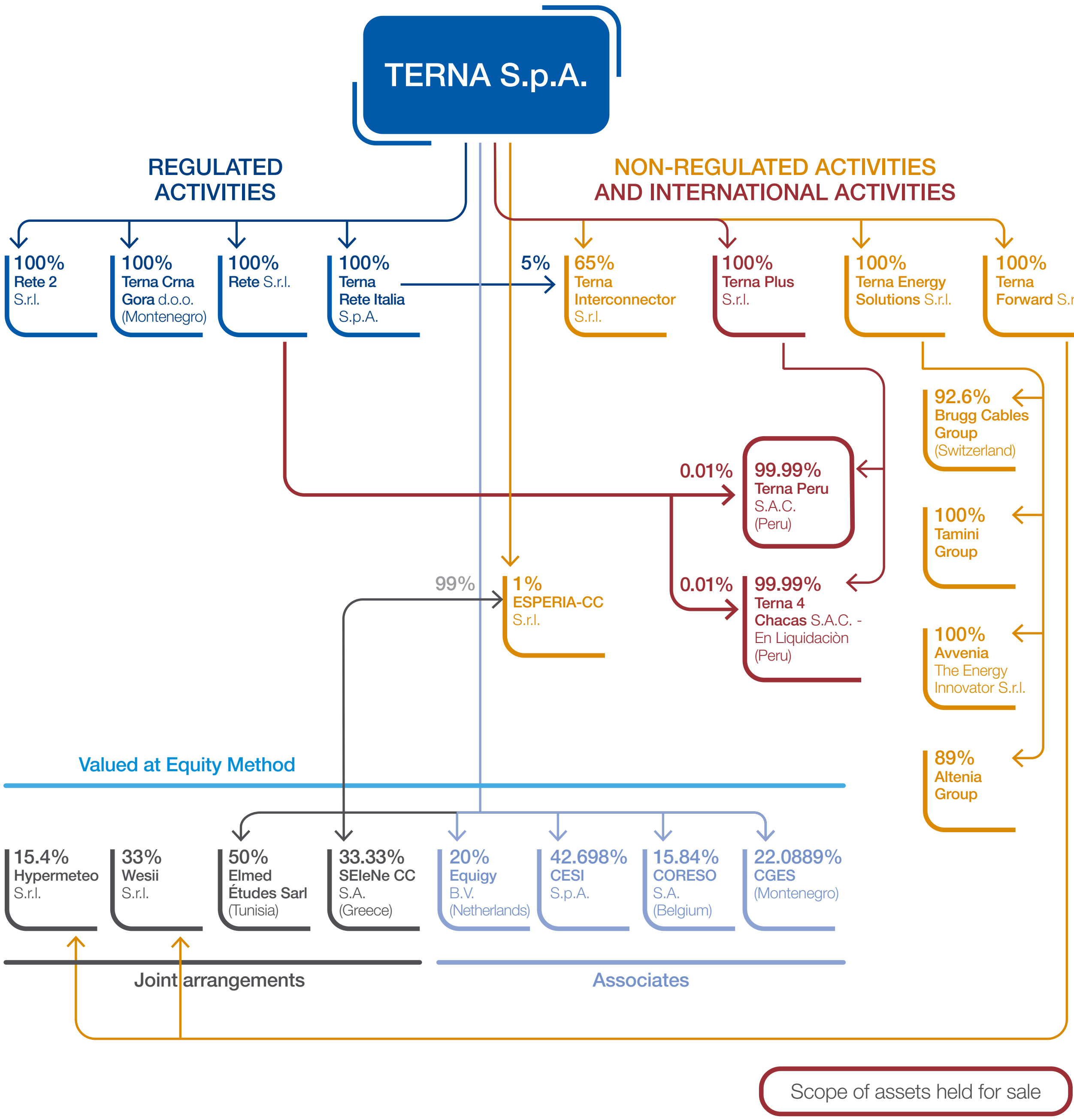
CDP RETI S.p.A.[3]
(a company controlled by Cassa Depositi e Prestiti S.p.A.)
29.851%

Information on the ownership structure, restrictions on the transfer of shares, securities that grant special rights, and restrictions on voting rights, as well as on shareholders' agreements, is provided in the "Report on Corporate Governance and Ownership Structures" for 2025. This is published together with the 2025 Annual Report of Terna and the Terna Group and is available in the "System of Corporate Governance – Governance Report" section of Terna's website.

[2] Shareholders who, based on the available information and notifications received from the CONSOB, own interests in Terna S.p.A. that are above the notifiable threshold established by CONSOB Resolution no. 11971/99 and Legislative Decree no. 58/98, as amended.
[3] On 27 November 2014 a shareholders' agreement was entered into between Cassa Depositi e Prestiti S.p.A. (CDP), on the one hand, and State Grid Europe Limited (SGEL) and State Grid International Development Limited (SGID), on the other, in relation to CDP Reti S.p.A., Snam S.p.A. and Terna S.p.A.. This was later amended and supplemented to extend the scope of the agreement to include Italgas S.p.A..

Structure of the Group

In line with the role and the objectives of enabler of the current energy and digital transition, below is the structure of the Group as of 30 June 2026.



Compared to 31 December 2025, the following developments are noted:

- on **16 February 2026**, the liquidation process of Terna 4 Chacas S.A.C. formally began. At the same time, the company name was changed to "Terna 4 Chacas S.A.C. – En Liquidaciòn". The process is expected to be completed during the course of 2026;
- on **28 May 2026**, the liquidation process of Terna USA LLC, 100% owned by Terna Plus S.r.l., was completed.

2

The value creation strategy

Reference scenarios

Macroeconomic environment

The **macroeconomic environment** in the first six months of 2026 presents a number of uncertainties that could affect the performance of the global economy. Key factors include geopolitical tensions in the Middle East and the temporary closure of the Strait of Hormuz. This reduced oil and Liquefied Natural Gas (LNG) flows, fuelling volatility in international markets and putting pressure on commodity prices. It also raised concerns about the security of supply.

Assuming a gradual normalisation of energy markets, global **GDP growth is expected to slow in 2026**[4] (up 3.0% vs up 3.5% in 2025) and then pick up slightly in 2027 (up 3.4%).

Europe's **greater exposure to international energy market dynamics** has also resulted in a **temporary rise in inflation**, interrupting the convergence path towards the ECB's 2% target. Following the 2.1% inflation rate recorded in 2025, this figure is projected to rise to 2.6% in 2026. In response to renewed inflationary pressures linked to higher energy prices, the **ECB**[5] **announced a 25-basis-point increase in the deposit rate**, bringing it to 2.25% and interrupting the gradual path of monetary easing that began in previous months.

Italian GDP is expected to grow by 0.7% in both 2026 and 2027[6], after rising by 0.5% in 2025. GDP growth continues to be driven primarily by domestic demand, with investments playing a key role. In this respect, it is worth highlighting **the investments made by Terna**, which saw strong acceleration in 2025, reaching more than €3.5 billion (up 30.6% vs 2024).

The average gas price recorded in the first half of 2026 on the Title Transfer Facility (TTF), one of Europe's largest wholesale natural gas markets, **stood at approximately €43/MWh**, slightly up from €41/MWh in the first half of 2025. Overall, the first half of 2026 was **characterised by significant price volatility** in gas, with prices peaking at over €60/MWh in March following the recorded geopolitical tensions. Similar to the gas sector, **wholesale electricity prices** also **increased in 2026 compared to the previous year**. Indeed, **in the first half of 2026 the PUN averaged a spot price of €127/MWh**, while in the same period of 2025 it had been €120/MWh.

This increase reflects the impact of gas prices on thermoelectric production costs, as well as the ongoing sensitivity of costs to changes in natural gas prices. Despite the diversification of supply sources and growth in installed renewable capacity helping to mitigate price effects, with around 25 hours in the first six months of 2026 and prices below €1/MWh (compared to around 13 hours in the same period of 2025), an energy security issue remains. Indeed, almost all the gas consumed in Italy is imported from third countries, many of which are affected by significant geopolitical pressures.

[4] Source: International Monetary Fund, World Economic Outlook, July 2026.
[5] Source: European Central Bank, Monetary policy decisions of 11/06/2026.
[6] Source: Istat: Prospects for the Italian economy (2026-2027).

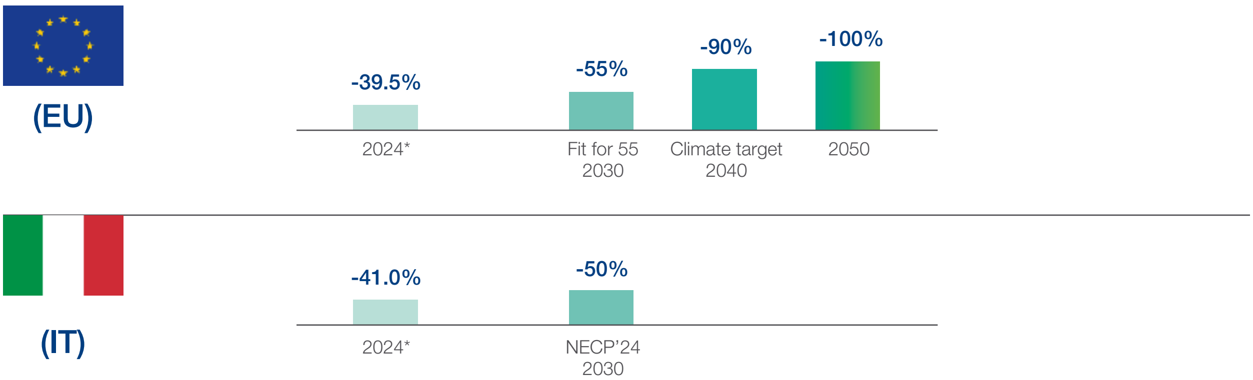
The market environment

Climate change remains one of the **main global challenges** and the **decarbonisation of the energy system plays a central role in addressing it.**

The European and Italian response

The decarbonisation targets currently defined at the European and national levels are aimed at reducing greenhouse gas (GHG) emissions. These targets are listed below.

Total CO_{2eq} emission reduction compared to 1990 level



** Actual reduction in net total emissions (UNFCCC) of all greenhouse gases by 2024 (latest available data for the 27 European countries and Italy) vs 1990. Net emissions refer to total emissions net of removals (LULUCF).*
Source: European Environment Agency.

Enabling factors for the energy transition

Achieving the decarbonisation targets set out in the NECP requires a significant acceleration in the development of renewable energy installations. **At 30 June 2026, installed wind and photovoltaic capacity in Italy reached around 61 GW, compared to a 2030 target of around 107 GW**. This implies installing a further around 46 GW of new capacity between July 2026 and December 2030.

Against this backdrop, the National electricity Grid plays a pivotal role in facilitating the secure and effective integration of new renewable energy sources and storage systems, which are essential for ensuring system flexibility. As the operator of the National Transmission Grid (NTG), Terna is responsible for ensuring that the systems are connected in accordance with the safety, reliability and efficiency requirements of the electricity service. Terna is also responsible for connecting plants with a capacity of 10 MW or more to the NTG.

The strong interest of operators in developing new infrastructure is reflected in the high number of **connection requests submitted to Terna**. At 30 June 2026, these requests **amounted to over 300 GW of new renewable capacity** (wind and solar), as well as **over 260 GW of storage systems** (considering stand-alone systems only). This information is made available via the constantly updated Econnextion digital platform.

Significant investment in the development of renewable energy sources, storage systems and grid infrastructure is required in order to achieve the energy transition targets. The effort to be made is challenging and will take time. It will require a **coordinated approach to timing and geographical location to channel the massive investment being undertaken by operators in a way that is in keeping with the related plans**. Work is currently taking place on finalising the steps needed to guarantee the development of RES and of storage capacity.

On 18 June 2026, the MASE signed the **definitive RES X decree**, following approval by the European Commission[7]. The measure **provides for a maximum quota of 37.15 GW of new renewable energy capacity**, of which 27.15 GW is allocated through competitive procedures managed by the GSE, while 10 GW is reserved for plants with a capacity of less than 1 MW that have direct access to the support mechanism. The decree builds upon the Transitional RES X decree, which was approved by the European Commission in December 2024 and provided for the competitive allocation of 17.65 GW of new renewable energy capacity by 31 December 2025. The transitional mechanism has already enabled the auctioning of around 10 GW of new renewable capacity (including 7.7 GW of solar, 1.1 GW of NZIA[8] and 0.9 GW of wind[9]).

With regard to storage, the **MACSE** (Electricity Storage Procurement Mechanism) framework, approved by the MASE by Ministerial Decree no. 346 of 10 October 2024, **will enable the system to acquire new electricity storage capacity**. The auctions held to procure this capacity have been carried out by Terna, as required by Legislative Decree no. 210/2021. **The first auction was held on 30 September 2025**, with delivery in 2028, and **10 GWh of new storage capacity was allocated**, equal to 100% of the required capacity. The auction results showed significant market interest, with supply exceeding demand by more than four times and a weighted average allocation price of €12,959/MWh-year. The update to the MACSE framework, approved by the MASE via Ministerial Decree no. 95 on 27 March 2026, completed the preparatory framework for the **second MACSE auction which is scheduled for 24 November 2026 and will allocate 16 GWh** of new storage capacity.

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

Electricity demand and production in Italy

Demand for electricity

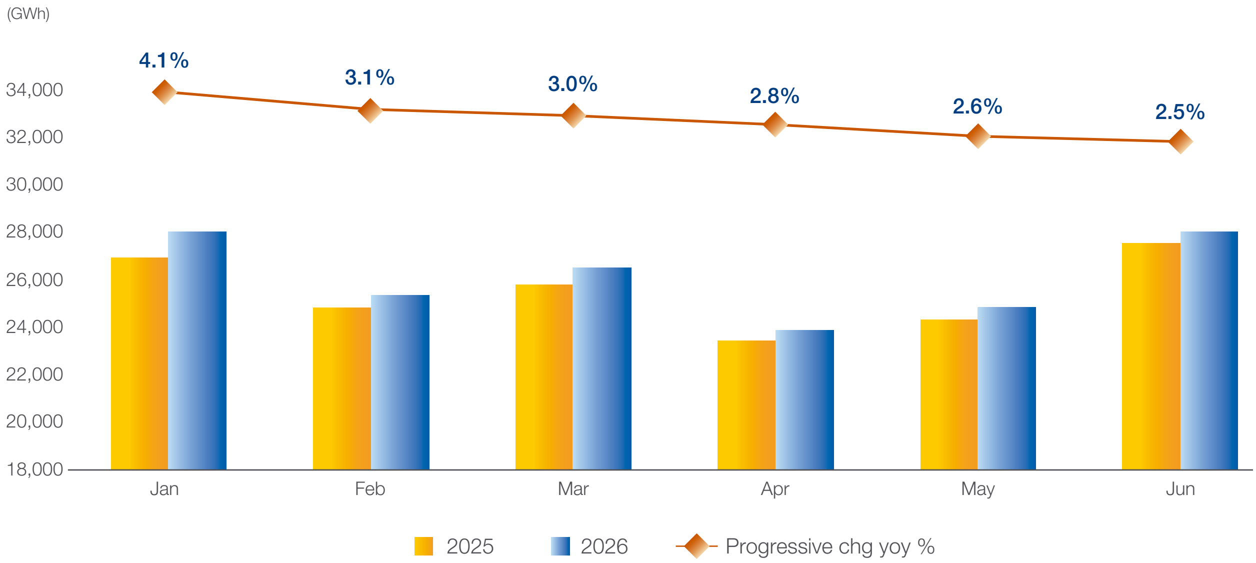
ELECTRICITY BALANCE IN ITALY (GWh)*	H1 2026**	H1 2025**	CHANGE	% CHANGE
Net production	134,018	131,167	2,851	2.2%
From overseas suppliers (imports)	27,375	26,123	1,252	4.8%
Sold to overseas customers	(2,027)	(2,505)	478	(19.1%)
For use in pumping***	(1,345)	(1,321)	(24)	1.8%
Standalone storage intake****	(1,350)	(570)	(780)	136.8%
Total demand in Italy	**156,671**	**152,894**	**3,777**	**2.5%**

* *Does not include demand for energy for ancillary services related to electricity production.*
** *Provisional data.*
*** *Electricity used for pumping water for subsequent use in the production of electricity or as a way of immediately balancing overproduction.*
**** *Electricity absorbed by standalone storage (electrochemical storage systems not integrated into production plants) for the purpose of being used at a later date for the production of electricity or to immediately balance excessive production.*

[7] European Commission Decision SA.115180.
[8] Net-Zero Industry Act (NZIA), EU legislation – Regulation for a Net-Zero Industry (2024), designed to boost the internal production of clean technologies such as photovoltaics and batteries, reducing dependence on imports from outside Europe.
[9] Source: GSE: https://www.gse.it/servizi-per-te/fonti-rinnovabili/ferx/graduatorie.

In the first six months of 2026, demand for electricity in Italy amounted to 156,671 GWh (provisional data), **making an increase compared to the same period in 2025 (up 2.5%)**. This is mainly due to the rise in industrial consumption.

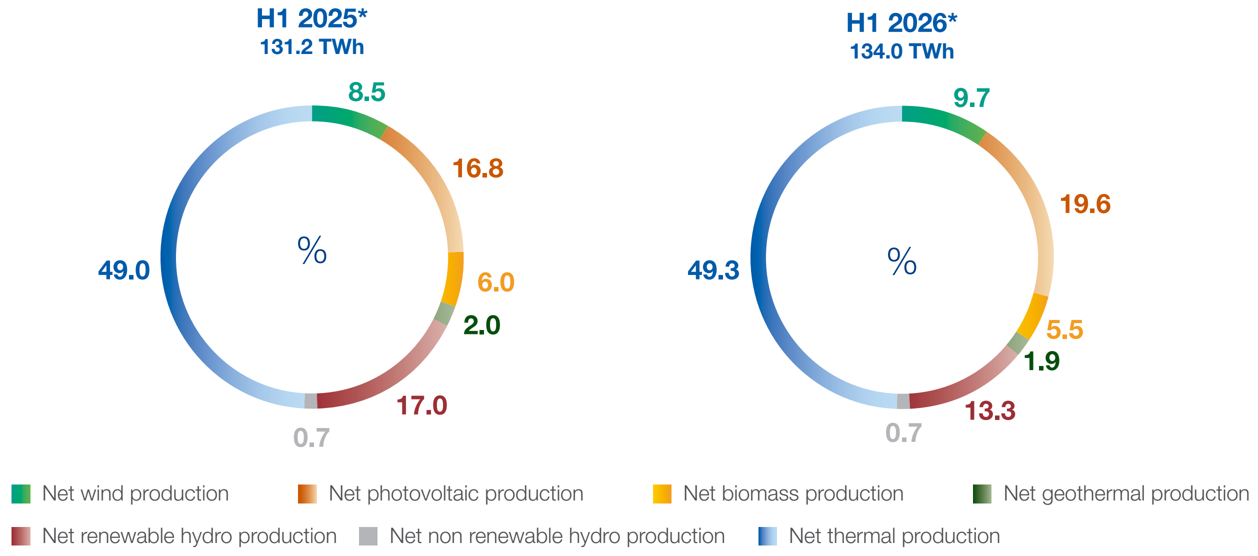
Monthly demand for electricity*



* *Provisional data.*

Meeting demand and energy production

Net electricity production by source



** Provisional data.*

Electricity production in the first six months of 2026 rose 2.2% compared with the same period of the previous year, mainly due to the growth in renewable energy sources (up 1.4%).

In the first half of 2026, approximately **43%** (provisional data) **of the total electricity demand was met from renewable energy sources**, in line with the same period in 2025 (roughly 43% provisional data). Indeed, the increase in renewable energy production is more than offset by the rise in total demand. Looking at individual sources, there was an increase in wind production (up 16.4%, due to higher wind conditions) and photovoltaic production (up 19.2%, mainly due to the higher level of installed photovoltaic capacity and higher solar irradiation), offset only in part by the decrease in biomass production (down 6.7%), renewable hydroelectric production (down 20.3%) and geothermal production (down 2.4%).

Regulatory framework

Terna operates as a natural monopoly and within a market regulated by the **Regulatory Authority for Energy, Networks and the Environment (ARERA)**, which determines the level of regulated revenue for transmission and dispatching activities, currently representing approximately 78.7% of the Group's total revenue.

With Resolution no. 615/2023/R/eel, the tariff regulation criteria for the electricity transmission and dispatching services for the sixth regulatory period (2024-2027) were defined, with the new principles of the Regulation for Expenditure and Service Objectives (the so-called ROSS), applicable to the 2024-2031 period, being applied for the first time.

With Resolution no. 513/2024/R/com, ARERA updated the value of the **Weighted Average Cost of Capital (WACC)** recognised for electricity and gas infrastructure services for the second **three-year period, 2025-2027**, setting the value for the Transmission service **at 5.5%** (as against the 5.8% reference value for 2024 provided for by Resolution no. 556/2023/R/com), and confirmed the application of the trigger mechanism for the new three-year period as well, lowering the activation threshold from 50 bps to 30 bps. With Resolution no. 476/2025/R/com, ARERA verified that the conditions for activation of the trigger were not met and confirmed a WACC of 5.5% for 2026.

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

- the **transmission revenue** makes up the most significant portion of regulated revenue and is generated from application of the related **transmission charge (CTR)**, billed by Terna to distributors connected to the National Transmission Grid. This charge remunerates transmission services and is divided into two components: a capacity component (equal to 93% of revenue, expressed in euro cents/kW/year) and an energy component (7% of revenue, expressed in euro cents/kWh);
- the **dispatching service charge (DSC)** aims to remunerate Terna for carrying out the activities relating to the dispatching service and is billed by Terna to users of the dispatching service in proportion to the quantity of energy dispatched;
- the **recognised costs** can be attributed to the following main categories: return on capital (RAB), depreciation and operating costs. In addition to these items, a portion of the remuneration of transmission and dispatching services derives from **regulatory incentives** linked to the achievement of specific objectives. Further information is provided in the "Regulatory framework" paragraph of the "The value creation strategy - Reference scenarios" section of the 2025 Annual Report of Terna S.p.A. and the Terna Group.

The strategy

2025 Development Plan

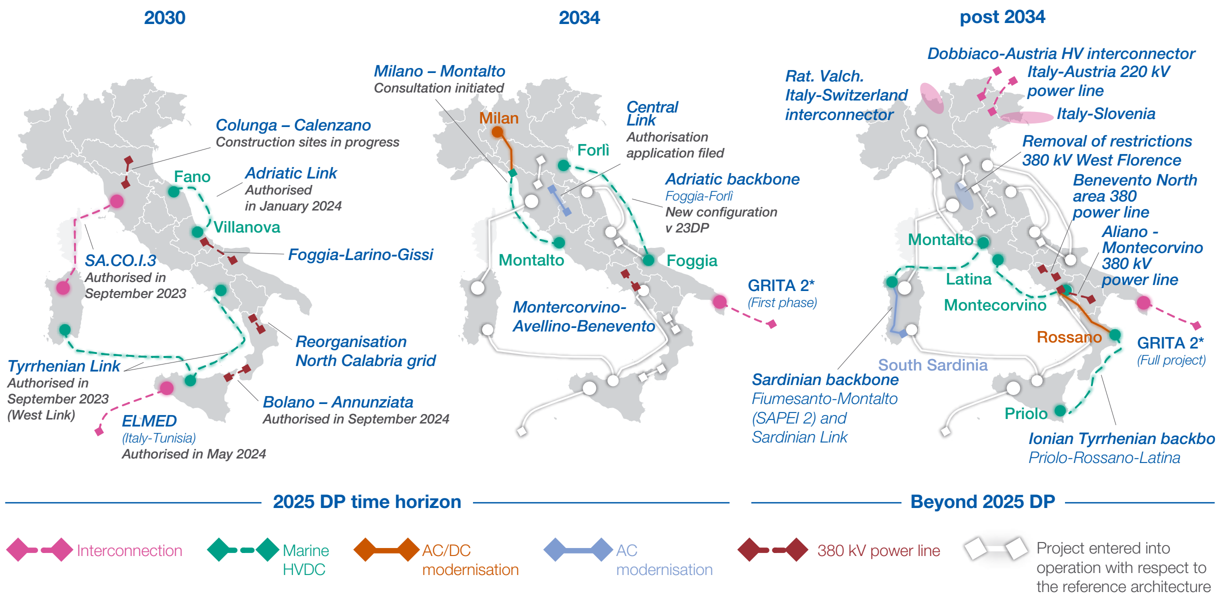
With the **2025 Development Plan**, Terna is further consolidating its **role in serving the country** for a sustainable and decarbonised future. The measures planned over the 2025-2034 ten-year horizon, with an **investment programme of over €23 billion over the 2025-2034 period** (up 10% compared with the previous ten-year Plan) and an overall value, beyond the ten-year horizon, of up to approximately €40 billion, are aimed at ensuring **efficiency** and **grid resilience**, **sustainability**, **security** and **quality of service**, as well as the **integration** of **generation from renewable sources**.

This plan was sent to the Ministry of the Environment and Energy Security (MASE) on 27 January 2025[10]. The Regulatory Authority for Energy, Networks and the Environment (ARERA) gave it the green light on 5 August 2025 with Opinion 391/2025/I/eel.

The Plan is consistent with the **2024 National Integrated Energy and Climate Plan (NECP)**, with the updated Terna-Snam scenarios (**2024 Scenario Description Document**, published in October 2024) and with the decarbonisation objectives, which impose new challenges on the electricity sector in line with the forecast of trends in energy needs and demand to be met.

The projects of the 2025 Development Plan pursue the objective of **creating synergy** with the **development works already planned** (in the 2023 Development Plan and earlier) and with the **existing infrastructure**, in order to ensure maximum safety and flexibility of operation, as described below.
The grid architecture as at 2034 and post-2034 takes into account the synergy between the Hypergrid project and the Very High Voltage (VHV) grid projects already planned.

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



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

[10] Art. 36, paragraph 12, of Legislative Decree no. 93/2011, as amended by Law 120/2020, requires Terna to prepare a ten-year Development Plan for the National Transmission Grid every two years, submitting it for approval by the Ministry of the Environment and Energy Security (MASE), after consulting with the affected regional authorities and taking into account the views expressed by the Regulatory Authority for Energy, Networks and the Environment (ARERA).

It is an ambitious Development Plan but at the same time characterised by **solid elements**:

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

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

In the 2025 Development Plan for the National Transmission Grid, Terna aims to extract more value from existing assets through **capital light** initiatives. These projects based on innovative, low-capital-intensive instruments and solutions, which flank traditional infrastructure initiatives, make it possible to pursue benefits for the grid in terms of increased transit limits between Market Zones, mitigation of intra-zonal congestion, maximisation of RES production and reduction of curtailment, and maximisation and anticipation of the benefits expected from the entry into service of the individual works of the Development projects, including during the intermediate phases.

With the **Hypergrid** project, Terna has planned a number of new electricity backbones to support the integration of renewable capacity from Southern Italy into the load centres of the North: this is a major modernisation programme involving existing power lines along the peninsula's Tyrrhenian and Adriatic backbones and towards the islands, also including submarine connections.

2024-2028 Industrial Plan update

In a context characterised by the growing complexity of the energy system, the 2024-2028 Industrial Plan update - Empowering Tomorrow – strengthens the role of the Terna Group as an enabler of the country's energy transition. The Plan, approved by the Board of Directors on 25 March 2025, leaves the underlying strategic lines unchanged and reinforces the **Twin Transition: Energy and Digital** concept, deemed crucial for ensuring a fair and inclusive Just Transition for all stakeholders.

The Industrial Plan update provides for **total capital expenditure of €17.7 billion**, in order to achieve the challenging decarbonisation targets set nationally by the National Integrated Energy and Climate Plan (NECP) and, at European level, by the Green Deal targets. The Terna Group's development activities therefore continue to focus on two strategic lines: **Regulated Activities in Italy** and **Non-Regulated Activities**.

Over the course of the Plan, Terna will maintain **a sound capital structure**, supported by robust cash generation, which will help sustain investment growth and ensure **an attractive dividend policy**.

Terna's 2024-2028 Industrial Plan update **fully incorporates the Sustainability Plan**, confirming how deeply sustainability is embedded in the Group's business.

The **sustainability of investments** is an essential element in value creation, both for the Company and for the system as a whole. Indeed, **around 100%** of Terna's investments are considered **sustainable** according to the eligibility criteria introduced by the **European Taxonomy**.

These investments are aimed in particular at **supporting the development of renewable sources**, by strengthening the energy transmission backbones from production points, increasingly located in Southern Italy, where renewable sources are concentrated, to the main consumption centres in the North, resolving current grid congestion and further developing interconnections with foreign countries.

Regulated Activities in Italy represent the core business of the Terna Group, with total investment of **€16.6 billion**, (up 7% compared with the previous 2024-2028 Industrial Plan), to develop and strengthen the National electricity Transmission Grid. With these investments, the **Regulated Asset Base (RAB)** will reach around **€32 billion in 2028**, with a CAGR of 9% over the Plan period.

Investment in developing the National electricity Transmission Grid amounts to **€10.8 billion** and is primarily associated with constructing high-voltage direct current lines and submarine cable connections.

The most important project is the **Tyrrhenian Link**, the power line that will connect Sardinia, Sicily and Campania. The other projects include the **Adriatic Link**, the submarine power line between the Marche and Abruzzo regions; **SA.CO.I.3**, the interconnector linking Sardinia with Corsica and Tuscany, **Elmed**, the Italy-Tunisia interconnector, and the 380 kV **Chiaramonte Gulfi-Ciminna** power line in Sicily.

Further development of interconnections with foreign countries will also increase the reliability and security of the Italian electricity system, consolidating **Italy's role as an electricity hub for Europe and the Mediterranean area**.

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

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

The **Non-Regulated Activities** will continue to generate new business opportunities through the development of innovative and digital technology solutions consistent with Terna's institutional role. The Group operates in the Equipment, Energy Services, Connectivity and Interconnector businesses. Consequently, it will leverage specialist expertise and strategic assets to seize the opportunities offered by the growth of renewables, network renewal and the development of new, high-energy-intensive market segments. This will contribute to the creation of value for the Group and the country.

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. Non-Regulated Activities are expected to make a **contribution to the** Group's **EBITDA** of approximately **€730 million** cumulatively over the Plan period, against a limited investment commitment and a low risk profile.

Terna's people, with their **world-leading technical expertise**, are a key asset in enabling the Group to achieve the challenging targets the Group has set itself. Through its *People strategy*, built on three fundamental pillars, i.e., *empowerment*, *experience and excellence*, Terna fosters a culture of excellence based on merit, respect and the enhancement of the diversity and uniqueness of individuals.

The central role of the Terna Group's people is confirmed by the significant acceleration in job creation. In this regard, the Group has strengthened its commitment to attracting the best talent, setting itself the ambitious target of growing the company by **1,400 people over the plan period**.

Digitalisation and **innovation** are **key pillars** in managing the growing complexity of the electricity system and achieving the national energy transition targets. The Plan update plans to spend **€2.4 billion** for digital technology, amounting to approximately 15% of investments in Regulated Activities in Italy, in line with international forecasts and the ambitions of the main European TSOs.
The digital plan aims to further consolidate the importance of digitalisation in supporting the Development Plan, with a series of ambitious initiatives throughout the value chain. These include:

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

Advanced digital solutions will therefore be used to constantly guarantee safety, drive innovation and improve worker efficiency.

2024-2028 Sustainability Plan update

The Terna Group's strategy for the five-year period from 2024 to 2028, updated in 2025, is based on a **unified vision of its role in serving the country** and means that the ESG objectives are given the same priority as industrial and financial objectives. This allows to Terna to guide both its day-to-day actions and its investments for the future: the Sustainability Plan, together with the Industrial Plan, are fundamental building blocks for the full implementation of the Group's Mission, Vision and Purpose.

The two common threads running through both the Sustainability Plan and the Industrial Plan are linked to environmental and social considerations:

- on the one hand, given its role as a TSO with a vital part to play in delivering the energy transition and leaving future generations with a carbon-free environment, sustainability is embedded in Terna's very nature, making it **"Green by Nature"**;
- on the other hand, Terna's business activities are carried out within the framework of a solid structure of protections and safeguards aimed at the maximum protection of stakeholders' rights and demands, with a constant commitment to listening to local communities. As a result, the Group is **sustainable also by choice** and, therefore, **"Social by Purpose"**.

Compared with the priority objective of the Industrial Plan, namely the delivery of the Energy and Digital Transition **(Twin Transition)**, these two strands, i.e., Green by Nature and Social by Purpose, point to the need to take social impacts into account as well, in other words to raise the Group's level of ambition and deliver a **Just Transition**.

GREEN BY NATURE

Climate change: alignment with the 1.5°C ambition through science-based reduction target to 2030 and commitment to net zero by 2050. Adaptation to climate change by increasing grid resilience

Nature: commitment to earn certification of its science-based course for nature conservation by the Science-based Target Network by 2026

Circular economy: full integration of circular economy principles within the business model, adopting circular criteria at all stages of the value chain, from procurement to decommissioning of the asset

SOCIAL BY PURPOSE

Value chain: establish a sustainable value chain by enhancing the management of related social aspects. First implementation of the Corporate Sustainability Due Diligence Directive by 2026

Safety: a commitment to maximising workplace safety during the Group's daily operations over the life of the Plan and beyond

Stakeholder engagement: an open and participatory dialogue with local communities. 100% of significant projects accompanied by stakeholder engagement initiatives

The value creation process

CLIMATE CHANGE

ENERGY AND SOCIAL CONTEXT

INPUT

FINANCIAL CAPITAL
- Equity capital
- Cash flow generated by operating activities
- Financial liabilities

INFRASTRUCTURE CAPITAL
- Terna's assets
- Number of applications for connection to RES plants

INTELLECTUAL CAPITAL
- Electricity System Management (data)
- Company know-how (innovation)
- Corporate regulatory system
- Suppliers of ESG-relevant categories

HUMAN CAPITAL
- Specialist and managerial skills
- Health and safety
- Women in a managerial position

SOCIAL CAPITAL AND RELATIONAL CAPITAL
- Engagement with local communities
- Relationships with Entities and Institutions
- Trade union membership rate

NATURAL CAPITAL
- Electricity consumption
- SF_6 gas leaks
- Discontinued power lines

BUSINESS MODEL

RISKS AND OPPORTUNITIES

TWIN TRANSITION FOR A JUST TRANSITION

STRATEGY AND ALLOCATION OF RESOURCES

GOVERNANCE

REGULATED ACTIVITIES

TRANSMISSION

As a Transmission System Operator (TSO), Terna designs, builds, manages and develops the high and very high voltage National Transmission Grid (NTG) throughout Italy.

DISPATCHING

Terna guarantees in real time the balance between demand and supply of electricity, ensuring the continuous balancing of the system and the stability of the grid.

NON-REGULATED ACTIVITIES

Non-Regulated activities generate new growth opportunities, providing industrial and technological skills to support the energy transition

EQUIPMENT | ENERGY SERVICES | CONNECTIVITY | PRIVATE INTERCONNECTORS

PERFORMANCE

PERSPECTIVES

LEGISLATIVE AND REGULATORY DEVELOPMENTS

REDEFINING SUPPLY CHAINS

CREATION, PRESERVATION OR EROSION OVER TIME

OUTPUTS

- Investment in NTG
- Monitoring and predictive maintenance
- New connections to RES plants
- New efficient territorial planning model
- CO_2 emissions
- Quality, security and continuity of the electricity service
- Waste produced

OUTCOME

SDGs

FINANCIAL CAPITAL
- Financial stability
- Development of sustainable finance
- Shareholder return

INFRASTRUCTURE CAPITAL
- Adequacy and safety of the electricity system
- NTG resilience and efficiency
- Continuity and quality of the electricity service

INTELLECTUAL CAPITAL
- Development of an innovation ecosystem (Open Innovation)
- Greater integration of ESG criteria in the supply chain
- Strengthening corporate compliance and risk mitigation

HUMAN CAPITAL
- Employee development
- Strengthening occupational safety (safety index)
- Inclusion and protection of diversity

SOCIAL CAPITAL AND RELATIONAL CAPITAL
- Improved relationships with local communities
- Consolidation of relationships, partnerships and collaborations
- Increased awareness of Terna's role and business

NATURAL CAPITAL
- Reduction of CO_2 emissions
- Recycling and recycling of waste produced
- Consumption efficiency
- Landscape impact mitigation

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

The Terna Group's process for creating value over time[11] is guided by **Governance** oriented towards sustainable success that aims to define and implement a clear medium- and long-term **strategy**. Based on the guidelines contained within the **2025 Development Plan** and the **2024-2028 Industrial Plan** update, this strategy aims to foster and realise an energy and digital transition that also takes into account social impacts (a so-called **Just Transition**). Crucial to the achievement of this strategic objective is the correct **allocation of resources**, undertaking investments that aim to enhance and improve the efficiency and resilience of the National Transmission Grid (NTG) while ensuring an adequate assessment and management of economic and financial **risks**, including those of an ESG nature connected to the business, and of the possible **opportunities** related to them. In presenting its Business model and any updates, among other things the Terna Group takes into account the impacts, risks and opportunities associated with significant areas of activity that could potentially occur in its own operations or those related to the value chain, in order to make it more resilient and adaptable to changes in the external context.

In line with the enabling factors of the 2024-2028 Industrial Plan update, the Terna Group's Business model is structured into two main distinct areas of activity Regulated Activities and Non-Regulated Activities,

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

that correspond to the core business (electricity Transmission and Dispatching) and the complementary strand, respectively, that operates in the free market, with a new structure for the Terna Group's market subsidiary that integrates diversified skills along the entire energy value chain for the design, engineering, operation and maintenance of solutions for the energy market. For the costs and revenue associated with the business segments, reference should be made to Note C "Operating segments" of the consolidated financial statements.

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

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

This shows that Terna's Business model, in addition to generating positive impacts for the Group, also contributes to creating shared value along the entire value chain, to which it devotes particular attention in measuring and assessing results in terms of current or expected benefits for the parties with which it interacts.

3

The Terna Group's operating performance

The Terna Group's operating activities are organised into two main business segments: Regulated Activities, which represent the Group's core business, and Non-Regulated Activities. These are complemented by the Group's International activities.

Regulated Activities

Progress of the main projects under the 2025 Development Plan

The main projects of the 2025 Development Plan and their related state of progress are summarised below.

INTERCONNECTORS AND LINES	STATUS	PURPOSE			
Italy-France interconnection	Completed	Market efficiency	De-carbonisation	Security of supply	Systemic sustainability
Italy-Austria interconnection	Completed	Market efficiency	De-carbonisation		Systemic sustainability
132 kV Elba-Mainland power line ✓	Completed	Market efficiency		Security of supply	Systemic sustainability
Sardinia-Corsica Mainland Italy interconnector (SA.CO.I.3)	Under construction	Market efficiency	De-carbonisation	Security of supply	Systemic sustainability
HVDC Centre South-Centre North	Under construction	Market efficiency	De-carbonisation	Security of supply	Systemic sustainability
HVDC Italy-Tunisia	Under construction	Market efficiency	De-carbonisation	Security of supply	Systemic sustainability
HVDC Campania-Sicily-Sardinia (West link/East link)	Under construction	Market efficiency	De-carbonisation	Security of supply	Systemic sustainability
380 kV Chiaramonte Gulfi (Ragusa)-Ciminna (Palermo) power line	Under construction	Market efficiency	De-carbonisation	Security of supply	Systemic sustainability
380 kV Colunga (Bologna)-Calenzano (Florence) power line ✓	Under construction	Market efficiency	De-carbonisation	Security of supply	Systemic sustainability
380 kV Cassano-Chiari (Lombardy) power line	Under construction	Market efficiency		Security of supply	
380 kV Paternò-Pantano-Priolo (Sicily) power line	Completed	Market efficiency	De-carbonisation	Security of supply	Systemic sustainability
Italy-Slovenia interconnection	Awaiting consents	Market efficiency	De-carbonisation		Systemic sustainability
Middle Piave Valley (Belluno) network upgrade	Awaiting consents		De-carbonisation	Security of supply	Systemic sustainability
380 kV Gissi-Foggia (Foggia-Villanova) power line	Awaiting consents	Market efficiency	De-carbonisation	Security of supply	Systemic sustainability
380 kV Laino-Altomonte (Northern Calabria Network Reconfiguration) power line	Under construction	Market efficiency	De-carbonisation	Security of supply	Systemic sustainability
HVDC Milano–Montalto di Castro (Viterbo)	Awaiting consents	Market efficiency	De-carbonisation		
Central Link (Umbria-Tuscany)	Awaiting consents	Market efficiency	De-carbonisation		
HVDC Fiumesanto (Sassari)-Montalto di Castro (Viterbo) (Sa.Pe.I. 2) and Sardinian Link	Planned, Awaiting consents	Market efficiency	De-carbonisation		
HVDC Priolo (Siracusa)-Rossano (Cosenza)- Montecorvino (Salerno)-Latina and HVDC Ionian	Planned	Market efficiency	De-carbonisation		
HVDC Foggia-Villanova-Fano-Forlì	Awaiting consents	Market efficiency	De-carbonisation		
Restructuring metropolitan areas[12]	Planned, Awaiting consents, Under construction			Security of supply	Systemic sustainability
Italy-Switzerland Interconnector	Study	Market efficiency	De-carbonisation	Security of supply	Systemic sustainability
SUBSTATIONS					
Vizzini (Sicily) substation	Completed		De-carbonisation	Security of supply	Systemic sustainability
Pantano (Sicily) substation	Completed	Market efficiency	De-carbonisation	Security of supply	Systemic sustainability
Agnosine (Lombardy) substation	Under construction		De-carbonisation	Security of supply	Systemic sustainability
Cerignola (Apulia) substation	Completed	Market efficiency	De-carbonisation	Security of supply	Systemic sustainability
Ariano Irpino (Campania) substation	Under construction	Market efficiency	De-carbonisation	Security of supply	Systemic sustainability
Torremaggiore (Apulia) substation	Under construction	Market efficiency	De-carbonisation	Security of supply	Systemic sustainability

Legenda Resiliece and Status

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

Legenda Driver

De-carbonisation · Market efficiency · Security of supply · Systemic sustainability

[12] The overall project refers to projects 6-P, 10-P, 115-P, 317-P, 326-P, 404-P, 514-P of the 2025 Development Plan, published on the Company's website at the following link: https://www.terna.it/en/electric-system/efficient-territorial-planning/national-electricity-transmission-grid-development-plan.

Security and Resilience Plan

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

The **2026 Security Plan**, prepared in May 2026 and submitted to the Ministry of the Environment and Energy Security (MASE) following its approval by Terna's Board of Directors, reflects a context in which recent events affecting the European electricity network (namely the blackout across the Iberian Peninsula and the cyberattack on distributed generation facilities in Poland) have further highlighted the growing challenges facing the national electricity system. These challenges range from the transformations associated with the energy transition and the digitalisation of the grid, to the increasing impacts of climate change and the rapidly evolving geopolitical landscape.

Against this backdrop, the 2026 Security Plan consolidates the principal risks affecting the reliable operation of the electricity system, redefines the strategic planning guidelines and strengthens the initiatives aimed at ensuring the security and continuity of the electricity service.

The Plan represents the 23rd edition of Terna's Security Plan and further reinforces the Company's commitment to ensuring the security of the electricity system by setting out initiatives aligned with the six new strategic priorities underpinning Terna's security planning, as outlined below:

RISKS	EFFECTS ON THE NATIONAL ELECTRICITY SYSTEM	INITIATIVES	STRATEGIC GUIDELINES SECURITY PLAN 2026
1) POWER SYSTEM STABILITY AND CONTROL RISKS	Exposure to system disturbances and limited system control capability	> Electrical equipment and software applications asupporting the analysis of system requirements and operating parameter	POWER SYSTEM STABILITY AND CONTROL
2) POWER SYSTEM PLANNING AND OPERATIONS RISKS	Operational complexity, planning of the National Electricity System (SEN) and procurement of adequate reserve margins	> Control room applications and tools supporting grid and market balancing and resource adequacy > Infrastructure projects ensure the safe and reliable operation of the grid	BALANCING AND SECURITY
3) CONTROLLABILITY AND REMOTE MANAGEMENT RISKS	Growing challenges in ensuring the real-time controllability and observability of NTG assets and connected resources	> System and connected resource controllability, and the evolution of system protection schemes > Digitalisation of infrastructure supporting remote monitoring, remote management and the continuity of core business services	CONTROLLABILITY AND DIGITALISATION
4) RECOVERY AND SYSTEM RESTORATION RISKS	Limited effectiveness and timeliness of SEN restoration strategies	> Testing and new strategies to support System restoration	RECOVERY AND SYSTEM RESTORATION
5) PHYSICAL AND CYBER RISKS	Integrity risks arising from emerging physical and cyber threats	> Innovative systems and solutions to strengthen the cybersecurity and physical security of electricity assets	PHYSICAL SECURITY AND CYBERSECURITY
6) CLIMATE RISKS	Greater exposure to extreme weather events and widespread service disruptions	> Infrastructure projects identified through the Resilience Methodology > Capital-light solutions to mitigate impacts and/or reduce service restoration times	ENHANCING RESILIENCE

Annexed to the 2026 Security Plan is the **2026 Resilience Plan**, a cross-functional corporate plan that sets out all initiatives aimed at preventing and/or reducing damage to the electricity grid caused by increasingly severe and frequent weather events. The Plan includes both infrastructure measures, assessed using the **Resilience Methodology** for snow and wind, and capital-light initiatives which, supported by technological innovation, help mitigate the impacts of severe weather events and/or reduce the duration of power outages.

The 2026 edition of the Resilience Plan also presents the progress of work on developing and refining Resilience Methodology for modelling weather and climate-related events linked to hydrogeological instability. In particular, the Plan extends the assessment of fluvial flood risk to the entire Po River basin district, providing a comprehensive mapping of the exposure of all grid assets, including both power lines and substations, to flood risk, while initiating the first site-specific studies aimed at reducing substation exposure to fluvial flooding.

Infrastructure maintenance

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

The IT and digital tools used today to support maintenance activities primarily include:

- the **Enterprise Asset Management (EAM)** decision-support system, which identifies the maintenance activities to be carried out (monitoring, maintenance and replacement) and indicates the extent to which each intervention may be deferred;
- the **WFM (Work Force Management)** software, which manages the workforce by planning and scheduling EAM maintenance activities.

Against a backdrop of significant change and digital transformation, during the first half of 2026 several activities relating to the development of the new **Enterprise Asset Management (EAM)** platform were completed. The platform will enhance the management of National Transmission Grid (NTG) assets throughout their entire life cycle by optimising the management of:

- registry of assets;
- activity and discrepancy catalogues;
- policies (including diagnostic models and eligibility index calculation models[13]);
- catalogue of working methods in line with Asset Management (AM) processes.

From January 2025, the new asset registry model was introduced into the Enterprise Asset Management platform, which is more closely aligned with the actual physical structure of the network: the robustness of this model has increased the quality of the data and enabled the introduction of new advanced data registry processing functions. From February 2026, the new decision-support module, aligned with the new asset data model, was rolled out. The module strengthens the process for the preparation and management of the Asset Management Plan and the Asset Management Programmes.

In addition, Terna has participated for many years in international benchmarking activities aimed at sharing O&M and renewal best practices, consistently ranking among the best TSOs in terms of asset management process efficiency and optimal service provision quality[14].

Monitoring the grid

Monitoring initiatives, which take place periodically throughout the year, are designed to assess the condition of a specific high-voltage power line or substation component during its life cycle, by measuring, observing or testing its functionality. For overhead and cable lines, monitoring is carried out by means of visual inspections from the ground and from a helicopter (visual, using IR[15] and Lidar[16]). Similarly, substations are subject to periodic surveillance checks, technical checks of entire functional units and Command and Control Protection Systems, thermo-visual technical checks of station equipment and checks of auxiliary services[17].

[13] Parameters through which asset work timeframes are established.
[14] As confirmed by the ITAMS 2024 Report, Terna maintained its position among the top-performing organisations for both Asset Management processes and operational performance.
[15] Infrared light.
[16] Remote sensing technology used to determine the distance between vegetation and overhead power lines.
[17] Ancillary services are the group of electrical components that distribute electricity to electrical equipment at substations (relay, motors, electronic components) in the primary system and the Command & Control Protection System (SPCC). Ancillary services include batteries.

Routine maintenance

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

Renewal Plan

The Renewal Plan (RP), developed on a rolling five-year basis and currently covering the 2024-2028 period, is based on an analytical methodology that uses objective and consistent technical parameters to identify and validate **extraordinary maintenance activities** (renewal). The methodology assesses the condition and technical status of line components and substation equipment in relation to the actual operating conditions to which they are exposed, while giving priority to the components and facilities that are most critical to the operation of the electricity grid.

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

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

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

Asset digitalisation programmes

In order to improve and digitalise the asset management process (power lines and substation), the following digitalisation programmes were implemented some time ago:

- **DIgiS (Digitalisation of substation):** aims to upgrade the functions provided by the Substation Automation Systems (SAS or SPCC), facilitating Terna's process of transitioning towards an increasingly efficient, innovative and smart digital asset management approach. These activities are designed to optimise the performance of the Substation Automation Systems for the safety and reliability of the grid, and provide a monitoring system that is increasingly focused on the state of function/disrepair of the systems, equipment and substation machinery;
- **DIgiC (Digitalisation of cables):** initiated in 2018, the plan includes the installation of monitoring systems on existing connections already in operation. In addition, the plan requires for all new cable connections to be planned and installed with an integrated monitoring system. The data collected, regarding the cable's technical condition, will be used to implement a predictive, preventive maintenance system, designed to establish the time remaining before a fault occurs and subsequently take preventive action;
- **DigiL (Digitalisation of power lines):** the plan aims to create an integrated system to measure, collect and process data in real time, with regard to the environmental and operating conditions of overhead power lines. The spans involved in these initiatives are appropriately identified between the critical high-voltage lines, in order to optimise their operation;
- **Private mobile network:** during 2025, to complete the private radio-frequency network infrastructure built in 2024, Terna introduced a mobile network solution designed to increase the resilience of connectivity on the major islands, Sicily and Sardinia, with the aim of ensuring continuity, reliability and quality of connectivity in support of the National Transmission Grid (NTG). During the first half of 2026, the procurement process for the acquisition of a proprietary Private 5G Network was completed. The network is based on a fully dedicated, proprietary radio infrastructure and core network, in line with the development roadmap established in previous years. At the same time, the design of the Standalone 5G (5G SA) solution is under way. The solution provides for the deployment of radio coverage at electrical substations and along sections of high-voltage power lines located in areas that are not adequately served by the public network, with the aim of complementing existing solutions to ensure the optimal management and monitoring of the NTG, leveraging the most advanced technologies available on the market. The evolution of the private mobile network will make it possible to adopt advanced predictive maintenance models, achieve greater optimisation of network flows and significantly increase the overall resilience of the NTG, enabling a fully integrated private mobile platform designed to support future scenarios of digitalisation, automation and security of the national electricity system.

The Group's capital expenditure

The Terna Group's **total capital expenditure** in the first half of 2026 amounted to **€1,581.0 million**, an increase compared with €1,319.3 million in the first six months of the previous financial year **(up 19.8%)**.

(€m)

	H1 2026	H1 2025	CHANGE	% CHANGE
Development Plan	881.0	669.4	211.6	31.6%
Security Plan [(1)]	172.9	182.2	(9.3)	(5.1%)
Renewal of electricity assets [(1)]	263.0	253.8	9.2	3.6%
Other capital expenditure [(1)]	148.0	138.0	10.0	7.2%
Total Regulated Assets	**1,464.9**	**1,243.4**	**221.5**	**17.8%**
Non-Regulated Assets [(2)]	**40.5**	**19.8**	**20.7**	**104.5%**
Capitalised financial expenses	**75.6**	**56.1**	**19.5**	**34.8%**
Total capital expenditure	**1,581.0**	**1,319.3**	**261.7**	**19.8%**

(1) *The data for the first half of 2025 have been restated following changes to the allocation of investment purposes, with no impact on the overall amount of regulated capital expenditure.*

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

Under regulated investments, the following are the **main assets entered service** in the first half of 2026:

Lines and Cables:

- 132 kV San Benedetto Querceto–Firenzuola power line (approximately 12 km) (FI);
- 150 kV Saint Gobain Primary Substation–Santa Sofia connection (approximately 8 km) (CE);
- 380 kV Calenzano–San Benedetto Querceto power line (approximately 6 km) (BO);
- 132 kV Casalpusterlengo–Maleo underground cable (approximately 5 km) (LO);
- 132 kV Sesto San Giovanni Primary Substation–Vulcano Primary Substation connection (approximately 3 km) (MI);
- 380 kV overhead connections to the Eboli electrical substation (approximately 2 km) (CE);
- 220 kV Sesto San Giovanni Primary Substation–Comasina Primary Substation connection (approximately 2 km) (MI).

Substations:

- Eboli (up 10 bays) (SA);
- Rumianca 2 (up 8 bays) (CA);
- Carpani (up 5 bays) (FE);
- Città Sant'Angelo (up 5 bays) (PE);
- Tuscania electrical substation extension (up 4 bays) (VT);
- Cirè (up 2 bays) (TN).

Main regulated works carried out during the period

> DEVELOPMENT PLAN – €881.0 million

Tyrrhenian Link
(€380.3 million)

East Link

Cable connections: during the reporting period, installation of the Pole 1 land cable and the Pole 2 submarine cable was completed. Civil works for the installation of the Pole 2 land cable are under way. In Sicily, trench excavation is 90% complete and cable installation has reached 73% of the total route length of approximately 9.8 km. In Campania, trench excavation is 98% complete and cable installation has reached 70% of the total route length of approximately 13.7 km.

Converter substations: for both the Eboli and Termini Imerese converter stations, manufacturing of the main equipment has been completed, while installation of the prefabricated buildings and construction of the civil works are under way. Transport of the converter transformers to Termini Imerese has also been completed.

West Link

Cable connections: laying of the pole 1 submarine cable was completed at the beginning of January 2026 and protection works are currently under way. Civil works for the installation of the poles 1 and 2 land cables are also in progress. In Sicily, trench excavation is 64% complete and cable installation has reached 22% of the total route length of approximately 13.8 km. In Sardinia, trench excavation is 49% complete and cable installation has reached 32% of the total route length of approximately 57.8 km.

Converter substations: manufacturing of the converters has been completed. Manufacturing of the transformers and the remaining electromechanical equipment is under way, together with the civil works for the main buildings at both converter substations.

SA.CO.I.3
(€63.8 million)

Cable connections: laying of the first pole submarine cable between Corsica and Sardinia has been completed, and cable protection works are currently under way. Offshore cable installation activities are in progress near the landfall in Tuscany, together with the landfall civil works in Tuscany, Sardinia and Corsica, as well as the civil works for the onshore cable sections in Sardinia and Tuscany.

Converter substations: construction of the foundations for the valve hall and service buildings for the first Pole has been completed at both the Suvereto and Codrongianos sites. Installation of the structural steelwork has commenced at both sites, while manufacturing of the electromechanical equipment is under way.

Corsica overhead line: preparatory activities for tower erection and conductor stringing are continuing.

Tunita Elmed
(€53.3 million)

Cable connections: manufacturing of the prototype shallow-buried land cable and the prototype land electrode has been completed. Manufacturing of the submarine electrode cables has commenced.

Converter substations: the contract for the supply and construction of the converter substations has been signed. Initial basic engineering activities required to support the issue of the technical specifications for the main equipment packages have commenced. Preparatory activities at the Partanna site are also under way.

Chiaramonte Gulfi-Ciminna *(€46.9 million)*

Chiaramonte Gulfi-Ciminna power line: 37% of the foundations have been completed and 16% of the total 397 towers have been erected.

Chiaramonte Gulfi substation: electromechanical installation has been completed and the 380 kV line bays are currently undergoing commissioning.

Ciminna substation: construction of the civil works for the new 220 kV section has been completed and electromechanical installation is under way.

Adriatic Link *(€26.1 million)*

Cable connections: civil works for poles 1 and 2 are under way, with progress of 59% in the Marche region across a total route length of approximately 34 km, and 19% in Abruzzo across a total route length of approximately 46 km. Manufacturing of the submarine cable is also under way and has reached 56% completion, while qualification testing and completion of the landfall works in Abruzzo are in progress.

Converter substations: civil works are under way at both the Fano and Cepagatti sites. Manufacturing of the main equipment is also in progress.

Bolano-Annunziata *(€19.8 million)*

380 kV Bolano-Annunziata cable variant: 95% of the excavation of the total 3.3 km connection has been completed. Cable laying, jointing and related joint shielding activities are under way. Laying of the cables for the section entering the Annunziata substation has been completed.

Annunziata substation: construction of the cable pits has been completed. The insulator support foundations have been completed. Containment works for the access roads are under way, together with the construction of the drainage system and installation of the cable ducts within the electrical substation.

Bolano substation: the construction site has been opened and the access opening connecting the existing substation with the area designated for the future extension has been completed.

Doubling of the 380 kV Bolano-Annunziata: the onshore–offshore directional drilling works in Sicily have been completed and finishing works are under way. Construction of the landfall in Calabria has been completed.

Colunga-Calenzano power line *(€14.2 million)*

380 kV Colunga-Calenzano power line: construction of the foundations, pylon assembly and stringing of the conductors are under way.

Cassano-Chiari power line *(€7.2 million)*

380 kV Cassano-Chiari power line: construction of the foundations, pylon assembly and stringing of the conductors are nearing completion.

> SECURITY PLAN[18] – €172.9 million

Synchronous compensators
(€28.0 million)

Troia: civil works to upgrade the existing substation have been completed; seismic authorisation has been obtained for the construction of the structural works related to the synchronous compensator device. Manufacturing of the compensator has been completed.

Caracoli: civil works and the production of machinery and equipment are under way.

Other sites (Santa Maria Capua Vetere, Forlì): supplies began after the awarding of contracts. Production of machinery and equipment is under way. The construction site for the Santa Maria Capua Vetere site has been opened.

Stabilising resistors
(€12.5 million)

Scandale: the converters have been tested and the tests required prior to commissioning are under way.

Feroleto, Melilli: the plant shelters have been delivered to site.

Brindisi, Melfi: civil works under way.

Rossano: the executive design is under way.

Reactors
(€2.4 million)

San Rocco al Porto: the executive design has been verified and civil works are about to commence.

Ponte Resia: the contract for the start of civil works is pending.

> PROJECTS TO RENEW ELECTRICITY ASSETS – €263.0 million

Renewal of electricity assets

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

Following the renewal of overhead power lines and substation equipment carried out during the period, approximately 177 km of three-phase circuits and four items of plant (one autotransformer and three reactors) had been replaced in the first half of 2026.

[18] Synchronous compensators and reactors are grid components that provide reactive power compensation, while stabilising resistors are devices that ensure dynamic system stability and the damping of network oscillations. They can also be used as part of system restoration strategies, helping to mitigate disturbances associated with renewable energy sources.

Consent processes in the first half of 2026

During the first half of 2026, **16 projects** for the development of the National Transmission Grid **were authorised** by the Ministry of the Environment and Energy Security and the relevant Regional Authorities, for a total amount of **approximately €273 million**.

→ **19** → **150*** → **16**** → **95** →

19	150*	16**	95
Consultations	**Processes under authorisation**	**Completed processes**	**Work initiated**

* *It should be noted that the figure relates to pending processes as at 30 June 2026, i.e., procedures formally initiated both at the Ministry of the Environment and Energy Security and at the Regions and Autonomous Provinces and not yet completed.*

** *It should be noted that the data relates to the processes completed at 30 June 2026, i.e. the procedures formally concluded both at the Ministry of the Environment and Energy Security and at the Regions and Autonomous Provinces.*

Electricity market and cost trends

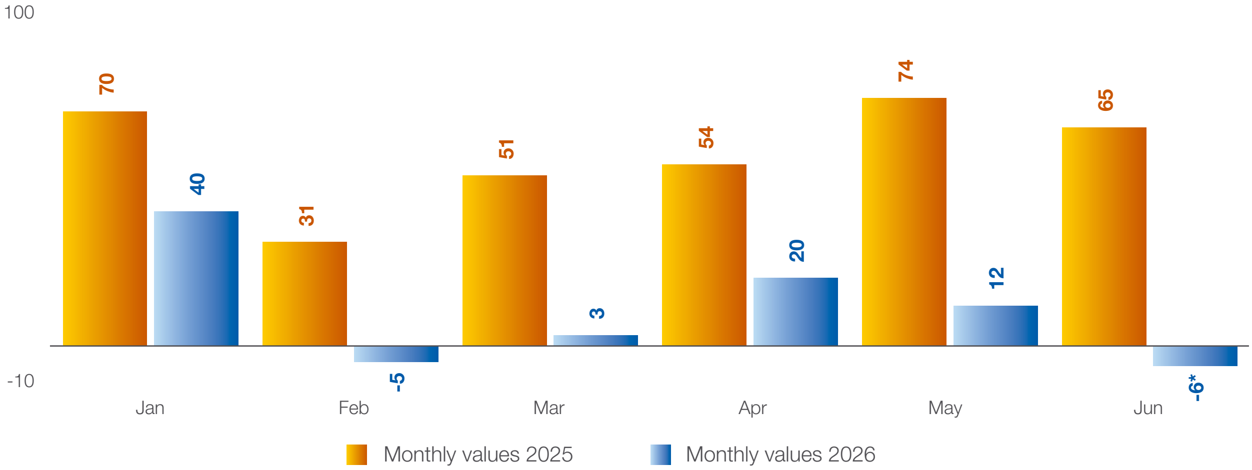
Balancing and Redispatching Market (MBR)

Terna procures the resources required for the operation and control of the electricity system (resolution of intra-zonal congestion, procurement of balancing reserves and real-time balancing) through the Balancing and Redispatching Market (MBR), in order to ensure the security and adequacy of the system[19].

In the first half of 2026, the net cost of MBR selections amounted to approximately €64 million (provisional data), representing a decrease of 82% compared with the first half of 2025 (approximately €345 million). This was mainly attributable to downward balancing requirements, which resulted in the predominant acceptance of offers to reduce injections, generating higher revenues and, consequently, a reduction in the overall cost of the MBR.

Monthly trend in MBR costs

(€m)



* *Provisional data.*

[19] Following the approval of the TIDE (ARERA Resolution no. 345/2023/R/eel, as subsequently amended.), effective from 1 January 2025, the Dispatching Services Market (MSD) was redefined as the Balancing and Redispatching Market (MBR). The change was introduced to incorporate both the Integrated Scheduling Process and participation in the European balancing energy exchange platforms, while at the same time providing a clearer distinction between the market's two functions: the procurement of resources for system balancing and the redispatching required to resolve network congestion.

Cost of procurement of resources in the Balancing and Redispatching Market (Uplift)

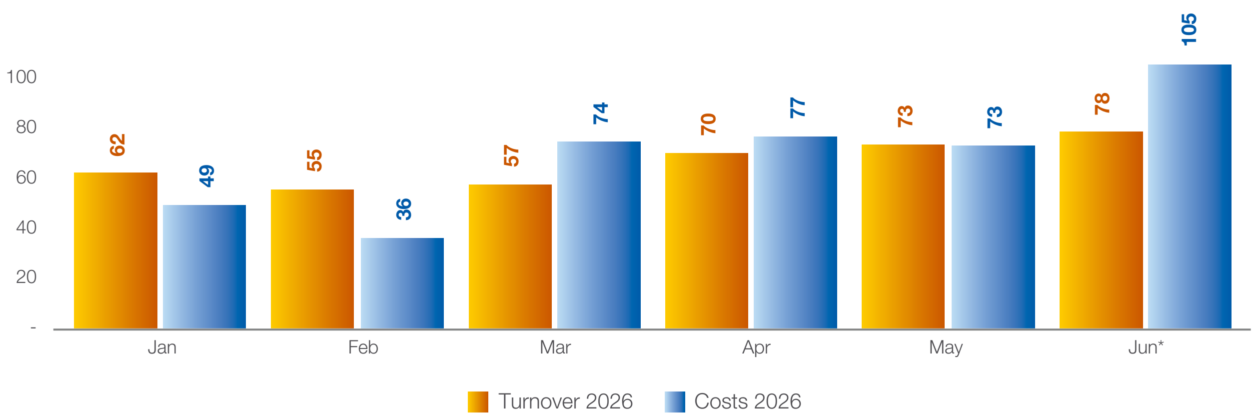
As of 1 January 2025, Resolution no. 345/2023/R/eel – Integrated Electricity Dispatching Act (TIDE), as amended, entered into force, introducing the split of the **Uplift** Fee, previously defined by Resolution no. 111/2006/R/eel, into two new fees, **Uplift** and **Other**.

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

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

In the first half of 2026, the total cost of the Uplift Fee[20] amounted to approximately €414 million (provisional data), representing a slight increase (approximately up by 9%) compared with the same period of 2025 (approximately €378 million).

Monthly trends in turnover and Uplift costs
(€m)



** Provisional data.*

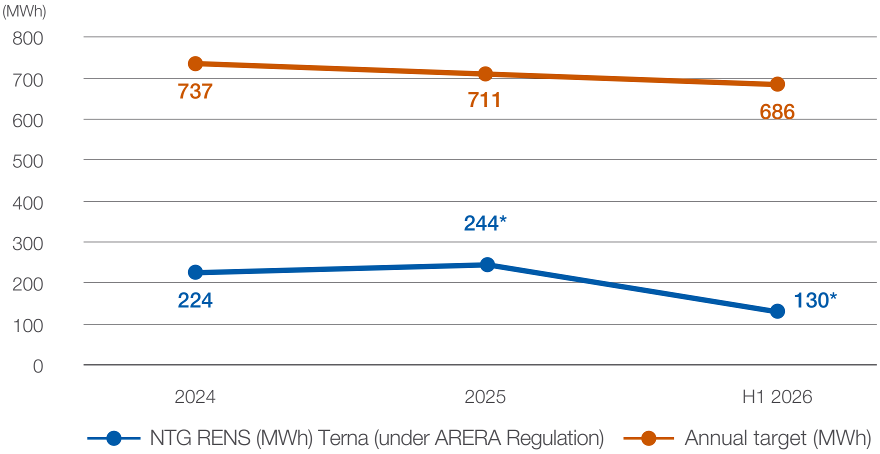
[20] The data refer to the monthly publication pursuant to Article 4-25.3.2 of the TIDE (Resolution no. 227/2025/R/eel, as amended).

Continuity and quality of service

Within the framework of service continuity and under Resolution no. 55/2024/R/eel, the Authority has defined an incentive mechanism based on compliance with a preset annual target level of Reference Energy Not Supplied (NTG RENS). The annual outturn of the NTG RENS indicator, and the resulting bonus or penalty for Terna, is certified by ARERA following verification of the data reported by Terna, through a specific Resolution.

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

NTG RENS Index[21]



** Provisional data.*

The **NTG RENS** indicator, based on the preliminary data for the period from January to December 2026, amounts to 130 MWh (provisional data and annual target for 2026 of approximately 686 MWh set by ARERA).

Continuity indicators used

RENS*

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

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

** Regulated Energy Not Supplied.*
*** The "relevant grid" refers to all of the High-voltage and Very High-voltage grid.*

ASA***

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

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

**** Average Service Availability.*

As regards the **ASA** indicator, availability was 99.99867% (provisional data) in the first half of 2026, compared with 99.99892% (provisional data) in the previous period. The operating performance shows that ASA has remained stable at a high level over the years (the higher the indicator, the better the performance). This indicator shows that the energy not supplied following a fault on the owned grid represents a minimal part of the total quantity of energy supplied to users of the grid.

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

With regard to costs, which are determined periodically on the basis of occurring events, Terna registered a balance of €3.7 million in the first half of 2026, compared to €0.7 million in the first half of 2025.

[21] The reference targets for the 2024-2026 period (set out in Annex A to ARERA Resolution no. 55/2024/R/eel) were established in line with the targets for the 2016-2023 regulatory period, requiring a 3.5% improvement each year compared with the previous year. Since 2016, NTG RENS also includes the performance of the grid operated by Terna Rete Italia S.r.l. (merged with Terna S.p.A. on 31 March 2017).

Local communities

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

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

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

During the first half of 2026, Terna held a total of **seven "Terna Meets"** events dedicated to the new Adriatic Backbone: Foggia-Forlì HVDC power link as part of the public consultation conducted in accordance with European Regulation (EU) no. 869/2022.

Operating results of Regulated Activities

The breakdown of the Terna Group's results by the Regulated business, for the first half of 2026 and the first half of 2025, is set out in the table below[22]. This information is in line with that disclosed in the consolidated financial statements, in accordance with the provisions of IFRS 8, in note "C. Operating segments".

(€m)

	H1 2026	H1 2025	CHANGE
Total revenue from Regulated Activities	**1,663.1**	**1,594.1**	**69.0**
Tariff revenue and incentives	1,581.4	1,512.4	69.0
- Transmission revenue	*1,458.6*	*1,417.7*	*40.9*
- Dispatching, metering and other revenue	*122.8*	*94.7*	*28.1*
Other regulated revenue	33.6	27.7	5.9
Revenue from construction services performed under concession in Italy	48.1	54.0	(5.9)
Total cost of Regulated Activities	**301.7**	**292.6**	**9.1**
Personnel expenses	150.3	145.5	4.8
External resources	89.4	84.2	5.2
Other costs	13.9	8.9	5.0
Cost construction services performed under concession in Italy	48.1	54.0	(5.9)
EBITDA from Regulated Activities	**1,361.4**	**1,301.5**	**59.9**

EBITDA from **Regulated Activities** for the first half of 2026 amounted to **€1,361.4 million**, showing an **increase of €59.9 million** compared with the corresponding period of 2025, mainly attributable to the performance of tariff revenue.

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

Excluding construction revenue from concession activities (down €5.9 million), **revenue from Regulated Activities** increased overall by €74.9 million, mainly due to:

- higher output-based incentives (up €59.4 million), mainly attributable to the incentive accrued for the development of additional interzonal transmission capacity and the efficiency achieved in the related implementation costs, as well as to the recognition during the period of the portion of the MSD incentive accrued in 2025, which was recognised in 2026 only after the IFRS criteria for reasonable certainty had been met;
- the trend in the transmission and dispatching Fee (up €9.6 million), influenced by:
  - higher remuneration linked to the Regulatory Asset Base (RAB) and depreciation remuneration, both resulting from newly commissioned assets and the expansion of the consolidation scope following the acquisition of Rete 2 S.r.l. at the end of September 2025;
  - a lower fast money component following the update of the notional capitalisation rate established for the 2026–2027 regulatory period;
  - lower revenues recognised during the period compared with the first half of 2025, which included the estimated settlement of the 2025 tariff decoupling mechanism, including the effects arising from the revision of the capital cost revaluation parameters introduced by ARERA Resolution no. 130/2025/R/com;
- higher insurance reimbursements (up €7.6 million), partially offset by lower revenues relating to the RENS (Reference Energy Not Supplied) incentive mechanism (down €1.9 million), attributable to the extension of the related incentive mechanism to 2026 (ARERA Resolution no. 573/2025/R/eel).

Costs of the Regulated Activities, excluding construction costs relating to concession assets (down €5.9 million), increased by €15.0 million, mainly due to:

- higher external resource costs (up €5.2 million), primarily reflecting higher professional services provided by third parties;
- higher personnel costs (up €4.8 million), mainly attributable to both higher remuneration and an increase in the average number of employees, reflecting higher operating volumes. These effects were partially offset by higher capitalised costs;
- higher service quality charges (up €3.0 million), mainly attributable to the costs associated with the supply outages events that occurred during the first half of 2026 (Lacco, Buonvicino and Altedo).

Non-Regulated Activities

Non-Regulated Activities are developed in close alignment with the core business. They consist of solutions and services designed to enable the energy transition, through which the Terna Group makes its know-how in the design, engineering, operation and maintenance of plants available to industrial and commercial customers through complex, innovative and digital solutions in the energy sector.

These activities are structured into four macro-business areas, the first three of which fall within the scope of Terna Energy Solutions S.r.l.:

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

Equipment

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

- **Transformers - Tamini Group:** a global leader in the manufacture of power and industrial transformers;
- **Terrestrial cables - Brugg Cables Group:** a centre of excellence in the field of land cables, headquartered in Switzerland with numerous subsidiaries abroad.

Transformers –Tamini Group

Commercial performance	The strong order intake, supported by an increasing focus on markets offering greater growth potential, resulted in a further increase in the backlog compared with the same period of the previous financial year (up 14%).
Financial performance	Total revenue for the first half of 2026 rose sharply compared with the first half of 2025 (approximately up 21%), mainly due to increased production capacity and process optimisation.
Operating activity	In the Power segment, testing was completed on: - one 250 MVA phase-shifting transformer for a major energy-sector operator in Northern Europe; - two 240 MVA power transformers for an industrial customer in Austria; - three 200 MVA power transformers for an industrial customer in Germany. In response to market demand, Tamini continued its commitment to manufacturing vegetable-oil-filled transformers for the Power segment in 2026. During the first six months of the year, testing was completed on one 250 MVA autotransformer and three 40 MVA power transformers using vegetable oil. For the Industrial sector, the following testing are reported: - one 240 MVA furnace transformer for a major steel mill in Mexico; - two 220 MVA furnace transformers for a low-CO_2 steel production plant in Austria.

Terrestrial cables – Brugg Cables Group

Commercial performance

Commercial performance in the first six months of 2026 remained very strong and in line with expectations.

Overall sales orders increased compared with the first half of 2026, driven by both the High Voltage Accessories segment (up 26%) and the Low and Medium Voltage segment (up 16%). Orders in the High Voltage Systems segment were broadly in line with the first half of 2025, reflecting a different timing of tenders relating to the market-based component of the business.

Financial performance

Total revenue for the first half of 2026 increased across all business segments compared with the same period of 2025 (approximately up 34%). Profit margins increased by 6% compared with the first six months of 2025.

The results were driven by a more favourable sales mix, full leverage of the industrial and commercial drivers developed in previous years and ongoing monitoring of operating and market dynamics.

Operating activity

Production of high-voltage cables increased by approximately 13% compared with the same period of the previous financial year, supported by a more favourable production mix in terms of plant utilisation and operational continuity, resulting in improved overall efficiency.

Production of low- and medium-voltage cables also increased (up 12%) compared with the first half of 2025, in line with the order backlog. In this segment, the focus remains on the high quality demanded by the market and the consolidation of the strong position in the Swiss local market.

Production of High Voltage Accessories remained in line with the volumes recorded in the first half of 2025, with a production mix increasingly focused on the extra-high-voltage (420 kV) segment and a lower share of products for lower voltage levels.

Connectivity

The Terna Group provides its customers with a newly constructed fibre-optic infrastructure, installed within the ground wires of the power lines of the National electricity Grid. This solution delivers superior performance compared with traditional land cable systems, both in terms of reliability (thanks to a significantly lower annual fault rate per kilometre) and signal quality, owing to its low attenuation. In addition, because the overhead ground wires follow the direct routes of the National Transmission Grid, they provide significant savings in route length, reducing the overall distance by more than 20% compared with land cable links over long-distance routes.

Commercial performance

During the first half of 2026, new commercial contracts were signed, representing an increase compared with the first half of 2025. These included a new contract for the supply of optical fibre for the connection of the primary substations of a Distribution System Operator (DSO) in Northern Italy.

Financial performance

Revenue for the first half of 2026 decreased slightly compared with the same period of 2025 (down 6%), while remaining in line with the progress of the main project currently under way for a leading Italian Distribution System Operator (DSO).

Operating activity

To date, around 50,300 km of fibre pairs have been granted IRU (Indefeasible Right of Use), for which the Terna Group provides both maintenance and housing services for optical signal regeneration.

Talks continue on an agreement with one or more leading Italian DSOs for the granting of IRU rights on fibre pairs (with a minimum term of 20 years and a maximum term of 24 years) and maintenance service. Under this agreement, signed in 2023, and following the revision of the project agreed with the customer at the beginning of 2026, approximately 42,600 km of optical fibre pairs will be made available to the customer to connect 1,865 primary substations through 153 rings, with delivery scheduled between 2023 and 2028. During the first half of 2026, 1,388 km of optical fibre were delivered, enabling the connection of 74 new primary substations.

Energy Services

Altenia Group

From 1 April 2025, the Altenia Group also took over management of the Energy Services business, previously carried out by Terna Energy Solutions S.r.l.. It also continued to operate in the operation and maintenance (O&M) of photovoltaic plants, as well as in the design and execution of revamping and repowering works on existing plants and the construction of new photovoltaic plants for third-party customers.

In addition, on 1 July 2026, the merger of STE Energy S.r.l. into Altenia S.r.l. was completed. On 29 May 2025, Altenia S.r.l. had completed the acquisition of 100% of the share capital of STE Energy S.r.l., an Italian company operating in the design, construction and maintenance of renewable energy plants and electrical infrastructure.

Commercial performance

Commercial performance in the first half of 2026 showed a significant improvement compared with the first half of 2025, also benefiting from the integration of STE Energy S.r.l. into the Group in May 2025.

Financial performance

Revenue for the first half of 2026 increased sharply compared with the same period of the previous financial year (approximately up 235%), mainly due to further progress on photovoltaic EPC contracts, the sale of plant automation systems and the integration of STE Energy S.r.l. into the Altenia Group.

Operating activity

During the first half of 2026, energisation was completed for a major utility-scale photovoltaic plant in the province of Ragusa, with an installed capacity of 41.2 MWp. At the same time, construction of EPC plants continued, primarily in Sicily (around 125 MWp, including substation construction), Central Italy (about 85 MWp) and Southern Italy (roughly 12 MWp).

During the first half of 2026, significant new EPC projects and the related NTG connection infrastructure were launched, including 45 MW in Central Italy, 66 MW in Apulia and an 86 MW cluster in Sicily.
In addition, a major EPC project was launched involving the construction of a photovoltaic plant, an electrical substation and an underground cable link in Apulia, with a total capacity of approximately 70 MW.
Turnkey works continued on the construction of a NTG connection infrastructure (electrical substation and high-voltage land cable[23]) for a major data centre operator in the province of Milan (north-west area).
At the same time, construction commenced on a second high-voltage connection facility for the connection of a new data centre to the NTG in the eastern area of Milan.

The revamping of a HV plant for an industrial customer in Sicily has been completed. A third project was also secured, for which design activities are already under way for the turnkey delivery of a further high-voltage connection infrastructure for the connection of a future data centre to the NTG in the western area of Milan.

Other Activities

The activities related to the framework agreement with Rete Ferroviaria Italiana (RFI) relating to the "Design, supply, installation, certification and commissioning of Metering Equipment", are in progress. To date, a total of 174 facilities has been completed, including 4 during the first half of the year, compared with the 182 facilities envisaged under the application contracts currently in force.

[23] High voltage.

Private interconnectors pursuant to Law 99/2009

During the first half of 2026, operations and maintenance activities for the existing private interconnectors (**Italy-Montenegro, Italy-France and Italy-Austria**) continued, as did preparatory activities for the development of further interconnectors, including those with Switzerland and Slovenia:

Italy - Switzerland Interconnector Project

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

Italy - Slovenia Interconnector Project

On 1 October 2025, Terna and the Slovenian TSO ELES signed a strategic cooperation agreement aimed at strengthening the electricity interconnections between the two countries through the implementation of the project "Removal of constraints on the 380 kV and 220 kV grid interconnected with Slovenia". The new interconnection will make it possible to double the interconnection capacity between Italy and Slovenia.

Under this agreement, it will be possible to supersede the current project, which is in the authorisation phase on the Italian side, relating to the construction of the direct current interconnection, partly by submarine cable, between the stations of Salgareda (IT) and Divača/Beričevo (SI).

Operating results of Non-Regulated Activities

The breakdown of the Terna Group's results by the Non-Regulated business, for the first half of 2026 and the first half of 2025, is set out in the table below[24]. This information is in line with that disclosed in the consolidated financial statements, in accordance with the provisions of IFRS 8, in note "C. Operating segments".

(€m)

	H1 2026	H1 2025	CHANGE
Revenue from Non-Regulated Activities	**450.5**	**300.1**	**150.4**
Equipment	235.6	201.1	34.5
- Brugg Cables Group	*118.8*	*96.2*	*22.6*
- Tamini Group	*116.8*	*104.9*	*11.9*
Connectivity	20.2	21.4	(1.2)
Energy Services	181.4	63.9	117.5
Private interconnectors	10.3	11.4	(1.1)
Other	3.0	2.3	0.7
Cost of Non-Regulated Activities	**344.6**	**241.2**	**103.4**
Services for third parties (Connectivity, Energy Services and other) and Private interconnectors	152.1	64.5	87.6
Brugg Cables Group	103.7	88.1	15.6
Tamini Group	88.8	88.6	0.2
EBITDA from Non-Regulated Activities	**105.9**	**58.9**	**47.0**

EBITDA from the Non-Regulated Activities for the first half of 2026, **amounted to €105.9 million**, **an increase of €47.0 million** compared with the corresponding period of the previous year. This performance is mainly attributable to the stronger contribution from the Equipment segment, which recorded growth of €18.7 million, comprising €11.7 million attributable to the Tamini Group and €7.0 million to the Brugg Cables Group, primarily driven by higher market business revenues and improved margins on contracts in progress.
The increase in EBITDA was also positively affected by the €29.9 million improvement in Services for third parties, mainly attributable to the acquisition of STE Energy S.r.l., completed at the end of May 2025, as part of the Energy Services business.

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

International activities

As part of international initiatives, work on the project to enhance activities in South America continued by implementing the actions necessary to finalise the sale of Terna Perù and formally launch the liquidation of Terna 4 Chacas S.A.C. – En Liquidaciòn. These processes are expected to be completed in 2026. In addition, the liquidation of Terna USA LLC was completed on 28 May 2026.

In particular, on February a binding agreement for the disposal of 100% of Terna Peru S.A.C. was signed by the Terna Group's companies, Terna Plus S.r.l. and Rete S.r.l with Engie Transmisión Perú S.A.C. (Engie Group company). The company owns a 138 kV power line, approximately 132 km in length, connecting the Aguaytía and Pucallpa substations in the Ucayali region of Peru. The transaction value amounts to approximately $15 million. Closing is expected by the third quarter of 2026, subject to the fulfilment of certain conditions precedent.

Operating results of International activities

The following table shows a breakdown of the results from the Terna Group's International activities in the first halves of 2026 and 2025[25]. This information is in line with that disclosed in the consolidated financial statements, in accordance with the provisions of IFRS 8, in note "C. Operating segments".

EBITDA from International activities for the first half of 2026 and the corresponding period of the previous year does not include the results generated by the Latin American initiatives involved in the above sale process. As required by IFRS 5, these initiatives are classified under "Profit/(Loss) for the period from assets held for sale" in the reclassified income statement in the paragraph entitled "Financial review for the first half of 2026".

EBITDA from the **International activities** for the first half of 2026 **amounted to negative €0.3 million** and mainly reflects the costs incurred by the corporate functions in supporting international initiatives. The result improved by €0.3 million compared with the corresponding period of the previous financial year, when it amounted to a loss of €0.6 million.

Profit for the period from assets held for sale amounted to nil, compared with €0.9 million in the first half of 2025.

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

Innovation and digitalisation

The **Twin Transition**, or the **dual transition** involving both **digital and energy**, is at the heart of Terna's strategy to build an increasingly sustainable, efficient, reliable and affordable electricity system.
For this reason, Ter**na is experimenting, validating, adopting and investing** in the **most advanced technologies** and **collaborating** with various **players in the innovation ecosystem** (universities, research centres, large industrial companies, startups and small and medium-sized enterprises) pursuing the **Open Innovation approach**.

Corporate Venture Capital

The Terna Group supports promising startups through Terna Forward S.r.l., which is a Limited Partner in the Energy Tech and Infra Tech compartments of the Corporate Partners I Fund managed by CDP Venture Capital SGR. Up to the first half of 2026, Terna Forward S.r.l. had invested approximately €16 million in the fund, against a total committed investment of €30 million.
In March 2026, Terna Forward S.r.l. participated, as a follower investor, in a €4 million investment round in **Gyala S.r.l.**, an Italian company operating in the cyber security sector. As at the reporting date, it holds a total of eight direct investments in startups.

Intellectual Property Protection

During the first half of 2026, **9 new patent applications** were filed covering: innovative solutions for monitoring grid infrastructure; new configurations for connecting power generation plants and customers to the electricity grid; robotic tools and systems for power line maintenance; devices to enhance the safety of operational personnel; and algorithms supporting grid operation and congestion management.
During the first half of 2026, Terna also continued to strengthen its Open Innovation initiatives, further consolidating links with national and international innovation ecosystems through the **Terna Innovation Zone**, the **Terna Ideas - Corporate Entrepreneurship** programme and the **TSO Innovation Alliance**.
As at the reporting date, the active Terna Innovation Zones (TIZs) are: **TIZ San Francisco**, **TIZ Tunisi**, **TIZ Torino**, **TIZ Adriatico**.
Among the main initiatives undertaken during the first half of 2026 was TIZ Tunisi, established in connection with the Elmed infrastructure project, which strengthened ecosystem engagement, knowledge sharing and startup acceleration activities through initiatives including the Innovation Summit held on 21 April 2026, the Innovation Talks organised with the Embassy of Italy in Tunis, and the continuation of the Global Startup Program, which included a Startup Tour in Rome in June for the five selected Tunisian startups.
The **Terna Ideas – Corporate Entrepreneurship** programme, launched at the end of 2025, also continued. Through an always-on Open Call, scheduled to conclude by the end of the year, 30 ideas were assessed, of which 2 were selected in June 2026.
During the reporting period, activities also continued under the **TSO Innovation Alliance**, focusing on two pilot projects dedicated respectively to improving forecasting capabilities for extreme weather events and integrating climate risks into transmission network planning, as well as on the structured knowledge-sharing programme among the member TSOs on transmission grid resilience.

Main innovation projects of the period

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

Among the main projects in progress during the period are:

- **Automatic Failure Detection (AFD):** the trial, completed in the first half of 2026, demonstrated the potential of the artificial intelligence predictive algorithm technology for the automatic detection of any anomalies on HV overhead lines;
- **Robot for substation inspections:** in the first half of 2026 at the Villavalle substation (DTCEN-UI UMB), a quadruped robot equipped with a thermal camera and video camera was trialled, with the development of algorithms for the identification of objects and anomalies. The trial demonstrated the technology's potential and scalability on certain types of substations, alongside operational staff;
- **SF_6 leak containment systems:** designed to reduce greenhouse gas emissions associated with Terna's core activities, the solution was installed in May 2025 on the flange of the 380 kV Latina L2 overhead line at the Ceprano electrical substation (Central-Southern Lazio Business Unit). Subsequent monitoring activities carried out over the following months confirmed that no further gas leaks had occurred. The results obtained to date have therefore confirmed the effectiveness of the solution in containing SF_6 leaks;
- **AI-based construction site monitoring:** in the first half of 2026, the trial carried out at the Vaiano Valle substation construction site, launched in September 2025, was completed, aimed at optimising the monitoring of construction site progress, including remotely;
- **FLOW - Flexible energy systems Leveraging the Optimal integration of EVs deployment Wave:** the project, completed in June 2026, had as its main aim to promote the optimal integration of electric vehicles into the energy system through advanced smart charging solutions and Vehicle-to-X (V2X). The trial, conducted under real operating conditions in automated mode with the involvement of approximately 40 users, demonstrated the feasibility of the mechanism and the potential of electric vehicles as a new source of flexibility for electricity system balancing services;
- **Projects for the Resilience of the National Electricity System (NES):** during the first half of 2026, the activities carried out under the National Centre for High Performance Computing, Big Data and Quantum Computing (CN HPC) were completed. These activities focused on innovative solutions based on high-performance computing, Artificial Intelligence and advanced data analytics aimed at strengthening the resilience of the National Electricity System (NES). The pilot activities enabled Terna to consolidate its expertise in advanced digital technologies and to develop tools currently under trial to support infrastructure resilience, the proactive management of natural risks, and the evolution of the electricity grid towards smarter, more predictive and more resilient operating models.

Main digitalisation projects of the period

Among the main digitalisation projects under way during the reporting period, in addition to the initiatives aimed at improving the management of NTG assets and their maintenance and monitoring activities - for further details, see the section “Infrastructure Maintenance” under “Group Operating Performance – Regulated Activities” - the following projects are noteworthy:

Industrial IoT

The Industrial IoT project, aimed at developing a digital infrastructure for monitoring electrical assets, was completed during the first half of 2026 with the installation of DigiL systems and the related sensors on 1,806 pylons across 344 overhead lines throughout Italy.

Building Information Modeling (BIM)

The adoption of Building Information Modelling (BIM), as part of the broader digitalisation of processes, projects and construction sites, enables increasingly efficient and interoperable management of the design and construction process. In the design area, 111 BIM projects are currently under way.
The DAM Programme (from BIM to the Digital Asset Model), launched in 2025, is also under way. It transforms BIM from a regulatory compliance requirement into a strategic enabler for the integration of processes across the entire asset lifecycle.

Data driven company

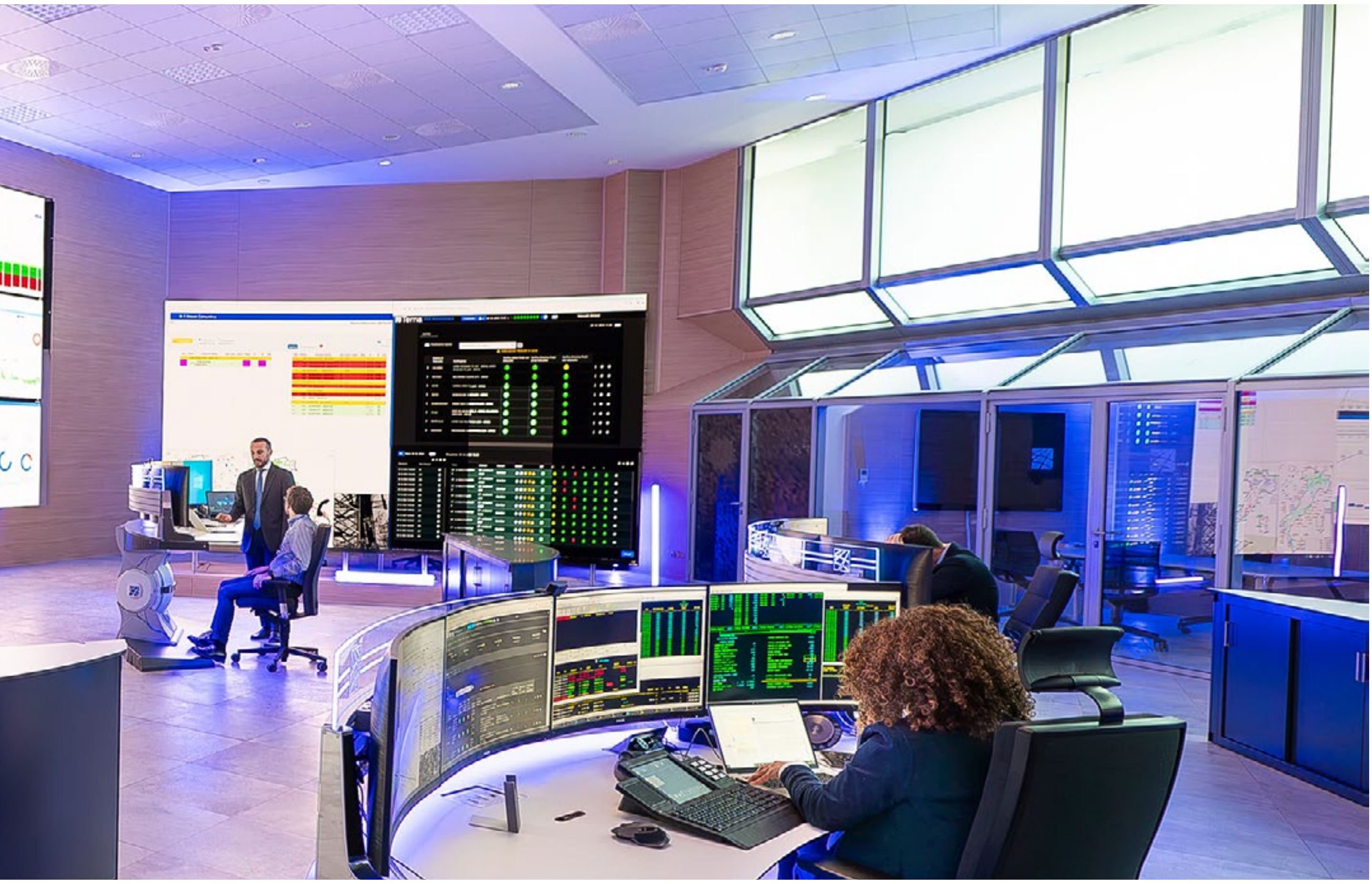
As part of the process digitalisation programme, significant progress continued during the first half of 2026 on Data Driven solutions for the Administration, Finance and Control function (aimed at enhancing the value of the Company's information assets), Procurement and Legal (a tool dedicated to monitoring risks external to Terna's supply chain), Human Resources & Organisation (aimed at improving information and process analysis capabilities), and the National Transmission Grid function (supporting the data-driven evolution of infrastructure and strategic asset monitoring).

AI Strategy and Adoption

The "AI Strategy and Adoption" programme, launched in 2025 and a key pillar supporting Terna's Industrial Plan, has taken on particular importance in response to the growing complexity of global energy scenarios and the infrastructure managed by the Group, the exponential increase in the volume of data to be analysed and leveraged, and the need to adopt AI solutions in a secure, responsible and scalable manner.

Terna's ongoing AI initiatives are organised around two main areas, as outlined below:

- **AI for Enterprise & AI for Industrial:** within the AI Centre of Excellence, a structured programme was launched during the first half of 2026 to identify, prioritise and implement AI solutions focused on the end-to-end transformation of processes, with the aim of strengthening operational efficiency and improving the quality of outputs;
- **AI for Employee:** the structured programme launched in 2025 to promote the adoption of artificial intelligence tools continues, with the aim of increasing productivity in both individual and collaborative work activities.



People

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

(unit)

WORKFORCE	AT 30 JUNE 2026	AT 31 DECEMBER 2025	CHANGE
Senior managers	106	110	(4)
Middle managers	1,042	1,029	13
Office staff	4,320	4,219	101
Blue-collar workers	1,792	1,759	33
Total	**7,260**	**7,117**	**143**

The increase in workforce at 30 June 2026 (up 143 units compared with 31 December 2025) is directly attributable to the coverage of staffing needs to implement the investment plan set out in the 2024-2028 Industrial Plan update, as well as to the strengthening of the Group's distinctive expertise.

Main initiatives of the period

Attraction & Employer Branding

During the first half of 2026, Terna was awarded the **Top Employers 2026** certification by the **Top Employers Institute**, an independent organisation that assesses and certifies companies based on the quality of their HR policies and practices.

In February, Terna was also recognised by Joinrs as one of the "Most Attractive Companies", one of the leading communities for young people pursuing STEM studies and careers.

As part of its talent attraction initiatives, Terna organised **more than 20 Career Days**, **recruitment events and meetings with schools and universities** during the reporting period. In addition, more than 50 **"School-to-Work Training"** programmes involving upper secondary schools were completed.

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

As part of the **"High Competence Polytechnic Network"**, applications also opened in May for the second edition of the **second-level Master's programme entitled "PoliTech Lab: Innovation in Electrical Systems for Energy"**. Delivered in collaboration with the Polytechnic University of Turin, the Polytechnic University of Milan and the Polytechnic University of Bari, the programme aims to integrate high-value strategic competencies by promoting the exchange of scientific and technological knowledge, particularly in engineering, with the objective of training professionals specialising in plants and technologies, asset management, power systems, and energy markets and regulation.

Compensation and Welfare

The Ordinary Annual General Meeting of shareholders of the Company of 12 May 2026 **approved the long-term Incentive Plan** based on the Company's ordinary shares and named "Performance Share 2026-2030" under the terms and conditions described in the related Information Document, published on the Company's website (www.terna.it).

Building on its existing welfare policies, the Group expanded the range of measures supporting employees' financial wellbeing, including by updating the conversion of the Performance Bonus into welfare goods and services in line with the applicable legislation.

Diversity and Inclusion

During the first half of 2026, the Group extended its **Gender Equality Certification**, in accordance with UNI/PdR 125:2022, to Tamini Trasformatori S.r.l. It also confirmed, for the third consecutive year, the maintenance of the certification for Terna S.p.A., Terna Rete Italia S.p.A., Terna Energy Solutions S.r.l. and Terna Plus S.r.l..

As part of **TERNABILITY**, the Group's inclusion programme for people with disabilities, which promotes their full participation in working life, the Group published an updated version of the Disability Toolkit in January 2026 and organised 12 editions of the TERNABILITY Corner, dedicated listening sessions for employees with disabilities and/or colleagues with whom they work on a daily basis.

The partnerships with Valore D, the Italian business association that promotes gender equality and an inclusive culture, and with Sistech, the European non-profit organisation that promotes the empowerment of refugee women in STEM professions, were also renewed for 2026. In partnership with the latter, a corporate volunteering programme was launched in February 2026, promoting two initiatives focused on inclusion and equal opportunities.

In recognition of its commitment to supporting shared parenting, Terna was recognised in March as a "Parent Friendly Workplace" by UNICEF, in collaboration with SDA Bocconi.

Training and Talent Management

During the first half of the year, more than **215,000 training hours** were **delivered** (30 hours per employee), compared with 170,000 training hours delivered during the first half of 2025 (25 hours per employee).
Training hours and learning programmes were organised across the following main areas: "Cross-Functional Skills for Innovation", "Safety, Compliance, D&I and Organisational Culture", and "Technical and Professional Skills for the Energy Transition". In particular, as part of the programme to strengthen digital skills, the adoption of generative artificial intelligence tools continued, while the "Digital Mind 2.0" programme was launched to support the adoption of new tools, languages and ways of working enabled by digital transformation.

4

Remarks on the results and other information

Financial review
for the first half of 2026

In order to present the performance of the Terna Group and to analyse the financial positions, reclassified statements have been prepared in line with industry practice. These reclassified statements include Alternative Performance Measures (hereinafter APMs, in accordance with ESMA Guidelines 2015/1415), which management considers useful for monitoring the Group's performance and representative of the economic and financial results generated by the business.
The criteria used in the construction of these indicators are the same as those applied in the Annual Report; for further details, reference should be made to the Annex "Alternative Performance Measures (APMs)".

Basis of presentation

The accounting standards and the measurement and recognition criteria applied in this Half-year report are consistent with those adopted in the consolidated financial statements at 31 December 2025.

As the criteria set out in IFRS 5 were met, the overall results for the first half of 2026 and 2025 attributable to the South American subsidiary involved in the disposal project have been presented under the specific line item "Profit for the period from assets held for sale" in the Group's reclassified income statement. Similarly, the assets and liabilities relating to the same scope of consolidation have been presented under the line item "Net assets held for sale" in the reclassified statement of financial position, consistently with the comparative information.
Certain comparative statement of financial position balances as at 31 December 2025 have been restated following the final accounting for business combinations. In accordance with IFRS 3, where the process of determining the fair value of the assets acquired and liabilities assumed has not been completed by the acquisition date, the business combination is initially recognised using provisional amounts. Any subsequent adjustments resulting from the completion of the valuations, made within the twelve-month measurement period provided for by the Standard, are recognised retrospectively through the restatement of comparative information. These adjustments had no impact on equity as at 31 December 2025 or on profit for the 2025 financial year.

The Group's reclassified income statement

The Terna Group's operating results for the first half of 2026, compared with those for the same period of the previous year, and for the second quarters of 2026 and 2025, are summarised in the following reclassified Income statement, obtained by reclassifying amounts in the Consolidated income statement.

(€m)

Q2 2026	Q2 2025	Q2 CHANGE	Q2 % CHANGE		H1 2026	H1 2025	CHANGE	% CHANGE
1,124.9	**992.4**	**132.5**	**13.4%**	**TOTAL REVENUE**	**2,113.6**	**1,894.2**	**219.4**	**11.6%**
868.4	838.9	29.5	3.5%	- Revenue from Regulated Activities	1,663.1	1,594.1	69.0	4.3%
29.1	*37.4*	*(8.3)*	*(22.2%)*	*of which Revenue from construction services performed under concession*	*48.1*	*54.0*	*(5.9)*	*(10.9%)*
256.5	153.5	103.0	67.1%	- Revenue from Non-Regulated Activities	450.5	300.1	150.4	50.1%
355.5	**284.6**	**70.9**	**24.9%**	**TOTAL OPERATING COSTS**	**646.6**	**534.4**	**112.2**	**21.0%**
106.1	101.7	4.4	4.3%	- Personnel expenses	211.7	199.2	12.5	6.3%
102.1	71.8	30.3	42.2%	- Cost of services, leases and rentals	182.4	135.2	47.2	34.9%
101.2	59.9	41.3	68.9%	- Materials	176.0	125.9	50.1	39.8%
15.8	13.3	2.5	18.8%	- Other costs	24.7	19.4	5.3	27.3%
1.2	0.5	0.7	140.0%	- Quality of service	3.7	0.7	3.0	-
29.1	37.4	(8.3)	(22.2%)	- Cost of construction services performed under concession	48.1	54.0	(5.9)	(10.9%)
769.4	**707.8**	**61.6**	**8.7%**	**GROSS OPERATING PROFIT (EBITDA)**	**1,467.0**	**1,359.8**	**107.2**	**7.9%**
257.7	227.6	30.1	13.2%	- Amortisation, depreciation and impairment losses	505.6	446.8	58.8	13.2%
511.7	**480.2**	**31.5**	**6.6%**	**OPERATING PROFIT/(LOSS) (EBIT)**	**961.4**	**913.0**	**48.4**	**5.3%**
(47.2)	(37.6)	(9.6)	25.5%	- Net financial income/(expenses)	(93.8)	(76.4)	(17.4)	22.8%
464.5	**442.6**	**21.9**	**4.9%**	**PROFIT/(LOSS) BEFORE TAX**	**867.6**	**836.6**	**31.0**	**3.7%**
148.6	130.5	18.1	13.9%	- Income tax expense for the period	273.8	249.1	24.7	9.9%
315.9	**312.1**	**3.8**	**1.2%**	**PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS**	**593.8**	**587.5**	**6.3**	**1.1%**
0.1	0.6	(0.5)	(83.3%)	- Profit/(Loss) for the period from assets held for sale	-	0.9	(0.9)	(100.0%)
316.0	**312.7**	**3.3**	**1.1%**	**PROFIT FOR THE PERIOD**	**593.8**	**588.4**	**5.4**	**0.9%**
1.3	0.3	1.0	-	- Profit/(Loss) for the period attributable to non-controlling interests	2.6	0.7	1.9	-
314.7	**312.4**	**2.3**	**0.7%**	**PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT**	**591.2**	**587.7**	**3.5**	**0.6%**

(€m)

EBITDA BY OPERATING SEGMENT	H1 2026	H1 2025	CHANGE
Regulated Activities	1,361.4	1,301.5	59.9
Non-Regulated Activities	105.9	58.9	47.0
International activities	(0.3)	(0.6)	0.3
EBITDA	**1,467.0**	**1,359.8**	**107.2**

Gross Operating Profit (EBITDA) for the first half of 2026 amounted to **€1,467.0 million**, an increase of €107.2 million compared with €1,359.8 million in the first half of 2025, reflecting the improved profitability of both the Regulated and Non-Regulated Activities.

Revenue

Group revenues for the first half of 2026 amounted to €2,113.6 million, up €219.4 million compared with the first half of 2025 (€1,894.2 million). Group revenues for the second quarter of 2026 amounted to €1,124.9 million, an increase of €132.5 million compared with the second quarter of 2025 (€992.4 million). Both increases are attributable to the same factors described below.

(€m)

REGULATED ACTIVITIES	H1 2026	H1 2025	CHANGE
Tariff revenue and incentives	1,581.4	1,512.4	69.0
Other regulated revenue	33.6	27.7	5.9
Revenue from construction services performed under concession in Italy	48.1	54.0	(5.9)
TOTAL	**1,663.1**	**1,594.1**	**69.0**

Revenue from **Regulated Activities** increased by €69.0 million. Excluding construction revenues relating to concession assets (down €5.9 million), the increase was mainly attributable to higher output-based incentives (up €59.4 million) relating to the mechanisms designed to support the development of additional interzonal transmission capacity and the reduction of costs in the Dispatching Services Market (MSD). Tariff revenues also increased (up €9.6 million), reflecting both the growth in the Regulatory Asset Base (RAB) resulting from newly commissioned assets and the acquisition of Rete 2 S.r.l. at the end of September 2025, as well as the tariff update.

(€m)

NON-REGULATED ACTIVITIES	H1 2026	H1 2025	CHANGE
Equipment (Tamini Group and Brugg Cables Group)	235.6	201.1	34.5
Services for third parties (Connectivity, Energy Services and Other)	204.6	87.6	117.0
Private interconnectors	10.3	11.4	(1.1)
TOTAL	**450.5**	**300.1**	**150.4**

Revenue from the **Non-Regulated Activities** increased by €150.4 million, mainly attributable to:

- the increase in revenue from the Energy Services segment (up €117.5 million), driven by the higher volume of contracts awarded and the contribution from STE Energy S.r.l., acquired at the end of May 2025;
- the growth in revenue from the Equipment segment, which benefited from an increase of €11.9 million at the Tamini Group, reflecting higher sales orders and increased production capacity, and €22.6 million at the Brugg Cables Group, driven by the higher volume of contracts in progress and therelated margin.

Costs

In the first half of 2026, operating costs, excluding the change in construction costs relating to concession assets (down €5.9 million), increased by €118.1 million compared with the corresponding period of the previous year.

The increase was mainly attributable to:

- higher material costs relating to the Energy Services and Equipment businesses (up €29.2 million for the Altenia Group and up €17.8 million for the Brugg Cables Group), primarily reflecting the progress of contracts in progress and higher procurement costs for materials;
- higher service costs (up €47.2 million), incurred to support the expansion of the Energy Services business, primarily attributable to the Altenia Group (up €47.4 million), mainly as a result of the acquisition of STE Energy S.r.l.;
- higher personnel expenses (up €12.5 million), attributable both to higher remuneration and to an increase in the average number of employees, reflecting higher operating volumes. These effects were partially offset by higher capitalised costs.

In the second quarter of 2026, operating costs rose by €70.9 million compared to the same period in 2025, in line with the trends already described for the entire six-month period.

Amortisation, depreciation and impairment losses amounted to €505.6 million, an increase of €58.8 million compared with the first half of 2025, mainly reflecting the commissioning of new assets and the expansion of the scope of consolidation following the acquisition of Rete 2 S.r.l. at the end of September 2025.

Operating profit **(EBIT)**, net of amortisation, depreciation and impairment losses, amounted to €961.4 million, compared with €913.0 million in the first half of 2025, an increase of 5.3%.

Net financial expenses for the period amounted to €93.8 million, primarily attributable to the Parent Company, compared with €76.4 million in the first six months of 2025, an increase of €17.4 million. The increase is attributable to a higher average level of indebtedness and a higher average cost of debt. This effect is partially offset by higher capitalised financial expenses.

After net financial expenses, the **profit before tax** amounts to **€867.6 million**, growing €31.0 million (up 3.7%) on the same period of 2025.

Income tax expense for the period amounted to €273.8 million, an increase of €24.7 million (up 9.9%) compared with the first half of 2025. The increase was mainly attributable to the higher profit before tax generated during the period and to the temporary two-percentage-point increase in the IRAP tax rate for the 2026 and 2027 tax years introduced by the so-called "Decreto Bollette" (Decree-Law no. 21 of 20 February 2026). As a result of these factors, the effective tax rate was 31.6%, compared with 29.8% in the first half of 2025.

As a result, **profit from continuing operations** amounted to **€593.8 million**, an increase of €6.3 million (up 1.1%) compared with €587.5 million in the first half of 2025.

Profit from asset held for sale amounted to zero, compared with €0.9 million in the first half of 2025.

The **profit for the period** amounted to **€593.8 million**, an increase of €5.4 million (up 0.9%) compared with €588.4 million in the first half of 2025.

The **profit for the period attributable to owners of the Parent** (excluding the share attributable to non-controlling interests) amounted to **€591.2 million**, an increase of €3.5 million (up 0.6%) compared with €587.7 million in the first half of 2025.

Cash flow

Cash flows from operating activities and changes in net financial debt financed the cash requirements arising from capital expenditure during the period and the payment of the final dividend to shareholders.

(€m)

	CASH FLOW H1 2026	CASH FLOW H1 2025
- Profit for the period	593.8	588.4
- Amortisation, depreciation and impairment losses	505.6	446.8
- Net change in provisions	(32.6)	(23.7)
- Net losses/(Gains) on sale of assets	(4.8)	(2.2)
Operating Cash Flow	**1,062.0**	**1,009.3**
- Change in net working capital	332.6	170.3
- Other changes in Property, plant and equipment and intangible assets	298.0	(7.7)
- Change in investments	(0.6)	(1.9)
- Change in financial assets	20.2	(57.9)
Cash Flow from Operating Activities	**1,712.2**	**1,112.1**
- Total capital expenditure	(1,581.0)	(1,319.3)
Free Cash Flow	**131.2**	**(207.2)**
Net assets held for sale	**(0.7)**	**1.7**
- Dividends paid to the Parent Company's shareholders	(556.8)	(556.8)
- Reserve for equity instruments, cash flow hedge reserve after taxation and other movements in equity attributable to owners of the Parent	803.1	(47.1)
- Other movements in equity attributable to non-controlling interests	(2.5)	-
Change in net debt	**374.3**	**(809.4)**

The Group's reclassified statement of financial position

The Terna Group's financial position at 30 June 2026 and 31 December 2025 is summarised below in the reclassified statement of financial position, obtained by reclassifying amounts in the Consolidated statement of financial position.

(€m)

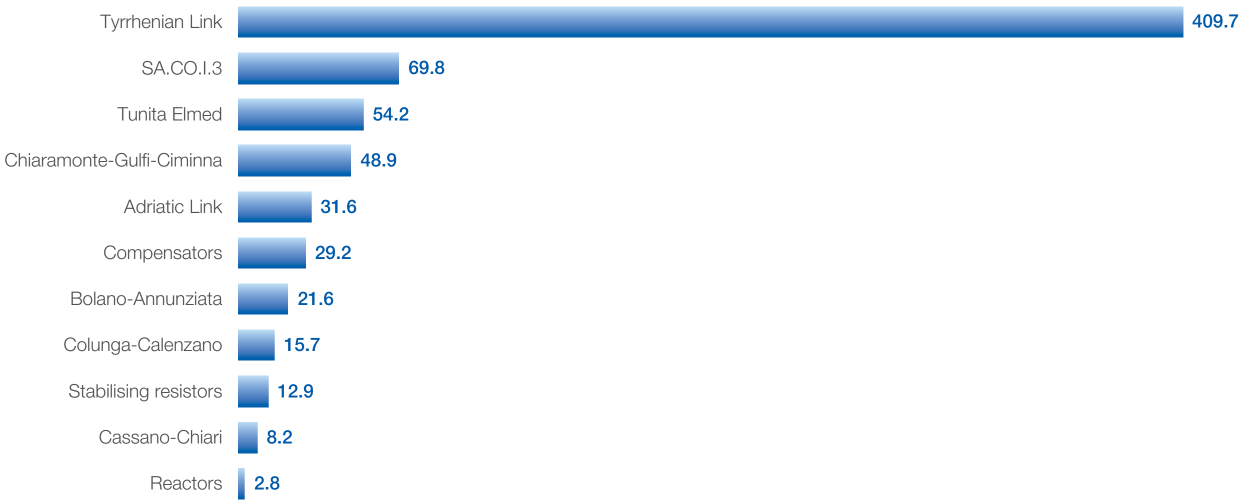
	AT 30 JUNE 2026	AT 31 DECEMBER 2025	CHANGE
Total Net Non-current assets	**24,304.1**	**23,542.7**	**761.4**
- Intangible assets and goodwill	1,287.2	1,231.0	56.2
- Property, plant and equipment	22,482.4	21,757.6	724.8
- Financial assets	534.5	554.1	(19.6)
Total Net Working Capital	**(3,042.9)**	**(2,711.5)**	**(331.4)**
- Net energy-related pass-through payables	(862.2)	(530.3)	(331.9)
- Net receivables resulting from Regulated Activities	1,100.2	1,173.2	(73.0)
- Net trade payables	(1,469.3)	(1,465.5)	(3.8)
- Net tax assets/(liabilities)	54.1	114.0	(59.9)
- Other net liabilities	(1,865.7)	(2,002.9)	137.2
Gross Invested Capital	**21,261.2**	**20,831.2**	**430.0**
Sundry provisions	0.7	(31.9)	32.6
Net Invested Capital	**21,261.9**	**20,799.3**	**462.6**
Net assets held for sale	**14.3**	**13.6**	**0.7**
TOTAL NET INVESTED CAPITAL	**21,276.2**	**20,812.9**	**463.3**
Equity attributable to owners of the Parent	**8,628.8**	**7,791.3**	**837.5**
Equity attributable to non-controlling interests	**21.5**	**21.4**	**0.1**
Net debt	**12,625.9**	**13,000.2**	**(374.3)**
TOTAL	**21,276.2**	**20,812.9**	**463.3**

The €761.4 million increase in **net non-current assets** compared with 31 December 2025 primarily reflects a combination of the following factors:

- total capital expenditure amounted to €1,581.0 million. The main components are summarised below and discussed in the section "The Terna Group's operating performance - Regulated Activities";
- depreciation and amortisation for the period of €506.9 million;
- other movements during the period in "Property, plant and equipment" and "Intangible assets", which overall fell by €292.1 million reflecting, in particular, grants related to assets (down €293.4 million, primarily for projects financed by the Ministry of Enterprises and Made in Italy and the EU) and disposals and impairment losses resulting in a reduction of €1.0 million;
- a decrease in financial assets of €19.6 million, mainly reflecting the reduction in the security deposits received from operators participating in the Capacity Market pursuant to ARERA Resolution no. 98/2011/R/eel, as subsequently amended (down €34.4 million). This was partly offset by an increase in the Interconnector Guarantee Fund, established to finance interconnection projects pursuant to Article 32 of Law no. 99/09 (up €12.1 million), as well as by an increase in the direct investment in Gyala S.r.l. (up €1.0 million) and in the indirect investments in the Infra Tech and Energy Tech compartments of the Corporate Partner I Fund managed by CDP Venture Capital, made by the subsidiary Terna Forward S.r.l. (up €1.2 million).

Total capital expenditure by the Terna Group amounted to **€1,581.0 million** during the period, an increase of **19.8%** compared with €1,319.3 million in the corresponding period of 2025.

Main capital expenditure on the NTG* (€m)



* *Amounts including financial expenses.*

Net Working Capital of -€3,042.9 million and generated cash of €331.4 million during the period compared with 31 December 2025, mainly due to the combined effect of:

Cash inflows

- increase in **net energy related pass-through payables** of €331.9 million, mainly due to the combined effect of the following factors:
  - higher net liabilities relating to Essential Units for System Security (UESS) (up €170.9 million);
  - higher net liabilities associated with items settled through the P-Other tariff component (up €128.9 million), mainly attributable to the increase in costs relating to the virtual import service;
  - higher net liabilities arising from charges covered by the Uplift tariff component (up €93.7 million), mainly due to higher imbalance charges;
  - higher net liabilities relating to the extraordinary modulation service (up €10.3 million), following the update of the related tariff component used to recover those costs; and
  - lower net liabilities relating to the Capacity Market (down €91.8 million), due to higher cash collections during the period;
- decrease in **net receivables resulting from Regulated Activities** of €73.0 million mainly attributable to the combined effect of:
  - the settlement of the 2024 tariff decoupling adjustment (pursuant to ARERA Resolution no. 573/2025/R/eel), which resulted in a €67.0 million decrease in receivables from the Fund for Energy and Environmental Services (CSEA);
  - a €20.0 million decrease in receivables relating to output-based incentives, reflecting cash collections during the period (up €102.2 million), mainly relating to amounts arising from the 2022-2024 MSD incentive mechanism, partly offset by the recognition of incentive income relating to the period in respect of interzonal incentives and the 2025 MSD incentive[26] (down €82.2 million);
- an increase in **net trade payables** of €3.8 million, mainly attributable to the higher level of investment activity carried out in the most recent period compared with the last period of the previous year;

[26] The receivable includes the income arising from the unwinding of the discount on the incentive value.

- a €59.9 million decrease in **net tax assets**, mainly reflecting an increase in net tax liabilities (€19.3 million) resulting from the settlement of the 2025 income tax balance (down €45.5 million) and the payment of 2026 income tax instalments (down €215.6 million), net of income tax expense recognised during the period (up €280.5 million), together with a reduction in the net VAT receivable (€18.7 million) and an increase in withholding taxes on employment income and interest income (€21.0 million);

Cash outflows

- a decrease in other net liabilities of €137.2 million, mainly attributable to lower security deposits received from operators participating in the Capacity Market, MACSE and the electricity market, provided as security for their respective contractual obligations (€70.0 million in total), and to a reduction in capital contributions received from third parties (€36.8 million).

Gross Invested Capital at 30 June 2026 amounted to €21,261.2 million, up €430.0 million compared to 31 December 2025.

Sundry provisions decreased by €32.6 million, mainly reflecting the net recognition of deferred tax assets, primarily attributable to the tax effects of depreciation and amortisation and movements in provisions for risks.

Net assets held for sale amounted to €14.3 million at 30 June 2026 and are essentially stable compared to the balance of €13.6 million at 31 December 2025.

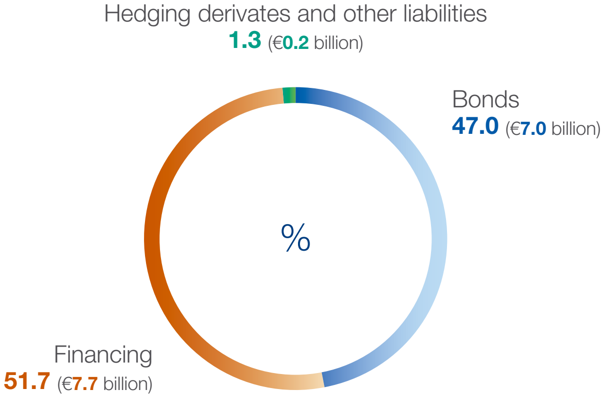
Total Net Invested Capital, including net assets held for sale, amounts to €21,276.2 million, up €463.3 million compared to 31 December 2025. These assets were financed by equity attributable to owners of the Parent of €8,628.8 million (an increase of €837.5 million compared with €7,791.3 million at 31 December 2025, following the issuance of a new hybrid instrument), equity attributable to non-controlling interests of €21.5 million (€21.4 million at 31 December 2025) and net financial debt of €12,625.9 million, a decrease of €374.3 million compared with €13,000.2 million at 31 December 2025.

Debt

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

Gross debt at 30 June 2026 amounted to approximately **€14.9 billion** and mainly consists of approximately €7.0 billion in the form of bond issues, roughly €7.4 billion in medium/long-term bank loans and about €0.3 billion in short-term borrowings.

The average term to maturity of medium/long-term debt, roughly 72% of which is fixed rate, is approximately 6 years.



The Group's bond debt comprises both public bond issues and private placements carried out under the following programmes:

- the €12 billion EMTN Programme, authorised by the Commission de Surveillance du Secteur Financier (CSSF) and listed on the Luxembourg Stock Exchange;
- the €6 billion EMTN Programme, approved by CONSOB and listed on the Electronic Bond Market (MOT) managed by Borsa Italiana.

Targeted specifically on qualified investors, Terna's bonds have a very diverse investor base, in terms of both sector and geographical profile. The majority of the issues are listed on the Luxembourg Stock Exchange, while some of the more recent issues are listed on the Electronic Bond Market (MOT) operated by Borsa Italiana.

With regard to bank debt, Terna's main lender is the European Investment Bank (EIB). The amount of outstanding debt with the EIB at 30 June 2026 was approximately €4.6 billion.

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

Sustainable finance

Fully in line with Terna's strategy, which aims to combine investment and sustainability to drive growth and value creation, it is Terna's ambition to play a leading role in the sustainable finance market. This strategy was also confirmed in the first half of 2026.

At 30 June 2026, the **senior green bonds issued by Terna** under the two EMTN programmes and not yet repaid, amounted to **€3.25 billion**. In addition, there are **three perpetual, subordinated hybrid green issues**, two issued on a standalone basis in February 2022 and April 2024, respectively, for an amount of **€1.85 billion**, and a third issued in January 2026 under the €4 billion EMTN Programme listed on the MOT, renewed on 4 June 2026 with an increase of the overall total to €6 billion, for a total nominal amount of **€850 million**. The latter issue is the **first fixed-rate, non-convertible, perpetual, subordinated hybrid European Green Bond** issued by Terna. The bond is non-callable for six years and was issued at 100%, with a spread of 123 basis points over the Mid-Swap rate, implying a subordination premium of less than 60 basis points over a senior issue of equivalent maturity. It will pay a fixed annual coupon of 3.875%, corresponding to the effective rate of the transaction, up to, but excluding, the first reset date of 2 February 2032. From that date, if the bond has not been redeemed early, the hybrid instrument will bear annual interest at the five-year Euro Midswap rate plus an initial margin of 123 basis points, increased by 25 basis points from 2 February 2037 and by another 75 basis points from 2 February 2052.

Green bond issues are used to finance or refinance **Eligible Green Projects**. These are projects producing environmental benefits that meet the criteria listed in the **Green Bond Framework**, updated by Terna in July 2025, and drafted in compliance with the Green Bond Principles updated by ICMA (International Capital Market Association) in June 2025, the requirements introduced by the new EU Regulation 2023/2631 (EU Green Bond Standard), and the European Union Taxonomy.

In July 2025, Terna's Green Bond Framework was assessed by **S&P Global Ratings**, acting as a **"Second Party Opinion" provider**, which assigned it an overall "Dark Green" rating, the highest level on S&P's "Shades of Green" scale. In addition, in January 2026, Moody's Ratings assigned the Green Bond Framework an overall **"SQS1 Sustainability Quality Score (Excellent)", the highest possible level under the agency's methodology**.

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

- projects that aim to increase renewable energy production – for example, infrastructure enabling renewable energy plants to be connected to the national grid or that allow for a larger volume of renewable energy to be injected into the grid;
- projects designed to cut CO_2 emissions by reducing grid losses – for example, infrastructure designed to boost the efficiency of the electricity Transmission Grid;
- projects designed to ensure the quality, security and resilience of grid infrastructure.

At 30 June 2026, Terna has also several **ESG-linked Term Loans** totalling **€2.6 billion**, including an **ESG-linked Credit Facility Agreement** of €100 million with a five-year term, signed with Banco BPM S.p.A. on 30 March 2026. In addition, there are **three ESG linked Revolving Credit Facilities** linked to sustainability indicators for a total of approximately **€4.3 billion** and a **Euro Commercial Paper (ECP) programme of €2 billion** for the issuance of short-term conventional or "ESG Notes".

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

Net debt

The Group's net debt at 30 June 2026 amounts to €12,625.9 million, down €374.3 million compared with 31 December 2025.

(€m)

	AT 30 JUNE 2026	AT 31 DECEMBER 2025	CHANGE
NET DEBT (BY TERM TO MATURITY)			
Total medium/long-term debt	**14,249.7**	**13,938.3**	**311.4**
- Bond Issues	7,008.8	6,992.5	16.3
- Borrowings	7,195.4	6,894.2	301.2
- Derivative financial instruments	45.5	51.6	(6.1)
Total short-term debt/(funds)	**(1,623.8)**	**(938.1)**	**(685.7)**
- Bond Issues (current portions)	-	579.9	(579.9)
- Short-term borrowings	309.0	720.3	(411.3)
- Borrowings (current portions)	215.6	195.9	19.7
- Other financial liabilities net	130.8	141.2	(10.4)
- Derivative financial instruments	1.4	(0.6)	2.0
- Financial assets	(337.9)	(742.1)	404.2
- Cash and cash equivalents	(1,942.7)	(1,832.7)	(110.0)
Total net debt	**12,625.9**	**13,000.2**	**(374.3)**
NET DEBT (BY TYPE OF INSTRUMENT)			
- Bond Issues	7,008.8	7,572.4	(563.6)
- Borrowings	7,411.0	7,090.1	320.9
- Short-term borrowings	309.0	720.3	(411.3)
- Derivative financial instruments	46.9	51.0	(4.1)
- Other financial liabilities net	130.8	141.2	(10.4)
GROSS DEBT	**14,906.5**	**15,575.0**	**(668.5)**
- Financial assets	(337.9)	(742.1)	404.2
- Cash and cash equivalents	(1,942.7)	(1,832.7)	(110.0)
Total net debt	**12,625.9**	**13,000.2**	**(374.3)**
Net debt attributable to assets held for sale	**(3.2)**	**(2.8)**	**(0.4)**

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

- a €563.6 million decrease in bonds, mainly attributable to the repayment, in March and April 2026 respectively, of an €80 million private placement and a €500 million bond issue, as well as to the effects of adjustments to the amortised cost and fair value of those financial instruments;
- a €320.9 million increase in medium and long-term bank borrowings, mainly reflecting new drawdowns totalling €399.0 million, net of repayments of scheduled instalments on existing EIB loans;

- a €411.3 million decrease in short-term borrowings, mainly attributable to the repayment by the Parent Company of credit facilities and Commercial Paper;
- decrease in the negative fair value of the portfolio of derivative financial instruments (€4.1 million), mainly due to changes in the derivatives portfolio and changes in the market interest rate curve;
- decrease in other net financial liabilities (€10.4 million) mainly due to the payment of interest accrued in previous periods;
- a €404.2 million decrease in financial assets, following the maturity of certain investments;
- €110.0 million increase in cash and cash equivalents. Cash amounts to €1,942.7 million at 30 June 2026, including €1,666.4 million invested in short-term, readily convertible instruments and €276.3 million held in bank current accounts and cash in hand.

The **net financial debt of assets held for sale** amounts to -€3.2 million at 30 March 2026 and consists in the value of cash and cash equivalents of Terna Peru S.A.C..

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

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

(€m)

	NET PROFIT H1 2026	EQUITY AT 30 JUNE 2026
Interim Financial Statements of Terna S.p.A.	**500.3**	**7,873.5**
Equity values reported in the financial statements, including the results for the period	137.4	2,463.7
Carrying amounts of investments in consolidated companies	-	(1,701.5)
Consolidation adjustments:		
- Intragroup dividends	(29.2)	-
- Other minor adjustments	(14.3)	(36.9)
- Foreign currency translation reserve	-	14.0
- Measurement of companies using the equity method	(0.4)	37.5
Total consolidated financial statements	**593.8**	**8,650.3**
Non-controlling interests	2.6	21.5
Terna Group's consolidated financial statements	**591.2**	**8,628.8**

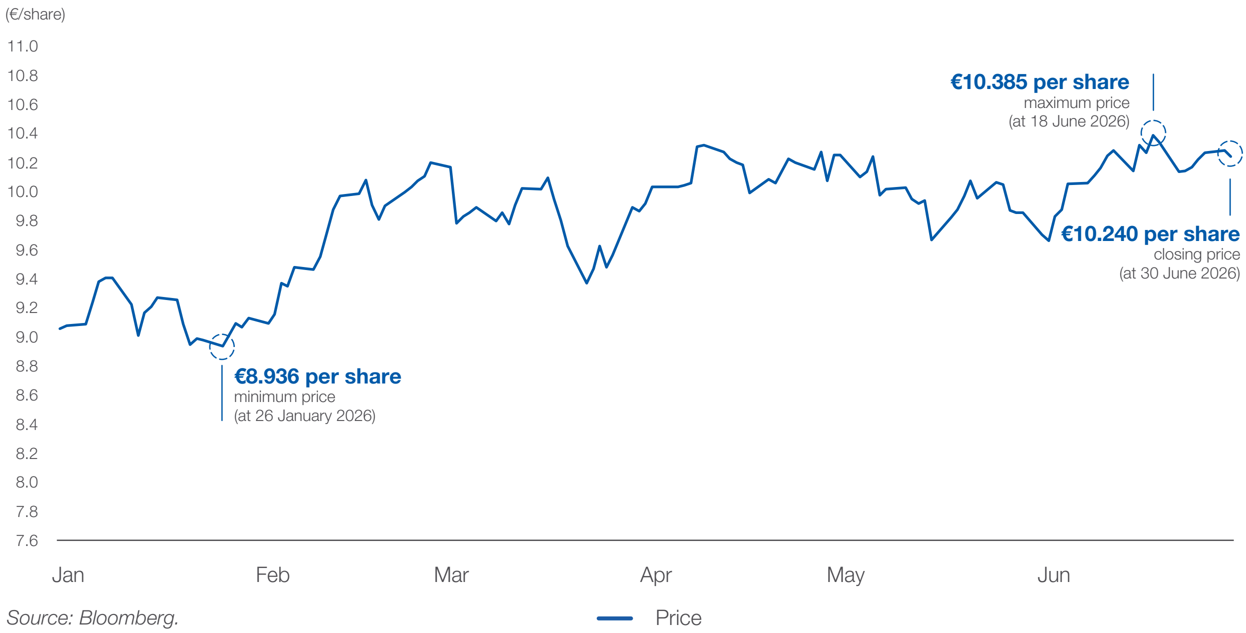
Share price performance

Terna S.p.A. has been listed on Borsa Italiana's screen-based trading system (*Mercato Telematico Azionario*) since 23 June 2004. **From the date of flotation to the end of June 2026, the share price has risen 502% (capital gain)**, providing a Total Shareholder Return (TSR[27]) of 1,781%, ahead of both the Italian market (the FTSE MIB, up 328%) and the relevant European sector index (DJ Stoxx Utilities), which is up 623%.

In the first half of 2026 the main European stock markets recorded gains. The German market was the exception, with the Frankfurt index closing the period slightly down (down 0.6%). Among the other main financial markets, Milan rose by 15%, followed by Madrid (up 12.5%), London (up 5.7%) and Paris (up 3.1%).

Terna's share closed the half at €10.240 per share, up 13.1% compared with 31 December 2025 and in line with the sector benchmark index (DJ Stoxx Utilities), which was up 14.8%. The daily average volume traded during the period amounted to approximately 3.9 million. During the period, the shares reached their highest price on 18 June 2026, closing at €10.385 per share. The ex-dividend date for the dividend for 2025, amounting to 27.70 eurocents per share, was 22 June 2026.

Performance of Terna's shares
(Price trend from 1 January to 30 June 2026)



Source: Bloomberg.

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

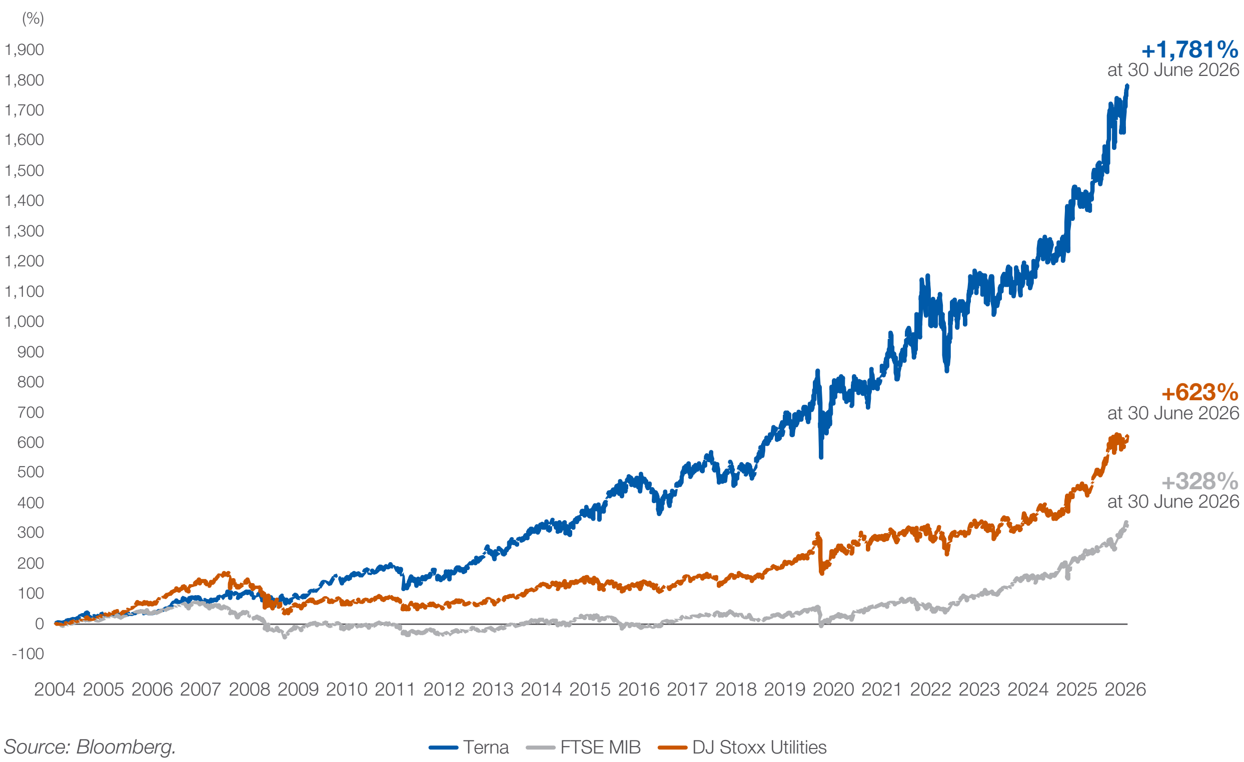
Total Shareholder Return on Terna's share and the FTSE MIB and DJ Stoxx Utilities

(From 1 January to 30 June 2026)

Source: Bloomberg.

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

(From the flotation to the end of June 2026)



Source: Bloomberg.

Weighting of Terna's shares

	H1 2026	H1 2025
> on the FTSE MIB index	2.0%	2.2%

Source: Bloomberg.

Ratings

Below are the ratings at 30 June 2026.

	SHORT-TERM	MEDIUM/LONG-TERM	OUTLOOK
Terna S.p.A.			
Standard & Poor's	A-2	A-	Stable
Moody's	Prime-2	Baa1	Stable
Italian state			
Standard & Poor's	A-2	BBB+	Positive
Moody's	Prime-2	Baa2	Stable

At present, both of the company's ratings are one notch above those of the Italian Republic.

Outlook

The current geopolitical landscape continues to be characterised by high levels of uncertainty, fuelled by persistent tensions between the world's major economic areas, intensifying competition for access to strategic resources and continuing instability in certain regions, notably the Middle East. These factors are compounded by stronger protectionist measures and the increasing fragmentation of international trade, which are heightening market volatility and affecting the global economy's growth prospects.

Against this backdrop, although inflation is gradually normalising compared with the peaks recorded in recent years, the macroeconomic outlook remains one of moderate growth, constrained by the high degree of uncertainty in the international environment and the slowdown in trade. Risks also remain regarding changes in energy commodity prices, supply chains and the security of strategic infrastructure. In this scenario, the European electricity sector will continue its path to decarbonisation and energy security outlined in the Fit-for-55 package, as set out in Italy's NECP 2024.

Therefore, the Terna Group focuses on implementing the 2024-2028 Industrial Plan update, which includes investments totalling €17.7 billion, confirming Terna's role as an enabler of energy and digital transition, contributing to decarbonisation targets and increasing the Italian electricity system's independence.

In particular, with respect to **Regulated Activities**, the acceleration of investments aimed at increasing transport capacity, integrating growing volumes of production from renewable sources and improving the network's resilience and digitalisation will continue.

Among the strategic investment projects, work on the Tyrrhenian Link will progress in the second half of the year. On the East link, civil works and the laying of the Pole 2 land cables in Sicily and Campania will continue, together with the development of the converter substations through the installation of the main equipment. On the West link, civil works and the laying of land cables in Sicily and Sardinia are also expected to continue. Construction of the converter substations and production of the electromechanical equipment and prefabricated buildings will continue.

With regard to SA.CO.I.3, civil works for the two poles are under way at both converter substations. As regards the cables, work will continue both at landfall construction sites in Italy and Corsica and at cable-laying sites in Tuscany. Preparatory work for the subsequent phases of monitoring and stringing the overhead line pylons is also expected to begin.

For the Adriatic Link project, cable production and qualification, civil works for the land cables in Marche and Abruzzo and construction of the Fano and Cepagatti converter substations are under way. At the same time, production of the related electromechanical equipment will continue.

For the Elmed project, following the signing of the contract for the supply and construction of the converter substations, engineering and onshore surveys began at the substation site. The detailed marine survey is expected to begin by the third quarter of the year, while production of the electrode submarine cable is under way.

Finally, for the Chiaramonte Gulfi-Ciminna project, work is expected to begin on the last sections where construction has not yet started. Construction of the infrastructure and the work required to complete it will also progress, including secondary permits, easement acquisition and procurement.

The 380 kV “Cassano-Chiari” and “Colunga-Calenzano” power lines, which are currently at an advanced stage of construction, are expected to enter operation by the end of the year, helping to strengthen the capacity and reliability of the National Transmission Grid.

In addition, the Group will continue to make progress towards meeting the requirements resulting from the output-based regulatory mechanisms introduced by ARERA, with regard to both reducing dispatching costs (Dispatching Services Market incentives (MSD)), Resolution no. 326/2024/R/eel) and delivering additional interzonal transmission capacity (interzonal incentives, Resolution no. 55/2024/R/eel). The Group is committed to maintaining the performance levels achieved during the observation period. During 2026 the Group will continue to monitor developments in the full ROSS regulatory framework, including the possible introduction of experimental incentive mechanisms for efficiency in project delivery and/or performance (envisaged by Resolution no. 390/2025/R/COM), as well as changes in the main parameters used in the WACC calculation formula for the 2025-2027 regulatory period, with a view to the possible triggering of the relevant event for 2027.

With respect to **Non-Regulated Activities**, after completing the reorganisation process involving the subsidiaries of Terna Energy Solutions S.r.l., the Terna Group will gain a stronger foothold in the various segments of the Energy Transition value chain: the Altenia Group, a system integrator with specialised and diversified expertise in the design, construction and maintenance of electrical and renewable energy plants; the Tamini Group, a leading transformer manufacturer; and the Brugg Cables Group, a company operating in the terrestrial cable sector. The latter two, which are also instrumental in the realisation of the Group’s investments, will develop high value-added activities for businesses, offering customers technological, innovative and digital solutions in the energy and industrial sectors and seizing growth opportunities by both strengthening market leadership and increasing production capacity.

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

With respect to **International activities**, the Group will continue the process of enhancing the asset portfolio in the American continent, continuing the actions required to finalise the disposal transaction in Peru.

In the second part of 2026, the Group will continue its focus on improving operational efficiency and management of the Transmission Grid through the adoption of innovative technologies and the digitalisation of the Transmission Grid assets, thanks to the implementation of IoT technologies. This will include, by way of example, implementation of the latest mobile network technologies, the upgrade of monitoring systems and the development of advanced predictive algorithms designed to optimise infrastructure maintenance and boost grid resilience.

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

In 2026, the Terna Group’s expected financial highlights include revenue of €4.41 billion, EBITDA of €2.93 billion and Group Net profit at €1.12 billion. With specific reference to capital expenditure, the Group has a target of approximately €4.2 billion in 2026. The above objectives will be pursued whilst maintaining a commitment to maximising the cash generation necessary to ensure a sound, balanced financial structure.

Main risks and uncertainties

Business objectives and risk management

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

With regard to coordinated risk management by management across the various areas, the Terna Group's Risk Governance Model has long envisaged the adoption of a common reference framework that sets out the objectives and is aligned with Terna's Business model. For details, see the paragraph "Governance of impacts, risks and opportunities" in the "General disclosures - Corporate Governance and sustainable success" section of the Consolidated Sustainability Statement in the Terna Group's 2025 Annual Report. This framework outlines the key factors of sustainable success in creating and maintaining business value.

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

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

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

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

Specifically, the update of the Enterprise Risk Assessment (hereinafter ERA), launched in October 2025, was completed in February 2026. In line with previous years, it was conducted using a top-down approach and involved certain second-line functions and Top Management.

The risks emerging from the 2025 Risk Assessment update are also related to the topics of the European Sustainability Reporting Standards (ESRS), in accordance with EU Directive no. 2022/2464 (Corporate Sustainability Reporting Directive - CSRD) and the related Italian transposition decree (Legislative Decree no. 125 of 6 September 2024).

For more details on the Double Materiality process and the details of the sustainability risks, see the section "Double Materiality" in the Terna Group's Consolidated Sustainability Statement in its 2025 Annual Report.

Each risk identified, in addition to being assessed, is also classified according to its type. In its ERM framework, Terna has identified six risk categories:

- External / Market risk;
- Operational risk;
- Legal / Contractual risk;
- Compliance risk;
- Counterparty risk;
- Natural / Human-induced events.

Note that the risks associated with climate change represent risks that are closely related to the Group's operational and strategic environment, therefore the process leading to the identification, assessment and management of these risks is integrated into the general corporate risk management process and into the current management of the undertaking's activities.

For additional information see the section "Main risks and uncertainties - Business objectives and risk management" of the Terna Group's 2025 Annual Report, published on the Company's website (www.terna.it).

Tax Control Framework

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

Terna S.p.A. joined the Cooperative Compliance regime governed by Legislative Decree no. 128 of 5 August 2015 and subsequent measures in the 2022 tax period, partly due to the adoption of the **Tax Control Framework (TCF)**, an organisational model aimed at managing, controlling and mitigating tax risk.

The Cooperative Compliance regime aims to increase the level of certainty on important tax issues thanks to constant and preventive discussions with the tax authority based on actual circumstances, aimed at a common assessment of situations likely to generate relevant risks.

The Group's **Tax Strategy** was approved in 2022 and defines the objectives and principles underlying the management of relations with tax authorities, with a commitment to promoting a culture of tax compliance among employees. In keeping with the Code of Ethics, it pursues the target of ensuring tax compliance in accordance with the spirit and letter of the tax laws of the domestic system and of the countries where the Terna Group companies operate.

From an operational perspective, Terna S.p.A. adopted its own tax risk management and control system, known as the **Terna Group Tax Compliance Model**, evolving from a standard model to an **integrated Group TCF**.

The integrated Group TCF stems from recent amendments to Legislative Decree no. 128/2015, which introduced a new reference model for corporate groups based on centralised tax governance and a unified tax risk management system, while retaining the operational responsibilities of the individual entities.

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

The Terna Group constantly monitors the potential risks associated with changes in the international geopolitical landscape, which continues to be characterised by areas of instability, increasing economic and trade fragmentation and growing tensions affecting global energy balances.

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

The ongoing conflict between Russia and Ukraine and the crisis in the Middle East have led to an increase in **cyberattacks** on Italian government and corporate websites. These shows of force have not led to major upheaval or data breaches, with disruption being short-term in nature.
Thanks to the continuous sharing of information with government bodies and priority access to information from Cyber Threat Intelligence providers, a series of specific rules and policies have been implemented as part of Terna's cyber protection systems with the aim of preventing any malicious acts. Checks confirmed that Terna does not use any cyber security products or services for its IT infrastructure that are connected to the Russian Federation. Analysis was also carried out to determine the presence of Israeli (or related) technologies on Terna's digital infrastructure, especially in the field of cyber security, in order to monitor risk exposure and proactively deploy any necessary measures to reduce the impacts on Terna.

On the **economic and financial** front, following the overall update of the values of the parameters used to calculate the WACC, pursuant to the Resolution published by ARERA at the end of 2024 (Resolution no. 513/2024/R/com), the regulatory WACC for the 2025-2027 three-year period is set at 5.5%. Furthermore, the regulator confirmed a revision mechanism for the WACC in 2026-2027 if, following the update of certain parameters, the WACC rises or falls by more than 30 bps. ARERA Resolution no. 476/2025/R/com published in November 2025 confirmed, for 2026, the regulatory WACC at 5.5%.
Moreover, after continuing the gradual reduction in interest rates during 2025 that began in 2024, bringing the deposit rate to 2%, the European Central Bank raised rates by 25 basis points in June 2026. This decision, which is consistent with the objective of ensuring price stability, reflects persistent inflationary pressures and continuing uncertainty associated with the international energy and geopolitical environment.

In general, the decisions regarding monetary policy will continue to be gradually reflected in Terna's cost of debt over the next few years, also given the average duration of existing debt and the high percentage of financing currently at a fixed rate (72%). In the coming months, the following factors will be monitored: the evolution of international trade policies; monetary policy decisions; the geopolitical context; and the trend in economic growth. These factors could continue to keep the volatility of financial markets high.
Based on Terna's current regulation, which provides for indexing of the operating costs recognised in the tariff and the RAB, no significant negative economic impact is expected from the increase in the price index.

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

For 2026, evidence to date shows no impact on the adequacy of the **electricity system** due to a combination of factors, including demand still below the peaks values achieved and the increase in installed generation capacity, mainly related to renewable sources and storage and the path of diversification of natural gas import sources, undertaken in 2022.

The first half of 2026 was marked by significant volatility in gas prices from March onwards, when prices peaked at more than €60/MWh following geopolitical tensions in the Middle East. Similarly, wholesale electricity prices rose compared with the previous year. This increase reflects the impact of gas prices on thermoelectric production costs, as well as the ongoing sensitivity of costs to changes in natural gas prices. Despite the diversification of supply sources and the increase in installed renewable capacity, energy security remains a concern, given that almost all the gas consumed in Italy is imported from third countries, many of which are subject to significant geopolitical pressures.

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

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

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

With regard to large projects (e.g. Tyrrhenian Link, Adriatic Link, SA.CO.I.3, Elmed and GR.ITA.2), whose converter substation construction and cable connection contracts are subject to ongoing tenders or in execution, an impact resulting from possible changes in the economic balance of the suppliers cannot be excluded, which translates into requests for increases in the contractual fees or, in the case of their indexing, increases linked to predetermined formulas. These risks are mitigated by targeted management of contracts with suppliers.

5

Annexes

Regulatory framework and other information

Summary of the principal legislative measures

A brief description is provided below of the principal legislation of interest to the Group issued from 1 January 2026 up to the date of preparation of this half-yearly report.

- **Decree-Law no. 200 of 31 December 2025 on "Urgent provisions on regulatory deadlines" ("Decreto Milleproroghe"), converted into Law no. 26 of 27 February 2026, published in the Official Gazette of 28 February 2026.**
  The law extends the period available to supplement the regulations for identifying interventions excluded from landscape authorisation or subject to a simplified authorisation procedure. It postpones the entry into force of the consolidated acts on the tax reform until 1 January 2027; it postpones the deadline for holding meetings of companies and entities with the special procedures introduced in 2020 until 30 September 2026; it postpones the deadline for Consob to adopt measures aimed at containing the supervisory fees due by supervised entities until 31 December 2027; and it allows the waste identification form to continue to be issued in paper format until 15 September 2026;

- **Legislative decree no. 3 of 7 January 2026 implementing Directive (EU) no. 2024/1711, amending Directives nos. (EU) 2018/2001 and (EU) 2019/944 as regards improving the Union's electricity market design, published in the Official Gazette on 9 January 2026.**
  The decree introduces measures of interest including the new flexible grid connection mechanism, rules governing energy sharing and separate billing, assigning Terna a direct operational role in managing information flows, as well as the right of end customers with fixed-price contracts to participate actively in flexibility markets;

- **Legislative decree no. 5 of 9 January 2026 implementing Directive (EU) no. 2023/2413 of the European Parliament and of the Council of 18 October 2023 amending Directive (EU) no. 2018/2001, Regulation (EU) 2018/1999 and Directive no. 98/70/EC as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) no. 2015/652, published in the Official Gazette on 20 January 2026.**
  The decree amends, inter alia, Legislative Decree no. 79/1999 implementing Directive no. 96/92/EC concerning common rules for the internal market in electricity, in particular art. 3 **"Operator of the National Transmission Grid"** by providing that ARERA, within 180 days of the entry into force of the provision, adopts the criteria and methods based on which the National Transmission Grid operator makes available, in relation to the electricity supplied in each bidding zone, **information on the share of electricity from renewable sources**. Within 120 days of the aforementioned publication, the criteria and methods based on which the National Transmission Grid operator makes information on the greenhouse gas emissions content of the electricity supplied in each supply area available are regulated by MASE (Ministry of the Environment and Energy Security) decree, also in collaboration with ISPRA. The defined criteria and methods ensure that the Transmission Grid Operator makes the information available as accurately as possible, at intervals corresponding to the market regulation frequency but at least hourly, including forecasts where available. This ensures interoperability on the basis of harmonised data formats and standardised data sets, enabling non-discriminatory use by electricity market participants, aggregators, consumers and end users, and enabling electronic communication devices to read the information;

- **Law no. 4 of 15 January 2026, implementing "Conversion into law, with amendments, of Decree-Law no. 175 of 21 November 2025, on urgent measures regarding the 5.0 Transition Plan and the production of energy from renewable sources", published in the Official Gazette on 20 January 2026.**
  The law amends the Golden Power legislation, stipulating that special powers may only be exercised in transactions within the financial sector (including the credit and insurance segments) after the relevant European authorities have

expressed their opinion. It also states that national economic and financial security must be among the criteria that the government must consider when exercising special powers. First, note that the veto may be exercised by decree of the President of the Council of Ministers in the case of resolutions, acts or transactions that give rise to an exceptional threat to public interests not governed by national or European sector-specific rules, including those concerning the prudential assessment of acquisitions of qualifying holdings in the financial sector and the control of concentrations between undertakings;

- **Law no. 36 of 17 March 2026, "Delegating powers to the Government for the transposition of EU directives and the implementation of other EU acts" (Legge di delegazione europea 2025), published in the Official Gazette on 25 March 2026.**
  The law envisages the transposition of Directive 2008/98/EC on waste management and Directive 2006/111/EC on the transparency of financial relations between Member States and public undertakings and on financial transparency within certain undertakings. It requires the Government to comply with the regulation laying down the obligations that manufacturers, importers and distributors must fulfil in the manufacture, placing on the market and putting into service of products (such as interchangeable equipment, safety components, lifting accessories, chains, ropes and webbing and removable mechanical transmission devices), and specifying the essential health and safety requirements with which those products must comply. It also delegates authority to the Government to bring national law into line with the provisions of: Regulation (EU) 2024/3005 of the European Parliament and of the Council of 27 November 2024 on the transparency and integrity of environmental, social and governance (ESG) rating activities, amending Regulation (EU) 2019/2088 and Regulation (EU) 2023/2859; Regulation (EU) 2024/590 on substances that deplete the ozone layer and repealing Regulation (EC) no. 1005/2009; Regulation (EU) 2024/1244 on the reporting of environmental data from industrial installations, establishing an Industrial Emissions Portal and repealing Regulation (EC) no. 166/2006;

- **Law no. 49 of 10 April 2026 converting Decree-Law no. 21 of 20 February 2026, containing "Urgent measures to reduce the cost of electricity and gas for households and businesses, improve business competitiveness and decarbonise industries, and containing urgent provisions to resolve the virtual saturation of electricity grids and integrate data processing centres into the electricity system" ("Decreto Bollette"), published in the Official Gazette on 18 April 2026.**
  The decree-law provides for a two-percentage-point increase in IRAP for companies in the energy sector. This measure is intended to contribute to the financing of energy cost-containment measures and is applied selectively to the parties identified in the ATECO codes shown in the table attached to the decree, including among other activities electricity production, transmission and distribution. The decree also introduces specific provisions to address the virtual saturation of electricity grids, with the aim of promoting the efficient use of existing infrastructure. It also includes provisions to establish a single procedure for issuing authorisations to data centres and their related utility connection networks to the National Electricity System, regardless of nominal voltage;

- **Law no. 50 of 20 April 2026 converting Decree-Law no. 19 of 19 February 2026, containing "Further urgent provisions for the implementation of the National Recovery and Resilience Plan (NRRP) and on cohesion policies" ("DL PNRR"), published in the Official Gazette on 20 April 2026.**
  The decree-law introduces several measures, including strengthening the simplified services conference mechanism as an ordinary tool for accelerating administrative procedures for the implementation of NRRP interventions, promoting greater procedural flexibility. The administrations involved shall provide the related opinions within 30 days at the latest. If administrations responsible for environmental protection, landscape and land protection, cultural heritage, health or public safety are involved, the above-mentioned deadline is 45 days. The deadlines within which the competent authority may arrange for the services conference to be held simultaneously and synchronously in particularly complex cases, and for the related proceedings to be concluded, are reduced from 45 to 30 days. The latter deadline is reduced from 90 to 60 days where administrations responsible for environmental protection, landscape and land protection, cultural heritage or public health are involved;

- **Legislative decree no. 81 of 21 April 2026, "Implementation of Directive (EU) 2024/1203 of the European Parliament and of the Council of 11 April 2024 on the protection of the environment through criminal law and replacing Directives 2008/99/EC and 2009/123/EC", published in the Official Gazette of 18 May 2026.**
  The legislative decree strengthens the framework of penalties for the protection of the environment by introducing new offences. Specifically, the offence of trading in polluting products is added to the Criminal Code, with a consequent

extension of the ancillary measures, including disqualification from contracting with the public administration and confiscation. Aggravating circumstances are also introduced for pollution offences committed in protected areas or against protected species, together with increased penalties where substantial profits are earned or false documentation is used. The measure also introduces specific criminal or financial penalties for anyone who unlawfully places on the market, uses or releases fluorinated greenhouse gases or products, equipment or parts thereof that contain any such substances or whose operation depends on them. It also extends administrative liability under Legislative decree no. 231/2001 and increases financial penalties, including in aggravated circumstances. It establishes a national system for coordinating the fight against environmental crime within the Prosecutor General's Office at the Court of Cassation. Finally, it amends the Environmental Code, adjusting the penalties for illegal waste management based on the hazardousness of the waste;

- **Legislative decree no. 86 of 29 April 2026, "Implementation of Directive (EU) 2024/2811 of the European Parliament and of the Council of 23 October 2024 and alignment of national law with Article 1 of Regulation (EU) 2024/2809 of the European Parliament and of the Council of 23 October 2024 to make public capital markets in the Union more attractive for companies and to facilitate access to capital for small and medium-sized enterprises", published in the Official Gazette of 21 May 2026.**
The legislative decree amends the Consolidated Law on Financial Intermediation (TUF) under Legislative decree no. 58/1998, introducing provisions specifically on investment research, special conditions for the admission of shares to trading, multilateral trading facilities and public offers;

- **Legislative decree no. 117 of 19 June 2026, "Consolidated Law on Income Tax", published in the Official Gazette of 3 July 2026.**
The legislative decree, adopted in implementation of Tax Delegation Law no. 111/2023, reorganises and consolidates the current rules on income tax in a single text. It introduces provisions concerning personal income tax (IRPEF) on social security contribution deductions for new hires and the separate taxation applicable to severance pay (TFR), equivalent indemnities and other lump sums received upon termination of employment, including redundancy incentives. It also establishes the criteria for classifying certain financial instruments for the purposes of investment income. It also addresses "income treated as employment income", including remuneration paid for serving as a Director (members of the Group's BoDs), Statutory Auditor or Auditor, as well as fees for continuous and coordinated services (Co.co.co). It also excludes company welfare and fringe benefits from an employee's taxable income. It also contains provisions concerning corporate income tax (IRES) on the determination of total income, the taxation of capital gains and exempt capital gains, including gains on the disposal of investments; the taxation of distributed dividends; and the tax treatment of depreciation and amortisation of tangible and intangible assets;

- **Law no. 112 of 25 June 2026 converting Decree-Law no. 62 of 30 April 2026, containing "Urgent provisions on fair pay, employment incentives and measures to combat digital labour exploitation" (the 1 May Decree), published in the Official Gazette of 27 June 2026.**
This decree-law establishes an exemption from the payment of 100% of employer social security contributions for employers that, between 1 January and 31 December 2026, hire women of any age and place of residence on permanent contracts who have not been in regular paid employment for at least 24 months, or for at least 12 months and fall into a "disadvantaged worker" category. The same exemption is envisaged for employers that, between 1 January and 31 December 2026, hire non-management personnel on permanent contracts who are under 35 on the date of hiring and have not been in regular paid employment for at least 24 months, or for at least 12 months and fall into a "disadvantaged worker" category. It establishes an exemption from the payment of 100% of employer social security contributions for employers that convert fixed-term employment contracts with a total duration of no more than 12 months into permanent employment contracts. Legislative Decree no. 252/2005 is amended by reducing the maximum percentage of the accrued balance that may be paid as a lump sum under supplementary pension benefits from 60% to 50%, while retaining the possibility of paying the entire amount as a lump sum when the annuity would be too low. The 2026 Budget Law is also amended so that phased payment of the accrued balance over a period of no less than 5 years will apply from 31 October 2026;

- **Decree-Law no. 107 of 26 June 2026, containing "Urgent provisions for infrastructure projects and the implementation of the National Recovery and Resilience Plan (NRRP), as well as further urgent financial provisions" (the Infrastructure Decree), published in the Official Gazette of 26 June 2026.**
In order to ensure the security and continuity of supply and the resilience of strategic infrastructure serving liquefied natural gas regasification plants that remain operational when the national energy system is under strain, the decree-law envisages the appointment of a Special Government Commissioner for strategic installations.

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

A list is provided below of the principal resolutions adopted by Italy's Regulatory Authority for Energy, Networks and the Environment (ARERA) from 1 January 2026 up to the date of preparation of this interim report.

ARERA determinations on the remuneration of transmission and dispatching services

- **Resolution 78/2026/R/com** - Determination of the inflation parameters for 2025 common to energy infrastructure services subject to ROSS regulation;
- **Resolution 168/2026/R/eel** - Update of the decision on the allocation of investment costs for the interconnection project between Sicily and Tunisia **(the Elmed project)** under Authority Resolution 176/2020/R/eel.

ARERA determinations on the provision of transmission and dispatching services

- **Resolution 8/2026/R/eel** - Regulatory compliance check of the agreement between Terna S.p.A. and Acquirente Unico S.p.A. under the TIDE;
- **Resolution 12/2026/R/eel** - Approval of the regulation governing the withdrawal modulation service;
- **Resolution 23/2026/E/eel** - Functional enforcement mechanisms to ensure the application of the RIGEDI (distributed generation reduction) procedure, approved by Resolution 421/2014/R/eel, for the safe operation of the National Electricity System;
- **Resolution 32/2026/E/eel** - Order to comply with the obligation to adapt electricity generation plants to the provisions on the defence of the electricity system pursuant to Regulation (EU) 2017/2196;
- **Resolution 38/2026/R/eel** - Approval of the amended methodology for calculating long-term capacity for the Italy North capacity calculation region (CCR), pursuant to Regulation (EU) 2016/1719 (the FCA Regulation);
- **Resolution 51/2026/R/eel** and **Resolution 190/2026/R/eel** - Regulatory compliance check of the proposed amendments to the Grid Transmission, Dispatching, Development and Security Code needed to launch market procurement of the Frequency Containment Reserve;
- **Resolution 58/2026/R/eel** - Reform of the process for changing electricity suppliers;
- **Opinion 92/2026/I/eel** - Opinion to the Minister of the Environment and Energy Security on the proposed timeline for storage capacity requirements prepared by Terna S.p.A. pursuant to Article 18 of Legislative Decree no. 210/2021;
- **Resolution 114/2026/R/eel** - Approval of Terna S.p.A.'s proposed regulation for the service to increase scheduled exchanges at the Swiss border for 2026;
- **Resolution 160/2026/R/eel** - Compliance check of the proposed updates to Terna S.p.A.'s Grid Transmission, Dispatching, Development and Security Code regarding technical rules for connections to High- and Extra-High-Voltage Grids and connection procedures for Terna's Defence System and Control System;
- **Resolution 232/2026/R/eel** - Amendments to the regulation governing resources essential to the security of the electricity system during the consolidation phase, as set out in the Integrated Text on Electricity Dispatching (TIDE);
- **Opinion 237/2026/I/eel** - Assessment of the proposed amendment to the Ten-Year Development Plan for the National Transmission Grid.

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

Other information

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

Treasury shares

At 30 June 2026, the Parent Company holds a total of 3,447,846 treasury shares (equal to 0.172% of the share capital).

The aforementioned total number of shares held by the Company is the sum of the purchases made in implementation of six separate Share buyback programmes to respectively service the:

(i) 2020-2023 Performance Share Plan, in the period between 29 June 2020 and 6 August 2020;

(ii) 2021-2025 Performance Share Plan, in the period between 31 May 2021 and 23 June 2021;

(iii) 2022-2026 Performance Share Plan, in the period between 27 May 2022 and 9 June 2022;

(iv) 2023-2027 Performance Share Plan, in the period between 22 June 2023 and 6 July 2023;

(v) 2024-2028 Performance Share Plan, in the period between 4 September 2024 and 20 September 2024;

(vi) 2025-2029 Performance Share Plan, in the period between 8 September 2025 and 16 September 2025[28],

net of: (a) 1,079,860 treasury shares allocated by the Company in the period between 9 May 2023 and 1 June 2023 to the beneficiaries of the 2020-2023 Performance Share Plan; (b) 1,060,240 treasury shares allocated by the Company in the period between 10 May 2024 and 3 June 2024 to the beneficiaries of the 2021-2025 Performance Share Plan; (c) 917,720 treasury shares allocated by the Company between 21 May 2025 and 3 June 2025 to the beneficiaries of the 2022-2026 Performance Share Plan and (d) 846,781 treasury shares allocated by the Company between 12 May 2026 and 3 June 2026 to the beneficiaries of the 2023-2027 Performance Share Plan.

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

The Parent Company does not directly or indirectly hold any shares in CDP Reti S.p.A. or Cassa Depositi e Prestiti S.p.A., nor has it purchased or sold any such shares during the first half of 2026.

[28] In this regard, see the press releases dated 10 August 2020, 28 June 2021, 13 June 2022, 10 July 2023, 23 September 2024 and 22 September 2025, available at the following links:
https://download.terna.it/terna/2020.08.06_CS%20TERNA%20operazioni%20su%20azioni%20proprie%20CHIUSURA%20ENG_8d83d43b5fabf4d.pdf.
https://download.terna.it/terna/Terna_notification_share_buy_back_end_program_8d93a670d6933f8.pdf.
https://download.terna.it/terna/Terna_closing_programme_share_buy_back_8da4d59b6327fb0.pdf.
https://download.terna.it/terna/Terna_closing_programme_share_buy_back_8db81778c0ced98.pdf.
https://download.terna.it/terna/Terna_closing_programme_share_buy_back_2024_8dcdc02c9b813eb.pdf.
https://download.terna.it/terna/Terna_closing_share_buyback_programme_2025_8ddf9f61925956b.pdf.

Related party transactions

Given that Terna S.p.A. is subject to the de facto control of Cassa Depositi e Prestiti S.p.A., a situation ascertained in 2007, related party transactions entered into by Terna during the first half of 2026 include transactions with associates 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.

Transactions carried out with related parties during the first half of 2026 substantially consisted of services in the ordinary course of business and settled on market terms, as set out in the Consolidated Financial Statements as at 30 June 2026[29].

The procedural rules adopted by the Parent Company ensure that such transactions are carried out in compliance with the criteria of procedural and substantive propriety and under the same conditions that would apply to independent counterparties and in accordance with the rules on transparency of information to the market and in implementation of Consob's regulatory provisions[30].

Note that during the first half of 2026 there were no transactions of major significance[31], nor were there any transactions subject to the disclosure requirements because they fell within the cases of exclusion envisaged in the Regulation itself[32].

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

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

[29] Note that relations with the members of the Parent Company's Board of Statutory Auditors, with particular reference to their 2025 remuneration, are reported in the Note to the item "Services" in the Notes to the Consolidated and Separate Financial Statements as at 31 December 2025, to which reference should be made. Moreover, in implementation of the applicable regulations in force (see Consob Resolutions no. 18049 of 23 December 2011 and no. 21623 of 10 December 2020), the information on the remuneration of the "members of the governing and control bodies, general managers", as well as on the investments held by them, as well as of the other persons envisaged by law, is included in the Report on the Remuneration Policy and Remuneration Paid published within the terms of the law.

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

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

[32] As "transactions falling within the ordinary course of the Company's or its subsidiaries' or associated companies' operating activities or financial activities related thereto, provided that they are concluded on terms equivalent to market or standard terms".

Evolution of the asset base

Details of substations owned by the Terna Group*

	UNIT OF MEASUREMENT	AT 30 JUNE 2026	AT 31 DECEMBER 2025	CHANGE	CHANGE %
380 kV					
Substations	no.	173	172	1	0.78%
Power transformed	MVA	134,742	134,117**	625	0.47%
220 kV					
Substations	no.	152	151***	1	0.66%
Power transformed	MVA	37,323	37,323**	-	-
Lower voltages (≤ 150 kV)					
Substations	no.	605	603***	2	0.33%
Power transformed	MVA	5,505	5,339**	166	3.11%
Total					
Substations	no.	**930**	**926**	**4**	**0.47%**
Power transformed	MVA	**177,570**	**176,779****	**791**	**0.45%**

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

** *Figures recalculated following a change in the method used to record equipment.*

*** *Figures restated following an adjustment to the capacity of a substation.*

Details of power lines owned by the Terna Group*

	UNIT OF MEASUREMENT	AT 30 JUNE 2026	AT 31 DECEMBER 2025	CHANGE	CHANGE %
380 kV					
Length of circuits	km	13,121	13,120	1	-
Length of lines	km	11,929	11,928	1	0.01%
220 kV					
Length of circuits	km	11,886	11,891	(5)	(0.05%)
Length of lines	km	9,483	9,488	(5)	(0.06%)
Lower voltages (≤ 150 kV)					
Length of circuits	km	50,899	50,893	6	0.01%
Length of lines	km	47,661	47,655	6	0.01%
Total					
Length of circuits	**km**	**75,906**	**75,905**	**1**	**-**
overhead	km	71,097	71,123	(26)	(0.04%)
underground cables	km	3,013	2,986	27	0.91%
submarine cables	km	1,796	1,796	-	-
Length of lines	**km**	**69,072**	**69,070**	**2**	**-**
overhead	km	64,263	64,289	(26)	(0.04%)
underground cables	km	3,013	2,986	27	0.91%
submarine cables	km	1,796	1,796	-	-
Impact of direct current connections (200 - 380 - 500 kV)					
Circuits	km	2,586	2,585		
% of total		3.41%	3.41%		
Lines	km	2,266	2,265		
% of total		3.28%	3.28%		

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

Main changes in the Terna Group's plant stock

Substations

New activations:

- construction of the Città S. Angelo substation with 5 bays and 150 kV section;
- construction of the Eboli substation with 10 bays and 380 kV section;
- construction of the Rumianca2 substation with 8 bays and 220 kV section.

New acquisitions:

- acquisition of the Carpani substation with 5 bays and 150 kV section, from the former Brulli.

The following breakdown shows **changes in total bays**:

- construction: up 45 bays, mainly at the new substations listed above;
- acquisitions: up 5 bays in the substation acquired and listed above;
- demolition: down 2 bays at Milano Rogoredo RT;
- other changes: down 6 total bays linked to change/updates.

Transformers

The following breakdown shows **total changes**:

- construction: up 7 machines, including 3 using plant esters at Tuscania, Morigallo and Alessandria Nord, with all additions relating to transformers and autotransformers;
- demolition: down 3 machines related to replacements at the Sorgente, Morigallo and Alessandria Nord substations;
- other changes: up 4 machines related to changes/updates.

Power lines

The following overall changes in **km of circuits** were recorded:

- construction: approximately up 76 km, with the lines mainly affected being Piovera Primary Substation-Ut. Syensqo Spinetta M. (approximately 10 km), San Gobain - Santa Sofia (approximately 8 km) and Pietramala - Querceto (dt 874) (approximately 12 km);
- demolition: approximately down 58 km, with the lines mainly affected being Garlasco Substation-Piovera Primary Substation (Uno) (approximately down 10 km), Arson - La Guardia (Arson - p.29bis section) (approximately down 6 km) and ESTE - Colunga (p.130 - Colunga section) (approximately down 6 km);
- other changes: approximately down 17 km due to changes/updates.

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

Alternative Performance Measures (APMs)

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

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

Reconciliations

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

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

THE GROUP'S RECLASSIFIED INCOME STATEMENT	(€M)	CONSOLIDATED INCOME STATEMENT
Revenue from Regulated Activities	1,663.1	"Revenue from sales and services" totalling €2,067.1 million, "Other revenue and income" totalling €46.5 million
Revenue from Non-Regulated Activities	450.5	
Personnel expenses	211.7	"Personnel expenses" after the costs of construction services performed under concessions in Italy in accordance with IFRIC 12 (€12.4 million)
Cost of services, leases and rentals	182.4	"Services" after the costs of construction services performed under concessions in Italy in accordance with IFRIC 12 (€28.3 million)
Materials	176.0	"Raw and consumable materials used" after the costs of construction services performed under concessions in Italy in accordance with IFRIC 12 (€7.4 million)
Other costs	24.7	"Other operating costs"
Quality of service	3.7	
Cost of construction services performed under concession	12.4	"Personnel expenses"
	28.3	"Services"
	7.4	"Raw and consumable materials used"
Net financial income/(expenses)	(93.8)	Points 1, 2 and 3 of letter C-"Financial income and expenses"

THE GROUP'S RECLASSIFIED STATEMENT OF FINANCIAL POSITION	(€M)	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Financial assets	534.5	"Investments accounted for using the equity method", "Other non-current assets" and "Non-current financial assets"
Net energy-related pass-through payables	(862.2)	"Trade receivables" relating to the value of energy-related pass-through receivables (€1,712.6 million) and "Trade payables" relating to the value of energy-related pass-through payables (€2,574.8 million)
Net receivables resulting from Regulated Activities	1,100.2	"Trade receivables" relating to the value of receivables resulting from Regulated Activities (€1,120.3 million) and "Trade payables" relating to the value of payables resulting from Regulated Activities (€20.1 million)
Net trade payables	(1,469.3)	"Trade payables" and "Current contract liabilities", net of payables relating to pass-through energy costs (€2,574.8 million) and margin energy payables (€20.1 million), and "Trade receivables" and "Current contract assets", net of receivables relating to pass-through energy revenues (€1,712.6 million) and receivables relating to CTR and margin items (€1,120.3 million)
Net tax assets/(liabilities)	54.1	"Income tax assets", "Other current assets" relating to the value of other tax assets (€135.2 million), "Other current liabilities" relating to the value of other tax liabilities (€22.3 million) and "Tax liabilities"
Other net liabilities	(1,865.7)	"Other non-current liabilities", "Other current liabilities" after other tax liabilities (€22.3 million), "Inventories", "Other current assets" after other tax assets (€135.2 million)
Sundry provisions	0.7	"Employee benefits", "Provisions for future risks and charges" and "Deferred tax assets"
Net assets held for sale	14.3	"Operating assets held for sale" and "Operating liabilities related to assets held for sale"
Net debt	12,625.9	"Long-term borrowings", "Current portions of long-term borrowings", "Non-current financial liabilities", "Short-term borrowings", "Cash and cash equivalents", "Current financial assets", "Current financial liabilities" and "Non-current financial assets", limited to the value of non-current derivatives

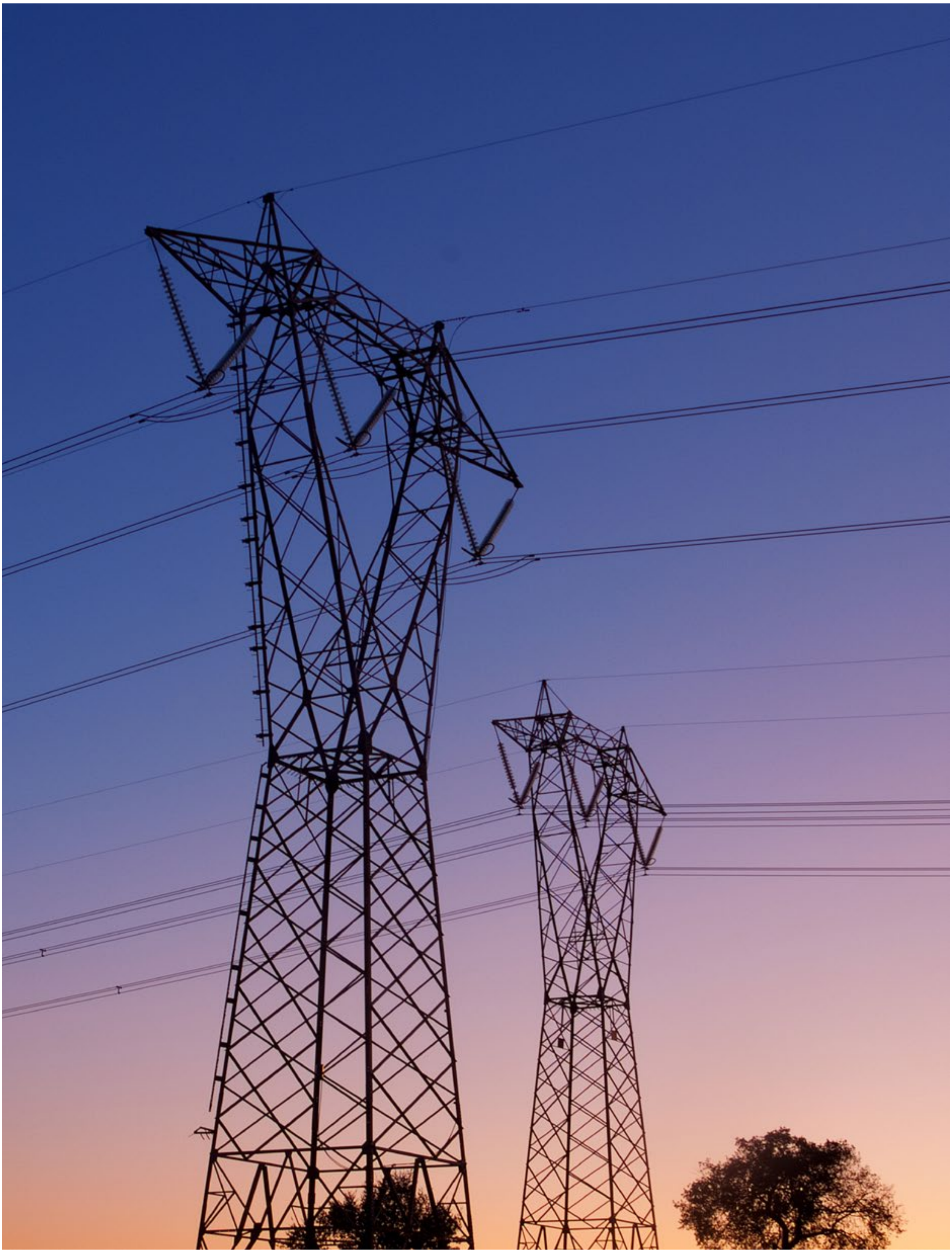
THE GROUP'S ANALYSIS OF NET DEBT	(€M)	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
"Bond issues" and "Borrowings"	14,419.8	Corresponds with "Long-term borrowings" and "Current portions of long-term borrowings"
"Derivative financial instruments" - short- and medium/long-term	46.9	Corresponds to "Non-current financial liabilities" in respect of the FVH and CFH derivatives and to "Current financial liabilities" in respect of foreign exchange CFH derivatives (€1.5 million), net of "Non-current financial assets" relating to CFH derivatives (€4.4 million) and "Current financial assets" relating to foreign exchange CFH derivatives (€0.1 million)
Other financial liabilities net	130.8	Corresponds to "Current financial assets" for the value of financial accrued income on derivatives (€1.1 million) and "Current financial liabilities" net of CFH derivatives on foreign exchange (down €1.5 million)
Financial assets	(337.9)	This corresponds to "Current financial assets", excluding accrued financial income on derivatives (down €1.1 million) and foreign exchange cash flow hedge derivatives (down €0.1 million)
Net debt attributable to assets held for sale	(3.2)	Corresponds to "Operating assets held for sale" for €3.2 million

Reconciliation of the Terna Group's cash flow

(€m)

	CASH FLOW H1 2026	RECONCILIATION WITH FINANCIAL STATEMENTS	CASH FLOW H1 2025	RECONCILIATION WITH FINANCIAL STATEMENTS
- Profit for the period	593.8		588.4	
- Amortisation, depreciation and impairment losses	505.6		446.8	
- Net change in provisions	(32.6)		(23.7)	
Employee benefits		*0.4*		*(0.1)*
Provisions for future risks and charges		*(3.9)*		*(0.8)*
Deferred tax assets		*(29.1)*		*(22.8)*
- Net losses/(gains) on sale of assets [(1)]	(4.8)		(2.2)	
Operating Cash Flow	**1,062.0**		**1,009.3**	
- Change in net working capital	332.6		170.3	
Inventories		*(17.6)*		*(19.8)*
Trade receivables		*12.0*		*162.1*
Income tax assets		*(7.2)*		*0.6*
Other current assets		*(15.2)*		*0.4*
Trade payables		*397.9*		*(102.8)*
Tax liabilities		*26.5*		*(46.5)*
Other liabilities		*(63.8)*		*176.3*
- Other changes in non-current assets	317.6		(67.5)	
Goodwill		*0.1*		*(11.7)*
Intangible assets [(2)]		*0.1*		*(0.8)*
Property, plant and equipment [(3)]		*297.8*		*4.8*
Non-current financial assets		*20.0*		*(57.9)*
Other non-current assets		*(0.8)*		*-*
Investments accounted for using the equity method		*0.4*		*(1.9)*
Cash Flow from Operating Activities	**1,712.2**		**1,112.1**	
Capital expenditure				
- Total capital expenditure	(1,581.0)		(1,319.3)	
Property, plant and equipment [(3)]		*(1,413.6)*		*(1,151.2)*
Intangible assets [(2)]		*(167.4)*		*(168.1)*
Total cash flow from (for) investing activities	**(1,581.0)**		**(1,319.3)**	
Free Cash Flow	**131.2**		**(207.2)**	
Net assets held for sale	**(0.7)**		**1.7**	
- Reserve for equity instruments, cash flow hedge reserve after taxation and other movements in equity attributable to owners of the Parent [(4)]	803.1		(47.1)	
- Other movements in equity attributable to non-controlling interests	(2.5)		-	
- Dividends paid to the Parent Company's shareholders [(4)]	(556.8)		(556.8)	
Change in net debt	**374.3**		**(809.4)**	
- Change in borrowings	**(264.3)**		**896.0**	
Non-current financial assets		*(3.6)*		*-*
Current financial assets		*403.6*		*13.4*
Non-current financial liabilities		*(2.5)*		*(4.2)*
Long-term borrowings		*317.5*		*113.0*
Short-term borrowings		*(411.3)*		*198.4*
Current portion of long-term borrowings		*(560.2)*		*584.2*
Current financial liabilities		*(7.8)*		*(8.8)*
CHANGE IN CASH AND CASH EQUIVALENTS	**110.0**		**86.6**	

(1) *Included in the respective balances of "Other revenue and income" and "Other operating costs" of the financial statements*
(2) *See note 15 to the financial statements*
(3) *See note 13 to the financial statements*
(4) *See the consolidated statement of changes in equity*



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2026

Contents

Consolidated financial statements

Consolidated income statement

(€ millions)

	NOTES	H1 2026	H1 2025
A - REVENUE			
1. Revenue from sales and services	1	2,067.1	1,862.7
of which: related parties		*1,227.1*	*1,232.8*
2. Other revenue and income	2	46.5	31.5
of which: related parties		*0.1*	*0.1*
Total revenue		**2,113.6**	**1,894.2**
B - OPERATING COSTS			
1. Raw and consumable materials used	3	183.4	144.9
of which: related parties		*0.1*	*-*
2. Services	4	210.7	159.5
of which: related parties		*6.6*	*4.9*
3. Personnel expenses	5	224.1	209.9
- gross personnel expenses		*329.1*	*297.8*
- capitalised personnel expenses		*(105.0)*	*(87.9)*
of which: related parties		*3.1*	*2.6*
4. Amortisation, depreciation and impairment losses	6	505.6	446.8
5. Other operating costs	7	28.4	20.1
of which: related parties		*0.1*	*0.2*
Total operating costs		**1,152.2**	**981.2**
A-B OPERATING PROFIT/(LOSS)		**961.4**	**913.0**
C - FINANCIAL INCOME/(EXPENSES)			
1. Financial income	8	52.9	58.5
2. Financial expenses	8	(146.3)	(137.9)
of which: related parties		*1.4*	*-*
3. Share of profit/(loss) of equity investments accounted for using the equity method	9	(0.4)	3.0
D - PROFIT BEFORE TAX		**867.6**	**836.6**
E – INCOME TAXES FOR THE PERIOD	10	**273.8**	**249.1**
F - PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**593,8**	**587.5**
G - PROFIT/(LOSS) FOR THE PERIOD FROM ASSETS HELD FOR SALE	11	**-**	**0.9**
H - PROFIT FOR THE PERIOD		**593.8**	**588.4**
Profit for the period attributable to owners of the parent		**591.2**	**587.7**
Profit attributable to non-controlling interests		**2.6**	**0.7**
Earnings per share*	12		
Basic earnings per share		0.270	0.269
Diluted earnings per share		0.270	0.269
Earnings per share from continuing operations*			
Basic earnings per share	12	0.270	0.268
Diluted earnings per share		0.270	0.268

** 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*

(€ millions)

	NOTES	H1 2026	H1 2025
PROFIT FOR THE PERIOD		**593.8**	**588.4**
Other comprehensive income for the period reclassifiable to profit or loss			
- Cash flow hedges	25	3.1	1.9
- Financial assets at fair value through other comprehensive income	25	(3.6)	0.9
- Gains/(Losses) from translation of financial statements in currencies other than the euro	25	2.3	(0.1)
- Cost of hedges	25	-	(0.4)
- Actuarial gains/(losses) on provisions for employee benefits	25	0.1	(1.3)
Total other comprehensive income		**1.9**	**1.0**
COMPREHENSIVE INCOME FOR THE PERIOD		**595.7**	**589.4**
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Parent Company		*592.9*	*588.7*
Non-controlling interests		*2.8*	*0.7*

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

Consolidated statement of financial position

(€ millions)

	NOTES	AT 30 JUNE 2026	AT 31 DECEMBER 2025
A – NON-CURRENT ASSETS			
1. Property, plant and equipment	13	22,482.4	21,757.7
of which: related parties		*24.2*	*73.5*
2. Goodwill	14	273.8	273.8
3. Intangible assets	15	1,013.4	957.1
4. Deferred tax assets	16	284.7	255.6
5. Investments accounted for using the equity method	17	88.2	88.6
6. Non-current financial assets	18	434.9	451.3
7. Other non-current assets	19	15.7	14.9
Total non-current assets		**24,593.1**	**23,799.0**
B – CURRENT ASSETS			
1. Inventories	20	145.3	127.7
2. Trade receivables	21	3,049.7	3,075.6
of which: related parties		*501.6*	*501.0*
3. Current assets arising from contracts with customers	22	130.1	115.0
4. Current financial assets	18	339.1	742.7
5. Cash and cash equivalents	23	1,942.7	1,832.7
of which: related parties		*3.8*	*2.9*
6. Income tax assets	24	13.2	6.0
7. Other current assets	19	285.5	270.3
Total current assets		**5,905.6**	**6,170.0**
C - Assets held for sale	31	**14.3**	**13.8**
TOTAL ASSETS		**30,513.0**	**29,982.8**

(€ millions)

	NOTES	AT 30 JUNE 2026	AT 31 DECEMBER 2025
D - EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
1. Share capital		442.2	442.2
2. Other reserves		3,520.8	2,671.9
3. Retained earnings/(accumulated losses)		4,074.6	3,804.8
4. Interim dividend		-	(239.1)
5. Profit for the period attributable to owners of the parent		591.2	1,111.5
Total equity attributable to owners of the Parent	25	**8,628.8**	**7,791.3**
E - EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	25	**21.5**	**21.4**
Total equity attributable to owners of the Parent and non-controlling interests		**8,650.3**	**7,812.7**
F - NON-CURRENT LIABILITIES			
1. Long-term borrowings	26	14,204.2	13,886.7
of which: related parties		*191.9*	*90.5*
2. Employee benefits	27	48.2	47.8
3. Provisions for risks and charges	28	235.8	239.7
4. Non-current financial liabilities	26	49.8	52.3
5. Other non-current liabilities	29	1,186.0	1,210.6
Total non-current liabilities		**15,724.0**	**15,437.1**
G - CURRENT LIABILITIES			
1. Short-term borrowings	26	309.0	720.3
2. Current portion of long-term borrowings	26	215.6	775.8
3. Trade payables	30	4,261.7	3,886.6
of which: related parties		*79.0*	*104.2*
4. Current liabilities arising from contracts with customers	30	149.4	126.6
5. Tax liabilities	30	72.0	45.5
6. Current financial liabilities	26	133.4	141.2
7. Other current liabilities	30	997.6	1,036.8
of which: related parties		*54.3*	*47.6*
Total current liabilities		**6,138.7**	**6,732.8**
H - Liabilities related to discontinued operations and assets held for sale	31	**-**	**0.2**
TOTAL LIABILITIES AND EQUITY		**30,513.0**	**29,982.8**

Consolidated statement of changes in equity

31 December 2025 - 30 June 2026

Group's Share Capital and Reserves

(€ millions)

	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 PERIOD 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 2025	**442.2**	**88.4**	**20.0**	**20.4**	**(34.3)**	**1,835.6**	**741.8**	**3,804.8**	**(239.1)**	**1,111.5**	**7,791.3**	**21.4**	**7,812.7**
PROFIT FOR THE PERIOD										**591.2**	**591.2**	**2.6**	**593.8**
OTHER COMPREHENSIVE INCOME:													
- Change in fair value of cash flow hedges				3.1							3.1		3.1
- Actuarial gains/(losses) on employee benefits							0.1				0.1		0.1
- Gains/(Losses) from translation of financial statements in currencies other than the euro								2.1			2.1	0.2	2.3
- Financial assets at fair value through other comprehensive income							(3.6)				(3.6)		(3.6)
Total other comprehensive income	**-**	**-**	**-**	**3.1**	**-**	**-**	**(3.5)**	**2.1**	**-**	**-**	**1.7**	**0.2**	**1.9**
COMPREHENSIVE INCOME	**-**	**-**	**-**	**3.1**	**-**	**-**	**(3.5)**	**2.1**	**-**	**591.2**	**592.9**	**2.8**	**595.7**
TRANSACTIONS WITH SHAREHOLDERS:													
- Appropriation of profit for 2025:													
Retained earnings								*315.6*		*(315.6)*	*-*		*-*
Dividends									*239.1*	*(795.9)*	*(556.8)*	*(2.7)*	*(559.5)*
- Purchase of treasury shares					5.7						5.7		5.7
Total transactions with shareholders	**-**	**-**	**-**	**-**	**5.7**	**-**	**-**	**315.6**	**239.1**	**(1,111.5)**	**(551.1)**	**(2.7)**	**(553.8)**
Reserve for share-based payments							(1.6)				(1.6)		(1.6)
Equity instruments – Perpetual hybrid bonds						845.2					845.2		845.2
Coupons payable to holders of hybrid bonds								(64.1)			(64.1)		(64.1)
Other changes								16.2			16.2		16.2
Total other changes	**-**	**-**	**-**	**-**	**-**	**845.2**	**(1.6)**	**(47.9)**	**-**	**-**	**795.7**	**-**	**795.7**
SHAREHOLDERS' EQUITY AT 30 JUNE 2026	**442.2**	**88.4**	**20.0**	**23.5**	**(28.6)**	**2,680.8**	**736.7**	**4,074.6**	**-**	**591.2**	**8,628.8**	**21.5**	**8,650.3**

31 December 2024 - 30 June 2025
Group's Share Capital and Reserves

(€ millions)

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

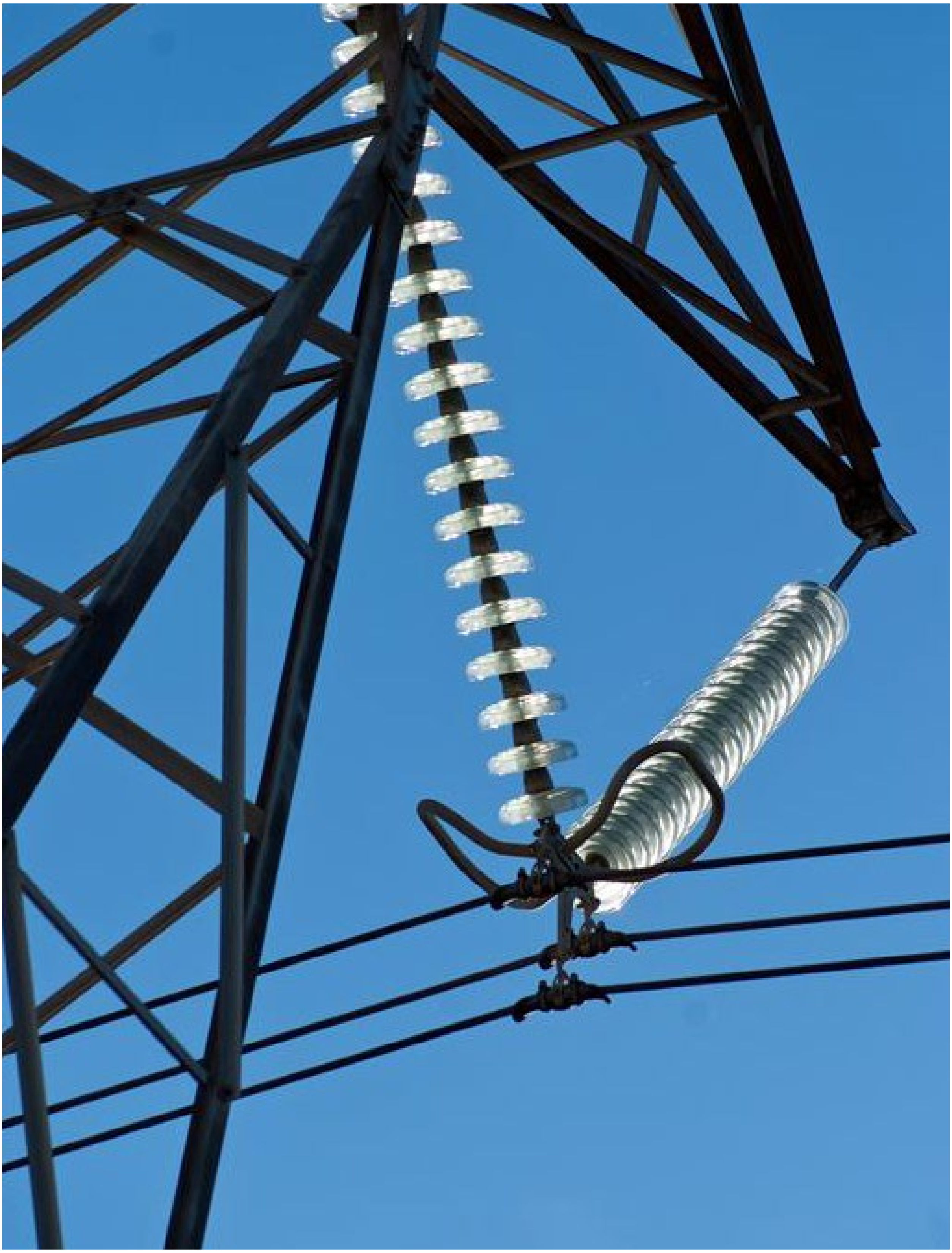
Consolidated statement of cash flows

(€ millions)

	NOTES	H1 2026	H1 2025
PROFIT FOR THE PERIOD		**593.8**	**588.4**
ADJUSTED BY:			
Amortisation, depreciation and impairment losses / (reversals of impairment losses) on non-current property, plant and equipment and intangible assets*	6	506.9	441.3
Accruals to provisions (including provisions for employee benefits) and impairment losses		18.3	15.4
(Gains)/Losses on sale of property, plant and equipment		(3.1)	(2.2)
Financial (income)/expenses	8	94.3	78.5
Income taxes		273.8	249.1
Other non-cash movements		4.6	3.5
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN NET WORKING CAPITAL		**1,488.6**	**1,374.0**
Increase/(decrease) in provisions (including provisions for employee benefits and taxation)		(27.4)	(23.0)
(Increase)/decrease in inventories		(17.6)	(19.7)
(Increase)/decrease in trade receivables and other current assets		(8.7)	209.5
Increase/(decrease) in trade payables and other current liabilities		292.8	(93.9)
Increase/(decrease) in other non-current liabilities		(28.7)	55.4
(Increase)/decrease in other non-current assets		12.8	(48.7)
Dividends collected		29.3	-
Interest income and other financial income received		40.5	53.7
Interest expenses and other financial expenses paid		(203.9)	(184.8)
Income tax paid		(238.3)	(279.9)
CASH FLOW FROM OPERATING ACTIVITIES [A]		**1,339.4**	**1,042.6**
- of which: related parties		*(20.0)*	*(208.0)*
(Investments)/disinvestments in non-current property, plant and equipment	13	(1,323.7)	(1,083.0)
Grants received		293.2	2.5
(Investments)/disinvestments in non-current intangible assets	15	(167.3)	(168.1)
(Increase)/decrease in investments in associates and joint arrangements and in other investments	17	(1.0)	(1.9)
Movements in short- and medium/long-term financial investments		401.9	9.6
Consideration paid for new acquisitions net of cash		-	(8.4)
CASH FLOW FOR INVESTING ACTIVITIES [B]		**(797.7)**	**(1,249.3)**
- of which: related parties		*47.4*	*39.3*
Movement in the reserve for equity instruments	25	845.2	-
Dividends paid		(584.0)	(549.0)
Movements in short- and medium/long-term financial liabilities (including short-term portion)*		(692.5)	842.6
CASH FLOW FROM/(FOR) FINANCING ACTIVITIES [C]		**(431.3)**	**293.6**
- of which: related parties		*101.4*	-
INCREASE/(DECREASE) IN CASH AND EQUIVALENTS [A+B+C]		**110.4**	**86.9**
Cash and cash equivalents at beginning of period		1,835.5	2,313.4
Cash and cash equivalents at end of period**		1,945.9	2,400.3
- of which cash and cash equivalents from acquisitions		-	*6.9*

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

** *Of which, at 30 June 2026, "Cash and cash equivalents" of €1,942.7 million and "Cash and cash equivalents attributable to assets held for sale" of €3.2 million and, at 31 December 2025, "Cash and cash equivalents" of €1,832.7 million and "Cash and cash equivalents attributable to assets held for sale" of €2.8 million.*



Notes

A. Material accounting standards and measurement criteria

Introduction

Terna S.p.A.'s registered office is at Viale Egidio Galbani 70, Rome, Italy. The Company's condensed interim consolidated financial statements for the first half of 2026 include the financial statements of the Company and its subsidiaries ("the Group") and the Group's interest in associates and joint ventures. The subsidiaries included within the scope of consolidation are listed below.
The consolidated financial statements for the year ended 31 December 2025 may be viewed on request at Terna S.p.A.'s registered office at Viale Egidio Galbani 70, Rome, or on the Company's website at www.terna.it.

Compliance with IFRS

The condensed interim consolidated financial statements for the year ended 30 June 2026 were prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), as endorsed by the European Commission ("IFRS") as at that date and used in the consolidated financial statements for the year ended 31 December 2025, without prejudice to the new standards and amendments that came into effect on 1 January 2026.
This document has also been prepared taking into account the provisions of Legislative Decree 38 of 28 February 2005, of the Italian Civil Code and CONSOB Resolutions no. 15519 ("Provisions governing financial statements in implementation of art. 9, paragraph 3 of Legislative Decree 38/2005") and no. 15520 ("Amendments and additions to the implementing rules for Legislative Decree 58/1998"), as well as CONSOB Communication DEM/6064293 ("Disclosure requirements for listed issuers and issuers of financial instruments that are widely held among the public pursuant to art. 116 of the Consolidated Law on Finance").
More specifically, the Group's condensed interim consolidated financial statements for the first half of 2026, which were prepared in accordance with IAS 34, do not include all the information required for the annual financial statements and, thus must be read together with the consolidated financial statements for the year ended 31 December 2025. In this respect, the condensed interim consolidated financial statements under review include summary disclosures, while the individual statements are consistent with those forming the annual financial statements.
The accounting policies, recognition and measurement criteria, as well as the consolidation principles and methods applied in the preparation of these Condensed Interim Consolidated Financial Statements as at 30 June 2026 are unchanged from those
adopted in preparing the Consolidated Financial Statements as at 31 December 2025, to which reference should be made for a more detailed description thereof.
Given that the requirements of IFRS 5 were met, the total results for H1 2026 and 2025 attributable to the South American subsidiary included in the planned sale of assets, which was launched at the end of 2021, were held under "Profit/(Loss) for the period from discontinued operations and assets held for sale" in the Group's consolidated income statement. Likewise, the attributable assets and liabilities at 30 June 2026 were restated under "Discontinued operations and assets held for sale" and "Liabilities related to discontinued operations and assets held for sale" in the Group's consolidated statement of financial position, consistent with the comparative figure.
Certain comparative statement of financial position balances as at 31 December 2025 have been restated following the final accounting for business combinations. In accordance with IFRS 3, where the process of determining the fair value of the assets acquired and liabilities assumed has not been completed by the acquisition date, the business combination is initially recognised using provisional amounts. Any subsequent adjustments resulting from the completion of the valuations, made within the twelve-month measurement period provided for by the Standard, are recognised retrospectively through the restatement of comparative information. These adjustments had no impact on equity as at 31 December 2025 or on profit for the 2025 financial year.

Use of estimates

Preparation of the condensed interim consolidated financial statements for the year ended 30 June 2026 requires the Group to use estimates and assumptions that affect the carrying amounts of assets and liabilities and the related disclosures, in addition to contingent assets and liabilities at the reporting date. These estimates are based on the information available to management at the date of preparation of the financial statements. These estimates and the associated assumptions are based on previous experience and various factors that are believed to be reasonable under the circumstances. The resulting estimates form the basis for making the judgements about the carrying amounts of assets and liabilities that are not readily apparent from other objective sources. Actual results may differ from these estimates.
Furthermore, it should be noted that certain valuation processes, particularly the more complex ones such as the determination of any impairment of non-current assets, are usually only carried out in full at the time the annual financial statements are prepared, i.e. when all the necessary information is available, except in cases where impairment indicators require an immediate assessment of any impairment to be conducted. Similarly, the actuarial valuations required to determine provisions for employee benefits are normally prepared when the annual financial statements are prepared.
The estimates and underlying assumptions are reviewed periodically and the effects of any changes are recognised in the income statement for the year, if they relate solely to that period. If the revision affects both the reporting period in which the estimate is revised and future reporting periods, then the change will be recognised as of the accounting period in which the revision is made and in future accounting periods.

Geopolitical context

The Terna Group continuously monitors developments in the international geopolitical environment, which continues to be characterised by a high degree of uncertainty, the gradual consolidation of opposing geopolitical blocs and the re-emergence of competitive dynamics among major global powers. Tensions affecting areas of strategic importance for the European energy balance, together with increasing instability in the wider Mediterranean region, represent key areas of focus in view of their potential impact on security of supply, the continuity of supply chains, the availability of critical raw materials and strategic components, as well as the resilience of infrastructure.
In line with this approach, ESMA, in its European Common Enforcement Priorities published on 14 October 2025, reiterated that issuers are required to consider geopolitical risks when preparing financial statements in accordance with the IFRS Accounting Standards, where such risks are material, regardless of whether they are explicitly addressed in a specific accounting standard.
During the first half of 2026, the international geopolitical environment continued to exhibit significant complexity, driven, among other factors, by persistent international tensions, the tightening of sanctions regimes, the increasing use of economic, trade and technological measures as instruments of pressure between countries, and the risk of disruptions to global trade flows. While these factors had not resulted in any immediate or material effects on the Group's operations as at the reporting date, they could affect the Group's medium-term growth prospects, including through potential impacts on procurement lead times, the cost of certain categories of materials and services, and the availability of components for the electricity and infrastructure sectors. Against this backdrop, the Group continues to focus on capex delivery as planned. To date, we are not aware of any circumstances requiring an in-depth assessment to be conducted in order to establish the Company's ability to continue as a going concern.
This assessment is based on the fact that the largest proportion of the Group's revenue is generated by its Regulated Activities in Italy, under which both operating costs and invested capital are remunerated on the basis of a WACC that is periodically reviewed by ARERA to reflect the Company's cost of capital. According to current legislation, operating costs reflected in the tariff and the RAB must also be indexed so that any inflationary trends may be captured. The analysis performed of the effects of the geopolitical environment, including the assessment of the potential impacts arising from the ongoing conflicts and emerging areas of instability, did not identify any triggering events requiring impairment testing of the Group's property, plant and equipment or finite-lived intangible assets.
Furthermore, it should be noted that the changed geopolitical environment has not resulted in an increase in credit risk nor had any impact on the measurement of expected credit losses. The Group's trade receivables fall within the hold to collect business model, primarily fall due within 12 months and do not include a significant financial component. They also relate to customers (holders of withdrawal or feed-in dispatching contracts and distributors) who are considered solvent by the market and have a high credit standing.
As further described in the section "Credit Risk", the management of this risk is also supported by the application of ARERA Resolution No. 111/06, which introduced measures designed to mitigate the risk arising from the insolvency of dispatching customers, both on a preventive basis and where insolvency has already occurred. The analysis also revealed no need for changes in the business model used.
Potential increases in the cost of materials or services arising from geopolitical tensions or disruptions in international supply chains do not represent a significant risk for the Group, as statutory price adjustment mechanisms are fully recognised within the Regulatory Asset Base (RAB) for the calculation of investment returns.

Developments in the international geopolitical environment, and in particular the sudden escalation of tensions related to military operations directly involving Iran, the United States and Israel, are considered to be non-adjusting events with respect to the carrying amounts recognised in the financial statements.
The Group, which operates predominantly in Italy and has no significant operating or financial exposure to the countries directly affected by the above-mentioned events, has not identified any direct impacts on its operating activities, business or cash flows. However, potential indirect effects remain, primarily related to volatility in energy commodity prices, possible disruptions to supply chains and broader macroeconomic dynamics, such as inflation and the cost of capital, which continue to be closely monitored by management.
As at the date of preparation of these financial statements, also in light of the regulated nature of the activities performed, these factors do not indicate impacts that would compromise the going concern assumption or require adjustments to the carrying amounts recognised in the financial statements.

Climate change

The growing focus on the evolution of climate change and its related impacts has led to an increasing need for transparent disclosures within the Report on Operations and the notes to the financial statements. Although no international accounting standard specifically prescribes how climate-related impacts should be considered in the preparation of financial statements, the IASB has issued certain materials to support IFRS adopters in meeting the information needs of stakeholders.
The Terna Group has shared its considerations regarding actions aimed at adapting to and mitigating the effects of climate change mainly in the section addressing Climate Change in the Consolidated Sustainability Statement as part of the Terna Group's 2025 Annual Report. In this connection, in its capacity as a TSO operating in transmission and dispatching services, the Terna Group undoubtedly plays a key role in supporting the energy system in the pursuit of the ambitious CO_2 reduction targets. In particular, in addition to emissions related to the management of SF 6 gas and electricity consumption, the most significant component of Terna's Scope 1 and Scope 2 emissions relates to grid losses, which give rise to an indirect impact associated with the need to generate additional energy to offset them. Although a TSO's Scope 1 and Scope 2 emissions are relatively limited, they are significant in terms of potential system-wide reductions enabled by the integration of renewable energy sources and the development of electrification processes. With respect to these emissions, the Terna Group set an emissions reduction target a long time ago that was validated by the Science Based Targets Initiative (SBTi) and is aligned with the 1.5°C scenario. Furthermore, to confirm the progressive strengthening of its decarbonisation strategy and continual increase in ambition in the fight against climate change, the Group formally notified the SBTi in March 2025 of its commitment to defining a target consistent with achieving Net Zero within two years.

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

IAS 1 – Presentation of Financial Statements

Where uncertainty factors are identified, IAS 1 requires entities to analyse their potential impacts on the entity's ability to continue as a going concern. With reference to the assumptions and estimates adopted for the preparation of the interim report, entities are also expected to disclose any forward-looking assumptions that could result in a significant risk of material adjustment within the next financial year.
Consistent with the guidance provided by ESMA, which, as noted above, emphasises the need to incorporate climate risks when preparing financial statements, relevant information is provided. Although not mandatory under IFRS standards, this information is crucial for a comprehensive interpretation of the financial statements.
Over the short term, Management did not identify any specific effects of climate-related risks to be considered when applying the accounting standards.
With reference to the medium/long term, the Company's Management identified potential risks primarily related to its role as Transmission System Operator (TSO). These risks arise from the adaptation of the electricity grid through actions aimed at increasing its resilience and facilitating the adaptation to the new profile and mix of energy sources fed into the grid. However, as outlined in the following sections, the actions planned to mitigate these risks do not require further evaluation in the context of the application of the accounting standards adopted in the preparation of this document.
It should also be emphasised that the assessment and, in particular, the quantification of climate risks generally involves reliance on assumptions regarding highly uncertain future developments, such as technological advances, policy developments and governmental interventions.

IAS 16 – Property, Plant and Equipment

With specific reference to the grid and the related transmission service, the actions defined require an articulated process of planning, authorisation and implementation of investments, aimed at carrying out works to meet the current and future needs of integrating renewable sources, while guaranteeing the reliability, security, adequacy and efficiency of the electricity system. This includes, for example, interconnections with foreign countries and the development of the necessary infrastructure to facilitate the increasing integration of renewable energy sources.
Furthermore, as defined in the Group's Risk Framework, the Group is exposed to the risk of increased severity of atmospheric events (such as tornadoes, heavy snowfall, ice formation, floods and fires) that may impact the continuity and quality of the service delivered and/or cause damage to equipment, machinery and network capabilities. In response to these events, the Group continues to make new investments with a view to increasing the grid resilience and identifying the most effective tools to mitigate these risks.
In line with its pivotal role in the national energy transition, Terna has included a number of actions in its strategic plans in order to respond to the challenges posed by energy transition and climate change. These plans are detailed in "The value creation strategy" section of the 2026 Half-Year report, and the following actions were identified:

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

The Resilience Plan, attached to the Security Plan, is also linked to these plans. It includes all initiatives aimed at increasing the grid resilience with respect to severe weather events, which occur with increasing intensity and frequency, causing damage to infrastructure and interruptions in the supply of power to plants connected to the NTG. The Resilience Plan includes, in particular, preventive actions of an infrastructural nature, as well as capital-light technological solutions for the mitigation of risks on the grid, together with measures for the restoration and monitoring of the electricity system.
This also involves the development of innovative technologies through structured collaborations with start-ups ("Open Innovation"), designed to monitor weather events and increase NTG resilience.
Mitigating climate-related risk also involves the need to plan maintenance of NTG infrastructure to ensure quality of service, the security of the assets operated (power lines and substations) and their ability to remain fully operational.
In this regard, alongside the activities planned within the Group's routine maintenance programme, Terna is also required to implement specific network interventions designed to mitigate risks associated with the growing intensity and frequency of extreme climatic 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 associated with the supply chain, arising from potential significant changes in the strategies of key suppliers. This risk is exacerbated by the global supply chain crisis, driven by international conflicts, the imposition of tariffs, supply constraints, the ongoing energy transition in many countries and the adaptation of technical specifications to new regulations. Such risk could have potentially material effects on construction and maintenance activities, impacting service continuity and quality, as well as project completion timelines. The Group continuously monitors developments in the supply chain in order to promptly identify any critical issues and implement the necessary corrective measures.

IAS 38 – Intangible Assets

With regard to non-regulated activities, the Group is committed to developing innovative, digital technological solutions to support the ecological transition. In particular, these activities include the offerings of the Tamini Group and the Brugg Cables Group, which engage in power transformers and terrestrial cables, respectively, as well as energy services and connectivity offerings.
In line with its innovation and digitalisation strategies, the Group has continued its investments aimed at enhancing remote control systems for substations and key network infrastructure, through the installation of advanced sensing, monitoring and predictive diagnostics systems, with the objective of ensuring high standards of network and territorial safety and reliability. The Group has also developed tools dedicated to the analysis and identification of new interventions aimed at mitigating risks associated with climate change.

In particular, Terna has adopted the Resilience Methodology – Annex A76 of the Grid Code – an innovative probabilistic tool that positions the Group among the key players in climate change assessment at both national and European level. This methodology supports the planning of interventions aimed at increasing the resilience of the National Transmission Grid (NTG), quantifying expected benefits in terms of reductions in energy not supplied, particularly in relation to severe weather events such as heavy snowfall and high-intensity winds. In addition to the ongoing refinements essential for incorporating climate trends and modelling developments in the scientific field, this methodology has been extended to include meteoclimatic phenomena linked to hydrogeological instability. The assessment of river flood risk was initially applied to a pilot case in the Po River area in Emilia-Romagna, a region that has historically been exposed to flood events. It was then expanded to cover the entire Po River basin district. This enables detailed mapping of risk exposure for all assets of the grid, including both linear infrastructure and plants.
Since 2021, the Company has developed a new app dedicated to the Development Plan and the Terna4Green digital platform. The app is intended to promote an energy-conscious culture and spread greater awareness of issues in the electricity sector. It also allows progress in the national decarbonisation process to be monitored. It also allows progress in the national decarbonisation process to be monitored. These initiatives are additional tools through which Terna reinforces its commitment to increasing transparency and disclosure of information, expertise and in-depth knowledge about the national electricity system.
In the light of the heightened risk associated with the increase in the intensity and frequency of extreme weather events (e.g. tornadoes, heavy snowfall, ice formation, floods, fires), the Group stands to benefit from the "patentability" of the innovative solutions outlined above, thereby generating potential development opportunities within the non-regulated business sector. Investments in research endeavours are reflected in the income statement, while development costs that meet specific requirements may be capitalised as intangible assets. For further details on the criteria for recognising intangible assets arising from development activities, reference should be made to "Intangible Assets" under the sections "Material Accounting Standards and Measurement Criteria".

IAS 36 – Impairment of Assets

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

IFRS 9 – Financial Instruments

With regard to borrowings and bond issues, the Group has entered into a number of bank loans incorporating "ESG-linked" features, as well as a commercial paper programme (short-term notes aimed at qualified investors), which enables the issuance of "ESG Notes"; in addition, the Group has carried out issuances of "Green Bonds" and "European Green Bonds", as described in the section "Sustainable finance" of the Report on Operations. The ESG-linked bank borrowings (different from the Green Bond issues) include a step-up / step-down mechanism, applicable to the payment of interest accrued as of a certain date under contract provisions, such payment being linked to the achievement of specific environmental, social and governance (ESG) objectives. As a result of the above, the Group believes that there may be a risk, albeit not significant, connected with the achievement of such objectives. Failure to meet these objectives within the agreed date would result in a slight increase in the cost of debt. Nevertheless, the impact of this risk on financial expenses is entirely negligible. The Group constantly monitors all activities relating to climate change and, at the time of writing this report, no critical issues were identified.

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

Recent legislation adopted in response to the challenges posed by climate change has introduced new legal obligations.
In this context, the Terna Group has formally adopted an environmental policy that demonstrates a voluntary and proactive commitment to limiting and mitigating the environmental impact of its activities, exceeding legal requirements without, however, harming other general interests set out in the licence agreement. This policy is implemented through initiatives designed to reduce CO_2 emissions, contain SF_6 gas leaks, improve energy efficiency and protect biodiversity. We are committed to environmental protection at every stage of the supply chain and in relation to local communities involved in the development

of the national transmission grid. To this end, we adopt compensatory measures that are increasingly geared towards eco-sustainability principles.
The Group has also defined a Circular Economy Strategy, which has led to the development of a Roadmap of actions up to 2030, with a view to an effective implementation of a circular economy model.
In the light of the current regulatory framework, Management has concluded that the adoption of these policies does not require new liabilities to be booked. A similar consideration applies to the risk arising from potential changes in supply chain strategies. Therefore, no critical review of the provisions already allocated was necessary.

IFRS 15 – Revenue from Contracts with Customers

As part of Regulated Activities, a portion of the remuneration deriving from transmission and dispatching services is subject to regulatory incentive mechanisms based on specific objectives. The achievement of these objectives may be affected by risks related to climate change, such as an increase in extreme weather events, with potential repercussions on the continuity and quality of the service provided by Terna. The Group constantly monitors these risks and, to date, has not deemed it necessary to revise the estimates related to these incentives.
With regard to Non-Regulated Activities, particularly in the Energy Services sector, in the light of the portfolio of products and services aimed at promoting the development of renewable energy in Italy, including the construction and management of photovoltaic plants, grid connection capabilities and services for industrial customers - as well as in the area of cable and transformer production - the Group has not identified any new uncertainties that could affect the current revenue recognition model, nor any need to have existing contracts undergo a critical review.
Finally, it should be noted that climate change, together with the adoption of policies aimed at reducing CO_2 emissions and the achievement of Net Zero Emissions targets by most industrial customers, could represent a growth opportunity for the company business.

IFRS 2 – Share-based Payments

The long-term incentive plans currently adopted (aka Performance Share Plans) are also linked to ESG indicators, the percentage weight of which has progressively increased over time.
The 2023-2027 plan, finalised in the first half of 2026, includes two ESG indicators accounting for 30% of the total weighting: The first indicator, which has a weighting of 15%, is linked to inclusion in a selected basket of ESG indices. These indices are considered to be representative of the Group's ability to deliver all-round sustainability performance. These indices include the Dow Jones Best in Class Index, the Stoxx ESG Leaders Index and the MIB 40 ESG Index. Inclusion in these indices is subject to assessments by leading specialised rating agencies, including S&P Global, Sustainalytics and Moody's ESG.
A significant part of the related assessments focuses on issues relating to climate change.
In particular, inclusion in the above ESG indices throughout the Performance Share Plan depends, inter alia, on the Group's positioning on matters such as climate strategy, identifying and managing climate risks, setting greenhouse gas emission reduction targets and publicly reporting on the related metrics.
The second indicator, which has a relative weighting of 15%, is known as Overgeneration and is designed to ensure the efficient integration of non-programmable renewable sources into the energy mix supplied to the grid. The aim is to reward the maximisation of production from non-programmable renewable sources (wind and solar) by promoting their integration into the National Electricity System and minimising Overgeneration.
The 2024-2028 Performance Share Plan confirms the Overgeneration indicator with a weighting of 30%. Indeed, given the expected growth of renewable generation capacity in the coming years, without adequate mitigation actions in place, the reduction of production from Non-Programmable Renewable Sources ("Overgeneration") could increase significantly in the coming years. This would partially frustrate the expected benefits of the energy transition.
The 2025-2029 Performance Share Plan once again confirms the Overgeneration indicator, which has a weighting of 30%. It also introduces a new ESG KPI known as Connections, which has a weighting of 10%. This brings the overall weighting of ESG indicators to 40%. The objective of the "Connections" KPI is to facilitate the entry into operation of new generation capacity from renewable sources, which is crucial for supporting the energy transition, optimising connection times.
The 2026-2030 Performance Share Plan, which was approved by the Annual General Meeting on 12 May 2026 through the specific Information Circular, includes the Overgeneration and Connections indicators in continuity with the previous Plan. The relative weighting of the first KPI remains at 30%, while that of the second KPI has increased from 10% to 25%. Therefore, the overall weight of indicators on ESG issues in the latest approved Plan has risen to 55%..

Subsidiaries and scope of consolidation

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

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 network infrastructure and other grid-related infrastructure, plant and equipment used in the above electricity transmission and dispatching activities and in similar, related and connected sectors.				
Terna Crna Gora d.o.o.	Podgorica (Montenegro)	Euro	208,000,000	100%	Line-by-line
Assets	Authorisation, construction and operation of the transmission infrastructure forming the Italy-Montenegro interconnector on Montenegrin territory.				
Terna Plus S.r.l.	Rome	Euro	16,050,000	100%	Line-by-line
Assets	Design, construction, management, development, operation and maintenance of plant, equipment and infrastructure for grids and systems, including distributed storage and pumping and/or storage systems.				
Terna Interconnector S.r.l.	Rome	Euro	10,000	65%*	Line-by-line
Assets	Responsible for construction and operation of the private section of the Italy-France interconnector and civil works on the public section.				
Rete S.r.l.	Rome	Euro	387,267,082	100%	Line-by-line
Assets	Design, construction, management, development, operation and maintenance of high-voltage power lines.				
Rete 2 S.r.l.	Rome Euro	Euro	137,574,499	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 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. - In liquidation	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.				

*** 0.01% Rete S.r.l.*

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	% INTEREST	METHOD OF CONSOLIDATION
SUBSIDIARIES CONTROLLED THROUGH TERNA ENERGY SOLUTIONS S.R.L.					
Tamini Trasformatori S.r.l.	Legnano (MI)	Euro	4,285,714	100%	Line-by-line
Assets	Construction, repair and trading in electrical equipment.				
Avvenia The Energy Innovator S.r.l.	Rome	Euro	10,000	100%	Line-by-line
Assets	Provision of energy efficiency, energy consulting and process engineering services to companies and public and private entities; the application of technology to increase energy end-use efficiency; the design, construction, development and maintenance of plant, equipment and infrastructure for networks and other uses.				
Brugg Kabel Services AG	Brugg (Switzerland)	Swiss franc	1,000,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Altenia S.r.l.	Rome	Euro	455,585	89%*	Line-by-line
Assets	Design, construction and maintenance of renewable sources.				
SUBSIDIARIES CONTROLLED THROUGH TAMINI TRASFORMATORI S.R.L.					
Tamini Transformers USA LLC	Sewickley - Pennsylvania	US dollar	140,000	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	US dollar	1,600,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Brugg Cables (India) Pvt. Ltd	Haryana (India)	Indian rupee	47,000,000	99.74%***	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Brugg Cables Middles East Contracting LLC	Dubai (UAE)	Dirham	200,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Brugg Cables Inc USA	Chicago (USA)	US dollar	50,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Brugg Cables Company Saudi Arabia	Riyadh (Saudi Arabia)	Saudi Riyal	50,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
SUBSIDIARIES CONTROLLED THROUGH BRUGG CABLES (SHANGHAI) CO. LTD					
Brugg Cables (Suzhou) Co. Ltd	Suzhou (China)	Chinese renminbi	32,000,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
SUBSIDIARIES CONTROLLED THROUGH ALTENIA S.R.L.					
Halfbridge Automation S.r.l.	Rome	Euro	10,000	70%****	Line-by-line
Assets	Research, design and production of electronic circuit boards for innovative energy efficiency systems.				
STE Energy S.r.l.	Rome	Euro	2,000,000	100%	Line-by-line
Assets	Design, construction and maintenance of electrical infrastructure and renewable energy plants.				

* *11% Solaris S.r.l.*
** *10% BRUGG GROUP AG*
*** *0.26% Brugg Kabel GmbH*
**** *30% Vima Technologies S.r.l.*

The following changes in the structure of the Group have taken place with respect to 31 December 2025:

- on 16 February 2026, the liquidation process of Terna 4 Chacas S.A.C. was formally initiated. Following the commencement of the liquidation proceedings, the company changed its corporate name to "Terna 4 Chacas S.A.C. – En Liquidación". The process is expected to be completed during the course of 2026;
- on 28 May 2026, the liquidation of Terna USA LLC was completed and the company was formally dissolved.

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.

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 30 JUNE 2026 (€M)
ASSOCIATES							
Cesi S.p.A.	Milan	Euro	8,550,000	8,421,115	42.698%	Equity Method	52.7
Assets	Experimental research and provision of services related to electro-technology.						
Coreso S.A.	Brussels (Belgium)	Euro	1,000,000	1,464,540	15.84%	Equity Method	1.5
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	20,989,630	22.0889%	Equity Method	26.7
Assets	Provision of transmission and dispatching services in Montenegro.						
Equigy B.V.	Arnhem (Netherlands)	Euro	50,000	824,000	20%	Equity Method	0.7
Assets	Provision of support for electricity balancing by TSOs through the development and implementation of blockchain technology.						

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

Joint arrangements

Investments in joint arrangements, in which the Group exercises joint control with other entities, are recognised initially at cost and subsequently measured using the equity method. The profits or losses attributable to the Group are recognised in the consolidated financial statements when joint control begins and until that control ceases. The Group recognises its share of the assets and liabilities attributable to joint arrangements in accordance with IFRS 11.
In assessing the existence of joint control, it is ascertained whether the parties are bound by a contractual agreement and whether this agreement attributes to the parties the joint control of the agreement itself. Joint control exists when an entity has control over an arrangement on a contractual basis, and only when decisions relating to the relevant activities require the unanimous consent of all parties that jointly control the arrangement.
The list of joint arrangements is shown below:

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL*	PROFIT FOR THE YEAR*	% INTEREST	METHOD OF CONSOLIDATION	CARRYING AMOUNT AT 30 JUNE 2026 (€M)
JOINT ARRANGEMENTS							
ELMED Etudes S.a.r.l.	Tunis (Tunisia)	Tunisian dinar	2,016,120	(196,377)	50%	Equity Method	0.2
Assets	Conduct of preparatory studies for construction of the infrastructure required to connect the Tunisian and Italian electricity systems.						
SEleNe CC S.A.	Thessaloniki (Greece)	Euro	6,210,000	433,816	33.33%	Equity Method	2.4
Assets	A technical centre owned by a number of transmission system operators, which acts as the regional security coordinator for the TSOs, with the aim of improving and upgrading the security and coordination of the electricity system in south-eastern Europe.						
Hypermeteo S.r.l.	Rome	Euro	25,000	170,855	15.43%	Equity Method	1.0
Assets	Acquisition, development and construction of major infrastructure projects regarding onshore and offshore electricity transmission in the United States.						
Wesii S.r.l.	Chiavari	Euro	29,536	(1,594)	33%	Equity Method	3.0
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.*

New accounting standards

International accounting standards endorsed and effective as of 1 January 2026

A number of new amendments to standards already applied, none of which have had a significant impact, came into effect from 1 January 2026. The relevant standards are as follows:

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).
These amendments also introduced additional disclosure requirements, particularly in relation to investments in equity instruments designated at FVOCI, which, in the Terna Group's Consolidated Financial Statements, are measured at fair value determined in accordance with the fair value hierarchy required by IFRS 7.

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

The amendment, issued on 18 December 2024, aims to assist entities in reporting the financial effects of contracts for the purchase of electricity generated from renewable sources (commonly structured as Power Purchase Agreements (PPAs)). Under these contracts, the volume of electricity generated and purchased may vary depending on factors beyond the entities' control, such as weather conditions. To address these issues, the IASB introduced targeted amendments to IFRS 9 and IFRS 7. The adoption of these amendments had no impact on the Group's Consolidated Financial Statements.

Annual Improvements Volume 11

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

New accounting standards and interpretations already issued and endorsed by the European Union but not yet in force (effective from annual reporting periods beginning on or after 1 January 2027)

At the reporting date of this document, the competent bodies of the European Union have completed the endorsement process required for the adoption of the amendments and standards described below; however, such standards are not yet mandatorily applicable and have not been early adopted by the Group at 30 June 2026.

IFRS 18 Presentation and Disclosure in Financial Statements

The standard, issued on 9 April 2024, aims to improve the presentation of financial performance in terms of comparability, transparency and usefulness of the information provided through the financial statements, introducing significant changes to their structure, particularly with reference to the income statement. The amendment is effective from 1 January 2027, although early adoption is permitted. IFRS 18 replaces IAS 1 Presentation of Financial Statements and establishes new requirements for the presentation of the statement of profit or loss, including the introduction of defined totals and subtotals. In particular, the new standard requires:

- revenue and expenses to be classified into three new categories (operating, investing and financing), in addition to the existing categories relating to income taxes and discontinued operations already included in the income statement;
- to present two additional subtotals, operating profit and profit before interest and tax (i.e. EBIT).

The standard also requires disclosure based on the new definition of management-defined performance measures (MPMs), which are subtotals of income and expenses, and introduces new requirements for the aggregation and disaggregation of financial information based on the identified roles of the “primary financial statements” (PFS) and the notes. IFRS 18, together with the related amendments to other accounting standards, will apply to financial years beginning on or after 1 January 2027; early adoption is permitted, subject to appropriate disclosure. The standard will be applied retrospectively. At the reporting date, the Directors are assessing the potential effects of the adoption of IFRS 18 on the Group’s Consolidated Financial Statements.

International Accounting Standards, amendments or interpretations in the process of being endorsed at 30 June 2026

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

IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to Hyperinflationary Presentation Currency

On 13 November 2025, the IASB published "Translation to a Hyperinflationary Presentation Currency - Amendment to IAS 21" which clarifies the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:

- it has a non-hyperinflationary functional currency and it is translating its financial statement amounts into the currency of a hyperinflationary economy; or
- it is translating the financial statements amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy into the currency of a hyperinflationary economy.

The amendments will be effective for financial years beginning on or after 1 January 2027.

IFRS 20 Regulatory Assets and Regulatory Liabilities

On 27 May 2026, the IASB issued IFRS 20 - Regulatory Assets and Regulatory Liabilities. The new standard applies to all entities subject to rate regulation, namely the rate regulation that creates timing differences.
The objective of the new standard is to require an entity to provide relevant information that faithfully represents how regulatory income and regulatory expense affect the entity's financial performance, and how regulatory assets and regulatory liabilities affect its financial position. To achieve this objective, the new standard defines the requirements for the recognition, measurement, presentation and disclosure of regulatory assets, regulatory liabilities, regulatory income and regulatory expense arising from rate-regulated activities. Regulatory assets and regulatory liabilities are a subset of the rights and obligations created by a regulatory agreement. Information about such subset of the rights and obligations enables users of financial statements to understand:

- an entity's regulatory income and regulatory expense arising from a regulatory agreement, which result from the creation of regulatory assets and regulatory liabilities. That understanding, together with information required by other IFRS Accounting Standards, will provide insights into the total allowed compensation for regulatory goods or services supplied by the entity in a reporting period, and hence into the entity's financial performance and prospects for future cash flows.
- an entity's regulatory assets and regulatory liabilities arising from a regulatory agreement. This information provides a basis for users to assess the entity's financial position at the end of the reporting period and the amount, timing and uncertainty of the entity's future net cash inflows.

IFRS 20 will supersede IFRS 14 - Regulatory Deferral Accounts. It is effective for annual reporting periods beginning on or after 1 January 2029, with earlier application permitted. The Group is currently evaluating the potential impacts of adopting IFRS 20 on its financial statements and note disclosures, and is monitoring ongoing discussions at the IFRS Interpretations Committee.

Amendment to IAS 28 Amendments to the Fair Value Option for Investments in Associates and Joint Ventures

On 27 June 2026, the IASB published a document entitled "Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to IAS 28)". The document clarifies which entities are eligible to elect to measure investments in associates and joint ventures at the fair value option in accordance with IAS 28. The IASB decided to develop amendments to address:

- the lack of clarity regarding the interpretation of the scope of "similar entities, including investment-linked insurance funds", specifically whether this definition should be interpreted narrowly or broadly; and
- the ambiguity surrounding how the scope of the fair value option in IAS 28 interacts with the IFRS 18 requirements for an entity with "specified main business activities".

The amendments will apply concurrently with the application of IFRS 18 and therefore to financial statements for financial reporting years beginning on or after 1 January 2027.

B. Notes to the consolidated income statement

Revenue

1. Revenue from sales and services - €2,067.1 million

(€m)

	H1 2026	H1 2025	CHANGE
CTR fee for network use	1,415.9	1,401.5	14.4
Dispatching and metering fees and other energy-related revenue	89.9	94.7	(4.8)
Incentives on dispatching and transmission activities	75.6	16.2	59.4
Revenue from services performed under concession	48.1	54.0	(5.9)
Quality of service	8.4	10.3	(1.9)
Other sales and services	429.2	286.0	143.2
TOTAL	**2,067.1**	**1,862.7**	**204.4**

CTR fee for network use

The grid utilisation fee refers to the remuneration for the ownership and operation of the National Transmission Grid pertaining to the Parent Company and the subsidiaries Rete S.r.l., Rete 2 S.r.l. and Terna Crna Gora d.o.o.. The increase in the line item (up €14.4 million) is mainly attributable to:

- a lower fast money component following the update of the notional capitalisation rate established for the 2026-2027 regulatory period;
- the increase in the remuneration of the Regulatory Asset Base (RAB) and the related depreciation and amortisation, both resulting from assets entering into operation and from the expansion of the scope of consolidation following the acquisition of Rete 2 S.r.l. at the end of September 2025;
- the recognition of the estimate of the tariff decoupling adjustment for 2025, also including the effect of the new parameters for the revaluation of the cost of capital (ARERA Resolution no. 130/2025/R/eel).

Dispatching and metering fees and other energy-related revenue

In addition to the fees relating to dispatching and metering services, the line item includes other energy-related revenue. The €4.8 million decrease compared with the first half of 2025 is mainly attributable to the recognition of the estimate of the **tariff decoupling < for 2025**, also including the effect of the new parameters for the revaluation of the cost of capital (ARERA Resolution no. 130/2025/R/eel), in the first half of the previous year.

Incentives on dispatching and transmission activities

Output-based incentives relating to dispatching and transmission activities amounted to 75.6 million euro in the first half of 2026, comprising 32.9 million euro relating to the incentive mechanism introduced by ARERA Resolution No. 326/2024 and 42.7 million euro relating to incentives for additional interzonal transmission capacity under ARERA Resolutions No. 473/2023/R/eel, No. 445/2024/R/eel, No. 420/2025/R/eel and No. 440/2025/R/eel.
The item increased by 59.4 million euro compared with the first half of the previous financial year. This increase was mainly attributable to higher incentives related to additional interzonal transmission capacity and to the recognition during the period of the portion of the MSD incentive accrued in 2025, which was recognised in 2026 only after the IFRS criteria for reasonable certainty had been met.

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 €48.1 million.
The €5.9 million decrease compared with the previous year is due to lower investment in dispatching infrastructure compared with the comparative period.

Quality of service

The item reflects the valuation of the RENS (Reference Energy Not Supplied) incentive mechanism provided for by Resolution no. 653/2015/R/eel, recognised on a pro-rata basis taking into account estimates of the overall results expected over the 2020-2026 period.
The item decreased by €1.9 million compared with the same period of the previous year, following the extension of the incentive mechanism until 2026 (ARERA Resolution no. 573/2025/R/eel).

Other sales and services

"Other sales and services" totalled €429.2 million and increased by €143.2 million compared with the first half of 2025 due to higher revenue from Energy Services operations (up €110.2 million, substantially relating to the revenue of the subsidiary Ste Energy S.r.l. acquired at the end of the first half of 2025), the higher contribution from the Tamini Group (up €10.8 million) and from the Brugg Group (up €21.7 million).

Pass-through revenue/expenses

The item includes pass-through revenue and expenses with a net nil impact on profit or loss, relating to dispatching activities, security and adequacy services of the electricity system, the costs of which are recovered through charges applied to BRPs[33] and transferred to end customers.
The table below presents all costs incurred during the period together with the related charges intended to cover them.

(€m)

	H1 2026	H1 2025	CHANGE
- UPLIFT Fee (Art. 4-25.3 of the TIDE)	465.8	435.4	30.4
- OTHER Fee (Art. 4-25.8 of the TIDE)	100.8	(143.1)	243.9
- Balancing Market and redispatching (MBR) and imbalances costs	(465.8)	(435.4)	(30.4)
- Net balance of income and expenses covered by P-Other (Art. 4-25.8.2 of the TIDE)	(100.8)	143.1	(243.9)
- Charge to cover extraordinary modulation (Art. 4-25.6 of the TIDE)	180.2	170.0	10.2
- Extraordinary modulation service costs	(180.2)	(170.0)	(10.2)
- Charge to cover the costs of essential plants (Art. 4-25.4 of the TIDE)	129.6	176.0	(46.4)
- Costs relating to facilities essential to system security	(129.6)	(176.0)	46.4
- Charge to cover the costs of curtailed generation from non-programmable renewable energy plants (FERNP) (Art. 4-25.7 of the TIDE)	11.9	12.6	(0.7)
- Costs of compensation for curtailed generation from non-programmable renewable energy plants (FERNP)	(11.9)	(12.6)	0.7
- Capacity Market cost recovery charges (Art. 14.3, Annex A to Resolution 98/11)	1,144.1	1,079.2	64.9
- Net Capacity Market procurement costs (Art. 14.1, Annex A to Resolution 98/11)	(1,144.1)	(1,079.2)	(64.9)
- Transitional Safeguard charges (Art. 25.1, annex to Resolution no. 618/23; Art. 25-bis of TIS)	33.5	34.0	(0.5)
- Balance due to CSEA for Transitional Safeguard reintegration charges	(33.5)	(34.0)	0.5
- Charge for low-voltage withdrawal points (Art. 23.1, annex to Resolution no. 618/23; Art. 25 of TIS)	13.5	13.9	(0.4)
- Balance due to CSEA arising from dispatching charges for low-voltage withdrawal points	(13.5)	(13.9)	0.4

33 Balance Responsible Party.

2. Other revenue and income – €46.5 million

(€m)

	H1 2026	H1 2025	CHANGE
Insurance proceeds as compensation for damages	11.6	4.0	7.6
Sundry grants	9.3	5.8	3.5
Sales to third parties	7.7	6.1	1.6
Private Italy-France interconnector	4.1	4.1	-
Private Italy-Montenegro interconnector	3.2	3.2	-
Gains on sale of infrastructure components	3.1	2.2	0.9
Revenue from IRU contracts for fibre	1.8	3.1	(1.3)
Rental income	1.2	1.1	0.1
Private Italy-Austria interconnector	0.8	0.8	-
Other revenue	3.7	1.1	2.6
TOTAL	**46.5**	**31.5**	**15.0**

"Other revenue and income", amounting to €46.5 million, show an increase of €15.0 million over the first half of the previous period, mainly due to:

- higher revenue from insurance proceeds as compensation for damage to plants (up €7.6 million, substantially relating to assets of the Parent Company);
- increased activities related to the re-routing of power lines requested by third parties (up €3.5 million);
- higher revenue of another nature (up €2.6 million, mainly relating to the subsidiary Altenia Group following the signing of a settlement agreement with customers);
- higher revenue relating to gains on the sale of plant parts (up €0.9 million, essentially scrap, transformers and motor vehicles).

Operating costs

3. Raw and consumable materials used – €183.4 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 first half of the previous year (up €38.5 million) essentially relates to higher costs related to materials for the Altenia Group (up €29.2 million, the costs pertaining to the subsidiary Ste Energy S.r.l. which was acquired at the end of the first half of 2025), the Brugg Cables Group (up €17.8 million) and the Tamini Group (up €0,7 million), partly offset by lower costs for materials for the construction and development of infrastructure under concession recognised in connection with the application of IFRIC 12 (down €11.6 million).

4. Services – €210.7 million

(€m)

	H1 2026	H1 2025	CHANGE
Maintenance and sundry services	84.7	68.0	16.7
Tender costs for plant	78.9	42.1	36.8
IT services	23.7	26.6	(2.9)
Insurance	11.1	10.9	0.2
Lease expense	9.2	7.8	1.4
Remote transmission and telecommunications	3.1	4.1	(1.0)
TOTAL	**210.7**	**159.5**	**51.2**

This item, amounting to €210.7 million, increased by €51.2 million compared with the first half of 2025 (€159.5 million) due to the rise in other activities and new initiatives carried out by the Group, particularly with respect to the Altenia Group (up €47.4 million, for the costs of the subsidiary Ste Energy S.r.l. acquired at the end of the first half of 2025) and higher costs related to the construction and development of infrastructure under concession recognised in connection with the application of IFRIC 12 (up €4.0 million, in particular due to higher contract costs of €3.3 million and for IT services of €0.3 million).

5. Personnel expenses – €224.1 million

(€m)

	H1 2026	H1 2025	CHANGE
Salaries, wages and other short-term benefits	314.4	281.9	32.5
Directors' remuneration	1.3	1.4	(0.1)
Termination benefits (TFR), energy discounts and other employee benefits	13.5	14.5	(1.0)
Early retirement incentives	(0.1)	-	(0.1)
Gross personnel expenses	***329.1***	***297.8***	***31.3***
Capitalised personnel expenses	(105.0)	(87.9)	(17.1)
TOTAL	**224.1**	**209.9**	**14.2**

This item amounts to €224.1 million and increased by €14.2 million compared with the first half of 2025 (€209.9 million), essentially as a result of both higher salaries and an increase in the average number of employees, due to higher operating volumes. These effects were partly offset by an increase in capitalisation.

The following table shows the Group's average workforce by category for the first half of 2026 and 2025.

	AVERAGE WORKFORCE		WORKFORCE AT	
	H1 2026	H1 2025	**30.06.2026**	30.06.2025
Senior managers	109	97	106	96
Middle managers	1,037	954	1,042	966
Office staff	4,279	3,858	4,320	4,026
Blue-collar workers	1,786	1,654	1,792	1,677
TOTAL	**7,211**	**6,563**	**7,260**	**6,765**

The net increase in the average workforce of the Group compared with the first half of 2025 is up 648. This is essentially linked to the requirements relating to delivery of the investment programme included in the 2024-2028 Industrial Plan update.

6. Amortisation, depreciation and impairment losses – €505.6 million

(€m)

	H1 2026	H1 2025	CHANGE
Amortisation of intangible assets	111.0	87.3	23.7
- of which rights on infrastructure	*28.8*	*24.5*	*4.3*
Depreciation of property, plant and equipment	395.9	359.8	36.1
Impairment losses on property, plant and equipment and intangible assets	0.1	-	0.1
Impairment losses on trade receivables	(1.4)	(0.3)	(1.1)
TOTAL	**505.6**	**446.8**	**58.8**

Amortisation, depreciation and impairment losses, amounting to €505.6 million (including €9.9 million recognised in accordance with IFRS 16), increased by €58.8 million compared with the first half of 2025. The increase is mainly due to the entry into service of new plants, in particular at the Parent Company (up €30.2 million) and new software (up €12.4 million) as well as higher impairment losses recognised during the period.

7. Other operating costs - €28.4 million

(€m)

	H1 2026	H1 2025	CHANGE
Indirect taxes and local taxes and levies	6.0	5.8	0.2
Quality of service costs	3.7	0.7	3.0
- of which Mitigation and Sharing	3.7	0.7	3.0
Fees paid to regulators and membership dues	5.6	4.3	1.3
Adjustment of provisions for litigation and disputes	(0.4)	(1.3)	0.9
Net contingent liabilities	1.3	0.8	0.5
Losses on sales/disposal of plant	-	0.1	(0.1)
Other operating costs	12.2	9.7	2.5
TOTAL	**28.4**	**20.1**	**8.3**

The Group's other operating costs, amounting to €28.4 million, increased by €8.3 million, mainly due to higher charges connected with the electricity service quality regulation mechanism (up €3.0 million, mainly attributable to the costs relating to outages that occurred in the first half of 2026 – Lacco, Buonvicino and Altedo), the adjustment of provisions for disputes and litigation (up €0.9 million) and higher other operating costs (up €2.5 million) attributable to the Brugg Cables Group (up €0.8 million, for other general expenses) and to the Tamini Group for provisions for risks for the period relating to the product warranty reserve and the customer penalty reserve (up €0.5 million).

The increase also reflects higher membership fees and contributions relating to authorities, bodies and associations relevant to the Group's activities (up €1.3 million), as well as higher net other expenses (up €0.5 million).

8. Financial income/(expenses) – (€93.4) million

(€m)

	H1 2026	H1 2025	CHANGE
FINANCIAL EXPENSES			
Interest expense on borrowings and related hedges	(210.3)	(186.2)	(24.1)
Adjustment of borrowings and related hedges	-	(0.1)	0.1
Discounting of receivables, employee benefits, operating leases and other liabilities	(5.3)	(5.1)	(0.2)
Capitalised financial expenses	75.6	56.1	19.5
Foreign exchange losses	-	(0.9)	0.9
Other financial expenses	(6.3)	(1.7)	(4.6)
Total expenses	**(146.3)**	**(137.9)**	**(8.4)**
FINANCIAL INCOME			
Interest income	41.1	46.8	(5.7)
Other financial income	4.2	0.3	3.9
Implementation of output-based incentives	6.7	11.4	(4.7)
Foreign exchange gains	0.9	-	0.9
Total income	**52.9**	**58.5**	**(5.6)**
TOTAL	**(93.4)**	**(79.4)**	**(14.0)**

Net financial expenses for the period stood at €93.4 million, mainly attributable to the Parent Company (€93.7 million). The increase in net financial expenses compared to the first half of 2025, amounting to €14.0 million, primarily reflects:

- higher financial expenses of €24.1 million mainly attributable to the higher average level of indebtedness and the corresponding increase in the average cost of debt;
- lower financial income of €5.7 million due to lower returns on cash and cash equivalents and other financial assets;
- lower income due to the discounting effect on receivables for incentives connected with the decrease in dispatching costs (€4.7 million);
- an increase in capitalised expenses (up €19.5 million) due to increased investment during the period;

9. Share of profit/(loss) of investments accounted for using the equity method – (€0.4) million

This item, standing at €(0.4) million, reflects a decrease of €3.4 million compared with the balance for the first half of 2025 (€3.0 million), broadly due to an adjustment of the value of the investment in the associate CESI.

10. Income taxes for the period - €273.8 million

Income taxes for the first half of 2026 amount to €273.8 million, up €24.7 million compared with the corresponding period of the previous year. This trend is mainly attributable to the higher profit before tax recorded during the six-month period and to the temporary two-percentage-point increase in the IRAP tax rate introduced for the 2026 and 2027 tax years under the so-called "Decreto Bollette" (Decree-Law No. 21 of 20 February 2026). As a result of these factors, the effective tax rate was 31.6%, compared with 29.8% in the first half of 2025.

(€m)

	H1 2026	H1 2025	CHANGE
Taxes for the period			
Current tax expense:			
Total current tax expense	**297.4**	**275.5**	**21.9**
Temporary differences:			
- deferred tax assets	(25.8)	(21.5)	(4.3)
- deferred tax liabilities	(2.3)	(1.3)	(1.0)
Total deferred tax (income)/expense	**(28.1)**	**(22.8)**	**(5.3)**
Other one-off changes	4.5	(3.6)	8.1
TOTAL	**273.8**	**249.1**	**24.7**

Current income taxes amounted to €297.4 million, an increase of €21.9 million compared with the first half of 2025, mainly reflecting the higher profit before tax and the temporary increase in the IRAP tax rate. The overall change was also affected by higher non-recurring (one-off) tax items, which had a positive impact of €8.1 million compared with the corresponding period.

Net deferred tax assets and liabilities amounted to negative €28.1 million, representing an adverse change of €5.3 million compared with the first half of the previous financial year. This trend mainly reflects the tax effects associated with depreciation and amortisation and the movements in provisions for risks and charges recognised by the Group during the six-month period.

11. Net result for the period from assets held for sale - €0.0 million

This item shows the net result from assets held for sale relating to the portfolio of power lines in Peru owned by the Terna Group.

On **26 February 2026**, the Group signed a binding agreement with Engie Transmisión Perù S.A. (a company of the Engie Group) to acquire the project in Peru, which is expected to be completed within 12 months.

Below is a breakdown of the items that generated the net profit for the period from assets held for sale:

(€m)

	H1 2026	H1 2025	CHANGE
Total revenue	0.8	0.8	-
Total operating costs	0.5	0.2	0.3
OPERATING PROFIT	**0.3**	**0.6**	**(0.3)**
Net financial income/(expenses)	-	0.3	(0.3)
Impairment loss recognised on remeasurement of the fair value less costs to sell	(0.3)	-	(0.3)
PROFIT BEFORE TAX	**-**	**0.9**	**(0.9)**
Profit for the period from assets held for sale	**-**	**0.9**	**(0.9)**

Operating profit

This item, amounting to €0.3 million, consists of revenue from construction and development of infrastructure under concession (€0.8 million) and operating costs (€0.5 million) related to assets held for sale in Peru.

The profit for the period from assets held for sale decreased by €0.9 million compared with the first half of the previous year. This is essentially due to the adjustment of the carrying amount of net assets held for sale recognised in accordance with IFRS 5 (down €0.3 million) and the company's operating profit (down €0.3 million).

Basic and diluted earnings per share from assets held for sale show a nil balance (the numerator of €0.0 million represents the profit from assets held for sale, whilst the denominator of 2,005,838,503.2 shares is the weighted average number of shares outstanding during the year).

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. They refer to the companies previously owned in Brazil and disposed of in 2024:

- 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;
- Collective labour action between SPE Transmissora de Energia Linha Verde I S.A., Consórcio Construtor Linha Verde, Total Sustainable Engineering and Nova Engevix Engenharia e Projetos S.A. against the Union of Workers in the Heavy Construction Industries of Minas Gerais regarding specific requests from the workers' trade union.

Furthermore, the following arbitration, which was deemed possible in the first half of the previous year, was favourably resolved on 24 November 2025:

- 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.

12. Earnings per share

The amount of earnings per share (EPS), reflecting the diluted earnings per share, was €0.270. The index is calculated as follows: the numerator of €542.5 million is equal to the profit attributable to owners of the Parent (€591.2 million), net of the interest paid to the holders of the subordinated perpetual hybrid bonds and the related tax effect (€48.7 million), while the denominator is equal to the weighted average number of shares outstanding during the period (2,005,838,503.2 shares).

EPS from continuing operations, reflecting the diluted EPS from continuing operations attributable to the Group, was €0.270. The index is calculated as follows: the numerator of €542.5 million is equal to the profit attributable to owners of the Parent (€591.2 million), net of the interest paid to the holders of the subordinated perpetual hybrid bonds and the related tax effect (€48.7 million), while the denominator is equal to the weighted average number of shares outstanding during the period (2,005,838,503.2 shares).

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 Activities**
- **Non-regulated Activities**
- **International activities**

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 subsidiary Avvenia The Energy Innovator S.r.l.. This segment also includes Connectivity operations (support and housing services for fibre networks and IRU contracts for fibre). This segment includes the activities carried out in relation to the private interconnectors launched under Law no. 99/2009, whereby Terna was assigned the task of selecting undertakings (the "selected undertakings"), on the basis of public tenders, willing to finance specific cross-border interconnectors in exchange for the benefits resulting from a decree granting a third-party access exemption with regard to the transmission capacity provided by the new infrastructure. The Energy services segment also includes the results of the Altenia Group, a leading provider of O&M services for photovoltaic plants.

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

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

(€m)

	H1 2026	H1 2025	CHANGE	% CHANGE
REVENUE FROM REGULATED ACTIVITIES	1,663.1	1,594.1	69.0	4.3%
REVENUE FROM NON-REGULATED ACTIVITIES	450.5	300.1	150.4	50.1%
REVENUE FROM INTERNATIONAL ACTIVITIES*	-	-	-	-
TOTAL REVENUE	**2,113.6**	**1,894.2**	**219.4**	**11.6%**
GROSS OPERATING PROFIT (EBITDA)**	**1,467.0**	**1,359.8**	**107.2**	**7.9%**
of which regulated EBITDA ***	1,361.4	1,301.5	59.9	4.6%
of which non-regulated activities EBITDA	105.9	58.9	47.0	79.8%
of which international activities EBITDA	(0.3)	(0.6)	0.3	(50.0%)
Reconciliation of segment result with the Company's profit before tax				
GROSS OPERATING PROFIT (EBITDA)	**1,467.0**	**1,359.8**		
Amortisation, depreciation and impairment losses	505.6	446.8		
OPERATING PROFIT/LOSS (EBIT)	**961.4**	**913.0**		
Financial income/(expenses)	(93.4)	(79.4)		
Share of profit/(loss) of investments accounted for using the equity method	(0.4)	3.0		
Profit before tax	**867.6**	**836.6**		

* *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 H1 2026 stood at €2,113.6 million, showing an increase of €219.4 million (up 11.6%) over the previous period. EBITDA stood at €1,467.0 million, showing an increase of €107.2 million (up 7.9%) over H1 2025 (€1,359.8 million).

EBITDA related to Regulated Activities amounted to €1,361.4 million, showing an increase of €59.9 million compared to the figure posted in the first half of 2025, mainly due to the impact on tariff revenues.

EBITDA related to Non-regulated Activities in the first half of 2026 totalled €105.9 million, increased by €47.0 million compared to the same period of the previous year. This positive trend is mainly due to the higher contribution from the Equipment segment, including an increase of €11.7 million attributable to the Tamini Group and €7.0 million attributable to the Brugg Cables Group, as well as to the increased contribution from the Energy Services segment (€29.9 million), primarily resulting from the acquisition of STE Energy S.r.l., completed at the end of May 2025.

EBITDA from the International Activities for the first half of 2026 amounted to negative €0.3 million and mainly reflects the costs incurred by the corporate functions in supporting international initiatives. The result improved by €0.3 million compared with the corresponding period of the previous financial year, when it amounted to a loss of €0.6 million.

Net profit for the period from assets held for sale amounted to nil, compared with €0.9 million in the first half of 2025.

Pursuant to IFRS 8.33 and 34, the following figures are provided below:

Revenue and non-current assets by geographical area

(€m)

	30.06.2026		
	ITALY	EURO-AREA COUNTRIES*	OTHER COUNTRIES**
Revenue	1,886.9	102.1	78.1
Non-current assets	23,614.1	5.1	254.3
Property, plant and equipment	*22,261.1*	*0.5*	*220.8*
Intangible assets	*1,280.6*	*-*	*6.6*
Investments	*56.7*	*4.6*	*26.9*
Other non-current assets	*15.7*	*-*	*-*

* *Mainly Germany, France, Sweden, Austria and Finland.*
** *Mainly Montenegro, Canada and the United States of America.*

(€m)

	30.06.2025 - 31.12.2025		
	ITALY	EURO-AREA COUNTRIES*	OTHER COUNTRIES**
Revenue	1,679.1	56.8	118.4
Non-current assets	22,832.7	5.0	254.4
Property, plant and equipment	*21,535.4*	*0.5*	*221.8*
Intangible assets	*1,225.2*	*-*	*5.7*
Investments	*57.2*	*4.5*	*26.9*
Other non-current assets	*14.9*	*-*	*-*

* Mainly Germany, France, Belgium and Finland.
** Mainly Montenegro, Canada and the United States of America.

Breakdown of revenue from customers accounting for more than 10%

	30.06.2026		
REVENUE FROM SALES AND SERVICES	CUSTOMERS >10%	OTHER	MARKET SECTOR
2,067.1	978.2	1,088.9	Energy

	30.06.2025		
REVENUE FROM SALES AND SERVICES	CUSTOMERS >10%	OTHER	MARKET SECTOR
1,854.3	959.7	894.6	Energy

D. Notes to the consolidated statement of financial position

Assets

13. Property, plant and equipment – €22,482.4 Million

(€m)

	LAND	BUILDINGS	PLANT AND EQUIPMENT	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION AND PREPAYMENTS	TOTAL
COST AT 31 DECEMBER 2025	**251.2**	**2,907.2**	**25,230.4**	**281.2**	**350.3**	**5,167.1**	**34,187.4**
Capital Expenditure	2.2	3.9	1.9	2.7	5.8	1,397.1	1,413.6
of which right-of-use assets	*1.5*	*2.7*		-	*5.7*	*0.6*	*10.5*
Assets entering service	0.5	38.4	443.9	0.5	6.1	(489.4)	-
Translation differences	-	0.5	-	0.9	-	0.1	1.5
Disposals and impairments	(0.2)	(2.7)	(18.9)	(0.1)	(2.9)	(0.1)	(24.9)
of which right-of-use assets	-	*(2.2)*		-	*(2.7)*	-	*(4.9)*
Other changes	(2.0)	(6.4)	(55.8)	(0.4)	0.5	(229.0)	(293.1)
COST AT 30 JUNE 2026	**251.7**	**2,940.9**	**25,601.5**	**284.8**	**359.8**	**5,845.8**	**35,284.5**
ACCUMULATED DEPRECIATION AND IMPAIRMENT AT 31 DECEMBER 2025	**(3.8)**	**(999.8)**	**(10,966.7)**	**(216.6)**	**(242.8)**	**-**	**(12,429.7)**
Depreciation	(0.3)	(38.6)	(332.3)	(6.5)	(18.2)	-	(395.9)
of which right-of-use assets	*(0.3)*	*(4.7)*	-	*(0.1)*	*(6.8)*	-	*(11.9)*
Translation differences	-	(0.4)	0.1	(0.8)	(0.1)	-	(1.2)
Disposals	-	2.7	18.4	-	2.9	-	24.0
of which right-of-use assets	-	*2.2*	-	-	*2.5*	-	*4.7*
Other changes	-	0.2	0.4	0.2	(0.1)	-	0.7
ACCUMULATED DEPRECIATION AND IMPAIRMENT AT 30 JUNE 2026	**(4.1)**	**(1,035.9)**	**(11,280.1)**	**(223.7)**	**(258.3)**	**-**	**(12,802.1)**
Carrying amount							
AT 30 JUNE 2026	**247.6**	**1,905.0**	**14,321.4**	**61.1**	**101.5**	**5,845.8**	**22,482.4**
of which right-of-use assets	*5.9*	*29.8*	*19.4*	*0.3*	*30.2*	*4.8*	*90.4*
AT 31 DECEMBER 2025	**247.4**	**1,907.4**	**14,263.7**	**64.6**	**107.5**	**5,167.1**	**21,757.7**
of which right-of-use assets	*4.2*	*31.8*	*19.4*	*0.7*	*30.7*	*2.8*	*89.6*
CHANGE	**0.2**	**(2.4)**	**57.7**	**(3.5)**	**(6.0)**	**678.7**	**724.7**

"Plant and equipment" at 30 June 2026 include in particular the electricity transmission grid and transformer substations in Italy.

"Property, plant and equipment" was up €724.7 million compared 31 December 2025, broadly due to the following changes occurred during the period relating to:

- Investment for the period was up €1,413.6 million, including €1,374.9 million in the Group's Regulated Activities and €38.7 million in Non-regulated Activities, primarily pertaining to the re-routing of power lines requested by third parties;
- Depreciation for the period (down €395.9 million);
- Other changes of the period (down €292.1 million), which include, in particular, grants related to assets (mainly for projects financed by the Ministry of the Environment and Energy Security/EU);
- Disposals and impairments were down €0.9 million.

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

(€m)

Capital expenditure	
- Transmission lines	732.5
- Transformer substations	567.3
- Other	113.8
Total investment in property, plant and equipment	**1,413.6**
Depreciation	(395.9)
Translation differences	0.3
Other changes	(292.4)
Disposals and impairments	(0.9)
TOTAL	**724.7**

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

- continuation of work for the completion of the Tyrrhenian Link (€380.3 million) and activities related to the Adriatic Link (€26.1 million) and SA.CO.I.3 (€63.8 million) projects;
- continuation of construction work on the following power lines: Bolano-Annunziata (€19.8 million), Colunga-Calenzano (€14.2 million), Cassano-Chiari (€7.2 million) and Chiaramonte Gulfi-Ciminna (€46.9 million);
- start of activities for the construction of the Tunita Elmed connection (€53.3 million);
- installation of synchronous compensators (€28.0 million);
- deployment of reactors (€2.4 million) and stabilising resistors (€12.5 million).

14. Goodwill – €273.8 Million

Goodwill, amounting to €273.8 million at 30 June 2026, relates to the following acquisitions:

(€m)

ACQUIRER	ACQUIREE	30.06.2026	31.12.2025*	CHANGE
Terna S.p.A.	Terna Rete Italia S.r.l.*	101.6	101.6	-
Terna S.p.A.	Rete 2 S.r.l.	22.9	22.9	-
Terna S.p.A.	RTL S.p.A.	88.6	88.6	-
Terna S.p.A.	Rete S.r.l.	26.3	26.3	-
Terna Energy Solutions S.r.l.	Altenia S.r.l.	19.3	19.3	-
Tamini Group	TES - Transformer Electro Services**	13.6	13.6	-
Brugg group	Laser TLC S.r.l.**	1.5	1.5	-
GOODWILL		**273.8**	**273.8**	**-**

* *The balances as at 31 December 2025 have been restated to reflect the finalisation of the purchase price allocation (PPA) relating to Rete 2 S.r.l. and Ste Energy S.r.l.*

** *Company merged into the acquiring company.*

This item was in line with the balance for the previous year. It should be noted that, as at 30 June 2026, there were no indicators of impairment such as to make it necessary to proceed with an impairment test.

15. Intangible assets – €1,013.4 Million

(€m)

	INFRASTRUCTURE RIGHTS	CONCESSIONS	OTHER ASSETS	ASSETS UNDER CONSTRUCTION AND PREPAYMENTS	TOTAL
Cost	812.2	183.7	1,187.6	272.4	2,455.9
Accumulated amortisation	(542.7)	(133.2)	(822.9)	-	(1,498.8)
BALANCE AT 31 DECEMBER 2025	**269.5**	**50.5**	**364.7**	**272.4**	**957.1**
Capital Expenditure	-	-	1.3	166.1	167.4
Assets entering service	35.6	0.1	60.4	(96.1)	-
Disposals and impairments	-	-	(0.1)	-	(0.1)
Depreciation	(28.8)	(6.1)	(76.1)	-	(111.0)
BALANCE AT 30 JUNE 2026	**276.3**	**44.5**	**350.2**	**342.4**	**1,013.4**
Cost	847.8	183.7	1,238.9	342.4	2,612.8
Accumulated amortisation	(571.5)	(139.3)	(888.6)	-	(1,599.4)
BALANCE AT 30 JUNE 2026	**276.3**	**44.4**	**350.3**	**342.4**	**1,013.4**
CHANGE	**6.8**	**(6.0)**	**(14.5)**	**70.0**	**56.3**

At 30 June 2026, intangible assets stood at €1,013.4 million, up by €56.3 million compared to 31 December 2025. The increase is due to investments of €167.4 million (including €49.6 million relating to infrastructure rights), partially offset by the amortisation charge for the period totalling €111.0 million.
Investments in intangible assets, which are almost entirely attributable to the Parent Company and are related to regulated activities, mainly concerned the evolution of application software for the Remote Management System for Dispatching (€21.1 million), the Power Exchange (€9.4 million), the Metering System (€2.8 million) and the Defence of the Electricity System (€0.6 million), in addition to investments in software applications and generic user licences, totalling €100.0 million.

16. Deferred tax assets – €284.7 million

(€m)

	31.12.2025	PROVISIONS	AMOUNTS UTILISED	OTHER MOVEMENTS	EFFECTS RECOGNISED IN COMPREHENSIVE INCOME	30.06.2026	CHANGE
Deferred tax assets	307.1	32.8	(7.0)	-	(0.1)	332.8	25.7
Deferred tax liabilities	(51.5)	(0.4)	2.7	1.1	-	(48.1)	3.4
NET DEFERRED TAX ASSETS	**255.6**	**32.4**	**(4.3)**	**1.1**	**(0.1)**	**284.7**	**29.1**

The balance of this item, amounting to €284.7 million, includes the net impact of changes in the Group's deferred tax assets and liabilities.

Deferred tax assets (€332.8 million) increased by a net €25.7 million compared with the balance at 31 December 2025, mainly reflecting provisions relating to the portion of statutory depreciation and amortisation that is temporarily non-deductible for tax purposes (€22.0 million).

Deferred tax liabilities (€48.1 million) decreased by a net €3.4 million, mainly attributable to net reversals of €2.7 million.

17. Investments accounted for using the equity method – €88.2 million

(€m)

	30.06.2026	31.12.2025	CHANGE
Cesi S.p.A.	52.7	53.3	(0.6)
CGES A.D.	26.7	26.7	-
Coreso S.A.	1.5	1.4	0.1
Equigy B.V.	0.7	0.7	-
TOTAL ASSOCIATES	**81.6**	**82.1**	**(0.5)**
Wesii S.r.l.	3.0	2.9	0.1
SEleNe CC S.A.	2.4	2.4	-
ELMED Etudes S.a.r.l.	0.2	0.2	-
Hypermeteo S.r.l.	1.0	1.0	-
JOINT ARRANGEMENTS	**6.6**	**6.5**	**0.1**
TOTAL INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	**88.2**	**88.6**	**(0.4)**

"Investments accounted for using the equity method" are down €0.4 million compared to 31 December 2025, essentially due to the adjustment of the portion of equity of the investment in CESI S.p.A. (down €0.6 million), Coreso S.A. (up €0.1 million) and Wesii S.r.l. (up €0.1 million) at 30 June 2026.

18. Financial assets

(€m)

	MEASUREMENT	30.06.2026	31.12.2025	CHANGE
Deposit in the Interconnector Guarantee Fund	Amortised cost	411.6	433.8	(22.2)
Cash flow hedges	FVTOCI	4.3	0.7	3.6
Other non-current financial assets	FVTPL - Amortised cost	15.8	14.6	1.2
Other investments	FVTOCI	3.2	2.2	1.0
NON-CURRENT FINANCIAL ASSETS		**434.9**	**451.3**	**(16.4)**
Government securities	FVTOCI	159.2	164.2	(5.0)
Other securities	FVPNL-FVTOCI-amortised cost	164.6	467.2	(302.6)
Time deposits	Amortised cost	-	100.0	(100.0)
Deferred assets on derivatives		1.1	-	1.1
Cash flow hedges	FVTOCI	0.1	0.6	(0.5)
Other current financial assets		14.1	10.7	3.4
CURRENT FINANCIAL ASSETS		**339.1**	**742.7**	**(403.6)**

Non-current financial assets amounted to €434.9 million, a decrease of €16.4 million compared with 31 December 2025, mainly due to:

- €34.4 million relating to the decrease in security deposits received from operators participating in the capacity market (pursuant to Resolution no. 98/2011/R/eel, as amended from time to time);
- An increase of €12.1 million relating to the increase in the Interconnector Guarantee Fund, established for the completion of interconnection works pursuant to Article 32 of Law no. 99/2009;
- a €3.6 million increase in cash flow hedge (CFH) derivatives, reflecting changes in the related portfolio and in the market interest rate curve;
- An increase of €1.2 million relating to investments by Terna Forward in the Infra Tech and Energy Tech segments of CDP Venture Capital SGR's Corporate Partners I Fund.

Current financial assets amounted to €339.1 million, representing a decrease of €403.6 million compared with the previous financial year, mainly reflecting movements in the securities portfolio (an overall decrease of €307.6 million) and in time deposits (down €100.0 million), partially offset by the recognition of accrued but not yet settled interest on derivative contracts and financial investments, amounting to approximately €4.5 million.

19. Other assets

(€m)

	30.06.2026	31.12.2025	CHANGE
Loans and advances to employees	9.1	9.4	(0.3)
Deposits with third parties	6.6	5.5	1.1
OTHER NON-CURRENT ASSETS	**15.7**	**14.9**	**0.8**
Other tax credits	135.2	173.6	(38.4)
Prepayments to suppliers	54.3	17.7	36.6
Prepayments of operating expenses and accrued operating income	42.6	31.3	11.3
Amounts due from partners selected for Interconnector projects	2.8	2.8	-
Amounts due from others	50.6	44.9	5.7
OTHER CURRENT ASSETS	**285.5**	**270.3**	**15.2**

Other non-current assets (€15.7 million) were substantially in line with 31 December 2025, recording a slight increase mainly attributable to higher deposits held with third parties by the Parent Company (up €0.9 million) and Terna Rete Italia S.p.A. (up €0.2 million).
Other current assets (€285.5 million) increased by €15.2 million compared with 31 December 2025, mainly due to the increase in advances to suppliers (up €36.6 million, mainly relating to the Parent Company for €15.3 million, the subsidiary Terna Rete Italia S.p.A. for €10.6 million, and the Altenia Group contracts for €10.5 million), and operating prepayments and accrued income (up €11.3 million), also related to the renewal of multi-year agreements within ENTSO-E. This increase was partially offset by the decrease in other tax receivables (down €38.4 million), mainly attributable to movements in the Group's VAT position (down €26.7 million).

20. Inventories – €145.3 million

This item, totalling €145.3 million, was up €17.6 million compared with the previous year. This primarily reflects materials to be used in contract work by the Tamini Group (up €16.7 million).

21. Trade receivables – €3,049.7 million

(€m)

	30.06.2026	31.12.2025	CHANGE
Energy-related receivables	2,184.7	2,207.8	(23.1)
Transmission charges receivables	648.2	632.1	16.1
Other trade receivables	216.8	235.7	(18.9)
TOTAL	**3,049.7**	**3,075.6**	**(25.9)**

Trade receivables amounted to €3,049.7 million at 30 June 2026 and are stated net of impairment losses recognised through the allowance for doubtful accounts (€70.6 million relating to energy receivables and €17.4 million relating to other receivables at 30 June 2026, compared with €71.4 million relating to energy receivables and €18.6 million relating to other receivables at 31 December 2025). For further details, please refer to Section "E. Commitments and Risks"). The carrying amount shown broadly approximates the fair value.

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

Energy-related receivables - €2,184.7 million

The item includes receivables relating to so-called "pass-through items" connected with the procurement of the resources required to ensure dispatching, as well as the security and adequacy of the national electricity system (€1,712.6 million), and receivables from dispatching users for margin-related charges (€463.4 million). It also includes receivables from the Fund for Energy and Environmental Services (CSEA) (€8.7 million) mainly relating to service quality (€8.4 million).

Compared to 31 December 2025, these receivables decreased by €23.1 million, mainly due to lower receivables relating to:

- the extraordinary modulation service (€166.9 million) as a result of the update of the related coverage fee;
- output-based incentives for amounts collected in the period (€62.7 million);
- the 2024 tariff decoupling adjustment paid by CSEA (€67 million);
- charges covering costs of curtailed renewable generation (€21.4 million).

These effects were partially offset by the increase in receivables linked to the Uplift and P-Other components and the related associated items (€182.6 million) and by higher receivables relating to charges covering the cost of the capacity market (€113.7 million).

Transmission charges receivable – €648.2 million
The transmission charges receivable, amounting to €648.2 million, represents the amount due by electricity distributors to use the National Transmission Grid. Compared to 31 December 2025, the balance increased by €16.1 million. This is mainly due to the tariff update introduced by Resolution no. 573/2025/R/eel (€10.2 million) and the recognition of the accrued portion of the remuneration of digital substation systems under Resolution no. 565/2020 (€5.8 million).

Other trade receivables – €216.8 million
Other trade receivables primarily refer to amounts receivable from customers of the Non-Regulated business. They derive from the provision of specialist services to third parties, including plant engineering services, the operation and maintenance of high-voltage and very high-voltage infrastructure, telecommunication services, maintenance services for fibre networks and contract work carried out by the Tamini Group, the Brugg Cables Group and the Altenia Group.

This item decreased by €18.9 million compared with the previous year, essentially as a result of lower receivables of the subsidiary Terna Energy Solutions S.r.l. (down €18.5 million).

22. Current assets arising from contracts with customers – €130.1 million

The following table shows receivables resulting from current assets arising from contracts with customers (€130.1 million) under multi-year contracts in place between the Group and third parties:

(€m)

	PREPAYMENTS	VALUE OF CONTRACT	BALANCE AT 30 JUNE 2026	PREPAYMENTS	VALUE OF CONTRACT	BALANCE AT 31 DECEMBER 2025
Current assets arising from contracts with customers	(630.7)	760.8	**130.1**	(590.6)	705.6	**115.0**

Current assets arising from contracts with customers of the Group are up €15.1 million on the previous year. This is essentially due to higher contract work of the Brugg Cables Group (up €17.2 million) and the Altenia Group (up €13.5 million), partially offset by the progress of the contracts of the Tamini Group (down €3.5 million) and the subsidiary Terna Rete Italia S.p.A. (down €8.9 million).

23. Cash and cash equivalents – €1,942.7 million

Cash amounts to €1,942.7 million at 30 June 2026, including €1,666.4 million invested in short-term, readily convertible instruments and €276.3 million held in bank current accounts and cash in hand.

24. Income tax assets – €13.2 million

Income tax assets amounted to €13.2 million, an increase of €7.2 million compared with the previous financial year, mainly reflecting the higher IRAP advance payments made in 2026, recalculated to take account of the temporary two-percentage-point increase in the IRAP tax rate for the 2026 and 2027 tax years introduced by the "Decreto Bollette" (Decree-Law No. 21 of 20 February 2026).

Equity and liabilities

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

Equity attributable to owners of the Parent – €8,628.8 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 - (€28.6) million

The **reserve for treasury shares**, amounted to **€28.6 million** at 30 June 2026 (**€34.3 million** at 31 December 2025) and decreased by **€5.7 million** following the allocation of **846,781 treasury shares** to the beneficiaries of the **2023-2027 Performance Share Plan**, between 12 May and 3 June 2026.
Therefore, at 30 June 2026, Terna S.p.A. held a total of 3,447,846 treasury shares (equal to 0.172% of the share capital).

Reserve for equity instruments – €2,680.8 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.
- Bond issued on 26 January 2026, for a total face amount of €850 million (€845.2 million net of related ancillary costs) and representing the first perpetual, subordinated, hybrid, non-convertible, fixed-rate European Green Bond issued by Terna. The bond is non-callable for six years and was issued at 100%, with a spread of 123 basis points over the Mid-Swap rate, implying a subordination premium of less than 60 basis points over a senior issue of equivalent maturity. It will pay a fixed annual coupon of 3.875%, corresponding to the effective rate of the transaction, up to, but excluding, the first reset date of 2 February 2032. From that date, if the bond has not been redeemed early, the hybrid instrument will bear annual interest at the five-year Euro Midswap rate plus an initial margin of 123 basis points, increased by 25 basis points from 2 February 2037 and by another 75 basis points from 2 February 2052.

Share premium reserve, Cash flow hedge reserve and Other reserves – €780.2 million

The "Share premium reserve", "Cash flow hedge reserve" and "Other reserves" at 30 June 2026 totalled €780.2 million, and were down €2.0 million compared with 31 December 2025, broadly as a result of other comprehensive income. This was mainly due to:

- fair value adjustments to the Parent Company's cash flow hedges (down €3.1 million, after the related taxation);
- the change in actuarial gains and losses on employee benefits (up €0.1 million, after the related taxation);
- fair value adjustments to the value of financial assets represented by securities (down €3.6 million, after the related taxation);
- due to the change in the share-based payment reserve (down €1.6 million) relating to the Group's employee incentive plan.

Retained earnings and accumulated losses – €4,074.6 million

The increase in "Retained earnings and accumulated losses", amounting to €269.8 million, primarily regards the remaining portion of the Profit for 2025 attributable to owners of the Parent (up €315.6 million), following the Parent Company's payment of the dividend for 2025 (totalling €795.9 million). The item also includes the change in interest accrued for holders of the hybrid green bond (down €64.1 million) and the related tax effect (up €15.4 million).

Dividend balance distribution

The Annual General Meeting of shareholders held on 12 May 2026 approved payment of a dividend for full-year 2025 of 39.62 eurocents per share, and the payment – before any withholdings required by law – of a final dividend of 27.70 eurocents per share (payable from 24 June 2026, with an ex-dividend date for coupon 44 of 22 June 2026), of which 11.92 eurocents paid in the form of an interim dividend payable from 26 November 2025.

Equity attributable to non-controlling interests – €21.5 million

Equity attributable to non-controlling interests, relating to the non-controlling shareholders of Terna Interconnector S.r.l., the Brugg Cables Group, the Altenia Group and ESPERIA-CC S.r.l. totalled €21.5 million, showing an increase of €0.1 million compared to 31 December 2025.

This change mainly derives from the share of profit from third parties generated by the Brugg Cables Group (up €1.3 million) and the Altenia Group (up €1.3 million), offset by the distribution of the dividend resolved by the Annual General Meeting of shareholders of the subsidiary Terna Interconnector on 24 March 2026 for the portion due to the third-party shareholder Transenergia S.r.l. (down €2.7 million).

26. Borrowings and financial liabilities

(€m)

	30.06.2026	31.12.2025	CHANGE
Bond issues	7,008.8	6,992.5	16.3
Bank borrowings	7,195.4	6,894.2	301.2
LONG-TERM BORROWINGS	**14,204.2**	**13,886.7**	**317.5**
Fair value hedges	49.8	52.3	(2.5)
NON-CURRENT FINANCIAL LIABILITIES	**49.8**	**52.3**	**-2.5**
SHORT-TERM BORROWINGS	**309.0**	**720.3**	**(411.3)**
Bond issues	-	579.9	(579.9)
Bank borrowings	215.6	195.9	19.7
CURRENT PORTION OF LONG-TERM BORROWINGS	**215.6**	**775.8**	**(560.2)**
CURRENT FINANCIAL LIABILITIES	**133.4**	**141.2**	**(7.8)**
TOTAL	**14,912.0**	**15,576.3**	**(664.3)**

Borrowings and financial liabilities have decreased by €664.3 million compared with the previous year to €14,912.0 million. The change primarily reflects:

- the decrease in bond loans, amounting to €563.6 million, mainly due to the repayments, in March and April 2026 respectively, of a private placement issue for €80 million and a bond issue for €500 million, as well as the effects of the adjustment to amortised cost and fair value of the financial instruments outstanding;
- the increase in bank borrowings (€320.9 million) mainly due to the drawing of new loans totalling €399.0 million, net of repayments of instalments of outstanding EIB loans. The change also reflects fair value adjustments of these financial instruments;
- the decrease in other current financial liabilities (€7.8 million), relating to the recognition of accrued interest on financial instruments;
- the decrease in short-term borrowings (€411.3 million), due to the repayment of short-term credit facilities and Commercial Paper;
- a decrease in the fair value of derivative financial instruments (€2.5 million) due to a change in the related portfolio and market interest rate curve.

The official quotations of the bonds issued and listed on the Luxembourg Stock Exchange and on the Electronic Bond Market (MOT) managed by Borsa Italiana are detailed below, based on the latest quotation as at 30.6.2026 and 31.12.2025:

(€m)

	ISIN	PRICE AT 30 JUNE 2026	PRICE AT 31 DECEMBER 2025
Bond maturity 2026:	XS1371569978	-	99.83
Bond maturity 2026:	XS1980270810	-	99.65
Bond maturity 2027:	XS1652866002	98.44	98.53
Bond maturity 2027:	XS2536846236	99.00	101.46
Bond maturity 2028:	XS1503131713	95.66	95.76
Bond maturity 2029:	XS2357205587	92.43	91.96
Bond maturity 2029:	XS2607193435	101.44	102.39
Bond maturity 2030:	XS2237901355	89.07	88.57
Bond maturity 2031:	XS2748847204	101.12	101.66
Bond maturity 2031:	XS3128477521	98.73	98.90
Bond maturity 2032:	XS2209023402	85.32	84.94
Bond maturity 2032:	XS3003427872	98.90	99.47
Bond maturity 2033:	XS2655852726	102.44	102.74

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)

	31.12.2025			REIMBURSED AND CAPITALISED	DRAWDOWNS	OTHER	CHANGE CARRYING AMOUNT	30.06.2026		
	NOTIONAL DEBT	CARRYING AMOUNT	FAIR VALUE					NOTIONAL DEBT	CARRYING AMOUNT	FAIR VALUE
Private Placement 2026	80.0	80.0	79.9	(80.0)	-	-	(80.0)	-	-	-
Bond maturing 2026	500.0	499.9	498.3	(500.0)	-	0.1	(499.9)	-	-	-
Bond maturing 2027	1,000.0	994.6	985.3	-	-	1.7	1.7	1,000.0	996.3	984.4
Private Placement 2027	100.0	99.9	101.5	-	-	-	-	100.0	99.9	99.0
Bond maturing 2028	750.0	728.1	718.2	-	-	3.8	3.8	750.0	731.9	717.4
Bond maturing 750_2029	750.0	745.3	767.9	-	-	0.6	0.6	750.0	745.9	760.8
Bond maturing 2029	600.0	598.5	551.7	-	-	0.2	0.2	600.0	598.7	554.6
Bond maturing 2030	500.0	453.5	442.9	-	-	1.4	1.4	500.0	454.9	445.4
Bond maturing 2031	850.0	843.7	864.1	-	-	0.6	0.6	850.0	844.3	859.5
Bond maturing 2031	750.0	744.8	741.7	-	-	0.4	0.4	750.0	745.2	740.4
Bond maturing 2032	500.0	393.3	424.7	-	-	7.0	7.0	500.0	400.3	426.6
Bond maturing 2032	750.0	747.0	746.0	-	-	0.2	0.2	750.0	747.2	741.7
Bond maturing 2033	650.0	643.8	667.8	-	-	0.4	0.4	650.0	644.2	665.8
Total bond issues	**7,780.0**	**7,572.4**	**7,590.0**	**(580.0)**	**-**	**16.4**	**(563.6)**	**7,200.0**	**7,008.8**	**6,995.6**
Borrowings	7,151.4	7,027.7	7,027.7	(85.1)	399.0	8.4	322.2	7,465.2	7,349.9	7,349.9
Lease liabilities	62.4	62.4	62.4	(11.8)	-	10.5	(1.3)	61.1	61.1	61.1
Total borrowings	**7,213.8**	**7,090.1**	**7,090.1**	**(96.9)**	**399.0**	**18.9**	**320.9**	**7,526.3**	**7,411.0**	**7,411.0**
Total debt	**14,993.8**	**14,662.5**	**14,680.1**	**(676.9)**	**399.0**	**35.3**	**(242.7)**	**14,726.3**	**14,419.8**	**14,406.6**

At 30 June 2026, the Group had access to additional financing of €4,055.0 million, consisting of two fully-available revolving credit facilities.
The table also shows the fair value of financial liabilities. In the case of bonds issues, the fair value is represented by their market value based on prices at the reporting date, while for bank borrowings it is determined based on the carrying amount 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	31.12.2025*	30.06.2026*	PORTION FALLING DUE WITHIN 12 MONTHS	PORTION FALLING DUE AFTER 12 MONTHS	H2 2027	2028	2029	2030	2031	AFTER	OTHER**	AVERAGE INTEREST RATE AT 30 JUNE 2026	AVERAGE INTEREST RATE AFTER HEDGES AT 30 JUNE 2026
	2026	499.9	-	-	-	-	-	-	-	-			0.00%	0.00%
	2026	80.0	-	-	-	-	-	-	-	-			0.00%	0.00%
	2027	994.6	996.3	-	1,000.0	1,000.0	-	-	-	-	-	(3.7)	1.38%	1.92%
	2027	99.9	99.9	-	100.0	100.0	-	-	-	-	-	(0.1)	3.44%	2.78%
	2028	728.1	731.9	-	750.0	-	750.0	-	-	-	-	(18.1)	1.00%	1.31%
	2029	598.5	598.7	-	600.0	-	-	600.0	-	-	-	(1.3)	0.38%	1.71%
Bonds	2029	745.3	745.9	-	750.0	-	-	750.0	-	-	-	(4.1)	3.63%	3.70%
	2030	453.5	454.9	-	500.0	-	-	-	500.0	-	-	(45.1)	0.38%	2.15%
	2031	843.7	844.3	-	850.0	-	-	-	-	850.0	-	(5.7)	3.50%	3.64%
	2031	744.8	745.2	-	750.0	-	-	-	-	750.0	-	(4.8)	3.00%	3.13%
	2032	393.3	400.3	-	500.0	-	-	-	-	-	500.0	(99.7)	0.75%	3.19%
	2032	747.0	747.2	-	750.0	-	-	-	-	-	750.0	(2.8)	3.13%	2.95%
	2033	643.8	644.2	-	650.0	-	-	-	-	-	650.0	(5.8)	3.88%	3.78%
EIB	2046	3,228.3	3,209.3	78.2	3,236.2	71.1	156.0	192.1	192.1	192.1	2,432.8	(105.1)	2.69%	2.89%
Total fixed rate		**10,800.7**	**10,218.1**	**78.2**	**10,436.2**	**1,171.1**	**906.0**	**1,542.1**	**692.1**	**1,792.1**	**4,332.8**	**(296.3)**		
EIB	2047	1,355.5	1,297.9	115.3	1,182.7	57.7	115.3	96.0	145.0	54.7	714.0	(0.1)	2.86%***	2.89%
Terna's borrowings	2032	2,445.8	2,844.9	-	2,850.0	-	-	1,500.0	510.0	90.0	750.0	(5.1)	2.81%***	3.03%
STE borrowings	2028	3.9	2.8	1.9	0.9	0.5	0.4	-	-	-	-	-	3.75%	3.75%
Total variable rate		**3,805.2**	**4,145.6**	**117.2**	**4,033.6**	**58.2**	**115.7**	**1,596.0**	**655.0**	**144.7**	**1,464.0**	**(5.2)**		
TOTAL		**14,605.9**	**14,363.7**	**195.4**	**14,469.8**	**1,229.3**	**1,021.7**	**3,138.1**	**1,347.1**	**1,936.8**	**5,796.8**	**(301.5)**		

* *The balance does not include prepaid fees amounting to €5.0 million at 30 June 2026 and €5.8 million at 31 December 2025.*
** *Includes portions measured at amortised cost and fair value adjustments at 30 June 2026.*
*** *This is the average of the rates fixed in the sub-periods.*

(€m)

	31.12.2025	30.06.2026	PORTION FALLING DUE WITHIN 12 MONTHS	PORTION FALLING DUE AFTER 12 MONTHS
Operating leases	62.4	61.1	20.2	40.9
TOTAL	**62.4**	**61.1**	**20.2**	**40.9**

At 30 June 2026, payments on operating leases recognised in accordance with IFRS 16 stood at €11.8 million.

Terna Group's long-term borrowings at 30 June 2026 totalled €14,363.7 million (€195.5 million falling due within 12 months and €14,469.8 million falling due after 12 months net of portions measured at amortised cost and fair value adjustments), of which €5,796.8 million maturing after five years.

The following table shows the reconciliation of net changes deriving from financing activities:

(€m)

	31.12.2025	CF CHANGES FOR FINANCING ACTIVITIES	FAIR VALUE CHANGES	30.06.2026
Short-term financial liabilities	860.7	(414.6)	(5.4)	440.7
Long-term financial liabilities	14,600.1	(266.1)	24.7	14,358.7
Financial liabilities on leased assets	62.4	(11.8)	10.5	61.1
Current and non-current derivatives	52.5	5.9	(9.6)	48.8
Gross debt	**15,575.7**	**(686.6)**	**20.2**	**14,909.3**

Non-current financial liabilities – €49.8 million

(€m)

	30.06.2026	31.12.2025	CHANGE
Fair value hedges	49.8	52.3	(2.5)
TOTAL	**49.8**	**52.3**	**(2.5)**

"Non-current financial liabilities", amounting to €49.8 million at 30 June 2026, include the fair value measurement of fair value hedge derivatives.

Fair value was measured by discounting the expected cash flows using the market yield curve at the reporting date. The decrease of 6.5 million euro, compared with 31 December 2025, is attributable to changes in the derivatives portfolio and in the market interest rate curve.

Short-term borrowings – €309.0 million

"Short-term borrowings", amounting to €309.0 million at 30 June 2026, shows a decrease of €411.3 million compared with 31 December 2025, due to the repayment of short-term credit facilities and Commercial Paper, mainly the Parent Company.

Current financial liabilities – €133.4 million

(€m)

	30.06.2026	31.12.2025	CHANGE
Foreign exchange derivatives	1.5	-	1.5
DEFERRED LIABILITIES ON:			
Hedging derivatives	0.2	0.8	(0.6)
Bond issues	97.6	105.3	(7.7)
Borrowings	34.1	35.1	(1.0)
TOTAL	**133.4**	**141.2**	**(7.8)**

Current financial liabilities at 30 June 2026, amounting to €133.4 million, showed a €7.8 million decrease compared to 31 December 2025, essentially due to the amount of net financial expenses accrued on bonds not yet settled (€7.7 million).

Net debt

Pursuant to the CONSOB Communication of 28 July 2006 and in compliance with Recommendation ESMA n. 32-382-1138 of 2021, the Group's net debt is as follows:

(€m)

	30.06.2026
A. Cash	276.3
B. Cash and cash equivalents*	1,666.4
C. Other current financial assets**	337.9
D. Liquidity (A) + (B) + (C)	**2,280.6**
E. Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial liabilities)	309.0
F. Current portion of non-current debt***	347.8
G. Current debt (E+F)	**656.8**
H. Net current debt (G) - (D)	**(1,623.8)**
I. Non-current financial liabilities (excluding the current portion and debt instruments)****	7,245.2
J. Debt instruments*****	7,004.5
K. Non-current net debt (I) + (J)	**14,249.7**
L. Net debt (H) + (K)	**12,625.9**

* *Corresponds to the item 'Cash and cash equivalents' with regard to the value of short-term deposits.*

** *Corresponds to the item, " Current financial assets" relating to the value of government securities (€323.8 million) and accrued interest income (€14.1 million).*

*** *Corresponds to the item, "Current portion of long-term borrowings" relating to the short-term portion of long-term borrowings (€195.4 million) and the short-term portion of lease liabilities (€20.2 million) and to "Current financial liabilities" and "Current financial assets" relating to the amount of derivatives (down €0,1 million in derivatives) and accrued financial income on derivatives (down €1.1 million).*

**** *Corresponds with the item, "Long-term borrowings" relating to the value of borrowings (€7,154.5 million) and the long-term portion of lease liabilities (€40.9 million) and "Non-current financial liabilities" relating to the value of derivative liabilities (€49.8 million).*

***** *Corresponds to the item "Long-term borrowings" for the value of bond borrowings (€7,008.8 million) and to the item "Non-current financial assets" for the value of derivative assets relating to bonds (down €4.3 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 borrowings, comprising: (i) two perpetual hybrid green notes with an aggregate nominal amount of €1,850,000,000; (ii) a perpetual subordinated hybrid European Green Bond with a nominal amount of €1,850,000,000, issued in January 2026 under Terna's €4,000,000,000 EMTN Programme and listed on the Electronic Bond Market (MOT) of Borsa Italiana[34]; and (iii) a further eleven notes issued under the Company's EMTN Programmes, namely: (a) the €12,000,000,000 EMTN Programme authorised by the Commission de Surveillance du Secteur Financier (CSSF) and listed on the Luxembourg Stock Exchange; and (b) the €6,000,000,000 EMTN Programme approved by CONSOB and listed on the Electronic Bond Market (MOT) of Borsa Italiana; bank borrowings, consisting of revolving credit facilities and bilateral credit facilities (the so-called "bank borrowings");
- a series of loans to the Company from the European Investment Bank (EIB), amounting to a total of approximately €4.6 billion.

[34] On 4 June 2026, Terna renewed the above €4 billion EMTN Programme, increasing its maximum aggregate amount to €6 billion.

The main covenants relating to bond issues and the above EMTN Programmes 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.).

27. Employee benefits – €48.2 million

The following table shows the composition of the Italian TFR and other employee benefits and movements during the period ended 30 June 2026:

(€ thousands)

	31.12.2025	PROVISIONS	INTEREST COST	AMOUNTS UTILISED	ACTUARIAL GAINS/(LOSSES)	30.06.2026
Benefits during the period of employment						
Loyalty bonuses and other incentives	4.5	0.2	0.1	-	-	4.8
Total	**4.5**	**0.2**	**0.1**	**-**	**-**	**4.8**
Termination benefits						
Deferred compensation benefits (TFR)	26.1	0.1	0.4	(0.1)	(0.2)	26.3
Energy discounts	2.2	-	-	(0.3)	-	1.9
Additional months' pay	4.6	0.1	-	(0.2)	-	4.5
Other similar benefits	1.0	(0.1)	0.1	-	-	1.0
Total	**33.9**	**0.1**	**0.5**	**(0.6)**	**(0.2)**	**33.7**
Post-employment benefits						
ASEM health plan	9.4	0.2	0.2	-	(0.1)	9.7
Total	**9.4**	**0.2**	**0.2**	**-**	**(0.1)**	**9.7**
TOTAL	**47.8**	**0.5**	**0.8**	**(0.6)**	**(0.3)**	**48.2**

This item amounted to €48.2 million at 30 June 2026 and remained substantially in line with the balance at 31 December 2025 (€47.8 million), recording a non-significant increase of €0.4 million.

28. Provisions for risks and charges – €235.8 million

(€m)

	PROVISIONS FOR LITIGATION AND DISPUTES	SUNDRY PROVISIONS FOR RISKS AND CHARGES	PROVISIONS FOR EARLY RETIREMENT INCENTIVES	TOTAL
Amount at 31 December 2025	**9.1**	**188.5**	**42.1**	**239.7**
Provisions	0.5	23.3	-	23.8
Amounts utilised	(0.1)	(24.3)	(2.4)	(26.8)
Other movements	(0.9)	-	-	(0.9)
Amount at 30 June 2026	**8.6**	**187.5**	**39.7**	**235.8**

Provisions for litigation and disputes – €8.6 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. At 30 June 2026, the balance of €8.6 million mainly comprised provisions relating to litigation involving the Parent Company in respect of claims for damages arising from operation and maintenance activities, easement compensation claims, and employment and social security disputes. Compared with the previous financial year, the balance decreased by a net €0.5 million, mainly reflecting lower provisions recognised during the six-month period.

Provisions for sundry risks and charges – €187.5 million

These provisions, amounting to €187.5 million at 30 June 2026, essentially reflect liabilities associated with urban and environmental restoration projects (€31.2 million), regulation of the quality of the electricity service (€5.2 million), right-of-way fees and deposits held in custody (€32.3 million and €15.4 million, respectively) and tax-related aspects (€24.7 million). They also include the provisions of the Tamini Group (€36.1 million), essentially relating to operating risks connected with the product warranty provision and the customer penalties provision.
Compared with the previous financial year, the item decreased by a net €1.0 million, mainly attributable to utilisations relating to crossing fees and charges associated with deposit accounts.

Provisions for early retirement incentives – €39.7 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 decreased by a net €2.4 million due to the payments of the period in accordance with the existing plan for generational turnover.

29. Other non-current liabilities – €1,186.0 million

(€m)

	30.06.2026	31.12.2025	CHANGE
Accruals and deferred income relating to capital grants	97.0	104.5	(7.5)
Interconnector Guarantee Fund	216.3	204.2	12.1
Security deposits	265.1	295.4	(30.3)
Other non-current liabilities	607.6	606.5	1.1
TOTAL	**1,186.0**	**1,210.6**	**(24.6)**

The item amounted to €1,186.0 million at 30 June 2026, representing a decrease of €24.6 million compared with the previous financial year, mainly reflecting lower security deposits received from operators participating in the Capacity Market pursuant to Resolution 98/2011/R/eel (overall decrease of €30.3 million), partially offset by the increase in the Interconnector Guarantee Fund established at Terna S.p.A. under the 2016 Stability Law (up €12.1 million).

30. Current liabilities

(€m)

	30.06.2026	31.12.2025	CHANGE
Short-term borrowings *	309.0	720.3	(411.3)
Current portion of long-term borrowings *	215.6	775.8	(560.2)
Trade payables	4,261.7	3,886.6	375.1
Current liabilities arising from contracts with customers	149.4	126.6	22.8
Tax liabilities	72.0	45.5	26.5
Current financial liabilities*	133.4	141.2	(7.8)
Other current liabilities	997.6	1,036.8	(39.2)
TOTAL	**6,138.7**	**6,732.8**	**(594.1)**

** Information on these items is provided in note 26. Borrowings and financial liabilities.*

Trade payables – €4,261.7 million

(€m)

	30.06.2026	31.12.2025	CHANGE
Trade payables:			
- Energy-related payables	2,594.9	2,197.1	397.8
- Non-energy-related payables	1,664.6	1,682.1	(17.5)
Amounts due to associates	2.2	7.4	(5.2)
TOTAL	**4,261.7**	**3,886.6**	**375.1**

Trade payables

Energy payables – €2,594.9 million

Compared with 31 December 2025, the item increased by €397.8 million, mainly due to the increase in energy-related pass-through payables (up €472.0 million), primarily reflecting higher payables relating to the P-Other charge (up €214.6 million), Uplift charges (up €190.6 million), Essential Units for the Security of the Electricity System (UESS) (up €201.3 million) and the Capacity Market (up €21.9 million), partially offset by the decrease in payables relating to the extraordinary balancing service (down €156.6 million).

Non-energy items – payables: €1664.6 million

Trade payables relating to invoices received and invoices to be received for contracts, services, works, and purchases of materials and equipment amounted to €1,664.6 million at 30 June 2026, a decrease of €17.5 million compared with 31 December 2025. The change mainly reflected lower payables of the Parent Company (down €52.3 million), only partly offset by higher payables of the Altenia Group (up €17.5 million), the Tamini Group (up €7.2 million) and the Brugg Cables Group (up €6.9 million).

Amounts due to associates

The item amounted to €2.2 million at 30 June 2026, a decrease of €5.2 million compared with 31 December 2025, and mainly comprised payables due to CESI S.p.A. (€1.5 million) for studies and research in the electrical engineering sector, as well as payables due to CORESO SA (€0.7 million) for electricity flow forecasting and operational coordination services.

Current liabilities arising from contracts with customers

Current liabilities arising from contracts with customers, totalling €149.4 million at 30 June 2026, increased by €22.8 million compared with the balance at 31 December 2025 (€126.6 million). This is mainly due to contracts from the Altenia Group (up €18.2 million) and the Tamini Group (up €8.5 million), net of the decrease in contracts from the Brugg Cables Group (down €2.9 million).

This item breaks down as follows.

(€m)

	PREPAYMENTS	VALUE OF CONTRACT	BALANCE AT 30 JUNE 2026	PREPAYMENTS	VALUE OF CONTRACT	BALANCE AT 31 DECEMBER 2025
Current liabilities arising from contracts with customers	419.6	(270.2)	**149.4**	302.0	(175.4)	**126.6**

The carrying amount of trade payables broadly approximates to fair value.
The commitments assumed by the Group towards suppliers amount to approximately €8,941.5 million and regard purchase commitments linked to the normal “operating cycle” projected for the period 2026-2030.

Tax liabilities

At 30 June 2026, the item amounted to €72.0 million, an increase of €26.5 million compared with the balance of €45.5 million at 31 December 2025. The change reflects the combined effect of the settlement of 2025 income taxes (€45.5 million) and the payment of advance income tax instalments for 2026 (€209.5 million), net of the recognition of income taxes for the period (€280.5 million).

Other current liabilities – €997.6 million

(€m)

	30.06.2026	31.12.2025	CHANGE
Prepayments	512.5	549.3	(36.8)
Other tax liabilities	22.3	21.1	1.2
Social security payables	45.6	43.5	2.1
Amounts due to personnel	104.2	80.4	23.8
Other payables due to third parties	313.0	342.5	(29.5)
TOTAL	**997.6**	**1.036.8**	**(39.2)**

Prepayments

This item amounts to €512.5 million at 30 June 2026 and relates to the grants related to assets collected by the Group (of which €504.0 million attributable to the Parent Company) to fund the construction of non-current assets in progress at 30 June 2026.

Compared with the balance of €549.3 million at 31 December 2025, the item decreased by €36.8 million, mainly reflecting higher advances received from third parties (€256.6 million), net of capital grants recognised as a direct deduction from the carrying amount of property, plant and equipment (€293.4 million).

Other tax liabilities

Other tax payables, amounting to €22.3 million, increased by €1.2 million over the previous year. This is mainly due to higher withholding taxes on employees at the Parent Company (up €3.5 million) and Terna Rete Italia (up €6.1 million), net of lower VAT payables recognised at the reporting date (down €7.7 million).

Social security payables

Payables to social security institutions amounted to €45.6 million, an increase of €2.1 million compared with 31 December 2025, reflecting higher social security contributions accrued during the period. The item also includes payables due to the Electricity Industry Pension Fund (FPE), amounting to €2.4 million, broadly in line with the balance at the end of the previous financial year.

Amounts due to personnel

Employee payables amounted to €104.2 million, an increase of €23.8 million compared with the balance at 31 December 2025, and mainly relate to amounts accrued under various headings in respect of employees.

Other payables due to third parties

Other payables to third parties amounted to €313.0 million and mainly comprise security deposits received from electricity market operators as collateral for contractual obligations (€207.2 million), contingent liabilities recognised as part of the purchase price allocation relating to the Brugg Cables Group (€33.8 million, fully covered by insurance), and deferred income, mainly relating to the Non-Regulated business (€55.4 million). Compared with 31 December 2025, the item decreased by €29.5 million, mainly reflecting the movement in security deposits.

31. Assets held for sale and liabilities related to assets held for sale

These items include the statement of financial position balances of the assets held for sale, relating to the portfolio of power lines in Peru owned by the Terna Group.

On **26 February 2026**, the Group signed a binding agreement with Engie Transmisión Perù S.A. (a company of the Engie Group) to acquire the project in Peru, which is expected to be completed within 12 months.

Below is a breakdown of the items that generated the net profit for the period from assets held for sale:

(€m)

ASSETS	30.06.2026	31.12.2025	CHANGE
Property, plant and equipment	1.4	1.4	-
Intangible assets	20.0	19.6	0.4
Deferred tax assets	1.7	1.7	-
Non-current financial assets	2.4	2.4	-
Inventories	0.3	0.3	-
Trade receivables	0.1	0.1	-
Cash and cash equivalents	3.2	2.8	0.4
Income tax assets	0.2	0.1	0.1
Other current assets	1.2	1.3	(0.1)
Total assets	**30.5**	**29.7**	**0.8**
Accumulated impairment recognised on remeasurement of fair value less costs to sell	(16.2)	(15.9)	(0.3)
TOTAL ASSETS RELATED TO ASSETS HELD FOR SALE	**14.3**	**13.8**	**0.5**
LIABILITIES			
Trade payables	-	0.2	(0.2)
TOTAL LIABILITIES RELATED TO ASSETS HELD FOR SALE	**-**	**0.2**	**(0.2)**
TOTAL NET ASSETS RELATED TO ASSETS HELD FOR SALE	**14.3**	**13.6**	**0.7**
Amounts included in OCI:			
Foreign currency translation reserve	0.3	0.2	0.1
Total reserves related to assets classified as held for sale	**0.3**	**0.2**	**0.1**

Net assets held for sale amounted to €14.3 million at 30 June 2026, and reflect investments on infrastructure under concession in Peru related to subsidiary Terna Peru S.A.C.. This item was virtually in line with the figure posted at 31 December 2025.

Cash flow

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

(€m)

	CASH FLOW H1 2026	CASH FLOW H1 2025
Operating Cash Flow	0.8	(1.3)
Cash flow for investing activities	(0.4)	1.6
Cash flow for the period attributable to assets held for sale	**0.4**	**0.3**

Cash inflows from current operations in Latin America totalled €0.8 million. This amount was offset by an increase in investing activities related to infrastructure concessions in Peru (€0.4 million), resulting in a change of €0.4 million in cash and cash equivalents.

E. Commitments and risks

Risk management

In the conduct of its business, the Terna Group is exposed to different financial risks: market risk (interest rate, exchange rate and inflation risk), liquidity risk and credit risk.

The Group's risk management policies are designed to (i) identify and analyse risks to which Group companies are exposed, (ii) establish appropriate limits and controls, and (iii) monitor risks and compliance with these limits. These policies and the related systems are reviewed on a regular basis, in order to take account of any changes in market conditions or in the Group's operations.

As part of the financial risk management policies approved by the Board of Directors, Terna has established the responsibilities and operating procedures for financial risk management, with specific reference to the instruments to be used and the precise operating limits to apply in managing them.

The Terna Group's exposure to the above risks is chiefly related to the exposure of the Parent company. Information is provided below on the Group's exposure to each of the above risks, including the objectives, policies and processes for managing these risks, the methods used to assess them and additional quantitative information on the Parent Company's balances at 30 June 2026.

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

Financial assets and liabilities related to derivative instruments held by the Terna Group during the period consisted of:

- Cash flow hedge derivatives, mainly related to hedging the risk of changes in cash flows associated with long-term variable-rate borrowings;
- Fair value hedge derivatives related to hedging the risk of changes in the fair value of financial liabilities related to interest rate fluctuations (fixed-rate bonds).

For more information, reference should be made to the relevant "Risk management" section in the Notes to the Annual Report of the Terna Group for the year ended 31 December 2025.

Updated information on interest rate risk, exchange rate risk, credit risk and liquidity risk is provided below. With regard to market and inflation risk, reference should be made to the relevant "Risk management" section in the Notes to the Annual Report for the year ended 31 December 2025.

Sensitivity to interest rate risk

The table below shows the amounts reflected in "Other comprehensive income" for positions sensitive to interest rate changes, along with the theoretical values of these positions following a positive or negative shift in the market interest rate curve and the differential impacts of these changes recognised in Comprehensive income. A 10% (up/down) change in interest rates as compared to market interest rates at the reporting date was assumed:

(€m)

	PROFIT OR LOSS			COMPREHENSIVE INCOME		
	CURRENT RATES +10%	CURRENT AMOUNTS	CURRENT RATES -10%	CURRENT RATES +10%	CURRENT AMOUNTS	CURRENT RATES -10%
30.06.2026						
Positions sensitive to interest rate variations (FVHs, bond issues, CFHs)	0.4	**-**	(0.4)	16.9	**10.0**	3.1
Hypothetical change	*0.5*	-	*(0.4)*	*6.9*	-	*(6.9)*
31.12.2025						
Positions sensitive to interest rate variations (FVHs, bond issues, CFHs)	(1.1)	**(1.2)**	(1.3)	24.7	**13.4**	1.9
Hypothetical change	*0.1*	-	*(0.1)*	*11.3*	-	*(11.5)*

Credit risk

Credit risk is the risk a customer or one of the counterparties to a transaction in financial instruments could cause a financial loss by failing to discharge an obligation. It is mainly generated by the Group's trade receivables and financial investments.
The credit risk originated by open positions on transactions in derivatives is considered to be marginal since the counterparties, in compliance with the financial risk management policies adopted, are leading international banks with high ratings.
Terna provides its services essentially to counterparties considered solvent by the market, and therefore with a high credit standing, and does not have high concentrations of credit risk.
Credit risk management is driven by the provisions of ARERA Resolution no. 111/06, which, in art. 49, introduced instruments designed to limit the risks related to the insolvency of dispatching customers, both on a preventive basis and in the event of an actual insolvency. In particular, the Resolution establishes three instruments to safeguard the electricity market: a guarantee system (bank guarantees provided by individual dispatching customers, based on their turnover); the option of terminating dispatching contracts (in the event of insolvency or failure to replace enforced guarantees); and, finally, the possibility of recovering uncollected debts, after having taken all other possible collection actions, through a specific fee to be fixed by ARERA.

The following table summarises the exposure to such risk at the reporting date:

(€m)

	30.06.2026	31.12.2025	CHANGE
Derivative financial instruments	4.4	1.3	3.1
Cash on hand, securities and deposits	2,266.5	2,564.1	(297.6)
Trade receivables and assets arising from contracts with customers	3,179.8	3,190.6	(10.8)
TOTAL	**5,450.7**	**5,756.0**	**(305.3)**

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

Geographical distribution

(€m)

	30.06.2026	31.12.2025
Italy	2,759.2	2,864.7
Euro-area countries	331.5	276.9
Other countries	89.1	49.0
Total	**3,179.8**	**3,190.6**

Customer type

(€m)

	30.06.2026	31.12.2025
Distributors	648.2	632.1
CSEA	6.8	102.3
Dispatching customers for injections	917.9	701.3
Dispatching customers for withdrawals (non-distributors)	1,247.9	1,392.1
Parties which have signed virtual import contracts and virtual import services (interconnectors and shippers)	10.8	10.8
Sundry receivables	348.2	352.0
Total	**3,179.8**	**3,190.6**

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

(€m)

	30.06.2026		31.12.2025	
	IMPAIRMENT	GROSS	IMPAIRMENT	GROSS
Current	(0.7)	3,020.8	(1.2)	3.082.8
0-30 days past due	(0.4)	26.1	(0.7)	18.5
31-120 days past due	(0.5)	14.4	(0.4)	10.1
Over 120 days past due	(86.3)	206.4	(87.7)	169.2
Total	**(88.0)**	**3,267.8**	**(90.1)**	**3,280.6**

The movements in the allowance for doubtful accounts during the period were as follows:

(€m)

	30.06.2026	31.12.2025
Opening balance at 1 January 2026	(90.1)	(94.1)
Release of provisions (P&L)	1.2	6.0
Amounts utilised	0.9	0.5
Provisions pursuant to Resolution no. 5/2024	-	(1.4)
Impairments for the period	-	(1.0)
Balance	**(88.0)**	**(90.1)**

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

(€m)

	30.06.2026	31.12.2025
Dispatching (TIDE)	2,932.0	2,739.1
Transmission charges due from distributors	481.0	480.1
Virtual imports	171.3	209.1
MACSE (Electricity Storage Procurement Mechanism) (*)	100.0	-
Capacity market	274.2	274.2
Balance	**3,958.5**	**3,702.5**

(*) Guarantees relating to MACSE contracts signed at the end of 2025, which will take effect from 2028.

It should be noted that Non-regulated Activities are exposed to "counterparty risk", in particular in relation to the entities with which sales contracts are entered into, in consideration of the credibility and solvency of the parties in question and the impact that their possible insolvency could have on the financial strength of the business. Counterparty risk is mitigated by implementing special procedures to assess counterparties.

Default risk and debt covenants

This risk is associated with the possibility that the loan agreements or bond terms and conditions to which the Parent Company is a party may contain provisions authorising counterparties to call in such loans immediately upon the occurrence of certain events, thereby generating liquidity risk. More information on the contract provisions governing outstanding borrowings at 30 June 2026 is provided in the "Borrowings and financial liabilities" section in the notes to the financial statements of the Terna Group.

Bank and Insurance Guarantees

Bank and insurance guarantees issued to third parties on behalf of Group companies at 30 June 2026 stood at €687.6 million, broken down as follows: €269.8 million on behalf of Terna S.p.A.; €164.3 million on behalf of Tamini Trasformatori S.r.l.; €54.9 million on behalf of Terna Rete Italia S.p.A.; €19.9 million on behalf of Terna Interconnector S.r.l.; €75.5 million on behalf of companies in the Brugg Group; €0.1 million on behalf of Terna Plus S.r.l., €4.4 million on behalf of Terna Perù SAC, €0.8 million on behalf of Terna Energy Solutions S.r.l., €82 million on behalf of Altenia S.r.l. and €15.9 million on behalf of Ste Energy S.r.l..

Litigation and contingent liabilities

Below is a description of the main commitments and risks not disclosed in the statement of financial position for the year ended 31 December 2025 — 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.

Contingent liabilities concerning the authorisation, construction and operation of plants owned by the Parent Company

The contingent liabilities stem from the filing of lawsuits to obtain the annulment of orders authorising the construction and operation of plants owned by the Parent Company, or to seek compensation for damage caused by the operation of these plants. In general, these contingent liabilities involve the Parent Company as a necessary party to this dispute in its capacity as owner of the plants at issue. However, it cannot be ruled out that the parties involved may also bring legal action against the subsidiary Terna Rete Italia S.p.A., as such alleged damage may be attributed not only to ownership but also to operation of the plant, which is carried out by the latter company.
Some of these judgements may result in possible unfavourable outcomes, which could lead to liabilities of an extremely uncertain value. These liabilities would be covered by the Parent Company or Terna Rete Italia S.p.A..

Litigation relating to activities carried out under concession

In its capacity as operator of transmission and dispatching activities since 1 November 2005, the Parent Company is a party to several legal proceedings brought before the courts of law for the annulment of measures taken by the Regulatory Authority for Energy, Networks and the Environment (ARERA), and/or the Ministry of the Environment and Economic Development 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

Acquisition of Ste Energy S.r.l.

With respect to the acquisition of Ste Energy S.r.l., completed in the previous year, it is noted that the final recognition of the business combination took place within 12 months of the transaction date.

The accounting effects of the business combination, in accordance with IFRS 3 “Business Combinations”, are summarised in the table below. Specifically, the consideration paid for the acquisition of Ste Energy S.r.l., along with the value of the assets acquired and the liabilities assumed at the time of acquisition, is summarised below:

Amount of assets acquired and liabilities assumed as at 29 May 2025

(€/000)

	AMOUNT	ADJ	FAIR VALUE
ASSETS			
Fixed assets			
Property, plant and equipment	351	-	351
Goodwill	6,291	(6,291)	-
Intangible assets	739	12,120	12,859
Financial fixed assets	1	-	1
Deferred tax assets	267	(3,493)	(3,226)
Other assets	70	-	70
Total fixed assets	**7,719**	**2,336**	**10,055**
Current assets			
Trade receivables	16,165	-	16,165
Warehouse	24	-	24
Income tax assets	186	-	186
Other assets	4,678	-	4,678
Liquid assets	10,932	-	10,932
Total Current Assets	**31,985**	**-**	**31,985**
TOTAL ASSETS	**39,704**	**2,336**	**42,040**
LIABILITIES			
Non-current liabilities			
Employee benefits	155	-	155
Provisions for risks and charges	985	-	985
Total non-current liabilities	**1,140**	**-**	**1,140**
Current liabilities			
Short-term borrowings	5,487	-	5,487
Trade payables	13,846	-	13,846
Tax liabilities	1,942	-	1,942
Other liabilities	4,395	-	4,395
Total current liabilities	**25,670**	**-**	**25,670**
TOTAL LIABILITIES	**26,810**	**-**	**26,810**
NET ASSETS ACQUIRED	**12,894**	**2,336**	**15,230**
Initial Shareholders' Equity	**12,894**	**-**	**12,894**
CONSIDERATION	**15,271**	**-**	**15,271**
Goodwill	**2,377**	**(2,336)**	**41**

According to IFRS 3, the acquirer must allocate the cost of the business combination by recognising all assets, liabilities and contingent liabilities that meet the relevant recognition criteria, as measured at their fair value on the acquisition date. In this case, the cost of acquiring 100% of the company’s capital was €15.3 million.

The amount of the consideration was substantially in line with the value of the net assets at the acquisition date.

Acquisition of Rete 2 S.r.l.

With respect to the acquisition of Rete 2 S.r.l., completed in the previous year, it is noted that the final recognition of the business combination took place within 12 months of the transaction date.

The accounting effects of the business combination, in accordance with IFRS 3 “Business Combinations”, are summarised in the table below. Specifically, the consideration paid for the acquisition of Rete 2 S.r.l., along with the value of the assets acquired and the liabilities assumed at the time of acquisition, is summarised below:

Amount of assets acquired and liabilities assumed as at 30 September 2025

(€/000)

	AMOUNT	ADJ	FAIR VALUE
ASSETS			
Fixed assets			
Property, plant and equipment	132,929	92,589	225,518
Intangible assets	-	1,296	1,296
Deferred tax assets	7,550	(27,302)	(19,752)
Total fixed assets	**140,479**	**66,583**	**207,062**
Current assets			
Liquid assets	10	-	10
Total Current Assets	**10**	**-**	**10**
TOTAL ASSETS	**140,489**	**66,583**	**207,072**
LIABILITIES			
Non-current liabilities			
Employee benefits	578		578
Total non-current liabilities	**578**	**-**	**578**
Current liabilities			
Other liabilities	142	-	142
Total current liabilities	**142**	**-**	**142**
TOTAL LIABILITIES	**720**	**-**	**720**
NET ASSETS ACQUIRED	**139,769**	**66,583**	**206,352**
Initial Shareholders' Equity	**139,769**	**-**	**139,769**
CONSIDERATION	**229,208**	**-**	**229,208**
Goodwill	**89,439**	**(66,583)**	**22,856**

According to IFRS 3, the acquirer must allocate the cost of the business combination by recognising all assets, liabilities and contingent liabilities that meet the relevant recognition criteria, as measured at their fair value on the acquisition date. In this case, the cost of acquiring 100% of the company’s capital was €229.2 million.

The amount of the consideration was higher than the value of the net assets at the acquisition date, resulting in the recognition of goodwill of approximately €22.9 million.

G. Related party transactions

Given that Terna S.p.A. is subject to the de facto control of Cassa Depositi e Prestiti S.p.A. (registered office at Via Goito 4, 00185 Rome, Italy and consolidated financial statements available on the website at www.cdp.it), a situation ascertained in 2007, related party transactions entered into by Terna during the period include transactions with the associates (Cesi S.p.A., Coreso S.A. and CGES) and employee pension funds (Fondenel and Fopen), as well as transactions with Cassa Depositi e Prestiti itself, with CDP Reti S.p.A. and with the companies directly or indirectly controlled by the Ministry of the Economy and Finance ("MEF").

Given that Terna Group companies and the companies directly or indirectly controlled by the Ministry of the Economy and Finance meet the definition for classification as "government-related entities", in accordance with IAS 24 – Related Party Disclosures, the Group has elected to adopt the partial exemption – permitted by the standard – from the disclosure requirements in respect of other companies controlled, influenced or jointly controlled by the same government entity.
The remainder of this section provides qualitative and quantitative disclosures on transactions with government-related entities having a significant impact on the Group's results. Amounts relating to pass-through items are not included in these disclosures.
Related party transactions in the first half of 2026 are largely related to services supplied 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 period and the related assets and liabilities outstanding at 30 June 2026.

RELATED PARTY	REVENUE-GENERATING TRANSACTIONS	COST-GENERATING TRANSACTIONS
Parent		
Cassa Depositi e Prestiti S.p.A.		Linea di credito.
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	2.0
Total de facto parent	**-**	**0.1**	**2.0**
Associates:			
Cesi S.p.A.	-	0.1	-
CORESO S.A.	-	-	5.0
Total associates	**-**	**0.1**	**5.0**
Other related parties:			
GSE Group	1.7	-	-
Sogin S.p.A.	-	0.1	-
Enel Group	1,210.2	1.5	0.2
Eni Group	6.0	5.2	0.1
Ferrovie Group	2.0	0.2	0.4
Ansaldo Energia S.p.A.	-	0.1	0.2
Gruppo Poste Italiane	-	-	0.1
Other related parties of the MEF	-	-	0.2
Total other related parties	**1,219.9**	**7.1**	**1.2**
Pension funds:			
Fondenel	-	-	0.5
Fopen	-	-	2.6
Total pension funds	**-**	**-**	**3.1**
TOTAL	**1,219.9**	**7.3**	**11.3**

Assets and liabilities

(€m)

	PROPERTY, PLANT AND EQUIPMENT	RECEIVABLES AND OTHER ASSETS		PAYABLES AND OTHER LIABILITIES		CASH	GUARANTEES*	COMMITTED CREDIT LINES
	CAPITALISED COSTS	OTHER	FINANCIAL COSTS	OTHER	FINANCIAL COSTS			
De facto parent								
Cassa Depositi e Prestiti S.p.A.	6.5	1.2	-	7.8	91.9	-	5.4	(275.0)
Total de facto parent	**6.5**	**1.2**	**-**	**7.8**	**91.9**	**-**	**5.4**	**(275.0)**
Associates:								
Cesi S.p.A.	2.0	0.0	-	1.5	-	-	4.5	-
CORESO SA	-	-	-	0.7	-	-	-	-
Total associates	**2.0**	**0.0**	**-**	**2.2**	**-**	**-**	**4.5**	**-**
Other related parties:								
GSE Group	-	0.2	-	0.1	-	-	-	-
Enel Group	9.8	483.0	-	56.9	-	-	831.7	-
Eni Group	-	2.5	-	4.8	-	-	120.7	-
Ferrovie Group	0.3	10.3	-	29.0	-	-	42.8	-
ANAS S.p.A.	0.1	3.6	-	3.6	-	-	-	-
Snam Rete Gas S.p.A.	-	-	-	4.0	-	-	-	-
Webuild SpA	0.1	-	-	6.0	-	-	-	-
Fincantieri Group	-	-	-	-	-	-	5.4	-
Ansaldo Energia S.p.A.	-	0.1	-	13.1	-	-	59.4	-
Open Fiber S.p.A.	-	0.7	-	-	-	-	-	-
Gruppo Poste Italiane	6.6	-	-	0.7	-	-	7.5	-
Sogin	-	-	-	0.2	-	-	-	-
Other related parties of the MEF	0.7	-	-	0.4	100.0	3.8	1,161.7	(350.0)
Total other related parties	**17.6**	**500.4**	**-**	**118.8**	**100.0**	**3.8**	**2,229.2**	**(350.0)**
Pension funds:								
Fopen	-	-	-	4.5	-	-	-	-
Total pension funds	**-**	**-**	**-**	**4.5**	**-**	**-**	**-**	**-**
TOTAL	**26.1**	**501.6**	**-**	**133.3**	**191.9**	**3.8**	**2,239.1**	**(625.0)**

** The guarantees relate to guarantees received under procurement contracts.*

The impact of related-party transactions or positions on the statement of financial position and the income statement is summarised below:

Statement of financial position

(€m)

	30.06.2026			31.12.2025		
	TOTAL	RELATED PARTIES	% SHARE	TOTAL	RELATED PARTIES	% SHARE
Property, plant and equipment	22,482.4	26.1	0.1%	21,757.6	73.5	0.3%
Trade receivables and assets arising from contracts with customers	3,049.7	501.6	16.4%	3,075.6	501.0	16.3%
Cash and cash equivalents	1,942.7	3.8	0.2%	1,832.7	2.9	0.2%
Trade payables and current liabilities arising from contracts with customers	4,261.7	79.0	1.9%	3,886.6	104.2	2.7%
Long-term borrowings	14,204.2	191.9	1.4%	13,886.7	90.5	0.7%
Other current liabilities	997.6	54.3	5.4%	1,036.8	47.6	4.6%

Income statement

(€m)

	H1 2026			H1 2025		
	TOTAL	RELATED PARTIES	% SHARE	TOTAL	RELATED PARTIES	% SHARE
Revenue from sales and services	2,067.1	1,227.2	59.4%	1,862.7	1,232.8	66.2%
Other revenue and income	46.5	0.1	0.1%	31.5	0.1	0.3%
Raw and consumable materials used	183.4	0.1	0.1%	144.9	-	0.0%
Services	210.7	6.6	3.1%	159.5	4.9	3.1%
Personnel expenses	224.1	3.1	1.4%	209.9	2.6	1.2%
Other operating costs	28.4	0.1	0.3%	20.1	0.2	1.0%
Financial expenses	(146.3)	(1.4)	-	(137.9)	-	-

The impact of related party cash flows is shown below:

Statement of cash flows

(€m)

	H1 2026			H1 2025		
	TOTAL	RELATED PARTIES	% SHARE	TOTAL	RELATED PARTIES	% SHARE
Cash flow from operating activities	1,339.4	(20.0)	(1.5%)	1,042.6	(208.0)	(20.0%)
Cash flow from investing activities	(797.7)	47.4	(5.9%)	(1,249.3)	39.3	(3.1%)
Cash flow from financing activities	(431.3)	101.4	(0.2)	293.6	-	-

H. Significant non-recurring, atypical or unusual events and transactions

No significant non-recurring, atypical or unusual events or transactions, involving either third or related parties, took place in the first half of 2026.

I. Notes to the statement of cash flows

Cash flow from **continuing operations** during the period under review stood at €1,339.4 million, with approximately €1,488.6 million in operating cash flow and an outflow of approximately €149.2 million generated by changes in net working capital.

Net outflow **from investing activities** totalled €797.7 million and related mainly to investment in property, plant and equipment (€1,323.7 million) (excluding right-of-use assets recognised in accordance with IFRS 16) and investment in intangible assets (€167.3 million), net of capitalised financial expenses (€293.2 million).

The net change in **equity** is an increase of €290.5 million mainly due to the recognition of a reserve for the hybrid green bond of €845.2 million, partly offset by the payment of the balance of the 2025 dividend (down €554.7 million). More details are provided in Note "25. 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 €797.7 million, covered in part by cash flow from continuing operations to the extent of €1,339.4 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)

	31.12.2025	CASH FLOW FROM FINANCING ACTIVITIES	CHANGE IN FV AND OTHER	30.06.2026
- Long-term borrowings (including current portion)	14,662.5	(277.9)	35.2	14,419.8
- Short-term borrowings	720.3	(414.6)	3.3	309.0
Net change deriving from financing activities	**15,382.8**	**(692.5)**	**38.5**	**14,728.8**

L. Significant events after 30 June 2026

Completion of the merger of "STE Energy S.r.l." into "Altenia S.r.l."

After the reporting date, the **merger of STE Energy S.r.l. (the merged company) into Altenia S.r.l. (the acquiring company)** was completed. On 29 May 2025, Altenia S.r.l. acquired 100% of STE Energy S.r.l., an Italian company operating in the design, construction and maintenance of renewable energy plants and electrical infrastructure.
In particular, the statutory effects of the merger became effective on 1 July 2026, following completion of the last requirement envisaged as part of the corporate process for the transaction. As set out in the merger deed, the transaction has different effective dates for its various effects. The statutory effects will begin on 1 July 2026, whereas the accounting and tax effects have been backdated to 1 January 2026.

Terna, green light to the connection of the new “Matera La Martella” substation

On **1 July 2026** the Ministry of the Environment and Energy Security authorised the **construction, in the Municipality of Matera, of a switching station that will connect Rete Ferroviaria Italiana’s new “Matera La Martella” substation to the national transmission grid**. The works, which require an investment of around €7.5 million, are essential for upgrading the Matera-Ferrandina railway line and ensuring a reliable electricity supply. The project also involves building two new overhead connections linked to the Matera Primary Substation – Grottole line, as well as demolishing two existing pylons and their respective spans. The works have been designed to blend into the local area and landscape, while minimising environmental impact and respecting the local communities.

Terna: working on the removal of the “Marrucina-Montesilvano” power line in the province of Pescara

On **8 July 2026**, with the demolition of the pylon in the Municipality of Spoltore, Terna’s activities for the **removal of the pylons of the “Marrucina-Montesilvano” power line get under way**. The works involve around 10 km of overhead lines and provide for the dismantling of 28 pylons located in built-up areas. These activities are part of a broader plan to modernise and streamline the electricity grid in the provinces of Teramo and Pescara. This plan included constructing new 150 kV underground cable links between the San Donato, Marrucina, Santa Filomena and Montesilvano primary substations. The project will enhance the safety, efficiency and sustainability of the local electricity system, meeting the province of Pescara’s growing energy demand. Approximately 40 hectares of land will be freed up at the end of the programme thanks to the removal of the ‘Marrucina-Montesilvano’ power line and the recovery and recycling of its decommissioned materials. Demolition work is also underway on the “S. Donato – Cementificio Sacci” line, with 14 pylons being removed.

Terna: authorisation process for the reconfiguration of the electricity grid in the Reggio Emilia area resumed

On **9 July 2026**, following the restart by the Ministry of the Environment and Energy Security, of the authorisation procedure for **the reconfiguration works on the electricity grid in the Reggio Emilia area**, Terna published a notice with the list of the plots concerned. The project will increase the safety, reliability and efficiency of the local electricity grid. The planned works by Terna will also help reduce the environmental and landscape impact of electrical infrastructure in the area. The project involves strengthening the electricity grid between various municipalities in the province of Reggio Emilia by installing new lines and underground cables, connecting the future Mancasale primary substation and decommissioning existing infrastructure. The project will facilitate the demolition of over 42 kilometres of overhead lines and 158 pylons, benefiting the local area.

Terna: authorisation process for the reconfiguration of the electricity grid in Val d’Isarco resumed

On **14 July 2026**, following the restart, by the Ministry of the Environment and Energy Security, of the authorisation procedure for **the reconfiguration works on the electricity grid in the Val d’Isarco area**, Terna published a notice with the list of the plots concerned. The reconfiguration of the electricity grid in the Val d’Isarco region will strengthen the power supply to the railway route along the Brenner axis. This will be achieved in part by constructing 190 km of new power lines. The works will increase the safety, reliability and efficiency of the local grid. At the same time, they will enable the demolition of 260 km of overhead power lines and over 1,200 pylons. This will return more than 600 hectares of land to the environment and local communities. The project’s design is one of the most complex that Terna has ever carried out for a single intervention.

Terna: new underground power line operational between the municipalities of Caserta and Maddaloni

On **15 July 2026 Terna's underground cable connection between the "Saint Gobain" primary substation and the "Santa Sofia" substation, in the province of Caserta,entered into operation**. The works, in which Terna invested more than €12 million, extend for over 7 km across the municipalities of Caserta and Maddaloni. They were carried out using state-of-the-art XLPE-insulated cables (cross-linked extruded polyethylene insulation). To finish the project, Terna started to reinstate the road surface in the areas affected by construction.

Terna: authorisation granted for the rerouting of incoming lines to the substation in the municipality of Montecorvino Rovella

On **22 July 2026**, the Ministry of the Environment and Energy Security authorised the **location changes for the "Montecorvino-Laino 1" and "Montecorvino-Laino 2" electricity lines in the section entering the Montecorvino Rovella substation (Salerno)**. The project, which forms part of the strategic Tyrrhenian Link initiative, concerns approximately 2 km of network and involves the removal of four existing pylons and the related sections of line. The project will enable the infrastructure to be upgraded to the latest technological standards, improving its integration with the surrounding area and contributing to enhanced security, reliability and quality of electricity services.

Terna launches the authorisation process for the new Partinico-Fulgatore electricity connection

On **27 July 2026**, Terna launched **the authorisation process for the construction of the new Partinico–Fulgatore electricity connection in western Sicily**. The project involves the construction of a new 220 kV power line extending for more than 50 km between the Partinico and Fulgatore substations. It also includes a 1.5 km rerouting of the existing Partanna–Partinico substations, required to ensure compatibility between the new infrastructure and the existing grid. The project forms part of the programme to strengthen Sicily's electricity transmission network and aims to increase electricity transmission capacity, facilitate the integration of renewable energy sources, and enhance the security and reliability of the electricity system. The project is part of Terna's broader infrastructure development programme, which also includes the Tyrrhenian Link and the Italy–Tunisia electricity interconnection (ELMED).

Terna Formazione Scuola Lavoro (School-to-Work Training Programme): over 2,000 students involved in 15 regions

On **27 July 2026, the 2025-2026 edition of *Formazione Scuola Lavoro* di Terna** came to a close, involving more than 2,000 fourth- and fifth-year secondary school students from over 50 schools across 15 Italian regions, providing almost 20,000 hours of training. The initiative aims to introduce young people to the electricity sector and the challenges of the energy transition, strengthening collaboration between schools and industry while helping to develop the next generation of skilled professionals. Throughout the programme, students gained a deeper understanding of the operation of Italy's national electricity system and Terna's role in managing the National Transmission Grid. The programme was further enriched by presentations from Terna professionals and immersive virtual reality experiences.

Terna: first company in the electricity sector to obtain UNI 11961:2024 attestation

On **28 July 2026**, Terna, together with the main companies in the Group (Terna Rete Italia, Terna Energy Solutions and Terna Plus), is the **first company in the electricity sector to have obtained UNI 11961:2024 attestation**. Issued by RINA, the attestation certifies the effective integration between the compliance management system and the 231 Organisational Models. The recognition confirms Terna's ability to adopt a structured and integrated approach to corporate compliance, in line with national and international standards, strengthening the link between compliance management systems (including UNI ISO 37301) and the 231 Models. The attestation represents a further step in the journey to consolidate the Group's compliance culture, supporting supervisory and control activities and integrating with the tools and management systems already in place.

Attestation

of the Group's Half-year Report pursuant to art. 81-ter of CONSOB Regulation 11971 of 14 May 1999, as amended

Sede legale Terna SpA - Viale Egidio Galbani, 70 - 00156 Roma
Tel. +39 0683138111 - www.terna.it
Reg. Imprese di Roma, C.F. e P.I. 05779661007 R.E.A. 922416
Cap. Soc. 442.198.240 Euro interamente versato

Attestation of the Group's Half-year report pursuant to art. 81-*ter* of CONSOB Regulation 11971 of 14 May 1999, as amended

"Half-year attestation"

The undersigned, Pasqualino Monti, as Chief Executive Officer, and Francesco Beccali, as Manager responsible for Terna SpA's financial reporting, having also taken account of the provisions of art.154-*bis*, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, attest to:

- the adequacy with regard to the nature of the Company, and
- the effective application of the administrative and accounting procedures adopted in preparation of the condensed consolidated interim financial statements during the six months ended 30 June 2026.

In this regard, no material aspects have emerged.

We also attest that the condensed consolidated interim financial statements:

a. have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by the Council on 19 July 2002;

b. are consistent with the underlying accounting books and records;

c. provide a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.

The interim report on operations includes a reliable analysis of key events during the first six months of the year and of their impact on the condensed consolidated interim financial statements, as well as a description of the main risks and uncertainties to which the issuer is exposed in the remaining six months of the year.

The interim report on operations also includes a reliable analysis of related party disclosures.

Rome, 29 July 2026

Chief Executive Officer	Manager responsible for financial reporting
Pasqualino Monti	**Francesco Beccali**
(original signed)	*(original signed)*
…………………………………………………	…………………………………………………

Independent Auditor's review report

on the condensed consolidated interim financial statements at and for the six months ended 30 June 2026

Deloitte.

Deloitte & Touche S.p.A.
Via Vittorio Veneto, 89
00187 Roma
Italia

Tel: +39 06 367491
Fax: +39 06 36749282
www.deloitte.it

REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Terna S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Terna S.p.A. and subsidiaries (the "Terna Group") as of June 30, 2026, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Terna Group as at June 30, 2026 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Maria Ginevra De Romanis
Partner

Rome, Italy
July 30, 2026

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

Mercurio GP
Milan

Strategic advisory
Creative concept
Graphic design
Layout
Editing

www.mercuriogp.eu

Terna
Driving Energy