

RESULTS AS OF 31 DECEMBER 2021 APPROVED

- IMPROVEMENT ACROSS ALL FINANCIAL INDICATORS

- FURTHER GROWTH IN CAPEX

- RECORD NUMBER OF PROJECTS AUTHORISED IN 2021

- **Revenues** €2,604.8 million (€2,490.4 million in 2020, +4.6%)
- **EBITDA** €1,854.8 million (€1,811.0 million in 2020, +2.4%)
- **Group net profit for the year** €789.4 million (€785.5 million in 2020, +0.5%)
- **Capex** €1,520.7 million (€1,351.1 million in 2020, +12.6%)
- **Net debt** €10,002.5 million (€9,172.6 million at 31 December 2020)
- **Proposed dividend for 2021** of 29.11 eurocents per share, up 8% on 2020
- **Launch of process of extracting value from South American assets**
- **The first Integrated Report, with a capital-based innovative vision, was presented**

Rome, 17 March 2022 - Today's meeting of the Board of Directors of Terna S.p.A. ("Terna"), chaired by Valentina Bosetti, has examined and approved the results for the year ended 31 December 2021.

2021 was again marked by the ongoing pandemic and global economic uncertainty. In spite of this, electricity consumption in Italy rose 5.6% compared to 2020, broadly returning to the pre-Covid levels of 2019, and against this backdrop Terna has seen improvements across all key financial indicators. Since May 2020, the Group has, in fact, decided to effect a major step change in its activities, aware of the fundamental role in leading the energy transition and driving Italy's economic recovery. This has resulted in seven consecutive quarters of rising investment, which has a key role to play in achieving the ambitious decarbonisation targets Italy has set itself. 2021 also saw Terna set a **new record: 37 new projects authorised** by the Ministry for the Ecological Transition and regional authorities, amounting to investment of more than €1 billion and almost four times the number of projects approved in 2020. In total, **Terna invested €1,520.7 million in 2021, an increase of 12.6%.**

“We continued to accelerate the pace of investment in 2021, stepping up our commitment to enabling and encouraging the development of renewable energy: the current international scenario is providing even greater proof of the need for Italy to make decisive progress in exploiting the energy sources that few other countries possess, namely sun and wind,” said Stefano Donnarumma, Terna’s CEO and General Manager.

CONSOLIDATED FINANCIAL HIGHLIGHTS FOR 2021

€m	2021*	2020*	% change
Revenues	2,604.8	2,490.4	+4.6%
EBITDA (gross operating profit)	1,854.8	1,811.0	+2.4%
EBIT (operating profit)	1,200.4	1,176.6	+2.0%
Group net profit for the year	789.4	785.5	+0.5%
Capital expenditure	1,520.7	1,351.1	+12.6%

* Given that the requirements of IFRS 5 have been met, the total results for 2021 and 2020 attributable to the South American subsidiaries included in the planned sale of assets have been classified in the item “Profit/(Loss) for the year from assets held for sale” in the Group’s reclassified income statement.

Revenues for 2021 amounts to €2,604.8 million, with an increase of €114.4 million (+4.6%) compared to 2020. This result primarily reflects increased revenue from Regulated Activities linked to development of the grid, combined with the contribution from Non-regulated Activities, mainly due to the positive results reported by the Tamini Group and the Brugg Group.

EBITDA (gross operating profit) for 2021 is €1,854.8 million, with an increase of €43.8 million (+2.4%) compared to 2020. This primarily reflects the improved result from Regulated Activities, due to an increase in the asset base.

EBIT (operating profit) for the year, after amortisation, depreciation and impairments equal to €654.4 million, amounts to €1,200.4 million, compared to €1,176.6 million of 2020 (+2.0%).

Net financial expenses for 2021 amount to €78.9 million, a decrease of €7.1 million compared with the €86.0 million of 2020. This primarily reflects the combined effect of currency translation differences and inflation.

Profit before tax is €1,121.5 million, with an increase of €30.9 million (+2.8%) compared to 2020.

Income tax expense for the year amounts to €317.9 million, an increase of €20.5 million compared to 2020 (+6.9%), essentially due to the increase in profit before tax and the higher amount of tax-exempt income recognised in the previous year. The tax rate amounts to 28.3%, versus the rate of 27.3% for 2020.

Group net profit for the year of €789.4 million is up €3.9 million (+0.5%) compared with the €785.5 million of 2020.

The **consolidated statement of financial position** shows **equity attributable to owners of the Parent** of €4,681.9 million, compared to €4,369.8 million at 31 December 2020.

The Terna Group's **total capital expenditure** during the year amounts to €1,520.7 million, with a 12.6% increase compared to the €1,351.1 million of 2020. The main projects carried out during the year include those designed to boost exchange capacity between different areas of the electricity market in Campania and Sicily, progress on works on the interconnection with France, completion of the Auronzo substation in the Upper Bellunese area, and continued work on the plan to install synchronous compensators.

To fund this major acceleration of investment in Terna's growth and the Country's recovery, **net debt** at 31 December 2021 has risen to €10,002.5 million, compared to €9,172.6 million at the end of 2020.

The Group's **workforce** at the end of 2021 totals 5,136, with an increase of 401 compared to 31 December 2020. The growth is linked to the policy of boosting the Group's expertise and the expansion of all the Group's businesses.

OPERATING RESULTS OF REGULATED ACTIVITIES

Following significant investment, during 2021 **revenues** from **Regulated Activities** are up to €2,253.5 million (€2,148.9 million in 2020, with an increase of 4.9%).

EBITDA thus amounts to €1,800.5 million, with an increase of €79.8 million compared to the previous year.

OPERATING RESULTS OF NON-REGULATED ACTIVITIES

Revenues from **Non-regulated Activities** in 2021 are up to €350.9 million, with a growth of 2.9% compared to the €341.0 million of 2020, thanks to the increased contributions from the subsidiaries Tamini Group and Brugg Group.

EBITDA generated by Non-regulated Activities amounts to €61.8 million for 2021, a decrease of €35.1 million compared to the previous year. This primarily reflects the one-off impact of recognition, in 2020, of the segment's share of the revenue resulting from the higher value of the net assets acquired following the acquisition of Brugg Cables compared to the consideration paid.

INTERNATIONAL ACTIVITIES

In order to further reduce the Group's risk profile, Terna has identified an opportunity to extract value from its South American activities, with the aim of selling up to 100% of the Latin American assets.

RESULTS OF THE PARENT COMPANY, TERNA S.p.A., FOR 2021

The Parent Company, Terna S.p.A., ended 2021 with revenues at €2,224.1 million (€2,086.6 million in 2020). EBITDA (gross operating profit) is €1,706.8 million (€1,586.9 million in 2020). EBIT (operating profit), after amortisation, depreciation and impairments of €585.8 million, amounts to €1,121.0 million (€1,015.7 million in 2020). Net profit for the year thus totals €735.2 million (€687.6 million for 2020). Given that the requirements of IFRS 5 have been met, the Company's operating results have been restated, as required by the standard.

The statement of financial position shows equity of €4,329.5 million (compared to €4,083.6 million at 31 December 2020) and net debt of €9,893.8 million (versus €9,137.2 million at 31 December 2020).

KEY EVENTS IN 2021

Terna continued with **development of the national grid** in 2021, making progress on all the major investment projects supporting the ecological transition. In addition to the previously mentioned authorised 37 new projects in 2021, 96 km of new power lines and 4 new substations were

completed during the year. In addition, following the purchase of 137 km of power line and 5 substations, **Terna** now **owns 99.9% of the national transmission grid**.

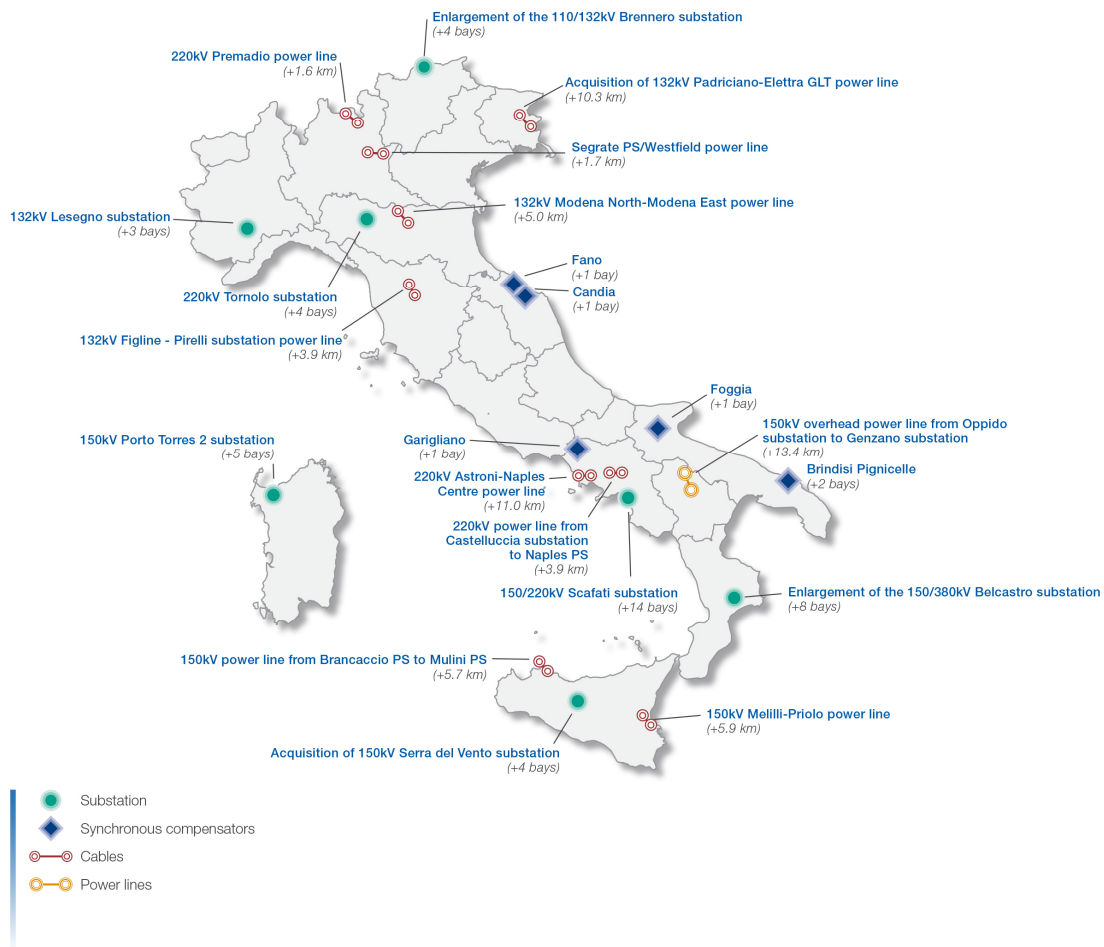
Key events in 2021 include the start of the authorisation process for the Campania-Sicily section of the **Tyrrhenian Link**, the project that will connect the Country's two largest islands with the mainland thanks to a total investment of €3.7 billion.

In addition, the first phase of a public consultation on the **Adriatic Link**, the new submarine connection between the Marche and Abruzzo regions that, in return for investment of over €1 billion, will help to strengthen the exchange of energy along the Country's eastern backbone, was completed in 2021. Work on the participatory design process is underway in collaboration with town councils in the areas of Abruzzo and Marche affected by the project.

Moreover, major projects involved in development of the national grid were approved in 2021: the Chiaramonte Gulfi-Ciminna power line that will connect the two sides of Sicily (an investment of about €300 million) and the plan to reorganize the grid between Malcontenta and Fusina, in the province of Venice (€190 million to be invested). Also worthy of mention are the new submarine power line that will link the island of Elba with the mainland (investment of approximately €90 million) and reorganization of the grid serving Bologna (investment of more than €60 million).

Finally, on 29 October, S&P Global Ratings (S&P) confirmed Terna's long-term rating of 'BBB+' and upgraded the outlook from stable to positive.

MAIN PROJECTS CARRIED OUT IN 2021



OUTLOOK

With the pandemic expected to ease with respect to the earlier part of the year, 2022 will see the Group continue to focus on delivering on the 2021-2025 Industrial Plan, which aims to confirm and strengthen Terna's central role in driving the Italian energy system and enabling the ecological transition. There is a risk that the recent conflict between Russia and Ukraine and the resulting pressures on commodity prices will have, however, a negative impact on the pace of general economic recovery.

In line with the 2021 National Transmission Grid Development Plan presented in July, which targets investment at €18.1 billion over the next ten years (up 25% on the previous plan), expenditure on Regulated Activities will be stepped up. Investment will focus on enabling the energy transition and facilitating the development and integration of renewable sources, making a major contribution to achieving the ambitious goals set out in the Green Deal and helping to drive the Country's economic recovery. Among the principal electricity infrastructure in project is the

Tyrrhenian Link, with the authorisation process for the West Link section which is expected to begin during the year, following the launch of the process for the East Link section in November 2021.

The authorisation process for the Adriatic Link project, the new submarine cable that will connect the Abruzzo and Marche regions, is also expected to begin during the year. The principal electricity infrastructure under construction includes the interconnection with France, expected to enter service in 2022. In addition, the main projects designed to increase exchange capacity between the various areas of the Italian electricity market include the Colunga-Calenzano power line linking Emilia-Romagna with Tuscany and the Paternò-Pantano-Priolo power line in Sicily, with works due to begin in the first case and to continue in the latter case in 2022.

In terms of the Security Plan, the planned installation of synchronous compensators will continue, with the aim of supporting the regulation of short-circuit voltage and power in areas of the Country characterised by a high level of production from renewable sources and a significant reduction in traditional production. Work on the reorganisation of electricity grids in metropolitan areas will also continue during the year, primarily involving the renewal of existing infrastructure with new technologically advanced connections meeting the highest standards in terms of environmental sustainability (e.g., Florence, Rome and Turin).

With regard to Non-regulated Activities, Terna will continue to consolidate its role as a provider of both connectivity, pursuing opportunities based on exploiting the Group's own fibre infrastructure, and energy solutions, developing high value-added services for corporate customers and exploiting market opportunities for traditional and renewable customers, also resulting from the recent acquisition of the LT Group.

In the industrial segment, the aim is to build on Tamini's performance and, with regard to Brugg, take full advantage of its distinctive expertise in underground cables and of synergies with the Terna Group's other businesses. The new corporate structure put in place in the first half of 2021 is also expected to be beneficial in this regard.

International Activities will focus on completing the due diligence process relating to the sale of the South American assets by the end of the year. Within the scope of the assets being sold, works on the construction of the two Linha Verde I and Linha Verde II power lines in Brazil will continue, with the lines due to enter service in 2023 and 2022, respectively. The strategic assessment of further opportunities in overseas markets will continue. This may take the form of partnerships and will involve the careful selection of projects with a view to ensuring a low risk profile and avoiding the need to tie up large amounts of capital.

In line with the approach carried out in 2021, the Group will focus investment in innovation and digital solutions as part of the transformation that will enable it to manage the growing complexity of the electricity system. Significant attention will also be paid to people development and the insourcing of strategic competencies, to the strengthening of departments, and to optimising the working environment for the employees through delivery of the NexTerna project, which has already achieved the first important milestones in the seven areas into which it is divided. The Group's commitment to development and renewal of the assets that make up the grid, together with operation of the infrastructure built, have had an impact on the overall level of debt. For the first time since the demerger from Enel, the Group has strengthened its balance sheet via the issue of hybrid bond worth €1 billion. The issue, aimed at institutional investors, saw extremely high demand, with applications topping €4 billion and the issue being four times oversubscribed.

Management of Terna's business will continue to be based on a sustainable approach and respect for the ESGs, ensuring that the Company is able to minimise its environmental impact, involve local stakeholders and meet the need for integrity, responsibility and transparency. The above objectives will be pursued whilst maintaining the commitment to maximising the cash generation necessary ensure a sound, balanced financial structure.

INTEGRATED REPORT 2021

The Terna Group's Annual Financial Report for 2021, approved by the Board of Directors, contains the first Integrated Report to include in a single document the Report on Operations, the Sustainability Report and the Consolidated Non-financial Statement (prepared in accordance with the GRI standards and also meeting the non-financial disclosure requirements in Legislative Decree 254/2016, as amended), in addition to the consolidated financial statements and the Parent Company's separate financial statements.

The decision to publish a single integrated document was taken in response to the need to increasingly strengthen relations with all the stakeholders, based on a clear, complete, balanced and responsible form of reporting. This decision is also in line with the indications contained in the European Commission's proposed "Corporate Sustainability Reporting Directive" of 21 April 2021, which follows on from the "Non-Financial Reporting Directive" and forms a key element in the EU's sustainable finance package.

APPROVAL OF TERNA S.P.A.'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 AND APPROPRIATION OF PROFIT FOR THE YEAR

The Board of Directors will propose that the Annual General Meeting ("AGM") of shareholders, to be held on 29 April 2022, in accordance with the financial calendar published by the Company, approve TERNA S.p.A.'s financial statements for the year ended 31 December 2021, examine the consolidated financial statements for the year ended 31 December 2021 and approve a total dividend of €585,108,671.20 for 2021, equal to 29.11 eurocents per share. After taking into account the ordinary interim dividend for 2021 of 9.82 eurocents per share previously paid from 24 November 2021, the Directors propose to pay a final dividend of 19.29 eurocents per share, before any withholdings required by law. The final dividend will be payable from 22 June 2022, with an "ex-dividend date" for coupon 36 of 20 June 2022 (a record date, as defined by art.83-*terdecies* of Legislative Decree 58 of 24 February 1998, the Consolidated Law on Finance, of 21 June 2022). The treasury shares held as of the above record date will not participate in the distribution. The final dividend for 2021 attributable to the treasury shares held by the Company at the record date will be taken to retained earnings.

CORPORATE GOVERNANCE

The Board of Directors has approved the Report on Corporate Governance and Ownership Structures for 2021, with the approval of the Control and Risk, Corporate Governance and Sustainability Committee. The Report contains the results of the reviews conducted of the Board of Directors, the Board Committees and the Board of Statutory Auditors, presented during the Board of Directors' meeting of 23 February 2022.

The Board of Directors also proceeded to assess its members' compliance with the independence requirements in the Articles of Association, art. 147-*ter*, paragraph 4 and art. 148, paragraph 3 of the Consolidated Law on Finance, and the new Corporate Governance Code (art. 2, Recommendation 7) reflected in the document, "*Criteria and procedure for assessing independence*".

In light of the new governance recommendations, the **Chairwoman, Valentina Bosetti**, was assessed as independent pursuant to both art. 147-*ter*, paragraph 4 and art. 148, paragraph 3 of the Consolidated Law on Finance ('CLF') and art. 2, Recommendation 7 of the Corporate Governance Code.

The non-executive Directors, **Paola Giannotti, Giuseppe Ferri, Fabio Corsico, Gabriella Porcelli, Marco Giorgino, Alessandra Faella, Ernesto Carbone** and **Jean-Michel Aubertin** were assessed as

independent pursuant to both art. 147-ter, paragraph 4 and art. 148, paragraph 3 of the CLF and art. 2, Recommendation 7 of the Corporate Governance Code.

The Director, **Valentina Canalini**, was assessed as independent solely pursuant to art. 147-ter, paragraph 4 and art. 148, paragraph 3 of the CLF and not pursuant to the Corporate Governance Code.

The Directors, **Antonella Baldino** and **Qinjing Shen** were assessed as not independent pursuant to either art. 147-ter, paragraph 4 and art. 148, paragraph 3 of the CLF or art. 2, Recommendation 7 of the Corporate Governance Code.

As recommended by the Corporate Governance Code, and in accordance with the role assigned to it by law, the Board of Statutory Auditors verified the correct application of the established assessment criteria and procedures adopted by the Board of Directors in assessing the independence of its non-executive members.

The Board of Statutory Auditors also reported during today's meeting that all the Statutory Auditors meet the relevant independence requirement, pursuant to art. 2, Recommendation 9 of the Corporate Governance Code, verified during the meeting held on 15 March 2022 in application of the Board of Statutory Auditors' Terms of Reference.

BOND ISSUES AND BONDS REACHING MATURITY

Issues in 2021:

- in June 2021, Terna launched a green bond issue worth €600 million for institutional investors, maturing in June 2029 and paying coupon interest of 0.375%.

In the period between 1 January 2022 and 30 June 2023, the following bonds will reach maturity:

- €1 billion in fixed rate bond issued by Terna and maturing in February 2022.

ALTERNATIVE PERFORMANCE MEASURES

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

- EBITDA (Gross Operating Profit): an indicator of operating performance, representing "Profit for the period" before "Income tax expense for the period", "Net financial income/(expenses)" and "Amortisation, depreciation and impairment losses";

- Tax rate: the amount of tax paid as a proportion of pre-tax profit, based on the ratio of "Income tax expense" to "Profit/(Loss) before tax";
- Net debt: an indicator of the financial structure, calculated by deducting "Cash and cash equivalents", "Current financial assets" and "Non-current financial assets", as they relate to the value of the derivatives hedging bond issues, from short-term financial liabilities ("Short-term borrowings", the "Current portion of long-term borrowings" and "Current financial liabilities") and long-term financial liabilities ("Long-term borrowings") and the related derivative instruments ("Non-current financial liabilities"). The net debt of the Terna Group and of Terna S.p.A. complies with the requirements of ESMA Recommendation 32-382-1138 of 2021 with regard to the definition of net debt or funds.

The following changes in the structure of the Terna Group have taken place with respect to 31 December 2020:

On **26 January 2021**, Terna, acting through its subsidiary, Terna Energy Solutions S.r.l., completed the acquisition of the remaining 30% of Avvenia the Energy Innovator S.r.l. from the minority shareholder, Avvenia S.r.l.. Avvenia the Energy Innovator S.r.l. has thus become a "sole shareholder" company wholly owned by Terna.

On **1 February 2021**, after APG (the Austrian TSO) became the fifth European transmission system operator to enter into partnership with Equigy, Terna S.p.A.'s interest in Equigy decreased from 25% to 20%.

The reorganisation of the Brugg group, designed to take full advantage of the group's distinctive expertise in terrestrial cables and of synergies with the Terna Group's businesses, was completed on **31 March 2021**. As a result, Terna S.p.A.'s interest in the Brugg group has increased from 90% to 92.6%.

On **10 June 2021**, Terna, acting through its subsidiaries, Terna Plus S.r.l. and Terna Chile S.p.A., completed the acquisition of the remaining 25% interest in the Brazilian-registered company, SPE Transmissora de Energia Linha Verde II S.A., held by the minority shareholder, Construtora Quebec. SPE Transmissora de Energia Linha Verde II S.A. is now 99.9999994% owned by Terna Plus S.r.l., with the remaining shares held by Terna Chile S.p.A.

On **3 August 2021**, Terna, acting through its subsidiary, Terna Energy Solutions S.r.l., completed the sale of 100% stakes in Rete Verde 17 S.r.l., Rete Verde 18 S.r.l., Rete Verde 19 S.r.l. and Rete Verde 20 S.r.l. to Banca del Fucino, the purchaser chosen following a competitive auction.

On **5 August 2021**, Terna, acting through its subsidiary, Terna Energy Solutions S.r.l., completed the acquisition of the remaining 30% of Tamini Transformers S.r.l., which as a result is now a sole shareholder company fully owned by Terna.

On **16 September 2021**, Terna, pursuant to Law 99/2009, completed the sale of its 100% stake in Resia Interconnector S.r.l. to Interconnector Energy Italia S.c.p.A., Consorzio Toscana Energia S.p.A. and VDP Fonderia S.p.A., entering into agreements for the construction and operation of the private part, located in Italian territory, of the alternating current power line between Italy and Austria.

On **12 October 2021**, Terna, acting through its subsidiary, Terna Energy Solutions S.r.l., completed the acquisition of a 75% stake LT S.r.l. (the LT Group), one of the leading Italian operators providing maintenance services for photovoltaic plants, and engaged in the design and implementation of revamping and repowering projects for existing plants and in the construction of new plants for third parties.

On [26 October 2021](#), the return of the entire investment in PI.SA. 2 S.r.l., formerly held by Terna Interconnector S.r.l., to Terna S.p.A. was completed. On [10 December 2021](#), the company went into voluntary liquidation and the liquidation was completed on [27 January 2022](#).

On [11 November 2021](#), Terna, acting through the Brugg Group, completed the acquisition of a 100% stake in Laser TLC S.r.l., a company that provides fibre telecommunications systems to Italian and international customers and that operates in the energy sector, mounting accessories on high-voltage power lines and supervision of their installation.

The merger of Elite S.r.l. with and into Rete S.r.l. was completed on [24 December 2021](#). Previously, on [27 July 2021](#), Terna had completed the acquisition of a 100% stake in EL.IT.E. S.p.A. The acquired company was simultaneously renamed Elite S.r.l., a vehicle company that owns and manages (under a service agreement entered into with Repower) the approximately 4-km long 150kV merchant line connecting Italy and Switzerland between Tirano and Campocologno. The company also currently owns the Tirano electricity substation, in addition to the 150kV cable connection between the Tirano electricity substation and the Italian border with the related tunnel section.

A meeting will be held at 4.00pm today to present the results for the year ended 31 December 2021 to financial analysts and investors. Back-up material for the event will be made available in the Investors section of the Company's website (www.terna.it) as the meeting starts. The presentation will also be made available via "eMarket SDIR", on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it) and through the authorised storage service "1Info" (www.1info.it). Journalists will have the opportunity to follow the meeting by telephone without any right to speak. It will also be possible to follow the presentation by connecting to the audio webcast on the Company website (www.terna.it): following the live broadcast, the file will be available in the Investors section of the website.

The Manager Responsible for Financial Reporting, Agostino Scornajenchi, declares that, pursuant to section two of article 154-bis of the Consolidated Law on Finance, the information contained in this release is consistent with the underlying accounting records. The Annual Financial Report for 2021, including Terna S.p.A.'s separate financial statements and the Terna Group's consolidated financial statements for the year ended 31 December 2021, accompanied by the report on operations on Terna S.p.A.'s separate financial statements and the consolidated financial statements, and by the attestation issued by the Manager Responsible for Financial Reporting and the Chief Executive Officer under the terms of paragraph 5 of art. 154-bis of the Consolidated Law on Finance, together with the additional documents required by the law, the Consolidated Non-Financial Statement and the Annual Report on Corporate Governance and Ownership Structures, will, by the deadline set out by law, be made available to the public at the Company's registered office, and published on the Company's website (www.terna.it) and on the website of the authorised storage service "1Info" (www.1info.it). The documents will also be filed at the stock exchange management company, Borsa Italiana S.p.A. (www.borsaitaliana.it). The required announcement of the filing will also be published.

The Annual Financial Report for 2021 has been submitted to the Board of Statutory Auditors and to the Independent Auditors to enable them to carry out the procedures they are responsible for. The report of the Board of Statutory Auditors and the report of the Independent Auditors will be made available to the public as soon as they are available according to the terms established by the law.

The reclassified income statement and statement of financial position and the statement of cash flows of the Terna Group and of Terna S.p.A. are attached. It should be noted that, pursuant to CONSOB Statement DME/9081707 of 16 September 2009, the reclassified statements presented below are those included in the Report on Operations (included in the Annual Financial Report for 2021), for which the Independent Auditors, in compliance with art. 14 of Legislative Decree 39 dated 27 January 2010, will verify consistency with the financial statements.

The Terna Group's reclassified income statement

(€m)

	2021*	2020*	Change	% change
TOTAL REVENUES	2,604.8	2,490.4	114.4	4.6%
- Regulated revenue	2,253.5	2,148.9	104.6	4.9%
<i>of which Revenue from construction services performed under concession</i>	46.9	28.5	18.4	64.6%
- Non-Regulated revenue	350.9	341.0	9.9	2.9%
- International revenue	0.4	0.5	(0.1)	(20.0%)
TOTAL OPERATING COSTS	750.0	679.4	70.6	10.4%
- Personnel expenses	289.0	281.3	7.7	2.7%
- Cost of services, leases and rentals	187.6	172.0	15.6	9.1%
- Materials	195.5	155.1	40.4	26.0%
- Other costs	25.1	34.2	(9.1)	(26.6%)
- Quality of service	5.9	8.3	(2.4)	(28.9%)
- Cost of construction services performed under concession	46.9	28.5	18.4	64.6%
GROSS OPERATING PROFIT (EBITDA)	1,854.8	1,811.0	43.8	2.4%
- Amortisation, depreciation and impairment losses	654.4	634.4	20.0	3.2%
OPERATING PROFIT (EBIT)	1,200.4	1,176.6	23.8	2.0%
- Net financial income/(expenses)	(78.9)	(86.0)	7.1	(8.3%)
PROFIT/(LOSS) BEFORE TAX	1,121.5	1,090.6	30.9	2.8%
- Income tax expense for the year	317.9	297.4	20.5	6.9%
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	803.6	793.2	10.4	1.3%
- Profit/(Loss) for the year from assets held for sale	(12.8)	2.1	(14.9)	-
PROFIT FOR THE YEAR	790.8	795.3	(4.5)	(0.6%)
- Profit/(Loss) attributable to non-controlling interests	1.4	9.8	(8.4)	(85.7%)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	789.4	785.5	3.9	0.5%

* Given that the requirements of IFRS 5 have been met, the total results for 2021 and 2020 attributable to the South American subsidiaries included in the planned sale of assets have been classified in the item "Profit/(Loss) for the year from assets held for sale" in the Group's reclassified income statement.

The Terna Group's reclassified statement of financial position

(€m)

	at 31 December 2021	at 31 December 2020	Change
Total net non-current assets	16,352.9	15,645.9	707.0
- Intangible assets and goodwill	656.5	577.9	78.6
- Property, plant and equipment	15,316.6	14,559.7	756.9
- Financial assets	379.8	508.3	(128.5)
Total net working capital	(1,706.7)	(1,936.2)	229.5
- Net energy-related pass-through payables	(209.1)	(385.0)	175.9
- Net receivables resulting from Regulated Activities	448.4	230.9	217.5
- Net trade payables	(737.5)	(818.0)	80.5
- Net tax liabilities	(50.6)	40.5	(91.1)
- Other net liabilities	(1,157.9)	(1,004.6)	(153.3)
Gross invested capital	14,646.2	13,709.7	936.5
Sundry provisions	(48.4)	(121.3)	72.9
Net invested capital	14,597.8	13,588.4	1,009.4
Net assets held for sale	117.7	-	117.7
TOTAL NET INVESTED CAPITAL	14,715.5	13,588.4	1,127.1
Equity attributable to owners of the Parent	4,681.9	4,369.8	312.1
Equity attributable to non-controlling interests	31.1	46.0	(14.9)
Net debt	10,002.5	9,172.6	829.9
TOTAL	14,715.5	13,588.4	1,127.1

The Terna Group's cash flow

(€m)

	Cash flow 2021	Cash flow 2020
- Profit for the year	790.8	795.3
<i>of which attributable to continuing operations</i>	803.6	-
- Amortisation, depreciation and impairment losses	654.4	643.8
- Net change in provisions	(72.9)	(88.9)
<i>of which attributable to continuing operations</i>	(53.1)	-
- Net losses/(gains) on sale of assets	(13.7)	(7.7)
Operating cash flow	1,358.6	1,342.5
<i>of which attributable to continuing operations</i>	<i>1,391.2</i>	<i>-</i>
- Change in net working capital	(227.6)	(272.0)
<i>of which attributable to continuing operations</i>	<i>(296.8)</i>	<i>-</i>
- Other changes in property, plant and equipment and intangible assets	42.6	(15.3)
<i>of which attributable to continuing operations</i>	<i>27.7</i>	<i>-</i>
- Change in investments	(0.4)	3.6
- Change in financial assets	128.9	(10.3)
<i>of which attributable to continuing operations</i>	<i>(33.6)</i>	<i>-</i>
Cash flow from operating activities	1,302.1	1,048.5
<i>of which attributable to continuing operations</i>	<i>1,088.1</i>	<i>-</i>
- Total capital expenditure	(1,520.7)	(1,351.1)
Free cash flow	(218.6)	(302.6)
Net assets held for sale	(117.7)	-
- Dividends paid to the Parent Company's shareholders	(556.4)	(515.0)
- Cash flow hedge reserve after taxation and other movements in equity attributable to owners of the Parent	79.1	(91.0)
- Other movements in equity attributable to non-controlling interests	(16.3)	(5.4)
Change in net debt	(829.9)	(914.0)

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

(€m)

	2021**	2020**	Change	% change
TOTAL REVENUES	2,224.1	2,086.6	137.5	6.6%
- Tariff revenue	2,006.2	1,906.2	100.0	5.2%
<i>of which transmission revenue</i>	1,892.4	1,796.9	95.5	5.3%
<i>of which dispatching, metering and other revenue</i>	113.8	109.3	4.5	4.1%
- Other operating income	171.0	151.9	19.1	12.6%
- Revenue from construction services performed under concession*	46.9	28.5	18.4	64.6%
TOTAL OPERATING COSTS	517.3	499.7	17.6	3.5%
- Personnel expenses	75.8	70.8	5.0	7.1%
- Cost of services, leases and rentals	371.3	369.2	2.1	0.6%
- Materials	0.8	0.7	0.1	14.3%
- Other costs	16.6	22.2	(5.6)	(25.2%)
- Quality of service	5.9	8.3	(2.4)	(28.9%)
- Cost of construction services performed under Concession*	46.9	28.5	18.4	64.6%
GROSS OPERATING PROFIT (EBITDA)	1,706.8	1,586.9	119.9	7.6%
- Amortisation, depreciation and impairment losses	585.8	571.2	14.6	2.6%
OPERATING PROFIT/(LOSS) (EBIT)	1,121.0	1,015.7	105.3	10.4%
- Net financial income/(expenses)	(78.4)	(57.2)	(21.2)	37.1%
PROFIT/(LOSS) BEFORE TAX	1,042.6	958.5	84.1	8.8%
- Income tax expense	297.7	269.3	28.4	10.5%
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	744.9	689.2	55.7	8.1%
- Profit/(Loss) for the year from assets held for sale	(9.7)	(1.6)	(8.1)	-
PROFIT FOR THE YEAR	735.2	687.6	47.6	6.9%

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

** Given that the requirements of IFRS 5 have been met, the total results for 2021 and 2020 attributable to the subsidiary in Uruguay included in the planned sale of assets have been classified in the item "Profit/(Loss) for the year from assets held for sale" in the reclassified income statement.

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

(€m)

	at 31 December 2021	at 31 December 2020	Change
Total net non-current assets	15,409.7	14,632.1	777.6
- Intangible assets and goodwill	543.8	475.9	67.9
- Property, plant and equipment	13,447.4	12,755.2	692.2
- Financial assets	1,418.5	1,401.0	17.5
Total net current liabilities	(1,201.8)	(1,365.8)	164.0
- Net energy-related pass-through payables	(234.3)	(408.9)	174.6
- Net receivables resulting from regulated activities	448.4	230.9	217.5
- Net trade payables	(671.7)	(615.4)	(56.3)
- Net tax liabilities	(110.1)	(25.6)	(84.5)
- Other liabilities net	(634.1)	(546.8)	(87.3)
Gross invested capital	14,207.9	13,266.3	941.6
Sundry provisions	(7.6)	(45.5)	37.9
NET INVESTED CAPITAL	14,200.3	13,220.8	979.5
Assets held for sale	23.0	-	23.0
TOTAL NET INVESTED CAPITAL	14,223.3	13,220.8	1,002.5
Equity	4,329.5	4,083.6	245.9
Net debt	9,893.8	9,137.2	756.6
TOTAL	14,223.3	13,220.8	1,002.5

Terna S.p.A.'s cash flow

(€m)

	Cash flow 2021	Cash flow 2020
- Profit for the year	735.2	687.6
- Amortisation, depreciation and impairment losses	585.8	571.2
- Net change in provisions	(37.9)	(75.6)
- Net losses/(gains) on sale of assets	(12.6)	(5.5)
Operating cash flow	1,270.5	1,177.7
- Change in net working capital	(162.0)	(152.1)
- Change in investments	3.1	(102.9)
- Other movements in property, plant and equipment and intangible assets	41.3	40.1
- Change in financial assets	(20.6)	(19.0)
Cash flow from operating activities	1,132.3	943.8
- Total capital expenditure	(1,376.6)	(1,134.3)
Free cash flow	(244.3)	(190.5)
Net assets held for sale	(23.0)	
- Dividends paid to shareholders	(556.4)	(515.0)
- Cash flow hedge reserve after taxation and other movements in equity	67.1	(70.1)
Change in net debt	(756.6)	(775.6)